

WR-MATSUI BILL

**Robert T.
Matsui****Congressman
Fifth District, California****NEWS RELEASE****FOR IMMEDIATE RELEASE:
July 14, 1994****CONTACT: Carri Ziegler
202/225-7163****Rep. Matsui Rejects the Idea of Time Limits
and
Introduces Welfare Reform Legislative that Emphasizes Work**

WASHINGTON -- Calling on his colleagues to remember that welfare was established to protect children, Rep. Robert T. Matsui today introduced welfare reform legislation that focuses on work requirements rather than time limits.

"We cannot institute arbitrary deadlines by which people must be self sufficient," said Matsui, a Democrat from California. "The emphasis should be on work, not time limits."

The Matsui legislation requires parents participation in education, training, or some type of work. Should a parent choose not to participate, the adult's share of the welfare check is withheld. The family still would receive the child's share of the benefit to ensure the child's needs can be met.

Said the Rev. Fred Kammer, S.J., president of Catholic Charities USA: "It is critical that the current debate get beyond slogans and to a serious consideration of how we need to help parents and children in welfare escape both dependency and poverty. We need constructive reform to address the fundamental problems of welfare and that is why Catholic Charities USA supports this legislation."

Matsui said that reform proposals based largely on punitive measures will never succeed. "The issues that cause a family to go on welfare and stay on welfare are often complex. In many cases, even the most inspired recipient may require more than two years to get the education and training needed to move from assistance to independence," Matsui said.

"This important legislation will help ensure that the needs of children and parents remain a priority in the welfare reform

debate," said Marian Wright Edleman, president of the Children's Defense Fund.

The Matsui legislation builds on the Family Support Act of 1988. The legislation:

- * Increases the funding and flexibility states have in designing and implementing welfare programs.
- * Requires all individuals entering the Aid to Families with Dependent Children (AFDC) program receive a preliminary assessment within 30 days to gauge what steps they must take toward self sufficiency.
- * Requires at least half of a state's welfare recipients be involved in the Job Opportunities and Basic Skills (JOBS) program. At least half of those must be involved in a public or private sector job rather than education or training.
- * Bolsters the quality and availability of child care.
- * Strengthens child support enforcement and abolishes welfare rules that penalize marriage and two-parent families.
- * Includes tough new education and employment requirements for teenage parents and puts into place preventive and case management services.

A detailed summary of the legislation is available.

FAMILY SELF-SUFFICIENCY ACT**TITLE I -- PROMOTING WORK AND SELF-SUFFICIENCY****I. Funding and Participation in the JOBS PROGRAM****A. Increase Federal Funding and Match Rates for the JOBS Program**

Funding for the JOBS program would increase to \$3.7 billion in FY 99, with steady increases so that the FY 94 funding level is doubled by FY 99. In order to help ensure that states are better able to draw down these funds, the federal JOBS match rate would be increased to either 75 percent or the state's Medicaid match rate, whichever is higher, with an assurance that the federal match rate increase for the state by at least five percentage points.

B. Increase JOBS Participation Rates

As funding for the JOBS program increases, state participation rate would be increased substantially. The monthly participation rate would be increased each year to the levels listed below.

- * The monthly participation rate would rise from 20 percent in FY 95 to 25 percent in FY 96; 30 percent in FY 97; 40 percent in FY 98; and 50 percent in FY 99.
- * Hours of employment, whether subsidized or unsubsidized, would count toward a state's participation rate.
- * The JOBS "20-hour rule" would be modified to provide that hours of class preparation count toward the participation rate when an individual is in an approved education activity.
- * All individuals entering AFDC would receive a preliminary assessment of self-sufficiency needs within 30 days of AFDC application approval.
- * At least half of a state's participation rate would have to consist of individuals engaged in a work activity, such as unsubsidized employment, on-the-job-training, subsidized work, or public sector employment.

C. State Failure to Meet Participation Requirements

The Secretary of HHS shall prescribe by regulation a set of penalties for noncompliance, taking into consideration the extent of noncompliance and any special circumstances, and providing that a substantial failure to comply without good cause shall result in a drop to a 50-50 match. In addition, the Secretary would be allowed to suspend or terminate any pending federally-

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approved waiver for failure to meet JOBS participation rates without good cause, and could not grant a new waiver to any state not currently in compliance with federal JOBS obligations.

II. Job Creation, Job Placement and Development, and Work Requirements

A. Use of JOBS Funds for Job Creation

States would be able to use JOBS funds for job creation, with the following conditions:

- * Earnings from these jobs would be treated as earned income for all purposes under federal law.
- * Jobs would have to pay at least the minimum wage or the same wage rate being paid to others performing the same work.
- * States choosing to exercise this option would be required to target their jobs toward families in which the parent had received AFDC for at least 36 of the last 60 months, unless the Secretary approves an alternative targeting plan.
- * States would have to abide by strong anti-displacement language to protect already existing low-wage jobs.
- * Jobs subsidized under this provision would be limited in duration to no more than 24 months.
- * As in the current work supplementation program, if earnings from the subsidized job placed the family above the AFDC income guidelines, family members would continue to be defined as AFDC recipients for the purposes of Medicaid and states would have a duty to continue child care.

B. Penalty for Refusal to Accept Employment

Any AFDC parent required to participate in the JOBS program would be removed from the AFDC grant if the parent refused to accept any job, private or public, including jobs funded through the JOBS program, without good cause. A state could opt to use its public jobs program to require those job-ready individuals to accept employment and work as a condition of further assistance.

C. Expansion of Job Placement, Development, and Retention Activities

States would be required to spend a minimum of 10 percent of JOBS funding on job placement, job development, and job retention support activities. States also would be required to provide case management services for JOBS participants entering employment for a minimum of 90 days after employment entry, with a state option to have case management services provided for up to a year after entering employment.

III. Working Poor Families

A. AFDC Dollar-for-Dollar Work Penalty

States would be required to end the dollar-for-dollar work penalty, while allowing substantial state discretion to choose how much additional support to provide to working poor families.

- * States would be required to exclude at least \$120 and 1/3 of the remainder of earnings when determining a family's amount of assistance.
- * States could choose to exclude as much as \$200 and 50 percent of the remainder of earnings when determining a family's assistance.

B. Health Care for Working Poor Families

To ensure greater access to transitional Medicaid benefits:

- * Quarterly reporting requirements for transitional Medicaid would be eliminated, allowing states discretion to determine appropriate reporting requirements.
- * States could opt to provide transitional Medicaid to families who had not received AFDC for three months before leaving AFDC for employment.
- * States could opt to extend transitional Medicaid either for one additional year, or for so long as the family's gross income does not exceed 185 percent of poverty.

IV. Treatment of Two-Parent Families

A. End Restrictions on AFDC-UP Eligibility

This provision would make eligibility for AFDC for two-parent families based on need, having a child, and living with a relative, rather than the employment status of one of the parents. Additionally, two-parent families would be subject to the same participation requirements that apply to single-parent families under this bill.

B. Eliminate Penalty Against Low-Income Parents Getting Married

Stepparent's income would continue to be deemed as under current law, but an allowance would be provided for the stepparent and his legal dependents in the amount of 130 percent of the poverty line. There would be no deeming penalty imposed upon an AFDC parent who married a stepparent whose income was below 130 percent of poverty, or such higher figure as the state determines.

V. Child Care

A. Federal Match for AFDC Child Care

The federal match rate for AFDC child care services would be increased to 75 percent or the state's federal Medicaid matching rate, whichever is greater with an assurance that it increase by at least five percentage points. States would be held to maintenance of effort requirements to ensure that increased federal spending does not simply replace state funding.

B. At-Risk Child Care

Funding for the "At-Risk" child care program for the working poor would be increased to \$2 billion a year by FY 99, and the match rate would be improved to that of the revised match for the AFDC child care program under this legislation. State maintenance of effort would be required for funding under this program.

States that draw down their entire "At-Risk" allotment would be entitled to an incentive payment. States would be required to use this payment for direct services for "At-Risk" families or for quality improvements and infrastructure for AFDC and "At-Risk" child care. States could not use these incentive payments to replace state or local expenditures for staff or administration.

C. Child Care Reimbursement Rates

Child care rate polices would be clarified so states are clearly directed to pay the local market rate for child care under the AFDC, Transitional Child Care, and At-Risk child care programs, and that market rate may not be below the 75th percentile.

D. Set-Aside for Improvement of Infrastructure and Quality

A set-aside of ten percent of the At-Risk child care funds would be paid to states for the purposes of improvements in the quality of services, building of infrastructure, development of on-site or near-site facilities for teen parents attending school, states licensing and registration requirements, monitoring, and assistance to providers to meet standards for the AFDC, Transitional Child Care, and At-Risk child care programs.

E. Child Care for Working AFDC Parents

The disregard for child care would be increased, and states would be required to provide families with a choice between the disregard and other payment mechanisms used for AFDC child care, such as vouchers.

F. Uniformity of Child Care Standards

The standards under the Child Care and Development Block Grant would be applied to the AFDC, Transitional Child Care, and At-Risk child care programs. The set-aside of funds under the At-Risk child care program would be available, in part, to assist unlicensed or unregistered providers come into compliance with licensing or registration requirements.

G. Identification of Child Care Needs

States would be required to assess the child care needs of AFDC parents at the times of initial intake, when entering the JOBS training program, entering employment, or upon change of placement or employment.

H. Information About Child Care Options

States would be required to provide families with information, counseling, and referral about how to choose and locate child care.

I. Ensuring Reimbursement Mechanisms Meet Family Needs

States would be required to offer at least one mechanism for prospective payment of child care expenses to each family.

J. Facilitation of Continuous Service

States would be required to counsel families receiving Transition Child Care about the opportunities for ongoing child care assistance, offer assistance to those families wishing to apply for continuing assistance, and provide such assistance upon request. States also would be required to file with the Secretary of HHS a plan detailing how they will improve notice to potentially eligible families for these benefits.

K. State Option to Extend Transitional Child Care Benefits

States could opt to provide transitional child care benefits to families who had not received AFDC for three months before leaving AFDC for employment. States also could opt to extend transitional child care either for one additional year, or for so long as the family's gross income does not exceed 185 percent of poverty.

TITLE II -- CHILD SUPPORT ENFORCEMENT**Strengthening Parental Responsibility and Family Stability****A. Expansion of Functions of Federal Parent Locator Service**

The functions of the federal parent locator services would be expanded to provide information about the whereabouts of an absent parent when that information is used not only for the enforcement of child support obligations, but also for the establishment of parentage and the establishment and modification of child support orders.

B. Expansion of Federal Parent Locator Systems

The information collected by the Federal Parent Locator System would be expanded to include not only the most recent residential address and employer name and address, but also the amounts and nature of income and assets. The Secretary of HHS would be required to expand the Parent Locator Network to establish a national network based on the comprehensive statewide child support enforcement systems, which would allow states to locate any absent parent who owes child support and facilitate collection of child support between states.

C. Federal Child Support Order Registry

A federal registry containing all child support orders entered or modified in any state would be established by the Secretary of HHS. States could use this registry to enforce and track all child support orders, particularly interstate orders.

D. National Reporting of Employees and Child Support Information

The Secretaries of Treasury and Labor would be required to establish a system of reporting of employees, by requiring employers to provide a copy of every employee's W-4 form, which would include information about the employee's child support obligations, to the federal child support order registry to track child support orders.

E. Establishment of State Registries

Each state would be required to establish an automated central state registry of child support orders, which, under a phase-in plan, would eventually contain all child support orders entered, modified, or enforced in the state.

F. Paternity Establishment Procedures for Voluntary Acknowledgements

Procedures would be established to make the voluntary acknowledgement of paternity simpler, including the use of hospital-based acknowledgements. Due process protections would be established for those individuals voluntarily acknowledging paternity with extra protections for minor noncustodial parents who voluntarily acknowledge paternity.

G. Enhanced Outreach to Encourage Paternity Establishment

An enhanced federal match rate of 90 percent would be put into place for greater state outreach efforts to encourage voluntary paternity establishment. This outreach could occur through providers of health services, such as prenatal health care providers, health clinics, or hospitals.

H. Streamlining Civil Procedures for Paternity Establishment

Civil procedures used to establish paternity would be streamlined through such activities as advancing the cost of genetic tests, subject to recoupment from the putative father of the child if he is determined to be the biological father; and allowing the forgiveness of state-paid medical expenses associated with the birth of the child if the father cooperates or acknowledges paternity.

I. National Child Support Guidelines Commission

A National Child Support Guidelines Commission would be created to develop a national guideline by which child support orders would be established.

J. Incorporation of Successful Enforcement Practices

Expanded credit reporting requirements, provision of information from financial institutions, denial of licenses and passports, expanded state authority to garnish certain benefits, and expanded use of liens on assets would be put into place to further facilitate the enforcement of child support orders.

K. Statute of Limitations for Enforcement

The age through which a state could pursue back child support would be extended until the child to whom the support is owed reaches age 30.

L. Strengthening of Federal Efforts in Enforcement

The Internal Revenue Service would have the authority to intercept tax refunds for all child support cases with arrears, as well as to enforce and collect child support arrears even when the absent parent is not owed a tax refund.

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M. State Requirement to Adopt the Uniform Interstate Family Support Act (UIFSA)

States would be required to implement laws that adopt the Uniform Interstate Family Support Act, in order to establish consistent state procedures with regard to the modification, collection, and enforcement of interstate child support orders.

N. Administrative Processes

In order to improve the establishment of paternity and establishment and enforcement of child support orders, states would be able to continue to have in place either a judicial or administrative process. However, if a state is unable to meet standards through its judicial process, it would be required to put into place an administrative process.

O. Child Support Assurance

Demonstration authority would be granted to six states to establish a system of assured minimum child support payments. Under such a system, all children who are owed child support would receive an assured minimum child support payment through the state; the state would assume responsibility for recovering as much of the assured benefit as possible through its child support enforcement system.

P. Employment Opportunities for Non-Custodial Parents

Teen non-custodial parents who are unable to pay child support would be able to participate in an education, training, or employment program, in lieu of their child support obligation. These activities, which must be designed to increase the teen parent's earning potential, would include attending high school, participating in a training program, or the JOBS program. States could not spend more than five percent of their JOBS money on these services.

TITLE III -- TEEN PARENTS AND WELFARE REFORM

I. Family Obligations

A. Minor Teen Parent Residency Requirement

States would be required to put into place a residency requirement for minor parents receiving AFDC. Under the residency requirement, a minor teen parent must live at home or in a prescribed setting, except under certain circumstances. The residency requirement would not be applicable if the minor's parent or legal guardian is deceased, missing, or living in another state or will not allow the teen to live at home; the teen has been living independently for a year or more prior to the birth of her child; the teen is a ward of the court or the

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state and has been approved for independent living; the teen has been emancipated by court order; the physical or emotional health and safety of the teen and her child would be jeopardized if they lived with her parent or guardian; or application of the requirement would prevent her continued participation in an approved substance abuse treatment program or an education or training program or a job.

B. Grandparent Deeming Rule

The income of the teen parents (the grandparent) would be deemed when calculating the grant amount as is done under current law. However, there would be no deeming penalty imposed upon a teen parent who resided with a parent (the grandparent) whose income was below 130 percent of poverty, or a higher figure at the state's option.

C. Paternity Establishment and Child Support

Changes in the establishment of paternity and the modification and enforcement of child support with respect to teen parents are included under Title II, Child Support Enforcement. Additionally, provisions regarding facilitation of paternity establishment for teen parents are included in the subsection of this Title, regarding Case Management.

II. Education and Employment

A. Education and Employment Requirements

States would be required to put into place programs designed to keep pregnant and parenting teens in school. States would be required to employ a system of bonuses to reward teen parents who stay in school and sanctions for those who fail to attend their education or employment training program. States would have discretion to set the bonus or sanction level, within established parameters. While in most cases an educational activity would be mandated, in some situations an employment training activity or job could be substituted. Those teen parents whose incomes are below 185 percent of poverty and who need child care in order to attend school would be eligible for such services.

B. Summer Activities and Teen Earnings

States also could employ a system of bonuses to enroll teen parents in summer education or training activities. Income earned during these summer programs would be disregarded when calculating the AFDC grant level and eligibility.

III. Case Management

A. Case Management for Teens on AFDC

States would be required to put into place a system that provides intensive case management services to teen parents on AFDC. Increased funds would be available to the states through the JOBS program, with up to \$400 million available by FY 99.

The responsibilities of case managers would include assessing the appropriateness of the teen parent's living arrangements; providing referrals to appropriate services, such as child care, health care, and educational services; and facilitating paternity establishment. To ensure that case manager's have the capacity to effectively implement the full range of their responsibilities, a case management ratio, with an allowance for state flexibility, would be established.