
COALITION ON WOMEN AND JOB TRAINING

STATEMENT ON EDUCATION, TRAINING AND SUPPORT SERVICES

Submitted By

JILL MILLER, CHAIR

COALITION ON WOMEN AND JOB TRAINING

to the

WORKING GROUP ON WELFARE REFORM, FAMILY SUPPORT
AND INDEPENDENCE

August 19, 1993

Thank you for the opportunity to testify here today on this important issue. I am Jill Miller, Chair of the Coalition on Women and Job Training. I am also executive director of the National Displaced Homemakers Network which is comprised of nearly 1,300 local programs that provide a range of education, training and support services to approximately 350,000 women annually, including many receiving public assistance benefits.

The Coalition on Women and Job Training is committed to ensuring that all women, those already in the workforce and those entering or re-entering, have access to quality education and training for high wage jobs. We have forty-five member organizations which represent millions of women who are working and/or are in need of employment and training services. We also represent the expertise of professionals throughout the United States who have years of experience in providing employment and training services for women.

The Coalition has developed principles guiding our advocacy on education, training and support services for women receiving public assistance benefits. Our overriding concern is that the services provided will assist women to achieve long-term economic self-sufficiency rather than simply remove them from public assistance. I will be happy to provide each of the members of the Working Group with a copy of our principles.

We recognize that welfare recipients are an important part of the American workforce. Most have been workers and turn to AFDC because of limited opportunities in the current labor market for stable employment in jobs that pay adequately. The most important welfare reform measures we can adopt as a nation are economic policies that will ensure economic

opportunities for all American workers. These include raising and indexing the minimum wage, universal health care insurance and pursuing full employment policies.

We are pleased that job training is a priority for President Clinton. In designing and implementing a plan to reform welfare, we strongly believe that welfare recipients should be treated as workers with the same opportunities to pursue education and training as other workers. We should avoid the development of a new two-tiered employment and training system, with separate systems for welfare recipients and other workers. The same high quality of services expected for workers displaced because of our changing economy should be available for welfare recipients as well. Therefore, training and training-related services should be provided to welfare recipients through the existing federal job training system, not the income maintenance system.

It is vital to the economic well-being of our country that welfare reform strategies reflect the President's goal of strengthening and improving the skills of all workers. Welfare recipients should be entitled to appropriate education and training services to the extent necessary to achieve self-sufficiency. Their opportunities and access to these services should not be limited by arbitrary time limits, but should recognize the need for lifelong learning and workforce development, just as we recognize this is as an important issue for others seeking to enter, re-enter and train for the labor market.

When the goal of a program is long-term self-sufficiency rather than decreasing the

number of people receiving welfare, then the services provided must be evaluated using a different set of criteria usually developed by the education and training system. Services received by welfare recipients placed in jobs should be judged by a self-sufficiency standard, which evaluates the quality of a job by taking into account the economic needs of the worker as well as local variations in the cost of living. The self-sufficiency standard would include realistic and up-to-date housing, dependent care, health care and transportation costs. The Coalition strongly urges you to incorporate into your plan H.R. 2788, the Self-Sufficiency Standard Act. This bill was recently introduced by Congresswoman Lynn Woolsey from California, a former welfare recipient who knows first-hand what a family needs to become self-sufficient.

In order to assist welfare recipients to achieve this goal, all program activities should enhance employability and/or increase earnings. Requiring that recipients work for their benefits does not serve this purpose and should not be part of the program. Workfare is not work-based learning and has been proven to be the least effective way to raise welfare recipients earnings.

There are a number of specific components that quality programs include. First, welfare recipients must be able to choose their career goals from a broad range of opportunities. To ensure that this happens:

1. All programs should be required to encourage and promote opportunities to pursue non-traditional occupations and training. Placing women in traditionally

female, low-wage occupations will not lead to self-sufficiency. The welfare system must be aggressive in their efforts to move women into high wage occupations.

2. Programs should encourage and promote opportunities to pursue post-secondary and higher education. Too often higher education is overlooked as an option for low-income women, even though many have filled the prerequisites for entering two or four year programs.

Participants should also gain strong experience in and understanding of all aspects of the industry they are entering, rather than training for one job that might disappear or change drastically. The Perkins Vocational and Applied Technology Education Act recognizes this important need for today's workers and includes language which we encourage the Working Group to adopt. Training and education programs should also provide a variety of assessment tools, the opportunity for the individual to develop education goals and a career-life plan, counseling, knowledge of workers rights, and participation in support groups.

The full extent of support services needed, including not only dependent care and transportation but also housing counseling, chemical dependency treatment and family support services, must be provided both during program participation and to the extent necessary after entering employment. Close coordination of these support services with training and education is critical to prevent participant dropout and job retention.

Education and training programs must take into account the local economy and where unemployment is high, it should be linked to job creation and self-employment strategies. These services cannot be designed or implemented in a vacuum. Programs for welfare recipients must be intricately linked to federal, state and local economic development activities.

We strongly encourage you to build on and improve the coordination of the welfare education and training program, with other existing education and training systems, including community-based service delivery systems, community colleges, vo-tech schools and women's programs and other post-secondary training as part of your plan. The primary purpose of coordination, such as the development of one-stop shopping, should be to make it as easy as possible for participants to gain access to the full range of services for which they are eligible.

There is a need for a strong federal role in any welfare reform strategy. The federal government must develop minimum requirements to ensure there are universal program elements in all states, and that there is equity between recipients from different states. Provisions for state variations should only allow experimentation that enhances or enriches programs and does not reduce benefits or options for any welfare recipient or group of recipients. State variation that does not meet this criterion would lead to some states lowering benefits.

There must also be a strong federal role in research, oversight, technical assistance, and data collection to document success and facilitate replication. Currently no data exists that show what types of training and services welfare recipients now receive under JOBS. Therefore, no significant evaluation of the program's ability to assist recipients in acquiring skills and abilities leading to self-sufficiency can be undertaken. When these kinds of data collection, evaluation and research activities are strengthened in your plan, the privacy and welfare of individuals must be protected.

Finally, education and training should be adequately funded to ensure that participants have access to quality, long-term training that ensures self-sufficiency. Education and training is an investment in the workforce that will bring many benefits, but only if a true investment for the long-term is made.

The Coalition on Women and Job Training has additional information on all of these points and looks forward to being a partner with the Working Group as you continue to develop your plan.

ELEANOR HOLMES NORTON
DISTRICT OF COLUMBIA

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TESTIMONY OF
CONGRESSWOMAN ELEANOR HOLMES NORTON
AT HEALTH & HUMAN SERVICES HEARING ON WELFARE REFORM

August 19, 1993

Attached is the transition paper on Welfare Reform that I wrote in behalf of the Congressional Black Caucus just before the Clinton Administration took office. I submit it here for the record and will summarize and add some ideas in my oral remarks here today.

Congressional Black Caucus
December 1992

WELFARE REFORM

The Congressional Black Caucus has always had a special interest in welfare reform, shares much of President-elect Clinton's vision, and would like to work closely with him on this issue.

Disproportionately blacks, especially black women with children, have had far fewer opportunities than other Americans to acquire job skills and consequently to obtain the benefits that usually accompany decent jobs. As the economy has developed structural impediments over the past generation, the jobs and job mobility that took most Americans out of poverty have decreased markedly. One of the consequences has been increasing joblessness among black males, the result of fewer manufacturing jobs of the kind that encouraged family stability and were a staple in the creation of the black middle class. Another consequence has been that our welfare system has been stretched to take on functions well beyond its original purposes.

The New Deal conception of the welfare system, as a temporary or transitional vehicle for widows with small children who later married or went into the work force, was a brilliant innovation in the 1930's. Economic and social conditions today are vastly different; yet the welfare system has not changed nearly as much as the times.

We welcome the notion which Governor Clinton has embraced that the welfare system should be scrapped and reinvented to "empower people on welfare with the education, training, and the child care they need" in order to become independent. Our priority has always been decent jobs, and we believe that Governor Clinton's vision can be the path to the employment that we and most people on welfare, believe is far preferable to welfare.

However, it is important to have a clear appreciation of the enormous complexity of welfare issues and the failures that have resulted, even with approaches similar to the Governor's. For example, the most recent welfare reform legislation contemplates some of what Governor Clinton envisions, including training and other measures designed to help welfare recipients find jobs. Yet a combination of impediments have kept this approach from working effectively. Many on welfare are so deeply deprived and poorly skilled that they have needed considerable training, and even those with skills often have not found employment, let alone employment at wage levels that would allow them to leave the welfare system. The failure of the economy to produce decent jobs, as well as widespread prejudice against those with a welfare background have been important factors in previous welfare reform failures. In short, many more Americans want to go to work than the economy has absorbed, than we have trained, and than employers have been willing to hire.

Moreover, the Governor's proposed reform also includes a two-year time frame after which a person would be required to take a private sector job or perform 'community service'. There have been Jurisdictions where community service jobs have been linked to welfare in ways so successful and well thought out that they have been embraced by skeptical professionals and welfare recipients alike. Community service jobs, even jobs that were tied to welfare checks, were well received in the 1970's in New York City and other jurisdictions because those performing such work were treated exactly the same as other employees on the job, including all the trappings. Some jurisdictions, on the other hand, created a secondary work force of welfare recipients who were not afforded the opportunity for training and advancement that is often necessary if people are to liberate themselves permanently from welfare.

Lately some states have adopted approaches that have appeared punitive in order to encourage greater responsibility by welfare recipients. We strongly favor approaches that increase responsibility on the part of both the custodial and the absent parent, and we regret that the Bush Administration did not adequately fund strong child support enforcement. However, issues of responsibility are very sensitive and have yielded little consensus. There is increasing support among Americans, including those in minority communities, for action by government to increase responsibility by parents without punishing children in the process. We believe that the new administration would be well advised to work closely with us and others who might be helpful in working through these and other sensitive issues that can undermine effective welfare reform.

Finally, we do not think that welfare reform can be viewed apart from some of the other issues you have already indicated are among the Governor's priorities. If people move from welfare to low-paying jobs, issues, including tax credits or wage supplements, scarce quality child care, and especially health care must be faced. Among the structural employment issues which must be taken into account is the existing and future displacement of already employed people that is likely unless conversion issues resulting from the dismantling of the military are handled at the same time. Community service and public service jobs for welfare recipients can and have been used to displace permanent employees who held such jobs, many from the same communities as the welfare recipients who displaced them. Trade issues, especially those arising from the North American Free Trade Agreement, are likely to have a profound effect on welfare policy because worker displacement funds usually go to workers who have jobs; yet studies of the Agreement indicate that the jobs that are most likely to be displaced are lower level jobs that people on welfare would be most likely to take or qualify. Welfare reform would also require the administration to come to terms with urban distress, neglect, and deterioration.

In short, we believe that, except for health care reform, welfare reform may be the most complicated reform the new administration could undertake. Inherent in welfare reform are not only the obvious economic issues, but major controversies of race and class that have polarized the this country ever since the Nixon administration. Americans often have reflex reactions to welfare based on the history of the way this issue has been treated and popularized.

We hope that we can be useful in helping the Clinton administration to achieve more effective welfare reform, and we stand ready to be of assistance.

CONGRESSIONAL BLACK CAUCUS

Eleanor Holmes Norton



Children's Defense Fund

Clifford M. Johnson

**Acting Director
Department of Programs and Policy
Children's Defense Fund**

**Statement before the
Working Group on Welfare Reform,
Family Support and Independence**

Washington, D.C.

August 19, 1993

I am Cliff Johnson, acting director of the Programs and Policy Department for the Children's Defense Fund (CDF).

CDF has long believed that major reforms of the current AFDC system are an important element of any comprehensive strategy to reduce the nation's tragically high rates of child poverty. The work of the Task Force provides a key opportunity to improve AFDC, and we look forward to working closely with you.

My remarks today are focused on the child care needs of AFDC families. That is partly because of the key role child care will play in any welfare reform effort -- as an essential support service if parents are to be available for education, training, or work and as a crucial investment in child development if we are to save our next generation of parents, workers and taxpayers from long-term poverty and reliance upon AFDC.

But I also draw your attention to the child care issue because it gives us a glimpse of the broader challenges we face in the welfare reform debate. In particular, it offers a glimpse of the very large social deficit we must overcome if we are to provide genuine opportunity for AFDC families and a sense of the damage that may be inflicted on children if we fail to address key child care concerns.

What is the state of AFDC child care today? The story is one of widespread funding shortfalls, despite the relatively modest demands generated by current JOBS programs. While federal funds for AFDC child care are available on an entitlement basis, many states either

cannot or will not provide the matching funds necessary to secure these additional resources:

- o In states such as Florida, Pennsylvania, and Wisconsin, federal funds drawn down for AFDC child care dropped by as much as 20 or 25 percent between FY 1991 and 1992.
- o In six states (CA, FL, IL, MA, ME, and WI), lawsuits have been filed to challenge state policies that either deny child care assistance to families covered by the Family Support Act's child care guarantee or instruct caseworkers not to approve employability plans when child care resources are not available.
- o Perhaps most disturbingly, 15 states currently are using federal Child Care and Development Block Grant funds (which do not require a state match) to pay for child care for AFDC rather than low-income working families, and six additional states say they may be forced to do the same in the near future.
- o In 12 states, at least some of the state funds now being used as the match for federal AFDC child care dollars also have been shifted out of state programs intended to serve low-income working families.

The rhetoric of the welfare reform debate often evokes an image of AFDC parents needing a strong push to move toward education, training, and work. The child care situation portrays another, quite different reality: in many states, highly motivated AFDC parents are being held back by the inability or refusal of states to give them the child care help they need. In the process, AFDC families are pitted against low-income working families in their often desperate struggles to stay in school or on the job.

This pattern of under investment in AFDC child care is a sobering backdrop for the current welfare reform debate. Almost any effort to expand dramatically the participation of AFDC parents in education, training and work activities by necessity will add major new strains to the AFDC child care system. And by every indication that child care system already is stretched far too thinly.

If we now were buying high-quality child care for AFDC families under the Family Support Act (FSA), one could imagine responding to huge new child care demands by trying to make available child care dollars go farther. Yet the evidence suggests that we already are buying AFDC child care "on the cheap," relying heavily on the least formal and least reliable types of care while paying reimbursement rates that cannot possibly support the more comprehensive early childhood services that most AFDC children desperately need.

- o Twenty-six states report that low AFDC child care rates have made some providers unwilling to serve AFDC families under FSA.
- o The inability of states under current FSA regulations to pay providers at a rate higher than the 75th percentile of the local cost of care virtually ensures that AFDC families cannot gain access to higher quality child care programs.
- o Continuing state use of the child care disregard (with limits of \$175 or \$200 per month) and retrospective reimbursement of child care costs make it even less likely that cash-strapped AFDC families can afford to buy child care of decent quality under FSA.

We know that most AFDC children need more than inexpensive child care arrangements can provide. For example, a 1991 study by Child Trends found that AFDC children are three times more likely than non-poor children to be in poor health. In addition, AFDC children are nearly one-third more likely to suffer either from delays in growth or development, a "significant" emotional or behavioral problem, or a learning disability. AFDC children are one of the obvious groups that can and should benefit from more comprehensive child care and preschool programs. The Administration has recognized this need in its efforts

to expand Head Start. Yet up until now the federal government's approach to AFDC child care has led in precisely the opposite direction.

Can these problems in AFDC child care be overcome? Absolutely. Combined federal and state investments can be increased. Low reimbursement rates can be raised and a new emphasis placed on the quality of care provided to AFDC children. Stronger steps can be taken to ensure that child care for AFDC families does not come at the expense of similar help for low-income working families.

All of these initiatives would help to "end welfare as we know it" -- they promote education, training and work while also responding to the needs of the next generation. But none of these steps are possible without substantial new resources.

Failure to marshal new child care resources in the welfare reform effort may do more than deprive large numbers of AFDC parents the chance to participate in education and training activities or go to work. It also may consign even larger numbers of our poorest and most vulnerable children to poor quality child care arrangements that may endanger their very health and safety, could stymie rather than promote their development, and cannot possibly address their pressing needs.

If we fail to respond to the problems and risks associated with AFDC child care, we may end up taking not two steps forward, but one step back, along the road to genuine welfare reform. CDF looks forward to working with the Task Force to ensure a more productive outcome for AFDC children, their families, and the nation.

STATEMENT OF

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STATEMENT OF MARGARET CAMPBELL HAYNES

before

THE WORKING GROUP ON WELFARE REFORM, FAMILY SUPPORT
AND INDEPENDENCE

August 19, 1993

Good morning, members of the Working Group. Thank you for this opportunity to comment on needed reform of the child support system. My name is Margaret Campbell Haynes. I am testifying in my individual capacity, not as a representative of the American Bar Association. My testimony is based on more than ten years experience in the child support system -- as a prosecutor, researcher, and trainer who has worked intimately with child support professionals in more than 35 states. It is also based on 2 1/2 years of public testimony and study as the Chair of the U.S. Commission on Interstate Child Support.

President Clinton correctly emphasizes the crucial role that child support plays in any welfare reform. About 30 percent of female-headed households live in poverty. One of the leading causes of that poverty is inadequate child support. In fact, three quarters of custodial mothers entitled to child support either lack child support orders or do not receive full payment under such orders. In other areas of personal financial responsibility does this country tolerate such an abysmal record.

The nonpayment of child support crosses both gender and income levels. Enforcement is especially problematic when the parents live in different states. For example, mothers in intrastate child support cases reported receiving 70 percent of the support they expected during 1989. Yet mothers in interstate cases reported receiving only 60 percent of the support owed them in 1989; and mothers who did not know the location of the father reported receiving only 37 percent of what was expected.¹

Any reform of the child support system must address the following problems: a lack of uniformity in state laws, policies, and procedures; insufficient locate information; inadequate enforcement remedies, particularly against the self-employed; inadequate resources; multiple, often conflicting, support orders between parties; and a lack of communication among the states.

I. Federal versus State Child Support System

Some advocates have concluded that the state-based system is doomed to failure and that needed reform must occur through federalization of some or all of the current child support system. An example of a federalized approach is the proposal developed by former Congressman Downey and Congressman Hyde. Their proposal would federalize modification, enforcement, collection and distribution of child support.

I strongly agree with the conclusion of the U.S. Commission on Interstate Child Support that federalization would not improve child support services for families. Not only does federalizing enforcement and modification fragment a case between state and federal judicial systems, it also fails to address the major problems in the child support system.

¹ U.S. General Accounting Office, Interstate Child Support: Mothers Report Receiving Less Support from Out-of-State Fathers, HRD-92-39FS (Washington, DC: Gov't Printing Office 1992), pp. 16-18.

A. Location

Federalization will not improve locate capability. There already exists a Federal Parent Locate Service. Much of the information is dated since most federal agencies only require quarterly or annual reporting. State sources of information -- such as the Department of Motor Vehicles, credit bureau reports, property listings, and quarterly wage statements -- are much more current.

B. Accessibility to Custodial Parents

IRS and Social Security offices are not located in as many locales as local state trial courts and child support agencies. It is also unlikely that an IRS agent will provide the same level of customer service as a local child support worker.

C. Prompt Distribution of Money

Based on testimony from states such as Massachusetts, I strongly fear that a federal system would result in greater difficulty in tracking down the correct obligee for disbursement of payments when there is limited case information. Additionally, one should note that the Social Security Administration is accustomed to monthly payments of a set amount. There is no model for the federal collection and distribution of potentially 10 million weekly/biweekly/or monthly payments which may vary depending upon the parties' financial circumstances and visitation and custody schedules.

D. Enforcement

I do not understand the rush to embrace the IRS as the enforcement arm. Since 1975 the IRS has had child support enforcement responsibilities. It has never been enthusiastic about such responsibilities. In fact, under the full IRS collection program, one federal IRS region returned approximately 60 percent of its certified cases as "currently uncollectible" based on a subjective determination of undue hardship to the obligor -- despite the IV-D agency's verification of assets available for enforcement.² Nor will the IRS necessarily increase enforcement against self-employed obligors. According to the IRS, an estimated 10 million individuals and businesses do not file returns. About 64 percent of these nonfilers are self-employed. State remedies such as contempt, revocation of occupational licenses, mandatory credit bureau reporting, liens on property, and attachment of lump sum payouts are more likely to increase enforcement from self-employed obligors.

There are, however, four areas in which I believe the IRS' current role in child support enforcement could be strengthened:

(1) Strengthen the full IRS collection procedure by replacing subjective determinations by IRS agents regarding the appropriateness of enforcement with objective criteria, and by eliminating the necessity of demonstrating that further enforcement techniques would be ineffective;

(2) Eliminate disparities between AFDC and nonAFDC cases regarding the availability of federal income tax refund intercept. The triggering arrearage in both cases should be less than \$200, and arrearages should be collectible regardless of the child's age.

(3) Require the IRS to promptly provide state child support agencies with income information for child support purposes;

(4) Amend the federal income tax return to require obligors to voluntarily report any unpaid child support and to include payment

² See Diane Dodson, "Full IRS Collection and Use of Federal Courts," in Margaret Haynes with Diane Dodson, ed., Interstate Child Support Remedies (1990).

toward such arrears along with his or her federal income taxes. In support of the proposal, the W-2 form completed by employers should be amended to include information about the amount of money withheld from an employee's wages for purposes of support enforcement.

In conclusion, I strongly believe that federal investment should not be in creating a new federal system that largely duplicates the state system or "creams" the easiest enforcement cases but rather in improving the state-based system. Reform should occur by mandating more uniformity among the states and ensuring that state child support agencies receive the resources they need.

II. State-Based Reform

A. Registries of Support Orders

To facilitate enforcement and the review of cases, I recommend that Congress require every state to establish a Registry of Support orders. This registry should include every support order issued in the state, regardless of IV-D status. Some may argue that non-IV-D orders should not be included since parties should not have government intervention forced upon them. However, it is impossible to determine all outstanding orders against an obligor unless the system includes both IV-D and non-IV-D cases.

In addition to state registries of support orders which would contain detailed information, there should be a national registry of support orders. This national registry would not duplicate or replace state registries. Rather, it would serve a "pointer" function. A state seeking information about outstanding support orders on a particular obligor could use the national network described below to query what other states had outstanding support orders. The national registry of order abstracts would have the minimum information -- names of parties, social security numbers, and state(s) that have issued an order -- needed to then direct specific requests to the appropriate states.

B. National Computer Network

"In a day of electronics where computers replace humans in every business, the child support system stands as a dinosaur fed by paper."³ Congress should expand the Federal Parent Locate Service to create a national locate network based upon linkages among statewide automated child support systems and between state systems and federal parent locate resources. Through the network, child support agencies and attorneys could obtain address, income, and support order information for child support purposes

The network would allow states to direct locate requests to a particular state or to broadcast the request nationwide. State data bases which should be accessible include publicly regulated utilities, employment records, vital statistics, motor vehicles, taxes, crime and corrections. When a targeted state is unable to locate the person, the expanded FPLS would also be able to automatically reroute the request to other states, based on Department of Labor studies of migration patterns.

Some have argued that the national computer network is unrealistic. However, the technology is already being successfully used in the criminal arena. For example, under NLETS (National Law Enforcement Telecommunications Network), each state's law enforcement agency is linked with local data bases. NLETS then serves as a conduit linking the 50 State computers together. States can retrieve information from other states through the network in a matter of seconds. Therefore, a mandated 48-hour turnaround time for processing support information requests is certainly feasible. In

³ Supporting Our Children: A Blueprint for Reform (U.S. Commission on Interstate Child Support (1992)).

order for such a system to be effective, the Federal Office of Child Support Enforcement needs to identify common data elements. Additionally, the system will be strengthened to the extent that state data bases are automated and use social security numbers as identifiers.

C. W-4 Reporting of New Hires

All states now enforce child support orders through income withholding. Studies show, however, that in interstate cases there is an average of thirteen to twenty weeks between location of an obligor's source of income and service of the withholding order on the out-of-state employer.⁴ During the delay, the obligor may move to new employment.

To ensure the availability of the most current employment information on obligors, I recommend that Congress require employers to report new hires through the W-4 form. The employer should be required to send a copy of the W-4 information to a designated state entity, probably either the state Employment Security Commission (ESC) or the state IV-D agency. The advantage of the ESC is that employers are familiar with reporting wage information to that entity. On the other hand, there are two advantages to designating the state IV-D agency as the recipient of W-4 information. First, the state IV-D agency is most likely to be the registry of support orders so an automated comparison of tapes would be very simple. Second, it would also ensure there is a state office monitoring compliance with the W-4 reporting that has a vested interest in improving child support enforcement.

The state IV-D agency would match orders in its Registry of Support Orders against the W-4 information. The IV-D agency would also broadcast the information nationwide through the computer network. If there was a match with an order maintained on any state's registry, the appropriate state agency (or person in non-IV-D cases) would immediately send a federally designed income withholding notice or order directly to the employer.

I am pleased to report that at least 10 states have now enacted the W-4 recommendation of the Interstate Commission.⁵ Based on state experience with W-4 reporting and further discussions with employer groups, I would like to offer the following suggestions which slightly modify the Commission's recommendations.

1. Obligor often do not know correct information about their support orders or to whom payments should be forwarded. Therefore, to require the employee to provide such information on an amended W-4 form means there will often be misinformation. The misinformation becomes problematic if employers are required to begin withholding based on the faulty information prior to any verification. Payments may be sent to the wrong location and the goal of prompt receipt of support by the obligee frustrated.

What is most crucial about the W-4 reporting is the employer address information. I therefore suggest that the W-4 form be amended to only solicit information about the availability of employer-provided health insurance. It is not necessary to include information about support terms. Such information will be gained when the W-4 data is matched against the state registry of support orders and broadcast through the national network.

To avoid confusion, I also recommend that employers not be required to implement income withholding until they have received the

⁴ U.S. General Accounting Office, Interstate Child Support: Wage Withholding Not Fulfilling Expectations, HRD-92-65BR (1992).

⁵ Alaska, California, Georgia, Hawaii, Iowa, Massachusetts, Minnesota, Virginia, the State of Washington, and West Virginia.

federal income withholding notice/order. That ensures accurate withholding.

Finally, I recommend that federal legislation provide the employers with flexibility in how the W-4 information is transmitted. For example, state laws often allow transmission of the data through mailing a copy of the W-4 form, faxing the information, or electronically transmitting the information.

2. States should not be required to store the W-4 information indefinitely. It may be appropriate to require retention of the W-4 information for three months after its receipt. At that time, the information should be appearing on wage reports from the state employment security commission. There is no reason to maintain duplicate data banks.

3. Congress and the states need to educate the public that W-4 reporting will not only greatly facilitate income withholding. It will also provide valuable locate information. For that reason, the employer reporting of new hires should not be tied into payroll periods but to a set period from the point of hire. Congress should set a uniform standard for the time within which employers must forward the W-4 information (10 working days is suggested).

To further facilitate income withholding, Congress should establish a universal definition of income subject to withholding, a uniform ceiling on the amount of income that can be garnished for support, and uniform standards regarding priority of withholdings when an obligor is subject to several state withholding orders and lacks sufficient income to meet all of them.

Implementation of this one recommendation will result in a large increase in support for children. The Congressional Budget Office estimated that the Interstate Commission's recommendation would cost \$55 million to implement nationwide, and result in \$210 million of increased support collections.

D. Direct Income Withholding

In 1984 Congress required states to make income withholding available as an enforcement tool in interstate cases. An agency or attorney sends an interstate income withholding request to the state where the obligor derives income. That second state provides the obligor notice and an opportunity to contest. Child support is usually forwarded from the out-of-state employer to a collection point in the employer's state, then to a collection point in the custodial parent's state, and then finally to the custodial parent.

A number of child support agencies report success in sending an income withholding request directly to the out-of-state employer, despite lack of jurisdiction over the employer. In fact, GAO found that 75 percent of employers comply with a direct withholding request.⁶ Congress should legalize what appears to be working and require states to have laws that require an employer doing business in the state to honor an income withholding order or notice sent directly from any state.

E. Determination of Parentage

With the high rate of nonmarital births in this country, it is crucial that states do a better job in addressing parentage establishment. A determination of parentage establishes fundamental emotional, social, legal and economic ties between a parent and child. States need to allow paternity establishment as soon as possible. They also need to eliminate the unnecessary stress on adversarial procedures for parentage determination.

⁶ Wage Withholding Not Fulfilling Expectations, supra.

Congress should amend 42 U.S.C. § 666 to require states to have expedited procedures for parentage establishment. Current federal law requires states to have expedited procedures for establishment and enforcement of support orders, but includes parentage establishment only at the state's option.

As an example of expedited procedures, I strongly support hospital outreach programs such as those used successfully in Washington and Virginia. In 1991 Washington was able to obtain hospital parentage acknowledgments in 40 percent of its nonmarital newborn cases. States should also be required to establish procedures for the voluntary acknowledgment of parentage, regardless of the child's age. A verified parentage acknowledgment, signed by both parents, should create a presumption of parentage upon which a support order can be based. There should also be a procedure where once the acknowledgment is filed with a court, and there is no contest within a certain time period after notice, the acknowledgment becomes a conclusive determination of parentage without the necessity of a hearing. In order to ensure acknowledgments are obtained knowingly and voluntarily, states should make available genetic testing at the hospital at state expense. Acknowledgment forms should also include information about the rights and responsibilities of parenthood and any legal rights that are being waived under state law by signing the acknowledgment.

Where parentage is contested, state law should be improved in several ways. For example, Congress should require states to create a presumption of parentage if genetic test results reach a threshold probability of parentage or a threshold percentage of exclusion, as established by the state. Further, to prevent delay tactics, states should have laws that require a tribunal to order temporary support if test results create such a presumption of parentage.

F. Elimination of Multiple, Conflicting Orders

Under current law, multiple orders can exist that set conflicting support amounts for the same child(ren). There are two major reasons: First, states are not required to give full faith and credit to nonfinal orders, such as ongoing child support orders. As a result, rather than enforce another state's support order, many states will enter their own conflicting order. Second, the Uniform Reciprocal Enforcement of Support Act (URESA) specifically provides that a URESA order exists independently from any other support order.⁷ In order to achieve a "one order, one time" rule, Congress should require full faith and credit for valid ongoing child support orders and require state enactment of the Uniform Interstate Family Support Act (UIFSA).

1. Full Faith and Credit

A 1986 amendment to Title IV-D required states to provide that past-due support installments are final judgments entitled to full faith and credit. The so-called "Bradley Amendment" has greatly enhanced the interstate enforcement of arrears. However, states still fail to enforce sister states' ongoing support orders and administrative orders. Congress should amend 28 U.S.C. § 1738A by adding a section that requires interstate recognition and enforcement of any child support order, including ongoing orders and administrative orders, that are based on valid exercises of jurisdiction.

⁷ Section 31 of the 1968 Revised URESA.

2. Enactment of UIFSA

The National Conference of Commissioners on Uniform State Laws (NCCUSL) last revised URESA in 1968. Although revolutionary when created, URESA is now drastically in need of an overhaul. In cooperation with the Interstate Commission, NCCUSL has developed a new act called the Uniform Interstate Family Support Act. UIFSA was officially approved by NCCUSL in August 1992, and by the American Bar Association in February 1993.

UIFSA contains a number of key provisions. For example, UIFSA contains a broad long arm statute that, within the confines of Supreme Court decisions, expands the opportunity for a case to be heard where the custodial parent and child reside. In addition, UIFSA contains provisions implementing direct income withholding and easing evidentiary rules in interstate cases, and allowing use of telephonic hearings.

One of the most major revisions to URESA is adoption of the "one order, one time" principle. To achieve "one order, one time," UIFSA creates priorities to establish or modify a support order involving the same parties and child(ren).

The changes to URESA can greatly improve the interstate establishment and enforcement of support orders. Currently, eight states⁸ have enacted UIFSA, some with variation from the official act. In order to ensure uniformity in the law, I recommend that Congress require each state to adopt in identical form the Uniform Interstate Family Support Act as a condition of receiving federal funding.

G. Health Care Support

Health care for children is vital. Yet in 1991, of the 25 million children without employer-provided insurance, 8.4 million lacked any kind of public or private insurance.⁹

Presumably, ensuring the availability of insurance is beyond the focus of this working group. However, where insurance is available, it is crucial to children's welfare that such coverage be effective. That is not the case today.

Despite a federal requirement that states in IV-D cases pursue medical coverage when obtaining a child support order, about 60 percent of all support orders lack provisions regarding health insurance.¹⁰ The lack of mandated health coverage is especially evident in interstate cases. Seventy-five percent of custodial mothers in interstate cases reported in 1989 that health insurance for children was not provided by the noncustodial father.¹¹

Even where insurance is obtained for the child, the custodial parent may lack access to the coverage. The Interstate Commission heard testimony of employer-provided insurance plans that discriminate in dependency coverage; of obligors who fail to enroll their children as ordered; of insurance carriers that refuse to accept claims filed by the custodial parent on behalf of the

⁸ Arkansas, Arizona, Colorado, Montana, Nebraska, Oregon, Texas and the state of Washington.

⁹ Children's Defense Fund, Special Report: Children and Health Insurance (1992).

¹⁰ U.S. Bureau of the Census, Child Support and Alimony: 1989, Current Population Reports, Series P-60, No. 173 (Washington, DC: Gov't Printing Office 1991).

¹¹ U.S. General Accounting Office, Interstate Child Support: Mothers Report Receiving Less Support from Out-of-State Fathers, HRD-92-39FS (1992).

employee's dependents; and of obligors who pocket insurance reimbursements rather than forward the money to the custodial parent.

One obstacle to state efforts to enforce broad coverage is the Employee Retirement Income Security Act of 1974 (ERISA).¹² ERISA primarily deals with pension plans. However, it also preempts state regulation of health insurance plans where the employer bears the risk of loss; according to the U.S. General Accounting Office, 56 percent of the nation's employees in 1990 were covered by self-insured ERISA plans.¹³ Unfortunately, ERISA does not fill the state regulatory void. The result is that self-insured plans are subject to neither federal nor state regulation.

This preemption has been a major impediment to states seeking to address the problem of healthcare support for children. For example, the Commission received testimony that many self-insured plans refuse to provide dependency coverage unless the dependent resides with the employee. Such discrimination has a negative impact on interstate cases and nonmarital children. Yet, ERISA prevents states from prohibiting discrimination by self-insured plans.

Congress should remove the effects of ERISA preemption of state regulation of health-care coverage for children. Once that is done, states should enact laws prohibiting discrimination based on whether a child lives with the employee or was born during a marriage.

Federal and state law should encourage the insurance carrier to deal directly with the custodial parent. For example, when a parent has been ordered to provide healthcare coverage, state laws should require insurance carriers to accept an application for dependency coverage from the uninsured parent; to accept claim forms signed and filed by the uninsured parent on behalf of the insured employee's dependents; and to directly reimburse the parent who paid for the health care.

Employers should also facilitate healthcare coverage. For example, laws should require employers and unions to release to the uninsured parent or the IV-D agency information about the dependency coverage, including the name of the insurance carrier; enroll children who are beneficiaries of ordered health coverage immediately upon receipt of the tribunal's order or upon the authorization of the employee; withhold healthcare insurance premiums similar to wage withholding for support; and provide notice of any termination or change in insurance benefits affecting the employee's children.

H. National Child Support Guideline

Although every state is required to establish presumptive support guidelines, there is no federal model. States have developed guidelines based on three approaches: the percentage of income formula, the income shares formula, and the Melson formula. Studies indicate that these different state guidelines can result in families with similar financial circumstances with the same number of children facing different support obligations. In order to ensure uniformity and equity, I recommend a national support guideline. A national guideline is also necessary for implementation of child support assurance, discussed infra.

Although I support a national support guideline, I do not believe that the "perfect" guideline now exists. One area that guidelines

¹² 29 U.S.C. §§ 1001-1461 (1988).

¹³ U.S. General Accounting Office, Medicaid: Ensuring that Noncustodial Parents Provide Health Insurance Can Save Costs GAO/HRD-92-80 (June 1992).

are particularly ineffective in addressing are multiple families.¹⁴ I support the creation of a National Child Support Guidelines Commission. The Commission's task should be to evaluate current state support guidelines and develop a national support guideline for Congressional consideration.

I. Staffing and Training

Even the best automated system will not replace the need for an adequate number of trained personnel to process child support cases. However, child support case workers are staggering under the weight of overwhelming caseloads. The average FTE child support worker has over 1000 cases.¹⁵ While OCSE has cited many states for failure to conform to the audit criteria requiring the processing of 75 percent of cases needing services, no staffing study or mandated staffing level has ever been imposed by OCSE.

I join others in urging Congress to take action to ensure that the staffing levels in the state and local agencies are increased. The Secretary of Health and Human Services should conduct a staffing study in each state -- with state input -- to determine staffing needs. States should then be required to implement the recommended caseload staff ratio. Additionally, there needs to be a stronger federal and state commitment to training to ensure that problems are better anticipated, resources are more widely used, and appropriate legal remedies are sought.

J. Funding and Audits

Currently states receive 66 percent of their funding for administrative costs from the federal government. States also receive federal incentives of 6 to 10 percent (based on collection efficiency) of the amount collected for both AFDC and nonAFDC cases. However, federal incentives are capped in nonAFDC cases at 115 percent of the amount collected in AFDC cases.

Some argue that the incentive program should be maintained and retargeted to reward states that perform well on criteria that reflect the program's goals. Such goals may include the traditional duties of child support agencies: to locate parents, establish parentage and support orders, and enforce orders. Others argue that incentives skew state case-processing priorities by forcing states to work only those cases that will likely meet the target criteria. Most persons who want to eliminate incentives prefer to see the incentive money shifted to enhanced federal administrative cost funding, which would translate to a federal funding rate of 80 to 90 percent of the administrative costs incurred by states.

I support the Commission's recommendation that Congress fund a study to examine funding alternatives. In the interim, I recommend three immediate changes: revising the federal incentive formula to reflect a balanced program that serves both AFDC and nonAFDC families, revising the federal funding formula to provide incentives for healthcare support, and requiring states to reinvest incentives into the child support program.

Audits of state IV-D programs should focus more on performance criteria than current audit policy. The audit review should also be limited to current cases and recently closed cases rather than cases that are years old.

¹⁴ See Marianne Takas, "Improving Child Support Guidelines: Can Simple Formulas Address Complex Families?" 26 Fam. L.Q. 171 (1992).

¹⁵ Center for Human Services, U.S. Dep't of Health and Human Services, A Study to Determine Methods, Cost Factors, Policy Options and Incentives Essential to Improving Interstate Child Support Collections: Final Report 36 (1985).

K. Centralization of Child Support Services

Just as the Social Security Act requires the Secretary of the Department of Health and Human Services to establish a single, separate organizational unit to administer the Title IV-D program, strong consideration should be given to requiring states to have centrally run IV-D programs. Many states now have an intrastate division of responsibility that hinders the progress of a support case. When a state system is county-focused, it faces many of the same problems that plague the interstate system, e.g., decentralized responsibility, noncooperation between different agencies and tribunals involved in child support services.

Some people have advocated a mandatory placement of state IV-D responsibilities within a particular agency. For example, some suggest that placement within the Department of Revenue would facilitate the availability of income information. Others argue that placement within a State Attorney General's Office emphasizes the serious enforcement efforts that will be taken. There are strengths and weaknesses to almost any governmental placement of the IV-D program. Data collected by the Federal Office of Child Support Enforcement does not suggest that placement of the program determines the program's effectiveness. Rather, what is most important is the commitment of the state's leaders. Therefore, in requiring a centralized state IV-D program, states should have discretion to determine the most effective placement of that program.

In order to ensure proper accounting, all child support payments should be made to a government entity, regardless of IV-D status. The current practice of some states to allow direct payments should be prohibited. There are also advantages to having a single state collection point. The creation of central payment depositories would facilitate disbursement of the \$50 pass-through in AFDC cases; disbursement of any arrearage payments in cases where the children have received AFDC; income withholding for employers, especially nationwide employers who now must contend with hundreds of local jurisdictions; and ensure uniformity. Obviously, expeditious processing of payments under a centralized system would require an effective automated system and use of electronic funds transfer (EFT).

III. Child Support Assurance

Child support assurance is a federally determined amount of support that the government guarantees a qualifying family will timely receive each month, regardless of the obligor's payment pattern. I believe that the ever-increasing rate of single parent households living in poverty dictates our country's development of a child support assurance program. In my opinion, there are three very persuasive arguments for child support assurance. First, we need to replicate social security's safety net for children. Government benefits have lifted over 70 percent of elderly from poverty; by contrast, government benefits raise less than 15 percent of children from poverty.¹⁶ Second, unlike AFDC, child support assurance does not provide a disincentive to work since the amount of earnings does not affect the amount of the assured benefit. Third, it properly focuses society's attention on the obligated parent. Rather than the public's pointing a finger at the custodial parent as so often occurs with welfare, the public's concern will be directed toward the parent who has abrogated his or her support responsibility.

Because I support child support reform within a state-based system, I recommend that Congress fund state demonstration projects on child support assurance. In establishing criteria for

¹⁶ U.S. Bureau of the Census, Current Population Reports, Series P-60, No.182RD, Measuring the Effect of Benefits and Taxes on Income and Poverty: 1979 to 1991. (U.S. Govt. Printing Office 1992).

demonstration sites, Congress should specify whether the receipt of child support assurance creates an assignment of support rights, such as created by receipt of AFDC. If the federal government does become subrogated to the rights of the caretaker to enforce and collect the support order up to the amount of child support assurance provided, federal regulations should provide clear instructions regarding distribution of any support payment received from the obligor. Distribution policies regarding AFDC and support arrears are a nightmare; we must avoid creating another layer of bureaucracy with the assured benefit.

The evaluation reports from such projects will be crucial in determining the nationwide implementation of child support assurance. Several of the bills now pending in Congress list a number of important factors which should be studied. Although the effect of various guidelines on the administration of child support assurance should also be evaluated, I caution against limiting any Congressional study of guidelines to the context of child support assurance. The most effective guideline for meeting children's needs and the various transitions that families undergo is not necessarily going to be the guideline that is "easiest" to administer for child support assurance purposes.

IV. Miscellaneous IV-A/IV-D Policies

A. Distribution of Arrears Payments

Currently state distribution priorities vary widely regarding pre-AFDC arrears and post-AFDC arrears. In almost half of the states, support paid above the current obligation is used to reimburse the state for any AFDC prior to payment of arrears owed to the family.¹⁷ Families who are in transition from AFDC to self-sufficiency are in a particularly vulnerable period. Distribution policies should ensure financial stability during this period and should promote welfare avoidance. It is therefore recommended that after the fulfillment of the current month's obligation, payments of support should be distributed to the family for pre- and post-AFDC arrears before the State recoups its welfare expenditures.

B. Fill-the-Gap Budgeting

Extreme poverty could also be ameliorated by allowing children in AFDC cases to receive support in addition to the \$50 pass-through. Currently each state establishes a Standard of Need to determine how much it costs for children in the state to live in minimal decency. Only 24 jurisdictions actually pay AFDC grants in this amount. Twenty states are authorized by federal law to use fill-the-gap budgeting so long as their AFDC grant level is less than their Standard of Need. In those states, paid child support goes to the family, in addition to \$50, to make up some or all of the "gap" between the AFDC grant level and the Standard of Need. Federal law should be amended to allow any state that so desires to use fill-the-gap budgeting or to require approval of any fill-the-gap budgeting waiver request. As Jerry Townsend testified before the House Ways and Means Committee:

{I}t is better for a family to use its own resources (including child support) leaving AFDC as a mere supplement rather than the family being totally dependent on AFDC payments even though child support collections are being collected by the IV-D agency but used to pay back the government for earlier welfare costs. I believe that in pursuing recoupment of AFDC grants, we waste much time and energy identifying and pursuing claims that will never be paid, and that this process does nothing to assist families in achieving

¹⁷ U.S. Commission on Interstate Child Support, Supporting Our Children: A Blueprint for Reform 219 (1992).

independence.¹⁸

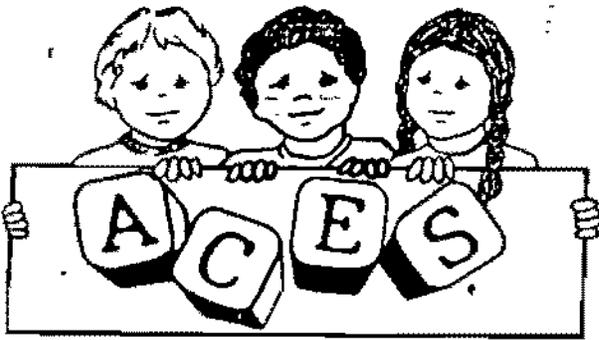
C. Recoupment of AFDC After Family Reunification

Another policy that undermines self-sufficiency is the practice of some states to pursue AFDC recoupment after the separated household has reunited. Such a practice not only reduces the amount of support available to the child, it also can work against efforts by a social service agency to promote reunification of the family in a foster care case. Recognizing the harshness of the practice in certain cases, Vermont has enacted a statute that prohibits recoupment of state welfare expenditures from a reunited family until that family's income is at least 225 percent of poverty, as defined by the U.S. Department of Health and Human Services. A national welfare reform policy should encourage state efforts such as Vermont's that support reunification of separated households.

V. Conclusion

Thank you, members of the Working Group, for the opportunity to testify. I have focused my testimony on ways to strengthen support establishment and enforcement. Obviously, our best efforts will be frustrated if noncustodial parents lack the means to pay support. Therefore, education, training and support services for obligors -- especially young parents -- also need to be addressed.

¹⁸ Testimony of Jerry Townsend, Director of Georgia's IV-D program, at a hearing on August 11, 1992, before the Subcommittee on Human Resources of the Committee on Ways and Means, House of Representatives.



The Association for Children for Enforcement of Support, Inc.

TESTIMONY OF GERALDINE JENSEN, PRESIDENT
ASSOCIATION FOR CHILDREN FOR ENFORCEMENT OF SUPPORT,
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WORKING GROUP FOR WELFARE REFORM
AUGUST 19, 1993

WHAT NEEDS TO BE DONE TO IMPROVE CHILD SUPPORT ENFORCEMENT

1. We must adopt a Child Support Assurance program that guarantees that child support will be a regular, stable source of income for children growing up with an absent parent. Children need a reliable and consistent source of support.
2. Responsibility for enforcing, collecting and distributing child support should be federalized and housed in the Internal Revenue Service. Current state and county workers should be trained to work in the new federal agency or be part of the new and improved establishment of orders effort at the state level.
3. We must ensure that each state has in place laws for administrative processes to establish paternity and child support orders.
4. There must be national guidelines to guarantee children a fair amount of support. Support should be based on the needs of the child and the parents income, not the state where the non-custodial parent resides.

My experience as a custodial parent dealing with the existing system, which took seven years to get support for my children; the experience of ACES, the largest child support organization in the U.S., whose 25,000 members are typical of the 10 million single parent families entitled to child support; and my experiences as a member of the U.S. Commission on Interstate Child Support, lead me to believe that children would be better served by the fundamental restructuring of the child support enforcement system. Seventeen million American children are owed over \$20 billion in unpaid child support. The current child support system has failed to help these children in almost every way.

Arguments have been made that we must keep the current state court-based system because we have invested billions of dollars; and because state child support workers would be displaced if the system was federalized. This is like saying we should continue to make B52 bombers even though they are obsolete because B52 bomber employees will lose their jobs if we stop production. We can re-train workers, we can make sure they have jobs in the new system. We cannot replace lost childhoods due to poverty caused by non-support; nor can we replace tax dollars wasted on an ineffective system.

Protecting children, the innocent victims of family breakup, from poverty should be the goal of the child support enforcement system. We should adopt a child support assurance program which guarantees that child support will be a regular, stable source of income for children growing up with an absent parent. Children need regular payments even if the non-custodial parent cannot be found or is unable to pay due to unemployment. This type of system would reduce child poverty by 42%. It should be accessible to all children who have an absent parent, restrictions such as requiring the family to have a court order will prevent the most vulnerable children, those whose parents have never married and those who have been deserted, from benefiting.

As a single parent of two children who did not receive regular child support payments, I tried to earn enough money on my own to support my two sons, Matt and Jake. They were ages three and six months at the time of the divorce. Their father made regular child support payments of \$250 a month for only six months. Working as a nurse's aide for minimum wage did not produce enough income to support the family. I contacted my welfare department for help, only to be told that I earned too much money, about \$400 a month, to receive aid. I was told to quit my job then I would be eligible for aid. So, I took on a second job in the evening. Working over 60 hours a week with two preschool age children was very difficult. I had been working both jobs for about eight months when my four year old son begged me to stay home one evening rather than go to my second job. When I attempted to explain to him the need for me to go to work, I realized that now he had no parent. I was gone all the time, day and night, his father had not contacted us in two years, no one was there to nurture, love, and care for him as he deserved. Babysitters day and night could not fill the gap. I made a decision that night to quit my jobs and go on welfare so that my sons had a parent.

I should not have had to become dependent upon government aid, I was willing and able to work, but in addition to my earned income we needed the \$250 a month in child support to make ends meet. Since the current system of AFDC prohibits one from working to receive benefits, no assistance was available to me unless our family became totally dependent. Child Support Assurance would have allowed my family to stay self-sufficient. I could have worked

part-time while the boys were preschoolers, then full-time when they started grade school if we would have been guaranteed receipt of a minimum amount of child support. This would have saved the government years of tax dollars spent totally supporting our family. All of the money given to us by the government for child support assurance could have been recovered since after seven years of non-support, when the boy's father was located, he had income from working most of the time as an heavy equipment operator for the railroad. All of the approximate \$12,000 in back support was collected.

In order for children to truly benefit from Child Support Assurance it must be a program like social security and be used in conjunction with effective child support enforcement. If under social security we can find a way for a dead parent to support their children surely we must be able to find a way for a living parent to support their children.

To do this we must have a national system that sends a message that supporting children is as fundamental a responsibility as paying taxes. Child support enforcement should be federalized and housed in the IRS. The IRS must be given all the tools it needs, including improved information for locating absent parents and improved tools for making prompt and effective collections, to aggressively pursue child support and medical support for children.

Children suffer because states cannot even identify which cases need orders, or which cases have not received payments so that action can be taken to implement income withholding. This is why only 20% of the cases have income withholding orders eight years after Congress passed laws making it mandatory upon a one-month default. And four years after this law was expanded to include income withholding at the time an order is entered.

A system where W-4 Forms are used as self-reporting tools for child support obligations is needed. Also, they should be matched with a national registry of orders. W-4's can be matched to initiate income withholding and to locate absent parents. This has been effective in Washington State and in Minnesota.

The Federal Office of Child Support Enforcement should be placed in the IRS. An Assistant Tax Commissioner should be appointed to be Director of the IRS Child Support Division. Initially the Division should take over current duties of OCSE. In one year it could be required to set up a central registry of interstate cases orders and do interstate income withholding. Within two years all the new cases would be added to the registry and the income withholding process, within five years the system should be fully functioning and include all child support cases. Arguments that this change will cause children to go without support - due to upheaval are unfounded, an orderly transition could be arranged.

Forty-five percent of the children do not have child support orders, a new system that better serves the children is needed. The 1988 Family Support Act sought to help families establish paternity and obtain child support orders. But state IV-D agencies told families they could not assist them to establish paternity and establish orders because they did not have needed funds for genetic blood testing. Congress acted to solve this problem by providing 90% funding for genetic blood tests. The number of paternities established is only 8% more after implementation of 90% funding (1987-1988 showed a 14% increase, 1990-1991 showed a 22% increase, difference = 8%).

In order to ensure an efficient system to establish paternity and establish orders, state child support IV-D structures should be required to be "single" statewide. Audit failures by states show patterns of lack of services statewide in states which are state-supervised county-run programs: WI, MD and PA have been found not to provide statewide services. CA, NJ, CO, IL, IN, MD, MI, MN, NE, PA, TN, OR and OH have been found to have problems with establishment of orders and collection/distribution of support payments.

Some states have shown dramatic improvements in establishing paternity and obtaining support orders through an expedited administrative process. These administrative processes are effective for children on whose behalf paternity must be established and for children whose paternity is not disputed and those who need support due to divorce, desertion or separation. This ends many problems families have with court case continuances being used as a stall tactic by delinquent parents, and other technical legal maneuvers which are used to delay justice. These delay tactics, common in our legal justice system, are especially damaging to children who suffer each day. They go going to bed hungry while losing their childhood to poverty.

Child support enforcement and establishment actions should be administrative rather than judicial, whenever possible.

Jurisdiction to establish orders should be in the state where the child lives. This requires federal statutes which place jurisdiction of child support action to establish and/or modify orders in the place where the child resides. A National Jurisdiction Act should have the following provisions: (1) interstate child support cases to be cause of action (2) the venue for the action to be where the child resides (3) trial court of any state should have power to serve the defendant. Parental Kidnapping Prevention Act is a model for child state jurisdiction!

Children need to be put before all other debts, and support payments due to them need to be due until collected. Federal law should prohibit statute of limitations on child support cases. This would discourage parents from running from state to state to avoid

child support obligations while the child is under age 18.

Studies show that the best way to end the cycle of poverty is through education. Children growing up in single parent households entitled to support have fewer opportunities for higher education. A federal statute making duration of support to age 23 if the child is attending school is needed.

Under the current system the "choice of law" for Child Support Guidelines, used to determine the amount of support paid, are placed in the state where the non-payor lives rather than the state where the child lives. Orders based on the cost of raising the child, the cost of day care, the cost of food and shelter, in the state where the non-custodial parent lives rather than the state where the child lives are ridiculous.

The 1988 Family Support Act required states to adopt Child Support Guidelines as a rebuttable presumption. Results of the guidelines include states guidelines causing the amount of support paid to increase in 27 states, it decreased in 16 states and remained the same in 7 states. Guidelines are different in every states. For example, a parent who earns 30,000 in Illinois will pay \$284 a month, a parent in New jersey who earns \$30,000 a year will pay \$475 (Source: Institute for Research On Poverty, University of Wisconsin, Discussion Paper: Child Support Guidelines and their economic well-being of our nations' children).

This lack of fairness breeds state shopping and resentment among non-custodial parents ordered to pay various amounts. Additionally, all states have created exceptions to use with the guidelines, usually this means that upper income parents pay an amount ordered at the judges discretion while low income parents pay a standard amount with little deviation. Upper income parents in this situation use threats of custody battles to coerce custodial parents, usually women who have few financial resources to use in a custody battle, to settle for less child support. Also, some states allow parents to pay less child support because they have a second family, have college debts to pay off, or other bills. States have not made sure that children's financial security is placed first in the divorce process.

Children throughout the nation need to be treated fairly and equally. National guidelines are needed to guarantee children a fair level of support. Children's support orders should be determined by their needs and their parent's ability to pay, not by where they live and which state guidelines apply. There must be a national process, as well, for periodically reviewing and updating child support orders to ensure that orders keep pace with children's needs and parents' income.

Plans are underway to connect automated state child support tracking systems as part of CSNET, and then to develop this system so that there will be a national parent locator system. Only ten states have taken advantage of the 1984 Child Support Amendments Provision for 90% funding for statewide automated systems. Thirty-nine state child support agencies told ACES in our annual survey that they will not have automated systems in place by the 1995 deadline. Even if states had automated systems in place, all would be different and they are not being designed to interlink. State governments blame the Federal Office of Child Support for the lack of automated systems and the Federal Office of Child Support blames the states. This finger pointing does not help the children. Over \$257 million has been spent by states developing automated systems, states are requesting an additional \$863 to complete the systems, this totals \$1.1 billion dollars. Much of the money spent developing these systems has been wasted according to a GAO report. It was reported that one state spent \$17 million on a system which did not work before OCSE suspended funding, another spent \$11 million over three years on a non-functioning system and another \$4 million over two years on a system which did not meet federal requirements.

States who have been certified by OCSE report they need additional funds to update the systems. For example, New York has received 33 million and its system was certified by OCSE, yet they are requesting an additional \$25 million to update the system. ACES members in New York report that only child support workers who have attended classes can use the computer to determine arrearages. Courts have to have child support workers on hand to determine the back support due.

An expanded Federal Parent Locator System should be developed. This can be done by expanding the existing Federal Parent Locator System and by increasing access to the system by government child support agencies. Recent regulations by HHS require states to pay for information from the Federal Parent Locator System. Fees for use of the national system by any government law enforcement agency working on child support cases should be prohibited. Child support agencies need access to NLETS, this is the system that accesses all state Department of Motor Vehicle records, and NCIC which lists criminal records. This can be accomplished by Congress designating child support agencies as law enforcement agencies.

When the U.S. Commission on Interstate Child Support heard testimony from state agencies that lack of staff was the largest problem, average caseload is 600 cases per worker. This lack of staff and funding severely hinders child support enforcement efforts and acts as another barrier to low income families attempting to utilize government services for child support enforcement.

A new funding structure for states to ensure that they establish orders on a timely basis should be developed. This should include elimination of the federal incentive payments to states, and the adoption of a 90% federal match with a requirement for state maintenance of effort at 1993 levels.

Priority of distribution on post AFDC cases should be "family first." Assisting families who become self-sufficient and free of the welfare roles should be a priority. The current system penalizes these families by paying the state government back support payments before the family receives back support payments due to them.

States and the Federal Government benefit through lower cost for AFDC (Aid to Families with Dependent Children) when child support is collected. As of the end of 1991 all states made a "profit" on child support collections: 66% reimbursement + 6% incentive payments + funds recouped for AFDC expenditures = more \$ than what was spent on the child support enforcement program. They can afford to pay families First.

An Example of Making a "Profit" on Child Support Enforcement:

Expenditures of \$27,086,106

Reimbursement at 66%	1.	\$17,876,830
Collections:		
\$30,191,573 AFDC		
\$57,562,494 Non-AFDC		
* Amount qualifying for incentives -		
\$60,500,000 @ 6%	2.	\$3,630,000
Amount of AFDC recouped by state	3.	<u>\$9,226,858</u>
Total Income (1 + 2 + 3) =		\$ 30,733,688

Total Income	\$ 30,733,688
Total Expenses	<u>-27,086,106</u>
"Profit"	\$ 3,647,582

*Incentives payments are based on AFDC amount x 2 if less money is collected on AFDC cases than Non-AFDC cases. This is often called the "cap."

Profit made on child support enforcement should be reinvested in the child support enforcement program.

The government child support agency should list their clients as the custodial parent and child. Child support enforcement services should be an entitlement. Families should have a right to effective and efficient services. New federal timeframes are a step in that direction, except clients were given no rights in the 1988 Family Support Act to obtain action on their case under the timeframes. Clients should be given a right to services, and states should be required to meet timeframes. Non-compliance with timeframes should be a reason to request a State Fair Hearing. States should be prohibited from charging fees of more than \$25 to families owed support.

Child support and visitation are separate issues. A parent who is unemployed and without income cannot pay support, this parent's rights to visitation should be protected and enforced. ACES believes that it is wrong to deny visitation when support is not paid and we believe it is wrong to withhold support when visitation is denied. These actions harm the children. We know from experience and from studies that 13% of the parents who fail to pay child support state that the reason they are withholding payments is because they are being denied visitation. To prevent this from happening, we need an effective custody visitation dispute resolution program.

State courts should be required to have in place programs for resolution of custody and visitation problems. Prince George's County, MD, and Washington, DC, are good models for these types of programs.

American families entitled to support need an effective and fair enforcement system. The children need regular, reliable child support payments to survive, to grow up secure and safe. It is time to solve the problem of non-support. We can do it, we have the resources and ability to do it. We need to set up a national system, that is administrative rather than judicial, and a child support assurance program to protect children from poverty. It is the right thing to do for our children.

WHAT'S WRONG WITH THE INTERSTATE COMMISSION'S REPORT:

1. **Jurisdiction: State Court Based Enforcement Recommended;** This promotes 50 different systems enforcing laws 50 different ways. This will provide full employment for private attorneys, and continues cumbersome government processes, it will not provide for full collection of support for hungry children
2. **Enforcement: W-4 reporting of new hires as recommended by the commission does not help solve enforcement problems on interstate cases.** For example, if the order is originally entered in New York and the non-custodial parent moves to Connecticut to work, the W-4 matched with Connecticut records will not show a child support obligation, only New York records would show a match.
3. **Choice of law: The commission recommends that the choice of law should be placed in the state where the non-payor lives rather than the state where the child lives.** The court orders will be based on the cost of raising the child, the cost of day care, the cost of food and shelter, in the state where the non-custodial parent lives rather than the state where the child lives.
4. **Location of Absent Parents: The recommendation advises Congress to connect automated state child support tracking systems so that there will be a national parent locator system.** Only 8 states have automated systems. Connecting a broken or non-existent system will not help children.
5. **Funding: No additional funding was found or suggested, the commission side steps this issue by recommending that a study be done.** The commission only recommended staffing studies and funding studies, and leaves the implementation of the study results to HHS.

**TESTIMONY BEFORE THE
INTERAGENCY WORKING GROUP ON WELFARE REFORM,
FAMILY SUPPORT AND INDEPENDENCE**

**Sarah C. Shuptrine, President
Southern Institute on Children and Families
2725 Devine Street
Columbia, SC 29205**

August 19, 1993

**Testimony Before the
Interagency Working Group on Welfare Reform,
Family Support and Independence
August 19, 1993
Sarah C. Shuptrine, President
Southern Institute on Children and Families**

Child Support

Thank you for the opportunity to testify before you today. I fully support the policy that both parents should be responsible for the well-being of their children. A business like approach to establishment and collection of child support payments is long overdue.

It is critical, however, that efforts to strengthen child support enforcement be undertaken with an understanding that establishing paternity is not without risks. Custodial parents who have taken steps to establish paternity have made a determination that the benefits outweigh the risks. Often, under the current system, they do not.

A major concern is that in the process of strengthening child support enforcement, we could make it tougher for custodial parents, primarily mothers, to obtain cash assistance and health benefits for needy children. Great care must be taken to see that progress toward one important social goal does not inadvertently set back another equally important one. Enacting additional requirements for paternity establishment on the front end, as a requirement for receiving benefits, is not the way to go in that it will only further complicate an eligibility system that already debilitates the spirit and dignity of applicants.

Current federal law states that except for a pregnant woman applying for Medicaid for an unborn child, AFDC and Medicaid applicants must cooperate with child support recovery. It is well known "on the street" that if you apply for AFDC or Medicaid, you must be prepared for intense questioning regarding the identification and whereabouts of the absent parent.

There is evidence to indicate that the child support requirement presents barriers to assistance. Unlike AFDC and Medicaid, there is no federal requirement to identify the absent parent when applying for Food Stamps. In a recent study in Georgia, eligibility workers stated that, regardless of need, many Food Stamp recipients will decline to apply for AFDC or Medicaid to avoid a referral of the absent parent to child support recovery. Hospital and health department staff also stated that child support requirements present barriers to Medicaid eligibility.¹

As we do not allow the behavior of adults to block a child's access to food assistance, we should not allow behavior of adults to block a child's access to cash assistance and health care benefits.

There are many reasons why a custodial parent may not be willing or able to cooperate in naming and locating the absent parent. For example, they can be concerned about losing voluntary child support, irregular as it might be, with no guarantee of receiving child support after paternity is established. For teenagers, in particular, there are often a lot of promises made regarding informal support arrangements -- promises which they want to believe at the time.

And then there is the fear of abuse. A fact that is well known "on the street," but is not well known in policy circles is that you cannot just claim "Good Cause" as a reason not to report the absent parent -- you must prove it. Proof of "Good Cause" generally means that you must provide law enforcement or medical evidence or sworn statements of individuals other than the custodial parent. All "Good Cause" claims must be investigated by the agency and the custodial parent must be prepared for the consequences of such an investigation, including the possibility of further physical harm to herself or her children.

¹Sarah C. Shuptrine, Vicki C. Grant and Genny G. McKenzie, An Assessment and Action Plan to Improve Medicaid Eligibility, Outreach and Perinatal Case Management Services (Columbia, SC: Sarah Shuptrine and Associates, June 1993).

Rather than attempting to coerce paternity establishment, I urge you to focus on helping custodial parents who have established paternity and those who are able and willing to do so. If you can make the system work for those parents, word will spread quickly and will provide a powerful incentive for others to establish paternity.

Up front, in the eligibility process, use the carrot rather than the stick. Provide economic incentives for states to develop effective methods and training programs to teach eligibility workers how to communicate to the custodial parent the importance of establishing paternity to future economic security.

And, as recommended by the National Commission on Children on which I served, the most important action needed to encourage paternity establishment is enactment of government insured child support to help make the benefits of establishing paternity outweigh the risks.

Simplification

I would also like to comment on a subject of major importance to your task to "end welfare as we know it." The administration of the AFDC, Medicaid and Food Stamp programs is generally and accurately regarded as a bureaucratic nightmare. Without reform, we will continue to expend valuable resources on a system which is designed not to work.

One of the more serious problems with the current system is a lack of uniform program rules across the major poverty programs. The need for uniform program rules is not a new subject. Efforts to achieve uniformity across AFDC, Medicaid and Food Stamps have been stymied in the past because of an inability to gain agreement on income eligibility rules. If you exclude the contentious area of income levels, there is still a great deal that can be done to simplify the administration of

these programs and make them more efficient as well as more accessible to families who need the assistance they provide.

Another reason for the failure of past efforts to achieve uniformity and other forms of simplification is the fear that to simplify the rules that govern the application process will allow many more families to become eligible for assistance. I submit to you, that it is not fair to allow procedural barriers to restrict services to needy families in order to control the budget for these entitlement programs. To restrict access by making the eligibility process difficult results in keeping out the least educated and those too proud to submit themselves to the demeaning requirements involved in filing an application.

I am encouraged by the fact that you have established "Program Simplification" as a specific area for development of policy options. Your efforts can help to provide the leadership necessary to reduce costly administrative duplication. If you can develop a plan to achieve uniform program rules across AFDC, Medicaid and Food Stamps, and gain congressional support for reform, it will mean significant savings in current administrative costs. It will also result in savings in future administrative costs that would otherwise be needed to integrate computer systems and training. Where there are few differences, there will be less need to spend resources on integrating systems.

The funds which will be saved in reduced administrative costs can be reallocated to provide benefits for needy families who are currently being kept out of these programs by bureaucratic barriers. We owe it to these families to make every effort to remove obstacles to services that can help them meet basic needs of their children.



CHILDREN'S RIGHTS COUNCIL



ALSO KNOWN AS

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To the Working Group on Welfare Reform,
Family Support and Independence

Testimony from David L. Levy, Esquire
President, Children's Rights Council (CRC)
Washington, D.C.

Our Children's Rights Council (CRC), which believes in welfare reform, commends the Clinton Administration and this group for your efforts, and for the opportunity to present our views to you.

Three national organizations are affiliated with our Children's Rights Council. They are Mothers Without Custody (MW/OC), representing 2 million non-custodial mothers, headed by Jennifer Isham of Illinois; Grandparents United for Children's Rights (GUCR), headed by Ethel Dunn of Madison, Wisconsin, with chapters in 20 states; and the Stepfamily Association of America (SAA), headed by Judith Bausersfeld of Pittsburgh, Pennsylvania.

Our Children's Rights Council favors family formation, family preservation, and if families break up (or are never formed), we work to assure children the two parents the child would normally have had during a marriage. Our CRC motto, which is also the title of a newly-published book I have edited, is "The Best Parent is Both Parents."

One of the greatest needs in this country is for parenting education, before marriage, during marriage, and parenting education in the event of divorce (or if parents do not marry). Our country also needs to demilitarize divorce where children are concerned, and to substitute mediation and conciliation for the adversarial approach.

Parenting education is directly related to welfare reform, because families that know about parenting, and the fostering of healthy relationships, are good candidates to be self-sufficient and self-supporting. Parenting education is also low cost and effective.

Last night, August 18, 1993, ABC Worldwide News featured the work of Dick Woods of Iowa, who is

(more)

A NON-PROFIT, TAX EXEMPT ORGANIZATION STRENGTHENING FAMILIES & ASSISTING CHILDREN OF DIVORCE

Dr. Carl H. Moe, Jr.
General Secretary
Lutheran World Federation (1974-85)
Geneva, Switzerland

John Moezy, Ph.D., Professor of
Medical Psychology and Pediatrics
Johns Hopkins University and Hospital
Baltimore, Maryland

Sue Klavans Sirming
Co-Director, Family Solutions
The Center of Divorce and Custody
Consultation, Englewood, New Jersey

Debbie Stabenow
State Senate, Michigan

administering a \$300,000 federal access/visitation enforcement grant from HHS. Our CRC is credited as being the catalyst for the Iowa grant and the other grants authorized under Sec. 504 of the 1988 Family Support Act. ABC pointed out that 40% of fathers have their access/visitation interfered with by custodial parents, to which our CRC would point out that non-custodial mothers also have their visitation interfered with. Yet there is no almost no attention paid to the access/parenting time/visitation question in this country. And this has a direct relationship to welfare, because the Census Bureau has shown that parents with access to their children pay far more child support, than parents who have no such access.

Such parental involvement, I might add, also contributes to fewer problems for children and society. According to all the research, children with two parents are far less likely to be involved in drugs and crime than children with only one parent.

If this panel, by its title, Strengthening Child Support Enforcement, is meant to include emotional as well as financial child support, you will be contributing mightily to the understanding this country needs about the relationship between parenting and financial support.

But because the thrust of the panel is more likely to be limited to just financial child support, let me speak to that.

First let me mention that the financial child support research that policymakers rely on is, as everyone knows, unreliable. For example, the statement that this Working Group has published, which states that "Only one-third of single parents currently receive any court-ordered child support" is, we believe, misleading.

The Census Bureau reports that of mothers with a child support order, about half receive full support, a quarter receive some support, and the rest receive none. In other words, three quarters of mothers with a support order report receiving some or all of their support.

The polling of what custodial fathers receive in support was supposedly undertaken by HHS last year, but if so, the results have not been published. And no reported support is matched against court records. But the problems run deeper than this.

America is finally beginning to realize that the welfare system, which has spawned a generation of single parent households, at tremendous public cost, needs reform.

What is much less realized is that the child support system has also spawned a generation of single parent households, at tremendous public cost, and needs reform.

In addition to creating a large federal and state bureaucracy, the federal government pours nearly a billion dollars into state coffers each year as "incentive" payments, or rewards, to induce the states to run their child support systems. Aside from increasing the national debt by this nearly one billion dollars a year, the billion dollars does not reach the children the child support system is supposed to help. In 1991, for example, California made \$81.5 million in federal dollars, virtually all of which went into the California general treasury.

That \$81.5 billion may help states like California with their own state debt, but increases, rather than reduces, the federal debt.

In a report entitled "Moving Ahead, How America Can Reduce Poverty Through Work," prepared by Republican Representatives E. Clay Shaw, Nancy L. Johnson and Fred Grandy of the House Human Resources Subcommittee in June, 1992, those members said "...even though the government child support enforcement program, subsidized by tax dollars, is collecting more and more money, there has been virtually no change in the nation's aggregate child support payments in relation to the number of demographically eligible mothers. It is as if the government program is pulling cases out of the private sector, providing them with a public subsidy, but not improving overall collections..."

What the Congressmembers mean is that the child support system, originally designed as a move to keep needy mothers stay off welfare, is more and more acting as the collection agent for the conventionally divorced, middle class parents who tended to pay voluntarily before the government got into the collection business. All of which costs lots of federal dollars to administer.

"From a federal budget perspective, Child Support Enforcement is an expensive disaster," the Shaw/Johnson/Grandy report concludes.

A report provided by the General Accounting Office for a bipartisan group of Congressmembers offers no better prospects. Prepared at the request

of Congresswoman Marge Roukema, Congresswoman Barbara Kennelly and Senator Bill Bradley, released January 9, 1992, 66 percent of mothers with a child support award who did not receive payment from the fathers say it is because the fathers were unable to pay.

The 66 percent figure is reported by the custodial mothers regardless of whether the fathers live in the same state or in a different state from the mothers.

As ridiculous as it may sound, that same GAO report acknowledges that the U.S. government is classifying deceased fathers as deadbeats, as well as counting children due support who are already emancipated.

The welfare system is well known for keeping fathers out of the home, and even for promoting divorce, as 60 minutes has reported, because welfare dollars only pour in for single-parent families. And even public housing is usually unavailable for poor two-parent families, as Housing and Urban Development Secretary Cisneros has found out to his dismay.

What is less understood is that child support has the same disastrous underpinnings as welfare. Many judges and mothers are hesitant about ordering or agreeing to joint custody or liberal visitation because of a fear of reduced child support, when research points in exactly the opposite direction--higher child support from satisfied, involved fathers.

And more prompt payments, too. Indeed, the Census Bureau reports that fathers with joint custody (shared parenting) pay 90.2% of their child support, fathers with visitation pay 79.1% of their support, while fathers with neither joint custody (shared parenting) nor visitation pay only 44.5% of their support.

The move to tighten the noose on child support through tougher enforcement, child support assurance and other measures being considered in Washington, then, is about as likely to succeed, as "tightening the qualifications" for welfare. It may appear to help, but won't solve the basic problem--a higher national debt, and another generation of children raised without their fathers.

It won't be easy to fashion either welfare or child support policy based on the assumption that children need, want, and deserve two parents whenever possible. But unless we begin to think in

terms of children's genuine needs, we won't be able to frame the appropriate public policy responses.

Our Children's Rights Council is among the country's strongest supporters of financial child support--because we are among the few groups that propose that public policy should be based on programs that work. We do not like failure, and we urge this Welfare Reform Group to shy away from the failed child support policies of the past and instead embrace policies that work.

People need to work, and so do policies.

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NATIONAL WOMEN'S LAW CENTER

Statement

of

Sarah J. Craven

Women's Law and Public Policy Fellow

National Women's Law Center

on

Strengthening Child Support

Before the

Working Group on Welfare Reform, Family Support and Independence

August 19, 1993

**Statement of
Sarah J. Craven
Women's Law and Public Policy Fellow
National Women's Law Center
on
Strengthening Child Support
Before the
Working Group on Welfare Reform, Family Support and Independence**

Mr. Chairman and members of the Working Group, I appreciate the opportunity to appear before you today on behalf of the National Women's Law Center. The Center is a non-profit organization that has been working since 1972 to advance and protect women's legal rights. The Center focuses on major policy areas of importance to women and their families, including child support, employment, education, reproductive rights and health, child and adult dependent care, public assistance, tax reform and Social Security -- with special attention given to the concern of low-income women.

I would like to submit for the record the document, "A Vision for Child Support Reform," which represents the combined judgement of the National Women's Law Center, Ayuda, Center for Law and Social Policy, Children's Defense Fund, U.S. Catholic Conference, and Women's Legal Defense Fund on the changes that are needed in the current child support system to improve its effectiveness. Several of our organizations have been working together for over ten years. We strongly believe that any meaningful reform of welfare must aim to strengthen families through assured child support coupled with aggressive, improved enforcement of child support obligations. Our vision statement provides a pragmatic blueprint for reform of the child support system in the key areas where it is needed: enforcement; child support assurance; outreach; paternity establishment; uniform national guidelines; expedited processes; medical support; and provision of adequate

resources, training and auditing procedures to make the system work. For the purposes of today's testimony, however, I will limit my remarks to the heart of child support reform - federalized collection and enforcement coupled with the fail safe of child support assurance.

These hearings and the mission of this working group provide a historic opportunity for dramatic improvements in the nation's child support system, and accordingly, in the lives of millions of single-parent families with children. During the Presidential campaign, then-candidate Bill Clinton promised to "end welfare as we know it -- not by punishing the poor or preaching to them, but by empowering Americans to take care of their children and improve their lives." In order to fulfill President Clinton's goal of empowering Americans by transitioning families off welfare, overhaul of the child support system must be a top priority in welfare reform. As a starting point, child support collection and enforcement must be strengthened through federalizing child support collections and enforcement. In addition, when absent parents are unable to pay, the government should guarantee custodial parents a minimum child support payment through a program of child support assurance.

A well developed child support component of welfare reform has the potential for reducing reliance on welfare benefits (thereby reducing costs) and accordingly, helping to make welfare truly transitional. Moreover, improved federalized child support enforcement coupled with child support assurance has the potential of encouraging work in the paid labor force, since --unlike welfare benefits --neither child support nor an assured child support benefit is reduced by income from work.

The Crisis in Child Support

As this task force is well aware, we are facing a crisis in child support.

In 1991, 25 percent of all children in the United States lived in a one-parent family, compared with 12 percent in 1970. Current projections are that more than half of all children born today will spend some time in a single-parent family before reaching age 18.

The poverty rate of children in single-parent, female-headed families is also dramatic --- over 50 percent. Millions of additional families live close to the poverty line. The dire economic strait of single-parent families is attributable, at least in part, to a lack of child support. In 1990, fewer than 60 percent of custodial-mother families had a child support award in place, and half of these families received no support at all or less than the full amount due. For those families who received child support, the average amount was under \$3,000.

In 1989 alone, \$5.1 billion that was due in child support from noncustodial fathers went uncollected. And for FY 1991, federal-state child support agencies reported that collections had been obtained in only 19.3 percent of their cases. Clearly our child support system is failing America's families.

Enforcement

As this task force well knows, many low-income custodial parents depend on welfare because they receive little or no financial help from non-custodial parents. Accordingly, improving enforcement and collection of child support obligations is key to reducing reliance on welfare.

Prior to 1974, establishment and enforcement of child support obligations were purely a matter of state law. Since that time, however, the nation's child support enforcement system has been undergoing a process of federalization. To date, this process has been

accomplished by the provision of substantial federal funding to the states to provide child support services, by the enactment of federal laws which require the 54 states and territories to enact state legislation and by limited use of federal locate and enforcement mechanisms.

This method of federalization has not achieved the desired results: as I stated earlier, census data reveals that 40 percent of custodial mothers still do not have a child support award and, of those with an award, only half actually collect what is owed. These numbers are the same as they were in 1978. The picture for those using the state IV-D system is even more bleak: according to data from the Office of Child Support Enforcement, the average state paternity establishment rate is 45 percent and a collection of support is made in only 19.3 percent of IV-D cases. Of particular concern are interstate cases, where 57 percent of custodial mothers with orders do not receive regular support. Since 30 percent of all cases are now interstate, this is a very serious problem.

The current state system has also failed to become more cost-efficient. In 1991, \$3.82 was collected per dollar of administrative expense. This is a decrease from 1988 when \$3.94 was collected for every dollar in administrative expense.

In short, the federal government is losing over half a billion dollars yearly on a program which is failing to provide even minimally adequate services. The resulting direct and indirect costs to children are beyond measure.

The dismal record of the states has many causes. Chief among them are insufficient staff and resources at the state and local levels; a multiplicity of actors who are outside the control of the IV-D agency but who must act efficiently if the agency is to do its job;

diverse, and frequently inconsistent state laws which make processing interstate cases particularly difficult; and a lack of automation.

We, therefore, believe that the enforcement of child support obligations should be moved to the federal level. This would accomplish several things: 1) free up state staff to perform other functions (i.e., locate, paternity establishment/modification), easing the current caseload problems; 2) provide a uniform national collection system which could reach obligated parents wherever they live or work; 3) greatly ease the burden on employers involved in income withholding, who would only have to deal with one entity with one set of policies and procedures, not several different entities depending on where the custodial parent resides.

A federalized collection, disbursement and enforcement effort, housed at an experienced federal agency such as the Internal Revenue Service (IRS), would ensure that the highest possible proportion of children receive child support payments from their noncustodial parents. As discussed in "A Vision for Child Support Reform", this system would work best when implemented with child support assurance, a national child support guideline, enhanced paternity establishment and key improvements in state child support systems.

Under a federal collection and enforcement system, all child support orders would be sent to a national registry at the same time as the initial notice of withholding is sent to the obligor's current employer. The registry would abstract the order and maintain the abstract with the parents' current addresses and social security numbers, as well as relevant employer information. In most cases, enforcement would be through wage withholding. When the

obligor changed jobs, he/she would be required to fill out a W-4 form stating whether or not there was a child support obligation and the amount owed. The employer would immediately begin withholding the reported amount owed and without delay send the form to the IRS to match for accuracy against the abstracted order. (Alternatively, employers would be able to match the forms themselves against information in the registry through electronic and telephonic on-line access to registry data.) If the employee reported the obligation incorrectly, the IRS would inform the employer of the correct withholding amount. Payments withheld would be sent to IRS for recording and prompt disbursement to the custodial parent or AFDC agency.

We believe that the IRS has both the tools and the experience to collect and enforce child support obligations. Use of the IRS would highlight for noncustodial parents the seriousness with which the government views child support obligations and bring the full weight of the IRS enforcement authority to bear on the collection of support.

The IRS could also use its extensive information system to assist in locating absent parents and their assets, both to help states establish and modify orders and for its own enforcement purposes. For example, IRS data could be used to supplement data from other federal and state records -- including tax, deed, motor vehicle, public utilities, criminal, correctional, occupational/professional/ recreational licensing, and vital statistics records.

Finally, to improve collections the federal government must be given new enforcement tools. For example, obligors should be required to report on their federal income tax form and pay with their taxes (including quarterly estimated taxes, for the self-employed) any outstanding child support obligations. In addition, the federal agency should

be required to report to consumer credit agencies the existence of a child support obligation; automatically issue a lien when an asset is located and there is an arrearage; intercept lottery winnings and other awards/prizes; and collect child support arrears after the child reaches the age of majority or the age at which support is otherwise scheduled to cease under the order.

Child Support Assurance

Child support assurance is a bold, new strategy for addressing the problems of the current child support system. It reinforces parental responsibility by insisting that our children receive child support. At the same time, it protects children when parents are unable or fail to pay support.

Under child support assurance, the government provides an assured child support benefit on behalf of any child who has been awarded support but whose noncustodial parent fails to pay, in whole or in part, the amount owed. The assured benefit is equal to a fixed benefit amount that varies according to family size, less the amount of child support collected.

Child support assurance is a new concept, but it builds on a concept already deeply embedded in American social policy -- the Social Security system. Just as Social Security insurance protects against the inability of parents to support their families due to disability, death or retirement, child support assurance protects against the inability or failure of parents to support their families due to divorce or separation.

Child support assurance provides families with the economic security that is lacking in the current child support system by making up the difference between the assured benefit amount and the amount of child support paid. The assured benefit would be available to all

noncustodial parents and their children, not just those who might be eligible for public assistance. For those families eligible for public assistance, it would provide a benefit not subject to work disincentives or the stigma that is unfortunately attached to the receipt of means-tested benefits. As such, it would afford AFDC mothers a realistic chance of moving off welfare to support their families through a combination of child support, earnings from employment, and (if needed) the assured child support benefit.

At the same time, child support assurance focuses attention on the responsibility of the noncustodial parent for children's economic insecurity. Too often only the custodial parent is blamed for generating insufficient income to adequately support the children. Child support assurance, however, is premised on much stronger child support enforcement, sending a message that both parents are responsible for a child's support. Moreover, the noncustodial parent would be encouraged to pay by the knowledge that child support payments made would benefit the children and be supplemented by the assured benefit in cases where, because of the parent's low income, the award was less than the assured benefit amount.

To assure that a child support assurance program achieves its objectives, it must include five key components, each of which is discussed in greater detail in "A Vision for Child Support Reform":

- * Child support assurance cannot work without dramatically improved child support enforcement that ensures that noncustodial parents are held responsible for supporting their children to the maximum extent feasible.

- * It must guarantee an assured minimum benefit that is large enough to make a difference in a child's life -- and adequate for families with more than one child.

- * It must insure eligibility of all children whose parents participate in child support enforcement efforts or have good cause for not participating.

- * It must include an assured health benefit for children who do not have access to the noncustodial parent's private health insurance; if the noncustodial parent does not have any insurance; or if the coverage fails to meet basic health care needs.

- * And finally, local and community-based outreach and public education is essential to help custodial parents understand that they have a stake in pursuing child support and child support assurance, to emphasize the economic and non-economic benefits of child support, and to help them navigate the system to obtain services.

Conclusion

In conclusion, child support assurance and a federalized system for collecting, disbursing and enforcing child support are two critical components of needed child support reform, and accordingly welfare reform efforts. We appreciate the leadership of the working group on these important issues, and look forward to continuing to work with you to make these reforms a reality.

A VISION OF CHILD SUPPORT REFORM

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INTRODUCTION

As advocacy groups that care deeply about the plight of single-parent families plagued by the epidemic of non-support, we have joined together to develop this vision for a child support system that delivers on its promise to support children. Most of the groups submitting this joint statement have worked closely together as an informal, but close-knit, task force on national child support policy for ten years.

We worked hard to help shape and build consensus for child support improvements made by the federal Child Support Enforcement Amendments of 1984 and the child support provisions of the Family Support Act of 1988. We followed this legislative work with intensive work on federal regulations implementing the program. Many of us have worked as well on the state and local level, trying to ensure that the theoretical promise of federal child support reform becomes a reality at the grassroots level.

We are heartened by the many improvements that have been made. At the same time, we are deeply disturbed by the continuing failure of the child support system to deliver on its promise: that child support should provide a regular, reliable source of support for children in single-parent households. It is time for fundamental reform of the system.

Our statement provides a pragmatic blueprint for that reform. We believe strongly that child support assurance, coupled with aggressive, improved enforcement of child support is essential. This statement outlines how to achieve reform in key areas: improved enforcement; child support assurance; outreach; paternity establishment; uniform national guidelines; expedited processes to establish paternity and child support obligations and to enforce support; medical support; and provision of adequate resources, training, and auditing procedures to make the system work.

Different members of our task force took responsibility for preparing sections of this statement. Sections on paternity establishment and medical support were drafted by Paula Roberts of the Center for Law and Social Policy, who also worked with Nancy Duff Campbell of the National Women's Law Center to prepare the section on expedited processes. Nancy Duff Campbell and Sarah Craven of the National Women's Law Center drafted the enforcement section. Diane Dodson of the Women's Legal Defense Fund drafted sections on outreach and national child support guidelines, and Nancy Ebb of the Children's Defense Fund drafted the sections on resources and child support assurance.

ENFORCEMENT

Prior to 1974, establishment and enforcement of child support obligations were purely a matter of state law. Since that time, however, the nation's child support enforcement system has been undergoing a process of federalization. To date, this process has been accomplished by the provision of substantial federal funding to the states to provide child support services, by the enactment of federal laws which require the 54 states and territories to enact state legislation (e.g., immediate income withholding) and by limited use of federal locate and enforcement mechanisms.

This method of federalization has not achieved the desired results: according to census data, 40 percent of custodial mothers still do not have a child support award and, of those with an award, only half actually collect what is owed. These numbers are the same as they were in 1978. The picture for those

using the state IV-D system is even more bleak: according to OCSE data, the average state paternity establishment rate is 45 percent and a collection of support is made in only 19.3 percent of IV-D cases. Of particular concern are interstate cases, where 57 percent of custodial mothers with orders do not receive regular support. Since 30 percent of all cases are now interstate, this is a very serious problem.

The current state system has also failed to become more cost-efficient. In 1991, \$3.82 was collected per dollar of administrative expense. This is a decrease from 1988 when \$3.94 was collected for every dollar in administrative expense.

In short, the federal government is losing over half a billion dollars yearly on a program which is failing to provide even minimally adequate services. The resulting direct and indirect costs to children are beyond measure.

The dismal record of the states has many causes. Chief among them are insufficient staff and resources at the state and local levels; a multiplicity of actors (e.g., judges, court clerks, district attorneys, process servers, sheriffs) who are outside the control of the IV-D agency but who must act efficiently if the agency is to do its job; diverse, and frequently inconsistent state laws which make processing interstate cases particularly difficult; and a lack of automation. While the Family Support Act requires states to automate their systems, 42 U.S.C. § 654 (24), a recent GAO report reveals that many states will not meet the 1995 deadline as required by the law. More importantly, even if all 54 states become automated, they will not necessarily be able to interface with the automated systems in other jurisdictions.

We, therefore, believe that the enforcement of child support obligations should be moved to the federal level. This would accomplish several things: 1) free up state staff to perform other functions (i.e., locate, paternity establishment/modification), easing the current caseload problems; 2) provide a uniform national collection system which could reach obligated parents wherever they live or work; 3) greatly ease the burden on employers involved in income withholding, who would only have to deal with one entity with one set of policies and procedures, not several different entities depending on where the custodial parent resides.

THE NEED FOR FEDERALIZATION

A federalized collection, disbursement and enforcement effort, housed at an experienced federal agency such as the Internal Revenue Service (IRS), would ensure that the highest possible proportion of children receive child support payments from their noncustodial parents. As discussed below, this system would work best when implemented with child support assurance, a national child support guideline, and income reporting on W-4 forms.

Under a federal system, all child support orders would be sent to a national registry at the same time as the initial notice of withholding is sent to the obligor's current employer. The registry would abstract the order and maintain the abstract with the parents' current addresses and social security numbers, as well as relevant employer information. In most cases, enforcement would be through wage withholding. When the obligor changed jobs, he/she would be required to fill out a W-4 form stating whether or not there was a child support obligation and the amount owed. The employer would immediately begin withholding the reported amount owed and without delay send the form to the IRS to match for accuracy against the abstracted order. (Alternatively, employers would be able to match the forms themselves against information in the registry through electronic and telephonic on-line access to registry data.) If the employee reported the obligation incorrectly, the IRS would inform the employer of the correct withholding amount. Payments

withheld would be sent to IRS for recording and prompt disbursement to the custodial parent or AFDC agency.

We believe that the IRS has both the tools and the experience to collect and enforce child support obligations. Use of the IRS would highlight for noncustodial parents the seriousness with which the government views child support obligations and bring the full weight of the IRS enforcement authority to bear on the collection of support.

The IRS could also use its extensive information system to assist in locating absent parents and their assets, both to help states establish and modify orders and for its own enforcement purposes. For example, IRS data could be used to supplement data from other federal and state records -- including tax, deed, motor vehicle, public utilities, criminal, correctional, occupational/professional/ recreational licensing, and vital statistics records.

Finally, to improve collections the federal government must be given new enforcement tools. For example, obligors should be required to report on their federal income tax form and pay with their taxes (including quarterly estimated taxes, for the self-employed) any outstanding child support obligations. Accordingly, an individual who fails to pay child support would be prosecuted to the same extent as an individual who fails to pay income taxes. In addition, the federal agency should be required to 1) report to consumer credit agencies the existence of a child support obligation (not just the existence of a delinquency); 2) automatically issue a lien when an asset is located and there is an arrearage (as now done in Massachusetts); 3) intercept lottery winnings and other awards/prizes; and 4) collect child support arrears after the child reaches the age of majority or the age at which support is otherwise scheduled to cease under the order.

REFORM AT THE STATE LEVEL

Our strong preference is for a completely federalized system. If complete federalization of the child support enforcement system is not feasible in the short term, immediate improvements in the federal-state system must nevertheless be made. As described below, necessary improvements in the state system would include the creation of both a central federal and state registry; improved employer withholding; greater integration with the federal income tax system of collection and enforcement; and enhanced state locate and enforcement tools. The interim remedial measures suggested here are effective steps towards achieving a fully federalized system and will improve state collection, disbursement and enforcement efforts as well.

- **A central federal registry of all child support orders.** In order to streamline and improve state enforcement efforts, a central federal registry should be established. As discussed above, the federal registry would contain a basic abstract of all child support orders issued or modified by a state including the names, social security numbers and addresses of the parties which could be matched against employer records. The federal registry would receive W-4 reports from employers, match the reports against the registry's abstracts and confirm that support is owed, to whom it is owed, and in what amount. This information would then be forwarded to the appropriate state registry which would collect and disburse child support payments. A federal registry would significantly enhance the state registry's ability to collect and enforce interstate orders in particular as it would allow individual states to access a universal data base that could quickly identify obligors' current employers as well as red flag the existence of orders issued in other states and/or multiple orders. In addition, access to a federal registry could assist states in locating absent parents in intra-state

cases.

- **A central state registry of all child support orders.** Each state would be required to maintain a central registry of all child support orders issued in the state. As described above, the state registry would receive employment information from the federal registry and then utilize an automated system to receive, record and disburse payments collected through wage withholding for all orders recorded in the state registry. The state registry would monitor the receipt of payments and would commence appropriate enforcement actions when payments were not received on time or notify an appropriate agency to do so. A single state entity for collection and disbursement would streamline the enforcement process and increase the likelihood that child support payments would be made promptly to custodial parents.
- **An improved system of employer withholding.** To enhance and coordinate wage withholding, employees would be required to report child support obligations on W-4 forms that would be promptly forwarded to the federal registry. Unless and until corrected by the federal registry, the W-4 information would be used as the basis for the employer's withholding and the state registry's collection and enforcement efforts. Interfacing between the state and federal registry would boost state collection efforts as the federal database would include both child support orders and employment records from all the states.
- **Integration of collection and enforcement with the federal income tax system.** Even without enforcement and collection by the IRS, child support collection should be integrated to a greater degree with federal income tax collection. For example, child support arrears should be treated as a tax liability subject to collection by the IRS with obligors required to report on their federal income tax form and pay with their taxes any outstanding child support payments. As discussed previously, such integrated efforts would improve enforcement as well as send a national message to noncustodial parents about the serious nature of child support obligations.
- **Enhanced locate and enforcement tools.** States should be given the enhanced locate and enforcement tools described above to expand access to state records. Thus, states should increase the use of automatic liens, credit bureau reporting, interception of awards/prizes, and collection of arrears beyond the child's age of majority. In addition, they should expand data bases and be allowed to deny professional and recreational licenses to noncustodial parents with outstanding child support obligations.

CHILD SUPPORT ASSURANCE

America's children need child support assurance. Families have changed dramatically in recent decades, so that by 1991 one in every four children lived in a family with only parent present in the home. Of the 15.7 million children living in single-parent families in 1991, more than half were poor. Millions more live close to economic disaster.

Our child support enforcement system is failing these children. Only a slim majority (58 percent) of custodial mother families had a child support order in 1990, although the majority of custodial mothers without a child support order wanted one but could not get it. Even families with a child support order are not guaranteed support: of those due support in 1989, half (48 percent) received no support at all or less than the full amount due. The absence of regular, reliable child support makes it far more likely that children

will be impoverished, and decreases the likelihood that a custodial parent can combine his or her earnings with enough other income to escape poverty or to view work as a realistic alternative to welfare.

Child support assurance rewards the efforts of families to help themselves by emphasizing parental responsibility, coupling a secure economic base with aggressive efforts to hold noncustodial parents to their obligation to support their children. It encourages work effort and offers families a way to support their children without welfare. And, unlike welfare, it helps all children who need it -- not just those who are poor. Child support assurance is one vital part of a new agenda to ensure that every child's family has the resources to provide for his or her basic needs.

Key components of child support assurance include:

- **Dramatically improved child support enforcement.** Child support assurance cannot work without strong, aggressive enforcement that ensures that noncustodial parents are held responsible for supporting their children to the maximum extent feasible. Other sections in this document outline key improvements that should be made, including improved enforcement, shifting key enforcement elements to the federal level, improved resources and training, outreach, and better medical support enforcement.

- **An assured minimum benefit that is large enough to make a difference in a child's life -- and adequate for families with more than one child.** A \$3,000 minimum assured benefit for one child -- and a larger one for larger families -- would have a modest but significant impact on children. According to estimates by the U.S. Department of Agriculture, single parents with incomes of less than \$30,000 spent an average of \$5,030 to cover one child's expenses in 1990; higher-income families spent an average of \$9,330 for one child. A \$3,000 minimum benefit for a single child is therefore extremely modest in light of actual expenditures. It is vital that families receiving Aid to Families with Dependent Children see a benefit from child support assurance, rather than a dollar-for-dollar reduction, in order to give them a stake in pursuing child support and the motivation to pursue job training and child support as a viable alternative to welfare. Particularly if welfare is time-limited, the costs of such a pass-through are limited and the long-term benefits great.

- **Child support assurance should reach all children whose parents participate in child support enforcement efforts.** While eligibility should in general be restricted to children with a child support order, in limited instances children should be deemed eligible if there is good cause not to pursue paternity or support (e.g., in cases of rape or incest) and in cases where the child does not have an order because the system has failed to obtain one despite the custodial parent's cooperation.

- **The assured child support benefit should include an assured health benefit.** Health insurance coverage should be provided to poor and near-poor children eligible for child support assurance if they do not have access to their noncustodial parents' private health insurance; if their noncustodial parents do not have any insurance; or if the coverage available to them fails to meet basic health care needs such as preventive health care.

- **The program should include strong outreach to custodial and noncustodial parents.** Local and community-based outreach and public education is essential to help custodial parents understand that they have a stake in pursuing child support and child support assurance, to emphasize the economic and non-economic benefits of child support, and to help them navigate the system to obtain services.

We strongly support a universal national child support assurance program rather than limited demonstrations. We have seen a national sea change in families: in 1959, 91 percent of children lived in a two-parent family. By 1992, this number had plummeted to 74 percent. Despite our best efforts to make child support cushion the economic loss caused by the absence of a second parent, in too many cases it simply does not provide a regular, reliable source of income to the child's household. We can - and must - improve our efforts to collect child support, but children should not be asked to bear the burden of our failures. Universal child support assurance should be put into place now so that another generation of children does not have to wait for national policy to catch up with changed needs and changed demographics.

A universal child support assurance program can be phased in (the practice that was followed in extending Medicaid coverage to non-welfare low-income children). Such a phase-in would logically begin with the youngest children whose custodial parents face the greatest barriers to full-time work and therefore the most acute need for income from the second parent. Implementation could be phased in over a five year period, building experience and capacity to serve a universal population of all children.

Our strong preference is for a universal, phased-in system. If such a universal system is not put in place, however, we recommend that there be a significant number of broad-based demonstrations that establish the viability of the approach, that expand rapidly to serve a greater population as program success is documented, and that test out strategies for replicating the program and expanding it to national scale.

The selection process for demonstration projects should place a heavy emphasis on a successful track record of child support assurance, both to keep program costs down and to emphasize that private responsibility precedes public responsibility. There should also be a heavy emphasis on programs that can be replicated on a national scale. States willing to explore multi-state approaches that can advance national replication should be given priority.

If demonstrations rather than a universal program are authorized, the following criteria should apply to the choice and structure of demonstration projects:

- Priority in selection of demonstration sites be given to states that have demonstrated pre-eminence in establishment of paternity and child support orders and child support enforcement or a recent history of significant improvement in these areas; to states that have a demonstrated record of effective automation; and to states that have made efforts to link child support systems with other service delivery systems;
- Demonstrations include the key elements outlined above;
- The state commit itself to improvements in establishment of paternity and child support orders and child support enforcement as a condition of continuing federal financial support for the child support assurance demonstration;
- There should be a two-tier federal match provision, with federal financial participation increasing as demonstration sites reach a given performance threshold in establishment of paternity and child support orders and child support collection;
- The demonstration should include provision for an interim and final evaluation of effectiveness;

- Participating states should be required to commit themselves to a demonstration of significant size in order to meaningfully measure the impact of child support assurance, and further commit themselves to a plan to expand the program to a statewide one if interim reports indicate that the program is successful. Criteria for effectiveness should include increased family income; increased income or hours of work by custodial parents; and improvement of state performance in establishing paternity and child support obligations and collecting child support; and

- Enhanced federal funds that are more favorable than the basic two-tier match rate should be made available to encourage submission of a multi-state demonstration proposal.

In addition to this demonstration authority, there should be federal authority and matching funds provided to states that choose to phase in a non-demonstration, statewide child support assurance program as soon as interim reports in demonstration states indicate program success. Federal matching funds should be provided at the lower of the two basic match rates provided to demonstration states. This ensures that demonstration sites are rewarded for initiative and innovation by being able to achieve a more favorable match rate, but also encourages expansion of child support assurance to other states as soon as evaluations establish its success. This program design, while less desirable than a universal approach, helps ensure that the successful lessons of child support assurance are translated into national help for children.

OUTREACH AND ACCESSIBILITY

A child support award is a precondition for the receipt of child support for most children of single parents. Many of the child support assurance schemes proposed to date would provide assured benefits only on behalf of children with awards. Yet, two out of five single mothers in the U.S. lack child support awards for their children. And, three out of five single mothers with household incomes below the poverty level lack such awards. Low income minority and never married single mothers are most likely to lack awards.¹

Many of these parents lack child support awards because they have never sought help from the child support system--often because they are unaware of how to do so or the benefits of doing so. Many others reach the child support system, but the system fails them by failing to obtain a support award for their children.

It is clear that the child support system must improve its outreach and accessibility if the first problem is to be overcome. In order to do so, federal law should require the following:

- **That a uniform federal application form be used by all states--written in a language and format useable by low literacy individuals. This federal application form should be translated into commonly used languages and made available to state and local agencies.**
- **That each child support agency identify groups which are underserved by its programs and consult with representatives of those groups to identify barriers to their successful utilization**

¹ Census Bureau data is available only on percentages of single mothers with child support awards. However, the data the Census Bureau is currently gathering on this subject will cover single fathers as well.

of child support services. Outreach efforts should be targeted to these groups and detailed in a plan to be submitted by the state to the Department of Health and Human Services for approval.

- That local child support programs reach agreements with local food stamp, head start, and maternal and child health programs to ensure that information about child support services is made available to clients of these other programs.
- That all state child support agencies establish a 24 hour a day, 7 day a week 800 number to provide general information and to provide information on individuals' cases. For example, the District of Columbia currently provides information by telephone on the payment status of child support cases to parties when they key in their personal identification numbers.
- That all child support agencies establish weekend and evening hours.
- That each child support agency make its services available throughout the geographical area it serves either by providing transportation for clients when no public transportation is available or by providing services in locations near clients' homes--for example by mobile intake units, co-location of offices with other agencies, or by a system of telephone intake.
- That each local agency make its services accessible in each language used by a significant population group in its community and assure that services are accessible to persons with disabilities. In addition to providing the federal application form in the languages commonly used in its community, interpreters should be available to translate in all languages commonly used in the community--including American sign language.
- That each state coordinate IV-A and IV-D intake to ensure that each AFDC applicant will receive accurate and understandable information on the child support program, client responsibilities in it, how to pursue a child support case and his or her right to claim a good cause exception. This information must be provided by the time information is gathered for pursuing a child support case. AFDC workers must be trained to provide information on the child support program or IV-D staff must be outstationed at IV-A intake locations to provide this information.

PATERNITY ESTABLISHMENT

Last year, almost 30 percent of the babies born in America were born to unmarried parents. Unless paternity is legally established, these children will never have the right to receive child support or to inherit from their fathers. They will also be ineligible for Social Security Survivors' benefits, veterans benefits and the like. They are likely to grow up in poverty, further increasing our unconscionably high rate of childhood poverty.

Unfortunately, most states still have antiquated paternity establishment procedures. **President Clinton's FY 1994 budget contains several solid proposals for moving to a more streamlined system.** These include proposals to require states to adopt 1) a simple affidavit process for establishing paternity voluntarily at the hospital or birthing facility where the baby is born; 2) simple procedures for establishing paternity voluntarily at the state birth records office for those who did not have the hospital procedures

available (e.g., those with older children) and those who did not use the in-hospital process; and 3) state laws setting up a rebuttable presumption of paternity in contested cases when genetic test results yield a high probability of paternity. We also applauded the use of enhanced paternity performance standards for the state IV-D agencies.

In conjunction with these reforms, we suggest two other steps be taken. First, federal financial participation should be made available to offset the cost of voluntary paternity establishment in all cases, not just those handled by the IV-D agency. While this would entail some federal cost in the short run, we believe it would be sound policy and would save money in the long run because:

- many unmarried mothers, and especially first-time mothers, are not IV-D clients at the time of their baby's birth. Yet, the chances are very good that they will eventually be in the IV-D system. For example, in Washington's in-hospital paternity program only one-quarter of the mothers were IV-D clients at the time of the birth; a year later, nearly half were.
- research by Esther Wattenberg and others suggests that fathers frequently come to the hospital at the time of the baby's birth. Two years later, the parents are likely to have lost contact with one another. Then, expensive services like parent locate, genetic tests and jury trials may be necessary to establish paternity. If the mother is then a IV-D client, the state may have to absorb several hundred dollars in costs to obtain a paternity finding.

Our second recommendation is that states be required to have quasi-judicial or administrative processes available for establishing paternity in contested cases. Federal law now makes this optional, 42 U.S.C. §666(a)(3)(B). We believe it should be mandatory as clients in many states report lengthy delays in getting courts to calendar and hear contested paternity cases. For example, a four-state study found that mothers needing paternity established frequently waited more than one year for the order to be issued.

After requiring the states to enact expedited processes for paternity cases, the current federal regulations, 45 C.F.R. §303.101(b)(2), should be expanded and the *case processing standards* contained therein should apply to paternity actions.

NATIONAL CHILD SUPPORT GUIDELINES

When Congress adopted the initial state guidelines requirements of the Child Support Enforcement Amendments of 1984, concern was expressed by members over the lack of uniformity in the treatment of similarly situated obligors and over low award levels which resulted in unfairly reduced living standards and often poverty for children. While no minimum standards were set for state guidelines, it was hoped these problems would be addressed by the states in devising their support guidelines.

It is now clear that the state-by-state guideline approach has resulted in orders that are still often too low to meet the needs of children and which vary significantly from state to state, even though they should lead to some increase in award levels. The state guidelines requirements of the CSEA and the Family Support Act have led to a useful period of experimentation among the states. This has increased our understanding of alternative approaches to child support guidelines. Now is the time to correct the inequities that result from state efforts to date.

A national child support guideline which requires significantly higher award payments than the

average state guideline requires today is an essential component of a system in which child support assurance benefits are provided by the federal government and in which the federal government undertakes to collect child support awards. A child support assurance system will be prohibitively expensive unless children's absent parents are asked to pay a fair share of the cost of maintaining them in decency. If a uniform national guideline is not followed, the federal government would subsidize the obligations of absent parents in some states to a greater degree than those in other states because of nonuniform state guidelines. Similarly, the IRS would be involved in enforcing different award levels against similarly situated noncustodial parents in the absence of a national guideline.

However, a national guideline or new federal minimum standard for state child support guidelines should be adopted even if we do not move directly to a national child support assurance scheme and federal collection of child support. This should lead to a reduction in child poverty and a savings on public benefits even under the current system.

We have reached considerable agreement, but not consensus on the precise contents of a national guideline. We all believe that a national guideline generally should achieve higher award levels than is typical under the current state guidelines. Legislation should require the establishment of a national child support guideline commission to develop a national child support guideline.

That group should include economists, lawyers or judges, and representatives of public child support agencies. It should also include representatives of organizations which represent the interests of both custodial and noncustodial parents, organizations which represent the interests of children, and academic, governmental and other researchers on the costs of raising children and comparative living standards in households of different sizes and compositions.

A number of us support a guideline based on the principles described below:

- Award levels under the guideline should ensure that children will enjoy a minimum decent living standard (at least 1.5 times the federal poverty level) if it is possible to provide this without placing the noncustodial parent at a lower living standard; when there is insufficient family income to reach this goal, at least a poverty level living standard should be provided to children when this is possible without impoverishing the noncustodial parent. Nominal support should be required in any event to establish the principle of the obligation, create a habit of payment and provide a basis for increased collections as income increases.

- Once above a minimum decent living standard, award levels under the guideline should ensure that children will enjoy a living standard which is comparable to that of the higher income parent. (This might, for example, be based on assuring that both households were in the same quintile of family income, rather than on assuring precise equality.)

- Award levels should represent a "progressive tax" structure for payment of child support: both parents' incomes should be considered and the parent with the higher income should be asked to pay a higher percentage of her or his income toward supporting the child than the lower income parent. This principle should cover both a basic child support award and coverage of child care costs, health costs, and special needs of the child(ren). This will result in award levels which are sensitive to the needs of children in low income custodial parent households by requiring significantly higher payments from the noncustodial parent when the custodial parent has lower income and permitting lower payments when the custodial parent's income is higher.

- So long as the costs of health care and child care are borne primarily by individual families and so long as their actual cost to different families continues to vary dramatically, child support awards should take into account the actual cost of these items in each family. The same principle should apply to the costs of meeting children's special needs.
- No paying parent should be asked to pay child support at a level which would put her or his living standard below the living standard provided by AFDC and other public benefits to the custodial household. However, a parent with income below this level may be required to pay a nominal level of support or may participate in an appropriate and agreed upon employment and training program.
- The presence of additional children of either parent should result in further examination of the support award level. Guidelines should ensure that the children in the two households are treated in a comparable way.

Two members favor the percentage-of-income approach, believing that its simplicity is a virtue. Since it requires a court or administrative agency to obtain information from only one parent (to enter a basic support award), it should ease the process for establishing and periodically modifying awards. Indeed, if awards were set as a percentage of income, rather than a dollar amount, extensive modification proceedings would be unnecessary.

However, they believe that the percentages now in use in the states which use the percentage-of-income approach are too low and should be increased in a national system. Also, the basic guideline amount should be supplemented to pay for child care costs and medical expenses for families which face these costs. This would require information from both parents.

EXPEDITED PROCESSES

In child support cases, speed is of the essence. The longer it takes to obtain or enforce an order, the greater the chance that children will go hungry or lack medical care. Despite a requirement in the law since 1984 that states use "expedited processes" in obtaining and enforcing child support orders, 42 U.S.C. §666(a)(3)(A), cases still are not being processed in a timely way once a case is prepared for filing. Few states are in compliance with the federal standards for processing cases.

Federal law requires states to use expedited processes within the state judicial system or under administrative processes for obtaining and enforcing child support orders. *Id.* The federal regulations, in turn, require that under expedited processes 90 percent of actions to establish or enforce support obligations must be completed within three months of service of process, 98 percent must be completed within six months and all must be completed within a year. 45 C.F.R. §303.101(b)(2).

Unfortunately, many states are not in compliance with these standards. Nor has HHS collected data to ascertain the source of problems states are having in meeting the standards. Accordingly, our ability to suggest remedies for the states' widespread failure to meet the standards has been hampered.

Some of us believe that the problem lies in the failure of states to adopt administrative processes for obtaining and enforcing support orders: The advantage of a wholly administrative process is that it places within the executive branch the ability to keep the process moving expeditiously. It does not make

processing dependent on placement on a court calendar or the ability to hire more judges or court clerks to process cases. For these reasons, many states that use administrative processes report that they are faster, less costly and less formal. Indeed, in a recent survey nine states cited administrative processes as the best feature of their state's system. Equally telling perhaps, 10 percent of the states surveyed identified a backlog of court cases and/or lack of an administrative process as the most serious flaw in their state's system.

Others of us are not convinced that the simple adoption of administrative processes will resolve states' inability to meet the case processing standards. Because some states with expedited judicial processes move cases quickly and some states with administrative processes move cases slowly, it appears that either system can be made to work. In our view the way to improve the speed with which the states process cases is to strictly enforce compliance with the processing standards.

Those of us who believe the failure to adopt an administrative process is the basis for the states' problems recommend that states that do not currently meet the case processing standards be required to enact and implement administrative processes for obtaining and enforcing child support orders.

Those of us who believe the failure to enforce the processing standards is the basis for the states' problems recommend that states that do not currently meet the standards be strictly audited on their compliance with the expedited processes regulations. If they are not in compliance, they should be required to develop a corrective action plan which could include, if appropriate, a required shift to an administrative process. As part of the audit review, HHS should be required to examine the states' use of expedited processes to determine whether differences exist in speed of processing between states with administrative processes and states with expedited judicial processes, and whether those differences are attributable to the processes used.

Although we have posed different approaches to solving the problems of case processing, we are united in our belief that states must be required to process cases more quickly. Under either approach, that goal must be reached.

MEDICAL SUPPORT ENFORCEMENT

According to the GAO, 13 percent of those who lack health insurance are children. This number would be much higher were it not for Medicaid. Yet, Medicaid represents the expenditure of tax dollars on a population, some of whom could be covered by private health insurance. The President's budget estimates that \$15 million in Medicaid costs could be saved in FY 1994 through better medical support enforcement. Thus, greater attention to establishing and enforcing medical support obligations could both help children and reduce Medicaid costs.

To date, this has not been done. According to the Census Bureau, only 39 percent of existing support awards provide for health insurance coverage; the number is even lower (32%) for families whose income is below poverty. **Within the IV-D system, there have been efforts in the last two years to give medical support greater attention. This emphasis should continue. However, the current incentive payment system does not reward state efforts in this regard and this leads many states to ignore medical support. The current audit criteria also do not emphasize the need to enhance efforts in this area. Both audit reform and a different incentive system are needed.**

However, making sure medical support orders are obtained is only half the battle. Orders also need

to be enforced. As the President recognized in his budget, employer's insurance plans which cover children must offer the coverage even if the children are not living in the noncustodial parent's household. Such plans must also allow open enrollment at any time for health insurance coverage required by a court or administrative order.

There are three additional issues which need to be addressed: 1) requiring the employer to enroll the children or former spouse in the company's health insurance plan when the court or administrative agency orders this and the obligor does not quickly or voluntarily do so; 2) granting the obligee access to information about the plan coverage and claim forms; and 3) honoring the obligee's signature on the claim forms so that (s)he can be directly reimbursed. Five states have enacted legislation to deal with all three issues in recent years. Eight others have addressed some but not all the issues. A federal mandate that all states adopt legislation covering all three problem would be highly desirable.

Unfortunately, such state laws do not reach employers covered by ERISA. Thus, it is also very important to amend ERISA for the limited purpose of making insurance plans offered by employers who are self-insured subject to the state laws recommended above.

Each of these recommendations is supported by the GAO in its June 1992 report, *MEDICAID: Ensuring That Noncustodial Parents Provide Health Insurance Saves Costs*.

Also in the medical support area, a number of issues may arise as health care reform is implemented. We look forward to addressing these issues as they arise.

RESOURCES

RESOURCES IN A FEDERALIZED SYSTEM

As we discuss in the section on enforcement of support, federalizing collection and enforcement of support is vital to the long-term success of the child support system. Under our proposed scheme, a federal agency would perform most enforcement functions, while state systems would continue to establish paternity and child support obligations. This scheme uses the federal government to do what it does best -- to deal with enforcement issues that frequently cross state lines -- and focuses state agencies on cases that may require more intensive work and more personal contact at the time a support order is initially established or paternity determined. This proposal frees up resources in overburdened state agencies and allows them to concentrate on what they have the potential to do best.

This structure has the greatest promise for making the child support system work. Even such a structure will not work, however, unless adequate resources are allocated at both the federal and state levels. Without these resources, the efficiencies gained by a national approach to enforcement will not be enough to dramatically improve performance. To ensure that the federal component of the program has sufficient resources, the Secretary of the federal agency responsible for enforcement should be required to establish timelines for provision of federal services, report to the Executive and Congress on federal staffing levels necessary to comply with these timelines, and request a budget that assures that such levels will be achieved.

Additionally, it will be important to ensure that state agencies have the resources to establish paternity and child support obligations in a timely fashion. As outlined in the discussion below, states

should be subject to staffing and training requirements, and should be held accountable for meeting regulatory timelines for prompt establishment of paternity and child support obligations. Similarly, funding formulas should be revised along the lines discussed below, to provide states with an adequate funding base and to reward states that provide timely services and meet performance-based outcome measures.

RESOURCES IN A STATE-BASED SYSTEM

Even if the present system of delivering services is retained, enhanced resources are essential. Providing the resources to enable states to do a better job requires improvements in four areas: ensuring there is adequate staff to do the job, training staff to provide high-quality and effective services, ensuring sufficient program funding, and revising the audit process.

• **Staffing Problems.** High state agency caseloads reflect the fact that HHS has never issued staffing guidelines despite a longstanding statutory requirement that the Secretary establish minimum staffing standards for states (42 U.S.C. Sec. 652(a)(1)). Many state child support enforcement agencies have such high worker caseloads that workers cannot provide timely, effective services, no matter how dedicated and well-intentioned they may be. While increased automation should enable workers to handle larger caseloads more efficiently, in many states caseloads are so high that automation alone cannot possibly provide a solution. For example, in 1990, the federal Office of Child Support Enforcement conducted an informal review of sample child support cases and found that one West Virginia office had three paralegals to work 3,500 cases. One study found that the average FTE child support worker has over 1,000 cases. Center for Human Services, U.S. Department of Health and Human Services, A Study to Determine Methods, Cost Factors, Policy Options and Incentives Essential to Improving Interstate Child Support Collections: Final Report, 36 (1985).

• **Staffing Recommendations.** The Secretary should, after consultation with state administrators, program operations experts, and affected groups, promulgate a federal methodology and outcome expectations for determining state staffing requirements. Final regulations should take effect no later than September 30, 1994. Because staffing levels are likely to vary depending on a state's system and its level of automation, establishing a federal methodology seems preferable to a single federal staffing standard. Using this methodology, each state should be required to evaluate its child support system and to report to the Secretary on its existing staffing levels and the level of staffing required to meet federal staffing expectations. This report should include a plan for steps the state will take to ensure that staffing expectations are met by September 30, 1996 (one year after the date states are expected to be automated).

Federal audits after September 30, 1996 should measure compliance with these staffing standards. States that fail audits for periods before and after September 30, 1996 should be required to meet staffing standards as part of their corrective action plan.

• **Training Problems.** The poor service that results from high caseloads is exacerbated by the lack of effective training programs for workers. For example, a 1990 informal OCSE review of Oklahoma found that staff providing child support services in one site are "usually hired with very limited credentials including no formal education or training, and the [child support] training program is not adequate to equip these workers with the skills necessary to do their jobs." Administrators across the country have reported similar training concerns in other contexts.

• **Training Recommendations.** The Secretary should establish national expectations for training of child support workers. Compliance with training requirements should be measured as part of the audit

process. The Secretary already has authority to establish such a standard as part of the statutory directive that the Secretary establish minimum organizational and staffing requirements. Section 452(a)(2) of the Social Security Act.

● **Funding Problems.** High caseloads also reflect the fact that states have not been willing to invest sufficient state funds to draw down the federal matching funds necessary to hire adequate staff. Although the combination of federal administrative matching funds and incentive payments results in a relatively rich federal reimbursement package, advocates and administrators report that the funding scheme is complex and difficult to explain to state legislators in order to convince them of the favorable returns for increased state investments. Moreover, incentive payments, which total over a quarter of a billion dollars nationally, are earned by state child support efforts but are not necessarily reinvested in child support. Rather, in a number of states, incentives are used either for other human services or are returned to the general treasury.

● **Funding Recommendations.** The current federal administrative match (66 percent FFP) and incentive payment system should be replaced with a consolidated administrative match rate of 82.5 percent. This rate, which roughly approximates the current value of matching funds and incentive payments, will ensure that federal funds are invested in child support services rather than in other programs, enabling states to expand resources for enforcement. It will encourage states to invest more in enforcement because it will be easier for administrators to make the case that limited state investments leverage significant program resources.

If a state fails a program audit and fails to submit or to comply with an approved corrective action plan designed to eliminate audit failures, this consolidated administrative matching rate should be reduced by 1 - 5 percent, depending on the severity of the non-compliance. This penalty would replace the reduction of federal AFDC matching funds as a penalty for IV-D non-compliance. A penalty against IV-D matching funds more directly holds the IV-D agency responsible for its failures and does not have the effect of penalizing AFDC children for systems failures beyond their control.

To encourage states to improve performance, the match should be increased to 90 percent for states that demonstrate through the audit process that they have:

- (a) achieved a paternity establishment rate of 75 percent (using the formula outlined in Section 452(g) of the Social Security Act);
- (b) met state performance standards published by the Secretary pursuant to Section 452(h) and (i) in 75 percent of cases;
- (c) collected child support, or taken another step to enforce support (including but not limited to imposition of a lien; a successfully prosecuted action for contempt; certification of a case for IRS full collection services; referral of the case for income tax refund intercepts) in 75 percent of cases with an established child support obligation;
- (d) established and, when necessary, enforced medical support in 75 percent of cases where medical coverage is available to the absent parent at reasonable cost; and
- (e) complied with steps outlined in an approved plan to reach required staffing levels (see staffing recommendation above).

To ensure that the altered federal match does not result in a reduction of investment in child support, or a shift of state and local resources from other programs that have benefitted from incentive income, there must be a maintenance of effort requirement. This maintenance of effort should apply to both state and local funding, and should apply to both child support funding and to Aid to Families with Dependent Children. In some states, child support incentives have been used to fund human resources programs such as AFDC; changing the child support matching formula should not have the effect of penalizing AFDC recipients by reducing funding available for AFDC once states no longer have incentives to allocate to AFDC funding.

- **Audit Problems.** The current auditing scheme, which consumes huge proportions of the federal agency's personnel time, is burdensome on states. Despite the cumbersome nature of the process, it produces information that is so dated that it is of little use in measuring or improving current state performance. The audit process should be streamlined so that it reduces the burden on states that are doing a good job, produces timely analysis of troubled systems, and frees up staff to do technical assistance that will help states improve.

- **Audit Recommendations.** The current audit schedule should be revised to eliminate burdens on states that are satisfactorily complying. This will enable the federal agency to emphasize timely audit suits and to focus attention on troubled programs:

- If a state passes a federal audit, it should be put on a three-year audit cycle.
- If state compliance with audit criteria is marginal (based on criteria established by the Secretary), the state should be audited every two years.
- If a state fails a federal audit, it should be required to submit a corrective action plan for federal approval. It should be audited twelve months from the date of approval of the corrective action plan, and annually thereafter for a period of three years. Until an audit shows that the state has achieved substantial compliance, the federal IV-D match rate should be reduced (see above). At the end of the three-year audit cycle, if the state has not complied with its corrective action plans and shows continuing, substantial non-compliance with audit criteria, then the program should be placed in federal receivership.

CONCLUSION

We are heartened by the Administration's stated commitment to child support reform, and by the numerous child support legislative proposals that evidence Congress' concern with the issue. Much of the pending legislation is constructive and thoughtful. What is needed in the process is a comprehensive vehicle that pulls together the system-wide changes that must be made to make child support work for children. This document represents an effort to lay out such a vision for systemic change, drawing on the strengths and insights of pending proposals. We look forward to working to make it a reality.



**STATEMENT
OF
DOUGLAS J. BESHAROV**

**BEFORE
THE
WORKING GROUP ON WELFARE REFORM,
FAMILY SUPPORT, AND INDEPENDENCE**

August 19, 1993

Members of the Working Group, thank you for inviting me to submit this statement. I would like to make one point in the time that I have with you: The increases in work-related benefits that would be necessary to draw most long-term AFDC recipients off welfare would be prohibitively expensive and would cause other distortions and inequities. In other words, it will not be possible for you to achieve your stated purpose, that is, to "make work pay," unless you adopt an approach that seeks to prevent the conditions that lead to welfare dependency in the first place.

The bulk of long-term welfare recipients are young, unmarried mothers, most of whom had their first baby as unwed teenagers. With poor prospects to begin with, these young women have further limited their life chances by systematically underinvesting in themselves--by dropping out of school, by having a baby out of wedlock, and by not working. As a result, they do not have the education, practical skills, or work habits needed to earn a satisfactory living.

About 50 percent of all unwed teen mothers go on welfare within one year of the birth of their first child; 77 percent go on within five years, according to the Congressional Budget Office. (See Table 1.)

Table 1
Percent of Adolescent Mothers on AFDC
By Time of First Birth¹

	<u>By 1st birth</u>	<u>Within 1 year</u> <u>of birth</u>	<u>Within 5 years</u> <u>of birth</u>
All Mothers	7	28	49
Married	2	7	24
Unmarried	13	50	77
White	7	22	39
White, unmarried	17	53	72
Black	9	44	76
Black, unmarried	10	49	84

*all figures in percentages

*marital status is at birth of first child

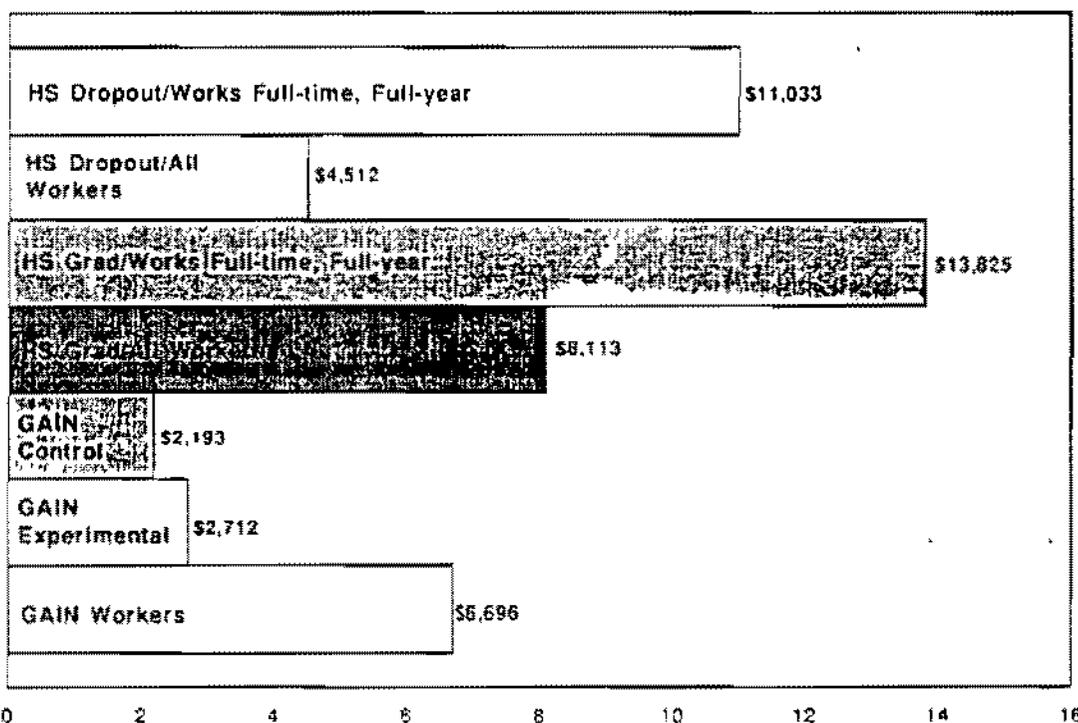
As Table 1 indicates, a mother's age and marital status at the birth of her first child are stronger determinants of welfare dependency than is her race. One year after the birth of their first child, white and black unmarried, adolescent mothers have about the same welfare rate. After five years, black mothers have a somewhat higher rate (84 percent versus 72

percent), but various demographic factors account for this relatively small difference.

Since the late 1960s, the federal government and many state and local agencies have tried various approaches to reducing long-term welfare dependency among these young mothers. Even richly funded demonstration programs find it exceedingly difficult to improve the ability of these mothers to care for their children, let alone to become economically self-sufficient. Earnings improvements in the realm of six percent are considered successes. (Most programs don't even try to do something with the young fathers.)

The best known of these efforts were the job training and education demonstrations funded in the early 1980s and evaluated by the Manpower Demonstration Research Corporation (MDRC). California's welfare-to-work program is a case in point. In 1985, the state established the Greater Avenues for Independence (GAIN) Program, an education and training project for women on welfare. A six-county evaluation found that, over two years, average earnings for single parents increased by 20 percent (\$266 in the first year of the study and \$519 in the second), but total annual earnings reached only \$4,620. The county with the greatest improvement, Riverside, was able to increase earnings by \$2,099. Average total annual earnings over two years, however, were still less than \$6,000--not nearly enough to lift these single mothers off welfare. The welfare rolls declined by only five percent in Riverside, and by a statistically insignificant amount across all of the other counties. (See Graph 1.)

Earned Income of High School Dropouts and Graduates and GAIN Participants



Why haven't these efforts been more successful? Although they suffered from a number of design flaws and administrative weaknesses, the main problem is that such programs come too late in the lives of the young people involved. Let me explain.

These young people reach adolescence with poor life prospects because of systematic underinvestment in them--by their parents, by society, and, yes, by themselves. This, in turn, leads them to have a much more reckless attitude about sexuality and childbearing than more affluent teenagers. Combined with the other social factors, the result is too often a birth to a young couple with no imaginable means of supporting the child. After the birth of one child to an unwed teen, the die begins to be cast. By the birth of a second child, or a third, the young woman is now in such a hole that getting her out is many times more difficult, more expensive, and more problematic than if the intervention had occurred before the birth of her first child.

The financial mathematics of the situation leads almost inexorably to long-term dependence; most single mothers do not have the job skills needed to earn enough money to make their families economically viable. As Sar Levitan of George Washington University explains: "Twenty-five to 44 year-old women with less than a high school education on average do not earn enough to maintain a family of three above the poverty line. The nearly one-third of female AFDC adults who are younger than age 25 of course face even bleaker prospects."²

Average annual earnings for female high school dropouts are extremely low. In 1990, 18- to 24-year-old dropouts working full-time earned about \$11,033; 25- to 34-year-olds earned \$13,385. (Note that, in 1990, the poverty line for a family of three was \$10,419.)³ Even with the assistance of that year's Earned Income Tax Credit (EITC), these earnings (minus taxes) only rose to \$11,557 and \$13,252 respectively. (See Table 2.)

The recent increases in the EITC would raise these numbers significantly--to \$13,506 and \$14,955--but even this dramatic increase will not be enough to break the hold of AFDC. (Note: This paper uses the EITC expansion as passed by the House of Representatives in August, 1993. The actual EITC was determined in the conference committee and, although not available to the author at this writing, was not substantially different from the House version.)

Table 2

Mean Earnings of Female High School Dropouts
Working Full-Time (1990)⁴
Combined with Enlarged EITC

<u>Age</u>	<u>Earnings</u>	<u>1993 EITC⁴</u>	<u>1993 Total</u>	<u>House EITC</u>	<u>Future Total</u>
18-24	\$11,033	\$1,511	\$11,557	\$3,460	\$13,506
25-34	13,385	1,346	13,252	3,049	\$14,955

Note: Totals reflect after tax income.

Table 3 illustrates the problem. Even if we ignore the \$4,440 in Medicaid benefits, the lower-salaried mother with two children will only earn \$2,038 more a year (\$1.13 an hour) than a mother on welfare. The higher-salaried mother will earn \$2,236 more a year (\$1.24 an hour) than the welfare mother. This is without considering the imputed value of leisure time, which the welfare mothers may well be using to hold down a job in the informal economy, as many recipients do.⁶

The House expansion of the EITC puts both mothers in a much better position if they work, at \$3,987 and \$3,939, respectively. After deducting benefit losses and the costs of going to work, that would give them an hourly wage of only about \$2.20 an hour. (See Table 3.) If a young parent were to go to work under these circumstances, it still would not be for the money.

Under this analysis, "making work pay" would be prohibitively expensive, because it would require an EITC many times larger than the expanded one and, probably, an increase in the minimum wage. And doing either would create other distortions and inequities. My point, therefore, is that, if we want to make work pay, we have to adopt a preventive approach that keeps young people in school--learning--and which discourages child birth--until the parents are financially and emotionally ready for the responsibilities involved.

Thank you.

Table 3
WELFARE VS. WORK⁷
(Under Current Law)

	<u>Welfare</u>	<u>Lower-Salaried</u> (\$11,033)	<u>Higher-Salaried</u> (\$13,385)
AFDC	\$ 4,656	\$ 0	\$ 0
Food Stamp	2,561	2,089	1,692
Medicaid	4,440	0	0
WIC	372	372	372
Housing	4,603	3,752	3,216
Earnings	0	11,033	13,385
EITC	0	1,511	1,346
Fed Income Tax	0	0	-186
State Income Tax	0	-147	-269
FICA	0	-840	-1,024
Child Care	0	-2,580	-3,144
Other Work Expenses	0	-960	-960
Total	<u>\$16,632</u>	<u>\$14,230</u>	<u>\$14,428</u>
minus Medicaid	<u>-4,440</u>		
	\$12,192		

Table 4
WELFARE VS. WORK⁸
(House Bill--EITC expansion)

	<u>Welfare</u>	<u>Lower-Salaried</u> (\$11,033)	<u>Higher-Salaried</u> (\$13,385)
AFDC	\$ 4,656	\$ 0	\$ 0
Food Stamp	2,561	2,089	1,692
Medicaid	4,440	0	0
WIC	372	372	372
Housing	4,603	3,752	3,216
Earnings	0	11,033	13,385
EITC	0	3,460	3,049
Fed Income Tax	0	0	-186
State Income Tax	0	-147	-269
FICA	0	-840	-1,024
Child Care	0	-2,580	-3,144
Other Work Expenses	0	-960	-960
Total	<u>\$16,632</u>	<u>\$16,179</u>	<u>\$16,131</u>
minus Medicaid	<u>-4,440</u>		
	\$12,192		

NOTES

1. Congressional Budget Office, Sources of Support for Adolescent Mothers (Washington, D.C., Sept. 1990), p. 52.
2. Sar A. Levitan and Frank Gallo, Jobs for JOBS: Toward a Work-Based Welfare System (Washington, DC.: Center for Social Policy Studies, 1993), p. 35.
3. House Committee on Ways and Means, 1992 Green Book (Washington, D.C.: Government Printing Office, May 1992), p. 1481.
4. U.S. Bureau of the Census, Money Income of Households, Families, and Persons in the United States: 1990 (Washington, D.C.: Government Printing Office, 1991), p. 159. All amounts in current dollars.
5. Carmen Solomon, Policy Analyst, Congressional Research Service, telephone interview with Lisa Laumann, 28 June 1993. The 1993 EITC figure rather than the 1990 one is used because there was a sharp increase in EITC between 1990 and 1992. Thus, the 1993 figure is a better estimate for our calculations.
6. A study of 152 welfare recipients in Chicago, Charleston, and Cambridge by Kathryn Edin and Christopher Jencks found that AFDC and food stamps accounted for only 57 percent of their income. The rest came from friends, relatives, and absent fathers (21 percent), unreported work (10 percent), Supplemental Security Income and foster care (6 percent), illegal activities (3 percent), and other (3 percent). Kathryn Edin, "Monthly Expenditures of Welfare Mothers in Chicago, Charleston and Cambridge" (unpublished table).
7. In calculating the amounts in the various categories, we have selected either the last year for which statistics are available or the year that maximizes the mother's cash and non-cash benefits. Unless otherwise indicated, the figures are from 1993. The AFDC figure is based on the median AFDC payment to a mother with two children. Carmen Solomon, Policy Analyst, Congressional Research Service, 28 June 1993. We calculated the food stamp benefits for the two mothers under the assumption that they both deduct their total child care costs from their gross earnings. House Committee on Ways and Means, 1993 Green Book (Washington, D.C.: U.S. Government Printing Office, July 1993), pp. 1613-1640. The Medicaid figure is the estimated value of the Medicaid benefit for a family of three in 1990. The actual cost of medical services would probably be considerably lower. Harold Beabout, Implications of Integrated Services for Participation Levels in Low-Income Assistance Programs (Washington, D.C.: Mathematica Policy Research, Inc., March, 1993), p.19. The WIC figure is for 1993. Carmen Solomon, Policy Analyst, Congressional Research Service, 27 June 1993. For the housing calculation, we assumed that the average low-income rental unit for a family of three costs about \$500 per month. Carmen Solomon, Congressional Research Service. All three mothers are eligible for housing assistance. However, only about 20 to 25 percent of those eligible actually receive assistance. Long-term AFDC recipients are the most likely to receive housing assistance, because they have been on the waiting lists for the longest period of time. For this reason, we have included the amount of the benefit. Note that, since the housing benefit is about the same in all three columns, its inclusion does not affect the relationship among the three totals. Housing recipients are all required to pay about 30 percent of their adjusted income as rent. The working mothers can deduct \$960 from their earned income for their two children and a reasonable amount for child care. The AFDC mother's rent is simply 30 percent of her AFDC benefit value (\$1,400). Robert Leonard, Housing Policy Analyst, Housing and Urban Development, telephone interview with Lisa Laumann, 21 April 1993.

The state tax figures are from Geraldine Whiting, Controller of Treasury, Department of Tax, Arlington County, Virginia, telephone interview with Lisa Laumann, 21 April 1993. The earning figures are the mean earnings of female high school dropouts working full-time, full-year in 1990. U.S. Bureau of the Census, Money Income of Households, Families, and Persons in the United States: 1990 (Washington, D.C.: U.S. Government Printing Office), p. 159. The 1993 EITC figures under current law were calculated by Carmen Solomon, Policy Analyst, Congressional Research Service. The child care figures are from 1990. Sandra Hofferth, et al., National Child Care Survey, 1990. (Washington, D.C.: The Urban Institute Press, 1991). "Other work expenses" figures (includes work clothes and transportation) are based on one particular working mother. Jason DeParle, "When Giving Up Welfare for a Job Just Doesn't Pay," New York Times, 8 July 1992, p. A1.

8. In calculating the amounts in the various categories, we have selected either the last year for which statistics are available or the year that maximizes the mother's cash and non-cash benefits. Unless otherwise indicated, the figures are from 1993. The AFDC figure is based on the median AFDC payment to a mother with two children. Carmen Solomon, Policy Analyst, Congressional Research Service, 28 June 1993. We calculated the food stamp benefits for the two mothers under the assumption that they both deduct their total child care costs from their gross earnings. House Committee on Ways and Means, 1993 Green Book (Washington, D.C.: U.S. Government Printing Office, July 1993), pp. 1613-1640. The Medicaid figure is the estimated value of the Medicaid benefit for a family of three in 1990. The actual cost of medical services would probably be considerably lower. Harold Beebout, Implications of Integrated Services for Participation Levels in Low-Income Assistance Programs (Washington, D.C.: Mathematica Policy Research, Inc., March, 1993), p.19. The WIC figure is for 1993. Carmen Solomon, Policy Analyst, Congressional Research Service, 27 June 1993. For the housing calculation, we assumed that the average low-income rental unit for a family of three costs about \$500 per month. Carmen Solomon, Congressional Research Service. All three mothers are eligible for housing assistance. However, only about 20 to 25 percent of those eligible actually receive assistance. Long-term AFDC recipients are the most likely to receive housing assistance, because they have been on the waiting lists for the longest period of time. For this reason, we have included the amount of the benefit. Note that, since the housing benefit is about the same in all three columns, its inclusion does not affect the relationship among the three totals. Housing recipients are all required to pay about 30 percent of their adjusted income as rent. The working mothers can deduct \$960 from their earned income for their two children and a reasonable amount for child care. The AFDC mother's rent is simply 30 percent of her AFDC benefit value (\$1,400). Robert Leonard, Housing Policy Analyst, Housing and Urban Development, telephone interview with Lisa Laumann, 21 April 1993. The state tax figures are from Geraldine Whiting, Controller of Treasury, Department of Tax, Arlington County, Virginia, telephone interview with Lisa Laumann, 21 April 1993. The earning figures are the mean earnings of female high school dropouts working full-time, full-year in 1990. U.S. Bureau of the Census, Money Income of Households, Families, and Persons in the United States: 1990 (Washington, D.C.: U.S. Government Printing Office), p. 159. The EITC figures under the House Bill were calculated by Carmen Solomon, Policy Analyst, Congressional Research Service. The child care figures are from 1990. Sandra Hofferth, et al., National Child Care Survey, 1990. (Washington, D.C.: The Urban Institute Press, 1991). "Other work expenses" figures (includes work clothes and transportation) are based on one particular working mother. Jason DeParle, "When Giving Up Welfare for a Job Just Doesn't Pay," New York Times, 8 July 1992, p. A1.

That Other Clinton Promise—Ending 'Welfare as We Know It'

By DOUGLAS J. BESHAROV

During his presidential campaign, Bill Clinton pledged "the end of welfare as we know it." He promised to "provide people with the education, training, job placement assistance and child care they need for two years — so that they can break the cycle of dependency. After two years, those who can work will be required to go to work, either in the private sector or in meaningful community service jobs."

Now, as Mr. Clinton's fledgling administration grapples with how to implement these words, key elements of the president-elect's liberal constituency are trying to water them down. Signs of this discord emerged at Donna Shalata's confirmation hearings last week, when Democratic senators, noting how little she has said on the subject since being nominated, questioned her commitment to welfare reform. But even if Mr. Clinton's choice to head the Department of Health and Human Services supports his welfare plan (as she has promised to do), her task, and Mr. Clinton's, will be enormously difficult.

The bulk of long-term welfare recipients are unmarried mothers, most of whom had their first baby as unwed teenagers. These young mothers do not have the education, practical skills or work habits needed to earn a satisfactory living. About half of all unwed teen mothers go on welfare within one year of the birth of their child; 77% go on within five years, according to the Congressional Budget Office. Nick Zill of Child Trends Inc. calculates that 43% of welfare recipients on the rolls for 10 years or more started their families as unwed teens.

Steady increases in unwed parenthood among ill-prepared young people pose the central challenge to contemporary efforts to fight poverty. It is within this context that the fight over how to implement Mr. Clinton's promise will be waged.

Those recipients motivated to improve their lives, such as most divorced mothers, will probably do well under Mr. Clinton's plan. But, to make a real dent in welfare dependency, the plan will have to apply to unwed mothers, who form the bulk

of long-term welfare recipients.

That will not be easy. Years of inactivity leave their mark. Even in a strong economy, breaking patterns of behavior takes years. Richly funded demonstration programs, for example, find it exceedingly difficult to improve the ability of these women to care for their children, let alone to become economically self-sufficient. Earnings improvements in the realm of 5% are considered successes for poorly educated young mothers who have sporadic work histories. (Most programs don't even try to do something with the fathers.)

California's welfare-to-work program is a case in point. In 1985, the state established the Greater Avenues for Independence (GAIN) Program, an education and training project for welfare recipients. A six-county evaluation found that, for single parents, average yearly earnings increased by only \$271. (Total yearly earnings averaged \$1,902.)

Thus, after two years of the services that Mr. Clinton would give welfare recipients, most unwed mothers will still not be able to support themselves. Imposing a work requirement on them would mean that a large proportion will end up in semipermanent "community service jobs," a euphemism for having them work to earn their welfare benefits (usually at the minimum wage).

The Clinton campaign estimates that about 1.5 million young mothers would be required to participate in such programs. Most will not come willingly, and many will drop out. The experience of teen-mother demonstration programs operated in Newark and Camden, N.J., and in Chicago between 1987 and 1991 suggests that, to maintain high levels of program participation, about half the mothers will have to be penalized with a reduction of benefits at least once.

This kind of "workfare" program, because of added costs for education and job training, child care (while the mothers work), and administration (to establish and monitor placements), is much more expensive than the current system, at least in the short run. Clinton staffers estimate

that monitoring each job would cost \$2,100 annually; child care for the children of each mother mandated to work would add \$1,300. That's \$3,400 for overhead costs — about the same as the average Aid to Families With Dependent Children grant to families.

Strong opposition to Mr. Clinton's proposals is already forming. The welfare policy establishment has never liked strong work requirements that force poor mothers to work at very-low-paying jobs, even if only part-time. Efforts to impose work requirements during the Nixon and Carter years were derailed by labeling them as "slavefare." Such arguments strike a responsive chord among some Americans.

Moreover, many real questions remain unanswered about instituting a nationwide workfare program: Can welfare agencies enforce work requirements without being overly punitive? What about those recipients who are prevented from responding because of psychological problems or drug and alcohol addiction? Will they be permanently penalized, or, as some have suggested, will they be exempted from work because of their "disabilities"? Can we avoid the meaningless, make-work jobs of the past, or will this simply be CETA II? Can adequate child care be provided for millions of children? And, most important, can all this be done in a way that ultimately reduces caseloads — rather than increases them?

These tough questions call for caution in pursuing Mr. Clinton's promise, not a wholesale retreat from it. The temptation, of course, will be to exempt the most dependent young unwed mothers. The opening would be his phrase "those who can work will be required to go to work." It would be easy to say that mothers with young children cannot work. This would be a mistake.

First, a work requirement is one of the best ways to reduce the attraction of welfare for young people with poor earnings prospects. If young people know that the welfare agency is serious about mandating work, they will be less likely to view

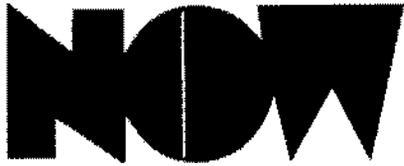
long-term AFDC-recipientcy as a possible life option.

Second, mandated community service may be the only way to build the job skills and work habits of those who cannot support themselves in the regular job market. Inactivity is bad for everyone; it can be devastating for those loosely connected to the labor market. Child abuse, drug abuse and a whole host of social problems are associated with long-term welfare dependency. A work requirement will help to reduce their levels.

The problems of some young mothers will prevent them from satisfying even this minimal obligation. These young people may need a modern version of the 19th century settlement house, where counseling, education and other activities to structure otherwise idle time are all provided under one roof. The base for such a program could be the expanded Head Start program that everyone seems to support. Head Start professionals call this approach "two-generational" programming.

Those young people who had a child out of wedlock — with no means to support it and largely unprepared to care for it — have demonstrated that, on their own, they do not make the wisest decisions. Their lives desperately need the structure that only the larger society can provide. Participation mandates such as those Mr. Clinton has proposed could end welfare as we know it — for the good of society, the children and, yes, the mothers.

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**PRESENTATION TO THE
WORKING GROUP ON WELFARE REFORM,
FAMILY SUPPORT AND INDEPENDENCE**

by

NOW LEGAL DEFENSE AND EDUCATION FUND

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Washington, D.C.

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NOW LDEF Presentation to the Working Group on Welfare Reform.

Family Support and Independence

The NOW Legal Defense and Education Fund is a legal advocacy organization committed to ensuring women's rights. A separate organization from NOW, we were founded by members of the National Organization for Women in 1970. NOW LDEF is a national leader in efforts to ensure that the AFDC program and other anti-poverty programs serve women and help them move up and out of poverty without violating their constitutional rights to privacy, equal protection, due process, and freedom from unethical human experimentation.

In the past few weeks, President Clinton has repeatedly referred to welfare recipients as the "idle" poor, pathologically "dependent" on government largesse. For the great majority of women receiving Aid to Families with Dependent Children, nothing could be farther from the truth.

The "idle" women that the President referred to are, in fact, raising their families, seeing that their children are fed, clothed, attend school and do their homework. They are caring for sick children and other relatives. They are keeping track of and trying to comply with a myriad of welfare regulations that control their lives. If they have been called up as participants in the federal JOBS program, they are attending mandatory educational or training programs, or working in part-time jobs. Even if they haven't been required to participate in the JOBS program, chances are that they are, or recently have been, working on a part-time basis.

Why are these women poor? It is clearly not because they are "idle" -- and a welfare policy that is based on this erroneous assumption will certainly fail. Nor are poor women on welfare because they have "too many" children; their fertility rate is lower than the national

average, and their average family size -- 1.9 children -- is right in line with the rest of the nation.

In fact, women are poor because they lack the education and skills that are required in today's workplace. Women are poor because violence against them -- battering, assault and rape -- forces them to flee their homes with few resources and little self-esteem. A large percentage of homeless women are past victims of incest and wife-battering. Women are poor because they have dependent children and no partner to share the economic burden. Women are poor because they, rather than the children's fathers, almost always assume childcare responsibilities when a couple splits up. Women stay poor because federal and state public assistance benefits and supportive services are insufficient to give them a base from which to move up and out of poverty.

Sound welfare reform should focus on eliminating these impediments. The best approach -- one that preserves human dignity while giving poor women access to a better future -- is to offer education, job training opportunities, language instruction, and supportive services, rather than impose punitive measures. The states may well be "laboratories for federal policy," but they should not be torture chambers. New Jersey's Family Development Act is intended to curb poor women's reproductive choices and mandate arbitrary time limits, making enforcement of the program convenient for state officials while ignoring the circumstances of individual women's situations. We believe that federal welfare reform policy must not duplicate New Jersey's hasty and harmful experiment.

Time and time again, poor women have demonstrated that they want to improve their lot through education or real jobs. Education is one of the most significant factors in moving individuals out of poverty. For example, a 1989 survey in New York State found that of those welfare recipients who entered and graduated from college, 89% obtained employment and left

welfare. And women are anxious to obtain job training that will prepare them for the workforce. For example, 15,000 AFDC recipients are currently on the waiting list for Georgia's PEACH program, which implements the job training component of the Family Support Act. These women volunteered for the program. At any point in time, 1/3 of welfare mothers are working outside the home, combining work and welfare to support their families; over time, fully 1/2 of all welfare mothers work outside the home for at least some of the time that they are welfare.

If you want this program to succeed, whether or not you impose strict time limits on recipients, it is imperative to put in place methods for providing job training and jobs to poor women who seek work experience. The best method is by providing education and training that qualifies women for real jobs, and assisting women in getting and keeping those jobs by providing adequate transitional benefits and supportive services. Government-sponsored workfare programs have historically failed. Whatever the theoretical model, they have invariably become make-work, dead-end jobs, with no future. Poor women's lives should not be sacrificed on this altar once again.

While we disagree with the mandatory and punitive aspects of the Family Support Act, that legislation held out some promise that women could move up and out of poverty through education and job training, with supportive services. Rather than mandatory time limits, the FSA relied on individualized time lines to chart out a course for women to leave welfare. The arbitrary, mandatory time limits currently on the table are antithetical to this approach.

In fact, the approach taken under the Family Support Act of 1988 has not failed -- in most states, it has not even been fully implemented or evaluated! The women struggling to participate in these programs have not failed either -- they have not been given a fair shot!

Many states have been unable or unwilling to draw down the entire amount of the federal funding available to them to implement necessary supportive services; job training schemes have been ill-conceived; educational programs have been inadequate, focusing on limited vocational training rather than the longer-term education that would be a permanent antidote to poverty. Surely, before we embark on yet another "welfare reform," we should assess and build upon the education and job training components of the FSA. Improving the quality and funding levels of these existing programs would go a long way to addressing the issues that this Task Force cares about, and without more punitive measures.

By way of example, NOW LDEF has been involved in efforts to assess New York City's JOBS program -- called BEGIN -- with particular emphasis on how the program works for low-literate, Spanish-speaking women. Some of the implementation barriers that we have identified are:

(1) short, arbitrary time-lines; (2) the lack of English classes appropriate for low literate participants; and, (3) the failure to provide participants with basic education classes.

The women who we have interviewed want desperately to get an education, so that they can get good jobs and provide a better life for their children. Their determination is admirable in light of the obstacles they face. Many of them received only a couple of years of schooling, if any, in their native countries. Thus, they cannot read well in their native language and have little experience with the classroom setting. Despite the obstacles, these women are very excited when they first hear about BEGIN. The BEGIN program, however, too often turns these women's hopes into frustrations. The English as a Second Language (ESL) program provides 8 weeks of classes (soon to change to 12 weeks), followed by 5 months' part-time classes/part-time work experience. The classes are taught at the beginning, intermediate and advanced levels. However, when someone completes the beginning class, she does not move

into intermediate -- she moves on to the five month class/work period and then out of the program. Even under the best circumstances, this is a very short time to expect someone who speaks no English to learn enough to function in a work setting.

For women who are low-literate, it is impossible to learn in these classes because the classes are taught through reading and writing and grammatical concepts. In fact, these classes are so ill-suited to women without literacy skills that some are simply exempted from BEGIN and denied the opportunity to learn English. Not only are low-literate women unable to learn English in the program, they are never given any basic education classes. Yet, without basic literacy skills they will never be able to obtain a decent-paying job.

Some of the women we met are lucky. After going through the BEGIN program and being pushed into the job market without English or literacy skills, some women have found community based programs, such as University Settlement in Manhattan's Lower East Side and El Barrio in Spanish Harlem. These programs teach women literacy in their native language, as well as teaching English. Because the community-based programs do not have BEGIN's unrealistic time-lines, these women are progressing toward their dreams. Our government-sponsored programs should be doing the same thing -- providing a real education -- instead of simply cycling large numbers of people through a "program" in as little time as possible.

Thank you for the opportunity to testify before you today. I would be happy to answer questions that you have, and want it noted for the record that we will submit more in-depth written testimony to the Welfare Reform working group within the next few weeks.

Testimony before
the White House Working Group on
Welfare Reform, Family Support and Independence

August 20, 1993

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INTRODUCTION

President Clinton has promised to "end welfare as we currently know it". In making this bold commitment, the President acknowledges that the War on Poverty has failed. We are today spending five times as much in constant dollars or means-tested welfare as when the War on Poverty started in 1965. Overall we have spent 3.5 trillion dollars on welfare since Lyndon Johnson launched his "War", an amount greater than the cost of defeating Germany and Japan in World War II.

President Johnson declared his "War" would be a great investment which would return its cost to society manyfold, and the average American household has already "invested" around \$50,000 in taxes in fighting the War on Poverty. But in many respects the fate of lower income Americans has become worse, not better, in the last quarter century. Today, one child in eight is being raised on welfare through the AFDC program. When the War on Poverty began roughly one black child in four in the U.S. was born out of wedlock. Today two out of three black children are born out of wedlock. And similar increases in illegitimacy are occurring among low income whites.

Single parent homes dependent on welfare are poor environments for raising children. Children brought up in such circumstances have limited prospects for succeeding in mainstream society; they are far more likely to fail in school, get caught up in crime, and end up on welfare

themselves as adults. It is vital to "end welfare as we know it."

Lessons from the Past As we begin this task, we must learn from mistakes of the past. In transforming welfare we must avoid repeating the 1988 welfare reform debacle. The 1988 "reforms" were essentially a public relations charade in which the Washington establishment lied to the American public. The public was told that most welfare recipients were going to be required to work in exchange for their benefits. In reality, the Family Support Act of 1988 required little or no change in the existing system. Today, nearly five years after the "reforms" were enacted, less than one percent of AFDC parents are performing community service in exchange for their benefits. As Table I shows, only seven percent of AFDC parents are required to perform training, job search, or work experience activities for more than twenty hours per week.

The conventional excuse for the lack of impact of the 1988 reforms is a shortage of funding for training and workfare under the JOBS program. This excuse falls short on two counts. First, the funds that were expended under JOBS were spent very ineffectively on programs that had little or no impact on dependence. Second, Congress provided billions of additional dollars in welfare, but provided little or no money for JOBS/workfare. The expansion of welfare programs since 1988, particularly Medicaid and public housing, have been more than sufficient to fund work programs for most AFDC parents. The simple fact is that Congress, after telling the American public that it was going to require welfare recipients to work for their benefits, did everything else but that. Congress chose to limit funding on workfare programs

Table 1:
 Percent of Adult AFDC Recipients Participating in
 Mandatory Job Search, Community Service Work, or Training: FY1992

Alabama	7.2%	Missouri	3.8%
Alaska	3.8%	Montana	15.1%
Arizona	2.8%	Nebraska	31.5%
Arkansas	9.6%	Nevada	9.0%
California*	4.8%	New Hampshire	9.8%
Colorado	11.1%	New Jersey	8.9%
Connecticut	14.6%	New Mexico	7.6%
Delaware	8.0%	New York	6.8%
District of Columbia	6.0%	North Carolina	5.1%
Florida	3.8%	North Dakota	13.0%
Georgia	4.7%	Ohio	9.6%
Hawaii	0.7%	Oklahoma	24.6%
Idaho	8.4%	Oregon	10.4%
Illinois	6.6%	Pennsylvania	5.9%
Indiana*	1.2%	Rhode Island	10.9%
Iowa	3.8%	South Carolina	5.4%
Kansas	9.2%	South Dakota	8.6%
Kentucky	5.1%	Tennessee	4.2%
Louisiana	4.0%	Texas	5.2%
Maine	5.2%	Utah	30.0%
Maryland	4.6%	Vermont	7.4%
Massachusetts	16.5%	Virginia	6.7%
Michigan*	6.9%	Washington	11.2%
Minnesota	5.1%	West Virginia	6.9%
Mississippi	2.5%	Wisconsin	18.1%
		Wyoming	11.7%
		Nationwide Average	6.9%

Source: Office of Family Assistance, Department of Health and Human Services. All data are monthly averages of recipients who participated in programs more than 20 hours per week. In states with asterisks, data represent participants as percentage of full AFDC caseload for 1991.

while expanding conventional welfare dramatically.

The Clinton Record to Date So far the actions of the Clinton Administration have an ominous resemblance to the welfare "reforms" of 1988. President Clinton campaigned on "ending welfare as we currently know it". He promised to remove welfare recipients from welfare after two years on the rolls, or require them to perform community service work in exchange for their benefits.

But since assuming office, President Clinton has done exactly the opposite. His proposed budget submitted in the spring of this year contained \$110 billion in expansions for conventional welfare programs over five years but not one thin dime for expanding workfare. The proposed add-ons to the Food Stamp program alone could more than double funding for JOBS/workfare. The fact that no additional funding for workfare was requested in this year's budget means that the Clinton welfare reform will not even begin until 1995.

True, some \$26 billion of this new welfare spending was to expand the Earned Income Tax Credit (EITC). As part of this welfare reform strategy, the President has proposed to "make work pay" relative to welfare. The EITC by supplementing the earnings of low wage working parents meets this goal. I applaud the expansion of the EITC, and I favor an additional credit to working, married couples to partially offset the anti-marriage penalties imposed by welfare. But the President has correctly promised a welfare reform of both carrots (positive incentives for constructive behavior) and sticks (sanctions or limits on negative behavior). Following the

pattern which has become almost habitual, the carrots have appeared promptly but the stick is nowhere in sight.

Equally ominous has been the Clinton Administration's efforts to roll back existing work requirements. Under the 1988 Welfare Reform Act only one group of welfare recipients was actually required to work in exchange for benefits. That group was fathers in two parent families receiving benefits from the Aid To Families with Dependent Children-Unemployed Parent (AFDC-UP) program. According to the Family Support Act, fathers in two parent AFDC-UP families would be required to work in community service programs for sixteen hours per week. In its zeal for workfare, Congress limited this requirement to only 40% of AFDC-UP fathers and postponed the effective date of the work requirement until 1994. Note the minimal nature of this requirement: two parent AFDC-UP families are 9 percent of the AFDC caseload; 40 percent of 9 percent comes to 3.6 percent. So the 1988 act required about 3.6 percent of the AFDC caseload to work for benefits a few hours per week and delayed even that requirement for six years!

The Clinton Administration's actions with regard to this minimal work requirement have been baffling. As part of the Omnibus Budget Reconciliation Act, the Clinton Administration sought to postpone the AFDC-UP work requirement effective date from 1994 to 1996. Since the entire work provisions of the AFDC program will undoubtedly be completely rewritten before 1996, the Clinton Administration was proposing to effectively kill the only real work provision in existing law. The Clinton Administration lamely claimed that it was postponing

work requirements on AFDC-UP fathers because there were no funds to operate such workfare programs. Even assuming this dubious argument is correct, there were no funds to implement these workfare programs precisely because the Clinton Administration requested none.

Thus, the present track record of the Clinton Administration on workfare is very poor. After campaigning on the theme of "ending welfare" and requiring welfare recipients to work, Clinton has expanded conventional welfare spending, requested no funds for workfare, and sought to abolish the only real work requirement in existing law. Scarcely an auspicious start for "ending welfare as we currently know it."

TIME LIMITS AND WORK REQUIREMENTS

This panel has been asked to discuss "time limits", eg., requiring recipients who have received AFDC benefits for over two years to obtain private sector employment, or if they remain on the rolls after two years to perform community service work in exchange for the benefits they receive. There are many other important reform topics; requiring paternity as a condition of receiving AFDC; limiting cash entitlements to unwed teenage mothers; and empowering local churches to kindle moral renewal within inner city communities. However, I will limit my remarks here largely to work requirements or "time limits".

Welfare should not be a one way hand out; recipients should be expected to contribute something back in exchange for the benefits they receive. Moreover, rigorous work programs

can greatly reduce dependency and welfare caseloads. Finally, and most importantly, work requirements in AFDC can have a pro-marriage effect. AFDC serves largely as a surrogate and competitor to marriage; serious work requirements reduce the economic utility of AFDC. This should discourage women from having children out of wedlock and should encourage some mothers already on AFDC to marry and leave the rolls. This point is very important. The goal of welfare reform must be to reduce illegitimacy and single parenthood, and to promote marriage. The goal should not be to have millions of single moms working hard while their children are raised in government daycare centers. If I did not believe that work requirements or time limits would ultimately have a strong pro-marriage effect I would have little interest in the idea.

With that said I believe there are 6 rules which should be followed in establishing work requirements within the welfare system.

Rule #1 Require single males, fathers on welfare, and single mothers with older children to work before requiring mothers with pre-school children to work.

Rule #2 -- Require at least half of all AFDC parents to work in exchange for existing benefits.

Rule #3 -- Do not provide a two year exemption from work requirements.

Rule #4 -- Establish effective workfare programs requiring continuous fulltime participation and linking payment of welfare benefits to successful work performance.

Rule #5 -- Recognize the ineffectiveness of government training programs.

Rule #6 -- Cap the growth of total welfare spending in conjunction with establishing work requirements.

The following discusses each of these rules in greater detail.

Rule #1 - Place Priority in Workfare Programs on those Most Able to Work. As a general principle, welfare should not be a one-way handout. Able-bodied welfare recipients should be required to obtain private sector employment. If they cannot find a job, they should be required to perform community service work in exchange for the benefits they receive.

However, in implementing a workfare strategy, not all welfare recipients should be treated identically. Priority should be placed on requiring work from individuals who are best able to be self-sufficient and have the least justification for remaining out of the labor force. At present there is an undue emphasis on requiring single mothers on welfare to work to the exclusion of other groups.

A reasonable strategy would place highest priority on requiring able-bodied single persons

on welfare to work first and single mothers with pre-school children to work last. I recommend the following workfare priority categories be established. All of the individuals in the higher priority groups should actively participate in community work programs before any work requirements are imposed on individuals in lower priority groups. From highest to lowest, the priority groups should be:

- 1) All able-bodied, non-elderly single persons receiving Food Stamps.
- 2) All fathers in two parent families in the AFDC-UP program.
- 3) All absent parents who claim they can't provide child support payments because they cannot obtain employment.
- 4) Single mothers on AFDC who do not have children under the age of 5.
- 5) Single mothers on AFDC who have children under the age of 5.

It is important to note that 9 percent of AFDC families have both a father and a mother present, and roughly half of the current 5 million AFDC households do not have any children under age 5. Thus, it is feasible to expand current workfare programs by several thousand percent without involving any single mothers with pre-school children.

However, if this approach toward workfare were followed, it would be necessary to adopt

rules that would prevent welfare mothers from having additional children in order to avoid workfare obligations. This could be done by stipulating that a child born after a mother's initial enrollment in AFDC would not qualify the mother for an exemption from work requirements even if the child was under age five.

Requiring workfare for fathers and mothers with older children before mothers with pre-school children is not only sound social policy, it is more efficient. Because of lower daycare costs, work programs for fathers and mothers with older children will be 60 to 80 percent less expensive to operate than would work requirements for mothers with younger children.

Rule #2. Require at Least Half of AFDC Parents to Work for Benefits Received.

In the past the public has been deluged with empty political slogans about requiring welfare recipients to work for benefits while, in fact, little change occurs. The key in separating public relation maneuvers from sincere efforts to transform the welfare system is the percentage of welfare recipients who are actually required to work 30 or more hours per week in exchange for benefits.

If we are sincere about transforming welfare I would suggest the following as minimum goals. First, all AFDC-UP fathers should be required to participate full-time in community workfare programs by 1994. Half of all single mothers on AFDC should be required to participate full-time in community work programs by 1996. (The basis for measuring participation rates should be the number of recipients who actively work in a given week, not,

for example, the number who have worked one or two weeks in the prior six months). These workfare participation rates would significantly transform the nature of welfare, but would remain compatible with a strategy placing priority in workfare on mothers with older children.

Rule # 3 Do not Provide a Two Year Exemption from Work Requirements. The most effective means of reducing dependency is to deter individuals from enrolling in welfare to begin with. Work or job search requirements which are imposed "at the front door", when an individual first enrolls for welfare benefits, can have the effect of dramatically reducing the number of individuals seeking to receive welfare. Such "up front" work requirements are potentially the most cost-effective of all dependency reducing measures. Thus, the Clinton Administration's proposal to exempt all AFDC parents from work requirements for the first two years they receive welfare is unwise. It would be far more effective to impose job search, work, or training requirements at the onset of welfare enrollment on the groups most capable of being self-sufficient, e.g., single able-bodied individuals, fathers in the AFDC-UP program, and AFDC single mothers without pre-school children.

Rule #4 Establish Continuous and Effective Work Requirements. Successful programs aimed at reducing dependency would have the following components. a) The requirement to work or participate in other activities should be permanent, not temporary. Once started, it should last as long as the recipient receives welfare. b) The requirement to work or participate in other activities should be continuous, not intermittent. There should be no intervals of inactivity as recipients are shuttled between different sub-components of the program. c) The

emphasis should be on mandatory community service work; job search and training should be de-emphasized. d) Recipients should be required to work or perform other activities for a minimum of 30 hours per week. e) Welfare benefits should be contingent on and paid only after the fully successful completion of relevant performance requirements. f) The ethos of the welfare office is very important; caseworkers must sincerely and persistently inform recipients that they have a moral obligation to themselves and the community to get a private sector job or, if jobs are not available, to perform community service work.

Rule # 5 Recognize the Ineffectiveness of Government Training Programs There is an enormous amount of unwarranted enthusiasm of government training and its role in reducing welfare dependence. Many believe that training and education programs will propel welfare recipients into higher paying jobs and make them self-sufficient. All available evidence shows that this is not the case.

A recent study of the Job Training Partnership Act, for example, shows that the program raised earnings among trainees by between 0% and 7.9% depending on the group trained. (Bloom, 1993) However, much of the increase was merely a result of increasing the number of hours worked; increases in actual hourly wage rates as a result of training were between 0% and 3.4%. These results are fairly typical of government training programs, and are better than many in fact. Other studies have shown that training programs have at best very modest effects on earnings and hourly wage rates. (Grossman and Mirsky, 1985, pp.17 and 18; Grossman and Maynard, October 1985, pp. 67, 73; Congressional Budget Office, 1982, p. XVII.) No

government training program has been able to substantially increase the earnings capacity of trainees and move them into better paying jobs.

The continuing lack of effectiveness of government training programs is especially regrettable given the nature of the AFDC population. A recent study by Child Trends, Inc. (Zill, 1991) finds that mothers in the Aid to Families with Dependent Children program have low levels of basic cognitive skills. When evaluated by the Armed Forces Qualification Test (AFQT) welfare mothers were found to have significantly lower math and verbal abilities than were other women of the same ethnic group who were not enrolled in welfare programs. The aptitude levels of long term recipients were lower than those of short term recipients. Over half of welfare mothers were found to have cognitive skill levels placing them in the bottom fifth of the overall population. The average aptitude or achievement scores of welfare mothers were significantly below the mean of even the lowest of the occupational classes.

There is no present system of intervention which will dramatically alter these skill levels. This unpleasant fact underscores the wisdom of using the EITC to supplement the wages of low skilled but working parents as opposed to expecting most welfare recipients to leap upward into "good jobs." More importantly the Zill study underscores the importance of reducing illegitimacy and promoting marriage as opposed to merely trying to equip young, low skilled single moms to go it alone.

Despite the dismal record of performance of government training programs, such

programs will probably again play a role in welfare reform. To the extent training is provided, all programs should undergo scientific evaluation similar to recent study of JTPA; programs which do not produce significant increase in hourly wage rates should be terminated.

Rule #6 Cap the Growth of Total Welfare Spending The federal government runs over 75 means-tested welfare programs. These programs provide cash, food, housing, medical care, training, and social services to poor and low income persons. Total federal, state and local spending on means-tested programs approached \$300 billion in 1993.

The most effective way to reduce dependency would be to impose a cap on the growth of total welfare spending. Growth in aggregate federal welfare spending should be limited to 2% or 3% per annum. Individual programs would be permitted to grow at more or less than this rate, according to annual Congressional priorities but aggregate spending should be allowed to expand by no more than 2 or 3 percent per annum. Such a policy, ending the auto-pilot entitlement nature of welfare programs and putting a brake on the hemorrhage of welfare spending, is essential to "ending welfare as we know it".

"Time limits" or work requirements which are imposed without a real cap on the growth of welfare expenditures will certainly result in higher spending and caseload increases rather than the opposite. All too often in the past federal and state welfare bureaucrats have been willing to go through the motions of promoting work and training programs which have been known to fail in the past. "New" initiatives are launched, press releases issued, but the welfare rolls

continue to grow. Only by disrupting the endless expanding stream of welfare dollars can we break this cycle of inaction and failure. By limiting the growth of welfare spending, we will create real incentives for welfare bureaucracies to develop serious policies to cut illegitimacy and reduce dependency for the first time.

EXAMINING CURRENT PROGRAMS

The current generation of training, job search, and work experience programs have had less than spectacular success in reducing dependence among the small number of recipients who participate. Well-known evaluations have been conducted by Manpower Demonstration Research Corporation (MDRC) in nearly a dozen sites. The least effective programs evaluated by MDRC show little or no reduction in welfare caseloads and costs. The better programs, such as San Diego's Saturation Work Initiative Model (SWIM) require up to a third of adult AFDC recipients to participate in some manner, and result in a two to three percent reduction in AFDC caseloads and a five percent cut in welfare costs. (Hamilton and Friedlander, 1989, p. 52). While the better programs save several dollars in reduced welfare benefits for each dollar of operating expense, they hold little prospect for a substantial revolution in welfare policy.

The lack of success of these programs should not be surprising. Most require only temporary activity by a few recipients for a few hours per week. Even the "rigorous" programs such as San Diego's SWIM require, at best, intermittent, low-level activity by recipients. In SWIM, one-third of adult AFDC recipients were required to participate. Of those required to

participate, only 66 percent engaged in even one hour of mandatory job search, work, or training during the twelve months after their obligation began. And of all those required to participate, less than a fifth were engaged in "continuous activity", defined as participating in some mandatory activity for at least one day during each month of eligibility (Hamilton and Friedlander, 1989, p. 15). The general impression is one of large numbers of case workers busily engaged in assessing, monitoring, and assigning clients to queues for services -- and little activity on the part of recipients.

Examples of Successful Programs However, there are lesser known work programs that do substantially reduce dependency. These programs generally impose more rigorous work requirements along the lines suggested in Rule #5 above. Recently published research on pilot projects in Ohio shows that rigorous workfare programs can dramatically reduce welfare dependence. (Schiller and Brasher, 1993) In the Ohio programs, primary emphasis was placed on community service work rather than job search or training. At any given point in time up roughly two thirds of participants were performing mandatory community service work for up to 40 hours per week. Work requirements were continued as long as the individual received welfare benefits; this approach differed greatly from conventional short term workfare programs which require recipients to work for a few months but then suspend the work obligation and allow the recipient to continue to receive benefits without further work obligation.

Around 25 percent of single mothers on AFDC were required to perform community service work in exchange for the welfare benefits they received; the requirement resulted in an

overall reduction in the AFDC single mother caseload of 11.3 percent. For every 100 AFDC single mothers placed in the workfare program, the AFDC rolls were reduced by some 45 cases. Similar reductions were seen in the Aid to Families with Dependent Children-Unemployed Parent program (AFDC-UP) which provides welfare to two parent families. Eighty percent of AFDC-UP fathers were required to participate in workfare, resulting in a 34 percent reduction in the AFDC-UP caseload. For every 100 AFDC-UP fathers required to work, the AFDC-UP rolls were reduced by some 42 cases. The Ohio workfare programs are, by far, the most successful dependency reduction programs so far evaluated. The effects on both AFDC and AFDC-UP caseloads are four to five times greater than the effects reported for conventional job search and training programs elsewhere in the country.

Workfare in Utah Other states have shown that work requirements can dramatically reduce welfare dependence. In 1983, Utah established the Emergency Work Program (EWP) in place of traditional AFDC-UP program for two parent families. (Janzen and Taylor, 1991) EWP established one of the most stringent and comprehensive workfare systems yet known. Male parents of welfare families were required to participate in organized activities for 40 hours per week: 8 hours of job search and 32 hours of community service work or education and training. These requirements were rigorously enforced, some 20 percent of families are terminated each year for non-compliance. Among the remaining male parents, EWP achieved an effective participation rate in mandatory activities of 100 percent. As noted, EWP offered some education and skills training in addition to community service work and job search. However, education and training did not increase the employability of welfare recipients relative

to participation in other activities.

The Utah experience shows the clear effectiveness of serious work requirements in dissuading individuals from enrolling in welfare and becoming dependent. Despite eligibility criteria which were identical to Utah's prior AFDC-UP program, average monthly caseload during the first four years of EWP was 194 compared to an average caseload of 1,800 under AFDC-UP. These dramatic caseload differences were achieved despite the overall similarity in economic conditions between periods of comparison. EWP also shows the effect of required work in promoting quick exits among families who become enrolled in welfare. The average length of stay of families on EWP was 2.5 months compared to 10 months in Utah's AFDC-UP program. Overall, the EWP program with its firm work and job search requirements reduced welfare costs by 92 percent compared the prior AFDC-UP program which had only minimal work requirements.

Job Search in Washington State The importance of establishing performance requirements "at the front door" when an individual first enrolls in welfare can be seen in an experiment conducted in Washington state in the early eighties. (Fiedler, 1983) Under the Intensive Applicant Employment Services (IAES) project new applicants to AFDC were placed immediately in organized job search for up to 30 days before the initial AFDC grant was awarded. Those applicants who failed to obtain employment during the initial month were subsequently enrolled in AFDC. The project sent a clear message that work was expected and that welfare was to be a last resort.

IAES was carefully evaluated as a pilot project. Some fifty counties and other jurisdictions were sorted into pairs in which each county was matched with another county as similar as possible demographically, socially, and economically. Random assignment was then used to designate an experimental and a control county within each matched pair. Within the experimental counties some eighty percent of new applicants were exempted from the IAES job search requirements because they were mothers with children under three or because the family's financial straits made postponing the initial welfare check impossible. Despite the fact that the number of new applicants who were required to search for work before receiving welfare was limited, the IAES requirements and the moral message they conveyed had a striking affect in discouraging new AFDC applications. During the evaluation period, the number of AFDC applications rose sharply throughout Washington state, but the increase was far less in IAES counties. When compared to control counties without the IAES program, the job search requirement was found to have reduced new AFDC applications by 15 percent.

The message conveyed by the IAES program also appeared to linger in the minds of new welfare applicants even after they were enrolled in AFDC and the IAES requirements were terminated. New AFDC enrollees in IAES counties were more likely to leave AFDC within the first year after enrolling, reducing the new applicant caseload by another 7 percent. The total effect of the IAES program cut first year welfare costs of new applicants to AFDC by one fifth overall.

Work Programs in Wisconsin Many absent fathers claim they cannot pay child support

payments because they cannot find employment. Requiring full time community service for absent fathers who are not paying child support will induce the father to find a real job. Experiments with this policy in Wisconsin caused a 130 percent increase in child support payments among fathers subject to the work requirement. The federal government should require work from all non-supporting fathers before requiring mothers with young children to work.

CONCLUSION

Some 80 to 90 percent of the American public believe that welfare recipients should be required to work in exchange for benefits received. It is indeed time to end welfare as we have known it for the last 30 years. The question before us, however, is whether we will truly reform welfare, or whether we will repeat the pattern of the last welfare reform debate in 1988, in which the public was sold a policy which bristled with tough, Attila the Hun style rhetoric but which was devoid of substance.

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STATEMENT OF

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American Jewish Committee

on

"Time-Limited Assistance and Work Requirements"

to the

Working Group on Welfare Reform, Family Support
and Independence

Washington, D.C.

August 20, 1993

The American Jewish Committee is pleased to participate in the public forum of the Working Group on Welfare Reform, Family Support and Independence. We firmly believe that all communities in our country have a vital stake in the success of welfare reform and the achievement of independence. Last year, we collaborated with the National Jewish Community Relations Advisory Council, the Jewish Community Relations Council of Greater Boston and the UJA-Federation of Jewish Philanthropies of New York in holding a landmark conference for our community to rededicate ourselves to the alleviation of poverty in the United States. In the past year, the American Jewish Committee has placed new emphasis on efforts to combat poverty and achieve self-sufficiency. This Working Committee will find strong interest in its work within the Jewish community and a desire to cooperate with you in achieving goals we both share.

My two major themes for this session on time-limited assistance apply to other aspects of welfare reform as well. First, we must adopt programs and strategies that integrate the poor into our society rather than exacerbating their separation from the mainstream. Programs that isolate the poor, set up inadequate responses to their needs or do not take sufficient account of their talents and strengths will worsen their plight and impede the attaining of personal or financial independence. In almost every instance of welfare reform, from job training to family supports to time-limited assistance, programs can be

developed that have either isolating or integrating effects. We must consistently choose those strategies that identify clients with other Americans and break down their social isolation. This point applies with special force to the subject of today's panel, time-limited assistance.

Second, in pursuing the necessary goal of independence, we can not forget the poorest Americans who will always need help. With a reformed system, many more Americans can attain self-sufficiency. But as they move off the welfare rolls, we need to remember that others will remain in need of some form of assistance. As their numbers dwindle, there could be less attention to their plight. Yet, a caring society is defined both by how we assist those who can to achieve independence and how we respond to the needs of those who still require our support for themselves and their families.

The Administration's budget plan, as passed by Congress, provides some necessary assistance to poor and near-poor families to achieve self-sufficiency. In particular, the expansion of the earned income tax credit and the increase in allocations to the food stamp program will enable many families to improve their financial standing and make their work meaningfully pay for their needs. In addition, the food stamps program addresses the needs of our poorest families.

Some of the issues discussed in previous panels of this forum also have the potential to further self-sufficiency and family independence if handled wisely. Job training programs are vital to the development of an adequately skilled workforce, for example, but they will be useful to the degree that they avoid the temptation to pad their success rates by creaming the most job ready candidates for program participation. They should instead, as does the Job Corps, focus on participants most in need of training. Similarly, family support programs from absent parents are necessary but they need to be structured in ways that make family support a normal expectation of all parents, not a special punitive program for "deadbeat dads" or other pejoratively designated groups. It is important to identify and address consensus needs, but how we design and carry out programs to meet them is as important as the process of problem identification.

This principle applies with special force to the issue of time-limited assistance and work requirements. A broad consensus exists that welfare, for those recipients capable of getting off it, should not become a permanent or long term way of life. Indeed, for most recipients, welfare is a short term experience. Time spent on welfare should be used, where possible, to upgrade skills with effective training programs, along with services such as child care and transportation to make the training available. At the end of a reasonable period of support and training, we should expect that recipients will work.

But what kind of work we expect and how it is made available are the key issues that need to be addressed. All analysts would agree that work in the private sector would be preferable for newly trained former welfare recipients. But we need to be realistic about the fact that employment may not be available in low-skill jobs that will form the bulk of employment opportunities for this population. Particularly in depressed areas of the country where a significant segment of public assistance recipients live, or during slow economic times, it may not be possible for even ambitious and competent workers to find jobs. Requiring work of them will necessarily entail involving government as the employer of last resort.

What sort of jobs government will offer to public assistance recipients reaching their time limit on welfare is the crucial question. If these positions turn out to be degrading, make-work jobs, paid significantly below the minimum wage -- or simply work requirements to continue to receive the welfare grant -- they will further separate the recipient population from the rest of America and subvert the very purpose of work requirements. The whole idea of time limits to assistance and work requirements is to assure that the recipient population enter into mainstream society by supporting themselves. But if the only jobs available to recipients coming off welfare are meaningless and pay substantially below what other Americans can expect to make, these jobs will themselves serve only as a further barrier isolating recipients

from the rest of society. The problem that work requirements sought to solve will only be made worse.

Of course, decent jobs, including those offered by the government as employer of last resort, are expensive. Actual policy will involve tradeoffs between budget availability and the provision of decent jobs. But if the quality of jobs is not taken seriously in this tradeoff, the program is simply not worth doing. It would be senseless to spend more money on make-work jobs only to reach the result of further isolation of the recipient population.

In any case, the provision of decent jobs by government as employer of last resort can have positive economic effects. In good economic times, it is likely that newly trained recipients coming off welfare will find employment in the private sector. The government jobs program would play a larger role in slack periods. This could be a factor in positive public counter-cyclical activity in which the government plays a more active role during slow times in order to stimulate the economy to recovery. For economic as well as social reasons, it is wise to have the public sector as employer of last resort pay decent wages and provide acceptable working conditions.

Finally, it is necessary to protect the interests of the poorest Americans who will never be able to work due to some physical or mental disability, as well as the interests of their

children. Ironically, as welfare reform succeeds, the poorest Americans will become increasingly at risk. As work requirements and training put more former recipients to work, as job training improves the skills and attractiveness to employers of more trainees, as child support programs bring in additional income from absent parents, the number of truly needy Americans will fall. This is obviously a desirable result, but it will become easier to ignore the severe problems of those who cannot hold jobs or whose absent spouse is not employed and so cannot pay additional support or who do not meet the criteria for training programs. We must surely work for the achievement of independence of all those able to support themselves, but we cannot forget that some will still be dependent on our public institutions and programs. We cannot call ourselves a caring society if we forget their plight.

There exists perhaps more interest and expertise in welfare reform and self-sufficiency today than at any time in the past three decades. We need to seize this moment to stimulate independence for every individual who can achieve it, to care for those who need special help and to reaffirm our identity as one interdependent society.

testimony