



## MEMORANDUM

June 26, 2009

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**Subject:** **The Julia Carson Responsible Fatherhood and Healthy Families Act of 2009**

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This memorandum was prepared to enable distribution to more than one congressional office. This memorandum provides a comparison of the provisions of H.R. 2979, the Julia Carson Responsible Fatherhood and Healthy Families Act of 2009, with current law. Among other things, the Julia Carson Responsible Fatherhood and Healthy Families Act of 2009 would:

- Require states to assess their child support and criminal justice policies, the impact of debt, state practices related to ex-offenders, and other potential barriers to healthy family formation and submit these findings to the Secretary of Health and Human Services (HHS). It would also establish grants to state commissions to review these findings and suggest possible legislative changes to state laws.
- Establish three demonstration grant programs to help fund employment and training grants that would aid (among some others) noncustodial parents: (1) grants to states for court-supervised or Child Support Enforcement (CSE) agency supervised employment programs for noncustodial parents of TANF families; (2) transitional jobs programs; and (3) public-private career partnerships.
- Reauthorize the TANF responsible fatherhood and healthy marriage competitive grant programs, providing \$150 million for them in FY2011 and FY2012, and \$200 million in FY2013 through FY2015. It also would increase funding for the responsible fatherhood programs to equal at least half of the total appropriation for fatherhood and healthy marriage competitive grants; prohibit states from making participation in these programs a condition of TANF cash welfare receipt; and add some requirements to grantees about consulting experts in domestic violence.
- Eliminate the separate, 90%, TANF work participation standard for two-parent families. Under revised law, all families with work-eligible adults would be subject to a 50% standard.
- Prohibit states from using the CSE program to recover Medicaid costs for births.
- Eliminate the requirement that recipients of TANF assistance assign their child support to the states. It would also provide for the full payment of child support to the family, and require that the state disregard some child support --- at least as much as the state disregards the earnings of the family.

- Prohibit states from considering a period of incarceration as “voluntary” unemployment for the purpose of child support, and require states to review, and if appropriate, reduce the balance of arrearages if the noncustodial parent is unable to pay.
- Repeal a provision of the Deficit Reduction Act of 2005 (DRA, P.L. 109-171) that requires certain nonwelfare families to pay a \$25 fee for child support enforcement service. It would also permanently repeal the DRA prohibition on states from receiving federal matching funds for federal “incentive payments” reinvested in state child support programs. (The American Recovery and Reinvestment Act of 2009 temporarily repealed this DRA provision through FY2010.)
- Increase the maximum Earned Income Tax Credit (EITC) for filers without qualified children, including noncustodial parents. The maximum EITC for this group would be raised from 7.65% of earnings to 20% of earnings.

Table 1 provides a detailed comparison of H.R. 2979 with current law.

**Table 1. Comparison of H.R. 2979, the Julia Carson Responsible Fatherhood and Healthy Families Act of 2009 with Current Law**

Item	Current Law	H.R. 2979, the Julia Carson Responsible Fatherhood and Healthy Families Act of 2009
<b>Section 1. Short Title</b>	<p>This section of the Act is referred to as the Healthy Marriage Promotion and Responsible Fatherhood Grants.</p> <p>The Responsible Fatherhood Grant program was added as an amendment to Title IV-A of the Social Security Act. (Section 403(a)(2)(C) of the Social Security Act (SSA))</p>	<p>Cited as the Julia Carson Responsible Fatherhood and Healthy Families Act of 2009</p> <p>Amends the Responsible Fatherhood Grant program.</p>
<b>Section 2. Findings</b>	No provision.	Lists a number of statements that show evidence indicating the need to promote and support involved, committed, and responsible fatherhood, and to encourage and support healthy marriages between parents raising children.

Item	Current Law	<b>H.R. 2979, the Julia Carson Responsible Fatherhood and Healthy Families Act of 2009</b>
<p><b>Section 101. State Assessments of Barriers to Employment and Financial Support of Children</b></p>	<p>No provision.</p>	<p>Requires each state to assess and submit a report to the HHS Secretary, as a condition of CSE State Plan approval, on the assessment of (1) its policies with respect to effectively establishing and modifying child support obligations especially for low-income parents, (2) its policies related to the criminal justice system and employment opportunities for individuals who have been arrested, convicted, or incarcerated, (3) the impact of debt on employment retention, (4) its practices related to providing ex-prisoners with valid identification documents upon release from prison, and (5) the identification of any other barriers to healthy family formation or sustainable economic opportunity for custodial or noncustodial parents that are created or exacerbated by federal or state laws, policies, or procedures. Report is due to HHS by October 1, 2012.</p> <p>Also, requires the HHS Secretary to award grants to states to establish or support commissions to review the state assessments and to make recommendations on ways to improve state laws that would be in the best interest of children.</p> <p>Provides \$3 million per year for FY2011 through FY2015 for the state assessments and grants for the commissions.</p>
<p><b>Section 102. Grants to States to Conduct Demonstration Projects to Promote Economic Opportunity for Low-Income Parents</b></p> <p><b>(a) Court-Supervised for Child Support Enforcement Employment Programs for Noncustodial Parents</b></p>	<p>No provision.</p>	<p>Establishes three new demonstration grant programs.</p> <p>Requires the HHS Secretary to award grants to states for court-supervised or CSE agency-supervised employment programs for noncustodial parents of TANF families so they can pay child support. These demonstration projects are to be established in coordination with counties and other local or tribal governments for noncustodial parents who have barriers to employment and a history of nonpayment of child support, and who are determined by the court or agency to be in need of employment services or placement in order to pay child support. Provides \$15 million per year for each fiscal year, FY2011 through FY2015.</p>

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<b>(b) Department of Labor (DoL) Transitional Jobs and Public-Private Partnership Grants</b>	No provision.	Requires the Secretary of Labor to award grants to states for (1) transitional jobs programs and (2) career pathways partnerships. Provides \$35 million per year for each of FY2011 through FY2015 for the transitional jobs programs and career pathways partnerships grants.
<b>Transitional Jobs</b>	No provision.	The transitional jobs demonstration project grants are expected to provide eligible individuals with transitional job placements and job placement assistance to help individuals make the transition from subsidized employment in transitional jobs to stable unsubsidized employment. A transitional job combines employment (that may be publically subsidized) with activities to reduce barriers to employment. Eligible individuals include persons ages 16 to 36 who have documented barriers to employment, especially parents or expectant parents, formerly incarcerated individuals, homeless or formerly homeless persons, disabled individuals, and noncustodial parents who owe child support. Potential grantees include local governments, state employment agencies, non-profit organizations, and faith-based or community-based organizations.
<b>Public-Private Career Pathways Partnerships</b>	No provision.	The public-private career pathways partnerships demonstration grants are to foster partnerships between employers, educational institutions, and (if applicable) labor unions. The purpose of these grants is to help disadvantaged workers to advance to jobs with higher skills and higher pay.
<b>(c) Matching Requirement</b>	No provision.	No grant may be awarded to a state for any of these three demonstration grants unless the state makes a contribution of at least 10% of the amount of federal funds paid to the state under the grant.

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<b>(d) Labor Issues</b>	No provision.	<p>Participants must be paid at the same rate as employees at the work site that perform comparable work and be provided the same benefits and working conditions as other employees that have been employed for a similar length of time and perform the same work. Worksite employers may not use program participants to displace regular employees, supplant the hiring of employees, or perform the duties that were performed by any employee who has been recently reassigned, discharged but subject to recall, who is on leave, or who is on strike. Placements must be done with the concurrence of any local labor organization representing employees, and the demonstration project cannot affect union organizing activity. Entities conducting a demonstration program must establish and maintain a grievance procedure to adjudicate the grievances of regular employees at the site. These provisions cannot pre-empt greater protections of state law.</p> <p>Demonstration program participants are employees for all purposes under federal and state law, including health and safety, civil rights, and worker’s compensation. Amounts paid to participants would be considered earnings for the purposes of determining the participant’s eligibility for the Earned Income Tax Credit, child tax credit, or any other tax benefit. These amounts would be disregarded when determining eligibility or benefits from federal or federal-state need-tested programs.</p>
<p><b>Section 103. Healthy Marriage Promotion and Responsible Fatherhood Programs</b></p> <p><b>(a) Ensuring Funding for Responsible Fatherhood Programs</b></p>	<p>Current law provides an appropriation of \$150 million per year for FY2006 through FY2010 for the Secretary of the Department of Health and Human Services (HHS) to make competitive grants for both healthy marriage and responsible fatherhood programs. Of this amount, not more than \$50 million for each of the five fiscal years FY2006-FY2010 in competitive grants to states, territories, Indian tribes and tribal organizations, and public and nonprofit community organizations, including religious organizations, for responsible fatherhood programs. (Section 403(a)(2)(C)(i) of SSA)</p>	<p>Reauthorizes and provides \$150 million per year in funding for responsible fatherhood and healthy marriage grants for FY2011 through FY2012, with funding increased to \$200 million in FY2013 through FY2015. Provides that at least one-half of these funds be used for responsible fatherhood programs.</p> <p>[Note: The increase in funding is found in section 109(b).]</p>



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	<p>(4) promote responsible fatherhood through a contract with a nationally recognized, nonprofit fatherhood promotion organization for the purpose of developing, promoting, and distributing a media campaign to encourage the appropriate involvement of parents in the lives of their children, and for the purpose of developing a national clearinghouse to assist states and communities in efforts to promote and support healthy marriage and responsible fatherhood. (Section 403(a)(2)(C)(ii) of SSA)</p>	
<p><b>Section 104. Elimination of Separate TANF Work Participation Rate for 2-Parent Families</b></p>	<p>Federal law requires the Temporary Assistance for Needy Families (TANF) block grant program to set minimum work participation standards that a state must meet. The standards require that a specified percentage of families –90% in the case of a 2-parent family– be considered engaged in specified activities for a minimum number of hours. (Section 407(a) of SSA) The law also requires more hours of participation from 2-parent families. (Section 407(c) of SSA).</p>	<p>Eliminates the 90% TANF work participation rate for 2-parent families. Thus, all families would be subject to the same work participation standard, which is 50% under current law. However, the higher hours requirement for 2-parent families is maintained. Provides that the Secretary of HHS not penalize a state for failure to meet the FY2006 through FY2009 participation standards if that state would have met the amended requirements in those years.</p>
<p><b>Section 105. Ban on Recovery of Medicaid Cost for Births</b></p>	<p>Currently, if a custodial parent has no private medical coverage at the time of her child's birth, the father can be held financially responsible for payment of the birth costs even in cases where the costs associated with the birth of the child are very high. Federal law permits states to use the Child Support Enforcement (CSE) program (Title IV-D of the Social Security Act) to collect money from noncustodial fathers to reimburse the Medicaid agency for birth costs of children receiving Medicaid benefits and services.</p>	<p>Prohibits states from using the CSE program to collect child support from noncustodial fathers to repay Medicaid costs associated with the birth of a child. Clarifies that this provision would not prevent a state from attempting to determine the legal liability of third parties and to obtain money from such third parties to pay for any care or services provided by the Medicaid program (Title XIX of the Social Security Act). Also clarifies that the provision would not apply to the health care insurance of a noncustodial parent who has a legal obligation to pay child support.</p>

Item	Current Law	<b>H.R. 2979, the Julia Carson Responsible Fatherhood and Healthy Families Act of 2009</b>
<p><b>Section 106. Improved Collection and Distribution of Child Support</b></p> <p><b>(a) Distribution of child support</b></p>	<p>For families who receive assistance from the state (TANF [Title IV-A] or federal foster care [Title IV-E]), federal law requires the federal government to waive its share of the child support collections passed through to TANF families by the state and disregarded by the state in calculating the family's TANF cash benefit—up to an amount equal to \$100 per month in the case of a family with one child, and up to \$200 per month in the case of a family with two or more children. This provision takes effect on October 1, 2008. (Section 457(a)(7)(B) of SSA)</p>	<p>Requires a state to pay to any family receiving CSE services the entire amount of child support collected on behalf of the family.</p>
		<p>However, child support collected by the state on behalf of a child who is receiving foster care (Title IV-E) maintenance payments must be paid to the public agency responsible for supervising the placement of the child, which may use the foster care maintenance payment in the manner it determines to be in the best interest of the child. The state agency may set aside such payments for the child's future needs, make all or a part of the payment available to the person responsible for meeting the child's day-to-day needs, or use the funds in other ways that would be in the child's best interest.</p>
	<p>Federal law gives states the option of distributing to former TANF families the full amount of child support collected on their behalf—including arrearages collected through the federal income tax refund offset program. This provision takes effect on October 1, 2009; or October 1, 2008 at state option. (Section 457(a)(7)(A) of SSA)</p>	<p>Repeals the CSE distribution rules related to TANF families and former TANF families with respect to the state retaining any child support collections.</p>
<p><b>(b) Prohibition on Conditioning Receipt of TANF on Assignment of Support</b></p>	<p>As a condition of receiving TANF cash benefits, a family must assign its child support rights to the state. (Section 408(a)(3) of SSA)</p>	<p>Repeals the CSE assignment rule by stipulating that a family shall not assign its rights to child support to the state as a condition of TANF eligibility.</p>
<p><b>(c) Requirement to Disregard Percentage of Child Support Collected in Determining Amount and Type of TANF Assistance</b></p>	<p>A state has the option to disregard some, all, or none of the child support collected on behalf of a TANF family in determining the family's TANF eligibility and cash TANF benefit amount. (Section 457(a)(1) of SSA)</p>	<p>Requires a state to disregard at least the same percentage of amounts collected as child support on behalf of a family as the percentage of earned income that the state disregards in determining the amount of TANF benefits paid to the family.</p>

Item	Current Law	<b>H.R. 2979, the Julia Carson Responsible Fatherhood and Healthy Families Act of 2009</b>
<b>(d) Restoration of Federal Funding</b>	<p>Effective October 1, 2007, federal law prohibits federal matching of state expenditure of federal CSE incentive payments. This means that CSE incentive payments that are received by states and reinvested in the CSE program are not eligible for federal reimbursement. (Section 455(a) of SSA)</p> <p>NOTE: The American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5) temporarily allowed federal matching of state expenditures of these CSE incentive payments, for FY2009 and FY2010.</p>	Repeals the prohibition against matching CSE incentive payments.
<b>(e) Repeal of Mandatory Fee for Child Support Collection</b>	Requires families who have never been on TANF to pay a \$25 annual user fee when CSE efforts on their behalf are successful (i.e., at least \$500 annually is collected on the family's behalf). (Section 454(6)(B) of SSA)	Repeals the \$25 CSE user fee.
<b>(f) Prohibition on Considering a Period of Incarceration Voluntary Unemployment</b>	No provision.	Prohibits a state from considering a period of incarceration as voluntary unemployment in determining or modifying a noncustodial parent's child support obligation. Requires the state to temporarily suspend the child support obligation and any interest on the child support obligation during the period a noncustodial parent is incarcerated. Requires the state to provide the custodial parent with an opportunity to request that the child support obligation continue on the basis that the noncustodial parent has sufficient income or resources to continue to make child support payments during the noncustodial parent's period of incarceration.
<b>(g) Review and Adjustment of Child Support Arrearages Upon Request</b>	Federal law requires states to review and, if appropriate, adjust child support orders of CSE families every three years. (Section 466(a)(10)(A) of SSA)	Requires states to review, and if appropriate, reduce the balance of arrearages permanently assigned to the state in cases where the noncustodial parent does not have the ability to pay the arrearages, did not seek a modification during his or her incarceration, will be more willing to pay current child support payment consistently and on time—and it is in the best interest of the child for the state to make such a reduction.

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<b>(h) Study and Report</b>	No provision.	Requires the HHS Secretary to study and submit a report to Congress on (1) the effect of the federal Earned Income Tax Credit (EITC) program on the payment of child support by young parents and the relationship between young noncustodial parents and their children, (2) the effect of state EITC programs, especially such programs with targeted benefits for noncustodial parents, on the payment of child support and the relationship between noncustodial parents and their children, and (3) the challenges faced by legal immigrants and individuals for whom English is not their primary language in fulfilling child support and other noncustodial parenting obligations. Report is due to Congress on October 1, 2012.
<b>Section 107. Collection of Child Support Under the Supplemental Nutrition Assistance (SNAP) Program (formerly the food stamp program)</b>	Federal law includes provisions regarding deductions or exclusions from income of legally obligated child support paid by a member of a SNAP household, but not regarding legally obligated child support received by the SNAP household. (Sections 5(e) and 5(n) of Food and Nutrition Act of 2008)	Amends SNAP to allow a monthly deduction of 20% of all legally obligated child support payments received by a SNAP household from a noncustodial parent. Simplifies the determination of child support paid by a member of a SNAP household. Includes the proposed economic opportunity for low-income parents demonstration projects in the definition of a qualifying SNAP work program.

Item	Current Law	<b>H.R. 2979, the Julia Carson Responsible Fatherhood and Healthy Families Act of 2009</b>
<p><b>Section 108. Grants to Support Healthy Family Partnerships for Domestic Violence Intervention and Preventions.</b></p>	<p>No provision.</p>	<p>The HHS Secretary must award grants on a competitive basis to healthy marriage partnerships. The partnerships are created from (a) organizations that receive TANF competitive funds to promote healthy marriage or responsible fatherhood and (b) organizations with demonstrated expertise in working with survivors of domestic violence. Grants are provided to develop and implement promising practices for assessing and providing services to individuals and families affected by domestic violence and to develop and implement promising practices to prevent domestic violence.</p> <p>Stipulates that 10% of funding is to go to high schools or other secondary educational institutions and to institutions of higher education to provide educational information on the value of healthy relationships, responsible parenting, and healthy marriages characterized by mutual respect and non-violence, and the importance of building relationship skills such as communication, conflict resolution, and budgeting.</p> <p>Provides funding of \$25 million for each fiscal year, FY2011 through FY2015.</p>

Item	Current Law	<b>H.R. 2979, the Julia Carson Responsible Fatherhood and Healthy Families Act of 2009</b>
<p><b>Section 109. Procedures to Address Domestic Violence</b></p>	<p>The HHS Secretary may not provide section 403(a)(2) competitive grant funds to an entity for the purpose of carrying out healthy marriage promotion or promoting responsible fatherhood unless the entity has submitted to the HHS Secretary an application which describes how the program will address issues of domestic violence and that contains a commitment by the entity to consult with experts in domestic violence or relevant community domestic violence coalitions in developing their programs and activities. (Section 403(a)(2)(A) of SSA)</p>	<p>Keeps current law provision and adds new provisions. Requires an entity to identify, in its application for a grant, the domestic violence experts with whom it will consult in the development and implementation of the program. Upon award of the grant, the grantee must establish a written protocol that describes how the entity will identify instances or risks of domestic violence; specifies the procedures for making service referrals and providing protections and appropriate assistance for identified individuals and families; how confidentiality issues will be addressed; and how domestic violence training will be provided to ensure effective and consistent implementation of the protocol.</p> <p>Also requires each entity that receives a grant to submit an annual report on the program's domestic violence prevention protections, including a description of the written protocols and a description of any implementation issues identified with respect to domestic violence and how such issues were addressed.</p> <p>Defines the term "domestic violence" as battered and subject to extreme cruelty, which means that an individual has been subject to physical acts that have resulted in, or threatened to result in, physical harm; sexual abuse; sexual activity involving a dependent child; being forced to engage in nonconsensual sex as a caretaker relative; threats of, or attempts at, sexual abuse; mental abuse; or neglect or deprivation of medical care.</p>

Item	Current Law	<b>H.R. 2979, the Julia Carson Responsible Fatherhood and Healthy Families Act of 2009</b>
<b>Revenue Provisions</b>		
<b>Section 201. Modifications to the Earned Income Tax Credit</b>	<p>Allows certain tax filing units without children to be eligible for the EITC. The credit equals 7.65% of earnings up to a maximum earnings amount, which is adjusted for inflation. For tax year 2009, the maximum earnings amount is \$5,970. The credit is phased out for income above a certain amount, an amount also adjusted for inflation. For tax year 2009, the income phase-out income threshold is \$7,470. (Section 32 of the Internal Revenue Code).</p> <p>Provides marriage penalty relief through increasing the phase-out income threshold by \$3,000. (Section 32 of the Internal Revenue Code). Note: the ARRA temporarily increased marriage penalty relief to \$5,000 for 2009 and 2010.</p>	Increases the maximum credit, by setting the credit to equal 20% of earnings up to a maximum earnings amount.
<b>Section 202. Broker Reporting of Customer’s Basis in Securities Transactions</b>	Requires brokers to report information to the IRS regarding the customers’ basis in “covered” securities.	Requires brokers to report to the IRS the customer’s basis for “applicable” securities. Requires the Secretary of the Treasury to issue regulations concerning the requirement.
<b>Section 203. Modification of Effective Date of Leasing Provisions of the American Jobs Creation Act of 2004</b>	The American Jobs Creation Act of 2004 disallows the claiming of losses under certain leases entered into after March 12, 2004. This includes leases on properties owned by foreign entities that do not pay U.S. taxes. (Section 849(b) of the American Jobs Creation Act of 2004).	Prevents U.S. taxable investors from claiming future losses on leases for properties owned by foreign entities that do not pay U.S. taxes for leases entered into on or before March 12, 2004.

Item	Current Law	<b>H.R. 2979, the Julia Carson Responsible Fatherhood and Healthy Families Act of 2009</b>
<p><b>Section 204. Clarification of Economic Substance Doctrine</b></p>	<p>The economic substance doctrine is a judicial rather than statutory tax doctrine that has been used by the Internal Revenue Service (IRS) and applied by the courts for many years to disallow, for tax purposes, transactions that technically comply with the Internal Revenue Code (the Code), but produce tax benefits outside of what Congress intended.</p>	<p>Defines the situations in which a court may find that a transaction has economic substance. These are limited to those transactions in which the taxpayer's economic position is changed in a meaningful way and the taxpayer has a substantial purpose (other than a federal tax purpose) for entering into such transaction. When a potential for profit is the basis of the taxpayer's position that a transaction has economic substance, the expectation of profit must be reasonable. Even when it is deemed reasonable, the present value of the expected profit must be compared to the present value of the expected net federal tax benefit. The profit potential must be considered "substantial" when compared to the tax benefit.</p>

**Source:** Congressional Research Service (CRS).