



House Civil Justice Committee

Interested Party Testimony – HB 198

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Chairman Hambley, Vice Chair Patton, and Ranking Member Brown, thank you for the opportunity to testify today on House Bill 198 and the important subject of ensuring child support payments reach the children for whom they are intended.

I am Susan Brown, Director of the Franklin County Child Support Enforcement Agency. The child support program encourages responsible parenting, family self-sufficiency and child well-being by providing assistance in locating parents, establishing paternity, establishing, modifying and enforcing support obligations and obtaining child support for children. In Franklin County alone, our child support program serves over 87,000 children and collects 165 million dollars in child support payments.

The Child Support program serves a cross section of socioeconomic classes. Over the past two decades, child support has become increasingly important, particularly for the lowest income families. According to the U.S. Department of Health and Human Services, on average, child support payments represented 41 percent of poor custodial families' income, if they received it. Among deeply poor custodial families (those with income below 50 percent of the federal poverty level), the average percentage of family income from child support was 65 percent, if they received it. Child support helps custodial parents go to work; it reduces childhood poverty and it reduces public assistance use. It also improves outcomes for children across a variety of measures; such as increased father-child contact, reduction of child maltreatment, reduction of parental conflict, improved child educational attainment, and reduction in juvenile delinquency.

Despite these proven outcomes, current law in Ohio constrains these benefits because families who receive cash assistance from the Ohio Works First (OWF) program under TANF are required by federal law to assign or sign over their rights to child support. Even after a family leaves the OWF program, the state continues to withhold a share of their child support through intercepted federal tax refunds. This policy is detrimental to families, detrimental to their children, and thereby contrary to the goals of both the Child Support and the OWF programs.

In 2006, Congress enacted legislation providing new options for states to direct more child support payments to families. The law limited the amount of child support that could be assigned to the state and waived most of the federal share of retained collections if a state increased the amount of child support paid to families; meaning families, rather than the federal government, would receive the money. Dozens of states have elected to do some form of pass-through legislation to allow funds to stay in-state and with families. HB 198 would ensure child support payments for Ohio's most vulnerable families reach the children without penalty while the custodial parent continues to complete work and educational requirements under the OWF cash assistance program.

As an example, existing federal law allows states to withhold all support collected on behalf of families receiving OWF assistance, up to the amount of cash assistance paid out. The retained support is then shared with the federal government according to the state's Medicaid federal matching rate (FMAP). With Ohio's current FMAP rate at 63 percent, if Ohio collects \$100, it pays the federal government \$63 and keeps \$37 as state revenue. Nothing goes to the family.

With a pass-through policy, the family would receive the \$100 in child support owed. The federal government gives up \$63 while the state gives up \$37, BUT it can count that \$37 towards its TANF Maintenance of Effort (MOE) requirement.

Franklin County is grateful to Representative Liston and the bill co-sponsors for bringing HB 198 and this important conversation to the forefront in Ohio. We also appreciate Representative Liston hosting an interested party meeting and continuing to work with stakeholders and key implementation partners on what it will take to successfully instate these proposed changes. The motive and intent behind this legislation reflects a sound social investment for families and for the state – especially in the long term. There is an abundance of research from other states, including data from Colorado, Wisconsin and District of Columbia, that proves more parents pay child support when the payments go to their children, instead of the government. Not only do more parents pay, but parents pay more support – which means that collection performance for the state also rises. In fact, the Wisconsin study found that its pass-through policy resulted in no net costs to the state. Indeed, there are administrative changes and IT system adjustments needed and important considerations for our TANF block grant and required maintenance of effort – and counties can certainly not afford to lose any more administrative funding-- but we have the good fortune of being able to leverage research findings and other states' experiences as we determine what is best for Ohio families and what works from an administrative and fiscal perspective. Other states have completed cost/benefit analyses that examine administrative costs, long term benefits to families and program savings over time, and we would certainly do well to do the same.

Although Franklin County is thriving and prosperous by many measures, our three percent unemployment rate and 16 percent poverty rate shows many people are working and yet still struggling to get ahead. One in four children lives in poverty in our county and this is unacceptable. Under Franklin County's recently released Rise Together Blueprint to Mitigate Poverty, our County Commissioners, business community and nonprofit community have committed to making significant investments and realigning systems to ensure better outcomes for our residents. We appreciate the investments being made by this General Assembly and Governor in children and families, and Franklin County will remain a partner with the state in exploring new ways to combat poverty in our communities. As the child support program lifts over a million children and adults out of poverty each year, we see HB 198 as a meaningful, proven and achievable part of our shared efforts.

Thank you for your time, and we ask for your favorable consideration of this bill.