

Kansas Department of

Social and Rehabilitation Services

Janet Schalansky, Secretary

Senate Judiciary

February 10, 2003

Senate Bill 70: Repeal of child support pass through requirement

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Senate Bill 70: Repeal of child support pass through requirement

Mr. Chairman and members of the committee, I appear before you today to speak in support of Senate Bill 70.

This bill repeals the state statute requiring, entirely at state expense, SRS pass through to a family receiving cash assistance benefits (TAF), up to \$40 per month of current support collected by the Child Support Enforcement Program.

Prior to October 1996, all states were required to pass through at least a portion of monthly support collections made on behalf of TAF families. Without the pass-through requirement, those collections would have reimbursed the state and federal governments for public assistance benefits. The federal government participated in the cost of pass-through by waiving its 60% share of such collections. Effective October 1, 1996, the federal mandate for pass-through was abolished and federal financial participation in the cost of pass-through ended.

States are still authorized by federal law to make pass-through payments if they choose to do so. The current Kansas statute re-establishing pass-through payments was enacted in 1997.

The dilemma we face is that federal law requires the State to pay the U.S. Dept. of Health and Human Services (HHS) 60% of all child support collections in a TAF case, even if all or part of the collection has been passed through to the family. Consequently, \$40 of child support passed through to a cash assistance family costs the State \$64 — the \$40 paid to the family plus the \$24 paid to HHS. By eliminating the pass through provision, \$16 of the \$40 collected becomes revenue for the SRS Fee Fund.

Child support pass-through is also less helpful to families than might be expected. Families receiving food stamps, for example, would lose in food stamps benefits about one third of what they would gain from pass-through. A family receiving the maximum \$40 of child support would lose \$13 in food stamps, leaving a real gain of only \$27 for the month. Other income-based benefits the family receives, such as subsidized housing, may also cause the real benefits of pass-through to dwindle away.

In recent years, the Legislature has recognized the disproportionate cost of pass-through relative to its impact upon families. *Provisos* have been enacted for each fiscal year from 2000 through 2003 to prohibit SRS from making any pass-through payments.

In anticipation that a similar *proviso* would be enacted for FY 2004, or that this state statute would be repealed, the SRS budget submitted for FY 2004 did not include the estimated cost of pass-through payments. If SRS were required to comply with the mandate of the state pass-through statute, the additional cost for FY 2004 is estimated to be over \$1.1 million (all state dollars).

Also, in recent years, federal legislation has been proposed that would renew and expand federal financial participation in pass-through payments. The variations and limitations of those proposals have rarely been compatible with our Kansas statute, and we believe that our state would be best served by enacting a new statute, should pass-through once again become financially feasible.

For these reasons, I ask you to support Senate Bill 70.