

at - base wages + means

To: Bruce Reed
Fr: Rahm

Dear Chairman Archer,

I am writing to reiterate my ^{firm belief} strong position that ^{Congress must pass} comprehensive child support enforcement ^{measures} legislation ^{be} included as an integral part of welfare reform. It is essential that all Americans understand that if they parent a child, they will be held responsible for nurturing and providing for their offspring. It is particularly disturbing that so many noncustodial parents simply avoid their responsibility to provide support. The inevitable result is more welfare, more poverty, and more difficult times for our children. I know we both agree that we are sending the worst possible message to our children if we say that parental responsibility ends if a parent does not live with the child. At the Working Session on welfare Reform at Blair House, there was near unanimity that clear national standards were essential for effective child support enforcement.

I was quite disappointed that child support enforcement was not included in the original welfare reform proposal. So I was pleased when Chairman Shaw indicated his intention to include enforcement in the bill produced in Subcommittee. Unfortunately, there was no language included in the Subcommittee mark, and language was promised for full committee. I understand you are trying to complete work on language soon to include serious child support enforcement in the full committee bill. I urge you to complete work as quickly as possible. We very much want to work in a bipartisan way with the Committee on this central issue, but time is running short.

There are already a number of bills including the one offered by Nancy Johnson and Barbara Kennelly which are very similar to the measures I introduced with the Administration welfare reform bill last year. These bills can and should serve as the foundation for any effort to reform child support. Critical elements include denying welfare benefits to any unwed mother who does not cooperate fully in identifying the father, powerful measures for tracking interstate cases, serious penalties—including immediate wage withholding and ^{as it necessary} license suspensions—for parents who ^{commit} refuse to pay what they owe. And we must include both the performance incentives and resources states need to do the job right.

I believe this is the time to finally getting serious about child support in this country. I look forward to working with the Committee to ensure the job is done right.

When about
parents don't
provide for
their
children
support

I am
doing anything
in my power
to ensure
that CSE.

In 1987,
we collect
a record
of 70m -
ad helped
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families to
the process.
Last week
I signed
Exec. Order
to ensure
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to ensure that
fed employs
child support
live up to
My Admin

As part of WRP
CSE measures are proposed
As per says to:
Anyon who...
At the national working session
on WR I hosted at Blair House, Reps + Dem leaders from around
the country and every level of govt agreed that we should ~~promote~~
the toughest measures poss.
I hope the comm. will not ~~shy away~~ shy away from its resp. in
this area.

DRAFT

WR
House
Ways
& Means

The Honorable Bill Archer
Chairman
Committee on Ways and Means
House of Representatives
Washington D.C. 20515

Dear Mr. Chairman:

This letter expresses the Administration's views on the Chairman's mark for welfare reform legislation under consideration by the House Ways and Means Committee.

The Administration shares the commitment of the Congress and the American people to real welfare reform that emphasizes work, parental responsibility, state flexibility, and the protection of children. Last year, the President submitted a bold welfare reform bill, the Work and Responsibility Act of 1994, which embodied these values. It imposed tough work requirements while providing opportunities for education, training, child care and supports to working people. It included a stringent set of child support enforcement provisions. It required each teen mother to live at home, stay in school and identify her baby's father. It increased state flexibility without sacrificing accountability. And it maintained a basic structure of protections for children.

The Administration looks forward to working cooperatively with the Congress in a bipartisan way to pass bold welfare reform legislation this year. The Administration has, however, serious concerns about a number of features of the Chairman's mark that appear to undermine the values to which we are all committed. The Administration seeks to end welfare as we know it by promoting work, family and responsibility, not by punishing poor children for their parents' mistakes. Welfare reform will succeed only if it successfully moves people from welfare to work.

Work

For years, Republicans and Democrats alike have agreed that the central goal of welfare reform must be work. That is still our goal: People who can work ought to go to work and earn a paycheck not a welfare check. The Administration believes that no adult who is able to work should receive welfare for an unlimited time without working. The Administration believes that from the first day someone comes onto welfare, he or she should be required to participate in job search, job placement, education, or training needed to move off welfare and into a job quickly. It is government's responsibility to help ensure that the critical job placement, training, and child care services are provided. Individuals who are willing to work should have the opportunity to work and not be arbitrarily cut off assistance.

The Administration therefore has serious concerns about the Chairman's mark before you:

- * o [Work standards continue to be weak and now contain perverse incentives for states to cut people off, rather than put them to work. Far from requiring states to put people to work, the bill allows states to count as "working," persons who were simply cut from the welfare rolls for any reason. Cutting people off welfare is not the same as putting people to work. In addition, because the bill authorizes the block grant only through the year 2000, work requirements in the out-years seem unenforceable and thus more illusory than real. To the extent that states try to meet the work standards by putting people in jobs rather than cutting them off, funding cuts in child care and other programs would force a considerable increase in state expenditures or cuts in benefits.]

- * o The proposed legislation provides no assurance of child care to recipients who work or are preparing to work--even if a state requires them to participate. It offers no promise of child care for those who leave welfare for work or for those who could avoid falling onto welfare if they had some help with child care. [It repeals provisions of existing law that provide funding for child care while the provisions passed in the mark of the Committee on Economic and Educational Opportunities significantly reduce existing funding for child care. We fear states will be forced to cut back child care assistance to low income working families just to meet the child care needs of welfare recipients.]

- * o The proposed legislation effectively repeals the bipartisan Family Support Act signed by President Ronald Reagan in 1988. It removes any real responsibility of state welfare systems to provide education, training and placement services to move recipients from welfare to work. [Indeed, the bill imposes new restrictions on states which want to provide education or training to move people quickly off welfare. States are prohibited from counting as participants people solely in education or training activities--20 hours of additional work activity is required. For someone whose background is so weak that they need basic education to even hold a job, this requirement may be expensive, impractical, and counterproductive.]

- o The proposed legislation would deny all federal cash assistance to most families that have received assistance for more than five years. Even if the adult in the family is unable to find a job or prevented from holding a job because of disability or the need to care for a disabled family member, states are prohibited from exempting from the lifetime limit no more than ten percent of the caseload facing these circumstances. Children would be seriously jeopardized even if their parents cannot find any work and are not included in the exemption.

The Administration supports an alternative approach that would genuinely transform the welfare system into a transitional system focused on work. It would have strict requirements for recipients to participate in and clear responsibilities for states to provide education.

training and placement assistance; it would have serious time limits after which work would be required; it would ensure that children would not be left alone when parents were working by providing assistance for child care; it would put parents to work, not just cut them off; and it would ensure that children can expect support from two parents.

Parental Responsibility

The Administration believes that welfare reform should recognize the responsibility and encourage the involvement of both parents in their children's lives. The Administration considers child support enforcement to be an integral part of welfare reform, particularly because it sends a strong message to young people about the responsibility of both parents to support their children. The Administration was pleased when more than one month ago, Chairman Shaw agreed to add child support enforcement to your welfare reform bill.

* [The child support provisions have been slow in coming. We still have not had the chance to see the bill. We do have concerns with the one child support provision which is included in the mark distributed thus far:]

- o We are troubled by the provision that requires states to reduce payments to children for the first 6 months if paternity has not been legally established. This provision seems ineffectual and unfair. Even if a mother fully cooperates by giving detailed information identifying the father and his possible location, and even if the state is diligent in pursuing the father, it can easily take 6 months to get paternity legally established. There is no reason why the child should be punished during this period.

The Administration believes that the welfare system should encourage the formation and support of two-parent families. The Administration is therefore concerned about an important omission in the proposed legislation:

- o The proposed legislation would encourage the break-up of families by repealing the requirement that states provide cash assistance to two-parent families in which a parent is unemployed or unable to work. It allows states to discriminate against married, two-parent families by treating single-parent families better than two-parent families.

The Administration supports an approach that both encourages the formation of two-parent families and makes sure that both parents take responsibility for children in all cases.

Teen Pregnancy

The Administration and the American people agree that the best reform of welfare would be

to ensure that people do not need it in the first place. Welfare reform must send a very strong message to young people that they should not get pregnant or father a child until they are ready and able to care for that child, and that if they do have children, they will not be able to escape the obligations and responsibilities of parenthood. We must be especially concerned about the well-being of the children who are born to young mothers, since they are very likely to grow up poor.

The Administration therefore has serious concerns about the bill before you:

- * o] The proposed legislation would deny all federal cash to any child born to an unmarried mother under 18 as well as to the parent. This provision punishes and abandons children rather than helping families to get them on the right track.]
- o The proposed legislation does not require that teen mothers live at home, stay in school, and identify the child's father. It weakens requirements in current law, and may make the prospects for mother and child even worse.

* The Administration supports an alternative approach that would require minor mothers to live at home, stay in school, make progress toward self-sufficiency, and identify the father of the child. [The Administration also supports a national campaign to prevent teen pregnancy. It is time to enlist parents and civic, religious, and business leaders in a community based strategy to send a clear message about abstinence and responsible parenting. The Administration also supports a state option not to increase benefits for children born to mothers on welfare. This decision should be made by the state governments, not by the federal government.]

State Flexibility with Accountability

The Administration embraces the creativity and responsiveness of states, and the opportunities for real reform when states have the flexibility to design and administer welfare programs tailored to their unique circumstances and needs. Already this Administration has granted waivers to half the states for welfare reform demonstrations. National welfare reform should embody the values of work and responsibility in a way that assures taxpayers that federal money is being spent prudently and appropriately. For reform to succeed, the funding mechanisms for welfare should not put children or states at risk in times of recession, population increase or unpredictable growth in demand.

In this context, the Administration has serious concerns about the proposed legislation:

- * o The spending cap in the proposed legislation makes no allowances for potential growth in the need for cash assistance because of economic downturn, or unpredictable emergencies. [There is only a tiny fund to help adjust for population changes and a small loan fund which states can borrow from.]

These provisions could result in states running out of money before the end of the year, and thus having to turn away working families who hit a "bump in the road" and apply for short-term assistance. It could preclude states from investing in job placement, in work programs, in education and training, and in supports for working families.

- o The proposed legislation removes the requirement that states match federal funds with their own state funds. With none of their own money at risk, states will have fewer incentives to spend the funds efficiently and effectively to improve performance and increase self-sufficiency.
- o [Paradoxically, while removing any protections for states and recipients, it imposes a host of new rules on states, limiting cases when education can be offered, restricting benefits to some groups, mandating unworkable work standards, and a host of other rules noted above. States are left with plenty of strings, far greater vulnerability to economic and demographic changes, and less funding.]

The Administration supports proposals that significantly increase state flexibility but also ensure accountability for achieving national goals. The Administration supports a funding mechanism that will not put children and states at risk down the road, and that enables states to succeed in moving people from welfare to work and in supporting working families. The Administration has significant doubts about the ability of a pure block grant funding mechanism to adequately protect both children and states.

Protection of Children

The Administration recognizes that the protection of children is the primary goal both of cash assistance programs and of child welfare and child protective services. Cash assistance programs assist families to care for children in their own homes. Child protection services help those children who are abused or neglected or at risk of abuse by their parents and who need special in-home services or out of home placements to assure their safety. Strengthening families, and where appropriate, preventing removal of children from their homes also are, key goals of child protection services. We believe there are problems in a number of areas.

Denial of Benefits to Children on AFDC

The legislative proposals that would reform cash assistance have a number of provisions that would put vulnerable children at greater risk.

- o The legislation would deny cash assistance to teen mothers and their children, to children born while the parent was on welfare, and to children whose parent had received welfare for more than five years, whether or not a job was

available or the parent was unable to work. The funding caps could have the effect of denying cash assistance to children when states used up their allocated funds, for whatever reasons. Children in low income working families, who may be forced onto cash assistance in times of economic downturn, could be most affected.

Child Protection Services

Some of these children could well come into a system of child protection services that is already seriously overburdened and that is failing to provide the most essential services. Reported child maltreatment and out-of-home placements have both been increasing sharply. Many state systems are in such distress that they have been placed under judicial oversight. The proposed legislation responds to these increasingly serious problems by consolidating existing programs that protect children into a block grant with nominal federal oversight. The Administration has serious concerns about this approach.

- o The proposed legislation caps spending for child protection programs at a level considerably lower than baseline projections. This could lead to uninvestigated maltreatment reports, and to children being left in unsafe homes.
- o The proposed legislation eliminates many important protections now guaranteed to children in foster care. These protections were put in place to correct situations in which children were being lost in the foster care system.
- o The proposed legislation eliminates the adoption assistance programs, and leaves it up to states whether they will significantly sustain the subsidies that enable many special needs children to find permanent homes.
- o The proposed legislation virtually eliminates federal monitoring and accountability mechanisms. It makes it impossible for the federal government to ensure the protection of children.
- o The proposed legislation allocates funds to the states under current claiming patterns. Because of serious imbalances among the states in spending on child protection, it is hard to imagine an allocation that would not disadvantage either states that have been heavy spenders, or states that are only beginning to improve their systems.

* Substantial improvements need to be made in the child protection system and in the federal role in overseeing that system. [Given the dramatic changes in which other aspects of the Committee's mark may have on other support systems for children, the Administration urges extreme caution before actions are taken that will disrupt the child protection system and, as a result, might seriously harm millions of vulnerable children.]

Denial of Benefits to Disabled Children on SSI

The Administration is deeply troubled by the changes proposed in the program designed to help disabled children--SSI.

- o The proposed legislation dramatically slashes SSI benefits for children. Within 6 months, over one hundred thousand disabled children would fail to gain eligibility for SSI benefits as well as medical protection. And in the future, no child, no matter how disabled, will be eligible for any cash benefits for SSI, except if cash benefits prevent them from having to be institutionalized. These proposals appear to penalize parents who are determined to care for their child no matter what the economic consequences for the family. SSI recipients are among the neediest and most vulnerable children, in the poorest families.
- o [Some of the money saved is put into a new block grant for services to disabled children. This change would shift choice of services from families to a new state bureaucracy that may lack sufficient resources to serve children affected. The idea is untested, and no one knows what impact it will have on the most vulnerable of children and the parents who care for them. The 5-year cut off in AFDC for all persons along with the elimination of SSI cash for disabled children may leave these children extremely vulnerable.]

The Administration sees the need for careful reform in this area, with its potential for serious harm to extremely vulnerable children. Last year the Congress established a Commission on Childhood Disability to look into these issues in consultation with experts from the National Academy of Sciences. The Commission will provide its report to the Congress later this year. The Administration believes prudence dictates waiting for this short time until this bipartisan commission, following a thorough review of all aspects of this important program, has an opportunity to make recommendations.

Benefits to Legal Immigrants

The Administration strongly believes that illegal aliens should not be eligible for government welfare support. But the blanket prohibition of all benefits to legal immigrants who are not yet citizens is too broad, and would shift substantial burdens to state and local taxpayers. These legal immigrants are required to pay taxes. Many serve in the armed forces, and contribute to their communities. The Administration strongly favors a more focused approach of holding sponsors accountable for those they bring into this country and making the sponsors' commitment of support a legally binding contract.

In summary, the Chairman's mark espouses goals for the reform of welfare--work, parental responsibility, prevention of teen pregnancy and state flexibility--that the Administration and the American people share. But the translation of general goals into specific legislation misses the mark in fundamental ways. The proposed legislation does not represent serious work-based reform. It does nothing to move people from welfare to work, and it does not require everyone who can work go to work. It neither holds state bureaucracies accountable nor cushions state taxpayers against recession. It puts millions of children at risk of serious harm. There are alternative approaches to reform that achieve our mutual goals in far more constructive and accountable ways.

The Administration reiterates its commitment to real welfare reform and its desire to work cooperatively with Congress to achieve it.

The Office of Management and Budget advises that there is no objection to the transmittal of this report to Congress.

A similar letter was sent to Representative Sam M. Gibbons and members of the Ways and Means Committee.

Sincerely,

Donna E. Shalala

Ways and Means Committee
Markup Document for Welfare Reform
Chairman's Mark
February 28, 1995

Personal Responsibility Act
Title I
Temporary Family Assistance Block Grant

Note. The provisions outlined below replace all of Part A of Title IV of the Social Security Act except section 403(h) and section 417.

February 28, 1995 1:20 am

WR-1
House
Ways Means

Item	Current Law	Committee Bill
1. Purpose	Encourage care of dependent children in own homes by enabling State to provide cash aid and services; maintain and strengthen family life; and help parents attain maximum self-support consistent with maintaining parental care and protection.	Establishes a block grant to provide states with funds to operate a program to provide aid to families with needy children so that children may be cared for in their homes or the homes of relatives, end dependence of needy parents on government aid, discourage out-of-wedlock births, and increase state flexibility
2. Eligible State; State Plan	State plan must provide that state will operate child support plan in compliance with approved plan. State must have approved plan for foster care and adoption assistance.	<p>"Eligible State" is one that meets the following requirements:</p> <ol style="list-style-type: none"> 1. Certification that State will operate a child support enforcement program; 2. Certification that State will operate a foster care and an adoption assistance program; 3. Certification that State will operate a child welfare program; and 4. State Plan Requirements (see below)
3. State Plan Requirements	A State must have an approved State plan for aid and services to needy families containing 43 provisions, ranging from single-agency administration to overpayment recovery rules.	During the immediately preceding 3 years, the State must have submitted to the Secretary of Health and Human Services a plan outlining how the State intends to do the following:

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A. Provide Cash to Needy Children and Welfare-to-Work Activities to Parents

State plan is for aid and services. Aid is defined as money payments. For most parents without a child under 3, State JOBS programs must provide education, work, or training for the purpose of helping needy families with children avoid long-term welfare dependence.

Conduct a program designed to provide cash benefits to families with needy children and provide parents in these families with work experience, assistance in finding employment, and other work preparation activities and support services to enable such families to leave the program and become self-sufficient.

B. Work Requirement After 24 Months

No provision.

Require parents who have received benefits for more than 24 months (whether or not consecutive) to engage in work activities (as defined by the State).

C. Work Participation Standards

i. One-Parent Families

In FY95, 20% of employable (nonexempt) adult recipients must participate in education, work, or training under JOBS, and at least one parent in 50% of unemployed-parent families must participate at least part time (16 hours weekly) in an unpaid work experience or other work program.

Require that States receiving funding under the block grant have the following minimum percentages of one-parent families receiving cash assistance participating in work or related programs:

<u>Fiscal year</u>	<u>Minimum Percentage:</u>
1996	4
1997	4
1998	8
1999	12
2000	17
2001	29
2002	40
2003 or thereafter	50.

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ii. Two-parent Families

States may receive a credit for caseload reductions for purposes of meeting the participation requirements. States can count net reductions in the caseload below the 1995 baseline as participation.

Require the following minimum percentages of participation in work or related programs by one parent in each 2-parent family receiving cash assistance:

<u>Fiscal year</u>	<u>Minimum Percentage:</u>
1996	50
1997	50
1998 and thereafter	90

iii. Definition of Work

Recipients must be working in unsubsidized or subsidized employment, on-the-job training, subsidized public sector employment or work experience or job search before the option of education or training is offered. Education and training must be directly related to employment. Adults from single-parent families must work 20 hours per week in order to participate in education and job skills training activities; adults from two-parent families must work 30 hours per week in order to participate in education and job skills training activities. Parents under the age of 20, at the option of the State, can

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iv. Hours of Work

fulfill the work requirement by completing their high school diploma or high school equivalency.

The recipient can be counted as participating in work for a month if the recipient is making progress in qualified activities for at least the following minimum average number of hours per week during the month:

If the fiscal year is:	The minimum average number of hours is:
1996	20
1997	20
1998	20
1999	25
2000	30
2001	30
2002 and thereafter	35

v. Penalties

No provision.

Work-mandated recipients in one-parent families refusing to participate in required work activities would have their cash assistance reduced by an amount to be determined by individual States.

Work-mandated recipients in two-parent families shall receive the proportion of their monthly cash grant that equals the proportion of required work hours that they

Item	Current Law	Committee Bill
		actually worked during the month.
		States not meeting the required participation rates will have their overall grant reduced by not more than 5% the following fiscal year.
vi. Research on Cost/Benefit of Work Program	No provision.	The Secretary shall conduct research on the cost/benefit of the mandatory work program.
vii. Development and Evaluation of Innovative Approaches to Employing Welfare Recipients	No provision.	The Secretary shall evaluate promising State approaches in employing welfare recipients.
D. Interstate Immigrants	No provision.	Provide benefits for interstate immigrants, if these families are to be treated differently than other families.
E. Privacy Protections	State must restrict disclosure of information to purposes directly connected to administration of program and to any connected investigation, prosecution, legal proceeding or audit.	Take reasonable steps to restrict the use and disclosure of information about individuals and families receiving benefits under the program.
F. Reduce Out-of-Wedlock Births	Each State must offer family planning services to all "appropriate" cases, including minors considered sexually active. State may not require acceptance of these services.	Take actions to reduce the incidence of out-of-wedlock births; these actions may include providing unmarried mothers and fathers with services to avoid subsequent pregnancies, and to provide adequate care to their children.

Item	Current Law	Committee Bill
4. Grants to States for Family Assistance		
A. Entitlement	Entitlement to states. (Has also evolved into entitlement to individuals via court rulings.) Provides permanent authority for appropriations without limit for AFDC benefits, administration, and AFDC/JOBS child care. For benefits, child care, and JOBS, federal matching rates range from 79% to 50%. Matching for most administrative costs is 50%.	Each eligible State shall be entitled to receive from the Secretary for each fiscal year between 1996 and 2000 an amount equal to the State share of the family assistance amount for the year. The current entitlement to services for individuals is eliminated. Funds provided to eligible States are to be used for cash benefits and other programs and services consistent with the purposes of this title.
B. Definitions		
i. Family Assistance Amount	No provision.	The "Family Assistance Amount" is \$15,355,000,000 for each of the years 1996, 1997, 1998, 1999, and 2000. In addition, there is another \$1 billion in 1996 for the Loan Fund and \$10 million each year for the study outlined below.

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ii. State Share

No provision.

"State share" means that for a given fiscal year the State will receive the same proportion of the family assistance amount as it received in funding under the AFDC, Emergency Assistance, AFDC Administration, and JOBS program in either the average year between 1991 and 1994 or the year 1994, whichever is higher. Because this procedure for allocating money among the States results in a higher total than is available in the block grant, a reduction factor is applied to each State allocation to return the total amount allocated among the States to the size of the Family Assistance amount.

iii. State

For AFDC, term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands and Guam. AFDC funds for last 3 are capped, and federal share is 75%. AFDC authorized but not implemented in American Samoa.

"State" includes the several states, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa.

Item	Current Law	Committee Bill
C. Annual Population Growth Adjustor	No provision.	For the years 1997, 1998, 1999, and 2000, \$100 million is made available to compensate States that experience population growth. Each State that has an increased population will receive the proportion of the \$100 million that equals its proportion of the population increase across all States. This calculation shall be performed by the Secretary using Census data for the most recently available years. In performing the calculation, States with negative population growth are ignored.
D. Use of Funds		
i. General Rules	AFDC funds to be used in conformity with State plan. State may replace caretaker relative with protective payee or guardian or legal representative.	States may use funds in any manner reasonably calculated to accomplish the purpose of this part (except for prohibitions under item 6). Nothing in this act is intended to limit in any way the manner in which a State may spend its own funds on aid for needy families. States are encouraged to implement an electronic benefit transfer system for providing benefits and are authorized to use block grant funds for this purpose.
ii. Interstate Immigrants	No provision.	In the case of families that have lived in a State for less than 12 months, States may provide them with the benefit level of the State from which they moved.

Item	Current Law	Committee Bill
iii. Transferring Block Grant Funds	No provision.	<p>States may transfer up to 30 percent of the funds paid to the State under this section for activities under any or all of the following:</p> <ul style="list-style-type: none"> (A) The child protection block grant program. (If passed by Congress). (B) The social services block grants under title XX. (If passed by Congress). (C) The food and nutrition block grant program. (If passed by Congress). (D) The child care and development block grant program. (If passed by Congress).
iv. State Rainy Day Account	No provision.	<p>States are allowed to establish an account using their block grant funds for the purpose of paying emergency benefits. The account may build up from year to year, and in any given year in which funds in the account reach 120% of that year's State share of the block grant under this part, the State may transfer the amount that exceeds 120% to the general revenue fund of the State.</p>
D. Timing of Payments	Secretary shall make quarterly payments to States.	Secretary shall make quarterly payments to the States.

E. Penalties

i. For Misuse of Funds

If Secretary finds that a State has failed to comply with the State plan, she is to withhold all payments from the State (or limit payments to categories not affected by noncompliance).

The Secretary shall reduce the funds payable to a State under this part by any amount granted to the State under this part which is used in violation of this part, but the Secretary shall not reduce any quarterly payment by more than 25 percent. The amount of misspent funds will be withheld from the State's payments during the following year.

ii. For Failure to Submit Report

No specific penalty (general noncompliance penalty could apply).

The Secretary shall reduce by 3 percent the amount otherwise payable to a State for a fiscal year if the State has not submitted the annual report (see below) within 6 months after the end of the immediately preceding fiscal year. The penalty shall be temporary if the report has been submitted within 12 months.

iii. For Failure to Participate in the Income and Eligibility Verification System (IEVS)

States must have in effect an Income and Eligibility Verification System covering AFDC, Medicaid, unemployment compensation, the food stamp program, and the programs of cash relief for needy aged, blind or disabled adults in the outlying areas.

The Secretary shall reduce by 1 percent the amount of a State's annual grant if the State fails to participate in the Income and Eligibility Verification System designed to reduce welfare fraud.

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F. Limitation of Federal Authority	No provision.	Except as expressly provided, the Secretary may not regulate the conduct of the States or enforce any provisions of this part.
G. Adjustment in Allocation Based on Statewide Illegitimacy Ratio	No provision.	Beginning in 1998, the grant amount determined under this section shall be adjusted to reward States that are successful in reducing out-of-wedlock birth rates. A State's grant amount shall be increased by 5 percent if the State's illegitimacy ratio is at least 1 full percentage point lower than in the year preceding enactment of this Act, and by 10 percent if the illegitimacy ratio is at least 2 full percentage points lower than in the year preceding enactment. "Illegitimacy ratio" is defined as a percentage equal to the sum of: the total number of out-of-wedlock births in the State, and the total number of abortions; divided by the total number of births in the State in the applicable year.
5. Federal Rainy Day Loan Fund	No provision.	The Federal government will establish a fund of \$1 billion modeled on the Federal unemployment account that is part of the unemployment compensation system. States may borrow from the fund if their total unemployment rate for any given 3 month period exceeds 6.5% and is at least 110% of the same measure in either of the previous 2 years. At any given time, no State can

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6. Prohibitions

A. No Benefits to Family Without a Minor Child

Only families with dependent children can participate in the program.

Only families with dependent children can participate in the program.

B. No Duplicate Benefits

AFDC benefits may not be paid to a person receiving old-age assistance (predecessor to SSI now available only in the Commonwealth of Puerto Rico, Guam and U.S. Virgin Islands), a person receiving SSI, or a person receiving payments under the Child Protection Block Grant.

Block grant funds may not be paid to a person receiving old-age assistance (predecessor to SSI now available only in the Commonwealth of Puerto Rico, Guam and U.S. Virgin Islands), a person receiving SSI, or a person receiving AFDC foster care payments. Alternatively, States may use block grant funds if benefits from these other programs are treated as income for purposes of computing block grant benefit levels.

C. No Benefits for Non-Citizens

Legal aliens are eligible for federal means-tested benefit programs. States must verify the immigration status of aliens with the Immigration and Naturalization Service. Verification system must cover AFDC, and Medicaid,

Block grant funds may not be used to provide cash benefits to a non-citizen unless the individual is a refugee under section 207 of the Immigration and Nationality Act who has been in the U.S. for under 5 years, a legal permanent resident over 75 who has lived in

Item	Current Law	Committee Bill
	Food Stamps, unemployment compensation, and the program of adult cash aid in the outlying areas. Federal matching funds pay 50% of the cost.	the U.S. at least 5 years, or a veteran honorably discharged from the U.S. Armed Forces.
D. No Benefits for Out-of-Wedlock Births to Minors	No provision.	Block grant funds may not be used to provide cash benefits to a child born out-of-wedlock to a mother under age 18 or to the mother until the mother reaches age 18 (Medicaid, Food Stamps, and other benefits would continue). States shall exempt mothers who have children born as a result of rape or incest. Block grant funds can be used to provide non-cash assistance to young mothers and their children.
E. No Additional Benefits for Births to Families on Welfare	No provision (most States increase benefits for each new child; some have a standard maximum for large families).	Block grant funds may not be used to provide cash benefits for a child born to a recipient of cash welfare benefits under the program operated under this part, or an individual who received cash benefits at any time during the 10-month period ending with the birth of the child (Medicaid, Food Stamps, and other benefits would continue). States shall exempt mothers who have children born as a result of rape or incest.
F. No Benefits for Families on Welfare More Than 5 Years	No provision.	Block grant funds may not be used to provide cash benefits for the family of an individual who, after attaining 18 years of age, has received block grant funds for 60 months (whether or not successive) after the

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G. No Benefits for Families
Not Cooperating on Child
Support Enforcement

As a condition of eligibility,
applicants or recipients must cooperate
in establishing paternity of a child
born out-of-wedlock, in obtaining
support payments, and in identifying any
third party who may be liable to pay for
medical care and services for the child.

effective date of this part (Medicaid, Food
Stamps, and other benefits would continue).
States are permitted to provide exemptions
from this provision for up to 10 percent of
their caseload.

Block grant funds may not be used to provide
cash benefits to applicants or recipients not
cooperating with the state child support
enforcement agency in establishing the
paternity of any child of the individual.

H. No Benefits for Families
Not Assigning Child's Claim
Right to State

Block grant funds may not be used to
provide cash benefits to a family with
an adult who has not assigned to the
State the child's claim rights against a
noncustodial parent.

Block grant funds may not be used to provide
cash benefits to a family with an adult who
has not assigned to the State the child's
claim rights against a noncustodial parent.

I. Reduced Assistance if
Paternity Not Established

No provision.

If, at the time a family applies for
assistance, the paternity of a child in the
family has not been established, the State
must impose a financial penalty not to exceed
\$50 or 15 percent of the monthly benefits of
a family of that size for a minimum of 3
months and a maximum of 6 months. States
shall exempt mothers with children born as a
result of rape or incest.

7. Data Collection And Reporting

States are required to report the average monthly number of families in each JOBS activity, their types, amounts spent per family, length of JOBS participation and the number of families aided with AFDC/JOBS child care services, the kinds of child care services, priorities for them, and sliding fee schedules. States that disallow AFDC for minor mothers in their own living quarters are required to report the number living in their parent's home or in another supervised arrangement.

Each State to which funds are paid under this part, and using funds paid under this part, are required, not later than 6 months after the end of each fiscal year, to transmit to the Secretary the following aggregate information on families to which block grant benefits were provided during the fiscal year:

1. The number of adults in the family;
2. The number of children in the family and the average age of children;
3. The basis of the eligibility of families for such assistance;
4. In the case of 2-parent families, the number with unemployed parents;
5. The number of 1-parent families in which the sole parent is a widow or widower, is divorced, is separated, or is never married;
6. The age, race, educational attainment, and employment status of parents;
7. The number of families with earned income and the average monthly earnings;

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8. Study

No provision.

8. The income of families from the program operated under this part;

9. Whether, at the time of application, the families or anyone in the families receive benefits from the following public programs:

- (A) Housing
- (B) Food Stamps
- (C) Head Start
- (D) Job Training;

10. The number of months the families have been on welfare during their current spell; and

11. The total number of months for which benefits have been provided to the families.

The Census Bureau shall have \$10 million per year in entitlement funds for years 1996 through 2000 for the purpose of expanding the Survey of Income and Program Participation to evaluate the impact of welfare reforms on a random national sample of recipients and, if appropriate, other low-income families. The Census Bureau may use the money in any way it sees fit to improve knowledge about the impact of welfare reform on children and families, but should pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat

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9. Report by Secretary on Data Processing

No provision.

welfare spells.

The Secretary of HHS shall report to Congress within 6 months on the status of automatic data processing systems in the states, on what would be required to produce a system capable of tracking participants in public programs over time, and of checking case records across states to determine whether some individuals are participating in public programs in more than one state. The report should include a plan for building on the current automatic data processing systems to produce a system capable of performing these functions as well as an estimate of the time required to put the system in place and the cost of the system.

10. Audits

Secretary must operate a quality control system to determine the amount of erroneous AFDC payment by a State.

Funds provided under this part shall be audited in accordance with the Single Audit Act.

11. Continued Medicaid Eligibility

States must continue Medicaid (or pay premiums for employer-provided health insurance) for 6 months to family that loses AFDC eligibility because of hours of, or income from, work of the caretaker relative, or because of loss of the earned income disregard after 4 months of work. States must offer an additional 6 months of medical assistance, for which it may require a

An individual who on enactment was receiving AFDC, was eligible for medical assistance under the State plan under this title, and would be eligible to receive aid or assistance under a State plan approved under part A of title IV but for the prohibition on grant funds being used to provide assistance to minor unwed mothers or their children and children born to families already on welfare would continue to be eligible for Medicaid.

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12. Child Support Audit Penalties	<p>premium payment if the family's income after child care expenses is not above the poverty guideline. For extended medical aid, families must submit specified reports.</p> <p>If a State's child support plan fails to comply substantially with Federal requirements, the Secretary is to reduce its AFDC matching funds (by percentages that rise for successive violations).</p>	<p>In addition, families that leave welfare for work will be eligible for Medicaid under the same conditions as those now found in section 1902.</p> <p>This provision, now found in 403(h) of part A of the Social Security Act, is retained in the block grant.</p>
13. Assistant Secretary for Family Support	<p>An Assistant Secretary for Family Support, appointed by the President by and with consent of the Senate, is to administer AFDC, child support and establishment of paternity, and the Jobs Opportunities and Basic Skills (JOBS) program.</p>	<p>This provision, now found in 417 of Part A of the Social Security Act, is retained in the block grant.</p>
14. Repeal JOBS Program	<p>JOBS is Part F of Title IV of the Social Security Act.</p>	<p>Repeal JOBS Program.</p>
15. Other Conforming Amendments and Repealers		<p>Numerous technical changes.</p>

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16. Effective Dates

No provision.

The amendments and repeals made by this title shall take effect on October 1, 1995. The authority to temporarily reduce assistance (for between 3 and 6 months) for certain families that include a child whose paternity is not established will begin 1 year after the effective date or, at the option of the State, 2 years after the effective date.

Ways and Means Committee
Markup Document for Welfare Reform
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Personal Responsibility Act
Title II
Child Protection Block Grant Program

Note: Title IV-E of the Social Security Act is repealed by this legislation. Title IV-B of the Social Security Act is replaced by the provisions outlined in this document.

February 28, 1995 1:38 am

Item	Current Law	Committee Bill
1. Purpose	<p>Title IV-B Child Welfare Services -- to help States provide child welfare services; to help States provide family preservation and community-based family support services; and to improve State court procedures related to child welfare.</p> <p>Title IV-E Foster Care and Adoption Assistance -- to help States finance foster care and adoption assistance maintenance payments; and administration, child placement services, and training related to foster care and adoption assistance.</p> <p>Title IV-E Independent Living -- to help older foster children transition to independent living.</p> <p>Child Abuse Prevention and Treatment Act -- to help States improve child protective service systems, and develop statewide family resource services.</p>	<p>Establishes a block grant to provide eligible States with cash payments used to--</p> <ol style="list-style-type: none"> 1. identify and assist families at risk of abusing or neglecting their children; 2. operate a system for receiving reports of abuse or neglect of children; 3. investigate families reported to abuse or neglect their children; 4. assist troubled families reported to abuse or neglect their children; 5. support children who must be removed from or who cannot live with their families; 6. make timely decisions about permanent living arrangements for children who must be removed from or who cannot live with their families; and 7. provide for continuing evaluation and improvement of child protection laws, regulations, and services.
2. Eligible State	<p>State must have a child welfare services plan developed jointly by the Secretary and the relevant State agency.</p>	<p>An "eligible State" is one that, during the 3-year period that ends on October 1 of the fiscal year, has submitted to the Secretary a plan that describes how the state intends to pursue the purposes described above.</p>

3. State Plan Requirements

The plan must provide for single agency administration and describe services to be provided and geographic areas where services will be available, among numerous other requirements. To receive their full allotment of "incentive" funds under Title IV-B, States also must comply with extensive federal Section 427 protections. The State plan also must meet many other requirements, such as setting forth a 5-year statement of goals for family preservation and family support and assuring the review of progress toward those goals. For foster care and adoption assistance, States must submit for approval a Title IV-E plan providing for a foster care and adoption assistance program and satisfying numerous requirements. (See Summary of State Plan Requirements, attached.) One of the programs that will be replaced by the Child Protection Block Grant is the Child Abuse Prevention and Treatment Act, which is under the jurisdiction of the Education and Economic Opportunities Committee. The Act requires States to have in effect a law for reporting known and suspected child abuse and neglect providing for prompt investigation of child abuse and neglect reports, among many other requirements.

State plan must include the following:

1. Outline of Child Protection Program, including the procedures for receiving reports of abuse or neglect, investigation reports, protecting children in families found to practice abuse or neglect, removing children from dangerous settings, protecting children in foster care, promoting family adoption, protecting the rights of families, preventing abuse and neglect, and establishing and responding to Citizen Review Panels.
2. Certification of State law requiring reporting of child abuse and neglect;
3. Certification of State program to investigate child abuse and neglect cases;
4. Certification of State procedures for removal and placement of abused or neglected children;
5. Certification of State procedures for developing and reviewing a written plan for permanent placement of each child removed from the family that specifies the goal for achieving a permanent placement for the child in a timely fashion, that the written plan is reviewed every 6 months, and that information about the child is collected regularly and

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		<p>recorded in case records, and a description of such procedures;</p> <p>6. Certification that when the State begins operating under the block grant on or after October 1, 1995, families receiving adoption assistance payments at that time shall continue to receive adoption assistance payments; and</p> <p>7. Declaration of State and child welfare goals. States shall within 3 years of the date of passage, declare quantifiable goals of their child protection program and report quantifiable information on whether they are making progress toward achieving their goals.</p> <p>The Secretary of HHS can determine whether the State plan includes all of the elements reviewed above but cannot add new elements or review the adequacy of State procedures.</p>
<p>4. Grants to States for Child Protection</p>	<p>No provision.</p>	
<p>A. Guaranteed 5-Year Funding</p>	<p>Titles IV-B and IV-E of the Social Security Act contain several types of funding, including some entitlement funding, for helping States provide assistance to troubled families and their children.</p>	<p>The block grant money is guaranteed funding to States: each eligible State shall be entitled to receive from the Secretary an amount equal to the State share of the child protection grant amount for fiscal years 1996 through 2000.</p>

B. Definitions

i. Child Protection Grant Amount

(See table of funding levels for programs to be replaced.)

1. The "Child Protection Grant Amount" each year is composed of both a direct spending component and an appropriated component as follows (in millions):

	1996	1997	1998	1999	2000	Total
Direct	3,930	4,195	4,507	4,767	5,071	22,469
Appropriated	514	514	514	514	514	2,570
Total	4,444	4,709	5,021	5,281	5,585	25,040

In addition to the Child Protection Grant Amount, the Secretary shall have \$10 million per year to conduct child welfare research and \$3 million per year to support a clearinghouse and hotline on missing and runaway children.

ii. State Share

Provisions vary among programs to be repealed.

2. "State Share" means each State receives the same proportion of the block grant each year as it received of payments to states by the federal government for the following selected child welfare programs in either the average of years 1991 through 1994 or in 1994, whichever is greater:

- (A) Foster care maintenance, administration, and training;
- (B) Adoption assistance maintenance, administration, and training;
- (C) Title IV-E independent living;
- (D) Family violence and prevention services;
- (E) Child abuse state grants;
- (F) Child abuse community-based

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<p>iii. State</p>	<p>Under Titles IV-B and IV-E of the Social Security Act, "State" means the 50 States, and the District of Columbia. The Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa receive funds through set-asides and under special rules.</p>	<p>prevention grants; and (G) Child welfare services.</p> <p>3. "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa.</p>
<p>C. Use of Funds</p>		
<p>i. General Rules</p>	<p>Funds must be used, for example, for "protecting and promoting the welfare of children...preventing unnecessary separation of children from their families...restoring children to their families if they have been removed...family preservation services...community-based family support services to promote the well-being of children and families and to increase parents' confidence and competence." Foster care maintenance and adoption assistance payments are an open-ended entitlement to individuals.</p>	<p>A State to which funds are paid under this section may use such funds in any manner that the State deems appropriate to accomplish the purpose of this part. (Permissible spending includes, but is not limited to: setting up abuse and neglect reporting systems, abuse and neglect prevention, family preservation, foster care, adoption, program administration, and training. Nothing in this Act is intended to limit in any way the manner in which a State may spend its own funds on aid for needy families.)</p>
<p>ii. Transferring Block Grant Funds</p>	<p>No provision.</p>	<p>A State may transfer up to 30 percent of the funds paid to the State under this section for a fiscal year to any or all of the</p>

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iii. Timing of Expenditures	Provisions vary among programs to be repealed.	<p>following: the State program funded under Part A, activities of the State funded under title XX, the child care block grant program, and any block grant on food and nutrition, social services, or employment and training enacted during the 104th Congress.</p> <p>A State to which funds are paid under this section for a fiscal year shall expend such funds not later than the end of the immediately succeeding fiscal year.</p>
D. Timing of Payments	Provisions vary among programs to be repealed.	The Secretary shall make payments on a quarterly basis.
E. Penalties	<p>States that do not comply with Section 427 protections may not receive their share of Title IV-B appropriations above \$141 million. However, effective April 1, 1996, these provisions are to become State plan requirements and the incentive funding mechanism would no longer be in effect. Section 1123 of the Social Security Act requires the Secretary to establish by regulation a new federal review system for child welfare, which would allow penalties for misuse of funds.</p>	<p>The Secretary shall reduce amounts otherwise payable to a State under this section by any amount paid to the State under this section which an audit (see below) finds has been used in violation of this part. The Secretary, however, shall not reduce any quarterly payment by more than 25 percent. The amount of misspent funds will be withheld from the State's payments during the following year.</p>
i. For Misuse of Funds		

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ii. For Failure to Submit Report		The Secretary shall reduce by 3 percent the amount otherwise payable to a State under this section for a fiscal year if the State has not submitted a report required (see below) for the immediately preceding fiscal year within 6 months after the end of the immediately preceding fiscal year. The penalty shall be temporary if the report is submitted within 12 months.
F. Limitation of Federal Authority	No provision.	Except as expressly provided in this part, the Secretary may not regulate the conduct of States under this part or enforce any provision of this part.
5. Child Protection Standards	(See Summary of State Plan Requirements, attached.)	The following standards are included in the bill to indicate what States must do to assure the protection of children and to provide guidance to the citizen review panels:
A. Child Protection		(A) The primary standard by which child welfare system shall be judged is the protection of children;
B. Prompt Investigation of Abuse	(See Summary of State Plan Requirements, attached.)	(B) Each State shall investigate reports of abuse and neglect promptly;
C. Permanency Plan		(C) Children removed from their homes shall have a permanency plan and a dispositional hearing within 3 months after a fact-finding hearing; and

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D. 6-Month Review		(D) All child welfare cases with an out-of-home placement shall be reviewed every 6 months unless the child is already in a long-term placement.
6. Citizen Review Panels		
A. Establishment	No provision.	Each State to which funds are paid under this part shall have at least 3 citizen review panels.
B. Composition	No provision.	Each panel shall be broadly representative of the community from which it is drawn.
C. Frequency of Meetings	No provision.	Each panel shall meet at least quarterly.
D. Duties		
i. General	No provision.	Panels are charged with the responsibility of reviewing cases from the child welfare system to determine whether state and local agencies receiving funds under this program are carrying out activities in accord with the State plan, are achieving the child protection standards, and are meeting any other child welfare criteria that the panel considers important.

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ii. Confidentiality	No provision.	The members and staff of any panel shall not disclose to any person or government agency any information about any specific case with respect to which the panel is provided information.
E. State Assistance	No provision.	States shall afford the panel access to any information on any case that the panel desires to review, and shall provide the panel with staff assistance in performing its duties.
F. Reports	No provision.	Panels must produce a public report after each meeting and states must include information in their annual report detailing their responses to the panel report and recommendations (see below).
7. Audits	States must arrange for an independent audit of child welfare services under Titles IV-B and IV-E at least once every 3 years. Section 1123 of the Social Security Act requires the Secretary to establish by regulation a new Federal review system for child welfare.	Funds provided under this part to be audited in accordance with the Single Audit Act. Any funds spent for purposes other than those stated for this block grant will be repaid to the Federal government.
8. Clearinghouse and Hotline	Similar provisions.	The Secretary of Health and Human Services shall have the authority to continue or establish a national resource and clearinghouse, including a 24-hour toll free telephone hotline, for information on missing children cases.

Item	Current Law	Committee Bill
<p>9. Data Collection and Reporting</p> <p>A. Annual State Data Reports</p>	<p>No specific child welfare data required; for foster care and adoption, States are required to submit statistical reports, as requested by the Secretary, on children receiving assistance subsidized by Title IV-E. In addition, Section 479 establishes a procedure intended to result in a comprehensive national data collection system on foster and adoptive children. Regulations to implement this system were published on Dec. 22, 1993, and Section 479 would not be repealed by the proposal.</p>	<p>Each State to which funds are paid under this part shall annually submit to the Secretary of Health and Human Services a report that includes the following annual statistics:</p> <ol style="list-style-type: none"> 1. The number of children reported to the State during the year as abused or neglected. 2. Of the number of reported cases of abuse, the number that were substantiated. 3. Of the number of reported cases that were substantiated, (1) the number that received no services under the State program funded under this part; (2) the number that received family services under the State program funded under this part; and (3) the number removed from their families. 4. The number of families that received preventive services from the State. 5. Of the families receiving preventive services, the number with confirmed reports of abuse or neglect of a child. 6. The number of children who entered foster care under the responsibility of the State. 7. The number of children who exited from foster care.

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8. Types of foster care placements made by State and the number of children in each type of care.

9. Average length of foster care placements made by State.

10. The age, ethnicity, gender, and family income of children placed in foster care under the responsibility of the State.

11. The reason for making each foster care placement.

12. The number of children in foster care for whom the State has the goal of adoption.

13. The number of children in foster care under the responsibility of the State who were freed for adoption.

14. The number of children in foster care under the responsibility of the State who were adopted.

15. The number of disrupted adoptions in the State.

16. The number of children who re-entered foster care under the responsibility of the State.

Item	Current Law	Committee Bill
		<p>17. The number of children in foster care under the responsibility of the State for whom there is a permanency plan.</p> <p>18. Quantitative measurements showing whether the State is making progress toward the child welfare goals certified by the State.</p> <p>19. The number of infants abandoned during the year, the number of these infants who were adopted, and the length of time between abandonment and legal adoption.</p> <p>20. The number of deaths of children who were under custody of the State.</p> <p>21. The number of deaths in the State resulting from child abuse or neglect.</p> <p>22. Any other information which the Secretary and a majority of the States agree is appropriate to collect for purposes of this part.</p>
B. State Response to Citizen Review Panels	No provision.	In its annual report, the State shall include a response to the findings and recommendations of its citizen review panels.
C. Explanation of Transfer to Other Block Grants	No provision.	If funds under this part were transferred to another block grant, the State shall include in its annual report an explanation of why such funds were transferred.

Item	Current Law	Committee Bill
D. Annual Report by Secretary	No provision.	The Secretary must prepare an annual report on State data for Congress and the public.
E. Study	No provision.	<p>The Secretary is provided with \$6 million per year in entitlement money for fiscal years 1996-2000 to conduct a national random-sample study of child welfare. The study should have a longitudinal component, should yield data reliable at the State level for large States, and should alternate data collection in small States from year-to-year to yield an occasional picture of child welfare in small States. The Secretary has discretion in drawing the sample and in selecting measures, but should carefully consider selecting the sample from all cases of confirmed abuse and neglect and then following each case over several years while obtaining such measures as type of family assessment, frequency of contact with agencies, whether the child was separated from the family, types and characteristics of out-of-home placements, number of placements, and average length of placement.</p> <p>The Secretary shall prepare occasional reports on this study that are made available to the public. The reports should include a comparison of the results of this study with the data reported by States. Tapes of study data should be made available to the public.</p>

Item	Current Law	Committee Bill
F. Research and Training	Current law provides for about \$6 million in research under Title IV-B and \$9 billion under the Child Abuse Prevention and Treatment Act.	The Secretary shall be provided with \$10 million per year to spend at her discretion on research and training in child welfare.
10. Effective Date		The amendments and repeals made by this title shall take effect on October 1, 1995.

Summary of State Plan Requirements Under Current Law

Title IV-B Child Welfare Services -- States must have a child welfare services plan developed jointly by the Secretary and State agency (subpart 1). With regard to family preservation and family support services (subpart 2), the plan must be jointly developed by the Secretary and State agency, after consultation with public and nonprofit private agencies and community-based organizations.

Under subpart 1, the State plan must: provide that the same State agency administers social services under Title XX and child welfare services under Title IV-B; provide for coordination with Title XX, AFDC, foster care, and other appropriate State programs; provide that child care funded under Title IV-B meets the same standards applied under Title XX; provide for training and use of paid paraprofessional staff and volunteers; describe services to be provided and geographic areas where services will be available; describe steps to be taken to provide child welfare services in additional areas of the State, to reach additional children in need of services, to expand the range of services provided, and staff development and training plans; provide for involvement of voluntary agencies in developing services; provide that reports will be submitted as required by the Secretary; and describe measures to be taken to comply with the Indian Child Welfare Act.

To receive their full allotment of "incentive" funds under subpart 1 of Title IV-B, States also must comply with the following, known as Section 427 protections: complete an inventory of children who have been in foster care at least 6 months; operate a statewide information system for tracking foster children; operate a case review system meeting specific requirements for foster children; operate a service program to return children to their families if appropriate or place them for adoption or another permanent arrangement; operate a preplacement preventive services program; review State procedures regarding abandoned children and implement policies and procedures to expedite placement of such children. (As of April 1, 1996, these provisions are to become State plan requirements, rather than incentives; see Penalties section below for explanation.)

Under subpart 2, the State plan also must: provide that the State child welfare agency also administers family preservation and family support services; set forth a 5-year statement of goals, assuring that progress toward meeting the goals will be reviewed, and a final progress report prepared and submitted to the Secretary; provide for coordination with related programs; assure that no more than 10 percent of subpart 2 funds will be used for administration, and remaining funds will be used for family preservation and family support, with significant portions of funds devoted to each; contain assurances that descriptions will be prepared annually, submitted to the Secretary and available to the public, of services to be provided, populations to be served, and geographic areas where services will be available; provide for proper and efficient administration of the plan; assure that Federal funds provided under this subpart will not supplant existing Federal or non-Federal funds and that compliance can be demonstrated to the Secretary upon request; and provide that reports will be submitted as required by the Secretary.

In the case of family preservation and family support plans submitted by Indian tribes, the Secretary may waive inappropriate plan requirements.

Title IV-E Foster Care and Adoption Assistance -- States must submit for the Secretary's approval a State Title IV-E plan, which must: provide for a foster care and adoption assistance program; provide that the same State agency administers parts B and E of Title IV; provide for statewide administration of the plan; assure coordination with AFDC, child welfare services under Title IV-B, social services under Title XX, and other Federal programs; provide that merit-based personnel standards will be used; provide that the State will submit reports as requested by the Secretary; provide for periodic evaluations of programs; provide that information about individuals assisted under the program will be disclosed only for certain specified purposes; provide that the State agency will report to an appropriate agency any known or suspected child abuse or neglect; provide for a State entity to establish standards for foster care; provide for periodic review of foster care standards and foster care and adoption assistance payment rates; provide for a fair hearing for any individual denied benefits; provide for an independent audit of Title IV-B and Title IV-E programs at least once every three years; provide goals for the maximum number of children who will be in foster care for more than 24 months, and describe steps to achieve these goals; provide that reasonable efforts will be

made, before removing a child from home, to prevent the need for removal, and to make it possible for the child to return home; provide for a case plan and case review, meeting specific requirements, for every foster child; and provide for cooperation with State child support agencies to collect payments on behalf of foster children.

Child Abuse Prevention and Treatment Act -- To be eligible for State grant funds, States must have in effect a law with provisions for: reporting known and suspected child abuse and neglect, and providing immunity from prosecution for individuals who report child abuse or neglect. States also must provide for: prompt investigation of child abuse and neglect reports and immediate steps to protect the health and welfare of children where abuse or neglect is found; adequate administrative procedures, personnel, training, facilities and other services to effectively deal with child abuse and neglect; confidentiality of records and prompt disclosure of information to government entities when appropriate; cooperation of law enforcement officials, courts and State agencies; appointment of a guardian *ad litem* for any child involved in a judicial proceeding; no reduction in State support for child abuse and neglect activities below the level provided in FY1973; dissemination of information regarding child abuse and neglect; preferential treatment, where feasible, for parent organizations combating child abuse and neglect; and procedures or programs to respond to reports of medical neglect.

States also must submit a plan every four years to HHS containing information about intake and screening of child abuse and neglect reports; investigation of reports; case management and delivery of ongoing family services; general system enhancement; and innovative approaches at the State level related to child abuse and neglect.

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Personal Responsibility Act
Title III
Restricting Welfare for Aliens

Item	Current Law	Committee Bill
1. Statements of National Policy Concerning Welfare and Immigration	No provision.	<p>The Congress makes the following statements concerning national policy with respect to welfare and immigration:</p> <ol style="list-style-type: none"><li data-bbox="1814 454 2620 584">1. Self-sufficiency has been a basic principle of United States immigration law since our earliest immigration statutes.<li data-bbox="1814 617 2620 844">2. It continues to be the immigration policy of the United States that aliens within our borders not depend on public resources to meet their needs but rather rely on their own capabilities and the resources of their families, their sponsors, and private organizations.<li data-bbox="1814 876 2620 1039">3. Despite the principle of self-sufficiency, aliens have been applying for and receiving public benefits from Federal, State, and local governments at increasing rates.<li data-bbox="1814 1071 2620 1229">4. Current eligibility rules for public assistance and unenforceable support agreements have proved wholly incapable of assuring that individual aliens not burden the public benefits system.

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2. Ineligibility of Aliens for
Public Welfare Assistance

Alien eligibility for most major Federal assistance programs is limited. Restrictions are included for, among other programs, SSI, AFDC, food stamps, Medicaid (except emergency benefits), legal services, Medicare, Job Training Partnership Act programs, certain housing assistance, and postsecondary financial aid. Remains silent on alienage under, among other programs, school lunch and nutrition, WIC, Headstart, migrant health centers, earned income tax credits, and social services block grants.

Under those programs with restrictions, benefits generally are allowed for permanent resident aliens, refugees, asylees, and parolees, but benefits are denied (other than emergency Medicaid) to nonimmigrants and illegal aliens. Benefits are allowed under AFDC, SSI, unemployment compensation, and nonemergency Medicaid to other aliens permanently residing in U.S. under color of law (PRUCOL).

5. It is a compelling government interest to enact new eligibility rules and support agreements in order to assure that aliens be self-reliant in accordance with national immigration policy.

With the exception of the refugee, aged, veteran, and current resident exceptions noted below, after the date of enactment of this Act noncitizens shall not be eligible for benefits under several means-tested programs under Ways and Means jurisdiction (see list below).

Item	Current Law	Committee Bill
3. Exceptions		
A. Refugee Exceptions	No provision.	Aliens admitted to the U.S. under section 207 of the Immigration and Nationality Act will continue to be eligible for the programs listed below until 5 years after their date of arrival in the U.S.
B. Aged Exception	No provision.	Noncitizens over the age of 75 who have been lawfully admitted for permanent residence and have resided in the U.S. for at least five years would continue to be eligible for the means-tested programs listed below.
C. Veterans Exception	Eligibility governed by veteran's immigration status and the appropriate alien eligibility test under the individual program.	Veterans honorably discharged from the U.S. Armed Forces and residing in the U.S. or one of its territories or outlying possessions would continue to be eligible for the means-tested programs listed below on the same basis as citizens residing in those areas.
D. Temporary Current Resident Exception	No provision.	With the exception of refugees, the aged, and veterans as described above, noncitizens currently residing in the U.S. and eligible for the programs listed would remain eligible for benefits under the listed programs for 1 year after the date of enactment of this Act.

Item	Current Law	Committee Bill
4. Programs for Which Noncitizens May Be Eligible	See 2. above.	With the exception of the Earned Income Tax Credit, these programs are under the jurisdiction of other committees (see list below).
5. Programs for Which Noncitizens Are Ineligible	See 2. above.	<ol style="list-style-type: none"> 1. Supplemental Security Income; 2. Temporary Family Assistance Block Grant programs; 3. Child Protection Block Grant programs; and 4. Title XX Block Grant programs. <p>Additional programs for which aliens are ineligible are under jurisdiction of other committees (see list below).</p>
6. Notification	No provision.	Each federal agency that administers a program from which noncitizens are to be disqualified must provide general notification to the public and program recipients of the eligibility changes.
7. State AFDC Agencies Required to Provide Information on Illegal Aliens to the INS	Under the Social Security Act, requires State agencies to provide safeguards that restrict the use or disclosure of information concerning AFDC applicants or recipients to purposes connected to the administration of needs-based Federal programs.	Agencies administering the Aid to Families with Dependent Children program must provide to the Immigration and Naturalization Service the name, address, and other identifying information of illegal aliens with children who are citizens of the U.S.

8. Sponsorship Agreements

A. Legally Enforceable and Permanent

Under the Immigration and Nationality Act, an alien who is likely to become a public charge may be excluded from entry unless this restriction is waived, as in the case of refugees. By regulation and administrative practice, the State Department and the Immigration and Naturalization Service permit an alien who cannot otherwise meet the public charge requirement to overcome exclusion through an affidavit of support or similar document executed by a sponsor. Various State court decisions have held that these affidavits do not impose a binding obligation on the sponsor to reimburse State agencies providing aid to the sponsored alien.

The document ("affidavit of support") by which individuals agree to sponsor immigrants by making their income available to the immigrant is made legally binding until the immigrant becomes a citizen.

B. Forms

See above.

Not later than 90 days after the date of enactment of this Act, the Attorney General, in consultation with the Secretary of State and the Secretary of Health and Human Services, shall formulate an affidavit of support consistent with the provisions of this section.

C. Statutory Construction

See above.

Nothing in this section shall be construed to grant third party beneficiary rights to any sponsored alien under an affidavit of support.

Item	Current Law	Committee Bill
D. Notification of Change of Address	See above.	The sponsor shall notify the Federal government and the State in which the sponsored alien is currently resident within 30 days of any change of address of the sponsor; Individuals failing to give notice are subject to a penalty of up to \$5,000.
E. Reimbursement of Government Expenses	See above.	Upon notification that a sponsored alien has received any benefit under any means-tested public assistance program, the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such assistance. The Attorney General, in consultation with the Secretary of Health and Human Services shall prescribe regulations necessary for requesting reimbursement. If a response indicating the willingness of the sponsor to commence payments is not received within 45 days after the request for reimbursement has been issued, an action may be brought against the sponsor pursuant to the affidavit of support. If the sponsor fails to abide by the repayment terms established, the agency may, within 60 days of such failure, bring an action against the sponsor pursuant to the affidavit of support. No cause of action may be brought under this subsection later than

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F. Jurisdiction

See above.

10 years after the alien last received any benefit under any means-tested federal, State or local public assistance program.

For purposes of this section, no State court shall decline for lack of jurisdiction to hear any action brought against a sponsor for reimbursement of the cost of any benefit under any federal, State or local means-tested public assistance program if the sponsored alien received public assistance while residing in the State.

G. Definitions

i. Sponsor

A sponsor must be 18 or older, a U.S. citizen or legal permanent resident, and a resident of any State.

ii. Means-tested Public Assistance Program

A program of public assistance (including cash, Medicaid, housing, and food assistance) of federal, State or local government in which eligibility for benefits or the amount of benefits or both are determined on the basis of income or financial need.

Item

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H. Effective Date

Shall apply to affidavits of support executed no sooner than 60 and no later than 90 days after the Attorney General formulates an affidavit of support consistent with the provisions of this Act (the Attorney General must formulate the affidavit no later than 90 days after enactment).

9. State and Locality Ability to Restrict Benefits For Unlawful Aliens

Under *Plyler v. Doe* (457 U.S. 202 (1982)), States may not deny illegal alien children access to public elementary and secondary schools. However, the narrow 5-4 Supreme Court decision clearly implies that illegal aliens may be denied at least some State benefits and that Congress may influence the eligibility of illegal aliens for State benefits. Many, but not all, State general assistance laws currently deny illegal aliens means-tested general assistance.

Aliens not lawfully present in the United States are barred from State and local means-tested public assistance. Excepted from this prohibition are (1) emergency medical services and (2) public health assistance for certain immunizations and the testing for and treatment of communicable disease. The Attorney General is authorized to determine the classes of aliens that are subject to this provision, which classes may include groups currently considered to be permanently residing in the U.S. under color of law (PRUCOL).

Item	Current Law	Committee Bill
10. State and Local Ability to Restrict Benefits for Lawful Aliens	Under <i>Graham v. Richardson</i> (403 U.S. 365 (1971)), States are barred from denying legal permanent residents State-funded assistance that is provided to equally needy citizens.	The States are authorized to deny State means-tested assistance to lawfully present aliens other than (1) aliens who have been admitted as refugees during the first 5 years of their arrival; (2) honorably discharged veterans; (3) permanent resident aliens over 75 who have resided in the U.S. at least 5 years; and (4) current residents during the first year after enactment. Excepted from this authority are (1) emergency medical services and (2) public health assistance for certain immunizations and the testing for and treatment of communicable disease.
11. Sponsor-to-Alien Deeming	In determining whether an alien meets the means test for AFDC, SSI, and Food Stamps, the resources and income of an individual who filed an affidavit of support for the alien (and those of the individual's spouse) are taken into account during a designated period after entry. For AFDC and Food Stamps, sponsor-to-alien deeming applies to a sponsored alien seeking assistance within 3 years of entry. Until Sept. 1996, sponsor-to-alien deeming applies to a sponsored alien seeking SSI with 5 years of entry.	If an individual filed an affidavit of support for an alien, the income and resources of the individual and the individual's spouse would be deemed to the alien under all Federal, State and local means-tested public assistance programs until the alien becomes a citizen.

ATTACHMENT

Programs for Which Aliens Would Be Ineligible:

1. Medicaid
2. Maternal & Child Health Services Block Grant Programs
3. Community Health Center Services
4. Family Planning Methods and Services
5. Migrant Health Center Services
6. Supplemental Security Income*
7. Food Assistance Block Grant Programs
8. Rental Assistance
9. Public Housing
10. Housing Loan Program
11. Housing Interest Reduction Program
12. Loans for Rental and Cooperative Housing
13. Rental Assistance Payments
14. Program of Assistance Payments on Behalf of Homeowners
15. Rent Supplement Payments on Behalf of Qualified Tenants
16. Loan and Grant Programs for Repair and Improvement of Rural Dwellings
17. Loan and Assistance Programs for Housing Farm Labor
18. Grants for Preservation and Rehabilitation of Housing
19. Grants and Loans for Mutual and Self-Help Housing and Technical Assistance
20. Site Loans Program

21. Grants for Screening, Referrals, and Education Regarding Lead Poisoning in Infants and Children
22. Child Protection Block Grant*
23. Title XIX-B subparts I and II Public Health Service Act
24. Title III Older Americans Act Programs
25. Title II-B Domestic Volunteer Service Act Programs
26. Title II-C Domestic Volunteer Service Act Programs
27. Low-Income Energy Assistance Act Program
28. Weatherization Assistance Program
29. Social Services Block Grant Program (Title XX)*
30. Community Services Block Grant Act Programs
31. Legal Assistance under Legal Services Corporation Act
32. Emergency Food and Shelter Grants under McKinney Homeless Act
33. Child Care and Development Block Grant Act Programs
34. State Program for Providing Child Care (section 402(i) SSA)
35. Temporary Family Assistance Block Grant*

Programs for Which Aliens Would Remain Eligible:

1. Emergency medical services
2. Stafford student loan program
3. Basic educational opportunity grants
4. Federal work study
5. Federal supplemental education opportunity grants
6. Federal Perkins loans
7. Grants to States for state student incentives
8. Grants and fellowships for graduate programs
9. Special programs for students whose families are engaged in migrant and seasonal farm work
10. Loans and Scholarships for Education in the Health Professions
11. Grants for Immunizations Against Vaccine-Preventable Diseases
12. Job Corps
13. Summer Youth Employment and Training
14. Programs of Training for Disadvantaged Adults under Title II-A and for Disadvantaged Youth under Title II-C of the Job Training Partnership Act
15. Earned Income Tax Credit*

*Programs under jurisdiction of the Committee on Ways and Means

Ways and Means Committee
Markup Document for Welfare Reform
Chairman's Mark
February 28, 1995

Personal Responsibility Act
Title IV
Supplemental Security Income Reforms

Item

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Committee Bill

1. Denial of SSI Benefits to Drug Addicts and Alcoholics

Under SSI program criteria, drug addiction and alcoholism by themselves constitute an impairment qualifying an individual for cash SSI benefits on the basis of disability. SSI law allows persons whose drug addiction or alcoholism is a contributing factor material to their disability to receive benefits if they meet program income and resource requirements. SSI law requires these recipients to have a representative payee, to participate in an approved treatment program when available and appropriate, and to allow their participation in a treatment program to be monitored.

P.L. 103-296 limits SSI benefits to 3 years for recipients whose drug addiction or alcoholism is a contributing factor material to their disability. Medicaid benefits are to continue beyond the 3-year limit, as long as the individual remains disabled, unless he or she was expelled from SSI for noncompliance with treatment.

1. An individual shall not be considered disabled if drug addiction or alcoholism is a contributing factor material to his or her disability.

2. Drug addicts and alcoholics who cannot qualify based on another disabling condition will lose cash SSI benefits and Medicaid coverage.

3. For 4 years beginning with FY 1997, \$100 million of the savings realized from denying cash SSI payments and Medicaid coverage to addicts and alcoholics will be targeted to drug treatment and drug abuse research. For each year, \$95 million will be expended through the Federal Capacity Expansion Program (CEP) to expand drug treatment availability and \$5 million will be allocated to the National Institute on Drug Abuse to be expended solely on the medication development project to improve drug abuse and drug treatment research.

Item

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2. General Restrictions on Eligibility for Cash and Other New Benefits for Certain Children

A needy child under age 18 who has an impairment of comparable severity with that of an adult may be considered disabled and eligible for SSI benefits. To be found disabled, a child must have a medically determinable physical or mental impairment that substantially reduces his or her ability to independently and effectively engage in age-appropriate activities. This impairment must be expected to result in death or to last for a continuous period of not less than 12 months.

Under the disability determination process for children, individuals whose impairments do not meet or equal the "Listing of Impairments" in Federal regulations are subject to an individualized functional assessment. This assessment examines whether the child can engage in age-appropriate activities effectively. If the child cannot, he or she is determined disabled.

3. Children Eligible for Cash Benefits

See 2. above. If a child lives at home, the parents' financial resources are deemed available to the child. If the same child is institutionalized, after the first month away from home only the child's own financial resources are

The "comparable severity" test in statute for determining disability of children (defined as individuals under 18) will be repealed. "Individualized functional assessments" (IFAs) will no longer be grounds for determination of disability. Eligibility for cash benefits or new medical services described below will be based solely on meeting or equalling the current Listings of Impairments set forth in the Code of Federal Regulations.

Each year the Commissioner will review the Listing of Impairments and recommend to Congress any necessary revisions.

Children may be eligible for cash SSI payments under the following three circumstances:

1. A child who is currently (defined as during the month prior to the first

deemed to be available for the child's care. The child may then qualify for a reduced ("personal needs allowance") SSI benefit and for Medicaid coverage. Because of these "deeming" rules, some children who could have been cared for at home might remain in institutions because, if they were to return home they would lose Medicaid benefits. Medicaid "waivers" allow States to disregard the deeming rule (and thereby provide Medicaid coverage) and pay for support services to help families keep children at home.

month for which this provision takes effect) receiving cash SSI payments by reason of disability will continue to be eligible for cash SSI benefits if the child suffers from an impairment(s) which meets or equals an impairment(s) specified in the Listing of Impairments cited above.

2. For all other children, a child may only receive cash SSI payments if the child suffers from an impairment(s) which meets or equals an impairment(s) specified in the Listing of Impairments cited above, and is either in a hospital, skilled nursing facility, residential treatment facility, intermediate care facility for the mentally retarded, or otherwise would be placed in such a facility if the child were not receiving personal assistance necessitated by the impairment(s).

3. Notwithstanding 2. above, a child who is overseas as a dependent of a member of the U.S. Armed Forces and who is eligible for block grant services but not eligible for cash benefits under the new criteria shall be eligible for cash benefits. Cash benefits will cease when the child returns to the U.S.

Item	Current Law	Committee Bill
4. Continuing Disability Reviews for Disabled Children Eligible for SSI Benefits	<p>P.L. 103-296 requires the Secretary to conduct periodic continuing disability reviews (CDRs) of at least 100,000 disabled SSI recipients per year for a period of 3 years (i.e., FY 1996-1998). P.L. 103-296 also specifies that Social Security Administration must reevaluate under adult disability criteria the eligibility of at least one-third of SSI children who turn age 18 in each of the fiscal years 1996, 1997, or 1998 (the CDR must be completed before these children reach age 19). Federal law requires the Social Security Administration to report on CDRs for children under age 18 no later than Oct. 1, 1998.</p>	<p>At least once every 3 years the Commissioner must conduct continuing disability reviews to redetermine the eligibility for SSI benefits for children who have not turned 18 and are receiving benefits. For children who are eligible for benefits and whose medical condition is permanent and is not expected to improve, the requirement to perform such reviews does not apply.</p> <p>All children shall be reevaluated upon turning 18 years of age. The "minimum number of reviews" and the "sunset" provision of section 207 of the Code shall be eliminated.</p>
5. Applicability	<p>No provision.</p>	<p>Generally, the provisions that apply to SSI benefits for children shall apply to cash benefits for months beginning 90 or more days after the date of enactment of this Act, without regard to whether regulations have been issued.</p>
A. General Rules	<p>No provision.</p>	<p>Individuals who were receiving cash SSI payments during the month in which this Act became law but who will not continue to receive cash payments because their disability is not among those in the</p>
B. Delayed Applicability to Current SSI Recipients	<p>No provision.</p>	

Item	Current Law	Committee Bill
6. Regulations	No provision.	<p data-bbox="1733 324 2513 487">Listing of Impairments described above will be eligible to continue receiving cash payments only during the first 6 months after the date of enactment of this Act.</p> <p data-bbox="1733 519 2540 714">The Commissioner of Social Security shall issue regulations necessary to implement the provisions that apply to SSI benefits for children not later than 3 months after the date of enactment of this Act.</p>
7. Notice	No provision.	<p data-bbox="1733 747 2540 974">Not later than 1 month after the date of enactment of this Act, the Commissioner of Social Security must notify individuals whose eligibility for continued SSI benefits will terminate because of the provisions that apply to SSI benefits for children.</p>
8. Block Grants for Medical and Non-Medical Benefits for Disabled Children		
A. In General	<p data-bbox="860 1128 1639 1357">Generally, SSI children automatically are eligible for Medicaid benefits. Needy children who do not otherwise qualify for SSI may qualify for Aid to Families with Dependent Children (AFDC) benefits. All AFDC recipients automatically qualify for Medicaid</p>	<p data-bbox="1733 1128 2526 1357">The Commissioner of Social Security shall make block grants available to States that apply for the purpose of providing specified medical and non-medical benefits for children who are determined to be physically or mentally impaired under the medical listings.</p>

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benefits. In addition, States must provide Medicaid coverage to infants and children under age 6 in families with income below 133 percent of poverty. Moreover, States are required to provide Medicaid coverage to children under age 11 (in 1995, under age 19 in 2002) in families with income below 100 percent of poverty.

Each State must offer block grant services to disabled children. No child that meets or equals the medical listing will be denied access to services. Block grant funds will be available in FY 1997 and thereafter.

B. Status as Direct-Spending Program

No provision.

For eligible States (defined as States that submit an application for block grant funds) grants are an entitlement to States on behalf of qualifying children, not an entitlement to any such child.

C. Modifications in Authorized Expenditures of Grant

No provision.

Modification in purposes for which block grant funds may be spent do not affect the amount of the entitlement to States.

D. Purpose of Grants

No provision.

Grant funds must be spent to provide authorized services to qualifying children.

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E. Authorized Services

No provision.

States may decide which services may be provided to qualifying individuals using block grant funds by selecting from a list of authorized medical and non-medical services specified by the Commissioner of Social Security. The final list shall be issued by the Commissioner no later than January 1, 1996. The Commissioner shall ensure that services on the list are designed to meet the unique needs of qualifying children that arise from their physical and mental impairments, that medical and non-medical services are included, and that cash assistance is not available through the block grant.

Item	Current Law	Committee Bill
F. State Payer of Last Resort	No provision.	<p>In providing authorized services, the State will make every reasonable effort to obtain payment for the services from other Federal, State, or local programs that provide such services and the State will expend the grant only to the extent that payments from other programs are not available.</p> <p>In addition, States are prohibited from substituting block grant funds for services currently being paid for by the State.</p>
G. Application for Grant	No provision.	<p>Grants may be made by the Commissioner to a State only if the State has submitted an application containing information, agreements, and assurances required by the Commissioner.</p>
H. Amount of Allotment	No provision.	<p>A State's allotment of block grant funds equals the product of 75 percent of the average cash SSI benefit in the State and the number of children in the State receiving non-cash SSI benefits under this section.</p>

Item	Current Law	Committee Bill
I. Provisions Regarding Other Programs	No provision.	The value of the authorized services provided through the block grant shall not be taken into account in determining eligibility for, or the amount of, benefits or services under any Federal or Federally-assisted program. Authorized services provided under the block grant are considered to be SSI benefits.
J. Rule Regarding Medical Coverage	No provision.	Children who are eligible solely for medical services through the block grant but do not receive coverage under Medicaid because they live in one of the twelve 209(b) States will be eligible for cash SSI benefits until October 1, 1996, when medical services through the block grant become available.
K. Prohibition on Substituting Block Grant Funds for Current Services	No provision.	States may not use funds from the block grant to pay for programs or services offered by the States prior to the establishment of the block grant.

WR -
Have Ways
+ Means

tentative Outline of Child Support Enforcement Bill
February 26, 1995

Paul Leber:

Comments?

Heather

Item	Current Law	Committee Proposal
GOAL I: UNIFORM INTERSTATE TRACKING		
SUBTITLE A: Case Registry, Eligibility, and Distribution of Payments		
1. Case Registry, State Obligation to Provide Child Support Enforcement Services	States are required to establish paternity for children born out of wedlock if they are recipients of AFDC or Medicaid. States are required to obtain child support payments from noncustodial parents of children receiving AFDC, Medicaid benefits, or foster care maintenance payments [Sec. 45414) of SSA]	1. States must record all child support orders established or modified after October 1, 1998, in a central case registry
	States are required to provide child support collection or paternity determination services to persons not otherwise eligible after the person applies for services. [Sec. 45416) of SSA]	2. States must collect and disburse child support payments using a centralized collections unit
	Federal law requires States to cooperate with other States in establishing paternity (if necessary), locating an absent parent, and in collecting child support payments [Sec. 45419) of SSA]	3. Rewrites but does not substantively change the provisions making children eligible for child support services if they receive benefits from the Temporary Family Assistance Block Grant, the Child Protection Block Grant, or Medicaid, or if their parent applies for services
2. Distribution of Child Support Payments	To receive AFDC benefits, a custodial parent must assign to the State her right to collect child support payments.	4. Requires that services under the State plan be available to nonresidents of the state on the same terms as residents
		1. States can retain amounts collected as arrearages that accrued while the family received public aid, but only up to the

Item	Current Law	Committee Proposal
3. Privacy Safeguards	<p>This assignment covers current support and any arrears (also referred to as arrearages), and lasts as long as the family receives AFDC. Federal law requires that child support collections be distributed as follows: First, up to the first \$50 in current support is paid to the AFDC family (a "disregard" that does not affect the family's AFDC benefit or eligibility status). Second, the Federal and State governments are reimbursed for the AFDC benefit paid to the family in that month. Third, if there is money left, the family receives it up to the amount of the current month's child support obligation. Fourth, if there is still money left, the State keeps it to reimburse itself for any arrears owed to it under the AFDC assignment. If no arrears are owed the State, the money is used to pay arrears to the family; such moneys are considered income under the AFDC program and would reduce the family's AFDC benefit. [Sec. 457(b) of SSA]</p> <p>Federal law limits the use or disclosure of information concerning recipients of Child Support Enforcement Services to purposes connected with administering specified Federal Welfare programs [sec 402 (a) (9) of SSA]</p>	<p>amount that equals the total public aid paid to the family during the time arrears accrued</p> <p>2. States are given the option of paying the entire child support payment directly to families on public aid; if they do so, all the money must be treated as income when determining eligibility for assistance</p> <p>3. For families no longer receiving public assistance, States may either keep arrearages that accrue while the mother is on Temporary Family Assistance or split collections on a 50/50 basis with the parent</p> <p>4. Repeal distribution rules in effect from July 1, 1975 to September 30, 1976</p> <p>States must implement safeguards to protect privacy rights regarding sensitive and confidential information, including prohibitions on release of information where there is a protective order or where State has reason to believe a party is at risk of physical or emotional harm from the other party</p>

Item	Current Law	Committee Proposal
SUBTITLE B: Locate and Case Tracking		
1. Central State and Case Registry	No provision	<p>Require that the State Automatic Data Processing System:</p> <ol style="list-style-type: none">a. perform the functions of a single central registry containing records with respect to each case in which services are being provided by the State agency, including each case in which an order has been entered or modified on or after October 1, 1998, using standard data elements; at their option, States may establish a single registry by linking local registries, provided other requirements of this section are met;b. maintain payment records, including amounts of current and past due support owed, amounts collected and distributed, and the amount of any lien arising by operation of law;c. regularly monitor and update case records on the basis of information on judicial and administrative actions, proceedings, and orders relating to paternity and support; information from data matches; information on support collections and distributions, and other relevant information; andd. extract data for purposes of sharing and matching with Federal, in-state and interstate data bases and locator services, including the Federal Parent Locator Service, the data bases created by this bill, and other State child support agencies

Item	Current Law	Committee Proposal
2. Centralized Collection and Disbursement of Support Payments	<p>No provision. But, States may provide that, at the request of either parent, child support payments be made through the child support enforcement agency or the agency that administers the State's income withholding system regardless of whether there is an arrearage. The State must charge the parent who requests the service a fee equal to the cost incurred by the State for these services, up to a maximum of \$25 per year. [Sec. 466(c) of SSA]</p>	<p>Require State child support agencies, beginning October 1, 1998, to operate (either directly by the State child support agency or by a contractor responsible directly to the State) a centralized, automated unit for collection and disbursement of child support under orders enforced by the child support agency. The functions performed by this system shall include:</p> <ul style="list-style-type: none"> a. carrying out the automated data processing specified in section 451A(g) and administrative enforcement responsibilities specified in section 466(c)(1); b. using automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, including generation of orders and notices of withholding to employers and automatic use of enforcement mechanisms when payments are not made
3. State Directory for New Hires	No provision	<p>1. Require States to establish, by October 1, 1997, a State Directory of New Hires in the State Employment Security Agency (SESA), (or other State agency at State option), to which employers in the State must furnish for each newly hired employee a report (W-4 form or equivalent information) containing the name, date of birth, and Social Security number of the employee, and the employer identification number of the employer, not later than 15 days after the date of hire or payroll cycle whichever is greater, or if the</p>

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employer submits the report magnetically or electronically, 15 days after the date information pertaining to the employee is entered into the employer's files. For purposes of new hire reporting, "employer" includes state and local government. An employer failing to make a timely report concerning an employee would be subject to civil money penalty of up to \$25 per unreported employee.

2. By October 1, 1997, each State Director of New Hires shall conduct automated matches of the Social Security numbers of reported employees against the Social Security numbers of records in the State registry of child support orders, and shall report the information received from employers, this includes the federal government, within two working days to the National Directory of New Hires for matching with the records of other State registries of child support orders. Within 2 working days of receiving new hire information, the State child support agency will transmit a notice to the appropriate employer instructing the employer to withhold child support.

3. The State child support agency must use the new hire information for purposes of establishing paternity as well as establishing, modifying, and enforcing child support obligations.

Item	Current Law	Committee Proposal
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4. Require new hire information to be disclosed to the Temporary Family Assistance, Medicaid, unemployment compensation, food stamp, and territorial cash assistance programs for income eligibility verification; to the Social Security Administration for use in determining the accuracy of supplemental security income payments under Title XVI and in connection with benefits under Title II of the Act; to the Secretary of the Treasury for administration of the earned income tax credit program and for verification of claims concerning employment on tax returns; to State agencies in administering unemployment and workers' compensation programs to assist determinations of the allowability of claims; and for research serving the purposes of Title IV of the Act, without personal identifiers

5. The centralized payment processing unit must distribute collections within 2 working days of receipt if sufficient identifying information is provided

6. States must have laws requiring unions and their hiring halls to provide the State Directory of New Hires with address, employer, Social Security number, wages earned, and medical insurer of union members.

4. Amendments Concerning Income Since Nov. 1, 1990, all new or modified

1. States shall have laws concerning income

Item	Current Law	Committee Proposal
Withholding	<p>child support orders that were being enforced by the State's child support enforcement agency were subject to immediate income withholding. Since Jan. 1, 1994, the law has required States to use immediate income withholding for all new support orders, regardless of whether a parent has applied for child support enforcement services [Sec. 466(b)(3) and 466(a)(8)(B) of SSA].</p> <p>States must implement procedures under which income withholding for child support can occur without the need for any amendment to the support order or for any further action by the court or administrative entity that issued the order. [Sec. 466(b)(2) of SSA]</p> <p>States are required to implement income withholding in full compliance with all procedural due process requirements of the State, and States must send advance notice to each absent parent to whom income withholding applies (exception for some States that had income withholding before enactment of this provision that met State due process requirements) [Sec. 466(b)(4) of SSA]</p> <p>States are required to extend their income withholding systems to include</p>	<p>withholding providing that all child support orders issued or modified before October 1 1996, which are not otherwise subject to income withholding, will become subject to income withholding immediately if arrearage occur, without the need for judicial or administrative hearing; that the child support agency can execute a withholding order through electronic means and without advance notice to the obligor; and that the employer remit income withheld within 2 working days after the date such amount was have been paid or credited to the employee</p> <p>2. The Secretary shall promulgate regulations providing definitions for the term "income" and other terms relating to income withholding</p>

Item	Current Law	Committee Proposal
	out-of-State support orders. [Sec. 466 (b) (9) of SSA]	
5. Locator Information from Interstate Networks	No provision	All States and the Federal child support enforcement agencies shall have access to motor vehicle and law enforcement locator systems of all States
6. Expanded Federal Parent Locator Service	<p>The law requires that the Federal Parent Locator Service (FPLS), established as part of the CSE program, be used to obtain and transmit information about the whereabouts of any absent parent when that information is to be used for the purpose of enforcing child support obligations. [Sec. 453 and 463 of SSA]</p> <p>Upon request, the Secretary of DHHS must provide to an "authorized person" (i.e., an employee or attorney of a CSE agency, a court with jurisdiction over the parties involved, the custodial parent, legal guardian, or attorney of the child) the most recent address and place of employment of any absent parent if the information is contained in the records of DHHS, or can be obtained from any other department or agency of the United States or of any State. The FPLS also can be used in connection with the enforcement or determination of child</p>	<p>1. Authorize the Secretary to set reasonable rates for the reimbursement to Federal, State, and consumer reporting agencies for the costs of providing information to the FPLS</p> <p>2. Establish within the FPLS an automated registry known as the Data Bank of Child Support Orders, to contain abstracts of child support orders and other information specified by the Secretary (such as names, Social Security numbers or other uniform identification numbers, and State case identification numbers) to identify individuals who owe or are owed support (for or against whom support is sought to be established), and the State which has the case</p> <p>3. Establish within FPLS a National Directory of New Hires containing information to be supplied quarterly by the State Directory of New Hires concerning wages a</p>

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custody and in cases of parental kidnapping [Sec. 453 and 463 of SSA]

Federal law requires the Secretary of Labor and the DHHS Secretary to enter into an agreement to give the FPLS prompt access to wage and unemployment compensation claims information useful in locating a noncustodial parent or his employer [Sec. 453(e)(3) of SSA]

unemployment compensation paid, starting October 1, 1996, in a format as required by the Secretary; require the State Directory of New Hires to furnish new hire information to the FPLS within 2 days of receipt from the employer

4. Require the Secretary to share data received from the State Directory of New Hires with the Social Security Administration for purposes of verifying the accuracy of identifying information on individuals and employers

5. Require the Secretary to match data in the National Directory of New Hires against the child support order abstracts in the Bank of Child Support Orders at least every 30 working days and to report information obtained from the match to the State child support agency responsible for the case at least 2 working days after the match for purposes of locating individuals to establish paternity, and establish, modify, and enforce child support

6. Require Secretary to perform data match and reports of information to State agencies operating the Temporary Family Assistance program and any other programs the Secretary determines can make use of the information to recover costs

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7. Collection and Use of Social Security Numbers	Federal law requires that in the administration of any law involving the issuance of a birth certificate, each State must require each parent to furnish their social security number. The State is required to make such numbers available to the CSE agency in accordance with Federal or State law (Sec. 205(c)(2)(C)(ii) of SSA)	<p>7. Provide for reimbursement by the Secretary to the Social Security Administration and to States for their cost of carrying out this section; and for reimbursement to the Secretary by State and Federal agencies receiving information from the FPLS</p> <p>8. Include provisions to ensure accuracy to safeguard information in the FPLS from inappropriate disclosure or use</p> <p>1. Include conforming amendments to section of Social Security Act relating to use of Social Security number</p> <p>2. Social Security numbers will appear on applications for professional and occupational licenses</p>

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Subtitle C: Streamlining Procedures

1. Adoption of Uniform State Laws

States have several options available for interstate CSE including: direct income withholding; interstate income withholding; long-arm statutes (which require the use of the court system in the State of the custodial parent); the Uniform Reciprocal Enforcement of Support Act (URESA); and the Revised Reciprocal Enforcement of Support Act (RURESA). [Sec. P.L. 102-521 imposes a Federal criminal penalty for the willful failure to pay a past due child support obligation, with respect to a child who resides in another State (18 US Code 228)]

In 1992, the National Conference of Commissioners on State Uniform Laws approved a new model State law for handling interstate CSE cases. The new Uniform Interstate Family Support Act (UIFSA) is designed to deal with desertion and nonsupport by instituting uniform laws in all 50 States that limit control of a child support case to a single State. This ensures that only one child support order from one court

1. By January 1, 1997, States shall adopt verbatim the Uniform Interstate Family Support Act (UIFSA) with the following modifications:

a. apply UIFSA to any case involving order established or modified in one State that is sought to be modified in another State and any case requiring enforcement across State lines;

b. in lieu of section 611(a)(1) of UIFSA, States shall adopt a law that allow resident of the State or an individual subject to the State's long arm jurisdiction to petition for a modification of an order registered in that State;

c. Require States to recognize as valid any method of service of process used in other State that is valid in the other State.

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2. Full Faith and Credit for Child Support Orders	<p>of CSE agency will be in effect at any given time. It also helps to eliminate jurisdictional disputes between States that are impediments to locating parents and enforcing child support orders across State lines (As of July 1994, 20 States already had enacted UIFSA)</p> <p>Federal law requires States to treat past due support obligations as final judgments that are entitled to full faith and credit in every State. This means that a person who has a support order in one State does not have to obtain a second order in another State to obtain money due should the debtor parent move from the issuing court's jurisdiction. P.L. 103-383 restricts a State court's ability to modify a child support issued by another State unless the child and the custodial parent have moved to the State where the modification is sought or have agreed to the modification [28 USC 1738 B]</p>	<p>Change the recently enacted federal law governing full faith and credit for child support orders by</p> <ol style="list-style-type: none"> 1. inserting a definition of "child's home State" as follows: "child's home State means the State in which a child lived with parent or a person acting as parent for at least six consecutive months immediately preceding the time of filing of a petition comparable pleading for support and, if a child is less than six months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the six-month period." 2. making a series of revisions to ensure that the law can be applied consistently with UIFSA, if necessary; 3. clarifying that if one or more child support orders have been issued in this or another State with regard to an obligor or a child, a court shall apply the following rules in determining which order to recog

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for purposes of continuing, exclusive jurisdiction and enforcement:

(a) If only one court has issued child support order, the order of that court must be recognized;

(b) If two or more courts have issued child support orders for the same obligor and child, and only one of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized;

(c) If two or more courts have issued child support orders for the same obligor and child, and only one of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized;

(d) If two or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized

4. requiring that if neither of the parties nor the child live in the State where the order was issued, the party moving for modification or enforcement must register the order in a State that has jurisdiction over the nonmoving party

Item	Current Law	Committee Proposal
3. Administrative Enforcement in Interstate Cases	No provision	<p>Permit States to send, without registering the underlying order unless the enforcement action is contested by the obligor on the grounds of mistake of fact or invalid order (electronically or otherwise), requests to other States to enforce orders across State lines. The transmission, which contains a information necessary to match the case against data bases in the responding State serves as certification to the responding State of the arrears amount and of the fact that the initiating State met all procedural process requirements. The transmission does not transfer the case to the responding state so the responding State merely match the case against its data bases, takes appropriate action if a match occurs and if collections result sends the funds to the initiating State without putting the transmitted case into its caseload. States must keep records of the number of request they receive, the number of cases that resulted in a collection, and the amount collected. States must respond to request within 5 working days.</p>

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4. Uniform Forms in Interstate Enforcement	No provision	Require the Secretary of HHS to issue forms that States must use for income withholding and imposing liens in interstate cases and issuing administrative subpoenas in interstate cases. The Secretary must issue the forms by June 30, 1996 and the States must be using the forms by October 1, 1996
5. State Laws Providing Expedited Procedures	States must have procedures under which expedited processes are in effect under the State judicial system or under State administrative processes for obtaining and enforcing support orders and for establishing paternity [Sec. 466(a)(2) of SSA]	<p>1. States shall adopt the following procedures to expedite both the establishment of paternity and the establishment, enforcement and modification of support:</p> <ul style="list-style-type: none"> a. ordering genetic testing in appropriate cases; b. entering a default order upon a showing of service of process and any other showing required by State law to establish paternity if the putative father refuses to submit to genetic testing and to establish or modify a support order when a parent fails to appear for a hearing; c. issuing subpoenas to obtain information necessary to establish, modify or enforce an order, with appropriate sanctions for failure to respond to a subpoena; d. obtaining access to records including: records of other state and local government agencies, vital statistics, state and local tax records, records concerning real and personal property; records of occupational and professional licenses,

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records concerning control of business entities, employment security records, public assistance;

- e. ordering income withholding;
- f. directing the parties to pay support to the appropriate government entity;
- g. securing assets to satisfy arrears by intercepting or seizing periodic or lump sum payment from: a State or local agency including unemployment compensation, work compensation and other benefits; from judgements, settlements and lottery winnings from assets of the obligor held by financial institutions and from public and private retirement funds;
- h. increasing automatically the monthly support due to include amounts to offset arrears

2. States must follow the procedural rules listed below that apply to all of the expedited procedures in the preceding section:

- a. requiring parties in paternity actions to file and update information about location and identity with the tribunal or States central case registry before the order is issued so the tribunal can deem due process requirements for notice and service of process to be met in any subsequent action involving the same parties if notice was to that address;
- b. granting the child support agency

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GOAL II: STRONG PATERNITY ESTABLISHMENT SUBTITLE D: Paternity Establishment		
1. State Laws Concerning Paternity Establishment	Federal law requires States to have a law and procedures for a simple civil process for voluntarily acknowledging paternity that include a hospital-based program. Under these procedures, voluntary acknowledgment of paternity creates a rebuttable, or at the option	any administrative or judicial tribunal with authority to hear child support and paternity cases, to exert statewide jurisdiction over the parties, and to grant orders issued in these cases that have statewide effect; c. permitting transfer of cases between local jurisdictions without additional fill or service of process 3. Prohibit the Secretary of Health and Human Services from granting exemptions from federal requirements in the following areas a. paternity establishment; b. modification of orders; c. recording orders in central state case registry; d. recording Social Security numbers; e. interstate enforcement; f. expedited procedures 4. The automated systems being developed by States are to be used to implement the expedited procedures 1. States shall have laws requiring the child and all other parties, where paternity may be contested under State law, to undergo genetic testing upon the request of a party, where the request is supported by a sworn statement establishing a reasonable possibility of parentage or nonparentage. The laws must

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of the State, conclusive presumption of paternity and must be admissible as evidence of paternity. These procedures must require default orders in paternity cases upon a showing of service of process on the defendant and require whatever additional showing mandated by State law [Sec. 466(a)(5)(C) of SSA]

Under the civil procedures, States are required to give full faith and credit to determinations of paternity made by other States [Sec. 466(a)(11) of SSA]

require, when the child support agency ord the tests, that States pay for the costs (subject to recoupment at State option from the putative father if paternity is established); and that States obtain additional testing when test results are disputed

2. States shall have procedures for:
- a. simple civil process for establish paternity under which benefits, rights and responsibilities of acknowledgement are explained to unved parents;
 - b. a paternity acknowledgement progra through hospitals and birth record agencie which are required to use a uniform affide developed by the Secretary that is entitle to full faith and credit in any other Stat
 - c. a signed acknowledgement of patern that is considered a legal finding of paternity unless rescinded within 60 days, and thereafter may be challenged in court only on the basis of fraud, duress, or material mistake of fact;
 - d. allowing minors who sign a volunt acknowledgement to rescind it up until age or the date of the first proceeding to establish a support order, visitation or custody rights;
 - e. providing that no judicial or administrative proceedings are required o permitted to ratify an acknowledgement wh

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is not challenged by the parents

- 3. States shall have procedures:
 - a. admitting into evidence accredited genetic tests, unless any objection is made within a specified number of days, and if objection is made, clarifying that test results are admissible without the need for foundation or other testimony;
 - b. requiring issuance of an order for temporary support, upon motion of a party, pending an administrative or judicial determination of parentage, where paternity is indicated by genetic testing or other clear and convincing evidence;
 - c. providing that bills for pregnancy, childbirth, and genetic testing are admissible without foundation testimony;
 - d. ensuring that putative fathers have reasonable opportunity to initiate paternity action;
 - e. providing for voluntary acknowledgements and adjudications of paternity to be filed with the State registry of birth records for data matches with the central registry established by the State

2. Outreach for Voluntary Paternity Establishment

States are required to regularly and frequently publicize, through public

States shall publicize the availability and encourage the use of procedures for volun

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3. Cooperation By Applicants & Recipients

service announcement, the availability of child support enforcement services. [Sec. 454(23) of SSA] The States decide how they will publicize the availability and encourage use of procedures for voluntary establishment of paternity and child support

APDC applicants and recipients are required to cooperate with the State in establishing the paternity of a child and in obtaining child support payments for a child, unless the applicant or recipient is found to have good cause for refusing to cooperate [Sec. 402(a)(26) of SSA]

Under the "good cause" regulations, the CSE agency may determine that it is against the best interests of the child to seek to establish paternity in cases involving incest, rape, or pending procedures for adoption. Moreover, the CSE agency may determine that it is against the best interest of the child to require the mother to cooperate in establishing paternity or seeking child support or medical support if it is anticipated that such cooperation will result in the physical or emotional harm of the child and/or parent or caretaker relative [45 CFR Sec. 232.40-43]

establishment of paternity and child support

Individuals who apply for or receive public assistance under the Temporary Family Assistance Program must cooperate with child support enforcement efforts by providing specific identifying information about the other parent, unless the applicant or recipient is found to have good cause for refusing to cooperate; responsibility for determining failure to cooperate is shifted from the agency that administers the Temporary Family Assistance Program to the agency that administers the child support program.

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SUBTITLE H: Program Administration and Funding

1. Federal Matching Payments

The Federal Government currently reimburses each State 66 percent of the cost of administering its child support enforcement program. It also reimburses States 90 percent of the laboratory costs of establishing paternity, and through FY 1995, 90 percent of the costs of developing comprehensive statewide automated systems. (There is no maintenance of effort provision in current law) [Sec. 455 of SSA]

1. The Federal financial participation rate for fiscal year 1997 and succeeding fiscal years is 66 percent

2. Add a maintenance of effort requirement that the non-Federal share of IV-D funding for FY 1997 and succeeding years not be less than such funding for FY 1996

2. Performance Based Incentives and Penalties

The Federal Government pays States an incentive amount ranging from 6 percent to 10 percent of AFDC and non-AFDC collections [Sec. 458 of SSA]

States are required to meet Federal standards for the establishment of paternity. The standard relates to the percentage obtained by dividing (a) the number of children in the State who are born out of wedlock, are receiving AFDC or child support enforcement services, and for whom paternity has been established by (b) the number of children who are born out of wedlock and

1. Replace the existing system of incentive payments to States with a new program of incentive adjustments to the Federal match rate. Under this program, States could receive increases of up to 5 percentage points based on statewide paternity establishment performance defined as the ratio of the number of children born out of wedlock and under one year of age for whom paternity is established or acknowledged during the fiscal year to the total number of children born out of wedlock in the State during the fiscal year

States could also receive increases of up

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	<p>are receiving AFDC or child support enforcement services. To meet Federal requirements, this percentage in a State must: (a) be at least 75 percent, on the basis of the most recent reliable data or (b) meet these standards of improvement from the preceding year: percentage between 50 and 75 percent, up 3 percentage points from the score of the preceding year; percentage between 45 and 50, up 4 percentage points; percentage between 40 and 45 percent, up 5 percentage points; and percentage below 40 percent, up at least 6 percentage points from preceding year. [Sec. 452(g) of SSA]</p> <p>If an audit finds that the State's child support enforcement program has not substantially complied with the requirements of its State plan, the State is subject to the following penalties. A State's AFDC benefit payment is to be reduced not less than 1 percent or more than 2 percent for the first failure to comply; not less than 2 percent or more than 3 percent for the second consecutive failure to comply; not less than 3 percent or more than 5 percent for third or subsequent consecutive failure to comply [Sec. 403(h) of SSA]</p>	<p>10 percentage points based on overall child support enforcement performance, taking in account the percentage of cases requiring support order in which an order was established; the percentage of cases in which child support is being paid; the ratio of child support collected to child support due and the cost-effectiveness of the State program, as determined in accordance with standards established by the Secretary, after consultation with the States, in regulation</p> <p>2. States are required to recycle incentive payments back into the child support program</p> <p>3. If a State fails to meet paternity establishment provisions or the appropriate level of overall performance (as defined below) as established by an audit and the State fails to take sufficient corrective action or the data required to be submitted under section 454(15)(B) is incomplete or unreliable, incentive amounts otherwise payable shall be reduced for the first finding by not less than 3 nor more than 5 percent; for the second finding by not less than 5 nor more than 8 percent; for the third and subsequent findings by not less than 10 nor more than 15 percent</p>

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3. Federal and State Reviews and Audits	<p>States are required to maintain a full record of child support collections and disbursements and to maintain an adequate reporting system. [Sec. 454(10) of SSA] The DHHS Secretary must collect and maintain, on a fiscal year basis, up-to-date statistics, by State, on each of the services provided under the child support enforcement program. [Sec. 469 of SSA]</p> <p>The DHHS Secretary is required to evaluate the implementation of State child support enforcement programs and conduct audits of these programs as necessary, but not less often than once every 3 years (or annually if a State has been found in noncompliance of program rules) [Sec. 452(a)(4) of SSA]</p>	<p>1. Shift the focus of child support audit from process to performance outcomes by adding a new State plan provision that requires States to annually report to the Secretary, using data from their automatic data processing system, the following:</p> <ul style="list-style-type: none"> a. information adequate to determine State's compliance with Federal requirements for expedited procedures and timely case processing using standards and procedures established by the Secretary in consultation with States; b. information adequate to determine levels of accomplishment and rates of improvement of the performance indicators (see above) <p>2. The Secretary must review the information reported by States and determine the amount (if any) of penalties; the Secretary must also review State reports on compliance with Federal requirements and provide States with recommendations for corrective action</p> <p>3. The Secretary must conduct audits at least once every 3 years, or more often in the case of States that fail to meet Federal requirements, to assess the completeness, reliability, accuracy, and security of data reported for use in calculating the performance indicators (see above) and to assess the adequacy of financial management of the State program</p>

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4. Required Reporting Procedures	<p>The DHHS Secretary is required to assist States in establishing adequate reporting procedures and must maintain records of child support enforcement operations, and of amounts collected and disbursed, including costs incurred in collecting support payments [Secs. 452(a)(5) and 452(a)(6) of SSA]</p>	<p>Require the Secretary to establish procedures and uniform definitions for State collection and reporting of required information necessary to measure State compliance with expedited processes and timely case processing; require States to use these procedures and definitions in collecting and reporting the required information</p>
5. Automated data processing requirements	<p>Federal law requires States, by Oct. 1, 1995, to have an operational automated data processing and information retrieval system designed to control, account for, and monitor all factors in the support enforcement and paternity determination process; the collection and distribution of support payments; and the costs of all services rendered [Secs. 454(b)(24) and 454(b)(16) of SSA]</p> <p>The Federal Government, through FY 1995, reimburses States at a 90 percent matching rate for the costs of developing comprehensive statewide automated systems. [Sec. 455 of SSA]</p>	<p>1. Require States to have a single statewide automated data processing and information retrieval system which has the capability perform the following functions:</p> <ul style="list-style-type: none"> a. to account for Federal, State, and local funds; b. to maintain data for Federal reporting; c. to calculate the State's performance purposes of the incentive and penalty provisions; d. to safeguard the integrity, accuracy, and completeness of, and access to, data in the automated systems (including policies restricting access to data) <p>2. Revise the statutory provisions for State implementation of all Federal automatic data processing requirements (currently required by October 1, 1995) to provide that: all requirements enacted on or before the Family Support Act of 1988 are to be met by October 1, 1995; and all requirements (including those enacted by OBRA 1993 and this bill)</p>

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6. Technical Assistance	<p>Annual appropriations are made to cover the expenses of the Administration for Children and Families, which include the Federal Office of Child Support Enforcement (OCSB). Among OCSB's administrative expenses are the costs of providing technical assistance to the States</p>	<p>to be met by October 1, 1999, except that deadline shall be extended by 1 day for each day by which the Secretary fails to meet the deadline for regulations</p> <p>3. Provide, for each quarter of fiscal year 1996, special Federal matching rate for development of automated systems of 90 percent of State expenditures for requirements from OBRA, and provide, for fiscal years 1997 through 2001, for a matching rate for startup costs which is the higher (i) 80 percent or (ii) the matching rate generally applicable to the State IV-D program (including any incentive increases). The Secretary must create procedures to carry these payments at \$260,000,000 over 5 years to be distributed among States by a formula set in regulations which takes into account the relative size of State caseloads and the level of automation needed to meet applicable automatic data processing requirements</p> <p>1. Make funds available to the Secretary to provide technical assistance to the States to train State and Federal staff, to conduct research and demonstration programs, and to conduct special projects of regional or national significance. For these purposes the Secretary shall use an amount equal to 1 percent of the Federal share of child support collections on behalf of Temporary Family</p>

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Assistance recipients for the preceding fiscal year

2. The Secretary shall use 2 percent of the Federal share of collections on behalf of Temporary Family Assistance recipients for the preceding fiscal year for operation of the Federal Parent Locator Service to the extent that costs of the Parent Locator Service are not recovered by user fees

7. Reports and Data Collection

The DHHS Secretary is required to submit to Congress, not later than 3 months after the end of the fiscal year, a complete report on all child support enforcement activities [Sec. 452(a)(10)].

Amend Section 452 relating to data collection and reporting requirements to conform the requirements to changes made by this bill to eliminate requirements for unnecessary or duplicative information, by requiring States to report for the fiscal year the following:

- a. the total amount of child support payments collected as a result of services furnished;
- b. the cost to the State and the Federal government for furnishing such services;
- c. the number of cases involving families who became ineligible for aid under part A with respect to whom a child support payment was received during a month;
- d. the total amount of current support collected and distributed;
- e. the total amount of past due support collected and distributed; and
- f. the total amount of support due and unpaid for all fiscal years

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GOAL III: TOUGH CHILD SUPPORT ENFORCEMENT

SUBTITLE F: Establishment and Modification of Support Orders

1. Simplified process for adjustment of support orders

A child support order legally obligates a noncustodial parent to provide financial support for his or her child and stipulates the amount of the obligation and how it is to be paid. P.L. 98-378 required States to establish guidelines for establishing child support orders. P.L. 100-485 made the guidelines binding on judges and other officials who had authority to establish support orders. P.L. 100-405 also required States to review and adjust individual child support orders once every 3 years (under certain circumstances). States are required to notify parents (custodial and noncustodial) of their right to a review. (Secs. 467 and 466(a)(10)(B) of SSA)

1. States shall review and, if appropriate, adjust child support orders enforced by the State child support agency every three year States can use automated means to accomplish review and adjustment, by either:

- a. reviewing the order and, if appropriate adjusting it in accordance with the child support guidelines; or
- b. applying a cost of living increase to the order and giving the parties an opportunity to contest the adjustment;
- c. Without a showing of change in circumstances of the parties,

2. States may also review and, upon a show of a change in circumstances, adjust orders pursuant to the child support guidelines upon request of a party

3. States are required to give parties one notice of their right to request review and adjustment, which may be included in the order establishing the support amount

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SUBTITLE G: Enforcement of Support Orders		
1. Federal Income Tax Refund Offset	<p>Since 1981 in AFDC cases, and 1984 in non-AFDC cases, Federal law has required States to implement procedures under which CSE agencies can collect child support arrearages through the interception of Federal income tax refunds. Federal rules set different criteria for AFDC and non-AFDC cases. For example, in AFDC cases arrearages may be collected through the income tax offset program regardless of the child's age. In non-AFDC cases, this is true only if the postminor child is disabled (pursuant to the meaning of disability under title II or XVI of the SSA). Moreover, the arrearage in AFDC cases must be at least \$150, whereas the arrearage in non-AFDC cases must be at least \$500 [Sec. 464 of SSA]</p>	<p>1. Amend the Internal Revenue Code to provide that offsets of child support arrearages (whether owed to the family or assigned to the State) against income tax overpayments would take priority over debts owed Federal agencies (other than debts owed to HHS or the Department of Education for student loans);</p> <p>2. Amend the Internal Revenue Code so that distribution of tax offsets shall follow the distribution rules for child support payers specified in subtitle A of this bill (if the family is on assistance, the Temporary Family Assistance arrearages are paid first, and if the family is not on assistance, arrearages to the family are paid first)</p> <p>3. Eliminate disparate treatment of families not receiving public assistance by repealing provisions (applicable only to support arrearages not assigned to the State) that:</p> <ol style="list-style-type: none"> make the tax offset available only for minor or disabled children who are still on current support; set a higher threshold amount of arrearages before the tax offset is available; permit higher fees to be charged for tax offset services

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2. Authority to Collect Child Support from Federal Employees	<p>Federal law allows the wages of Federal employees to be garnished to enforce legal obligations to pay child support or alimony (Sec. 459 of SSA)</p> <p>Federal law provides that moneys (the entitlement to which is based upon remuneration for employment) payable by the United States to any individual are subject to legal proceeding brought for the enforcement against such individual of his legal obligation to provide child support or make alimony payments (Sec. 462 of SSA)</p>	<p>Clarify the rules on collection of support from individuals employed by or receiving income from the Federal government and simplify the law by combining into one provision sections currently appearing in three sections of Title IV, Part D. Specifically, the resulting provision will:</p> <ul style="list-style-type: none"> a. establish clearly that federal employees are subject to wage withholding and other legal processes to collect child support; b. set out rules Federal agencies must follow in responding to notices of wage withholding or other legal processes to collect support (provided that the notices contain information to enable the agency to identify the person and money involved); c. delete existing law governing designation of agents to receive and respond to process and replace with streamlined provision requiring designation by all agencies and publications of the title, address and telephone numbers of each agent in the Federal Register annually; d. require agents, upon receipt of process to send notice and copy to the individual involved in writing as soon as possible, but no later than 15 days, to comply with any notice of wage withholding or respond to other process within 30 days; e. amend existing law governing allocation of moneys owed by an individual to give priority to child support, to require allocation of available funds, up to the

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3. Enforcement of Child Support Obligations of Members of the Armed Services

Federal law requires allotments from the pay and allowances of any member of the uniformed service (on active duty) when he fails to pay child (or child and spousal) support payments [Sec. 465 of SSA]

amount owed, among child support claimants and to allocate remaining funds to other claimants on a first-come, first-served basis;

f. move authority to promulgate regulation from section 461(a) to section 459(g);

g. create new definition of remuneration for employment (and move the definition to section 459(h) from section 462, that includes funds payable for the personal services of the individual, such as insuranc benefits, retirement and pension pay, survivor's benefits, compensation for death and black lung disease, veteran's benefits and workers' compensation; excluding funds paid to defray expenses incurred in carryin out job duties;

h. repeal section 461 (after amending and relocating all sections to section 459);

i. make changes to other Titles of the U. Code to bring them into conformance with th amendments

1. The Secretary of Defense shall establish central personnel locator service that:

a. contains residential or, in specified instances, duty addresses of every member of the Armed Services, this includes retirees, the National Guard and the Reserves;

b. is updated within 30 days of the individual member establishing a new address;

c. is made available to the Federal Parent Locator Service

Item	Current Law	Committee Proposal
4. Voiding Fraudulent Transfers	No provision	<p>2. The Secretary of Defense shall issue regulations to facilitate granting of leave for members to attend hearings to establish paternity or to establish child support orders</p> <p>3. The Secretary of each branch of the Armed Forces, this includes retirees, the National Guard and the Reserves, is required to make child support payments directly to any State to which a custodial parent has assigned rights to support as a condition of receiving public assistance</p> <p>4. The Secretary of Defense shall ensure that payments to satisfy current support or child support arrears shall be made from disposable retirement pay</p> <p>5. The Secretary of Defense shall begin payroll deduction within thirty days or the first pay period after thirty days</p> <p>States shall have in effect the Uniform Fraudulent Conveyance Act of 1981, the Uniform Fraudulent Transfer Act of 1984, or an equivalent law providing for voiding transfers of income or property made to avoid payment of child support</p>

Item	Current Law	Committee Proposal
SUBTITLE H: Medical Support		
1. Expand ERISA definition of medical child support order	P.L. 103-66 requires States to adopt laws to require health insurers and employers to enforce orders for medical and child support and forbids health insurers from denying coverage to children who are not living with the covered individual or who were born outside of marriage	Expand the definition of medical child support order in ERISA to clarify that any judgement, decree, or order that is issued a court of competent jurisdiction or by an administration adjudication has the force effect of law under applicable State law
SUBTITLE I: Enhancing Responsibility and Opportunity for Non-Residential Parents	No provision	<p>1. Grants will be made to States for access and visitation related programs; including: mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement including monitoring, supervision and neutral drop off and pick up and development of guidelines for visitation and alternative custody agreements</p> <p>a. the Administration for Children and Families, Department of HHS will administer the program;</p> <p>b. States will be required to monitor and evaluate their programs; evaluation and reporting requirements will be determined by the Secretary;</p> <p>c. States may sub-grant or contract with courts, local public agencies or to private non-profit agencies to carry out approved</p>

Item

Current Law

Committee Proposal

grant work;
 d. programs operating under the grant will not have to be state-wide;
 e. funding will be authorized as a capped entitlement under section IV-D of the Social Security Act; State grantees will receive funding at the regular FFP program rate; projects will be required to supplement rather than supplant State funds

SUBTITLE J: Effective Dates

Not applicable

A State will not be out of compliance with any requirement in the bill if they are unable to comply without amending the State constitution until the year after the effective date of the constitutional amendment or 5 years after this bill has been enacted

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