

**ALASKA STATE LEGISLATURE
HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES
STANDING COMMITTEE**

February 15, 2001
3:03 p.m.

MEMBERS PRESENT

Representative Fred Dyson, Chair
Representative Peggy Wilson, Vice Chair
Representative John Coghill
Representative Gary Stevens
Representative Vic Kohring
Representative Sharon Cissna
Representative Reggie Joule

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 41

"An Act repealing the termination date of changes made by ch. 87, SLA 1997 and ch. 132, SLA 1998 regarding child support enforcement and related programs; repealing the nonseverability provision of ch. 132, SLA 1998; repealing certain requirements for applicants for hunting and sport fishing licenses or tags, and for certain hunting permits, to provide social security numbers for child support enforcement purposes; and providing for an effective date."

- HEARD AND HELD

PREVIOUS ACTION

BILL: HB 41

SHORT TITLE:CHILD SUPPORT ENFORCEMENT/SOC SEC. #

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
01/10/01	0046	(H)	READ THE FIRST TIME - REFERRALS
01/10/01	0046	(H)	HES, JUD, FIN
01/10/01	0047	(H)	FN1: ZERO(REV)
01/10/01	0047	(H)	GOVERNOR'S TRANSMITTAL LETTER
01/25/01		(H)	HES AT 3:00 PM CAPITOL 106

01/25/01 (H) Heard & Held
01/25/01 (H) MINUTE(HES)
02/15/01 (H) HES AT 3:00 PM CAPITOL 106

WITNESS REGISTER

BARBARA MIKLOS, Director
Central Office
Child Support Enforcement Division
Department of Revenue
550 West 7th Avenue
Anchorage, Alaska 99501
POSITION STATEMENT: Testified in support of HB 41.

DIANE WENDLANDT, Assistant Attorney General
Commercial Section
Civil Division
Department of Law
1031 West 4th Avenue
Anchorage, Alaska 99501
POSITION STATEMENT: Answered questions on HB 41.

AURORA HAUKE, Staff
Senator Lyda Green
Alaska State Legislature
Capitol Building, Room 125
Juneau, Alaska 99801
POSITION STATEMENT: Presented SB 19.

ACTION NARRATIVE

TAPE 01-15, SIDE A
Number 0001

CHAIR FRED DYSON called the House Health, Education and Social Services Standing Committee meeting to order at 3:03 p.m. Members present at call to order were Representatives Dyson, Wilson, Coghill, Stevens, Kohring, Cissna and Joule.

HB 41-CHILD SUPPORT ENFORCEMENT/SOC SEC. #

CHAIR DYSON announced the committee would hear HOUSE BILL NO. 41, "An Act repealing the termination date of changes made by ch. 87, SLA 1997 and ch. 132, SLA 1998 regarding child support enforcement and related programs; repealing the nonseverability provision of ch. 132, SLA 1998; repealing certain requirements for applicants for hunting and sport fishing licenses or tags,

and for certain hunting permits, to provide social security numbers for child support enforcement purposes; and providing for an effective date."

CHAIR DYSON remarked that HB 41 is in danger of sunseting and the Senate companion bill, SB 19, has made it out of the Senate Health, Education and Social Services Standing Committee (HES) with some modifications.

BARBARA MIKLOS, Director, Central Office, Child Support Enforcement Division (CSED), Department of Revenue, came forth to discuss HB 41. She stated that changes to the legislation were based on congressional welfare reform requirements. When Congress passed welfare reform in 1996 changes were made to the public assistance system as well as the child support system. It was Congress' expectation that if people are going to be taken off of welfare and public assistance there needed to be a way to get more income for them. Three pieces of legislation were passed in Alaska in 1996, 1997 and 1998 to meet the requirements of the federal government and avoid the loss of federal money for child support and public assistance. When the legislature, in 1997 and 1998, passed those bills, they included a sunset clause for 2001. The CSED would like the sunset provision to be removed so the law can continue. Since the legislation was passed the CSED has dramatically increased collections for child support. For instance, in FY (fiscal year) 1999 CSED was collecting \$81 million. In FY 2000 that increased to \$85 million and this year collections are expected to be between \$90 and \$92 million. Therefore, there has been a dramatic increase in the amount of money that's going to Alaskan families.

Number 0418

MS. MIKLOS said that CSED also provides support for the government; for instance, if someone were on public assistance right now his or her child support would be passed on to the government. But, with a reduction of the welfare rolls more of the money being collected is going straight to the families. Today almost 50 percent of the money collected and distributed by CSED is going to families that were on public assistance.

CHAIR DYSON asked Ms. Miklos if welfare rolls are decreasing due to the success of other programs. He also asked if CSED is playing a part in that since increased collections from respondents or noncustodial parents is successful, which would help people get off of welfare.

MS. MIKLOS answered absolutely.

CHAIR DYSON asked if she could provide some figures.

MS. MIKLOS replied that 54 percent of those receiving collections from CSED were at one point in their lives on former assistance. About 12 percent are on current assistance. She said she thinks that the reduction in public assistance is because of the welfare reform legislation, not because of child support [collections]. However, she expressed the hope that CSED is keeping people off of public assistance and helping them to support their families.

CHAIR DYSON asked if the aforementioned figures were CSED's collections. He also asked how much federal money comes to the organization.

MS. MIKLOS answered that the figures are CSED's collections and that CSED's budget is supported by federal funds, which are around \$15 Million.

CHAIR DYSON asked how much of that money is general fund (GF) money.

Number 0600

MS. MIKLOS replied that CSED has about \$3 million in GF program receipts. The money being collected for people on public assistance is being used to enhance the budget. The CSED only has about \$118,000 of pure GF; they're supported either by the GF or the money brought in from the public assistance cases.

CHAIR DYSON requested that Ms. Miklos talk about the money being brought in by public assistance cases.

MS. MIKLOS explained that if someone is on public assistance he or she is required to cooperate with CSED unless there's danger to someone, such as a custodial parent or a child. Assuming that's not the case, the person should let CSED know who the noncustodial parent is and provide as much information as possible, then CSED sets up a child support case. The money collected on those cases is returned to the state government, with a percentage also going to the federal government.

CHAIR DYSON asked what amount goes to CSED.

MS. MIKLOS replied that money only comes to the CSED through the General Treasury.

CHAIR DYSON questioned why money CSED collects from a noncustodial parent shouldn't go to the welfare agency instead of CSED.

Number 0707

MS. MIKLOS answered that the money did go to the welfare agencies, but the legislature changed that about two or three years ago. She explained that part of the federal money that CSED collects is called incentive money, which was once used to be based on how many public assistance cases CSED had. Now the incentives have been changed to performance measures. About three years ago, nationally, there was a gigantic crash in the incentive payments brought in, and therefore there was a gigantic crash in the child support budget. At that time it was thought that it was better to use the program receipts to shore up [the CSED] budget. The plan was instigated by the legislature because CSED had to come in for a large [funding] supplement. Therefore, having performance measures prevented that from happening.

CHAIR DYSON asked if there is any financial incentive for CSED to get more child support cases.

MS. MIKLOS answered no, not at all.

Number 0790

MS. MIKLOS added that the total amount that CSED collects has not been appropriated; that's based on what the budget is.

Number 0815

REPRESENTATIVE STEVENS recounted that Ms. Miklos mentioned that the CSED would be collecting \$90 million from collections in 2001, of which about \$45 million goes to families on public assistance. He asked how that has changed over the years.

MS. MIKLOS replied that she is unsure of the exact numbers right now but the trend has been that in the early '70s CSED was set up to recoup public assistance. Now more of the money is going directly to the family.

Number 0894

MS. MIKLOS continued that in there's five sections under HB 41. The first was an intent section. The second section repealed the sunset and nonseverability provisions that were part of the 1998 legislation. Provisions said that if part of this bill is found to be unconstitutional, then the entire bill is unconstitutional. At that time CSED was concerned because the programs that are defined in the bill are very different. For example, one could be about how to deal with families and domestic violence while another could be about the financial data match program. Sections 4 and 5 are the effective dates for the various sections. She stated that HB 41 is a simple piece of legislation that reflects a complex piece of statutes.

Number 0978

MS. MIKLOS explained that the legislation made sure that CSED had access to various records such as vital statistics, property records, licensing records and motor vehicle records. Some of this CSED already had access to voluntarily from the various agencies, but HB 41 codified it. She said that one of the things that was not part of the federal requirements, and was a legislative add-on, was language that said if a person is going through occupational and driver's license programs and shows that he or she is meeting the requirements of these programs, then he or she will not lose those licenses. She noted that CSED agreed with that.

MS. MIKLOS remarked that another piece of the legislation stated that the child support agencies in each of the states would be a central repository for all of the various orders, even if the agencies were not enforcing those orders. This provides an opportunity for Alaska to know if there is an order out or if another state wants to know if there is an order in Alaska. One of the more minor pieces of legislation, which just changed some definitions in order to be consistent with the rest of the states, enhanced some due process requirements. These requirements mandate CSED and financial institutions to set up a financial data match program, which will automatically match CSED's caseloads with caseloads from financial institutions.

Number 1094

MS. MIKLOS continued, stating that the CSED already had income-withholding requirements. She noted that HB 41 requires that the child support agency get the check out within two days. Furthermore, HB 41 shortens the time the employer had to

actually start the withholding to seven days. In terms of liens, the legislation says that CSED would put full faith and credit to liens in other states, as long as they followed the process in Alaska. Moreover, HB 41 requires that the state give the parties in the case the chance to modify their order every three years. She stated that HB 41 requires all employers in the state to report all new hires and rehires within 20 days to CSED. This piece of legislation, she said she thinks, is the number one reason the CSED has increased collections. This information used to be received from the Department of Labor at the end of a quarter, now CSED receives it much more quickly. She acknowledged that not all of the employers are complying, but CSED has taken the position of not being punitive and working with the employers in order to get them to comply.

MS. MIKLOS pointed out that this legislation clarified who would enforce the penalties under the law if those on public assistance did not cooperate and work with CSED. This legislation changed the way that CSED discloses information on cases. She informed the committee that the emphasis in Congress was if the child support agency had information about the children's whereabouts and the noncustodial parent wanted to know that, CSED would release that information unless there was evidence of danger to the family. In the past Alaska's law was such that CSED would only release the information if somebody were caught up on his or her child support. She said she thinks that changing this law put the emphasis on safety and less on payments.

MS. MIKLOS remarked that this legislation changed the way paternity orders are done. Alaska has a voluntary paternity program, where the father may voluntarily sign the birth certificate at the hospital. However, under HB 41 the father is now informed of his rights and responsibilities, so by law he is required to provide child support if his family is not together or he is not supporting the children. The CSED provides videos that offer information fathers need on these orders to the hospitals and the birthing centers.

MS. MIKLOS continued, saying the legislation gave CSED the ability to seek work orders, which it has chosen to do through the court only. Many of the requirements of social security numbers were changed, including requiring people to provide social security numbers on various applications. This legislation gave CSED the authority to subpoena financial records, which had been done through the commission of revenues authority, and now it is a direct authority. Finally some of

the legislation changed to be consistent with UIFSA, (Uniformed Interstate Family Support Act). She concluded that this is the underlying pinning of what HB 41 would sunset.

CHAIR DYSON asked if a court order from other states would put a lien on Alaskan property. He also asked if the same notification requirement would apply with the garnishment of wages or cease and disperse funds.

Number 1335

DIANE WENDLANDT, Assistant Attorney General, Commercial Section, Civil Division, Department of Law, replied that the same requirements apply.

CHAIR DYSON asked what the requirements for notice are.

MS. WENDLANDT answered that seizing a bank account is normally done through an administrative withholding order. The order is sent to the bank, and a notice of this is sent to the obligor. All the information from the bank is sent to the obligor's last known address. She related her understanding that with bank sweeps the banks provide notice to their customer once they have received it, and the bank holds the money for 14 days.

CHAIR DYSON asked if there's a procedure that the respondent can challenge the out-of-state lien or seize and disperse order.

MS. WENDLANDT responded that before any money is paid out, the obligor would have an opportunity to contest that withholding order. The only way this can be done, under Alaskan law, is through a withholding order issued by a court or by CSED. An agency from another state could not send a direct withholding order to a bank, and if a bank were to honor one of those orders it could be liable to its customer for having done so. The other state would have to ask CSED to take that action for them and once CSED and the banks send the notices, the obligor has an opportunity to attest through the agency. There's an administrative process by which they contest, or if an obligor chooses, there's a separate statute that allows him or her to skip the administrative process and go straight to the Superior Court.

CHAIR DYSON asked if CSED has a handout that is given to the obligor.

MS. MIKLOS answered that they give out information, required by state and federal law, regarding what would happen once the obligor is involved with CSED. The CSED is also required to send out information to the obligor if the obligee goes on public assistance.

CHAIR DYSON asked if the handout was user-friendly.

MS. MIKLOS replied that the CSED is working on making it more user-friendly.

Number 1498

CHAIR DYSON noted that the handout explains what is happening and why the state has the right to do this. The handout also specifies the timelines, and the remedies and rights the biological parents have at every step of the way.

REPRESENTATIVE STEVENS asked for a clarification of the terms obligor and obligee.

MS. MIKLOS answered that the obligor is the person who is obligated to pay the child support, and the obligee is the person who is the custodial parent.

Number 1590

REPRESENTATIVE COGHILL asked Ms. Miklos to explain the penalties of not complying with the federal government's incentives.

MS. MIKLOS answered that the penalty is \$70 million to the State of Alaska, which is all the child support funding and public assistance the State of Alaska receives. What's now excluded is the money that the state is putting into tribal public assistance grants.

Number 1697

AURORA HAUKE, Staff, Senator Lyda Green, came forward to address the CSSB 19 (HES), the companion bill to HB 41. She stated that the findings and intent language were removed because the committee didn't feel it was important enough to be placed in the books. A five-year sunset replaced the provisions that had to do with social security numbers in licensing and vital statistic documents, such as death certificates, and court documents, including dissolution of marriage and divorce. A five-year sunset provision was also placed on the financial

institution data-matching program. The last change that was made was if a business failed to comply with the new hire reporting, it would not be liable in a civil case.

CHAIR DYSON remarked that the social security number issue concerning privacy is certainly controversial. He asked if this issue were not revisited in five years would the use of social security numbers go away.

MS. HAUKE answered that was correct, it would be repealed.

CHAIR DYSON asked if an employer didn't comply was that employer not subject to a civil action by the recipient of the custodial parent.

MS. HAUKE answered that was correct.

CHAIR DYSON asked if the employer could still be prosecuted criminally if he or she didn't comply.

MS. MIKLOS answered that it would be a \$10 fine.

CHAIR DYSON asked what constrains an employer to obey the law.

Number 1850

MS. MIKLOS said that CSED has been working with the employers, who have been doing it on a voluntary basis. Under the old statute the penalty was \$1,000 and then was reduced to \$10. There are still many employers that aren't complying, but the word is getting out to them and most are very receptive.

REPRESENTATIVE STEVENS asked Ms. Miklos what her reaction is to the change by the Senate that there be no civil reaction.

MS. MIKLOS said that it wouldn't affect CSED at all; it would just mean that private parties couldn't use this as a cause for civil action.

REPRESENTATIVE JOULE asked if civil action was pursued very often.

MS. MIKLOS replied that it had not been at all, but her understanding is that this change was added as a protection.

CHAIR DYSON asked if the department feels harmed with what has been done in Senate HES.

MS. MIKLOS stated that CSED worked with Senator Green, Aurora [Hauke], and the committee and accepted the changes.

CHAIR DYSON asked whether the deletion of the intent and finding language had any effect.

MS. MIKLOS said that she doesn't think that made any difference because the language was just an introduction describing why the bill was introduced.

REPRESENTATIVE CISSNA asked if the changes would make a difference with the CSED's collections.

MS. MIKLOS answered that it would not. The difference is that five years from now CSED will ask to unsunset the changes.

REPRESENTATIVE JOULE asked if, in accepting the changes, CSED would still be in compliant with the federal government.

MS. MIKLOS answered absolutely.

REPRESENTATIVE COGHILL noted his intention to have that discussion in two years instead of five. He said that if there is going to be a sunset, then legislative representatives need to be aware of what is being done.

REPRESENTATIVE COGHILL stated that he would offer an amendment to require a certified letter when a case is closed.

Number 2147

CHAIR DYSON called an at-ease at 3:49 p.m. He called the meeting back to order at 3:52 p.m.

CHAIR DYSON informed the committee that it has the option to adopt a conceptual amendment incorporating the changes made to SB 19 in the Senate Health, Education and Social Services Standing Committee.

REPRESENTATIVE JOULE made a motion that the committee adopt a conceptual amendment that would incorporate CSSB 19(HES), 22 GS1002\0, into HB 41. [No objection was stated. Therefore, CSHB 41 mirrors CSSB 19(HES) and thus CSSB 19(HES) was treated as the committee substitute.]

Number 2222

REPRESENTATIVE COGHILL made a motion to amend the effective date on page 6, line 3 of [CSHB 41] from "2006" to "2003."

Number 2225

REPRESENTATIVE JOULE objected for the purpose of discussion.

REPRESENTATIVE JOULE inquired as to the implications of the changes. He asked if this is something that can be done.

MS. MIKLOS answered that CSED would still be in compliance with federal law for the next two years, until the sunset date. The major effect on the agency is with the resources needed to move the bill through again as opposed to focusing on the work that CSED has to do.

REPRESENTATIVE JOULE acknowledged the desire for the legislature to know what's going on in the next couple of years. However, he questioned whether there is another way of doing this without CSED using other resources.

REPRESENTATIVE COGHILL said if CSED dropped all the requirements for the social security numbers this year then he'd be satisfied. He reiterated his desire to keep track of the use of social security numbers, as an issue, by bringing it before the legislature every time there is a new body meeting.

REPRESENTATIVE WILSON asked if the social security number or something else is used when tracking [finding the obligor] across the nation.

MS. MIKLOS answered generally the social security number is being tracked.

Number 2310

REPRESENTATIVE WILSON asked if it is a nationwide issue that makes the social security number necessary.

MS. MIKLOS answered yes.

REPRESENTATIVE COGHILL agreed that it is a nationwide issue, but noted that many nationwide issues are first dealt with at a local level.

REPRESENTATIVE STEVENS asked Ms. Miklos whether the removal of social security numbers would cause difficulties in getting the right person and getting the payments to the state.

MS. MIKLOS answered absolutely.

CHAIR DYSON commented that when social security numbers were first instituted in the 30s, as a package deal with the economic depression, there was a commitment made that they never be used for any other purpose.

TAPE 01-15, SIDE B
Number 2334

CHAIR DYSON remarked that the fact that they have become an almost universal identifying number is contrary to the commitment and promise that was made when it was started. There's a significant amount of people concerned with both the use and lack of privacy that comes from [that use]. He stated that although a couple of people view social security numbers as being of great value in making sure the right person is found, there is also a downside.

Number 2298

REPRESENTATIVE CISSNA expressed that finding the obligors to make sure that they meet their obligations is a very high order of requirement by the state. She stated that she personally feels strongly that governmental programs can be held accountable.

Number 2210

REPRESENTATIVE KOHRING made a motion to amend the [Amendment 2] so that it would become affective "immediately" as opposed to "2003".

CHAIR DYSON asked Representative Coghill if he would accept that as a friendly amendment.

REPRESENTATIVE COGHILL replied no, because the reason for the amendment is because he thinks it is not realistic for the legislature to take on a \$70 million "animal" this year, although the issue needs to be continually discussed.

Number 2099

CHAIR DYSON stated that the committee would vote on Representative Coghill's amendment and then entertain Representative Kohring's amendment separately.

A roll call was taken. Representative's Dyson, Coghill, Stevens and Kohring voted in favor of amending the bill. Representative's Wilson, Cissna and Joule voted against it. Therefore, Amendment 2 was adopted by the House Health, Education and Social Services Standing Committee.

Number 2041

REPRESENTATIVE KOHRING restated his amendment, which would change the effective date from "2003" to "immediately" upon the passing of the legislation. He stated:

I'm just worried about the use of social security numbers as being kind of a forerunner to further invasion of one's privacy and if you believe in some of the writings of the Bible perhaps it might lead to something that's close to the reference of 666 which is the Mark of the Beast. I worry that perhaps this could also lead to identification to the extent of even electronic chip related technologies. I am very concerned about what this could lead to in the future as far as keeping track of people and taking away their individual liberties. I think we owe it to our constituents to put a stop to this thing A.S.A.P and that's why I would like to see this thing implemented immediately. And I have many constituents who have brought this concern to my attention. Frankly there's some people that I have talked to that intend to leave Alaska over this issue.

Number 1944

REPRESENTATIVE WILSON asked Ms. Miklos what would happen if this amendment were on the bill.

MS. MIKLOS answered one, CSED would be out of federal compliance requirements and two, CSED does use the number to make sure they have the right person when finding someone.

REPRESENTATIVE JOULE stated that he would object to the motion.

CHAIR DYSON clarified that this refers to page6, line 2, changing "July 1, 2003" to "immediately".

Number 1883

REPRESENTATIVE KOHRING said he wanted to go on record in noting his objection. He stated:

I recognize there isn't the political will in this body here, either in the House or the Senate to pass it. There's a lot of things that really disappoint me about this legislature where they don't have the courage to act on issues that many, in their heart, know are right but they are too afraid to act because of political consequences.

REPRESENTATIVE STEVENS in response stated:

With due respect with what the representative has said, I don't think of myself as someone who is afraid to act, or feel I am not in compliance with my constituents. I'm ready to make a decision on this and resent the implication that somehow I'm fearful in taking this stance.

CHAIR DYSON expressed there are people who will vote their way on this issue not, in his opinion, out of fear.

REPRESENTATIVE JOULE stated:

I recognize the importance of each of us having our own position on things and opinions on things and I respect that. And that's, I think, the beautiful part of our system, that we can express those. We should be able to express those and vote accordingly. And for those people who do not like this system, believe me, the right of privacy on both sides of the aisle is a big issue, and if people are leaving, they are going back to the Lower 48 they are not running away from social security numbers and if they are going into other countries they are going to run into things far worse than social security.

Number 1800

A roll call was taken. Representatives Coghill and Kohring voted in favor of amending the bill. Representatives Dyson, Wilson, Stevens, Cissna, and Joule voted against it. Therefore,

Amendment 3 was not accepted by the House Health, Education and Social Services Standing Committee.

Number 1733

CHAIR DYSON stated that HB 101 would be before the committee on Tuesday, February 20, 2001.

[HB 41 WAS HEARD AND HELD.]

ADJOURNMENT

Number 1720

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at 4:20 p.m.