Congressional / Legislation

Statement of the

Honorable Jan Meyers

before the
Republican Policy Committee

June 8, 1993

In 1975, 39% of all teenage mothers who gave birth were unmarried. By 1990, 68% of all teenage births were to unwed mothers under the age of 19. But one thing remained the same-- over half of these unwed teenage mothers end up on AFDC and will stay on welfare until they are over 30. Through AFDC the federal government has said, in effect, whatever you do we will pay for. While it may not be a conscious motivation, teenage girls now know there is guaranteed help available if they have a baby without a partner in the house. As children grow up in these rootless non-families without any fathers, is it any wonder we have more juvenile delinquency, violent gangs, drug abuse, high-school dropouts, and teenage out-of-wedlock pregnancies?

We believe it is time to acknowledge that "more" of the same policies just won't work. We are alarmed by the tremendous increases in welfare spending. But even more disturbing is the doubling of births to single teenagers over the past two decades. Our federal dollars have created a program which encourages our disadvantaged youth to believe that a social safety-net will be provided for them if they have a child. In reality, it is a cruel trap which perpetuates dependence, destroys self-esteem, and more often than not, condemns these young mothers and their children to a life of poverty.

As we debate the future of the AFDC program, we can no longer afford, in human terms, to stay the course. Clearly, federal efforts have failed. It is time to try new policy options for reducing teen pregnancies and welfare dependency.

Republican members support reforms to return welfare programs to State management, where programs can be created to serve individual community needs. We believe in prohibiting federal funds being paid out if either parent is under 18. We also believe that no federal funds should ever be given until paternity is established. We support giving States latitude to experiment with programs or methods to limit welfare participation and encourage self-reliance. We support ending the welfare trap, and replacing it with a system which promotes individual growth, achievement, productivity, and self-reliance.

DEPARTMENT OF HEALTH & HUMAN SERVICES

KHD-31

ADMINISTRATION FOR CHILDREN AND FAMILIES
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

DATE : MAY 28 1993

TO : Acting Director
Office of Family Assistance

FROM : Director
Division of Program Evaluation

SUBJECT: AFDC Flash Report: March 1993

The attached report presents national estimates of AFDC program activity for the month of March 1993. These summary data are prepared prior to the completion of State final reports and are based, in part, on preliminary estimates. This report is part of a continuing effort to monitor current program trends. Since the information is preliminary and subject to later revision by the States, it is intended for internal use only.

The highlights for the month of March 1993 include:

- Total AFDC caseload increased 42,000 families, exceeding 5.0 million, and

- AFDC-Unemployed Parent cases increased 10,000 to 374,000.

For further information, please contact me at 401-9315.

Peter Germanis

Attachment

Bill Text is attached

LEGI-SLATE Report for the 103rd Congress   Wed, August 25, 1993 5:48pm (EDT)

Search of 5,409 Bills and Resolutions to Find 1...

Limited to H.R.1293

Description and status of H.R. 1293,
Welfare and Teenage Pregnancy Reduction Act,
as of Wednesday, August 25, 1993

The bill was introduced in the House of Representatives on Wednesday, March 10, 1993 by Rep. Jan Meyers (R-KS). At the present time there are 33 cosponsors of this bill, 2 Democrats and 31 Republicans.

The bill's official title stated its purpose as follows:

"A bill to replace the program of aid to families with dependent children with a program of block grants to States for families with dependent children, and for other purposes."

The bill was referred to the House Committee on Ways and Means.

The most recent action on the bill was on Wednesday, March 10, 1993: Referred to House Committee on Ways and Means.

There is currently no committee action scheduled on this bill.

103d CONGRESS
1st Session

Welfare and Teenage Pregnancy Reduction Act

H. R. 1293

To replace the program of aid to families with dependent children with a program of block grants to States for families with dependent children, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES
March 10, 1993

Mrs. Meyers of Kansas (for herself, Mrs. Johnson of Connecticut, Mr. Gilman, Mr. Clinger, Mr. Fawell, Mr. Gingrich, Mr. Solomon, Mr. DeLay, Mr. Ewing, Mr. Moorhead, Mr. Stump, Mr. Goss, Mr. Dreier, Mr. Ballenger, and Mr. Livingston) introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To replace the program of aid to families with dependent children with a program of block grants to States for families with dependent children, and for other purposes.

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Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Welfare and Teenage Pregnancy Reduction Act".

SEC. 2. BLOCK GRANTS TO STATES FOR FAMILIES WITH DEPENDENT CHILDREN.

(a) In General.--Part A of title IV of the Social Security Act (42 U.S.C. 601-617) is amended to read as follows:

"Part A--Block Grants to States for Families With Dependent Children

"SEC. 401. ENTITLEMENT.

"For grants to which States meeting the requirements of this part are ntitled, there is authorized to be appropriated to the Secretary for each .iscal year an amount equal to 103 percent of the aggregate amount of Federal outlays under part A of this title (as in effect immediately before the effective date of this part) for fiscal year 1992.

"SEC. 402. APPLICATION REQUIREMENTS.

"To be entitled to a grant under this part for a fiscal year, a State must, not later than June 30 of the immediately preceding fiscal year, submit to the Secretary an application which describes the State program to assist families with dependent children, including the goals and objectives of the program.

"SEC. 403. BLOCK GRANT.

"The Secretary shall make a grant to each State that meets the requirement of section 402 in an amount equal to 103 percent of the amount paid to the State under part A of this title (as in effect immediately before the effective date of this part) for fiscal year 1992.

"SEC. 404. USE OF FUNDS.

"(a) In General.--Each State to which a grant is made under section 403 for a fiscal year shall use the grant to carry out the State program to assist families with dependent children.

"(b) Prohibitions.--Each State to which a grant is made under section 403 for a fiscal year shall not use any Federal or State funds provided to carry out the State program to assist families with dependent children, to provide assistance during the fiscal year with respect to a dependent child if--

"(1) the mother or father of the dependent child has not attained 18 years of age; or

"(2) the paternity or maternity of the dependent child has not been established.

"(c) Special Rule.--During a period not exceeding 1 year from the date a family with a dependent child moves to a State to which a grant is made under section 403 for a fiscal year from another State, the State may--

"(1) apply the same rules as apply with respect to any other dependent child in the State, in providing assistance with respect to the dependent child under the State program to assist families with dependent children; or

"(2) treat the dependent child in the same manner as such other State would have treated the dependent child if the dependent child had not moved from such other State.

"SEC. 405. DEFINITION OF DEPENDENT CHILD.

"As used in this part, the term 'dependent child' means an individual who--

"(1) is needy, as determined by the State in which the child resides;

"(2) has been deprived of parental support or care due to the death, continued absence from the home (other than absence occasioned solely due to the performance of active duty in the uniformed services of the United States), or physical or mental incapacity of a parent;

"(3) is living with the individual's father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece, in a place of residence maintained by 1 or more of such relatives as his, her, or their home; and

"(4) is--

"(A) not more than 18 years of age; or

"(B) at the option of the State--

"(i) not more than 19 years of age; and

"(ii) a full-time student in a secondary school (or in the equivalent level of vocational or technical training) who may reasonably be expected to complete the program of the secondary school (or the training) before attaining 19 years of age.".

"SEC. 406. ANNUAL REPORTS.

"Not later than 6 months after the end of each fiscal year for which a State is made a grant under section 403, the State shall submit to the Secretary a report which contains--

"(1) a statement of the average number of families with dependent children in the State during the fiscal year;

"(2) in absolute and in percentage terms, the extent to which there has been an increase or decrease, during the fiscal year and since the effective date of this part, in--

"(A) teen pregnancies in the State;

"(B) births of children immediately eligible for assistance through the State program of assistance to families with dependent children;

"(C) families to whom such assistance has been terminated due to the gainful employment of 1 or more members of the family; and

"(D) absent parents who contribute financially to the support of families receiving such assistance; and

"(3) the extent to which the State has met the goals and objectives set forth in the application for the grant.

SEC. 407. WITHHOLDING OF BLOCK GRANT.

"Notwithstanding any other provision of this part, beginning 4 years after the effective date of this part, the Secretary may suspend or withhold for any period part or all of a grant to a State for a fiscal year under this part if, after reviewing the State reports submitted pursuant to section 406, the Secretary determines that the State program of assistance to families with dependent children during the immediately preceding fiscal year has not adequately met the needs of the families.".

(b) Effective Date.--The amendment made by subsection (a) shall take effect on October 1, 1993.

(c) References in Other Laws.--Any reference in any law, regulation, document, paper, or other record of the United States to part A of title IV of the Social Security Act, or to a provision of law contained in such part, shall, unless the context otherwise requires, be considered to be a reference to such part, or such provision, as in effect immediately before October 1, 1993.

SEC. 3. REDUCTION OF FEDERAL AFDC ADMINISTRATIVE COSTS.

(a) Cost-Reduction Requirement.--The Secretary of Health and Human Services shall, using any authorities otherwise available, take such actions as may be necessary to ensure that, for each fiscal year beginning after September 30, 1994, the total administrative costs of the program described in part A of title IV of the Social Security Act shall not exceed 50 percent of the total administrative costs of that program (as then in effect) for fiscal year 1992.

(b) Reporting Requirement.--Not later than 1 year after the date of the nactment of this Act, the Secretary of Health and Human Services shall submit a written report to Congress describing--

(1) the actions which have been or will be taken in order to achieve timely compliance with subsection (a);

(2) the procedures and criteria used in determining what actions to take, including the reasons why each such action was chosen;

(3) the savings anticipated from each action described under paragraph (1); and

(4) the methodologies and assumptions used in connection with any computations under this section.

Proposed Welfare Reform Bill
August, 1993

ATTACKS THE TWO FUNDAMENTAL CAUSES OF WELFARE DEPENDENCY

**PROBLEM 1: NONWORK
--Less than 10% of welfare mothers work
--Although many mothers leave welfare within 2 years, many stay for 8 years or more; today there are more than 3 million mothers on AFDC who will remain on welfare for 8 years or more

**SOLUTION: MANDATORY WORK
--When fully implemented, the bill requires 63% of mothers who have been on AFDC for at least 2 years to work 35 hours per week for their benefits
--Mothers must use the first 2 years on AFDC (or less at state option) to participate in education, training, work experience, and job search to prepare for a position in the private economy; if they do not find a job, they must work in order to continue receiving benefits after 2 years
--One adult in two-parent families on welfare must work 32 hours per week and search for a job 8 hours per week starting the first day they receive welfare
--Mothers who refuse to work have their benefits reduced and then terminated; states failing to ensure that parents work suffer serious financial penalties

**PROBLEM 2: ILLEGITIMACY
--Illegitimacy has risen wildly in recent years; now 2 of every 3 black children and 1 of every 5 white children are born out of wedlock -- and the rates are still rising
--Of illegitimate babies born to teen mothers, a shocking 80% will be on welfare within 5 years
--Teen mothers are the most likely to stay on welfare for many years without working
--Most of the increase in poverty and welfare in recent years is caused, not by a poor economy or reduced government spending (both are up), but by increased illegitimacy

**THE SOLUTION: ESTABLISH PATERNITY, RESTRICT WELFARE, CRACK DOWN ON DEADBEAT DADS
--All mothers applying for welfare must identify the father or they will not receive benefits
--Mothers receive a reduced benefit until paternity is legally established
--Adolescent mothers must live at home, thus preventing them from using an illegitimate birth to establish their own household
--States must increase their paternity establishment rates, over a period of years, to 90% or suffer stiff penalties
--States are required to stop increasing welfare checks when families on welfare have additional children; states can avoid this requirement only if they pass a law exempting themselves
--States are required to stop paying welfare benefits to parents under 19 years of age; states can avoid this requirement only if they pass a law exempting themselves
--Deadbeat dads with children on welfare are required to pay child support or work

SLASHES WELFARE FOR NONCITIZENS

**THE PROBLEM: TOO MUCH WELFARE FOR TOO MANY IMMIGRANTS
--Hundreds of thousands of immigrants come to the United States to collect welfare
--A recent study by the Social Security Administration shows that more than 11% of all recipients and 20% of elderly recipients of Supplemental Security Income are noncitizens
--Noncitizens also qualify for Aid to Families with Dependent Children, Food Stamps, Medicaid, housing, and other welfare benefits

**THE SOLUTION: STOP WELFARE FOR NONCITIZENS
--Simply end welfare for most noncitizens
--Allow refugees to receive welfare for only a fixed number of years unless they become citizens
--Allow noncitizens over 70 to receive welfare
--Continue the benefits of current noncitizens receiving welfare for 1 year

EMPHASIZES PARENTAL RESPONSIBILITY

**Requires unmarried adolescent mothers to live at home
**Encourages states to stop welfare payments to unmarried parents under age 19
**Encourages states to reduce the welfare benefits of parents who do not assure that their children are immunized and attend school regularly
**Allows states to require AFDC parents to participate in parenting classes and classes on money management
**Allows states to discourage parents from moving to a new school district during the school year

ATTACKS SEVERAL ADDITIONAL WELFARE PROBLEMS:

**Allows states to convert their Aid to Families with Dependent Children program into a block grant at 103% of the state's 1992 funding level
**Requires adults applying for welfare to engage in job search before their benefits start
**Provides states with much greater control over 75 welfare programs so they can coordinate and streamline welfare spending
**Encourages states to provide financial incentives to induce mothers on welfare to work and marry
**Allows states to let welfare recipients accumulate assets to start a business, buy a home, or attend college
**Requires addicted recipients of welfare to participate in treatment programs or lose their benefits
**Requires adult recipients of Food Stamps to participate in work programs
**Requires random drug testing of addicts receiving Supplemental Security Income and termination of benefits for positive tests
**Strengthens state child support enforcement programs.

ACCOMPLISHES ALL THE ABOVE IN A COST-NEUTRAL BILL

**Although we do not have a CBO cost estimate, we believe the paternity and immigration provisions will finance the other provisions of the bill
**If they do not, we will identify additional reductions in welfare spending that will make the bill at least cost-neutral

Outline of Tentative Republican Welfare Reform Bill July 27, 1993

Title I: AFDC Transition and Work Program

A. AFDC Transition Program (first 2 years on AFDC)

1. Program outline. At the time of AFDC enrollment, families are referred to the AFDC Transition Program in which they are expected to work or prepare for work:
   a. at state option, participation in the AFDC Transition Program can begin after 1 year for some or all recipient families defined as job ready by states;
   b. recipients and the welfare agency create a written plan describing what each must do so the parent can prepare for work; the written plan must include the statement that after 2 years (or less at state option) parents who have not secured paid employment must work in exchange for their AFDC benefit;
   c. at the end of the first year in the transition program, an assessment is made by states to determine whether the recipient has made "clear and substantial progress" toward preparing for work (this requirement is waived if the state has elected to hold the recipient out of the transition program for 1 year);
   d. states, in consultation with the Secretary, establish the guidelines by which "clear and substantial effort" is defined; states can set their own guidelines within the following framework:
      1) the general rule, to which education is an exception (see below), is that families must participate at least 520 hours per year, although states have flexibility in how the 520 hours is achieved (e.g., 100% time for 3 months, 50% time for 6 months, or 25% time for 12 months fulfills the requirement);

2) within 12 months of enactment, the Secretary must publish rules about how education hours are counted; the guiding principle should be that meeting whatever a given educational institution (including certified professional training schools and certified degree-granting programs) considers full-time enrollment, and maintaining at least minimum passing evaluations, counts as participation;
3) in two-parent families, at least one parent must meet participation requirements; states have the option of requiring participation by both parents;
4) parents can use the 6-month birth exemption (see below) only one time; if a subsequent child is born while the parents are on AFDC, only the 4-month exemption is in effect;

e. all the programs authorized in section 482(d) of the Social Security Act (education, job skills, job readiness, job development and placement, group and individual job search, on-the-job training, work supplementation, community work experience) count as participation under the AFDC Transition program.

2. Sanctions. Participants who fail to meet the criteria for participation are sanctioned as follows:
   a. for the first offense, the combined value of the family's AFDC benefit and Food Stamp benefit is reduced by 25% until the parent complies and at least 3 months have elapsed; if 3 months elapse and the recipient has not complied, then the recipient is deemed to have started the second offense period;
   b. the sanction for the second offense is similar to the first except that in addition to complying with the criteria, at least 6 months must elapse before benefits are restored; if the recipient has not complied within 3 months, then the recipient is deemed to have entered the third offense period;
   c. for the third offense, the family is dropped from AFDC altogether;
   d. when families are dropped from AFDC, they retain Medicaid, Food Stamps, housing, and any other benefit for which they are otherwise eligible.

3. Exemptions
   a. incapacitated, as currently defined in regulations (not including drug and alcohol offenders);
   b. at state option, those enrolled in drug and alcohol abuse programs (with a 12-month limitation);
   c. during a 6-month period in which a recipient gives birth to the first child born after the recipient participates in AFDC (divided as the recipient selects between the pre-natal and post-natal periods);
   d. during a 4-month period in which a recipient gives birth to the second or subsequent child born after the recipient participates in AFDC (divided as the recipient selects between the pre-natal and post-natal periods);
   e. during a 2-month period following the return home of a child who had been removed from the home;
   f. providing full-time care of a disabled dependent.

4. Participation Requirements
   a. participation standards are computed separately for the Transition Program and the Work Program;
   b. new participation standards apply to applicants beginning in 1996; the standard for 1996 is 30 percent; the standard for 1997 is 40 percent;
   c. beginning in 1998, participation standards apply to the entire caseload (not just applicants); the standard in the Transition Program is 50 percent in 1998, 60 percent in 1999, 70 percent in 2000, 80 percent in 2001, and 90 percent in 2002;
   d. to the extent possible, states are encouraged to fulfill their participation standards by focusing their efforts on mothers with older children.

B. AFDC Work Program. If parents have not found a job after two years, they must participate in a work program established by the state.

1. Program Outline
   a. most states now conduct a Community Work Experience Program (CWEP) in which parents work, usually in a public sector job, for the number of hours equal to their AFDC benefit divided by the minimum wage; the current CWEP hours requirement is rewritten to mandate that recipients work for 35 hours per week;
   b. states can also require participation in the Work Supplementation program in which the AFDC benefit is used to subsidize a private sector job;

c. reforms to the Work Supplementation program include:
   1) elimination of the requirement that all jobs must be new jobs;
   2) creation of new financial incentives for states to use the program:
      --recipients participating in the Work Supplementation program must be paid a salary at least equal to their AFDC plus food stamp benefits;
      --states can negotiate arrangements with employers to pay enough of the salary that some part of the value of the AFDC benefit will not be required to reach the AFDC plus Food Stamp minimum; in these cases, states can continue to request the federal share of the AFDC benefit as if the entire benefit were still being paid by state funds (this provision has the effect of allowing states to keep the entire amount by which the employer-provided salary "buys out" the AFDC benefit);
d. states can create a new work program, subject to approval by the Secretary, that combines features of CWEP and Work Supplementation or uses entirely new approaches developed by the state;
e. after 3 years of participation in the work program (and a total of 5 years on AFDC), states have the option of dropping recipients from the AFDC rolls; they would continue to be eligible for Medicaid, food stamps, and other benefits.

2. Sanctions. Same as above

3. Exemptions. Same as above

4. Participation requirements
   a. in 1996 when the work program for applicants phases in, states must include at least 30 percent of the nonexempt caseload in their Work Programs;
   b. the participation standard for new applicants then increases to 40 percent in 1997, 50 percent in 1998, and 60 percent in 1999;
   c. beginning in 2000, participation standards apply to the entire caseload (rather than just applicants); the standards are 70 percent in 2000, 80 percent in 2001, and 90 percent in 2002;

d. the denominator for this calculation for each fiscal year is the number of nonexempt participants who have been on AFDC for at least 2 years on the first day of the fiscal year.

C. Work Program for Two-Parent Families. At least one parent in two-parent families on AFDC must be required to work 32 hours per week and engage in job search for 8 hours per week. States are required to pay the combined AFDC-Food Stamp benefit in cash and only after the completion of the work requirement for any given period. If the work requirement has been only partially met, states must proportionately adjust the AFDC-Food Stamp payment level. All states can exercise the 6-month option in designing their AFDC two-parent program (current law prohibits about half the states from using the 6-month option).

D. Work Program for Fathers. Fathers of children on AFDC must either pay child support or participate in a work program:

1. Fathers who are the equivalent of 2 months in arrears on their child support, unless they have a court-approved plan for repayment, must participate in this program.

2. States can design their own programs, but their program must include at least the following three elements:
   a. initial contact with the father must include a letter that informs him he must pay child support, that he should contact the child support office, and that he is subject to fines and penalties if he does not cooperate;
   b. if the father does not pay child support with 30 days, then he must be enrolled in a job search program for between 2 and 4 weeks;
   c. if the father still does not pay child support within another 30 days, he must be enrolled in a work program for at least 35 hours per week (30 hours if the program also requires job search).

3. The work program participation standards outlined above apply to the work program for fathers; the denominator for calculations is the number of fathers with children on AFDC who do not pay child support.

4. Only incapacitated fathers are exempt.

Title II: Paternity Establishment

A. If the paternity of any dependent named on an AFDC application has not been legally established, the mother must provide the name of the father or fathers to AFDC officials as part of the application process:

1. if the mother does not provide a name, her family is not eligible for AFDC benefits for that child; if there is only one child, then the family will be denied all AFDC benefits

2. if the mother is not certain who the father is, she must name all the men she thinks could be the father

3. in the case of families with one child, once the mother has provided the father's name, the family is eligible for an AFDC cash benefit for a 1-person family

4. in the case of families that have at least one child for whom paternity has been established and at least one child for whom paternity has not been established, the family will receive an AFDC benefit equal to the size of family that includes only the child or children for whom paternity has been established

B. After giving the father's name, the mother must cooperate with the state child support enforcement agency to establish paternity:

1. once paternity is legally established, the family is eligible for the full AFDC benefit for a family of that size

2. if the child support agency finds that the man named by the mother is not the father, the mother and children are dropped from the rolls until paternity is established

3. in the case of a family with more than one child at least one of which has paternity established, a false name will still result in the entire family being dropped from the rolls

C. States must require all officers and employees of the state, upon first recognizing that an unwed woman is pregnant, to inform her that:

1. she will not be able to receive AFDC benefits until she identifies the father, and

2. she should do whatever is necessary to get the father to acknowledge paternity as soon as possible

States must develop procedures in public hospitals and clinics that facilitate the acknowledgment of paternity.

D. States must develop procedures, in consultation with the Secretary, to handle cases in which mothers claim the father is dead or missing. State procedures should be based on the principle that the burden of proof is on the mother.

E. The mother is exempt from these requirements if her pregnancy was caused by rape or incest or if the state concludes that pursuing paternity will result in physical harm to the parent or child.

F. States are required to follow the provisions outlined above unless the state passes a law specifically declaring that the state wants to exempt itself.

G. The state paternity establishment requirement of 75 percent in current law (assuming the reconciliation bill passes) is increased to 90 percent. As under current law, states under 90 percent must increase by 3 percent each year if their percentage is over 50 percent and 6 percent each year if their percentage is under 50 percent.

Title III: Expanded Statutory Flexibility for States

A. Rewards and sanctions for immunization and/or health checkup. Allow states to increase the total monthly AFDC benefit by up to $50 per month for 6 months (not necessarily consecutive) for complying with immunization, EPSDT screening, or other health requirements. Families could be sanctioned by up to $50 per child per month until the requirements are met. States can decide not to follow this provision by passing a state law specifically exempting themselves.

B. No AFDC for parents under age 19. States may refuse AFDC benefits if the mother or father of the dependent child has not attained 19 years of age. If minor parents are married, they can qualify for the state AFDC program for 2-parent families. States can decide not to follow this provision by passing a state law specifically exempting themselves.

C. Rewards and sanctions for school attendance. Families with school-age children who attend school less than some state-established minimum without good cause will be subject to a sanction or reward of up to $75.00 per child per month. Good cause is defined by states in consultation with the Secretary.

D. No additional money for more children. States are not required to pay any additional benefits for children born 10 months after the date of application for AFDC. States can, but are not required to, allow exceptions for families: a) that leave AFDC due to earnings for at least 90 days if employment is terminated for good cause, and/or b) that remain off AFDC for 12 consecutive months. States can decide not to follow this provision by passing a law specifically exempting themselves.

E. Change work disregards within limits. States would be permitted to replace the current Federal rules for disregarding income in setting AFDC benefit levels. The current 4-month $30 and 1/3 rule could be changed as a state wishes but the changes can be no more generous than the equivalent of permanently disregarding the first $200 of family earnings plus 1/2 of the remainder.

F. Married couple transition benefit option: Keep AFDC after marriage up to certain income limit. States would be permitted to allow AFDC recipients who marry someone who is not the father of their child, and who would become ineligible for AFDC, to keep up to 1/2 of their current benefit for up to one year as long as their combined family income is below 150% of the poverty level. Couples who marry and would be eligible for AFDC-UP in the state may be treated by the state as eligible for either AFDC-UP or the state's new "married couple" transition benefit, but not both.

G. Increase asset limit up to $10,000. States can disregard up to $10,000 of assets associated with a microenterprise owned by a family for purposes of determining AFDC eligibility and calculating AFDC benefits; states may also disregard up to $10,000 of savings placed in a special account to be used for purchase of a home or for education or training. The disregard for business-related costs, income, and resources associated with a business of five or fewer employees will be increased from $1,000 to $10,000 per family.

H. States can convert AFDC to block grant. States have the option of taking the amount of federal reimbursement they received under Title IV-A in 1992, plus a one-time inflation adjustment of 3 percent, as a fixed annual cash payment rather continuing in the current AFDC program. States electing this option must present an annual report to the Department of Health and Human Services showing that all the money from the block grant was spent to help poor and low-income families.

I. AFDC benefit levels for new state residents. States have the option of providing new residents of their state with the same level of AFDC benefits as provided by the state from which the residents moved. This level of benefits can be provided for no more than 1 year.

J. Parenting classes, money management, and moving residence. States have the option of requiring AFDC parents to participate in parenting classes and classes on money management during the Transition Program. Such participation counts toward fulfillment of state participation requirements. States can also require parents receiving AFDC benefits to receive agency permission before changing a dependent child's residence during the school year.

Title IV. Expansion of State Waiver Authority

A. Interagency Waiver Request Board. All waivers will be considered by an interagency board composed of representatives of the Secretaries of Agriculture, Health and Human Services, Housing and Urban Development, Labor, Interior, Justice, and the Office of Management and Budget. The Board will be headed by a chairperson appointed by the President.

B. Application for Waivers. Any entity eligible to receive Federal funds may submit a waiver application to the Board specifying, explaining, and justifying the particular provisions of statute or regulation the entity wants to change. All applications must aim to help long-term welfare recipients improve their living conditions, help recipients strengthen their families and achieve self-sufficiency, or promote individual initiative and personal behavior consistent with progress toward self-sufficiency; applications must contain written assurances that implementing the proposal will not result in additional costs to the federal government.

C. Agency Approval. The Chairman, after considering the proposal and making any written comments she thinks appropriate, forwards the proposal to the agency or agencies with jurisdiction over the programs. Within 45 days the agency must provide the chairman with views on whether the proposal will move families toward independence of welfare and on several similar issues. If more than one federal agency is involved in the waiver request, the chairman must take steps to assure that all agencies are informed of the others' involvement. The chairman must reach a decision on the waiver request and notify the states within 120 days; if the state waiver request has not been approved or disapproved within 120 from the date of receipt, the request is deemed to be approved.

D. Programs Subject to Waiver Authority

See attached list

Title V: Child Support Enforcement

A. Improved Tracking of Absent Parents to Enforce Support. Establish a nationwide system for reporting and tracking newly hired workers to improve the nation's ability to locate parents and enforce support orders. The system would keep a current trace of parents' location, source of earnings, and support obligations. Includes reforms in three areas:

1. New employees would be required to report support obligations subject to wage withholding to employers via new W-4 forms. Withholding would begin immediately and employment information would be maintained for interstate searches.

2. States would maintain updated registries of support orders to verify new hire withholding information and assist other states with interstate searches.

3. The Federal Parent Locator service would be expanded to improve access to information nationwide and the Federal Office of Child Support Enforcement would coordinate an information network between states to provide for speedy interstate searches.

B. Streamlined Wage Withholding. Streamline the interstate system of wage withholding by establishing uniform notices and requiring employers to honor withholding notices from out-of-state courts.

C. Improved Paternity Establishment. States would establish hospital-based programs to encourage voluntary paternity establishment at the time of birth and provide for administrative processes for establishing parentage.

Title VI: Welfare Restrictions for Aliens

A. All welfare benefits (other than emergency Medicaid) are eliminated for non-citizens, except for refugees and certain permanent residents as defined below.

B. Exceptions for refugees and permanent resident aliens:

1. refugees who have been adjusted to permanent resident status can receive welfare for only 1 year beyond the time limit required for them to apply for citizenship (unless they are over age 70);

2. permanent resident aliens over age 70 who have been legal residents for at least 5 years are eligible for welfare benefits.

C. State AFDC agencies must provide the name, address, and other identifying information (including fingerprints) to the Immigration and Naturalization Service for all illegal immigrant parents with citizen children.

D. Any noncitizen who is currently residing in the U.S. and is affected by any of the above provisions is exempt from that provision for 1 year following passage of the bill; any federal department that administers welfare programs that currently serve resident aliens must directly notify, or ensure that states notify, all resident aliens affected by provisions outlined above.

Title VII: Miscellaneous Provisions

A. AFDC Recipients and Drug Addiction

1. AFDC applicants and recipients determined by states to be addicted to alcohol or drugs must participate in addiction treatment.

2. Failure of addicts to participate on a satisfactory basis as defined by the state will result in expulsion from AFDC for 2 years.

3. States may waive participation requirements during the transition program for up to 1 year if AFDC recipients are participating in addiction treatment programs; however, states must continue to include all addicted recipients in the denominator for calculation of participation standards.

4. States are authorized to use random and unannounced drug tests with recipients who have participated in drug rehabilitation programs or have a history of addiction; refusal by the recipient to submit to drug testing will result in termination of the entire family's cash AFDC benefit.

B. Eligibility for Food Stamps

1. In order to qualify for Food Stamps, adults must be:
--receiving unemployment insurance, AFDC, SSI, disability insurance, workers compensation, or social security, or
--pregnant women in the last month of pregnancy or within two months of giving birth, or
--participating satisfactorily in the Food Stamp work program, or
--able to show proof of incapacitation or current employment.

2. Clarifying rule. If an adult in a Food Stamp household that includes children fails to meet the requirements and is disqualified from participation, the children will still qualify for benefits (but their household size will be reduced by 1 person).

C. Supplemental Security Income & Addicts. The Social Security Administration is directed to identify all SSI participants whose disability was caused by addiction to illegal drugs and to test them periodically, on a random schedule, to determine whether they are using illegal drugs. If use of illegal drugs is detected by the tests, the participant's SSI benefits are permanently terminated.

D. Evaluation of Education and Training Programs. The Department of Health and Human Services is required to fund research that examines the impacts of education and training programs on exits from AFDC, welfare expenditures, wage rates, employment histories, and repeat spells on AFDC. At least one of the studies must involve three groups to which AFDC adults are randomly assigned: a control group not required to participate in any special activity, a group required to participate in education or job training programs, and a group required to participate in job search or job search and work experience. Participants must be followed for at least 5 years.

E. Initial AFDC Applicant Job Search. States must require AFDC applicants to participate in job search while their welfare application is being processed. Applicants must be reimbursed for transportation and child care expenses. States can provide emergency aid when payment cannot be delayed. States retain considerable flexibility in defining such emergencies, although they must include in their state plan the general guidelines they will follow. States can decide not to follow this provision by passing a state law specifically exempting themselves.

F. Demonstrations on Fraud and Administrative Efficiency.

1. HHS is authorized to conduct demonstrations in several states to determine whether providing welfare benefits (including AFDC, Food Stamps, Medicaid, housing, etc.) by use of electronic cards and automatic teller machines will reduce administrative costs and fraud; within 5 years HHS must write a report to Congress summarizing the results of the studies and making recommendations about whether and how more states might be required to use electronic funds transfer programs.

2. HHS is required to appoint a commission composed of cabinet officials, outside experts, and state administrators to determine the cost and feasibility of creating an inter-state system of Social Security numbers of all welfare participants for the purpose of ensuring that no adults or children are participating

Attachment 1

Programs Subject to Waiver Authority in Unified Republican Bill July, 1993

1. Medicaid
2. Maternal & Child Health Services Block Grant
3. Community Health Centers
4. Title X, Family Planning
5. Cash and Medical Assistance to Refugees and Cuban/Haitian Entrants
6. Migrant Health Centers
7. Aid to Families with Dependent Children
8. IV-B Child Welfare Services
9. Supplemental Security Income
10. Foster Care
11. Food Stamps
12. School Lunch
13. Nutrition Program for Women, Infants and Children
14. Nutrition Program for the Elderly
15. School Breakfast
16. Child & Adult Care Food Program
17. The Emergency Food Assistance Program
18. Summer Food Service Program for Children
19. Commodity Supplemental Food Program
20. Special Milk Program
21. Section 8, Low-Income Housing
22. Low-Rent Public Housing
23. Rural Housing Loans
24. Sec. 236, Interest Reduction Payments
25. Sec. 515 Loans for Rental & Cooperative Housing
26. Sec. 521 Rental Assistance
27. Sec. 235 Homeownership Assistance for Low-Income Families
28. Sec. 101 Rent Supplements
29. Rural Housing Repair Loans/Grants
30. Farm Labor Housing Loans/Grants
31. Rural Housing Preservation Grants
32. Rural Housing Self-Help Technical Assistance Grants
33. Rural Housing Site Loans
34. Stafford Loans
35. Pell Grants
36. Head Start
37. College Work-Study
38. Supplemental Education Opportunity Grants
39. Vocational Education for the Disadvantaged
40. Migrant Education
41. Special Programs for Students from Disadvantaged Backgrounds ("TRIO" Programs)
42. Perkins Loans
43. State Student Incentive Grant Program
44. Fellowships for Grad & Professional Study
45. Migrant High School Equivalency Program
46. Chapter 1 Education
47. Follow Through
48. Health Professionals Student Loans
49. Centers for Disease Control Immunization Grants
50. Lead Poisoning Grants
51. Preventive Services Block Gran
52. Alcohol, Drug Abuse, and Mental Health Grants
53. Ellender Fellowships
54. Child Development Associate Scholarships
55. Job Training Partnership Act for Disadvantaged
56. Job Corps
57. Summer Youth Employment
58. Senior Community Service
59. Title 3, Older Americans Act
60. Foster Grandparents
61. Senior Companions
62. Unemployment Compensation
63. Low-Income Home Energy Assistance Program
64. Weatherization Assistance
65. Title XX, Social Services Block Grant
66. Community Services Block Grant
67. Legal Services
68. Emergency Food/Shelter
69. Social Services for Refugees/Cubans/Haitians
70. Child Care & Development Block Grant
71. "At Risk" Child Care
72. State Legalization Impact Assistance Grants

MARGE ROUKEMA
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file welfare reform

COMMITTEES:
BANKING, FINANCE AND URBAN AFFAIRS COMMITTEE
RANKING REPUBLICAN—HOUSING AND COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTIONS SUPERVISION, REGULATION AND INSURANCE
ECONOMIC STABILIZATION

EDUCATION AND LABOR COMMITTEE
RANKING REPUBLICAN—LABOR—MANAGEMENT RELATIONS
ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION
POSTSECONDARY EDUCATION

SELECT COMMITTEE ON HUNGER

Congress of the United States
House of Representatives
Washington, DC 20515-3005

April 2, 1993

Paul - We should review.

COS - Frost, Clayton, Gingrich, Coleman, Johnson (S.

Dear Colleague:

I am writing to urge you to cosponsor the Child Support Enforcement Act of 1993 (H.R. 1600), a bill to implement the recommendations contained in the report of the U.S. Commission on Interstate Child Support, "Supporting Our Children: A Blueprint for Reform." (For your review, a brief summary of the bill is attached.)

As a Commission member who worked on the 1988 Family Support Act, and the Child Support Enforcement Amendments of 1984, I know that further reforms are needed. Ideally, children should be supported emotionally and financially by two loving parents. Although government cannot ensure that all children will receive the emotional support that they so desperately need from both parents, government can take action to ensure that parents meet their legal and moral obligations to their children.

Despite prior reforms, we still fail miserably in collection of <u>interstate</u> cases, which are especially difficult to enforce. Each year, more than $1.6 billion in interstate awards go unpaid. Less than half of all custodial parents in interstate cases receive the financial award they are due, and one in three receive <u>nothing at all!</u> Too often, these families are forced to seek help through the welfare system.

Failure to pay child support is not a victimless crime. The children who go without these payments are the victims. But in a larger sense, society is the victim, as taxpayers bear the burden of paying for support enforcement, and, ultimately, the welfare payments for these children whose parents shirk their legal obligations.

This legislation, which has been introduced in the other body by Senator Bradley, warrants the support of Members of both parties. I urge you to cosponsor this bill to reform our ineffective system of interstate child support enforcement. To cosponsor H.R. 1600, please contact me or Barbara Bennison of my staff at extension 5-4465.

Sincerely,

Marge

Marge Roukema
Member of Congress

Barbara Paulin in DE

MSR:ba

BILL SUMMARY FOR H.R. 1600
ROUKEMA INTERSTATE CHILD SUPPORT ENFORCEMENT ACT

The recommendations of the U.S. Commission on Interstate Child Support provide a blueprint for improving child support enforcement across state lines without dismantling the current state-based system.

Paternity Establishment

* Mandates hospital-based paternity acknowledgement programs;

* Designs voluntary paternity establishment processes; and

* Mandates state parentage outreach programs.

Locate Non-Custodial Parents

* Changes the federal form W-4 to provide for a new line on which new hires must note whether they are the subjects of a support order and, if so, whether that order requires wage withholding;

* Requires every employer to submit a copy of every new employee's W-4 to his state's child support enforcement agency; and

* Establishes a national computer network connecting information held in the states and requires that the W-4 information be broadcast over this national network in order to match information against an abstract of outstanding support orders in the various states to identify non-custodial parents who are sought for parentage or child support.

Support Order Establishment

* Expands long-arm statutes in every state to allow states to reach out and assert jurisdiction over non-resident parents.

Enforcement Techniques

* Suspends driver's and professional licenses of parents who do not pay child support;

* Increases the use of credit reporting, liens on tangible property, interception of lottery winnings, lawsuit settlements, and other awards;

* Uses more actively the fraudulent conveyance laws to invalidate transfers of assets that were made to avoid paying child support; and

* Requires all states to make it a state crime to willfully fail to pay child support.

Staffing and Training

* Encourages staffing studies and training assistance from the federal government to the states.

LEGISLATIVE SUMMARY
INTERSTATE CHILD SUPPORT ENFORCEMENT ACT

TITLE I - LOCATE AND CASE TRACKING

Sec. 101: Expansion of the Use of the Federal Parent Locator System.

allows the Federal Parent Locator System to be used for the purposes of parentage establishment, child support establishment, modification and enforcement, and child visitation enforcement, provided that safeguards are in place to prevent release of information when it may jeopardize the safety of the children or either parent.

Sec. 102: Expansion of Data Bases Accessed by Parent Locator Systems.

1) allows the Federal Parent Locator System access to the quarterly estimated Federal income tax returns filed by individuals with the IRS.

2) requires the states to have in place procedures under which the state agency responsible for child support enforcement shall have automated on-line or batch access to information regarding residential addresses, employers and employer addresses, income and assets, and medical insurance benefits of absent parents. Data bases to which the state child support agency shall have access include: (a) the state revenue or taxation department; (b) the state motor vehicle registration department; (c) the state employment security department; (d) the state crime information system; (e) the State bureau of corrections; (f) the state recreational, occupational, and professional licensing department; (g) the Secretary of State's office; (h) the State bureau of vital statistics; (i) state or local agencies administering public assistance; (j) state or local real and personal property record departments; (k) publicly regulated utility companies located in the state; (l) credit reporting agencies located in the state; and; (m) trade and labor unions located in the State.

3) requires the States to maintain child support order registries.

Sec. 103: Expansion of Access to National Network for Location of Parents.

1) requires the Department of Health and Human Services, through the Office of Child Support Enforcement to expand the Federal Parent Locator System to provide for a national network which allows states to: (i) access the records of other state agencies and federal sources of locate information; (ii) access the files of other states to determine whether there

are other child support orders and obtain the details of those orders; (iii) process locate requests; and (iv) direct locate requests to individual states or Federal agencies, broadcast requests to selected states, or broadcast cases to all states when the source of needed information is not known.

Sec. 104: Private Attorney Access to Locate and Enforcement Services.

requires that private attorneys and pro se obligees be allowed access to state locate resources, tax refund offsets and other public enforcement techniques for the limited purpose of locating individuals for parentage establishment, child support establishment, modification and enforcement of orders, and enforcement of visitation orders with appropriate privacy safeguards for the information provided.

Sec. 105: Access to Law Enforcement Systems of Records.

requires the heads of the National Criminal Information Center, the National Law Enforcement Telecommunications Network, and any other national or regional systems for tracking individuals to allow access to information held to federal, state and local child support agencies.

Sec. 106: State Networks for Broadcasting Warrants.

1) requires the states to broadcast on their local and state crime information systems failure-to-appear warrants, capiases, and bench warrants issued by courts in civil and criminal parentage and child support cases in their states.

2) if a defendant posts security after being arrested, requires the states to remit any subsequent forfeiture to the child support obligee to the extent of any child support arrearage.

TITLE II - ESTABLISHMENT

Section 201: Jurisdiction, Service of Process and Full Faith and Credit.

1) makes a Congressional finding that child-state jurisdiction is consistent with the Due Process clause of the Fifth and Fourteenth Amendments, Section 5 of the Fourteenth Amendment, the Commerce Clause, the General Welfare Clause, and the Full Faith and Credit Clause of the U.S. Constitution.

2) requires the states to promulgate procedures under which the states shall treat out-of-state service of process in parentage and child support actions in the same manner as in-state service of process.

3) requires the states to provide for service of process outside a state by: (i) personal delivery according to the law relating to in-state service of process; (ii) personal delivery according to the law of the state in which the service is made; (iii) by mail, subject to the Rules of Civil Procedure of the state serving process; (iv) other means of notification which are consistent with state rules of civil procedure.

4) requires the states to recognize and enforce parentage and child support orders including on-going orders of other states where jurisdiction was properly asserted.

5) allows a state court to modify the parentage or child support order of a court of another state only:
(1) if it has jurisdiction to make such order and
(2) the court of the other state no longer has continuing, exclusive jurisdiction because (a) the other state no longer is the child's state or the resident of any contestant; (b) after notice and hearing, the court of the other state has declined in writing to exercise its jurisdiction to modify the order; or (c) all the parties consent to the exercise of jurisdiction by the forum court.

<u>Sec. 202: Service of Process on Federal Employees and Members of the Armed Forces Relating to Child Support, Alimony and Parentage Obligations</u>.

requires the heads of each federal military agency to designate an agent for receipt of service of process of a child support action for any employee or member of the armed services of such agencies.

<u>Sec. 203: Presumed Address of Obligor and Obligee</u>.

1) requires that parents' identification and locate information be left with the state court adjudicating parentage and child support actions.

2) requires the states to create a presumption that, for the purposes of providing sufficient notice in any child support-related action other than the initial notice in an action to adjudicate parentage or establish a child support order, the last residential address of the party given to the appropriate agency or court is the current address of the party.

<u>Sec. 204: Notification to Custodial Parents</u>

1) requires state child support agencies to notify custodial parents in a timely fashion of all hearings in which child support obligations might be established or modified.

2) requires state child support agencies to provide custodial parents with a copy of any order that establishes or modifies a child support obligation within 14 days of the issuance of such order.

Sec. 205: State Uniformity Regarding Establishment of Parentage and Support, Jurisdiction and Venue, and Federal Employee Residential Status.

1) requires the states to allow parties seeking both parentage adjudication and child support establishment in a judicial proceeding to bring a joint action in a single cause of action.

2) requires the states to provide for venue for parentage adjudication in the county of residence of the child when the child and alleged parent who is the defendant reside in different counties within the state.

3) requires the states to mandate that a state court or agency that issues a parentage or child support order has continuing and exclusive jurisdiction over a child support case until that court or agency transfers jurisdiction to another court or agency that has jurisdiction in the county where the child resides, or the parties consent to be bound by the appropriate court or agency that has jurisdiction.

4) requires the states to provide for transfers of cases to the city, county, or district where the child resides for purposes of enforcement and modification, without the need for refiling by the plaintiff or re-serving the defendant.

5) requires the state child support agencies or state courts that hear child support claims to exert statewide jurisdiction over the parties and allow the child support orders to have statewide effect for enforcement purposes.

6) requires the states to make clear that visitation denial is not a defense to child support enforcement and the defense of nonsupport is not available as a defense when visitation is at issue.

Sec. 206: Fair Credit Reporting Act Amendments.

allows state child support agencies to access and use credit reporting agencies for the purposes of obtaining information relevant to the setting of an initial or modified support order, without the necessity of obtaining a court order to authorize access.

Sec. 207: National Child Support Guideline Commission.

creates a National Child Support Guidelines Commission no later than 1994, for the purpose of studying the desirability of national child support guidelines.

Sec. 208: State Child Support Guideline Principles.

1) requires the states in promulgating their child support guidelines to make the application of the guidelines a sufficient reason for modification of a child support obligation without the necessity of showing any other change in circumstances.

2) requires state guidelines to provide that any custodial parent requesting a review of a child support award who is not receiving AFDC must agree to both review and modification of a child support order in IV-D cases. To ensure that IV-D agency resources are used effectively and that parents' rights are protected, the agency should notify the custodial parent of the time for a review and of the right to request an "opt-out."

3) requires that state child support guidelines take into account work-related or job-training related child care expenses of either parent or the children of these parents, health insurance and related uninsured health care expenses, and extraordinary school expenses incurred on behalf of the child of these parents.

Sec. 209: Duration of Support.

1) requires the states to provide for a continuing support obligation by one or both parents until the date upon which a child reaches the age of 18 or graduates from or is no longer enrolled in secondary school or its equivalent, whichever is later. The support order would also cease when a child marries or is otherwise emancipated by a court of competent jurisdiction.

2) requires the states give their courts discretionary power to order: (1) child support payable at least up to the age of 22 for a child enrolled in an accredited post-secondary school or vocational school or college and who is a student in good standing; (ii) child support from either or both parents to pay post-secondary school support based on each parent's financial ability to pay.

3) requires the states to provide for the continuation of child support beyond the child's age of majority provided the child is disabled and unable to be self-supportive, and the disability arose during the child's minority.

4) requires the state courts to consider the effect of child support received on means-tested governmental benefits and whether to credit governmental benefits against a support award amount.

Sec. 210: National Subpoena Duces Tecum.

1) requires the Office of Child Support Enforcement to draft and distribute to local and state child support agencies a national subpoena duces tecum with nation-wide reach to reach income information pertaining to all private, federal, state, and local government employees.

2) requires that the scope of the subpoena be limited to the prior 12 months of income.

3) provides that payors may honor the subpoena by timely mailing the information to a supplied address on the subpoena.

4) provides that the information provided pursuant to the subpoena shall be admitted once offered to prove the truth of the matter asserted.

5) requires the Office of Child Support Enforcement to establish a simplified certification process and admissibility procedure for out-of-state documents in parentage or child support cases.

Sec. 211: Uniform Terms in Orders.

1) requires the Department of Health and Human Services to develop a uniform abstract of a child support order to be used by all states to record the facts of a child support order in a registry of child support orders.

2) requires that the uniform abstract of a child support order include: (a) the date that support payments are to commence; (b) the circumstances upon which support payments are to terminate; (c) the amount of current child support expressed as a sum certain as of a certain date, and any payback schedule for the arrearages; (d) whether the support award is in a lump sum (nonallocated) or per child; (e) if the award is lump sum, the event causing a change in the support award and the amount of any change; (f) other expenses, such as those for child care and health care; (g) names of the parents; (h) social security numbers and dates of birth of the parents; (i) names of all children covered by the order; (j) dates of birth and social security numbers of children covered by the order; (k) court identification (FIPS code, name and address) of the court issuing the order; (l) health-care support information; and (m) the party to contact when additional information is obtained.

Sec. 212: Social Security Numbers on Marriage Licenses and Child Support Orders.

requires the states to list on marriage licenses the social security numbers of persons applying for and receiving such marriage licenses.

Sec. 213: Administrative Subpoena Power

requires the states to have and use laws that empower IV-D agencies to issue subpoenas requiring defendants in paternity and child support actions to produce and deliver documents to or to appear at a court or administrative agency on a certain date.

TITLE III - PARENTAGE

Sec. 301: Parentage.

1) requires the states to provide for hospital-based paternity establishment and the establishment of paternity outreach programs.

2) provides a 90% FFP for state paternity outreach programs.

3) requires the states to promulgate procedures that allow voluntary establishment of paternity by affidavit as part of the birth certificate process at the time of birth.

4) requires the states to promulgate procedures under which the states may bring parentage actions without joinder of the named child.

5) requires the states to use civil, instead of criminal, procedures for parentage actions, including a preponderance of the evidence standard for finding parentage.

6) requires the states to determine a threshold percentage of probability of parentage or a threshold percentage of likelihood of exclusion of those wrongfully accused of parentage. Requires the states to create a rebuttable presumption of parentage if admitted and uncontroverted parentage testing results satisfy such thresholds.

7) requires the states to provide for a resolution of parentage against a noncooperative party who refuses to submit to an order by a court for parentage testing.

8) requires the states to provide for the use of temporary support orders where appropriate.

9) requires states to establish procedures by which a parentage finding is treated as res judicata to the same extent as any other civil judgment.

10) requires the states to establish procedures by which a signature by an individual on a signature line provided for a father on a state birth certificate shall create a rebuttable presumption of parentage of the signatory, and the birth certificate shall be admitted as evidence for the truth of the matter asserted.

11) requires the states to develop expedited processes for the establishment of paternity when paternity is contested.

12) requires the states to implement procedure by which a parent who voluntarily acknowledges parentage can request genetic testing within 1 year of acknowledgement.

13) requires the states to develop procedures that would allow the collection of information for support to be done concurrently with the parentage acknowledgment process, where such procedures would be consistent with state constitutional law.

14) requires the states to promulgate procedures which provide for the introduction and admission into evidence, without the need for third-party foundation testimony, of pre-natal and post-natal parentage-testing bills.

15) requires the states to establish procedures under which the state may enter a default order in parentage cases against the defendant upon a showing of evidence of parentage and service of process on the defendant, without the personal presence of the petitioner.

16) requires the states to establish procedures:
(a) requiring that objection to parentage testing or its results be made in writing at least 21 days prior to trial; (b) specifying that if no objection is made, the test result will be admitted to prove the truth of the matter asserted, without the need for the attendance of a representative of the hospital, clinic, or parentage laboratory; (c) that make it possible for the parties in a parentage case to call on outside expert witnesses to refute or support the testing procedure or results, or the mathematical theory upon which the test results are based, if they so desire.

TITLE IV - ENFORCEMENT

Sec. 401: Anti-Assignment Clauses Amended.

amends several anti-assignment provisions to make it possible for child support to be withheld from certain governmental sources, including veteran's disability, military disability, railroad workers disability and retirement, long shore and harbor workers benefits, black lung benefits, and federal health benefits.

Sec. 402: National Reporting of New Hires and Child Support Information.

1) requires the Secretary of the Treasury to modify the W-4 form completed by new employees to include a statement of whether: (a) a child support obligation is owed and, if so, to whom it is payable and the amount to be paid and (b) if payment is by income withholding; and (c) if the employee has health insurance available.

2) requires the Secretary of the Treasury to establish a system of reporting new employees by requiring all employers to provide a copy of every new employee's W-4 form to the child support enforcement agency of the state in which the employer is located.

3) requires the states to confirm the information provided on the W-4 form or identify child support obligations that had not been reported through the use of the network established in the expanded Parent Locator System.

4) requires the states to notify the employer using a standard wage withholding notice developed by the Federal Office of Child Enforcement in cases where the employee has not correctly reported information regarding his or her child support obligations on the W-4 form and initiate immediate wage withholding of child support.

5) requires the states to broadcast and make available to other states over the network information based on the W-4 form that had been sent to the child support enforcement agency.

6) requires the states to notify a child support payee or payee's designee when there is a match between W-4 information broadcast over the network and the abstract of support orders on file in the state registry of child support orders.

7) requires the Secretary of Treasury to modify the federal income tax W-2 form to include a report of the amount of child support withheld for each employee by the employer.

8) makes it a federal crime for an employer to misappropriate a child support obligor's income that was purported to be withheld by the employer for the benefit of a child support obligee.

Sec. 403: Direct Income Withholding.

1) requires states to mandate that any person or entity in commerce, as a condition of doing business in that state, honor income withholding notices issued by a child support tribunal or agency of any state.

2) requires employers to maintain records of payroll deductions for child support payments and to make such records available to the state or person seeking to enforce a child support order.

3) requires the Secretary of Health and Human Services to develop a uniform withholding notice to be used in all income withholding cases.

Sec. 404: Priority of Wage Withholding.

requires the states to apply proceeds from income withholding in the following manner: (1) payments on current support obligations; (2) payment of premiums for health insurance for the defendant's children; and (3) payments on past due child support obligations and unreimbursed health-care expenses.

Sec. 405: Definition of Income Subject to Withholding Includes Workers' Compensation.

allows worker's compensation income to be subject to income withholding.

Sec. 406: Consumer Credit Protection Act Amendments.

1) acknowledges that state and federal child support garnishment laws are not pre-empted by the Consumer Credit Protection Act.

2) prohibits the counting of child support garnishments against the more-than-one garnishment exception to the antidiscrimination section of the Consumer Credit Protection Act.

3) prohibits state discretion in setting garnishment limitations based on the obligor's disposable income.

4) requires that federal debts receive a lower priority than child support debts when the obligor's disposable income cannot satisfy both debts through withholding.

Sec. 407: Election of Remedies Prohibition.

requires the states to provide that the election of remedies doctrine does not apply in child support cases, so that when mandatory wage withholding is expanded to most cases in 1994, alternative collection efforts, such as tax refund offset and contempt actions, are not prohibited.

Sec. 408: Occupational, Professional and Business Licenses.

1) requires the states to establish procedures for withholding professional or occupational licenses from noncustodial parents who are the subjects of outstanding failure-to-appear warrants, capiases, and bench warrants related to child support cases. Licenses are withheld until approved for release by the pro se obligee, the obligee's attorney, the state prosecutor or the court enforcing the child support order.

2) requires the states to establish expedited review procedures of withheld licensing applications and provide 60-day temporary licenses during the review period.

4) requires the federal government to withhold a professional, occupational, or business license of a delinquent child support obligor until the pro se obligee, obligee's attorney, prosecutor, or court enforcing the child support order consents to release of the license.

5) requires the federal government to establish expedited review procedures of withheld licensing applications and provide a 60-day temporary license during the review period.

Sec. 409: Driver's Licenses.

1) requires the states to develop procedures under which motor vehicle departments withhold the driver's licenses of noncustodial parents that the state's crime information system indicate are the subject of child support-related failure-to-appear warrants, capiases or bench warrants.

2) requires the states to provide for the use of temporary licenses or registrations by the subjects of the warrants pending the show-cause hearing or the removal of the warrants, whichever occurs first.

Sec. 410: Attachment of Bank Accounts.

requires the states to authorize post-judgment seizure of bank accounts in child support cases without the need to obtain a separate court order for attachment.

<u>Sec. 411: Lotteries, Settlements, Payouts, Awards and Forfeitures</u>.

requires the states to establish procedures under which liens can be imposed against lottery winnings, gambler's winnings, insurance settlements or policy payouts, awards, judgments or settlements resulting from lawsuits, and property seized or forfeited to the state if the beneficiary owes past-due child support.

<u>Sec. 412: Fraudulent Transfer Pursuit</u>.

requires the states to establish procedures that provide for indicia or badges of fraud that create a prima facie case that an obligor transferred income or property to avoid paying a child support creditor.

<u>Sec. 413: Full IRS Collection</u>.

1) expresses the sense of the Congress that the Commissioner of the IRS should instruct the field officers and agents of the IRS to give a high priority to requests for the use of IRS full collection of child support arrearages.

2) requires the Secretary of Treasury, in consultation with the Secretary of Health and Human Services, to simplify by regulation the full collection process and reduce the amount of child support needed before an individual may apply for full collection.

<u>Sec. 414: Bonds</u>.

requires the states to develop procedures which allow the posting of a cash bond, security deposit or personal undertaking to provide for child support payments. This could prove helpful in cases where wage withholding is not optimal or appropriate.

<u>Sec. 415: Tax Offset for Non-AFDC Post-Minor Child</u>.

makes it possible for a IV-D applicant with a child support arrearage who does not receive AFDC to use the federal and state tax refund procedures to collect the arrearage, regardless of the age of the child.

<u>Sec. 416: Attachment of Public and Private Retirement Funds</u>.

requires the states to establish procedures under which a child support obligor may attach lump sum funds invested by the obligor or the employer of the obligor in public and private retirement funds. These funds include Keoghs, Simplified Employment Pensions (SEPs), and Individual Retirement Accounts (IRAs).

Sec. 417: Reporting to Credit Bureaus.

requires the states to mandate reporting to credit bureaus of all child support obligations when the arrearages reach an amount equal to one month's payment of child support.

Sec. 418: Criminal Non-Support.

requires the states to have laws that provide for criminal penalties for non-support.

Sec. 419: Statutes of Limitation.

requires the states to permit the enforcement of any child support order until at least the child's 30th birthday.

Sec. 420: Interest.

requires the states to have and use laws that assess interest on all child support judgments.

Sec. 421: Health-Care Enforcement.

1) requires the states to establish laws which provide for a rebuttable presumption that the choice made by the child support obligee regarding health care insurance for the children is appropriate.

2) requires the states to provide that any insurance premium or sum-certain health care expense for which the obligor is responsible shall be included in the child support order.

3) requires the states to have and use laws that allow the obligee under a child support order to act in the place of the uninsured with respect to insurance claims relating to children who are beneficiaries of the child support order. The powers of the obligee would include the right to make direct application for insurance, the right to make claims, and the right to sign claim forms to the same extent as the obligor.

4) requires the states to mandate that the covered parent securing the insurance shall provide within 30 days of the health insurance order, written to the noncovered parent and/or the state IV-D agency, that insurance has been obtained or an application has been made for insurance, and the date the insurance is to take effect.

5) requires the states to require each welfare benefit plan operating under the laws of the state to include in the plan a commitment to: (i) releasing to the obligee or the state child enforcement agency, upon request, information on the dependent coverage, including the name of the insurer, (ii) providing all necessary reimbursement forms to the obligee;

and (3) providing claim forms and enrollment cards to the obligee and honoring the signature of the obligee on the claim form.

6) requires the states to require employers located in the state to provide notice, using an address provided by the state child support agency, to the custodial parent of any termination or change in benefit of an insurance plan under which children in the parent's care are covered.

Sec. 422: Bankruptcy.

1) amends the U.S. Bankruptcy Code to allow parentage and child support case establishment, modification, and enforcement of child support to proceed without interruption after the filing of a bankruptcy petition.

2) treats the debt owed to child support creditors as debt outside the chapter 11, 12, or 13 plan, unless the child support creditor affirmatively acts to opt in as a creditor whose debt is part of the plan.

Sec. 423: Federal Government Cooperation in Enforcement of Support Obligations of Members of the Armed Forces and Other Persons Entitled to Payments by the Federal Government.

1) directs the U.S. military agencies to provide locate information on all military personnel that is updated within one month of a change in duty station or residential address.

2) directs the U.S. military agencies to provide for leave-granting procedures for use by service members facing parentage or support establishment hearings.

Sec. 424: UIFSA Endorsement.

requires that each state adopt without material change by January 1, 1996, the officially approved version of the Uniform Interstate Family Support Act, adopted by the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association House of Delegates on February 9, 1993.

TITLE V - COLLECTION AND DISTRIBUTION

Sec. 501: Priority of Distribution of Collections.

1) requires the states to, beginning on October 1, 1994, distribute child support collections in the following priority: (1) to a current month's child support obligation; (2) after the fulfillment of the current month's obligation, to debts owed the family; if any rights to child support were assigned to the state, then all arrearages that accrued after the child no longer received assistance are to be distributed

to the family. States may include any pre-assignment family-debt arrearages at this priority level; (3) to reimburse the state making collection for any assistance payments made to the family (with appropriate reimbursement of the federal government to the extent of its participation in the financing); and (4) to reimburse other states for assistance payments they made to the family (in the order in which such payments were made).

2) authorizes the Comptroller General of the U.S. to analyze the existing child support distribution system and authorize, under certain circumstances, pilot projects for the distribution of arrearages in the following manner: (1) application of all support collected first to a current month's child support obligation; (2) application of funds collected in excess of the amount of the current month's obligation to debts owed the family; (3) using funds collected in excess of the amount of the current support obligation, to reimburse the state making the collection for any assistance payments made to the family (with appropriate reimbursement of the federal government to the extent of its participation in the financing); and (4) using funds collected in excess of the current month's support obligation after the debt to the family and the collecting state have been satisfied, to reimburse other states for assistance payments to the family.

3) precludes the counting of the $50 pass-through in AFDC cases for any means tested program.

<u>Sec. 502: Relationship of AFDC to CSE - Limited Reimbursement Claims to Award Amount</u>.

requires the states to enact laws limiting any claims they may have against a noncustodial parent for reimbursement of the child's portion of the AFDC grant to the amount specified as child support under a court or administrative order.

<u>Sec. 503: Fees for Non-AFDC Clients</u>.

allows the states to assess charges above the application fee for non-AFDC child support services against persons other than the custodial parent. Such fees are only to be collected after the current and past-due support and interest charges are collected.

<u>Sec. 504: Collection and Disbursement Points for Child Support</u>.

requires the states to provide either one central state-wide collection, accounting, and disbursement point for child support cases, or regional collection and disbursement points throughout the state.

TITLE VI - FEDERAL ROLE

Sec. 601: Placement and Role of the Federal Child Support Agency.

1) changes the organizational structure of the Office of Child Support Enforcement so that it is headed by an assistant secretary who reports directly to the Secretary of Health and Human Services and is confirmed by the Senate.

2) allows the Office of Child Support Enforcement to have its own legal counsel.

Sec. 602: Training.

1) requires the states to provide training to child support personnel providing functions under the state plan.

2) requires the Department of Health and Human Services to provide training assistance to the states.

3) requires the Department of Health and Human Services to report annually to Congress on training activities.

Sec. 603: Staffing.

1) requires the Secretary of Health and Human Services to conduct staffing studies of each state's child support enforcement program.

2) requires the Secretary of Health and Human Services to report the results of such staffing studies to the Congress and the states.

Sec. 604: Funding and Incentives for Child Support Agencies.

Requires the Comptroller General to conduct a study of the incentive formula operating with respect to state child support agencies in the federal system. The study would investigate the feasibility, costs, and benefits of: (1) encouraging states to centralize functions at the state level; (2) abolishing minimum incentives to states, as well as the ramifications of imposing the requirement that incentive funds be passed to local child support enforcement agencies; (3) exploring incentive formula that are based on increases in FFP for states that exceed performance criteria, instead of the present percentage of collection formula; (4) promoting quality control; (5) providing financial incentives for the enforcement of health-care support; and (6) tying incentive amounts to performance criteria that include total collections as a denominator (not solely the amount of AFDC collections) which are not solely based on cost-benefit criteria.

Sec. 605: Child Support Definition.

Defines "child support" to include periodic and lump sum payments for current and past-due economic support, payments of premiums for health insurance for children, payments for or provisions of child care, and payments for educational services.

Sec. 606: Audits.

requires the Secretary of Health and Human Services to commission a study of the audit process of the Office of Child Support Enforcement to improve the criteria and methodology for auditing state child support enforcement agencies.

Sec. 607: Child Support Assurance Demonstration Projects.

1) requires the Department of Health and Human Services to fund 6 demonstrations in selected states to determine the feasibility and utility of a child support assurance program.

2) requires the Governor of the state to submit an application that: (i) describes child support assurance project, including the specific activities to be undertaken and the agencies involved; (ii) specifies geographic area covered by project; (iii) estimates number of children eligible for assurance payments and amount of entitlement; (iv) describes child support guidelines and review procedures used in the states; (v) contains commitment to conduct project for at least 3 years; (vi) specifies extent to which the state has or will implement major child support enforcement initiatives; (vii) specifies current relative quality of state enforcement system as compared to other states.

3) requires the Secretary of Health and Human Services be satisfied that child support assurance projects provide that: (i) the custodial parent meets the eligibility requirement for the assured child support benefit; (ii) the child support assured benefit is paid each month and child support payments from the noncustodial parent are offset as required; (iii) eligibility of caretaker for Aid to Families With dependent Children shall be calculated without consideration of the assured benefit.

TITLE VII - STATE ROLE

Sec. 701: Prohibition of Residency Requirement for IV-D Services.

requires that the states not deny establishment, enforcement, or modification services to applicants because of their nonresidency in the state.

Sec. 702: Advocating for Children's Economic Security.

clarifies that the mission of every IV-D agency is to promote the greatest economic security possible for children, within the obligor's ability to pay.

Sec. 703: Duties of IV-D Agencies.

requires state IV-D agencies to provide all custodial parents with: (i) a written description of available services and a statement articulating the priority of distribution and the degree of confidentiality of information; (ii) a statement that before the agency consents to a dismissal with prejudice or a reduction of arrearages, the agency shall provide notice to the last known address at least 30 days before a dismissal;
(iii) written quarterly reports on case status;
(iv) a statement that services under the IV-D programs are mandatory to those who are eligible for such services; (v) a statement that while eligibility for services is being determined, an applicant is eligible for services under the program pending such determination.

Sec. 704: Broader Access to Services.

expresses the sense of the Congress that state and local child support enforcement agencies should provide:
(i) offices in easily accessible locations near public transportation; (ii) office hours that allow parents to visit with attorneys and caseworkers without taking time off from work; and (iii) office environments conducive to discussion of legal and personal matters in privacy.

Sec. 705: Process for Change of Payee in IV-D Cases.

requires the states to develop procedures under which a change in child support payee does not require a court hearing or order to take effect and may be done administratively, as long as a statement by an official is included in the court or administrative file documenting the change.

TITLE VIII - EFFECTIVE DATE

Sec. 801: Effective Date.

Provides that, unless otherwise stated, the amendments made by this Act shall take effect on January 1, 1996.

Current House Cosponsors of H.R.4046

May 26, 1992

Representative Robin Tallon	D	South Carolina
Representative Thomas J. Downey	D	New York
Representative Bill Emerson	R	Missouri
Representative E. de la Garza	D	Texas
Representative Ed Jenkins	D	Georgia
Representative N. Johnson	R	Connecticut
Representative CharlesHatcher	D	Georgia
Representative Mike Espy	D	Mississippi
Representative Richard J. Durbin	D	Illinois
Representative L. Thomas	D	Georgia
Representative Butler Derrick	D	South Carolina
Representative John M.Spratt, Jr.	D	South Carolina
Representative Arthur Ravenel, Jr.	R	South Carolina
Representative Robert A. Roe	D	New Jersey
Representative Elizabeth J. Patterson	D	South Carolina
Representative Floyd Spence	R	South Carolina
Representative Patricia Schroeder	D	Colorado
Representative Leon E. Panetta	D	California
Representative Frank McCloskey	D	Indiana
Representative Bob Clement	D	Tennessee
Representative Steny H. Hoyer	D	Maryland
Representative Richard K. Armey	R	Texas
Representative Alan Wheat	D	Missouri
Representative Nick Joe Rahall, II	D	West Virginia
Representative Dave McCurdy	D	Oklahoma
Representative Cass Ballenger	R	North Carolina
Representative J. Alex McMillan	R	North Carolina
Representative Dan Glickman	D	Kansas
Representative Tom DeLay	R	Texas
Representative Newt Gingrich	R	Georgia
Representative Robert E. Wise, Jr.	D	West Virginia

Representative Henry A. Waxman	D	California
Representative Michael A. Andrews	D	Texas
Representative Larry Combest	R	Texas
Representative Claude Harris	D	Alabama
Representative Jim Bunning	R	Kentucky
Representative Frank R. Wolfe	R	Virginia
Representative Charles W. Stenholm	D	Texas
Representative Jerry Huckaby	D	Louisiana
Representative Beryl Anthony, Jr.	D	Arkansas
Representative Jim Slattery	D	Kansas
Representative Howard Coble	R	North Carolina
Representative Bill Sarpalius	D	Texas
Representative Jill Long	D	Indiana
Representative Ronald V. Dellums	D	California
Representative Joesph P. Kennedy	D	Massachusetts
Representative Tony P, Hall	D	Ohio
Representative Fortney Pete Stark	D	California
Representative Stephen L. Neal	D	North Carolina
Representative Lane Evans	D	Illinois
Representative Charles A. Hayes	D	Illinois
Representative James T. Walsh	R	New York
Representative W. G. (Bill) Hefner	D	North Carolina
Representative William Lehman	D	Florida
Representative Walter B. Jones	D	North Carolina
Representative Ron Wyden	D	Oregon
Representative H. Martin Lancaster	D	North Carolina
Representative Frank D. Riggs	R	California
Representative Les AuCoin	D	Oregon
Representative Sander M. Levin	D	Michigan
Representative Steve Gunderson	R	Wisconsin
Representative J. Roy Rowland	D	Georgia
Representative Marcy Kaptur	D	Ohio
Representative Robert T. Matsui	D	California
Representative John Lewis	D	Georgia
Representative Tim Valentine	D	North Carolina
Representative David E. Price	D	North Carolina

Representative Major R. Owens	D	New York
Representative Ted Weiss	D	New York
Representative Jim Jontz	D	Indiana
Representative Charles H. Taylor	R	North Carolina
Representative George (Buddy) Darden	D	Georgia
Representative Nita M. Lowey	D	New York
Representative Doug Bereuter	R	Nebraska
Representative Ed Pastor	D	Arizona
Representative Jim Chapman	D	Texas
Representative Ronald D. Coleman	D	Texas
Representative Douglas "Pete" Peterson	D	Florida
Representative Doug Barnard, Jr.	D	Georgia
Representative Ben Erdreich	D	Alabama

Current Senate Cosponsors of S.1886

July 17, 1992

Senator Ernest F. Hollings ✓	D	South Carolina
Senator John D. Rockefeller, IV ✓	D	West Virginia
Senator Strom Thurmond	R	South Carolina
Senator Wyche Fowler, Jr. ✓	D	Georgia
Senator Sam Nunn ✓	D	Georgia
Senator Terry Sanford ✓	D	North Carolina
Senator Nancy Landon Kassebaum	R	Kansas
Senator Daniel Patrick Moynihan	D	New York
Senator Dale Bumpers	D	Arkansas
Senator David Pryor ✓	D	Arkansas
Senator Charles E. Grassley ✓	R	Iowa
Senator Slade Gorton	R	Washington
Senator Patrick J. Leahy ✓	D	Vermont
Senator Herbert Kohl	D	Wisconsin
Senator Christopher J. Dodd	D	Connecticut
Senator Richard C. Shelby	D	Alabama
Senator M. D'Amato	R	New York
Senator Kent Conrad	D	North Dakota

✓ Harkin

✓ on letter

LEGISLATION

AS PASSED BY SENATE

S.132

Introduced by Senator Riehle of Chittenden County and Senator Shumlin of Windham County

Referred to Committee on

Date:

Subject: Aid to Needy Families with Children; demonstration project

Statement of purpose: This bill proposes to authorize a welfare restructuring demonstration project.

AN ACT RELATING TO A WELFARE RESTRUCTURING DEMONSTRATION PROJECT

It is hereby enacted by the General Assembly of the State of Vermont:

~~Sec. 1. FINDINGS~~

see page 1a

Vermont's primary social welfare programs are medical assistance ("Medicaid"), aid to needy families with children ("ANFC"), and Food Stamps. In connection with these programs, the general assembly finds that:

(1) The current social welfare system does not address the basic problems faced by Vermonters living in poverty. It contains several barriers that prevent the aid to needy families with children (ANFC) program from being the transitional support program most people, including those who receive ANFC, believe it should be. The system contributes to generational poverty and the need for

Sec. 1. FINDINGS

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(1) The current social welfare system does not address the basic problems faced by Vermonters living in poverty. It contains several barriers that prevent the aid to needy families with children (ANFC) program from being the transitional support program most people, including those who receive ANFC, believe it should be. The system contributes to generational poverty and the need for long-term assistance because it actively discourages self-sufficiency. Federal regulations penalize those who would like to work, but cannot support their families on the wages earned from the low-paying jobs, without health benefits, for which they qualify. The current welfare system does not allow all recipients who wish to hold a job to obtain adequate case management, health care, transportation, child care, education, and job training. The critical elements of restructuring the current welfare system from one that encourages dependency to one that develops self-sufficiency are: rigorous child support collection from noncustodial parents; more intensive, individualized case management by the department of social welfare; appropriate training, education, child care, and transportation; plus the opportunity and obligation to hold a job for those who are physically and emotionally able. Since more than three-fifths of the people who receive ANFC in Vermont are children, the yardstick for success of this restructuring effort is what is best for children.

(2) More than 17,000 children receive ANFC. These children constitute more than three-fifths of the people who receive ANFC.

(3) Approximately 140 parents who receive ANFC are under 18 years of age, approximately 2,800 parents who receive ANFC are between the ages of 18 and 25, and approximately 7,000 parents who receive ANFC are 26 years of age or older. The average parent receiving ANFC is 31 years old.

(4) The average family receiving ANFC consists of two children and a divorced or single mother; fewer than one in 18 families receiving ANFC have more than three children.

(5) Information compiled in 1993 by Vermont's department of social welfare shows that caseload in the ANFC program is "top-heavy with long-term recipients." A "snapshot" of the entire caseload in July of 1984 was tracked through 1992, and indicates that 43 percent of single-parent families then on the program were eventually to spend at least five consecutive years on welfare. A quarter of all single-parent families spent at least eight consecutive years receiving ANFC. Furthermore, the likelihood of a family leaving the welfare rolls within the next year drops as the length of time they have received ANFC rises.

(6) While only 12 percent of Vermont families with children receive ANFC, 62 percent of pregnant or parenting minors now receiving ANFC in Vermont also received ANFC as a child.

(7) The ANFC program as currently structured does not deal adequately with the needs of pregnant minors and minor parents and

their children.

(8) Vermont's many excellent community-based programs are not as well utilized or integrated with the welfare system as they can and should be.

(9) Welfare policies tend to erode rather than support family units and are insensitive to individual family circumstances and needs.

(10) The system fails to provide programs which increase the employment potential of noncustodial parents. This failure directly contributes to the economic and social problems of custodial parents.

(11) Parents who are emotionally and physically able, and their children, can best be assisted in making a successful transition from welfare to self-sufficiency when programs offer a range of self-development, training, and vocational options, provide services on an individual basis, and set limits on the length of time ANFC can be received.

Sec. 2. 33 V.S.A. § 1105 is added to read:

<u>§ 1105. PURPOSE OF AID</u>

<u>(a) The system of aid and services to needy families with children shall recognize clearly defined reciprocal responsibilities and obligations on the part of both parents and government.</u>

<u>(b) The goals of aid on behalf of dependent children are:</u>

<u>(1) To assist families to obtain the opportunities and skills necessary for permanent self-sufficiency.</u>

<u>(2) To encourage economic independence by removing barriers and disincentives to work and providing positive incentives to work.</u>

<u>(3) To support parental nurturing.</u>

<u>(4) To support parental responsibility, both custodial and noncustodial.</u>

<u>(5) To encourage and assist individuals and families to contribute materially to their own self-sufficiency whenever practicable.</u>

<u>(6) To recognize that families have differing personal characteristics and experiences by providing services that address their individual needs.</u>

Sec. 3. OBLIGATION TO FULLY FUND SERVICES

(a) The program of welfare restructuring authorized by this act will not succeed unless the agency of human services provides intensive case management services and an array of family support services. For purposes of this act, "intensive case management" shall mean services provided by a case management specialist whose caseload does not exceed 60. In any fiscal year when monies appropriated are not sufficient to provide to any parent all case management required by this act and all family support services called for in their family development plan, that parent's work requirement shall be deferred.

(b) Funds appropriated to subsidize child care pursuant to 33 V.S.A. § 3512 shall not be used to offset the cost of providing additional child care services to families participating in welfare restructuring, including families participating in Reach Up or other education or training programs and families receiving transitional child care support pursuant to this act.

(c) The secretary shall design the welfare restructuring program so that it provides full services to participating families within available funds. Additional participating families shall be accepted only if appropriated funds are sufficient to provide the full range of services to families already participating.

Sec. 4. CHILD SUPPORT PAYMENTS

(a) Notwithstanding any provision of 33 V.S.A. § 3902, the commissioner of social welfare shall pay directly to families receiving ANFC and participating in the restructuring authorized by this act, any child support collected on their behalf. Support income in excess of the federally-set exclusion shall be used to reduce ANFC. Court-ordered child support paid to the office of child support services within any calendar month shall be disbursed to the family within 31 days of the end of that month, simultaneously with a supplementary ANFC payment corresponding to the applicable ANFC payment standard. An ANFC case shall not be closed until child support payments have exceeded the ANFC payment standard in six consecutive calendar months.

(b) Notwithstanding any other provision of law, if aid is terminated due to receipt of child support in excess of the ANFC payment standard, and a family again becomes eligible for aid within the following six calendar months solely because the family no longer receives excess child support, aid shall be paid as of the date of the parent's reapplication.

(c) The secretary of human services shall submit to the general assembly on or before December 1, 1993, with the assistance of the family court and the commissioner of employment and training, a proposal to increase the payment of child support by all noncustodial parents and to impose sanctions for repeated failure to pay child support. The proposal shall include the following:

(1) Recognition of the importance of adult basic education, vocational and technical training, specific job training, job skills, and job placement in improving the employment prospects and wages of noncustodial parents.

(2) Consideration of the findings and recommendations of the report of the task force on workforce education and training of November 20, 1992.

(3) Recommendations for incentives for participation in an employment and training program, such as waiving a portion of the parent's child support arrearage in exchange for successful completion of the program.

(4) Recommendations for incentives to maintain child support payments, such as waiving a portion of a parent's child support arrearage for each year in which the parent meets his or her current obligation.

(5) Recommendations for parents for whom incentives have failed, such as a program of combined incarceration and work release to provide the parent with income from which to meet child support obligations.

Copies shall be provided to the house and senate committees on health and welfare and on the judiciary.

Sec. 5. AUTHORIZATION FOR WELFARE RESTRUCTURING

(a) The secretary of human services is directed to restructure the system of aid to needy families with children in accordance with the provisions of this act. The restructuring may include a control group if necessary, which shall not be considered "participating families" for purposes of this act. The restructuring shall be carried out on a statewide basis.

(b) The secretary shall seek any federal waivers and shall implement any federal options that are necessary to welfare restructuring.

(c) The secretary shall ensure that representatives of families receiving ANFC who may potentially participate in welfare restructuring, representatives of community agencies, and representatives of department of social welfare staff play an active role in the planning, implementation and evaluation of welfare restructuring.

(d) The secretary shall submit an alternative proposal to the general assembly if the federal waiver requests authorized by this act are not approved, or do not provide the mechanisms necessary to successfully implement welfare restructuring. If an alternative proposal is to be submitted, representatives of potential restructuring participants, community agencies, and department staff shall also play an active role in the preparation of that proposal.

Sec. 6. CASE MANAGEMENT; INDIVIDUALIZED PLANS; COORDINATED SERVICES

(a) In implementing welfare restructuring, the secretary of human services shall provide all services through a case management model. Intensive, individualized case management shall be offered as soon as a family begins to receive ANFC. The commissioner of social welfare shall prepare an individualized family development plan for each participating family, with the full involvement of the family and with a right of appeal as provided in this act. Services called for in the family development plan shall be offered as soon as necessary in order to enable members of that family to achieve self-sufficiency ann to carry out their personal and family responsibilities.

(b) The secretary shall prepare and maintain an annual plan for coordinating and integrating all appropriate services in order to promote successful outcomes. The plan shall encourage the use of local and regional service providers and permit a variety of methods of providing services. Emphasis should be placed on coordinating and integrating career counseling, job development, job training and skills, job placement, academic education, and vocational and technical education. The commissioner of education, the commissioner of employment and training, and the commissioner of economic development shall cooperate and assist in preparing and implementing the annual coordination plan. Public and private institutions of higher education and other agencies which offer similar or related services shall be invited to participate as fully as possible in developing, implementing and updating the annual coordination plan.

(c) The secretary shall work cooperatively with public and private, local and regional entities:

(1) to develop subsidized work opportunities with public and nonprofit employers, using the same health and safety standards in effect for unsubsidized jobs;

(2) to adopt rules setting priorities for services of benefit to the people of Vermont and preventing displacement of previous unsubsidized workers by subsidized parents receiving ANFC; and

(3) to ensure that necessary support services are available, appropriate, and within a reasonable distance, including child care, health care, and transportation.

(d) In addition, the secretary shall:

(1) Work with community providers to develop a variety of supervised living alternatives and options designed to meet the

individualized needs of pregnant minors or minor parents, including parenting training and education.

(2) Establish an information program to enable parents to learn about and take advantage of benefits and services that are available to parents who work outside the home.

(3) Expand public awareness of the federal and state Earned Income Credits (EIC) and encourage potentially eligible families to apply for those tax credits.

(4) In partnership with the department of employment and training, the department of economic development, and the private sector, develop one or more job training and employment programs for noncustodial parents to encourage long-term economic self-sufficiency and, by extension, their ability to pay child support.

Sec. 7. REQUIRED SERVICES TO FAMILIES

(a) The secretary shall offer services under Title II of the federal Family Support Act of 1988 as amended (the so-called Job Opportunities and Basic Skills Training Program or Reach Up Program) to all families participating in welfare restructuring.

(b) When developing and implementing the welfare restructuring authorized by this act the secretary of human services shall offer intensive case management services, initial assessment of the full range of services that will be needed by each family including testing and evaluation, and development of the individual family development plan; plus any of the following services needed by participating families:

(1) Periodic reassessment of service needs and the individual family development plan.

(2) Appropriate, quality child care, available at times which will enable parental employment.

(3) Transportation which will enable parental employment.

(4) Career counseling, education and training, and job search assistance consistent with the purposes of this act.

(5) Vocational rehabilitation.

(6) Medical assistance.

(7) Any other services identified by the secretary that are necessary and appropriate to achieve the purposes of this act.

Sec. 8. ELIGIBILITY AND BENEFIT LEVELS

(a) The secretary shall adopt rules to determine eligibility and benefit levels for all participating families as follows:

(1) Disregard the first $150.00 per month of earnings from an unsubsidized job and 25 percent of the remaining unsubsidized earnings in determining the amount of the family's ANFC. The family shall receive the difference between the countable earnings and the ANFC payment standard in a supplemental ANFC grant.

(2) Disregard the first $90.00 per month of earnings from a subsidized job in determining the amount of the family's ANFC. The family shall receive the difference between the countable earnings and the ANFC payment standard in a supplemental ANFC grant. Earnings from subsidized jobs shall qualify for federal and state Earned Income Credit if the family is otherwise eligible.

(3) Provide incentive payments for participating in

parenting education programs and related volunteer work as part of an individual family development plan.

(4) Permit parents holding a at least a half-time job the option of receiving Food Stamp benefits in cash.

(5) Exclude education stipends, employment stipends, job training stipends and incentive payments, as determined by the secretary, in calculating ANFC or Food Stamps.

(6) Exclude the value of assets accumulated from the earnings of parents and children receiving ANFC after such earnings, where applicable, have been counted as income for purposes of determining continuing eligibility for ANFC or Food Stamps.

(7) Exclude the first $50.00 of child support received monthly in determining Food Stamp benefits.

(8) Provide transitional medical assistance for 36 months for families with a working parent who become ineligible for ANFC due to increased earnings, unless family income exceeds 185 percent of the federal poverty line.

(9) Extend transitional child care support for the duration of the economic need for such assistance. Economic need shall be measured on the same basis as income eligibility for child care assistance as defined in 33 V.S.A. § 3512. The recipient household may be subject to the sliding fee scale established pursuant to 33 V.S.A. § 3512(b).

(10) Exclude the equity value of one operable motor vehicle per family for purposes of determining eligibility for ANFC or Food Stamps.

(11) Make benefits available to a caretaker who is not a relative but is fulfilling a parental role, when it is in the best interest of the child that the caretaker receive such benefits.

(b) In determining eligibility and benefit levels for two-parent participating families, the secretary shall:

(1) Allow two-parent families with earned income who would otherwise qualify for assistance to receive ANFC regardless of the number of hours worked (the "100-hour rule"), and supplement their earnings with partial ANFC benefits and medical assistance.

(2) Eliminate the requirements for two-parent families that the primary worker must have worked at least six quarters and be unemployed for at least 30 days, so that two-parent and one-parent families may receive ANFC under more similar rules.

(c) In determining eligibility and benefit levels for minor parents in participating families, the secretary shall:

(1) Require pregnant and parenting minors under the age of 16 to attend school or an appropriate alternative education or training activity.

(2) Require pregnant and parenting minors to participate in a case-managed support, education and training program.

(3) Adopt rules requiring pregnant and parenting minors who are not emancipated minors to live with a parent or in an alternative, approved supervised living arrangement, and providing appropriate exemptions.

(4) Allow pregnant and parenting minors who live with their parents to have their eligibility for ANFC and the amount of their ANFC determined without consideration of their parents' income.

(d) If payments to caretakers authorized in subdivision (a)(11) of this section are approved by federal authorities and implemented, the commissioner of social welfare may grant aid for the benefit of a dependent child pursuant to 33 V.S.A. chapter 11 to a caretaker in lieu of a relative, for the duration of their participation in welfare restructuring.

Sec. 9. WORK REQUIREMENTS

(a) Subject to the provisions of this act, and provided that all services required by this act have been offered or are available when needed, a parent in a family participating in welfare restructuring shall obtain a full-time or half-time job, as defined by the secretary of human services by rule, and shall participate in continued education or training as necessary, in order to maintain continued eligibility to receive ANFC cash payments by mail or electronic transfer. The secretary shall establish by rule criteria for jobs that must be accepted if offered, including the criteria that each job must pay at least minimum wage. The work requirement shall be applied as follows:

(1) After receiving ANFC for 15 months after the effective date of this section, an able-bodied primary wage earner in a two-parent family shall obtain a full-time job.

(2) After receiving ANFC for 30 months after the effective date of this section, an able-bodied single parent or an able-bodied parent in a two-parent family in which one parent is incapacitated shall accept:

(A) a half-time job if the family includes at least one child under the age of 13; or

(B) a full-time job if the family does not include at least one child under the age of 13.

(3) In computing the 15-month or 30-month time limit, the months during which the family received ANFC shall be cumulative except that three months shall be subtracted for each continuous 12-month period in which the family received no ANFC, or received reduced ANFC and held an unsubsidized job which they did not quit without good cause and from which they were not dismissed for cause.

(4) Pregnant mothers whose 15-month or 30-month time limit has expired shall obtain or continue to hold a job unless there has been a medical determination that the parent is unable to participate or the parent is exempt based on other criteria established by rule. However, a pregnant mother shall not be required to begin a new job during the third trimester of pregnancy.

(b) Parents subject to a work requirement shall accept any private sector, unsubsidized job they are capable of performing even if it pays wages which are less than the ANFC grant.

(c) If no private sector, unsubsidized job is available, parents subject to a work requirement shall accept a subsidized job offered by a public or nonprofit employer. For purposes of this act, a "subsidized job" shall mean a job for which 50 percent or more of the wages are provided by diversion of ANFC funds.

(d) To promote placement of parents in unsubsidized employment, parents may be required by the secretary to participate in an individual or group job search coordinated by the secretary during the two months immediately preceding the expiration of the 15-month or 30-month time limit and following each period of ten months' participation in a subsidized job.

Sec. 10. EXEMPTIONS

(a) The secretary shall establish by rule criteria, standards and procedures for granting temporary deferments and permanent exemptions in accordance with this section.

(b) The following parents shall be either temporarily deferred or permanently exempt from work requirements:

(1) A parent for whom no unsubsidized or subsidized job is available.

(2) A parent for whom support services essential to employment cannot be arranged. Such services shall include intensive case management, education and job training, child care, and transportation.

(3) A parent who is incapable of working due to a documented physical, emotional, or mental condition which can be reasonably presumed to present a substantial barrier to employment. The standards for exemption under this subdivision shall not be as rigorous as those used to determine disability under Title XVI of the Social Security Act. Parents with temporary disabilities shall participate in appropriate rehabilitation, education or training programs.

(4) A parent who is needed in the home on a full-time basis in order to care for a child under the age of six months or for a disabled parent, spouse or child.

(5) A parent who attends classes at least 24 hours each week for the purpose of attaining a high school diploma or general educational development (GED) certificate, provided the parent is making satisfactory progress toward the attainment of such diploma or certificate.

(6) A parent who is enrolled in, attending, and making satisfactory progress toward the completion of a program of post-secondary education or training when their 15-month or 30-month time limit expires, as follows:

(A) A parent who is enrolled full time in a post-secondary education program whose normal duration is no more than two years and who is within six months of expected completion of such program shall be deferred from work requirements until they have completed the program, they are no longer attending the program, or the six-month expected completion period has ended, whichever occurs first;

(B) A parent who is enrolled full time in a post-secondary education program whose normal duration is more than two years but no more than four years and who is within 12 months of expected completion of such program shall be deferred from work requirements until they have completed the program, they are no longer attending the program, or the one-year expected completion period has ended, whichever occurs first;

(C) A parent who is enrolled full time in a post-secondary education program which meets Reach Up requirements but who does not meet the criteria in subdivision (A) or (B) of this subsection shall have a reduced work requirement of six hours per week, which may be met by a college work-study program or community service program; and

(D) A parent who is enrolled in at least six credit hours of course work or the equivalent but less than full time in a post-secondary education program which meets Reach Up requirements but who does not meet the criteria in subdivision (A) or (B) of this subsection shall have a reduced work requirement of 12 hours per week, which may be met by a community service program.

(7) Any other parent designated by the secretary according to criteria established by rule.

Sec. 11. SANCTIONS

(a) If a parent is required to work and fails without good cause to accept and carry out such work, or quits a job without good cause or is dismissed from a job for cause, the family shall be eligible to receive ANFC, but shall not receive cash payments by mail or electronic transfer.

(b) In lieu of ANFC cash payments by mail or electronic transfer, the secretary of human services shall adopt rules providing for vendor payments for housing, utilities, and food plus an administrative procedure by which parents may obtain the remaining balance of their ANFC, after vendor payments have been deducted, by appearing weekly in person for a conference with their caseworker and by reporting their circumstances monthly on a form provided by the secretary.

(c) Parents sanctioned under ANFC for failure to meet work requirements shall not be eligible for medical assistance under chapter 19 of Title 33, but their children shall remain eligible for medical assistance.

(d) Families sanctioned under this act for failure to meet work requirements shall remain eligible for Food Stamps and shall not, because of such failure, be subject to the Food Stamp program's sanctions for "failure to comply without good cause" and "voluntary quit without good cause."

Sec. 12. NOTICE AND APPEAL

(a) A parent may appeal the provisions of an individual family development plan in accordance with 3 V.S.A. § 3091. The secretary shall provide notice to each parent of their appeal and due process rights and the procedures they are to follow.

(b) Before ANFC sanctions are applied under this act, the secretary of human services shall provide notice to the parent of intent to apply ANFC sanctions and the factual basis for the determination. The notice shall include:

(1) information relating to the availability of exemptions to the work requirement and the criteria for such exemptions;

(2) the date, time and place scheduled for the parent to meet with his or her case manager for the purpose of reviewing the basis of the agency's determination and obtaining additional information from the parent;

(3) the parent's right to have legal counsel or an advisor at the meeting; and

(4) the parent's right to appeal a determination to apply ANFC sanctions to the human services board, including the right to continuing ANFC cash payments by mail pending appeal if the appeal is received prior to the effective date of any proposed sanctions.

Sec. 13. EVALUATION AND REPORTING

(a) In designing and conducting the welfare restructuring authorized in this act, the secretary of human services shall develop and use evaluation methods that measure achievement of the goals of restructuring as specified in Sec. 2(b) of this act.

(b) Beginning January 15, 1994 and annually thereafter, the secretary shall file a report with the general assembly. The report shall focus on the development, implementation and effectiveness of the services required to support the welfare restructuring authorized by this act. The report shall include the following:

(1) The various methods employed by the secretary to involve

Overview of Shaw/Johnson/Grandy
Welfare Reform Bill
January, 1993

I. Overview of Bill

1. AFDC Transition Program--up to 2 years of education, training, job search, and work experience to prepare welfare recipients for taking a permanent job

2. AFDC Work Program--after 2 years, receipt of AFDC benefits is contingent on work

3. Other--the bill will also contain a substantial expansion of state waiver authority in more than 70 means-tested social programs

4. Phase-in of Provisions
   --States can begin participation in the AFDC Transition Program or the AFDC Work Program with all or part of their caseload at any time after passage of this legislation; enhanced federal matching of 85% will be paid to states that start the program early and agree to serve as laboratories for other states
   --all new recipients must participate in the AFDC Transition Program after October 1, 1994; they will then be required to participate in the Work Program beginning on October 1, 1996 if they are still enrolled in AFDC; all AFDC recipients, regardless of their length of participation, are required to participate first in the Transition program and, after 2 years, the Work program, beginning on October 1, 1998

5. Financing--states will be provided with entitlement funding of $3 billion per year to run the AFDC Transition and Work programs (in addition to the current approximately $1 billion of JOBS funding); the federal matching rate for the new money will modify the current JOBS matching rate of the Medicaid rate or 60% whichever is higher for that state with a matching rate equal to Medicaid or 70% whichever is higher for that state; states are expected to finance both their AFDC Transition and Work programs out of this new money plus the money already authorized under the JOBS program

II. AFDC Transition Program

1. Program outline. At the time of AFDC enrollment, families are referred to the AFDC Transition Program in which they are expected to work or prepare for work:
   --at state option, participation in the AFDC Transition program can begin after 1 year for some or all recipient families defined as job ready by states
   --recipients have an entitlement to at least 1 year at 25% time of education, training, work experience, or job search

during the 2-year transition period

--recipients and the welfare agency create a written plan describing what each must do so the parent can prepare for work; the written plan must include the statement that after 2 years parents who have not secured paid employment must work in exchange for their cash benefit

--at the end of the first year in the transition program, an assessment is made by states to determine whether the recipient has made "clear and substantial effort" toward preparing for work (this requirement is waived if the state has elected to hold the recipient out of the transition program for 1 year)

--states, in consultation with the Secretary, establish the guidelines by which "clear and substantial effort" is defined; states can set their own guidelines within the following framework:

a) the general rule, to which education is an exception (see below), is that families must participate at least 520 hours per year, although states have flexibility in how the 520 hours is achieved (e.g., 100% time for 3 months, 50% time for 6 months, or 25% time for 12 months fulfills the requirement)

b) within 12 months of enactment, the Secretary must publish rules about how education hours are counted; the guiding principle should be that meeting whatever a given educational institution (including certified professional training schools and certified degree-granting programs) considers full-time enrollment, and maintaining at least minimum passing evaluations, counts as participation

c) in two-parent families, at least one parent must meet participation requirements; states have the option of requiring participation by both parents

e) parents can use the 6-month birth exemption (see below) only one time; if a subsequent child is born while the parents are on AFDC, only the 4-month exemption is in effect

f) all the programs authorized in section 482(d) of the Social Security Act (education, job skills, job readiness, job development and placement, group and individual job search, on-the-job training, work supplementation, community work experience) count as participation under the AFDC Transition program

2. <u>Sanctions</u>. Participants who fail to meet the state-defined criteria for participation are sanctioned as follows:

--for the first offense, the needs of the adult are not considered in calculating the AFDC grant; this sanction lasts until the parent complies with the participation criteria

--the sanction for the second offense is similar to the first except that in addition to complying with the criteria, at least 3 months must elapse before the adult portion of the benefit is restored

--for the third offense, the family is dropped from AFDC altogether
--when families are dropped from AFDC, they retain Medicaid, Food Stamps, housing, and any other benefit for which they are eligible

3. Exemptions.
--disabled, not including drug and alcohol offenders
--at state option, those enrolled in drug and alcohol abuse program (with a 12 month limitation)
--during a 6-month period in which a recipient gives birth to the first child born after the recipient participates in AFDC (divided as the recipient selects between the pre-natal and post-natal periods)
--during a 4-month period in which a recipient gives birth to the second or subsequent child born after the recipient participates in AFDC (divided as the recipient selects between the pre-natal and post-natal periods)
--during a 2-month period following the return home of a child who had been removed from the home
--providing full-time care of disabled dependent

4. Participation requirements. States must include 30 percent of their nonexempt caseload in the AFDC Transition program by 1996; after 1996 the participation requirement increases by 10 percentage points each year until reaching 70 percent in 2000 (as outlined above, participation must be for at least 25% time)

III. AFDC Work Program. If parents have not found a job after two years, they must participate in a work program established by the state

1. Program Outline.
--states are now required to have a Community Work Experience Program (CWEP) in which parents work, usually in a public sector job, for the number of hours equal to their AFDC benefit divided by the minimum wage; the current CWEP hours requirement will be rewritten to mandate that recipients work for 35 hours per week;
--states can also require participation in the Work Supplementation program in which the AFDC benefit is used to subsidize a private sector job;
--reforms to the Work Supplementation program will include:
a) elimination of the requirement that all jobs must be new jobs;
b) creation of new financial incentives for states to use the program
1) recipients participating in the Work Supplementation program must be paid a salary at least equal to 125% of their AFDC plus food stamp benefits
2) states can negotiate arrangements with employers to pay enough of the salary that some part of the value of the AFDC benefit will not be required to reach the 125% minimum; in these cases, states will continue to

request the federal share of the AFDC benefit as if the entire benefit were still being paid by state funds (this provision has the effect of allowing states to keep the entire amount by which the employer-provided salary "buys out" the AFDC benefit)

--states can create a new work program, subject to approval by the Secretary, that combines features of CWEP and Work Supplementation or uses entirely new approaches developed by the state

--after 3 years of participation in the work program (and a total of 5 years on AFDC), states have the option of dropping recipients from the AFDC rolls; they would continue to be eligible for Medicaid, food stamps, and other benefits

2. Sanctions. Same as above

3. Exemptions. Same as above

4. Participation requirements. Same as above (except that participation must be for 35 hours per week)

IV. Expansion of State Demonstration Authority

1. Interagency Waiver Request Board. All waivers will be considered by an interagency board composed of representatives of the Secretaries of Agriculture, Health and Human Services, Housing and Urban Development, Labor, Interior, Justice, and the Office of Management and Budget. The Board will be headed by a chairperson appointed by the President.

2. Application for Waivers. Any entity eligible to receive Federal funds may submit a waiver application to the Board specifying, explaining, and justifying the particular provisions of statute or regulation the entity wants to change. All applications must aim to help long-term welfare recipients improve their living conditions, help recipients strengthen their families and achieve self-sufficiency, or promote individual initiative and personal behavior consistent with progress toward self-sufficiency; applications must contain written assurances that implementing the proposal will not result in additional costs to the federal government

3. Agency Approval. The Chairman, after considering the proposal and making any written comments she thinks appropriate, forwards the proposal to the agency or agencies with jurisdiction over the programs. The agency may approve or disapprove the proposal; if disapproved, the agency must specify the reasons for disapproval in writing and suggest modifications that would make the proposal acceptable. If the agency has not responded to the chairman within 3 months, the proposal will be deemed to have agency approval. If more than one federal agency is involved in the waiver request, the chairman must take steps to assure that all agencies are informed the others' involvement and that the agencies coordinate their consideration of the request.

4. Programs Subject to Waiver Authority (see attached)

V. Miscellaneous Amendments

1. AFDC Recipients and Drug Addiction. AFDC applicants and recipients determined by states to be addicted to alcohol or drugs must participate in addiction treatment; failure to participate on a satisfactory basis as defined by the state will result in expulsion from AFDC for 2 years. States may waive work and training participation requirements for up to 1 year if AFDC recipients are participating in addiction treatment programs.

2. State Authority to Modify AFDC Disregard Rules. States may alter AFDC work disregard rules, including the standard deduction, the disregard percentage applied to earnings, and the time periods during which the various disregard rules apply; the only restriction on state changes in the federal disregard rules is that the changes cannot be more favorable to the recipient than a rule providing a permanent disregard of the first $200 of earnings plus 1/3rd of the remainder

MEMORANDUM OF CALL

Previous editions usable

TO:

YOU WERE CALLED BY— YOU WERE VISITED BY—

OF (Organization)

PLEASE PHONE ▶ FTS AUTOVON

WILL CALL AGAIN IS WAITING TO SEE YOU

RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

RECEIVED BY | DATE | TIME

63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
Prescribed by GSA
FPMR (41 CFR) 101-11.6
☆U.S.G.P.O. 1992 312-070/40024

Naomi said she didn't think there would be a written response - they met with him.

She will mention this to David and they can fill you in on Monday when they see you.

Cookie

Kathi Way

United States Senate

COMMITTEE ON FINANCE
WASHINGTON, DC 20510-6200

Cookie: Please call Naomi in Ellwood's office and make sure we get a copy of the response. Thanks.

no response
file

August 26

David Ellwood
Department of Health & Human Services
200 Independence Ave. S.W.
Room 415F
Washington D.C. 20201

Dear David:

I attended part of the Welfare Task Force's public hearing in Washington D.C. last week, and heard from a few of the parade of witnesses that must have come before you during the two-day period. I recognize that this kind of public input is necessary, and I am glad you are getting it.

My concern has to do with an operational question -- how do we put 1-2 million welfare mothers (or whatever the number is) to work in meaningful jobs. Obviously the record does not give one cause for optimism, but then maybe we made mistakes in the past. I just received a report from the Conference of Mayors in which the organization calls for replacing welfare with jobs, and it occurred to me that if anyone should understand the practical difficulties of putting welfare mothers to work, it should be mayors. After all, most welfare mothers live in cities, mayors know about the work that is currently going undone, and of course they also know about public unions. I think we should ask Mayor Fraser and Mayor Norquist and the other mayors how they would put 50-100,000 welfare mothers to work in their cities without running afoul of the unions (if they had the money).

Maybe you're already doing this. But wouldn't it make sense to put together a small working group on the demand side of the program -- employers, mayors, local non-profits -- and then include public unions, to see whether we can generate 1-2 million positions? Because if we can't, we had better know that up front. If you decide that, even with all the money in the world, you couldn't generate more than 500,000 jobs for welfare mothers (and that would be no mean feat), that will have a major influence on how you structure the program. Obviously.

There are, I think, two main questions:

1. how do we take grant diversion, targeted tax credits, and all the other incentives, and make them work, so that private sector employers would hire a significant number of welfare recipients? This is an old question, but I'm not sure we've given it the attention it deserves, at least in

recent years. No doubt you are doing so now. My guess is that there are ways of simplifying grant diversion so as to make it much more attractive to employers. Etc.

2. how do we organize public jobs at the local level so that large numbers of welfare recipients can be accommodated. Public labor is concerned about displacement. Fine -- we agree to outlaw displacement (how would AFSCME write that statute?). Maybe we should examine the New Hope model in Milwaukee where a guy from the AFL heads up the executive board, and acts as a guarantor to labor that there is no displacement. In New Hope, they have been relatively successful in finding jobs, but is this experience generalizable? Guys like Fraser and Norquist (I had dinner with them recently) seem convinced that large-scale jobs programs can work. What kinds of jobs? How do we avoid displacement? Can this work in New York City?

These are not brilliant thoughts, I know, but my fear is that this matter will get lost in the multiplicity of issues and problems that have fallen into your lap. And I think it is absolutely critical. My recommendation would be a small working group -- AFSME, SEIU, Mayors, APWA, NAB (or someone like it) to work on a crash basis to come up with answers (ie. the demand side of the equation). If we don't have a solid answer by the time a bill comes up here, I think we will be in trouble.

Good luck. Let me know if I can help.

Sincerely,

Paul

Paul Offner

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Assistant Secretary
for Legislation

Washington, D.C. 20201

TO:	MARY JO BANE	401-4678
	DAVID ELLWOOD	690-7383
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	EMILY BROMBERG	401-4678
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	ISABELL SAWHILL	395-5730
	JEREMY BEN-AMI	456-7028
	AVIS LAVELLE	690-5673
	MELISSA SKOLFIELD	690-5673
	JOHN MONAHAN	690-5672

FROM: HHS/ASL STAFF (Jim Hickman 690-7627)

DATE: June 28, 1994

SUBJECT: Congressional Empowerment Caucus introduction of "The Welfare Innovation and Empowerment Act of 1994".

PAGES: 7 (including cover)

THE
EMPOWERMENT
NETWORK

PRESS ALERT!

FOR IMMEDIATE RELEASE
June 23, 1994

Contact: Chris Jacobs
(703) 548-6619

CONGRESSIONAL EMPOWERMENT CAUCUS TO ANNOUNCE BIPARTISAN WELFARE REFORM LEGISLATION; CITES SHARP DIFFERENCES WITH WHITE HOUSE PLAN

The Congressional Empowerment Caucus, co-chaired by Representatives Rob Andrews (D-NJ) and Curt Weldon (R PA), has scheduled a press conference to announce the introduction of "The Welfare Innovation and Empowerment Act of 1994," groundbreaking welfare reform legislation that offers sharp contrasts to the reform proposal recently announced by the White House.

The press conference will take place on Tuesday, June 28 at 2:00 p.m. in Room 325 of the Russell Senate Office Building.

The Congressional Empowerment Caucus proposal promotes real welfare reform by unleashing states and community entities to bring about change at the grass roots level. The legislation calls for streamlining the burdensome federal waiver process, under which states can currently wait years for approval to move forward with reform initiatives.

The proposal also emphasizes work by allowing states to 'cash out' federal welfare assistance dollars and convert those funds into 'paychecks.' That would enable individuals to be placed in private sector or community service jobs. The plan also calls for removing punitive disincentives to the formation of two-parent families, and for the removal of barriers that currently prevent low-income families from building capital.

This legislation is unique, when compared to other reform proposals in Congress, in the support it is receiving. The plan has bipartisan congressional support and is backed by a coalition of low-income individuals from throughout America. This coalition has been assembled by **The Empowerment Network Foundation (TEN-F)**, a national grassroots membership organization that promotes community-based approaches to urban problems.

After the press conference, the Caucus will host an **Empowerment Workshop** highlighting low-income activists who have initiated innovative programs -- in such fields as urban entrepreneurship, low-income home ownership, and family strengthening . These innovations will be encouraged by the 'Welfare Innovation and Empowerment Act.'

'From what we have seen in our work in communities throughout the country,' said TEN-F Founder David Caprara, 'the best ideas and workable solutions to welfare have come from the states. It makes sense. They are closer to the problem, and can address it better. But what we see in Washington is that the present welfare reform proposals in Congress, both from the left and right, still fall into the flawed mindset that Washington knows best. For once, let's give the states the lead.'

-30-

1606 King Street, Alexandria, Virginia 22314
Office 703-548-6619 • FAX 703-548-7328

CONGRESSMAN CURT WELDON

7th District Pennsylvania

FOR IMMEDIATE RELEASE

CONTACT: (202) 225-2011
Michael Barbera/Doug Ritter

June 28, 1994

NEWS RELEASE

STATEMENT BY CONGRESSMAN CURT WELDON;
Co-Chairman, Congressional Empowerment Caucus

re: the Welfare Innovation and Empowerment Act

WASHINGTON, D.C. -- "I am very pleased to join forces with Congressman Rob Andrews and The Empowerment Network to present a new bi-partisan approach to welfare reform. The Welfare Innovation and Empowerment Act allows states and local governments maximum flexibility to design locally-based welfare-to-work programs.

As a former mayor and county commissioner, I have long felt that state and local flexibility is the key to effective welfare reform. We must give our governors and mayors the power to carry out bold reforms that will improve the lives of people in their communities.

We set up a one-stop fast-track waiver process, and we allow states to expand their programs without further entangling themselves in federal red tape.

Our bill allows welfare recipients to save and invest to break the cycle of poverty. We establish tax-free Individual Development Accounts and we change the welfare regulations to allow welfare recipients to save money without losing benefits.

The Welfare Innovation and Empowerment Act does not spend billions of new dollars; it redirects existing resources. It allows states to cover their entire caseload, not simply those born after a certain date. And it can be implemented immediately, not in four or six years.

Rob Andrews and I know that Washington does not have all the answers when it comes to welfare reform. We want to let the states and localities take the lead in constructing new programs that will better meet the needs of low-income Americans. We think that is a better deal for welfare recipients and for American taxpayers."

-- 30 --

CAPITOL HILL EMPOWERMENT WORKSHOP

"Empowering Strategies for the 90s"
Sponsored by the:

CONGRESSIONAL EMPOWERMENT CAUCUS

325 Senate Russell Building
June 28, 1994
2:00 - 4:00 p.m.

PRESS CONFERENCE: RELEASE OF CONGRESSIONAL EMPOWERMENT CAUCUS WELFARE REFORM LEGISLATION

Co-sponsor Announcement: 2:00 p.m.

Congressman Rob Andrews (D-NJ) and Curt Weldon (R-PA), Co-Chairs of the House Congressional Empowerment Caucus

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EMPOWERMENT WORKSHOP

Moderator: Hon. Kay Coles James, Virginia Secretary of Health & Human Resources
Chairman, Governor's Commission on Citizen Empowerment

Panel 1: *Family Empowerment: The Foundation for Communities*

Rep. Joseph Knollenberg (R-MI), Removing Family Disincentives in Public Housing

Charles Ballard, Executive Director, National Institute for Responsible Fatherhood and Family Development

Lil Tuttle, Parents' Rights in Education

Irene Johnson, President, Leclaire Courts Resident Management Corp.

Panel 2: *Entrepreneurship: Key to an Urban Renaissance*

Bob Wallace, Author of "Black Wealth through Black Entrepreneurship"

Audley Evans, Executive Director, Tampa Housing Authority and founder of Tampa's Resident Entrepreneurship Assistance Project (REAP)

Michael Montgomery, Deputy Secretary for Business Development, Pennsylvania Department of Commerce

Congress of the United States
Washington, DC 20515

GIVE THOSE WHO FIGHT DAILY WELFARE BATTLES THE POWER TO WIN THE WAR: CO-SPONSOR THE WELFARE INNOVATION AND EMPOWERMENT ACT

Dear Colleague:

As co-chairmen of the House Empowerment Caucus, we invite you to join us as an original co-sponsor of the Welfare Innovation and Empowerment Act of 1994.

This welfare reform bill is distinctly different. A bi-partisan initiative, it approaches welfare reform from the bottom up, using empowerment principles advocated by the Empowerment Caucus and various grassroots organizations.

Our objectives under the bill are simple: unleash our nation's best problem solvers - mayors, county officials and governors - to develop innovative programs for moving people from welfare to work; empower low-income individuals to invest in their futures; and, strengthen American families.

The Welfare Innovation and Empowerment Act of 1994 will:

• Grant states the authority to consolidate various streams of federal welfare funding (AFDC, Food Stamps, housing assistance, child care assistance, etc.) for the purpose of converting these funds into wages or other benefits provided to individuals and families participating in welfare-to-work demonstration programs.

• Create a streamlined, one-step process for state waiver requests necessary to implement welfare-to-work demonstration programs.

• Enable low-income individuals to save money for education, microenterprise development, first home purchase, etc., without losing their welfare benefits.

• Remove or modify current provisions of law that weaken families and perpetuate welfare dependency.

Our bill allows states to **custom design programs to better serve welfare recipients**. It also allows states to **treat their entire caseload**, can be **implemented immediately**, is **low bureaucracy**, requires **no new spending**, and involves **no battles over financing or benefits cuts.**

We have set a deadline of **June 27** for original co-sponsors. Attached is a brief overview of the plan. If you are interested in co-sponsoring this bill or need additional information, please contact Tom Downey (x56501) or Mike Barbera (x52011).

ROBERT E. ANDREWS

CURT WELDON

The Welfare Innovation and Empowerment Act of 1994

Title I: State and Local Welfare-to-Work Demonstration Programs

Empowers states, local governments and communities to design, test and implement their own programs for moving welfare recipients from dependency to economic self-sufficiency.

– Gives states, local gvernments and communities the authority to consolidate streams of federal welfare assistance, including but not limited to AFDC, Food Stamps, child care and housing assistance, Medicaid, etc., for the purpose of converting these funds into wages or other benefits as part of welfare-to-work demonstration programs.

– Creates a centralized waiver review authority and fast-track approval cycle for welfare-to-work demonstration programs.

– Permits rapid expansion of successful demonstration programs.

– Gives states the option to establish time limits on benefits of not less than two years.

– Rewards states with incentive payments for moving welfare recipients to unsubsidized private employment.

Title II: Expansion of State Authority

Grants states the authority to --

- Extend case management and job training responsibilities to state-approved for-profit and not-for-profit organizations.

- Establish "family caps" on AFDC recipients.

- Eliminate "anti-family" provisions of current law such as the 100-hour work rule.

Title III: Individual Development Accounts

Empowers welfare recipients and low-income families to use savings and asset accumulation to achieve self-sufficiency.

- Establishes tax-free savings accounts, called Individual Development Accounts (IDAs), that allow individuals to save up to $10,000 for education, first home purchase, business/microenterprise capitalization, and other qualified uses.

- Permits states, local governments, employers, and other organizations to match individuals' contributions to IDAs.

Title IV: Other Asset Reforms

- Increases the basic asset and savings limits for AFDC eligibility to $1,580 and adjusts that figure annually for inflation.

- Increases the automobile equity limit for all welfare benefits eligibility to $5,000.

- Excludes income and savings of minor dependents from AFDC eligibility and public housing rent tabulation.

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Congressmen bent on fixing welfare first

By Cheryl Wetzstein
THE WASHINGTON TIMES

Welfare reform must be tackled this year, despite the enormous health care reform agenda, several congressmen said yesterday at the unveiling of a bipartisan coalition dedicated to changing the $300 billion welfare system.

Describing the welfare system as the "group of people who feed off the poor people," Rep. Curt Weldon, Pennsylvania Republican and co-chair of the Congressional Empowerment Caucus, said: "We are going to force change this year. President Clinton laid down the challenge, and we're going to respond this year."

"The family must become the center of gravity of any new welfare strategy," said Sen. Charles E. Grassley, Iowa Republican. He praised the bipartisan makeup of the coalition, which was led by the Empowerment Network Foundation (TEN-F), an Alexandria-based community group, and the Democratic policy think tank Progressive Policy Institute.

TEN-F President David Caprara said meaningful welfare reform relies on three principles: restoring the two-parent family, replacing "maintenance-based" welfare with programs that allow recipients to have savings and other assets, and permitting states to pursue innovative welfare reform approaches.

Other goals of the coalition include:

- Eliminating the so-called "marriage penalty," in which single mothers receive larger or quicker welfare benefits than married mothers.
- Strengthening child-support enforcement.
- Helping welfare recipients to create small businesses or "micro-enterprises."
- Redesigning the welfare system so that it assists recipients in getting jobs in the private sector.

"This is a moment of unprecedented opportunity to change our welfare system," said Sen. Joseph I. Lieberman, a Connecticut Democrat who attended the Capitol Hill news conference held by the coalition.

"I think — and I use this term advisedly — that it will be easier to accomplish welfare reform than health care reform" because of the broad consensus in Congress, he said.

"The differences between the policies [to reform welfare] are small enough that we can overcome them easily," added Rep. Dave McCurdy, Oklahoma Democrat.

Underpinning any reform is the need to re-establish personal responsibility and other character values in the home, he said.

"Forty years of the welfare system drove the man out of the household," said New Jersey Assemblyman Wayne Bryant, who has helped revise that state's welfare system.

Men must be urged, privately and publicly, to take responsibility for their families, Mr. Bryant said.

The message to fathers is that "you can choose not to live with her, but you cannot abandon your economic responsibility," said Rep. Rob Andrews, New Jersey Democrat.