

**HOUSE COMMITTEE ON JUDICIARY**

**SUBCOMMITTEE ON FAMILY LAW**

**March 6, 1997 Hearing Room 357**

**3:15 P.M. Tapes 34 - 35**

**MEMBERS PRESENT:**

**Rep. Ron Sunseri, Chair**

**Rep. George Eighmey, Vice-Chair**

**Rep. Roger Beyer**

**Rep. Peter Courtney**

**Rep. Charles Starr**

**Rep. Judy Uherbelau**

**GUEST MEMBER: Rep. Jo Ann Bowman**

**Rep. Bryan Johnston**

**Rep. Patti Milne**

**STAFF PRESENT:**

**William E. Taylor, Counsel**

**Lauri A. Smith, Administrative Support**

**MEASURE/ISSUES HEARD:**

**HB 2732 - Public Hearing**

**HB 2664 - Public Hearing**

**HB 2777 - Public Hearing**

**These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.**

<b>Tape/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>Tape 34, A</b>		
	Chair	

003	Sunseri	Calls the meeting to order at 3:20 P.M.
<b>HB 2732 - PUBLIC HEARING</b>		
005	Chair Sunseri	Opens a public hearing on HB 2732.
006	William E. Taylor	Counsel Reads a Preliminary Staff Measure Summary on HB 2732.
007	Chair Sunseri	Does HB 2732 have a subsequent referral to Ways & Means Committee?
009	Taylor	HB 2732 does not have a subsequent referral to Ways & Means, Mr. Chair. However, I think we maybe getting a fiscal impact statement. Per the Department of Human Resources this Measure will have a substantial impact.
010	Rep. Beyer	A fiscal impact statement on HB 2732 is included in the Member's packet.
014	Rep. Uherbelau	Do we consider a fiscal impact on an ongoing program?
017	Taylor	My understanding is if the funding is in the Governor's budget or if a measure doesn't have any fiscal impact, it does not have to go to the Ways & Means Committee.
020	Rep. Starr	HB 2732 funding is not included in the Governor's budget.
021	Rep. Jo Ann Bowman	District 19 Testifies in support of HB 2732 and presents written testimony. <b>(EXHIBIT A)</b>
071	Rep. Bowman	Continues testimony.
098	Rep. Bryan Johnston	District 31 One of the original drafters of HB 2732 and testifies that his support has changed due to his sitting on the Ways & Means Committee. Leaves the decision to this Committee to decide if HB 2732 is in the best policy interest for Oregon. I am sure you will refer HB 2732 to the Ways & Means Committee and then we will weigh the answer whether we can fit it into budgetary implications.
123	Jennifer A. Webber	Oregon Commission for Women. Testifies in support of HB 2732 and presents written testimony. <b>(EXHIBIT B)</b>

164	Rep. Milne	Testifies in support of HB 2732.
210	Art Kapteyn	Policy Analyst Child Support Program of the Department of Human Resources Adult & Family Services Division (Polk County) Testifies in opposition of HB 2732 and presents written testimony. <b>(EXHIBIT C)</b>
260	Kapteyn	Continues testimony.
310	Kapteyn	Continues testimony.
360	Kapteyn	Continues testimony.
374	Rep. Uherbelau	Shares her concern regarding the Department of Human Resource's opposition to HB 2732. Do you discount benefits of the \$50 pass through to the families?
412	Kapteyn	Responds, stating that it is a matter of balance. What is the most benefit to the greater amount of people? What is the best way to distribute a scarce resource? There are other and better ways to distribute the scarce resources to areas of need.
424	Rep. Uherbelau	Are you still paying the \$50 pass through at the present time?
429	Kapteyn	Yes.
430	Rep. Uherbelau	How many families does that involve?
431	Kapteyn	I don't know that count. I could provide that number to the Committee later.
436	Rep. Uherbelau	That number is very important. The cost that we are talking about is the \$30 per month that you have to send to the Federal Government?
445	Kapteyn	Could restate your question. I didn't hear the question.
447	Rep. Uherbelau	The cost that the Federal law has changed and that you have to reimburse the Federal Government for, if we adopt, is \$30 per month? Correct?
448	Kapteyn	That is correct.
449	Rep. Uherbelau	Which is \$360 a year, correct?
450	Kapteyn	That would be correct, if we made twelve collections in a year.
<b>Tape 35, A</b>		
030	Rep. Uherbelau	There would have to be a tremendous number of families currently receiving the \$50 pass through, if it costs the state \$4.6 million? Therefore, I think is important to know how many families are receiving the pass through now. You have stated that on the one hand collection efforts are low and, yet, on the other hand you state it is going to cost \$4.6 million to retain the \$50 pass through. That is a lot of families who are receiving the pass through, if it is only \$360 per year.

035	Kapteyn	I can get that information for the Committee.
037	Rep. Beyer	Is the Department of Human Resources a state department?
039	Kapteyn	Yes.
041	Rep. Beyer	Shares concerns regarding the Department of Human Resources opposing a policy decision made by the Legislature.
049	Rep. Eighmey	Concurs with Rep. Beyer's statement.
063	Taylor	Are you under any statutory obligation presently to make the \$50 pass through?
065	Kapteyn	No. We are not under any statutory obligation to make these payments because there is no provision in Oregon law to do so. The only authority is the Emergency Board's authorization to make the payments. The payments have been made since 1984 under authority of the federal regulations.
070	Taylor	You mentioned the Federal Government reimburses you \$30 of the \$50 pass through and \$20 is the state's costs out of pockets?
073	Kapteyn	"Yes, it was \$20 that the State was not collecting to reimburse public assistance. So when the Department of Human Resources receives matching funds from the federal government, we receive approximately a 60/40 split [60% federal funds]. When we collect money, then we have to reimburse the federal government at that same rate."
078	Taylor	So out of the \$50 pass through paid, \$20 dollars was state money?
080	Kapteyn	That's correct.
081	Taylor	So if the Legislature continues this program, could you continue this program at the same budget if you made a contribution of \$20?
082	Kapteyn	That would be correct.
083	Taylor	However, the proposal is that there be no dollars paid out by the Department of Human Resources, correct?
084	Kapteyn	That is correct.
085	Taylor	Do you have it in your budget for the \$20.
086	Kapteyn	No, we do not.
087	Taylor	You did have it in your budget last session, correct?
088	Kapteyn	Yes, that would be correct.
090	Karla Spence	<p>Caseworker with the Adult &amp; Family Services Division and President of Oregon Public Employee's Union.</p> <p>Testifies in support of HB 2732.</p> <p>&gt;shares her experiences surrounding the \$50 pass through</p> <p>&gt;encourages looking at the trends that occurred once the pass through was put in place in terms of the overall collections of child support payments</p>

		<p>&gt;increased issues surrounding the Temporary Assistance Needy Families ("TANF") block grant moneys due to welfare reforms within the next five years</p> <p>&gt;helps families transition out of welfare</p>
133	Spence	<p>&gt;strong psychological effect between the child and non-custodial parents when the \$50 pass through is received</p> <p>&gt;collector resource may be lost when \$50 pass through withdrawn</p> <p>&gt;a non-custodial parent not always able to make child support payments and this is often known in the determination process by caseworkers</p> <p>&gt;if we abolish the \$50 pass through this will have a significant impact on the amount of money collected in child support revenues</p>
173	Anne Schmidt	<p>Private citizen and a former recipient of \$50.00 pass through.</p> <p>Testifies in support of HB 2732 and provides written testimony.</p> <p><b>(EXHIBIT D)</b></p>
223	A. Charles Sheketoff	<p>Oregon Law Center</p> <p>Testifies in support of HB 2732.</p> <p>&gt;good cause exemption issue explained</p> <p>&gt;what happens on July 1, 1997 when \$50 pass through ends</p> <p>&gt;will the custodial parent continue providing information as to obligor's location</p> <p>&gt;Department of Human Resources gave you the policy choice</p> <p>&gt;fiscal impact statement contains assumptions: 1) it is not an incentive for people to collect support payments, 2) it is not an incentive to get off welfare, 3) that there are other costs to consider when reprogramming the computers to end the mailing of the checks, 4) we could do something like they do in jobs plus program where they give out the entire child support, and</p> <p>&gt;job's plus program only serves 4% of Aid Dependent Children ("ADC") families, the \$50 pass through serves 10% of ADC families</p>
		<p>Continues testimony.</p> <p>5) kids do see the money and the impact of the funds.</p> <p>&gt;deleting \$50 pass through will cost more in collections</p>

273	Sheketoff	<p>&gt;there is a marginal difference in the \$20 paid by the State and the \$30 reimbursed by the Federal Government</p> <p>&gt;instead the department removed the entire \$50</p> <p>&gt;a good fiscal analysis would show continuing the pass through would save money for the State</p>
310	Rep. Uherbelau	I don't assume a program where welfare supplements child support [an idea suggested by the Department of Human Resources] could happen overnight?
315	Sheketoff	I am not sure that is a good idea. Provides an example to further explain.
325	Rep. Uherbelau	Would it be possible install a program where child support payments would go directly to the custodial parent and not as a pass through?
334	Sheketoff	Not sure of the answer.
337	Rep. Courtney	Asks clarification from Mr. Sheketoff as to how the Measure will pass through the legislative process?
339	Sheketoff	Responds as his view of the Measure passages.
341	Rep. Courtney	As a point of clarification, often a Measure proceeds from the Subcommittee to the Full Committee then subsequent referral to Ways & Means. So I do not see where the House floor action will come about in the routing.
350	Sheketoff	<p>First, if there was a fiscal impact statement done where they use the proper assumptions about the incentives of the \$50 pass through, there really is a cost savings to the pass through.</p> <p>Second, it is my understanding that a Committee can direct a Measure to the other body [Senate, in this example] without first sending the Measure to Ways &amp; Means. I have had Measures in past sessions take this course.</p>
361	Rep. Courtney	Why is it going to Ways & Means, if the Measure doesn't have any fiscal impact?
363	Sheketoff	<p>I don't believe it should go to Ways &amp; Means. I think the Measure needs a good fiscal impact statement that shows it saves the State</p> <p>money. Send a letter to Ways &amp; Means stating more funding available.</p>
372	Rep. Courtney	What is the fiscal analysis of this proposed Legislation?
377	Taylor	The fiscal impact statement provides an impact of \$4 million plus.
381	Rep. Courtney	Was this anticipated in the Governor's budget?
383	Taylor	This Measure is not anticipated in the Governor's budget.
385	Rep. Uherbelau	Even without the assumptions made by Mr. Sheketoff, it just doesn't pencil out to the \$4 million plus? Provides her reasoning by an mathematical sample. I would like to have the fiscal impact revisited.

400	Chair Sunseri	We will await a work session on the Measure and then forward it to the Full Committee. Only the Full Committee can forward the Measure to Ways & Means.
404	Rep. Uherbelau	Could we send back for a new fiscal evaluation?
406	Rep. Eighmey	Explains the mathematics behind the fiscal impact.
416	Rep. Uherbelau	However, the testimony was that \$20 would continue even though it was not in the Department of Human Resources budget, correct?
421	Taylor	Per Mr. Kapteyn's testimony, that they do not have the \$20 in their budget this biennium. The Department of Human Resources did have the funding in their last budget.
428	Chair Sunseri	The Committee will bring the Measure back for a work session.
429	Rep. Beyer	Within Mr. Kapetyn's testimony, he brought up policy questions to be considered as to where the money could be better expended.
436	Chair Sunseri	The question here is what will Ways & Means do if the funds are not available in the Governor's budget.  Closes the public hearing on HB 2732.
<b><u>HB 2777 - PUBLIC HEARING</u></b>		
437	Chair Sunseri	Opens a public hearing on HB 2777.
<b>Tape 34, B</b>		
041	William E. Taylor	Counsel  Reads a Preliminary Staff Measure Summary on HB 2777.  Identifies written testimony presented by Alan L. Young, M.S. Juvenile Department Director for the Committee to consider.  <b>(EXHIBIT E)</b>
050	Rep. Uherbelau	I have specific questions about the Measure. How should we proceed?
053	Chair Sunseri	Let us talk to Representative John Watt, Measure sponsor, on how he wants to handle any concerns from the Committee.  Closes the public hearing on HB 2777.  Adjourns the meeting at 4:18 P.M.

Submitted by, Reviewed by,

Lauri A. Smith, Sarah Watson,

Administrative Support Office Manager

**EXHIBIT SUMMARY**

**A - HB 2732, written testimony, Rep. Jo Ann Bowman, 3 pages.**

**B - HB 2732, written testimony, Jennifer A. Webber, 1 page.**

**C - HB 2732, written testimony, Art Kapteyn, 3 pages.**

**D - HB 2732, written testimony, Anne Schmidt, 2 pages.**

**E - HB 2777, written testimony, Alan L. Young M.S., 3 pages.**