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103D CONGRESS
1ST SESSION

S. 663

To amend the Internal Revenue Code of 1986 to provide for a refundable child credit and to increase the earned income tax credit for larger families, to provide for a demonstration program for payments in lieu of child support payments owed by absent spouses, to encourage creation of jobs for low-income unemployed, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 26 (legislative day, MARCH 3), 1993

Mr. ROCKEFELLER introduced the following bill; which was read twice and referred to the Committee on Finance

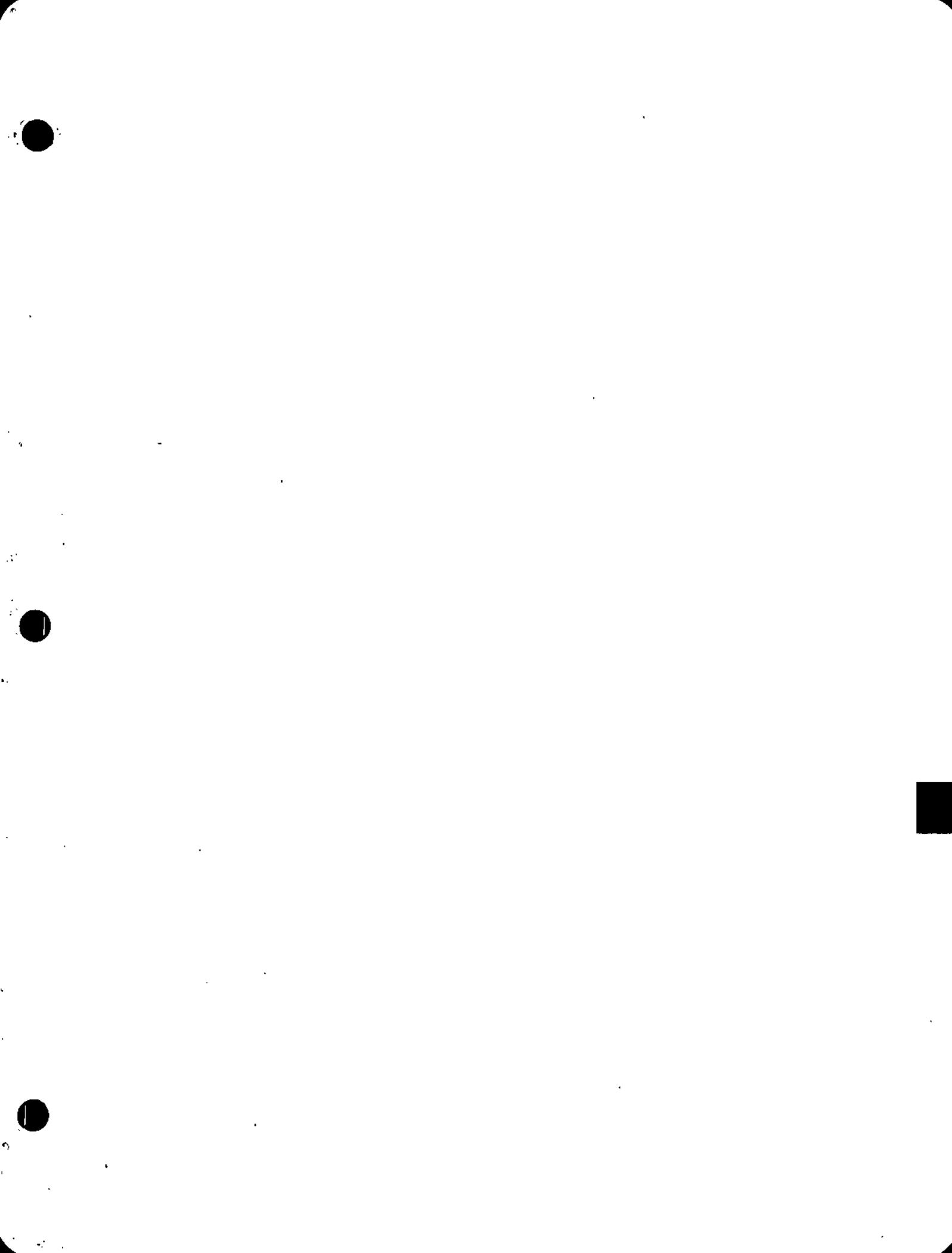
A BILL

To amend the Internal Revenue Code of 1986 to provide for a refundable child credit and to increase the earned income tax credit for larger families, to provide for a demonstration program for payments in lieu of child support payments owed by absent spouses, to encourage creation of jobs for low-income unemployed, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 "Family Income Security Act of 1993".





THE HOUSE WEDNESDAY GROUP
CONGRESS OF THE UNITED STATES

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Moving Ahead

Initiatives for Expanding Opportunity in America

October 1991

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Executive Summary

Is America afflicted by unparalleled social problems? Yes, according to many, who argue that unfair tax policies and severe cuts in social programs are the culprits. The evidence, however, does not appear to support such a conclusion. National data indicate neither that social problems are as acute as often reported, nor that federal tax policies and spending cuts are the reasons for enduring poverty. Programs to help the poor will have to take these facts into account, otherwise they will not be directed at genuine problems.

Careful study of available data on the nation's domestic problems leads us to the following conclusions:

- Until the recession year of 1990, poverty declined and average real wages increased every year after 1983;
- Most government social programs have enjoyed increased funding during the Reagan-Bush years, and they continue to be effective at transferring money and in-kind benefits to the nation's poor and near-poor;
- Not only are federal tax receipts far above the levels of a decade ago, but also the federal income-tax system is more progressive than it was at the beginning of the 1980s;
- Choices made by individuals, especially regarding marriage and work, are a major contributing factor to poverty rates and the desultory growth of income in the bottom of the income distribution.

We do not use this mixed picture to endorse the status quo. Rather, we use it to clarify the problems we believe are the major causes of poverty:

- Dramatic increases in single-parent, female-headed families: The number of female-headed families has doubled since 1970. Such families are highly vulnerable to poverty and often have difficulty rearing their children;
- Low commitment to work among the poor: Poor families seldom have a full-time, year-round worker. Few families, however, remain in poverty when there is a full-time, year-round worker;
- Stagnant or declining wages: Despite the overall increase in family and per capita income, wages at the bottom of the income distribution are a problem. Low-income families with children have not enjoyed the income gains enjoyed by other families, and, in many cases, have experienced actual declines.

Our program to help the chronically poor is grounded in a new social covenant in which all those in a position to help the poor agree to meet new responsibilities. The covenant requires specific groups of citizens -- government, national and local community leaders, parents, and the poor themselves -- to change their rhetoric, as well as their actions and behavior:

- Governments at all levels must design innovative programs to help the poor escape dependency and must direct appropriate levels of resources to these initiatives; in some cases, the federal government must remove regulatory barriers that stand in the way of new approaches -- we recommend a series of demonstrations to see what works; and, the federal government must also enforce all existing civil rights laws;

- Teenagers and young adults must be accountable for the decisions they make about education, work, pregnancy, and marriage;
- National and community leaders must stop offering excuses for behavior that causes or strengthens the grip of poverty and must instead promote self-improvement;
- Parents and local organizations must renew their commitment to providing youngsters with opportunities for moral development, emotional security, learning, and recreation.

Members of the Wednesday Group suggest that the Congress fulfill its part of the new social covenant in the following ways:

Families

- Congress must oversee the 1988 Family Support Act both to ensure it is competently implemented and to monitor the effects of the EITC expansion.
- Congress should consider demonstration programs that would place statutory limits on the length of time a welfare family may receive full benefits and would test child support assurance programs.
- Congress must use the welfare system to hold AFDC parents accountable for the preventive health care of their children.
- Congress should fund a demonstration program to convert the three funding streams for foster care and adoption into a single entitlement with greater state flexibility.

Young Males

- Congress must continue to pass legislation to help state and local officials deal effectively with crime and its aftermath.
- Congress should consider demonstration programs to: make young males eligible for the EITC; provide financial rewards for high school graduation; evaluate the effectiveness of providing education and job-training to low-income junior and senior high schoolers in residential facilities; and expand programs that foster entrepreneurial activity.

Housing

- Congress should establish a variable-rate housing voucher demonstration program that would complement existing policy and should recruit states to try it.

Health

- Congress should consider legislation introduced by Wednesday Group members Nancy Johnson and Rod Chandler to help the nearly two-thirds of the uninsured who are in families with a full-time worker.
- Congress should seek changes in state regulations that limit insurance coverage.
- Congress should permit a state to convert Medicaid to an allowance-based system to help with the purchase of health insurance; the Wednesday Group is developing a proposal.

Education

- Congress and the President should use the "bully pulpit" to promote parental choice in schools, though education remains primarily a state and local responsibility.
- Congress should expand the National Assessment of Educational Progress.

Decategorized Services

- Congress should allow greater state flexibility in spending social welfare dollars.

SECTION III

A Social Covenant for the 1990s

The nation's most serious domestic problems are tied to three complex and stubborn trends: declining wages, increasing rates of family dissolution, and falling rates of work. The latter two problems in turn reflect a fundamental breakdown in the obligations of personal rectitude and citizenship. Reconstructing these values cannot be done by government programs alone. Rather, in addition to new and more successful government programs, we must call upon every group of citizens implicated in the poverty problem to modify their behavior. As there is plenty of blame to go around, so should responsibility for solving the problem be distributed. We propose a new social covenant that specifies the responsibilities of policy makers, teenagers and young adults themselves, parents, and national and local community leaders. Only the simultaneous efforts of all these actors will lead the nation toward serious progress against our most telling domestic problems.

Surveying the evidence on poverty and the underclass leads us to conclude that the American economy continues to provide a firm basis for individual advancement, that government spending provides both a springboard for those who would achieve and a safety net for those who fall, and that millions of individuals have taken full advantage of these conditions. But too many are left behind. Again, most of our analyses show problems at the bottom of the income distribution -- higher crime, more drug use, wage stagnation, and lower economic rewards for good behavior. Rather than quibble about whether individuals, the American economy, or government programs are at fault, we should recognize that the nation has a problem of substantial dimension, that we have the resources and will to reduce the problem, and that all the major actors must change their behavior. What is needed now is a new social covenant with four provisions:

- State and federal legislators must protect and appropriately direct the resources going into human investment programs, particularly those that are shown to work. The federal government must also demand strict accountability to civil rights laws in education, hiring, and housing.
- Teenagers and young adults must make renewed efforts to follow the rules: don't break the law, don't have babies outside marriage, don't drop out of school, get married and stay married, get a job and keep it.
- National, state, and community leaders must stop offering excuses for unacceptable behavior; the rhetoric of poverty, as Dr. Louis Sullivan has argued so eloquently since becoming Secretary of the Department of Health and Human Services, should be self improvement rather than excuses or blaming others;
- Parents and community organizations, especially the schools and religious groups, must renew their commitment to helping youngsters have opportunities for moral development, learning, and recreation.

Naivete has had its day. Scholars, government officials, reporters, and pundits of all persuasions used to believe that a year-long preschool program would spur a child to overcome poverty, that additional federal money would significantly improve the school achievement of inner-city children, that a summer job program for high schoolers would bind them to the labor market, and that a little parent training would work wonders for children's development. Most of these hopes have been dashed by nearly three decades of government programs that have not always produced the positive outcomes expected. To be sure, some programs -- Head Start, the Special Supplemental Food Program for Women Infant and Children (WIC), Job Corps, prenatal care, immunizations -- have been moderately successful. But these exceptions should lead us to a new appreciation of the complexity of human behavior, and for the difficulty of inducing change. No less should they lead us to a new appreciation for the years of patient effort that will be required to find and implement effective anti-poverty policies.

During the course of the 102nd Congress the House Wednesday Group intends to work toward fulfillment of the Congressional portion of the four-part covenant outlined above. In doing so, we intend to form alliances with Democrats and advocacy groups whenever possible. Our purpose, as outlined in detail below, is to pursue a series of policy initiatives designed to test potential solutions to these problems by conducting large-scale demonstrations.

We are now in the process of organizing work groups that will fully develop legislative proposals in each of several areas and then lobby for passage of legislation during the 102nd Congress. In accord with the fiscal realities imposed by the 1990 budget agreement, each work group will be responsible for identifying potential sources of money (either revenue increases or redirection of current spending) to fund its recommendations.

SECTION IV

Policy Recommendations

In calling for a "New Social Covenant," we recognize the critical role Congress must play in solving poverty. To help fulfill the Congressional responsibility, members of the Wednesday Group are forming work groups to address key aspects of the poverty problem: welfare reform, young males, families at risk, housing, health, education, and decategorized services. Over the next two years, we will develop, introduce, and work for passage of legislation designed to attack these domestic problems.

Poor Families

One of the major problems highlighted in this report is the growing number of female-headed families living in poverty. In the past, social policy consisted chiefly of giving these families money and other benefits; politics consisted chiefly of arguments about how generous policymakers should be with taxpayer dollars.

However, Congressional passage of the Family Support Act of 1988 may have signaled the beginning of a new era in welfare policy. In one sense, the bill was a typical compromise between Democrats who wanted to increase welfare benefits and Republicans who wanted also to strengthen the requirement that welfare parents actually work toward self-support and independence from welfare. The final bill did both. The major innovation of the Act was to put real teeth into the requirement for job preparation by compelling states to involve a specified percentage of AFDC parents in job preparation, job search, and work programs.

As always, whether the 1988 Act signals a real change in welfare policy depends on implementation and, in the longer run, on subsequent legislation. For the first time, the law now requires a fairly substantial percentage of welfare parents to work or prepare for work. Despite the fact that these work programs are moderately expensive, good research shows that this step alone can be expected to help some people leave welfare and thereby reduce welfare spending. On the other hand, unless the new approach to requiring behavioral changes in welfare parents is strengthened, it can be expected that before long welfare will again recede in the direction of a mere income maintenance program--with all that means for entrenched dependency.

The participation requirements of the Family Support Act are actually a logical extension of a direction adopted by Congress at least as far back as 1967 when mild work requirements were first written into welfare law. These requirements were emphasized even more by the Reagan Administration in 1981. Although funding for many work-related activities declined under Reagan, the various types of work programs states could use with welfare families were expanded. Most important, states were given great flexibility to design and implement their own programs. As a result, participation in employment programs by families on welfare more than doubled between 1981 and 1985, from about 400,000 to about 1 million. Solid evaluations of these programs in seven states, performed by the Manpower Demonstration Research Corporation (MDRC) and reviewed recently by Judy Gueron and Edward Pauly of MDRC, showed that welfare mothers were willing to work and that they thought it appropriate to work. Meeting the highest standards of social science research and evaluation, the MDRC studies also showed that employment programs could help welfare mothers, including those with poor education and work histories, enter the labor force and

earn more money than similar mothers who did not participate in the programs. Long-term follow-up showed that the employment and earnings gains persisted for at least three years after the programs ended. And in an outcome of some interest to those concerned about government spending, most of the projects actually saved government money.

There is every reason to believe that the 1988 Act has created an opportunity for state and local officials to bring the benefits of work, and even independence from welfare, to hundreds of thousands of welfare families. In short, welfare policy is on the right track. Policymakers can now take several steps to move the nation's welfare policy further in the right direction and thereby provide tangible help to poor mothers.

First, Congress must do something boring and thankless; it must ensure that the 1988 Act is competently implemented. This will require strong and imaginative Congressional oversight, particularly by the committees of jurisdiction--the Ways and Means Committee in the House and the Finance Committee in the Senate. Individual members of Congress can also inform state and local officials in their home states of their interest in the Act being implemented; they can make their intent especially evident by visiting work programs in their area and keeping in touch with the administrators of those programs. Even better, Members can sponsor hearings in their district to bring public attention to attempts by local officials to help welfare families achieve independence through work. Above all, Members of Congress must resist the mounting pressure to weaken the Act's work requirements through changes in the regulations that govern implementation of the Act or changes in the statute itself.

Second, Congress should carefully monitor the effects of the huge Earned Income Tax Credit (EITC) expansion enacted by the 101st Congress. If work requirements are a kind of stick designed to push welfare clients into work, the EITC is a carrot designed to make work more attractive. Capitalizing on efficient administration by using the tax system, until 1990 the EITC provided a maximum of \$1,000 in cash wage supplements for low-income working families with children. The EITC expansion enacted by Congress last year will increase the basic credit from 14 to 23 percent over a four year period and provide an additional 2 percent to families with two or more children, another 5 percent for families that have a child under age 1, and still another 6 percent for families that use the money to purchase health insurance (the maximum wage base in 1991 is \$7,140). By 1994, some families will receive income supplements of nearly \$2,900 or more than one-third of their wages.

This level of income supplement through the EITC should provide substantial incentive for welfare families to take jobs in the private sector. A mother with two children, one of whom is under age 1, who leaves welfare for a \$5.00 an hour job will receive a wage supplement of about \$2,400 per year. In addition, because of provisions in the 1988 welfare reform bill, she will be able to keep both her Medicaid health insurance and her child care subsidy for up to one year after leaving welfare. Then after one year, she will be eligible for both the new child care subsidy for at-risk families and the new block grant child care subsidy enacted by Congress last year. In addition, she will be eligible for about \$400 through the EITC to purchase health insurance.

As with the Family Support Act, the new EITC legislation should remind us that Congressional responsibility for good policy does not end with the mere passage of a bill. We know from years of experience that thousands of eligible families do not know about the EITC. Further, we know that although workers are eligible to receive the EITC in their paychecks, where it will do more good than a lump-sum payment at the end of the year, less than 1 percent actually get their money this way. In short, implementation was a problem even before Congress expanded the EITC last year. Now the Committees of jurisdiction as well as Administration officials should take the steps necessary to insure effective implementation of this splendid legislation.

With the welfare reform bill of 1988, the EITC expansions of 1990, and the numerous expansions of Medicaid since 1984, Congress has created a system in which single mothers can accept a modest starting job and enjoy income of around \$12,500 per year with full health insurance and

child care for at least one year. Further, in most parts of the nation she would still be eligible for housing assistance, and her children would be eligible for free school lunches and a number of other federal and state benefits. From the perspective of a mother on welfare, the life beyond dependency could begin to look fairly decent.

Nor have we included in this enumeration of income and benefits any money from child support. As several studies have now shown, it would be a serious error to assume that the fathers of women on welfare have no money. On the contrary, according to Irwin Garfinkel of Columbia University, they tend to have earnings that average about \$16,000 per year. If even \$2,000 of the father's earnings were paid in child support, the mother and children would have around \$14,500 per year in cash. The point: between the private economy and the nonwelfare government programs, we have created an economic environment in which poor mothers have a decent shot at achieving economic independence. Congress must now insure that we learn everything possible about the effects of these new EITC and child care provisions on poor and low-income families; and that the new laws on child support enforcement are implemented vigorously.

Not all poor families will capitalize on the opportunity provided by these programs. People who have finished school, avoided irresponsible parenthood, gotten and stayed married, and tried conscientiously to work do not wind up on welfare for five or ten years. Long-term and potentially long-term welfare mothers are not simply a cross-section of the American population or even of the poor. They are, in large part, people who may not be highly motivated to take actions that would lead to self support. Given that around 2.6 million of the 4 million mothers on welfare at any given moment will eventually collect benefits for 8 years or more, the system needs a fundamental redesign.

Thus, our next recommendation for Congressional action is to place statutory limits on the length of time a welfare family can receive full benefits. Able-bodied parents should be told when they first enter the welfare system that they will receive full benefits for only a fixed period of time; the time limitations now being discussed vary between 2 and 7 years. After the fixed period has expired, the parents' cash benefits will begin to decline unless they show substantial progress toward independence by completing high school, taking a part-time job, or entering a trade school. If the cash benefits begin to decline, the family would remain eligible for Food Stamps, Medicaid, and similar benefits. Welfare scholars such as David Ellwood of Harvard and foundations such as the Ford Foundation have recently proposed similar plans, although they believe government sponsored jobs must be guaranteed.

This simple reform would convert welfare from a cash assistance program to a job preparation program almost overnight. Taken in combination with the 1988 Family Support Act and the expanded EITC, the reformed welfare program would be much more likely to serve as a transitional program that helps poor and unskilled parents achieve economic independence. Welfare would no longer serve as a warehouse for parents who cannot earn enough to support their families; rather, it would serve as a backup to temporarily assist parents who, for one reason or another, fail to be lifted toward economic success by the normal route of high school completion, post-secondary training or education, and early job experience.

This step toward self-reliance by welfare families should be accompanied by additional steps toward increased parental responsibility for their children's health. Recent years have seen disturbing indications that preschool children do not receive all their immunizations. A 1985 report from the American Public Welfare Association showed that around 25 percent of preschool children had not been vaccinated for measles, rubella, mumps, polio, or diphtheria. The APWA report also reviewed survey data showing that poor children in central cities were up to 20 percent less likely to have appropriate vaccinations than other children.

The possible consequences of missed immunizations are illustrated in dramatic fashion by recent information from the Centers for Disease Control, which shows that 60 children died from measles last year, the highest level in two decades. The National Vaccine Advisory Committee

appointed by the Department of Health and Human Services found that up to 90 percent of unvaccinated preschool children were in federal social programs, including AFDC. In Milwaukee, for example, 86 percent of unvaccinated children were in the AFDC program.

Holding AFDC parents accountable for the well-being of their children seems reasonable. In the President's 1992 budget, the Centers for Disease Control suggests that welfare benefits be contingent on timely immunizations. Given that the basic objective of AFDC is to provide support for children, making sure that parents accept responsibility for immunizations seems to be a step toward fulfilling this goal. The immunizations are paid for by numerous federal programs, particularly the Public Health Service's Immunization Grants and the Maternal and Child Health Block Grant, although parents may have to make appointments and wait for long periods in public facilities when they take their children to be immunized. Though we do not wish to ignore this inconvenience, it does seem a small price for parents to pay to assure their children's health.

The mechanism for monitoring fulfillment of the vaccination requirement could be a simple card, stamped in some way by the agency administering the immunizations, and sent by mail to the welfare agency. Penalties for failing to keep the immunizations up to date could include a reduction in the adult portion of the AFDC grant until such time as evidence of timely immunizations was submitted.

In keeping with the social covenant outlined above, these attempts to increase parental responsibility should be accompanied by a stronger federal commitment to increasing the economic security of female-headed families that try to leave or avoid welfare. In recent years, scholars such as Irwin Garfinkel of Columbia and David Ellwood of Harvard, as well as the recently released Rockefeller Commission Report, have advocated for a major new program called child support assurance. The basic benefit of a child support assurance system is a minimum child support payment of perhaps \$2,000 to all custodial parents, with perhaps an additional \$500 per child for every child after the first. The benefit is funded either by child support paid by the noncustodial parent or, if that fails, by the government.

The nation currently has a federal-state child support enforcement program in which about 13 million families participate. The major purposes of the program are to locate noncustodial parents, establish paternity if necessary, establish child support awards, and collect and distribute payments. Currently, about \$6 billion is collected by the program. An important goal of the new child support assurance policy would be to improve the effectiveness of the current child support system in order to reduce the costs of the assured benefit.

From our perspective, child support assurance has several attractive features. First, it is not welfare. The benefit would be universal; all single-parent families would be eligible for the assured benefit of around \$2,000. For most families, the noncustodial parent would pay more than the assured benefit; the government would then recapture its expenditure and the rest would be forwarded to the custodial parent. For families in which the noncustodial parent did not pay at least the amount of the assured benefit, the government would pay the amount guaranteed to the custodial parent and then attempt to recoup its outlays by vigorous child support enforcement. One way to think of the assured benefit, then, is government's commitment to guarantee at least a given level of cash support to all custodial parents.

The assured benefit can also be seen as a program that encourages independence. In combination with moderate wages and the EITC, it increases the odds that single mothers can provide adequate financial support for their families without relying on welfare. The assured benefit is a blanket of insulation between a single mother and dependency on welfare. Equally important, unlike welfare payments, the assured benefit may have the attractive feature of minimizing work disincentive. Most welfare benefits are inversely proportional to earnings -- as adults on welfare earn more money, their benefits decline. The amount by which benefits are reduced can be thought of as a kind of tax on earnings. Like any other tax, benefit reduction has the unintended

consequence of reducing work effort by reducing the level of reward for work. The assured benefit, however, is kept at the same level regardless of whether and how much custodial parents earn.

On the other hand, the assured benefit has a number of potential flaws. The most important is that it is a new entitlement program. Huge entitlement programs like Social Security, Medicare, and Medicaid provide benefits that are nearly impossible to control because any citizen who meets the qualifications for the program must be given the benefit. Money that does not need to be approved by Congress year after year is much easier to spend. An argument made frequently on Capitol Hill is that federal spending cannot be controlled until entitlements are curbed. Creating a new entitlement program flies in the face of this concern.

Another powerful argument against child support assurance is that it may provide an incentive for family breakup and illegitimate child bearing. This perverse incentive lies in the fact that only single parents receive the benefit. Opponents of the assurance program argue that such a benefit rewards both divorce and out-of-wedlock birth. On the other hand, to the extent that child support assurance increases the certainty of the noncustodial parent paying child support, fathers would likely have additional incentive to get and stay married. These two effects may be offsetting to some degree. Given the dramatic problems associated with the increasing number of single-parent families, we would need good evidence that child support assurance does not increase rates of single parenting before we could support a universal assured benefit program.

We have already pointed to the possibility that, because it does not decline with income, the assured benefit could minimize the work-reduction effects associated with welfare. On the other hand, in what economists call an income effect, the assured benefit could reduce work effort because the additional income may reduce the need to work. Reduced work by single mothers might have some positive effects, but greater economic security is not one of them.

In addition to child support assurance, another family benefit now commanding attention in Congress is tax breaks for families with children. Two major types of tax breaks are being considered: increases in the personal exemption and a new tax credit for families with children. The case for increasing the personal exemption is straightforward. Since 1948, relative to inflation, the value of the personal exemption has declined dramatically. If the 1948 exemption of \$600 had kept pace with inflation, its value today would be nearly \$3,500. Some analysts argue that even \$3,500 is too low; if the exemption had kept up with per capita income growth as well as inflation, its value today would be around \$8,000. Whatever its value, any decline in the personal exemption hits families with children hardest because, they are bigger and therefore get more exemptions than families without children. For the same reason, any increase in the exemption's value would provide greater benefits to families with children than families or households without children.

Many analysts are critical of proposals to increase the personal exemption because a bigger exemption would help wealthy families more than low-income families and, in many cases, would provide no help at all to poor families. Here's why. A married couple with two children and an income of \$20,000 pays an effective federal income tax rate of 15 percent; a similar couple with earnings of \$80,000 pays at a rate of 31 percent. The tax rate, of course, is applied to income after deductions have been removed. One of these deductions is the personal exemption. In effect, then, the exemption to a family in the 15 percent bracket is worth only 15 percent of the exemption's value whereas the same exemption is worth 31 percent of its value to a family in the 31 percent bracket. If the exemption were set at \$3,500, its value to the poorer family would be $.15 \times \$3,500$ or \$525; its value to a family with higher income would be $.31 \times \$3,500$ or \$1,085. Moreover, a working family with two children and an income of \$14,000 or less would receive no money from the exemption because such families do not earn enough under the current system to pay taxes (they receive 4 personal exemptions worth a total of \$8,600 and a standard deduction of \$5,700; their total deduction of \$14,300 is more than their total earnings so they have no taxable income). Clearly, expanding the personal exemption would reduce the tax code's progressivity. Not everybody thinks this is a great idea.

Enter the child tax credit. Unlike an exemption, which is applied to income, a tax credit is taken directly off taxes. Thus, any family that pays taxes is helped by a credit and the face value of the credit is its actual value to every family regardless of income. Further, for those who want to use the credit to help poor families, even families that owe no taxes can get assistance if the credit is made refundable (under this procedure, families are sent a check equal to the value of the credit even if they have no tax liability to reduce). Anyone wanting to use tax breaks primarily to help poor and low-income families will criticize the exemption and praise the credit, especially in its refundable version.

The refundable tax credit suffers from a feature that is troubling to anyone concerned about the incentive effects of government programs. The recent report of the National Commission on Children, for example, recommended that families receive a refundable credit worth \$1,000 per child. Under this proposal, a 17-year-old never-married mother with two children who had never worked would receive \$2,000 per year until her children reached age 18. Many observers, including some members of Congress, are concerned about the incentive effects of providing a guaranteed income of this type. It should be noted that this feature of the credit can be minimized either by making the credit dependent on earnings or by reducing its size for families without earnings.

Given the interest in tax breaks, the Wednesday Group intends to devote further attention to these various alternatives. However, all of the plans are extremely expensive to taxpayers -- the cost of one personal exemption proposal now before Congress is about \$15 billion per year; the cost of a \$1,000 per child tax credit is around \$20 billion per year. In the current fiscal climate, price tags of this magnitude are likely to delay action on these plans for several years. By this time, we hope to be well along in developing and implementing some of the less expensive, but no less important, anti-poverty proposals outlined in this section.

This package of changes in federal welfare law is consistent with the social covenant set forth above. In part, it depends on and even requires that welfare recipients -- both mothers and fathers -- accept new responsibility for their personal development and behavior. But in return, the proposals offer concrete federal support to increase the short-term financial status of economically vulnerable families. Adopting these balanced reforms may improve the condition of children and parents on welfare, shorten the length of stays on welfare and thereby move people toward self sufficiency, and meet the obligation of policymakers to the American taxpayer.

However, in light of the uncertainties associated with both child support assurance and time-limited AFDC, we recommend that several million dollars be authorized by the Ways and Means Committee to finance large-scale demonstrations of these two new programs. The history of welfare reform is replete with good ideas that turned sour upon implementation. As the Income Maintenance Experiments of the 1970s showed so clearly, we can learn a great deal about the impact of our reform ideas if we first undertake demonstrations. In the case at hand, we need to plan demonstrations that examine the impact of child support assurance on family composition, work effort, welfare expenditures, and child support payment levels by noncustodial parents. Similarly, we need to plan demonstrations on time-limited AFDC that provide reliable information on family income, work effort, welfare exits, and welfare expenditures. If the demonstrations on child support assurance and time-limited AFDC show the impacts to be positive, we can move ahead with full implementation of what works. This strategy requires patience, but it protects taxpayers against expensive mistakes brought about by policymakers acting on the basis of inadequate information.

Young Males: Tough Challenges

In direct contrast with our optimism about policy initiatives for females and children, we are less sanguine about our ability to design effective policies for young, especially minority, males. Males have generally not responded well to work and training programs, and many have simply dropped out of the workforce. Further, their high rates of crime, violence, and drug use do not make them ideal subjects for policy initiatives.

About the Wednesday Group

The House Wednesday Group is a Republican organization founded in 1963 in the U.S. House of Representatives. It provides a forum through which its members discuss politics and policy, develop legislative proposals, and advance their knowledge on issues of shared concern.

The thirty-seven Wednesday Group members, chosen by invitation and representing a diverse range of geographical and ideological backgrounds, meet every week to discuss their ideas. The Group, whose chairman is Congressman Bill Gradison of Ohio, is supported by a professional staff that arranges seminars with leaders in the policy community, conducts research for reports on major issues, and works with the members to develop legislation.

If you have questions about the Wednesday Group poverty project, please contact Edward Kutler, Wednesday Group Executive Director, at (202) 226-3236.

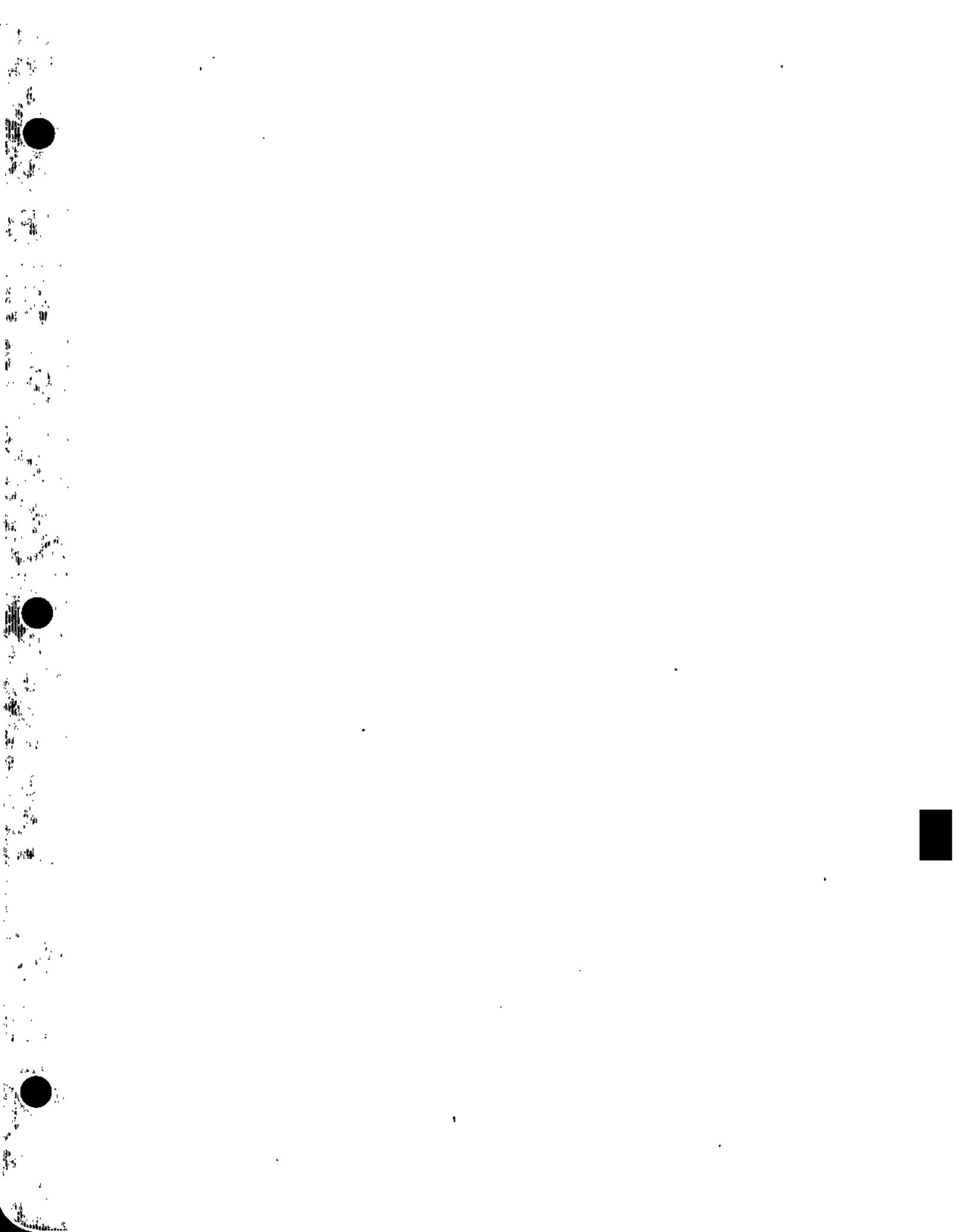
Acknowledgments

Many people contributed to this paper and the project of which it is part. The Wednesday Group would like to thank the following people for meeting with us to discuss issues related to poverty: Douglas Besharov, Director, Social Responsibility Project, The American Enterprise Institute for Public Policy Research; Leslie Lenkowsky, President, Hudson Institute; Larry Mead, Professor of Politics, New York University; Jack Meyer, President, New Directions for Policy; Isabel Sawhill, Senior Fellow, The Urban Institute; and Governor Tommy Thompson of Wisconsin.

A number of people who work on these issues in the federal government also met with us: Jo Anne Barnhart, Assistant Secretary for the Family Support Administration in the Department of Health and Human Services; Catherine Bertini, Assistant Secretary for Food and Consumer Services, Department of Agriculture; Martin Gerry, Assistant Secretary for Planning and Evaluation, Department of Health and Human Services; Roberts Jones, Assistant Secretary for Employment and Training, Department of Labor; Charles Kolb, Deputy Assistant to the President; and Anna Kondratas, Assistant Secretary for Community Planning and Development, Department of Housing. We benefitted from their remarks, but of course, they are not responsible for the content of the paper.

In addition to the above, we would like to thank the following people for reading and commenting upon various drafts of this paper: Jo Anne Barnhart, Catherine Bertini, and Isabel Sawhill, mentioned above; Richard Bavier, Office of Management and Budget; Al Drummond, House Budget Committee; Peter Germanis, Administration for Children and Families, Department of Health and Human Services; Janice Lilja, Director, Office of Analysis and Evaluation, Department of Agriculture; Marja Maddrie, House Small Business Committee; Kate O'Beirne, Vice President, the Heritage Foundation; William Prosser, Visiting Professor, University of Wisconsin (on leave from the Department of Health and Human Services); and Murray Ross, Congressional Budget Office.

We would like to extend special thanks to Ron Boster, Chief of Staff, Office of the Honorable Bill Gradison, and Arne Christenson, Administrative Assistant, Office of the Honorable Vin Weber for their advice and support.



Bruce

MAR 12 1993

THE WHITE HOUSE

WASHINGTON

March 9, 1993

MEMORANDUM FOR CAROL RASCO

FROM: HOWARD G. PASTER *HP*
LEGISLATIVE AFFAIRS

SUBJECT: WELFARE REFORM

Enclosed please find a copy of the letter that was sent to the President from Representative Bill Paxon (R-NY). I would appreciate your office reviewing Representative Paxon's proposal as you formulate our Nation's welfare reform program.

Thank you very much for your assistance with this matter. If you have any questions, please feel free to call LeeAnn at 456-7500.

Enclosure

THE WHITE HOUSE

WASHINGTON

March 9, 1993

Dear Representative Paxon:

Thank you for your letter regarding the reform of our Nation's welfare system. I appreciate your alerting the President to your concerns.

As you are aware, welfare reform remains high on the President's priority list. As he stated in his address to the Joint Session of Congress, "no one wants to change the welfare system as badly as those who are trapped in it." It is our hope that sometime this year we will be able to present to Congress a plan to reform the welfare system.

The President has been advised of your recommendations, and a copy of your letter has been forwarded to the Domestic Policy Office. Be assured your recommendations will be considered as they work to formulate an effective welfare reform program.

Best wishes.

Sincerely,



Howard G. Paster
Assistant to the President
for Legislative Affairs

The Honorable Bill Paxon
House of Representatives
Washington, D.C. 20515



209162

Congress of the United States

House of Representatives

BILL PAXON
31ST DISTRICT, NEW YORK
February 19, 1993

President Bill Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President:

In response to your challenge to Members of Congress to propose specific spending cuts and reforms to federal government programs, I am hereby providing a list of innovative ideas that will reduce the cost of government.

As Co-Chairman of the House Task Force on Welfare Reform, I have found these proposals to save not only tens of billions in federal revenue but also assist states in generating savings.

These solutions include:

Mandatory Workfare To restore the work ethic and break the cycle of welfare dependency, require that all able-bodied welfare recipients under age 65 work full-time for their benefits.

Maximum Family Grant To discourage growth in family size while on public assistance, prohibit any increase in benefits for additional children born to mothers receiving assistance.

Fraud Detection To weed out welfare fraud and reduce taxpayer costs:

- * establish a national welfare inspector general;
- * implement a national toll-free 1-800 number for citizens to report welfare waste;
- * provide all welfare recipients with a photo and thumbprint identification for cashing welfare checks and obtaining services.

Property Tax Relief New York is one of just ten states to force property taxpayers to pay for welfare programs, which in turn

reduces incentives for the state to reform welfare. Eliminate ability of states to force welfare costs onto local taxpayers.

Criminal Penalties Establish tough, no-nonsense federal penalties for welfare fraud and require states to enact similar laws.

Maintaining the Family To encourage maintenance of the family unit, require children up to age 18 who receive welfare benefits to reside with a parent.

Making Education a Priority Reduce grants for: teen-age mothers who do not continue their schooling; families with habitually truant school children; families that do not have regular preventative medical checkups; or do not pay their rent on time.

Accelerate State Reforms Many welfare cost-cutting reforms have sprung from state innovations, yet federal rules stifle these reforms. Remove present federal restrictions that halt state welfare reforms and cost reductions.

Burdensome Mandates Washington often mandates new welfare programs on the states, yet refuses to fully fund these programs leaving costs to state and local taxpayers. Prohibit federal and state welfare mandates that are not funded.

Improve Oversight Consolidate and coordinate the federal agencies that presently have jurisdiction over welfare and which have created costly duplication and limits oversight.

New Residency Laws Many welfare recipients move from state to state, not in search of jobs, but simply bigger welfare checks. When recipients move to a higher benefit state, like New York, limit their benefit to the level of their former home state for one year.

Service Copayments Overutilization of medical services is a serious cause of spiraling Medicaid costs. Require copayments by welfare recipients for medical care and other services to reduce wasteful overutilization.

President Bill Clinton -- Page 3

Stop Benefits to Exconvicts Halt all welfare benefits to repeat felony convicts.

Child Support Collection Millions of dollars each year are been paid by taxpayers because delinquent fathers refuse to make support payments. Enhance support collection, including use of bank cross-checks to locate out of state funds.

Removing Illegal Aliens While many American families cannot afford health insurance, welfare pays medical bills for illegal aliens. Halt welfare and medical coverage for illegal aliens and their dependents.

While I was pleased that you spoke of welfare reform in the State of the Union on Wednesday, I am disappointed that we must now "study" the issue before implementing cost savings. Welfare reform has been studied for many years. The solutions are clear and the time to act is now.

I look forward to working with you to immediately implement these specific reforms in an effort to maximize government welfare programs and provide taxpayer savings.

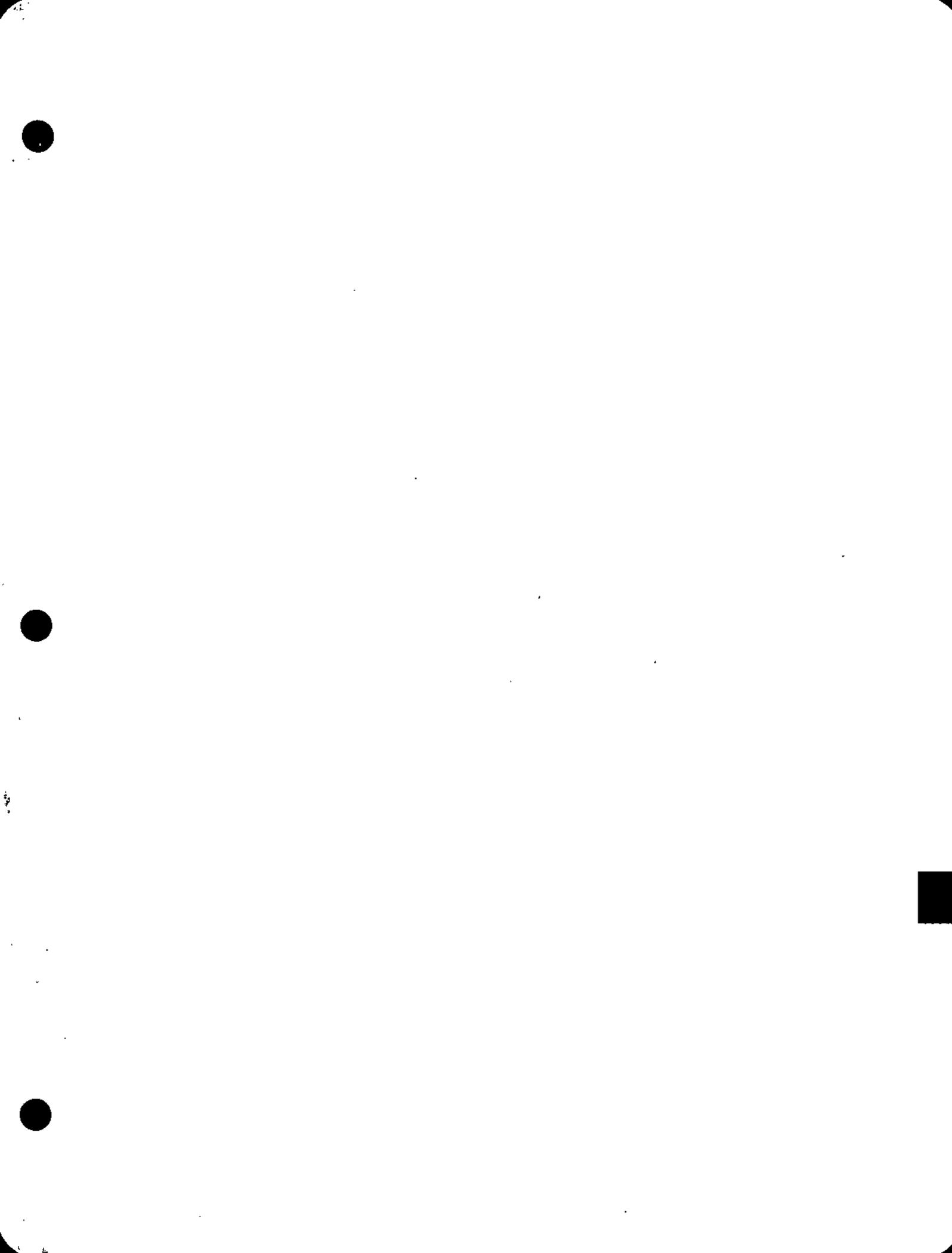
Best wishes.

Sincerely,

A handwritten signature in black ink that reads "Bill Paxton". The signature is stylized and cursive.

BILL PAXON
Representative

BP: dm



THE WHITE HOUSE

WASHINGTON

March 9, 1993

MEMORANDUM FOR CAROL RASCO

FROM: HOWARD G. PASTER *HP*
LEGISLATIVE AFFAIRS

SUBJECT: WELFARE REFORM

Enclosed please find a copy of the letter that was sent to the President from Representative Wayne Gilchrest (R-MD). I would appreciate your office reviewing Representative Gilchrest's proposal as you formulate our Nation's welfare reform program.

Thank you very much for your assistance with this matter. If you have any questions, please feel free to call LeeAnn at 456-7500.

Enclosure

THE WHITE HOUSE

WASHINGTON

March 9, 1993

Dear Representative Gilchrest:

Thank you for your letter regarding the reform of our Nation's welfare system. I appreciate your alerting the President to your concerns.

As you are aware, welfare reform legislation remains high on the President's priority list. As he stated in his address to the Joint Session of Congress, "no one wants to change the welfare system as badly as those who are trapped in it." It is our hope that sometime this year we will be able to present to Congress a plan to reform the welfare system.

The President has been advised of your recommendations, and a copy of your letter has been forwarded to the Domestic Policy Office. Be assured your recommendations will be considered as they work to formulate an effective welfare reform program.

Best wishes.

Sincerely,



Howard G. Paster
Assistant to the President
for Legislative Affairs

The Honorable Wayne T. Gilchrest
House of Representatives
Washington, D.C. 20515

004570

COMMITTEE ON PUBLIC WORKS
AND TRANSPORTATION
WATER RESOURCES AND ENVIRONMENT
SUBCOMMITTEE ON
INVESTIGATION AND OVERSIGHT
COMMITTEE ON MERCHANT MARINE
AND FISHERIES
COAST GUARD AND NAVIGATION
MANAGEMENT AND NATURAL RESOURCES
SELECT COMMITTEE ON AGING
SELECT COMMITTEE ON HUNGER



WAYNE T. GILCREST
1ST DISTRICT, MARYLAND

412 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-2001
TELEPHONE: (202) 225-6311
FAX: (202) 225-0254

Congress of the United States House of Representatives

February 24, 1993

The Honorable William J. Clinton
The President
The White House
1600 Pennsylvania Ave
Washington, D.C.

Dear Mr. President,

I am pleased that welfare reform remains a high priority for your Administration, and am writing to share with you a proposal that would provide manufacturing jobs, housing, and child care for welfare recipients.

I share your commitment to reforming welfare so that recipients obtain skills, become productive workers and end cycle of welfare dependency.

I hope this material will be of assistance, and I look forward to working with you.

Sincerely,

Wayne T. Gilcrest
Member of Congress

WTG:mak

Enclosure

The Welfare Work-Out Program

January 25, 1993

A Proposal by CityWorks -Work-Out, Inc.
(A not for profit corporation)

in Association with

The Living Classrooms Foundation

and

The Otis Warren Company

The following proposal is based on an idea proposed by Douglas L. Becker to the City of Baltimore Development Corporation. The original concept has been further developed by CityWorks into a comprehensive program aimed at permanently breaking the welfare cycle by a holistic approach to the problems of employment, employee business ownership, early childhood care and education, home ownership, and family stability.

We believe the following proposal is extremely practical, relatively low in cost and has the real promise of reducing the need for welfare for only those who truly cannot work. We believe that this program can put thousands of people back to work in real, lasting for profit jobs in employee owned manufacturing.

We also believe this program will have the effect of bringing jobs back to the United States that currently appear lost to third world countries.

The program will require the cooperation and assistance of the Federal, State and Local governments for certain targeted changes to welfare rules. Some capital financial assistance will also be needed from governmental, corporate and foundation sources.

Basic Hypotheses

1. Current law provides that welfare recipients may not work and retain all of their benefits except in certain very narrowly defined circumstances (no more than nine months, public sector jobs or jobs that did not previously exist, etc.)
2. Relatively small modifications to these rules by the federal, state and local governments will make this program feasible.
3. The original idea was to create a manufacturing facility, where with day care provided, welfare recipients could work to produce goods currently manufactured overseas. The workers would be paid some modest wage (say \$1.00 to \$2.00 per hour) in addition to their full welfare benefits (It was assumed that waivers could be gotten from the governments involved) *→ including AFDC?*
4. This original premise is incomplete, since it requires that people stay on welfare indefinitely, or that after some period of time the workers would be thrust out into the conventional job market where manufacturing jobs are disappearing at a depressing rate. Over the last twenty years Baltimore lost 75,300 manufacturing jobs - St. Louis lost 67,079, Cleveland lost 150,584, Chicago lost 378,900 and New York lost 725,00. This original concept has the potential to attract the very serious criticism that it is simply a manufacturing scheme that exploits the poor.
5. What is needed is a concept that, while it begins in a similar way, creates a method to create permanent, full wage jobs allowing those who choose to, a way to get out of the welfare system completely with an income and living arrangements that permit a stable and decent life. The ideal candidate for this program would be a single woman with children who is currently living in public housing and who wants a way out - but can't find it.

The Welfare Work Out Proposal

The goal for the program is to create the following condition:

Initially, workers would be paid, say \$2.00 per hour in addition to all public assistance benefits.

During the first two years, their children would be cared for at a day care center at the factory at no cost to the parent. However, the program would not be simply a passive facility, but rather would be designed as an intense educational enrichment program paid for by foundation and corporate gifts.

At the end of two years of successful work, each worker would be paid, say, \$8.00 per hour. They would also automatically own a share in the manufacturing business which would be run as a for profit cooperative. In addition they would be eligible to own a single family home. In this case they would have to have put aside, say, \$1.00 per hour, or \$3840 over the two years to use for the down payment. (Settlement costs can be handled as a second mortgage either through the City's or the State program)

Given a standard of 28% of gross income for housing costs, at \$8.00 per hour, or \$15,360 per year, the employee could afford \$358.00 per month in housing costs. At a 6% interest rate this means that a house costing about \$45,000 is possible. If land is provided by the local jurisdiction or by state or federal programs, a 1200 square foot, three bedroom, single family house can be built for this cost or less.

By looking at housing and wages together, it is possible to achieve both social objectives and allow for profit for the employee owned cooperative. This is the old company town concept turned on its head. Here the employees would own the 'company town'.

The point is that from a business point of view, the cooperative must keep wages as low as possible to remain competitive and from a social point of view, home ownership is the most sought after aspect of the American Dream, and is one of the changes most likely to engender stability and responsibility in the family.

The current average hourly earnings in Maryland for manufacturing jobs is \$12.67 per hour. Non durable goods manufacturing averages \$11.94 per hour and durable goods averages \$13.53 per hour. These rates translate roughly to \$23,000 to \$24,000 per year.

To actually compete in the world market, wages in the Work Out factories must be kept low, buildings and equipment and the educational resources must at least be initially funded by government and charitable sources. However we believe it is possible to create a situation where such public help will not be needed after the initial start up phase.

How To Make it Work

The secret to low cost manufacturing is a long term vendor contract with a national mass distributor. A major retailer such as Wal-Mart, K Mart, Sears or Montgomery Wards buys thousands of products from overseas in hundreds of thousands or millions of units.

In particular, Wal-mart's aggressive Buy American campaign and their willingness to enter into innovative arrangements with vendors makes them likely candidates for this venture. (see attached articles)

Wal-Mart's penchant for contract pricing and net/net deals are appropriate for the Work Out concept, with one exception. If the original workers are paid, say, \$2.00 per hour, all medical and day care costs are subsidized, and all capital costs are debt free, than competing against some selected overseas products is relatively simple. However to build for the future, the initial vendor contracts must include, say the equivalent of \$1.00 per hour which will go into working capital for the development of new products that can eventually be produced profitably as the work force expands to more and more workers making full wages.

Whereas Wal-Mart negotiates to buy at the absolute cost of production of that particular item, with R&D, promotion, marketing etc. paid for by someone else, in the case of the Work Out program the buyer must agree - and products must be produced - at a cost that allows for the future of the Cooperative.

The initial products must be chosen very carefully. To avoid even the appearance of competition with existing American businesses, the chosen products must not only truly replace a product made offshore but the general public must believe that this is in fact the case.

The products must also be stable - that is the buyer must agree to buy many units over a significant period of time so that reliable production forecasts and consequent investment strategies will work. Logical products are those that have significant overseas transportation costs and tariffs or other costs directly related to their overseas manufacture.

Products should be labor intensive rather than capital intensive. Assembly may be the best first step. Obviously, products must either be assembled or manufactured by entry level workers with presumably low skill levels.

The buyer must agree to buy exclusively from CityWorks for that product. Once a price has been set and production runs agreed to, the buyer cannot simply shop around for an overseas or domestic supplier who can produce the product at a slightly lower price. Private label products may make the most sense. In any case, a kind of partnership with the buyer, will be needed to make this work.

It may also be desirable to work with an existing manufacturer who sells to the buyer. (See story on Texas Instruments) This approach would be the most efficient in that the manufacturer would already have the required management and production expertise. However, the program should not be totally devoted to a partnership with any one manufacturer for a number of reasons.

The cooperative needs its independence to develop new products that may be totally inappropriate for any given manufacturer. A total partnership would also give the appearance that the manufacturer was simply using the Work Out program to its own profit. The public perception of the Work Out program must remain on the cooperative itself - not on an intermediary manufacturer.

In terms of new products - not now manufactured in the U.S. or overseas - the cooperative might look first to the utilization of waste products from other industries as raw materials for new uses. The recycling aspect of this is a strong play with Wal-Mart, government and the general public. The whole Work Out program will be strengthened if it can meet as many national goals as possible. The program will attract wider support if simultaneously addresses ending welfare, American competitiveness and the production of recycled products.

These new products must eventually be able to be manufactured at a real labor cost of say, \$8.00 per hour plus benefits. Fortunately, under this plan, there will be a period of years where labor rates will be very low with costs only rising slowly as workers 'graduate' from welfare to full wage status. This period of time will be devoted to developing products for manufacture in a 'full wage' scenario. To the extent there are significant profits, they should be divided between capital reserves for replacement, R&D of new products and dividends to the Cooperatives owners.

Roles of the Players

CityWorks proposes the following arrangement, which we believe is the most likely to succeed in implementing this concept.

1. An Advisory Council be set up immediately. The Council would consist of Douglas L. Becker, the originator of the idea and owner of Sylvan Learning Systems, the President of the City of Baltimore Development Corporation, the Secretary of Economic and Employment Development of the State of Maryland, other appropriate State officials representing housing and social services, the City Director of the Office of Employment Development, Commissioner of Housing and Community Development, Director of Social Services, the President of the Abell Foundation and other foundation leaders, and selected business and community leaders. An Executive Committee of three to no more than five people should be responsible for the day to day activities of the Council.

The Council would serve as the liaison with all appropriate government programs and agencies that will be involved. The Council would work in partnership with CityWorks and its associates on every aspect of the program.

2. CityWorks and its associates would put together the team to actually develop the first factories - one in Baltimore City as its urban prototype and one in Dorchester County (Cambridge, Md.) as a rural prototype. Suitable buildings have been identified in both jurisdictions which would be evaluated in the feasibility study.

3. CityWorks would initially own the structures and equipment but would set up the legal mechanism whereby the Cooperative would take ownership as soon as a certain number of workers graduated to full wage status, certain pro forma tests were met, etc. In other words, CityWorks would disappear from an ownership or directorial role when certain empirical tests were met. This arrangement would be made legally binding in the beginning, so that all those involved knew that they would get control as soon as the business was viable. (a condominium association essentially works this way.)

4. Through the Council, CityWorks would undertake to construct the housing component using the proven low income housing experience of Otis Warren. CityWorks, using the resources of the Living Classrooms Foundation, would also raise the money, design the educational component, and run the day care/educational facilities. After ownership is given over to the Cooperative, the day care and housing components will still be provided by CityWorks if needed for some period of time.

5. In addition, CityWorks will also provide counseling to the workers in terms of basic financial management, home ownership responsibilities, and similar services to help make the transition from a welfare orientation to a fully employed, self sufficient culture. A food cooperative as well as transportation and insurance issues may also have to be addressed.

We believe that the combination of an entrepreneurial, publicly motivated but legally separate non profit entity such as CityWorks Work Out, Inc., and its associates, working in partnership with the economic development entities of government, is the most practical method to actually accomplish this program.

Any program of such radical dimensions will attract critics from all segments of society. Stakeholders in any part of the current system will resist change no matter what the virtue of the proposal and unfortunately many of these critics may come from within government where some may have the ability to delay or otherwise diminish the effectiveness of the program. It is therefore important that an outside entity, free to move quickly and decisively, unburdened by direct government control, be the actual implementing party. On the other hand, the program can only work if there is a real partnership with each level of government. Committed political leadership at the top will be necessary to push through the inevitable resistance to change.

8. A preliminary budget forecast for phase one of the project is as follows:

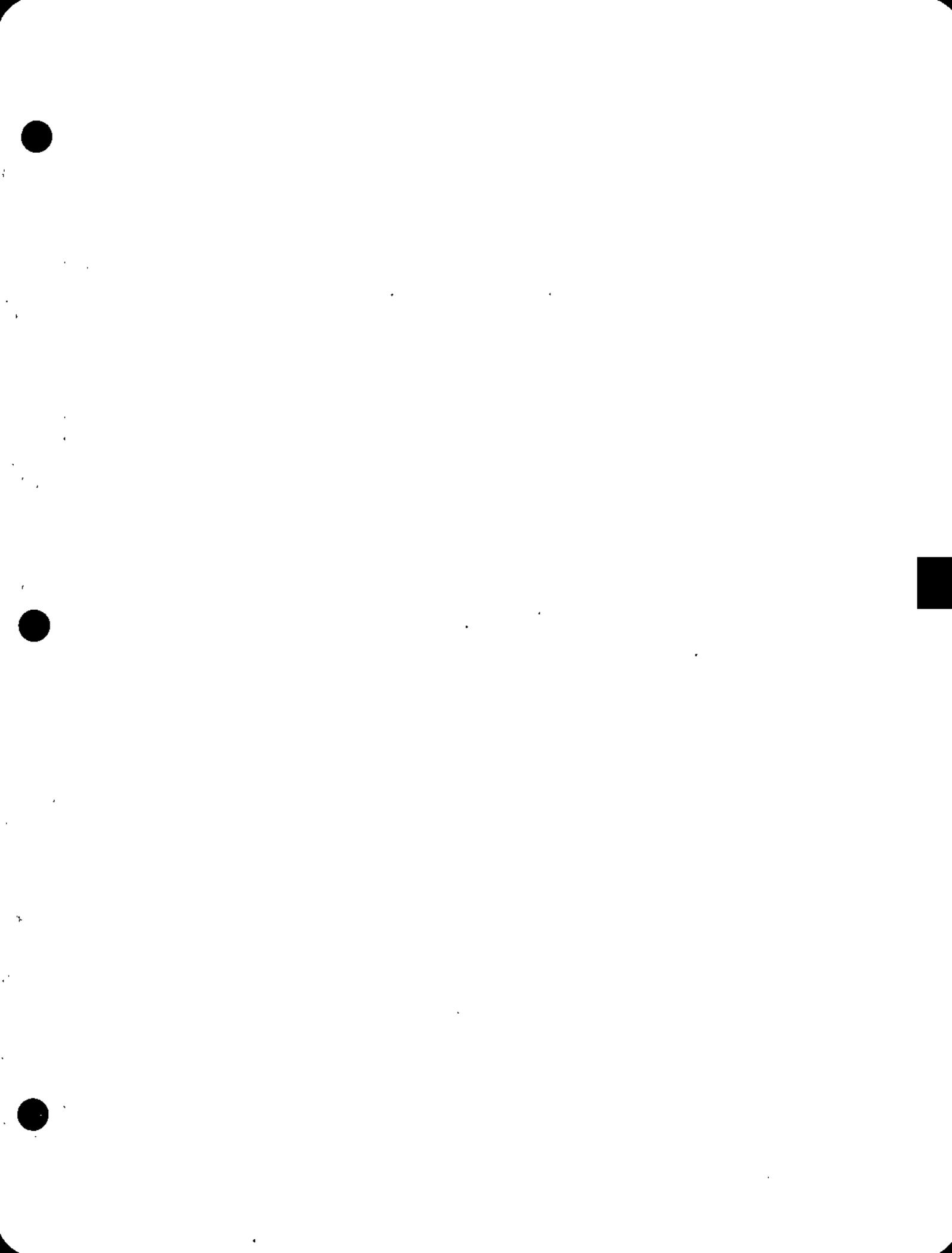
a. CityWorks Principal		
\$110 per hr. x 8 hrs. per wk. x 21 wks.	\$18,480	
b. CityWorks Staff Support		
\$60 per hr. x 8 hrs. per wk. x 21 wks.	\$10,000	
c. Full Time Project Manager		
\$60,000 per year + 20% benefits for 21 wks	\$30,000	
d. Design Team		
Lump Sum	\$40,000	
e. Early Childhood Education Program Design		
Lump Sum	\$15,000	
f. Housing Program Design		
Lump Sum	\$10,000	
g. Legal, and Social Program Consultants		
Lump Sum	\$20,000	
h. Manufacturing Consultants		
Lump Sum	\$25,000	
i. Travel, duplication, teleph., misc.	\$10,000	
j. Contingency @ 10%	\$18,000	
	<u>Total</u>	<u>\$196,480</u>

We believe that given the magnitude of the potential outcome of the program that this budget is more than reasonable. No profit has been built in for any of the participants. All funds would be accounted for and any unused funds returned or applied to the next phase.

We would be more than happy to discuss any matter covered in this proposal.

**WELFARE REFORM / CHILD SUPPORT LEGISLATION
103RD CONGRESS**

- (L).....H.R. 545 Frank (D-Mass)
Child Support
- (M).....S. 689 Bradley (D-NJ)
Child Support Enforcement
- (Mc).....H.R. 741 Shaw (R-FL)
Welfare Reform
- (N).....H.R. 1918 Wise (D-WV)
Welfare Reform
- (O).....S. 663 Rockefeller (D-WV)
Child Support
- (P).....Wednesday Group (Republican) Proposal
Welfare Reform
- (Q).....Paxon (R-NY) Welfare proposal (no bill as of yet)
Welfare Reform
- (R).....Gilchrest (R-MD) Workfare proposal (no bill as of yet)
Welfare Reform
- (S).....Kennelly (D-CT)
Child Support Enforcement Act



103D CONGRESS
1ST SESSION

H. R. 454

To provide that a State court may not modify an order of another State court requiring the payment of child support unless the recipient of child support payments resides in the State in which the modification is sought, or consents to seeking the modification in such other State court.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1993

Mr. FRANK of Massachusetts introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To provide that a State court may not modify an order of another State court requiring the payment of child support unless the recipient of child support payments resides in the State in which the modification is sought, or consents to seeking the modification in such other State court.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Full Faith and Credit
5 for Child Support Orders Act".

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) **FINDINGS.**—The Congress finds that—

3 (1) there is a large and growing number of
4 child support cases annually involving disputes be-
5 tween parents who reside in different States;

6 (2) the laws by which the courts of these juris-
7 dictions determine their authority to establish child
8 support orders are not uniform;

9 (3) those laws, along with the limits imposed by
10 the Federal system on the authority of each State to
11 take certain actions outside its own boundaries—

12 (A) encourage noncustodial parents to relo-
13 cate outside the States where their children and
14 the custodial parents reside to avoid the juris-
15 diction of the courts of such States, resulting in
16 an increase in the amount of interstate travel
17 and communication required to establish and
18 collect on child support orders and a burden on
19 custodial parents that is expensive, time con-
20 suming, and disruptive of occupations and com-
21 mercial activity;

22 (B) contribute to the pressing problem of
23 relatively low levels of child support payments
24 in interstate cases and to inequities in child
25 support payments levels which are based solely
26 on the noncustodial parent's choice of residence;

1 (C) encourage a disregard of court orders
2 resulting in massive arrearages nationwide;

3 (D) allow noncustodial parents to avoid the
4 payment of regularly scheduled child support
5 payments for extensive periods of time, result-
6 ing in substantial hardship for the children for
7 whom support is due and for their custodians;
8 and

9 (E) lead to the excessive relitigation of
10 cases and to the establishment of conflicting or-
11 ders by the courts of various jurisdictions, re-
12 sulting in confusion, waste of judicial resources,
13 disrespect for the courts, and a diminution of
14 public confidence in the rule of law; and

15 (4) among the results of these conditions is the
16 failure of the courts of the States to give full faith
17 and credit to the judicial proceedings of the other
18 States, the deprivation of rights of liberty and prop-
19 erty without due process of law, burdens on com-
20 merce among the States, and harm to the welfare of
21 children and their parents and other custodians.

22 (b) STATEMENT OF POLICY.—For the reasons set
23 forth in subsection (a), it is necessary to establish national
24 standards under which the courts of different States will
25 determine their jurisdiction to issue a child support order

1 and the effect to be given by each State to child support
2 orders issued by the courts of other States.

3 (c) PURPOSES.—The purposes of this Act are to—

4 (1) facilitate the enforcement of child support
5 orders among the States;

6 (2) discourage continuing interstate controver-
7 sies over child support in the interest of greater fi-
8 nancial stability and secure family relationships for
9 the child; and

10 (3) avoid jurisdictional competition and conflict
11 among State courts in the establishment of child
12 support orders.

13 **SEC. 3. FULL FAITH AND CREDIT GIVEN TO CHILD SUP-**
14 **PORT ORDERS.**

15 (a) IN GENERAL.—Chapter 115 of title 28, United
16 States Code, is amended by inserting after section 1738A
17 the following new section:

18 **“§ 1738B. Full faith and credit given to child support**
19 **orders**

20 **“(a) GENERAL RULE.—**The appropriate authorities
21 of each State shall enforce according to its terms, and
22 shall not modify except as provided in subsection (e), any
23 child support order made consistently with the provisions
24 of this section by a court of another State.

1 “(b) DEFINITIONS.—As used in this section, the
2 term—

3 “(1) ‘child’ means any person under the 18
4 years of age, and includes an individual 18 or more
5 years of age for whom a child support order has
6 been issued pursuant to the laws of a State;

7 “(2) ‘child’s State’ means the State in which a
8 child currently resides;

9 “(3) ‘child support order’ means a judgment,
10 decree, or order of a court requiring the payment of
11 money, or the provision of a benefit, including health
12 insurance, whether in periodic amounts or lump
13 sum, for the support of a child and includes perma-
14 nent and temporary orders, initial orders and modi-
15 fications, ongoing support, and arrearages;

16 “(4) ‘child support’ means a payment of money
17 or provision of a benefit described in paragraph (3)
18 for the support of a child;

19 “(5) ‘contestant’ means a person, including a
20 parent, who claims a right to receive child support
21 or is under a child support order, and the term ‘con-
22 testant’ includes States and political subdivisions to
23 whom the right to obtain a child support order has
24 been assigned;

6

1 “(6) ‘court’ means a court, ^{or administr. agency} ~~administrative proc-~~
2 ~~ess, or quasi-judicial process~~ of a State which is au-
3 thorized by State law to establish the amount of
4 child support payable by a contestant or modify the
5 amount of child support payable by a contestant;

6 “(7) ‘modification’ and ‘modify’ refer to a
7 change in a child support order which affects the
8 amount, scope, or duration of such order and modi-
9 fies, replaces, supersedes, or otherwise is made sub-
10 sequent to such child support order, whether or not
11 made by the same court as such child support order;
12 and

13 “(8) ‘State’ means a State of the United
14 States, the District of Columbia, the Commonwealth
15 of Puerto Rico, the territories and possessions of the
16 United States, and Indian country as defined in sec-
17 tion 1151 of title 18.

18 “(e) REQUIREMENTS OF CHILD SUPPORT ORDERS.—
19 A child support order made by a court of a State is con-
20 sistent with the provisions of this section only if—

21 “(1) such court, pursuant to the laws of the
22 State in which such court is located, had jurisdiction
23 to hear the matter and enter such an order and had
24 personal jurisdiction over the contestants; and

1 “(2) reasonable notice and opportunity to be
2 heard was given to the contestants.

3 “(d) CONTINUING JURISDICTION.—A court of a
4 State which has made a child support order consistently
5 with the provisions of this section has continuing, exclusive
6 jurisdiction of that order when such State is the child's
7 State or the residence of any ^{individual who is a} contestant unless another
8 State, acting in accordance with subsection (c), has modi-
9 fied that order.

10 “(c) AUTHORITY TO MODIFY ORDERS.—A court of
11 a State may modify a child support order with respect to
12 a child that is made by a court of another State, if—

13 “(1) it has jurisdiction to make such a child
14 support order; and

15 “(2) the court of the other State no longer has
16 continuing, exclusive jurisdiction of the child support
17 order because such State no longer is the child's
18 State or the residence of any ^{individual who is a} contestant, or each
19 contestant has filed written consent for the State to
20 modify the order and assume continuing, exclusive
21 jurisdiction of such order.

22 “(f) ENFORCEMENT OF PRIOR ORDERS.—A court of
23 a State which no longer has continuing, exclusive jurisdic-
24 tion of a child support order may enforce such order with
25 respect to unsatisfied obligations which accrued before the

→ nonmodifiable obligation, and with respect

1 date on which a modification of such order is made under
2 subsection (e).”

3 (b) CONFORMING AMENDMENT.—The table of sec-
4 tions at the beginning of chapter 115 of title 28, United
5 States Code, is amended by inserting after the item relat-
6 ing to section 1738A the following:

“1738B. Full faith and credit given to child support orders.”

7 **SEC. 4. DEFINITION.**

8 As used in section 2, the term “State” has the mean-
9 ing given that term in section 1738B(b) of title 28, United
10 States Code, as added by section 3 of this Act.

○

AMENDMENT TO H.R. 454**OFFERED BY MR. BRYANT**

Page 5, line 15, insert "reimbursements," after "support,".

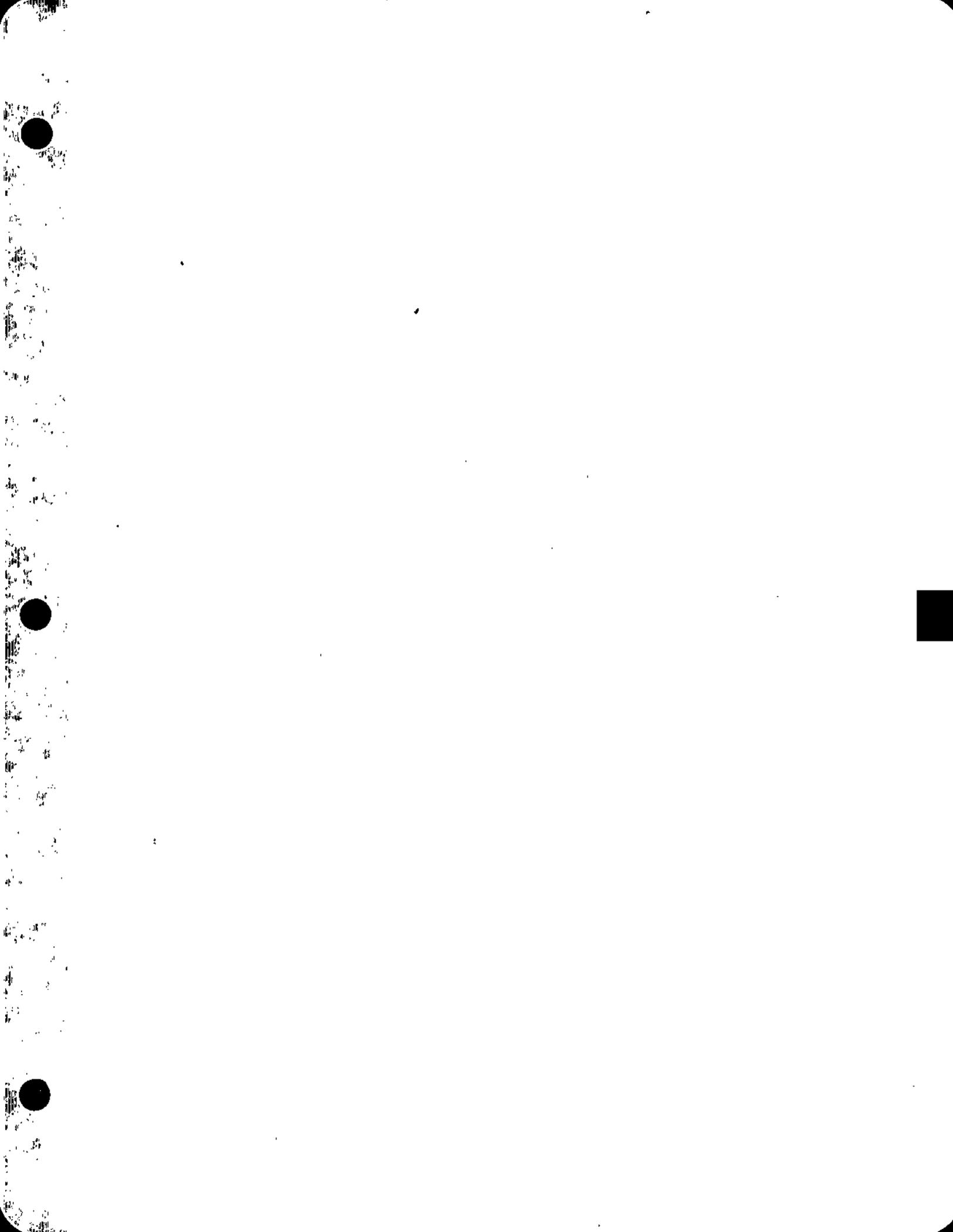
Page 5, line 23, strike "a child support order" and insert "child support".

Page 6, lines 1 and 2, strike "court, administrative process, or quasi-judicial process" and insert "court or administrative agency".

Page 7, line 7, insert "individual who is a" after "any".

Page 7, line 18, insert "individual who is a" after "any".

Page 7, line 25, strike "unsatisfied obligations" and insert "nonmodifiable obligations, and with respect to unsatisfied obligations".



Note = HR 1600, sponsored by Rep. Routhem, contains very similar language.

04/01/93

LEGISLATIVE SUMMARY

S. 689. THE INTERSTATE CHILD SUPPORT ENFORCEMENT ACT OF 1993

TITLE I - LOCATE AND CASE TRACKING

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

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

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

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

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

- 1) requires the Department of Health and Human Services, through the Office of Child Support Enforcement to expand the Federal Parent Locator System to provide for a national network which allows states to: (i) access the records of other state

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

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

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

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

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

Sec. 106: State Networks for Broadcasting Warrants.

- 1) requires the states to broadcast on their local and state crime information systems failure-to-appear warrants, capiases, and bench warrants issued by courts in civil and criminal parentage and child support cases in their states.
- 2) if a defendant posts security after being arrested, requires the states to remit any subsequent forfeiture to the child support obligee to the extent of any child support arrearage.

TITLE II - ESTABLISHMENT

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

- 1) makes a Congressional finding that child-state jurisdiction is consistent with the Due Process clause of the Fifth and Fourteenth Amendments, Section 5 of the Fourteenth Amendment, the Commerce Clause, the General Welfare Clause, and the Full Faith and Credit Clause of the U.S. Constitution.
- 2) requires the states to promulgate procedures under which the states shall treat out-of-state service of process in parentage and child support actions in the same manner as in-state service of process.

- 3) requires the states to provide for service of process outside a state by: (i) personal delivery according to the law relating to in-state service of process; (ii) personal delivery according to the law of the state in which the service is made; (iii) by mail, subject to the Rules of Civil Procedure of the state serving process; (iv) other means of notification which are consistent with state rules of civil procedure.
- 4) requires the states to recognize and enforce parentage and child support orders including on-going orders of other states where jurisdiction was properly asserted.
- 5) allows a state court to modify the parentage or child support order of a court of another state only:
 - (1) if it has jurisdiction to make such order and
 - (2) the court of the other state no longer has continuing, exclusive jurisdiction because (a) the other state no longer is the child's state or the resident of any contestant; (b) after notice and hearing, the court of the other state has declined in writing to exercise its jurisdiction to modify the order; or (c) all the parties consent to the exercise of jurisdiction by the forum court.

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

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

Sec. 203: Presumed Address of Obligor and Obligee.

- 1) requires that parents' identification and locate information be left with the state court adjudicating parentage and child support actions.
- 2) requires the states to create a presumption that, for the purposes of providing sufficient notice in any child support-related action other than the initial notice in an action to adjudicate parentage or establish a child support order, the last residential address of the party given to the appropriate agency or court is the current address of the party.

Sec. 204: Notification to Custodial Parents

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

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

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

- 1) requires the states to allow parties seeking both parentage adjudication and child support establishment in a judicial proceeding to bring a joint action in a single cause of action.
- 2) requires the states to provide for venue for parentage adjudication in the county of residence of the child when the child and alleged parent who is the defendant reside in different counties within the state.
- 3) requires the states to mandate that a state court or agency that issues a parentage or child support order has continuing and exclusive jurisdiction over a child support case until that court or agency transfers jurisdiction to another court or agency that has jurisdiction in the county where the child resides, or the parties consent to be bound by the appropriate court or agency that has jurisdiction.
- 4) requires the states to provide for transfers of cases to the city, county, or district where the child resides for purposes of enforcement and modification, without the need for refiling by the plaintiff or re-serving the defendant.
- 5) requires the state child support agencies or state courts that hear child support claims to exert statewide jurisdiction over the parties and allow the child support orders to have statewide effect for enforcement purposes.
- 6) requires the states to make clear that visitation denial is not a defense to child support enforcement and the defense of nonsupport is not available as a defense when visitation is at issue.

Sec. 206: Fair Credit Reporting Act Amendments.

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

Sec. 207: National Child Support Guideline Commission.

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

Sec. 208: State Child Support Guideline Principles.

- 1) requires the states in promulgating their child support guidelines to make the application of the guidelines a sufficient reason for modification of a child support obligation without the necessity of showing any other change in circumstances.
- 2) requires state guidelines to provide that any custodial parent requesting a review of a child support award who is not receiving AFDC must agree to both review and modification of a child support order in IV-D cases. To ensure that IV-D agency resources are used effectively and that parents' rights are protected, the agency should notify the custodial parent of the time for a review and of the right to request an "opt-out."
- 3) requires that state child support guidelines take into account work-related or job-training related child care expenses of either parent or the children of these parents, health insurance and related uninsured health care expenses, and extraordinary school expenses incurred on behalf of the child of these parents.

Sec. 209: Duration of Support.

- 1) requires the states to provide for a continuing support obligation by one or both parents until the date upon which a child reaches the age of 18 or graduates from or is no longer enrolled in secondary school or its equivalent, whichever is later. The support order would also cease when a child marries or is otherwise emancipated by a court of competent jurisdiction.
- 2) requires the states give their courts discretionary power to order: (i) child support payable at least up to the age of 22 for a child enrolled in an accredited post-secondary school or vocational school or college and who is a student in good standing; (ii) child support from either or both parents to pay post-secondary school support based on each parent's financial ability to pay.
- 3) requires the states to provide for the continuation of child support beyond the child's age of majority provided the child is disabled and unable to be self-supportive, and the disability arose during the child's minority.

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

Sec. 210: National Subpoena Duces Tecum.

- 1) requires the Office of Child Support Enforcement to draft and distribute to local and state child support agencies a national subpoena duces tecum with nation-wide reach to reach income information pertaining to all private, federal, state, and local government employees.
- 2) requires that the scope of the subpoena be limited to the prior 12 months of income.
- 3) provides that payors may honor the subpoena by timely mailing the information to a supplied address on the subpoena.
- 4) provides that the information provided pursuant to the subpoena shall be admitted once offered to prove the truth of the matter asserted.
- 5) requires the Office of Child Support Enforcement to establish a simplified certification process and admissibility procedure for out-of-state documents in parentage or child support cases.

Sec. 211: Uniform Terms in Orders.

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

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

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

Sec. 213: Administrative Subpoena Power

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

TITLE III - PARENTAGE

Sec. 301: Parentage.

- 1) requires the states to provide for hospital-based paternity establishment and the establishment of paternity outreach programs.
- 2) provides a 90% FFP for state paternity outreach programs.
- 3) requires the states to promulgate procedures that allow voluntary establishment of paternity by affidavit as part of the birth certificate process at the time of birth.
- 4) requires the states to promulgate procedures under which the states may bring parentage actions without joinder of the named child.
- 5) requires the states to use civil, instead of criminal, procedures for parentage actions, including a preponderance of the evidence standard for finding parentage.
- 6) requires the states to determine a threshold percentage of probability of parentage or a threshold percentage of likelihood of exclusion of those wrongfully accused of parentage. Requires the states to create a rebuttable presumption of parentage if admitted and uncontroverted parentage testing results satisfy such thresholds.
- 7) requires the states to provide for a resolution of parentage against a noncooperative party who refuses to submit to an order by a court for parentage testing.
- 8) requires the states to provide for the use of temporary support orders where appropriate.
- 9) requires states to establish procedures by which a parentage finding is treated as res judicata to the same extent as any other civil judgment.

- 10) requires the states to establish procedures by which a signature by an individual on a signature line provided for a father on a state birth certificate shall create a rebuttable presumption of parentage of the signatory, and the birth certificate shall be admitted as evidence for the truth of the matter asserted.
- 11) requires the states to develop expedited processes for the establishment of paternity when paternity is contested.
- 12) requires the states to implement procedures by which a person who voluntarily acknowledges parentage can request genetic testing within 1 year of acknowledgement.
- 13) requires the states to develop procedures that would allow the collection of information for support to be done concurrently with the parentage acknowledgment process, where such procedures would be consistent with state constitutional law.
- 14) requires the states to promulgate procedures which provide for the introduction and admission into evidence, without the need for third-party foundation testimony, of pre-natal and post-natal parentage-testing bills.
- 15) requires the states to establish procedures under which the state may enter a default order in parentage cases against the defendant upon a showing of evidence of parentage and service of process on the defendant, without the personal presence of the petitioner.
- 16) requires the states to establish procedures:
 - (a) requiring that objection to parentage testing or its results be made in writing at least 21 days prior to trial;
 - (b) specifying that if no objection is made, the test result will be admitted to prove the truth of the matter asserted, without the need for the attendance of a representative of the hospital, clinic, or parentage laboratory;
 - (c) that make it possible for the parties in a parentage case to call on outside expert witnesses to refute or support the testing procedure or results, or the mathematical theory upon which the test results are based, if they so desire.

TITLE IV - ENFORCEMENT

Sec. 401: Anti-Assignment Clauses Amended.

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

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

- 1) requires the Secretary of the Treasury to modify the W-4 form completed by new employees to include a statement of whether: (a) a child support obligation is owed and, if so, to whom it is payable and the amount to be paid and (b) if payment is by income withholding; and (c) if the employee has health insurance available.
- 2) requires the Secretary of the Treasury to establish a system of reporting new employees by requiring all employers to provide a copy of every new employee's W-4 form to the child support enforcement agency of the state in which the employer is located.
- 3) requires the states to confirm the information provided on the W-4 form or identify child support obligations that had not been reported through the use of the network established in the expanded Parent Locator System.
- 4) requires the states to notify the employer using a standard wage withholding notice developed by the Federal Office of Child Enforcement in cases where the employee has not correctly reported information regarding his or her child support obligations on the W-4 form and initiate immediate wage withholding of child support.
- 5) requires the states to broadcast and make available to other states over the network information based on the W-4 form that had been sent to the child support enforcement agency.
- 6) requires the states to notify a child support payee or payee's designee when there is a match between W-4 information broadcast over the network and the abstract of support orders on file in the state registry of child support orders.
- 7) requires the Secretary of Treasury to modify the federal income tax W-2 form to include a report of the amount of child support withheld for each employee by the employer.

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

Sec. 403: Direct Income Withholding.

- 1) requires states to mandate that any person or entity in commerce, as a condition of doing business in that state, honor income withholding notices issued by a child support tribunal or agency of any state.
- 2) requires employers to maintain records of payroll deductions for child support payments and to make such records available to the state or person seeking to enforce a child support order.
- 3) requires the Secretary of Health and Human Services to develop a uniform withholding notice to be used in all income withholding cases.

Sec. 404: Priority of Wage Withholding.

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

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

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

Sec. 406: Consumer Credit Protection Act Amendments.

- 1) acknowledges that state and federal child support garnishment laws are not pre-empted by the Consumer Credit Protection Act.
- 2) prohibits the counting of child support garnishments against the more-than-one garnishment exception to the antidiscrimination section of the Consumer Credit Protection Act.
- 3) prohibits state discretion in setting garnishment limitations based on the obligor's disposable income.
- 4) requires that federal debts receive a lower priority than child support debts when the obligor's disposable income cannot satisfy both debts through withholding.

Sec. 407: Election of Remedies Prohibition.

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

Sec. 408: Occupational, Professional and Business Licenses.

- 1) requires the states to establish procedures for withholding professional or occupational licenses from noncustodial parents who are the subjects of outstanding failure-to-appear warrants, capiases, and bench warrants related to child support cases. Licenses are withheld until approved for release by the pro se obligee, the obligee's attorney, the state prosecutor or the court enforcing the child support order.
- 2) requires the states to establish expedited review procedures of withheld licensing applications and provide 60-day temporary licenses during the review period.
- 4) requires the federal government to withhold a professional, occupational, or business license of a delinquent child support obligor until the pro se obligee, obligee's attorney, prosecutor, or court enforcing the child support order consents to release of the license.
- 5) requires the federal government to establish expedited review procedures of withheld licensing applications and provide a 60-day temporary license during the review period.

Sec. 409: Driver's Licenses.

- 1) requires the states to develop procedures under which motor vehicle departments withhold the driver's licenses of noncustodial parents that the state's crime information system indicate are the subject of child support-related failure-to-appear warrants, capiases or bench warrants.
- 2) requires the states to provide for the use of temporary licenses or registrations by the subjects of the warrants pending the show-cause hearing or the removal of the warrants, whichever occurs first.

Sec. 410: Attachment of Bank Accounts.

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

Sec. 411: Lotteries, Settlements, Payouts, Awards and Forfeitures.

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

Sec. 412: Fraudulent Transfer Pursuit.

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

Sec. 413: Full IRS Collection.

- 1) expresses the sense of the Congress that the Commissioner of the IRS should instruct the field officers and agents of the IRS to give a high priority to requests for the use of IRS full collection of child support arrearages.
- 2) requires the Secretary of Treasury, in consultation with the Secretary of Health and Human Services, to simplify by regulation the full collection process and reduce the amount of child support needed before an individual may apply for full collection.

Sec. 414: Bonds.

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

Sec. 415: Tax Offset for Non-AFDC Post-Minor Child.

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

Sec. 416: Attachment of Public and Private Retirement Funds.

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

Sec. 417: Reporting to Credit Bureaus.

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

Sec. 418: Criminal Non-Support.

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

Sec. 419: Statutes of Limitation.

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

Sec. 420: Interest.

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

Sec. 421: Health-Care Enforcement.

- 1) requires the states to establish laws which provide for a rebuttable presumption that the choice made by the child support obligee regarding health care insurance for the children is appropriate.
- 2) requires the states to provide that any insurance premium or sum-certain health care expense for which the obligor is responsible shall be included in the child support order.
- 3) requires the states to have and use laws that allow the obligee under a child support order to act in the place of the uninsured with respect to insurance claims relating to children who are beneficiaries of the child support order. The powers of the obligee would include the right to make direct application for insurance, the right to make claims, and the right to sign claim forms to the same extent as the obligor.
- 4) requires the states to mandate that the covered parent securing the insurance shall provide within 30 days of the health insurance order, written to the noncovered parent and/or the state IV-D agency, that insurance has been obtained or an application has been made for insurance, and the date the insurance is to take effect.
- 5) requires the states to require each welfare benefit plan operating under the laws of the state to include in the plan a commitment to: (i) releasing to the obligee or the state child enforcement agency, upon request, information on the dependent coverage, including the name of the insurer, (ii) providing all necessary reimbursement forms to the obligee;

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

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

Sec. 422: Bankruptcy.

- 1) amends the U.S. Bankruptcy Code to allow parentage and child support case establishment, modification, and enforcement of child support to proceed without interruption after the filing of a bankruptcy petition.
- 2) treats the debt owed to child support creditors as debt outside the chapter 11, 12, or 13 plan, unless the child support creditor affirmatively acts to opt in as a creditor whose debt is part of the plan.

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

- 1) directs the U.S. military agencies to provide locate information on all military personnel that is updated within one month of a change in duty station or residential address.
- 2) directs the U.S. military agencies to provide for leave-granting procedures for use by service members facing parentage or support establishment hearings.

Sec. 424: UIFSA Endorsement.

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

TITLE V - COLLECTION AND DISTRIBUTION

Sec. 501: Priority of Distribution of Collections.

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

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

- 2) authorizes the Comptroller General of the U.S. to analyze the existing child support distribution system and authorize, under certain circumstances, pilot projects for the distribution of arrearages in the following manner: (1) application of all support collected first to a current month's child support obligation; (2) application of funds collected in excess of the amount of the current month's obligation to debts owed the family; (3) using funds collected in excess of the amount of the current support obligation, to reimburse the state making the collection for any assistance payments made to the family (with appropriate reimbursement of the federal government to the extent of its participation in the financing); and (4) using funds collected in excess of the current month's support obligation after the debt to the family and the collecting state have been satisfied, to reimburse other states for assistance payments to the family.
- 3) precludes the counting of the \$50 pass-through in AFDC cases for any means tested program.

Sec. 502: Relationship of AFDC to CSE - Limited Reimbursement Claims to Award Amount.

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

Sec. 503: Fees for Non-AFDC Clients.

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

Sec. 504: Collection and Disbursement Points for Child Support.

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

TITLE VI - FEDERAL ROLE

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

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

Sec. 602: Training.

- 1) requires the states to provide training to child support personnel providing functions under the state plan.
- 2) requires the Department of Health and Human Services to provide training assistance to the states.
- 3) requires the Department of Health and Human Services to report annually to Congress on training activities.

Sec. 603: Staffing.

- 1) requires the Secretary of Health and Human Services to conduct staffing studies of each state's child support enforcement program.
- 2) requires the Secretary of Health and Human Services to report the results of such staffing studies to the Congress and the states.

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

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

Sec. 605: Child Support Definition.

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

Sec. 606: Audits.

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

Sec. 607: Child Support Assurance Demonstration Projects.

- 1) requires the Department of Health and Human Services to fund 6 demonstrations in selected states to determine the feasibility and utility of a child support assurance program.
- 2) requires the Governor of the state to submit an application that: (i) describes child support assurance project, including the specific activities to be undertaken and the agencies involved; (ii) specifies geographic area covered by project; (iii) estimates number of children eligible for assurance payments and amount of entitlement; (iv) describes child support guidelines and review procedures used in the states; (v) contains commitment to conduct project for at least 3 years; (vi) specifies extent to which the state has or will implement major child support enforcement initiatives; (vii) specifies current relative quality of state enforcement system as compared to other states.
- 3) requires the Secretary of Health and Human Services be satisfied that child support assurance projects provide that: (i) the custodial parent meets the eligibility requirement for the assured child support benefit; (ii) the child support assured benefit is paid each month and child support payments from the noncustodial parent are offset as required; (iii) eligibility of caretaker for Aid to Families With dependent Children shall be calculated without consideration of the assured benefit.

TITLE VII - STATE ROLE

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

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

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

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

Sec. 703: Duties of IV-D Agencies.

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

Sec. 704: Broader Access to Services.

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

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

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

TITLE VIII - EFFECTIVE DATE

Sec. 801: Effective Date.

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



Interstate Child Support Act of 1993

Congresswoman Barbara Kennelly

Title I - Locate and Case Tracking

Sec. 101: Expansion of Functions of the Federal Parent Locator Service

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

Requires that States put safeguards in place and have advance notification to be given to the custodial parent regarding the release of location/address information.

2. Sense of Congress that the denial of visitation and payment of support are separate issues and that denial of visitation is not grounds for nonpayment of child support nor is nonpayment of child support grounds for denial of visitation.

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

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

2. Requires the states to have in place procedures under which the state agency responsible for child support enforcement shall have automated on-line or batch access to information regarding residential addresses, employer and employee addresses; income and assets, and medical insurance benefits of absent parents. Data bases to which the state child support agency shall have access include: (a) any state agency data base which contains locate information as deemed appropriate by the state; (b) publicly regulated utility companies located in the state; (c) credit reporting agencies located in the state; and (d) trade and labor unions located in the state.

3. Requires states to maintain registries of support orders, both for IV-D cases and non-IV-D cases--essentially all support orders. States are given the option of maintaining the entire order in a registry or they can maintain abstracted information. States are to forward electronically to OCSE abstracted information from the orders. OCSE is required to maintain a national registry of all support orders. OCSE is required to develop data elements and definitions, formats and any other information necessary for consistency. States are given the option to maintain any additional information in their own registries that they deem appropriate.

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

1. Requires the Department of Health and Human Services (HHS), through OCSE to expand the Federal Parent Locator System to provide for a national network which allows the states to: (a) access the records of other state agencies and federal sources of locate information directly from one computer to another; (b) access the files of other states to determine whether there are other child support orders and obtain details of those orders; (c) process locate requests; and (d) direct locate requests to individual states or federal agencies, broadcast requests to selected states, or broadcast cases to all states when the source of needed information is not known.
2. Sense of the Congress that access to state records shall be through state's child support or IV-D agency, not directly to a particular state agency (i.e., motor vehicle agency, vital statistics agency).

Sec. 104: Private Access to Locate and Enforcement Services

1. Requires that private attorneys and pro se obligees be allowed access to state locate resources, tax refund offsets and other public enforcement techniques for the limited purpose of locating individuals for parentage establishment, child support establishment, modification and enforcement of orders, and enforcement of visitation orders with appropriate privacy safeguards for the information provided.
2. Requires states to develop procedures for advance notification if safety of the custodial parent or child is at issue prior to the release of location information.
3. Requires states to develop and publish guidelines and fee schedules.

Sec. 105: National Reporting of New Hires and Child Support Information

1. Requires the Secretary of the Treasury to modify the W-4 form to include a statement of whether: (a) a child support obligation is owed and if so, to whom it is payable and the amount to be paid; (b) if payment is by income withholding; and (c) if the employee has health insurance available.
2. Requires the Secretary of the Treasury to establish a system of reporting by new employees by requiring all employers to provide a copy of every new employee's W-4 form to the employment security agency of the state in which the employer is located.

3. Requires the states to confirm the information provided on the W-4 form to identify child support obligations that had not been reported through the use of the network established in the expanded parent locator system.
4. Requires the states to notify the employer using a standard wage withholding notice developed by OCSE in cases where the employee has not correctly reported information regarding his or her child support obligations on the W-4 form and initiate immediate wage withholding of child support.
5. Requires states to forward information to the national registry for matching and also requires states to make available W-4 child support obligation information when requested.
6. Requires the Secretary of the Treasury to modify the federal income tax W-2 form to include a report of the amount of child support withheld for each employee by the employer.
7. Makes it a federal crime for an employer to misappropriate a child support obligor's income that was purported to be withheld by the employer for the benefit of a child support obligee.
8. Applies to new hires only, not amended W-4s. Employers must follow these procedures for amended W-4s only in cases in which the W-4 is revised for the sole purpose of initiating wage withholding for child support.
9. Full force and penalties associated with false tax return information/reporting extend to false reporting of child support payments and/or obligations. Any such penalties statements on W-4 form should be revised to cover child support obligations.
10. Employers to forward W-4 for new hires to the state employment security agency within 10 business days of employee's start date.

Sec. 106: Access to Law Enforcement Records Systems

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

Sec. 107: Broadcasting of Warrants on State Networks

1. Requires states to broadcast on their local and state crime information system failure-to-appear warrants, capiases, and bench warrants issued by courts in civil and criminal parentage

and child support cases in their states.

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

Sec. 108: Case Monitoring

Requires that within states' case control or tracking systems, states must have the ability to monitor cases to identify early situations/occurrences of nonpayment of support. Once such systems are fully operational and certified as required by the Family Support Act of 1988, states are required to review all support orders at least once every 36 months.

Sec. 109: Access to Financial Records

Amends Part IV of Title D of the Social Security Act to provide that states with child support enforcement programs, established pursuant to title IV-D, enact appropriate laws to ensure the accessibility to a depositor's financial records for the purposes of IV-D child support enforcement.

Title II - Establishment

Sec. 201: Interstate Recognition of Child Support and Parentage Orders

1. Amends US Code to include definitions of terms such as child, child support, child support order, child's state, court, contestant, home state.
2. Requires the courts of each state to give full faith and credit, i.e, recognize and enforce, to the terms of any child support order or order adjudicating parentage.
3. Establishes the bases of jurisdiction for a state to establish jurisdiction over a nonresident.
4. Requires the states to maintain continuing, exclusive jurisdiction over the case for as long as the state remains the child's state or the resident of any contestant.
5. Requires that before a court makes a child support order or adjudicates parentage, reasonable notice and opportunity to be heard shall be given to all parties.
6. Allows modification of support orders or order of parentage issued by the court of another state if each contestant has filed written consent for the court of another state to modify and the order and assume continuing, exclusive jurisdiction of that order and the court of the state otherwise has jurisdiction to issue such an order.
7. Allows states to enforcement an order, after jurisdiction has been transferred to another state, with respect to unsatisfied obligations.
8. Provides that a court in one state shall not exercise jurisdiction in a parentage or child support proceeding during the pendency of a proceeding in the court of another state which has jurisdiction unless: (a) the action commenced in the home state before the expiration of time allowed in the other state for filing of the original responsive pleading challenging the exercise of jurisdiction by the other state; (b) the contestant timely filed a challenge to jurisdiction in the other state; and (c) if applicable, the court considering the exercise of jurisdiction is the home state of the child.
9. Requires courts of a state to apply the law of the forum state in an action to adjudicate parentage or to establish a child support order except when: (a) it is interpreting an order issued by a court of another state, or (b) in an action to

enforce child support or a parentage order, the statute of limitations of the forum state or the issuing state, whichever is longer, shall apply.

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

Requires the heads of each federal civilian and military agency to designate an agency for receipt of service of process of a child support action for any employee or member of the armed forces of such agencies.

Sec. 203: Presumed Address of Obligor and Obligee

1. Requires that parents' identification and locate information be filed with the state court adjudicating parentage and child support actions.
2. Requires the states to create a presumption that, for the purposes of providing sufficient notice in any child support-related action other than the initial notice in an action to adjudicate parentage or establish a child support order, the last residential address of the party given to the appropriate agency or court is the current address of the party.
3. Requires the states to ensure that information concerning the location of the custodial parent or child is not released to the noncustodial parent if a court order has been issued against the noncustodial parent for protection of the child.

Sec. 204: Notice to Custodial Parents

1. Requires state child support agencies to notify custodial parents in a timely fashion of all hearings in which child support obligations might be established or modified.
2. Requires state child support agencies to provide custodial parents with a copy of any order that establishes or modifies a child support obligation within 14 days of the issuance of such order.

Sec. 205: Uniform State Rules in Parentage and Child Support Cases

1. Requires the states to allow parties seeking both parentage adjudication and child support establishment in a judicial proceeding to bring a joint action in a single cause of action.
2. Requires the states to provide for venue for parentage

adjudication in the county of residence of the child when the child and alleged parent who is the defendant reside in different counties within the state.

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

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

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

6. Requires the states to make clear that visitation denial is not a defense of nonpayment of support and the nonpayment of support is not grounds for denying visitation.

Sec. 206: Fair Credit Reporting Act Amendment

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

Sec. 207: National Child Support Guideline Commission

1. Creates a 9-member National Child Support Guidelines Commission no later than January 15, 1995, for the purpose of studying the desirability of national child support guidelines.

2. Commission should take into consideration differences in costs of living (COL) in areas of the United States. In this study, it should consider COL indexing, specifying minimum, rather than maximum, amounts, or other methodologies to reflect these differences.

3. Requires the Commission to prepare a report not later than 2 years after date of appointment to be submitted to House Ways and Means and Senate Finance Committees. Commission terminates upon submission of the report.

Sec. 208: Guidelines Principles

1. Requires the states in promulgating their support guidelines to make the application of the guidelines a sufficient reason for modification of a child support obligation without the necessity of showing any other change in circumstances.
2. Requires the states to establish by 1995 procedures for the automated calculation of the amount of child support to which a child is entitled based on the state's child support guideline for review purposes.
3. Requires state guidelines to advise any custodial parent who is not receiving AFDC of the review of a child support order and provide the right to request an "opt-out".
4. Requires that state child support guidelines take into account work-related or job-training related child care expenses of either parent or the children of these parents, health insurance and related uninsured health care expenses, and school expenses incurred on behalf of the child of these parents.
5. Require the states to develop and publish support guidelines.

Sec. 209: Duration of Support

1. Requires the states to provide for a continuing support obligation by one or both parents until the date upon which a child reaches the age of 18 or graduates from or is no longer enrolled in secondary school or its equivalent. The support order would also cease when a child marries or is otherwise emancipated by a court of competent jurisdiction.
2. Requires the states give their courts discretionary power to order: (1) child support payable at least up to the age of 22 for a child enrolled in an accredited post-secondary school or vocational school or college and who is a student in good standing; (2) child support from either or both parents to pay post-secondary school support based on each parent's financial ability to pay.
3. Requires the states to provide for the continuation of child support beyond the child's age of majority provided the child is disabled and unable to be self-supportive, and the disability arose during the child's minority.
4. Requires the state courts to consider the effect of child support received on means-tested governmental benefits and whether to credit governmental benefits against a support award amount.

5. Sense of Congress that children obtain higher educational levels and, resultingly, a greater chance to break the welfare cycle if they receive child support while a post-secondary education student.

Sec. 210: Evidence

1. Requires the Office of Child Support Enforcement (OCSE) to draft and distribute to local and state child support agencies a national subpoena duces tecum with nation-wide reach to reach income information.

2. Requires OCSE to establish a simplified certification process and admissibility procedure for out-of-state documents in parentage or child support cases.

3. Requires that the scope of the subpoena be limited to the prior 12 months.

4. Provides that payors may honor the subpoena by timely mailing the information to a supplied address on the subpoena.

5. Provides that the information provided pursuant to the subpoena shall be admitted once offered to prove the truth of the matter asserted.

6. Requires the states to establish procedures under which certified copies of out-of-state orders, decrees, or judgements related to parentage or child support shall be admitted once offered in the courts of the states if such orders, decrees, or judgements are regular on their face.

7. Requires the states to establish procedures for the introduction of electronically transmitted information and faxed documents in child support or parentage proceedings.

8. Requires the states to establish procedures under which out-of-state depositions, interrogatories, admissions of fact, and other discovery documents can be admitted once offered in a parentage or child support hearing to prove the truth of the matters asserted in the documents.

9. Requires the states to promulgate procedures for the introduction of written, videotaped, or audiotaped evidence related to a parentage or child support proceeding.

Sec. 211: Telephone Appearance in Interstate Cases

Requires the states to develop procedures under which litigants in interstate parentage or child support cases can participate in those cases by telephone means, in lieu of personal appearance.

Sec. 212: Uniform Terms in Orders

1. Requires the Department of Health and Human Services to develop a uniform abstract of a child support order to be used by all states to record the facts of a child support order. Secretary to develop uniform abstract of child support order no later than 12 months after date of enactment of this legislation.

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

Sec. 213: Social Security Numbers on Marriage Licenses, Divorce Decrees, Parentage Decrees, and Birth Certificates

Requires the states to record social security numbers (SSNs) (if any) on:

- o Marriage licenses;
- o Divorce decrees and related divorce documents, if any party is pregnant or a parent; and
- o Birth certificates (the SSNs of the mother and father).

Sec. 214: Administrative Subpoena Power

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

Sec. 215: Legal Assistance Programs

Requires the Legal Services Corporation to ensure that at least 10% of local civil legal assistance be used to help eligible low-income custodial parents obtain child support.

Sec. 216: Indian Child Support

1. Sense of Congress that children residing on Indian reservations be accorded the same right of support that is currently afforded off-reservation children. Also sense of Congress that state and tribal governments should, to the greatest extent possible, ensure that jurisdictional issues do not prevent any Indian child - on or off-reservation - from receiving support to which the child is entitled.

2. Every Indian tribe to give full faith and credit to United States, every state, territory or possession to public acts, judicial proceedings, or records applicable to Indian child support proceedings.

3. The US, every state, territory, or possession shall give full faith and credit to public acts, records or judicial proceedings of any Indian tribe applicable to Indian child support proceedings.

Sec. 217: Support Orders Outreach and Demonstrations

1. Sense of Congress that states should work with community-based groups with ties to underserved populations to develop better methods to reach and work with these populations to encourage more support orders being filed.

2. Secretary of HHS to require that states conduct surveys to identify underserved populations and develop outreach programs to serve these populations in places such as child care centers, parenting classes, prenatal classes, unemployment offices. Federal government to provide a 90% FFP for state support outreach programs.

3. Secretary of HHS to fund demos and/or technical assistance grants to states to develop applications and informational materials directed to individuals with low-literacy levels or difficulties reading English.

4. Secretary of HHS to direct OCSE staff to review handbooks and regulations to ensure that the requirements contained in these materials explain clearly to clients what information they need

to furnish and how the information will be needed.

5. Secretary of HHS to fund demos for States to develop model projects to improve interface between state IV-A and IV-D agencies to promote better service and more efficient case processing.

6. Permits IV-D agencies to represent custodial parents in custody cases which result from the custodial parent's cooperation and the IV-D agency's pursuit of a support order.

7. Requires states to refer custodial parents to community resources to combat domestic violence in cases in which violence is threatened against the custodial parent and/or children as the result of their cooperation with the IV-D agency to secure support orders. States must develop procedures for handling these cases to reduce the risk of violence, such as waiving any requirement for face-to-face meetings.

Title III - Parentage

Sec. 301: Parentage

1. Requires that states establish hospital-based paternity establishment and the establishment of paternity outreach programs.
2. Provides a 90% FFP for state paternity outreach.
3. Requires that hospital-based paternity program be established 2 years after date of enactment of this legislation. Secretary of HHS to develop requirements, 1 year after date of enactment of this legislation for the outreach program for states to meet to qualify for matching funds.
4. Requires states to establish procedures by which a signature by an individual on a signature line provided for a father on a state birth certificate shall create a rebuttable presumption of parentage of the signatory and the birth certificate shall be submitted as evidence of the truth of the matter asserted.
5. Requires the states to develop a simple civil consent procedure for persons who voluntarily acknowledge parentage. A witnessed, written statement is admissible in court, can be registered as part of the birth certificate registration process and will be extended full faith and credit to judgement and decisions of courts in other states.
6. Requires the states to develop procedures that would allow the collection of information for support to be done concurrently with the parentage acknowledgement process, where such procedures would be consistent with state constitutional law.
7. Requires that states use civil, instead of criminal, procedures for parentage actions, including a preponderance-of-evidence standard for finding parentage.
8. Requires the states to promulgate procedures under which the states may bring parentage actions without joinder of the named child.
9. Requires the states to determine a threshold percentage of probability of parentage or a threshold percentage of likelihood of exclusion of those wrongfully accused of parentage. Requires the states to create a rebuttable presumption of parentage if admitted and uncontroverted parentage testing results satisfy

such thresholds. States must establish a 98% threshold probability of parentage or 98% likelihood of exclusion of those wrongfully accused.

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

11. Requires the states to establish procedures: (a) requiring that objections to parentage testing or its results be made in writing at least 21 days prior to trial; and (b) specifying that if no objection is made, the test result will be admitted to prove the truth of the matter asserted, without the need for the attendance of a representative of the hospital, clinic, or parentage laboratory.

12. Requires the states to establish procedures which provide for the introduction and admission into evidence, without the need for third-party foundation testimony, of pre-natal or post-natal parentage-testing bills.

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

14. Requires states to provide for the use of temporary support orders where appropriate.

15. Requires states to provide procedures whereby a party whose parentage has been previously decided by law may not plead nonparentage as a defense to a child support action.

16. Requires states to provide for establishment of paternity and support as a single action.

17. States to establish procedures to hear paternity determination cases in the county in which the child resides. States to provide continuing and exclusive jurisdiction over a child support case. Cases should be transferred to the new county of residence of the child if the child moves and such a transfer is requested by the custodial parent.

18. Sense of Congress that the responsibility rests on the other party to prove that he is not the father, rather than the mother to prove that he is the father.

Title IV - Enforcement

Sec. 401: Direct Income Withholding

1. Requires states to send copy of income withholding order (a uniform order references in item 7 below) to employers. Any person or entity in commerce (i.e., employer), as a condition of doing business in that state, must honor income withholding notices issued by a child support tribunal of any state.

2. Requires that persons or entities must keep records of amounts withheld, and forward payment to state or custodial parent as specified in the court order.

3. Requires that an individual or entity who complies with such a wage withholding order may not be held liable for wrongful withholding.

4. Employers who fail to remit to the state child support agency within 10 days wages garnished for child support will be subject to a \$1,000 fine.

5. Includes provisions to allow a hearing for the employee if he/she contests the wage withholding based on a claim of fact.

6. Requires the Secretary of HHS to develop a uniform withholding notice to be used in all income withholding cases.

Sec. 402: Priorities in Application of Withheld Wages

Requires the states to apply proceeds from income withholding in the following manner: (a) payments on current support obligations; (b) payment on premiums for health insurance for the defendant's children; and (c) payments on past due child support obligations and non-reimbursed health-care expenses.

Sec. 403: Additional Benefits Subject to Garnishment

Allows workers' compensation income to be subject to income withholding. Also included in the definition of income subject to wage withholding are bonuses, commissions or any other form of compensation paid as if wages.

Sec. 404: Consumer Credit Protection Act (CCPA) Amendments

1. Acknowledges that state and federal child support garnishment laws are not pre-empted by the Consumer Credit Protection Act.
2. Requires that federal debts receive a lower priority than child support debts when the obligor's disposable income cannot satisfy both debts through withholding.
3. Prohibits the counting of child support garnishments against the more-than-one garnishment exception to the antidiscrimination section of the Consumer Credit Protection Act.

Sec. 405: Prohibition against Use of Election of Remedies Doctrine to Prevent Collection of Child Support

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

Sec. 406: Hold on Occupational, Professional and Business Licenses

1. Requires the states to establish procedures under which the professional or occupational licenses of noncustodial parents, who are the subjects of outstanding failure to appear warrants, capiases, and bench warrants related to child support cases, may not be renewed.
2. Requires the states to give pro se obligees, obligee's attorneys, state prosecutors or courts authority to decide whether a professional or occupational license renewal request of a delinquent child support obligor should be released.
3. Requires the states to provide for the use of 60-day temporary occupational and professional licenses during a review of a delinquent child support obligor's request for a renewal of his/her license.
4. Requires the federal government to withhold renewal of the professional, occupational, or business license of a delinquent child support obligor until the pro se obligee, obligee's attorney, or state prosecutor involved in the case against the obligor consents to renewal, a court responsible for the enforcement for the enforcement of the child support order orders the release of the hold on the license, or an expedited inquiry and review is completed while the obligor is granted a 60-day temporary license.

Sec. 407: Driver's Licenses and Vehicle Registrations Denied to Persons Failing to Appear in Child Support Cases

1. Requires the states to develop procedures under which motor vehicle departments may not issue or renew driver's licenses or car registrations for noncustodial parents who are the subject of outstanding failure to appear warrants, capiases or bench warrants related to a parentage or child support proceeding where such warrants, capiases or bench warrants appear on the state's crime information system, until removed from the system.
2. Requires state motor vehicle departments, when receiving information that persons holding state driver's licenses are the subjects of in-state or out-of-state child support warrants, to issue show-cause orders to those persons asking them to demonstrate why their driver's licenses should not be suspended, until such warrants are removed by the states responsible for the warrants.
3. Requires the states to provide for the use of temporary licenses or registrations by the subjects of the warrants pending the show-cause hearing or the removal of the warrants, whichever occurs first.

Sec. 408: Liens on Certificates of Vehicle Title

1. Requires the states to establish procedures to systematically place liens on vehicle titles for child support arrearages.
2. Requires the states to establish that such liens have precedence over all other encumbrances on the vehicle title other than purchase money security interests, and that the obligee may execute on, seize, and sell the property, in accordance with state law.

Sec. 409: Attachment of Bank Accounts

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

Sec. 410: Seizure of Lottery Winnings, Settlements, Payouts, Awards, and Bequests, and Sale of Forfeited Property to Pay Child Support Arrearages

Requires the states to establish procedures under which liens can be imposed against lottery winnings, gambler's winnings, insurance settlements or policy payouts, awards, judgements or

Settlements resulting from lawsuits, property seized or forfeited to the state, or estate inheritances if the beneficiary owes past-due child support.

Sec. 411: Fraudulent Transfer Pursuit

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

Sec. 412: Full IRS Collection

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

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

Sec. 413: Tax Refund Offset Program Expanded to Cover non-AFDC Post Minor children

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

Sec. 414: Attachment of Public and Private Retirement Funds

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

Sec. 415: Reporting of Child Support Arrearages to Credit Bureaus

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

Sec. 416: Statutes of Limitation

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

Sec. 417: Interest

Requires the states to have and use laws that assess interest on all child support judgements.

Sec. 418: Bankruptcy

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

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

3. Allows custodial parent or his/her representative to make a limited appearance in federal bankruptcy or district court anywhere in the United States without charge or without having to meet local court rule requirements for attorney appearances in a bankruptcy case.

Sec. 419: Federal Government Cooperation in Enforcement of Support Obligations of Members and Former Members of the Armed Forces

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

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

Sec. 420: States Required to Enact the Uniform Interstate Family Support Act

Requires that each state adopt verbatim the officially approved version of UIFSA, adopted by the National Conference of the Commission on Uniform State Laws in August 1992. States to pass 2 years after date of enactment of this legislation.

Sec. 421: IRS Reconciliation Process

GAO Comptroller General (CG) and IRS jointly to study process whereby past due child support payments are made through the IRS tax payment process and considered to be a tax liability, subject to the same nonpayment penalties as nonpayment of income taxes. IRS to develop reporting form/worksheet, to be included as a tax return document. The new form would show amount of child support due for the year, and amount withheld and any amount owed, and the address of the obligee. Any funds owed would be withheld from any refund or added to any taxes due by the obligor/taxpayer. IRS would forward funds due to the obligee, either the custodial parent or state IV-D agency.

CG and IRS to submit report to Congress one year after date of enactment of this legislation.

Sec. 422: Denial of Passports to Noncustodial Parents Subject to State Arrest Warrants in Cases of Nonpayment for Child Support

Authorizes the Secretary of State to refuse, revoke, restrict or limit a passport in any case in which the Secretary of State determines that the applicant or passport holder is the subject of outstanding state warrant of arrest for nonpayment of child support where the amount in controversy is not less than \$10,000.

Sec. 423: Denial of Federal Benefits, Loans and Guarantees and Employment to Certain Persons with Large Child Support Arrearages

1. Denies benefits, loans or guarantees for benefit loans for any person whose child support arrearages, determined under court order or an order of an administrative process established under state exceed \$1,000 and who is not in compliance with repayment plan or agreement to repay arrearages.
2. Considers individual ineligible for federal employment if the individual has child support arrearages, determined by court order or established under administrative process, exceeding \$1,000 and who is not in compliance with a repayment plan or negotiated agreement.

Sec. 424: States Required to Order Courts to Allow Assignment of Life Insurance Benefits to Satisfy Child Support Arrearages

States are to promulgate and use laws to allow courts to order assignment of life insurance, in whole or part, based on arrears and/or support obligations of the noncustodial parent. The beneficiary is to be the child owed the support. The obligor may not sell, assign or pledge the policy as collateral.

Sec. 425: Interests in Jointly Held Property Subject to Assignment to Satisfy Child Support Arrearages

States to pass laws that require the future settlement of any joint property (i.e., houses) be subject to assignment for payment of child support arrearages.

Sec. 426: International Child Support Enforcement

1. Sense of Congress that the United States should ratify the United Nations Convention of 1956.
2. Requires states to process international cases as if these cases were interstate child support cases.

Title V - Collection and Distribution

Sec. 501: Priorities in Distribution of Collected Child Support

1. Requires states to, beginning on September 1, 1994, distribute child support collections (with any resulting interest) in the following priority:

(a) Current month's support obligation, distributed to the family or state depending on current AFDC status;

(b) Any arrearages that accrued after a family left AFDC, distributed to the family;

(c) At the state's option, either any arrearages that accrued before the family received AFDC, or reimbursement of AFDC, distributed accordingly;

(d) Reimbursement of AFDC provided by other states on behalf of the children, distributed to those states.

2. Authorizes the Comptroller General to conduct pilot projects and studies of a distribution scheme in which all family-owed support would be paid to the family before the states receive any reimbursement for welfare. Studies should include a cost/benefit analysis with a welfare cost-avoidance component. If the study shows an overall benefit to society, Congress will mandate this priority scheme. Study to be submitted to Congress three years after date of enactment of this legislation.

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

Sec. 502: State Claims Against Noncustodial Parents Limited to Assistance Provided to the Child

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

Sec. 503: Fees for Non-AFDC Clients

1. Allows the states to assess charges above the application fee for non-AFDC child support services against persons other than

the custodial parent. Such fees are only to be collected after the current and past-due support and interest charges are collected.

2. Requires state to publish fee guidelines/schedules. Fees must be considered reasonable. Charges above the basic application fee are the responsibility of the noncustodial parent. The application fee is the responsibility of the custodial parent.

Sec. 504: Collection and Disbursement Points for Child Support

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

Sec. 505: Sense of the Congress that States Should Encourage Parents to Use the State Child Support Agency to Collect and Process Child Support Payments

Sense of Congress that all states should encourage custodial parents to choose payments for child support cases, regardless of whether they are IV-D cases, to be processed and paid through a state IV-D agency to establish an official payment record.

Title VI - Federal Role

Sec. 601: Placement and Role of the Office of Child Support Enforcement

1. Changes the organizational structure of the Office of Child Support Enforcement so that it is headed by an assistant secretary who reports directly to the Secretary of HHS and is confirmed by the Senate.
2. Allows the Office of Child Support Enforcement to have its own legal counsel.

Sec. 602: Training

1. Requires the DHHS to provide training assistance to the states.
2. Requires the states to provide training annually to child support personnel providing functions under the state plan.
3. Requires the DHHS to report annually to Congress on training activities.

Sec. 603: Staffing

1. Requires the Secretary of HHS to conduct staffing studies of each state's child support enforcement program. Staffing studies for all states to be completed 1 year after date of enactment of this legislation
2. Requires the Secretary of HHS to report the results of such staffing studies to the Congress and the states. Secretary to prepare a consolidated report to be submitted to Congress 90 days thereafter.
3. States required to implement recommended staffing levels within 2 years of date of receipt of Secretary's staffing study.

Sec. 604: Demonstration Projects to Test Alternative Approaches to Incentive Funding for State Child Support Programs

1. Authorizes the Secretary of HHS to fund demos in 3 states, regarding the funding for incentives. Incentive funding to be replaced by a FFP matching formula, based on performance, at the

rate of not less than 65% of child support program costs or expenditures to not more than 90% FFP matching of based on program costs or expenditures. Performance level will be determined by the Secretary and published by regulation. The matching level for minimum compliance is 65% and up to 90% for exceeding performance standards. The demos should promote quality control, provide incentives for enforcement of health care support, and use total collections as the denominator, not discriminating against non-AFDC collections.

2. Requires that the Secretary of HHS and the Comptroller General (GAO) jointly evaluate the results and submit recommendations to Ways and Means Committee.

3. Revises the current incentive structure to include the amount of the health care premium or the benefit of a health care insurance policy in the formula used to determine the amount of incentives for AFDC and nonAFDC collections.

4. Requires the Secretary of HHS to reduce by 2% each year for the next 5 fiscal years beginning after the date of enactment if the Secretary determines that the state has not expended on the program, according to the state plan, the amount the state expends on the program during the fiscal year of enactment of this legislation, plus:

(a) 60% of the incentive payments in the first FY after the base year (i.e., year of enactment);

(b) 70% of the incentive payments in the second FY after the base year;

(c) 80% of the incentive payments in the third FY after the base year;

(d) 90% of the incentive payments in the fourth FY after the base year; and

(e) 100% of the incentive payments in the fifth FY after the base year.

5. Sense of the Congress that this requirement should not be a reason for a state to reduce its own spending. States must continue to fund at least the minimum level spent at the time of enactment of this legislation.

Sec 605: Child Support Definition

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

Sec. 606: Audits

1. Requires the Secretary of HHS to commission a study of the audit process of the Office of Child Support Enforcement to improve the criteria and methodology for auditing state child support enforcement agencies.
2. Requires the continuation of OCSE present review process, with one change. From the date of the report, cases will be limited to those closed within 180 days before the review date.

Sec. 607: Child Support Assurance Demonstration Projects

1. Sense of Congress that children are better off with consistent source of income to allow education and medical needs to be met.
2. Sense of Congress that the payment of child support as specified by court order remains the responsibility of noncustodial parent, even with assured federal child support enforcement.
3. Sense of Congress that states still need to vigorously pursue paternity and support order establishment, enforcement and collection efforts.
4. Requires the Secretary to consider applications to conduct demonstrations from eligible states. Eligible states are defined to meet either of these two criteria: (a) the total child support collection ratio for that state exceeds the nation-wide average; or (b) the AFDC child support collection ration exceeds the nation-wide AFDC average.
5. Requires that each state's application describes a demonstration project with the requirement that children must be eligible children and the custodial parent must have applied for IV-D services. Defines eligible children and requires that a good faith effort has been made to seek or enforce a support order and rights to support have been assigned to the state. Defines, on a monthly basis, the amount of support to be \$2000 for first child, \$1000 for second child and \$500 for each subsequent child per year.
6. Requires that the Secretary, in approving the projects, shall ensure that projects in the aggregate test the following:
 - (a) Feasibility of assurance system in a state with administrative process versus judicial or quasi-judicial process.
 - (b) Effects of requirement for establishment of support order versus use of "good cause" exception not to seek or enforce support order.

(c) Effect of providing assurance benefits immediately upon establishment of a support order as opposed to providing such benefits after a period, to be determined by the Secretary, of nonreceipt of child support.

(d) Relationship of benefits to other income and benefits such as AFDC.

7. Requires the Secretary to give selection priority, in otherwise equivalent applications, to those demos that describe projects to include work incentives.
8. Requires that the Secretary approve not more than 5 applications.
9. Allows the Secretary to prescribe any other regulations that the Secretary deems appropriate.
10. Sets out the federal matching payments to the states meeting the performance goals, as established by the Secretary, to be:
(a) 90% federal funding for states meeting performance goals;
and (b) 80% federal funding for states which do not.
11. Sets out a distribution formula for repayment of the assurance, when payments from the noncustodial parent are received. The order of distribution is first to the state for the reimbursement of the portion of benefits not paid from funds in the demos and then to the federal government to the extent necessary to reimburse the federal government for their portion of the assurance payments.
12. Requires the states to conduct each project, approved by the Secretary, for a period of not less than 3 years but not more than 5 years. Allows the Secretary to terminate the project at any time if the Secretary determines that the project is not being done consistent with or satisfactory with the provisions of this section.
13. Requires each state to do interim and final evaluations of the effectiveness of their projects, showing the impact of the project on the economic and noneconomic well-being of the participants and workforce and AFDC participation rates. After the completion of all demonstration projects, the Secretary will prepare a consolidated evaluation, due one year after completion of the last demonstration project.

Sec. 608: Children's Trust Fund

Establishes a Children's Trust Fund, funded by voluntary contributions of taxpayers as indicated on their federal tax returns. Requires that the Children's Trust Fund be dedicated to programs aimed at the prevention of child poverty and limited to

the federal programs of AFDC and child support.

Sec. 609: Study of Reasons for Nonpayment of Child Support

Requires GAO to study the causes of support delinquency, both nonpayment of support by noncustodial parents and noncooperation by custodial parents in the collection of child support. If sufficient studies are available, GAO is to review the current studies that are available and prepare consolidated report to be submitted to OCSE and to Congress. Due one year after date of enactment of this legislation.

Sec. 610: Study the Effectiveness of Administrative Process: Report

Requires GAO to study of the effectiveness of case processing in states using administrative process versus states that use judicial or quasi-judicial processing. GAO to report to Congress 1 year after date of enactment of this legislation.

Sec. 611: Publication of Child Support Practices

1. Sense of Congress that OCSE should develop mechanism to publicize best practices of states.
2. OCSE to produce and update the compendium of state legislation.

Sec. 612: Establishment of Permanent Child Support Advisory Committee

Requires that OCSE establish a permanent child support advisory committee made up of legislators, state child support officials and representatives of custodial and noncustodial parents to provide oversight of the implementation of federal laws and regulation affecting child support issues and providing a forum to address child support issues.

Title VII -- State Role

Sec. 701: Advocation of Children's Economic Security

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

Sec. 702: Duties of State Child Support Agencies

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

Sec. 703: Sense of the Congress Regarding Quality of and Accessibility to Child Support Services

1. Sense of Congress that states are expected to work closely with parents to improve the quality of service provided to the clients they serve.
2. Expresses the sense of the Congress that state and local child support enforcement agencies should provide: (a) offices in easily accessible locations near public transportation; (b) office hours that allow parents to visit with attorneys and caseworkers without taking time off from work; and (c) office environments conducive to discussion of legal and personal matters in privacy.

Sec. 704: Process for Change of Payee in IV-D Cases

Requires the states to develop procedures under which a change in child support payee does not require a court hearing or order to.

take effect and may be done administratively, as long as a statement by an official is included in the court or administrative file documenting the change.

Sec. 705: Sense of Congress Supporting Use of Administrative Procedures in Child Support Cases

Sense of Congress that each state should have administrative procedures in place to process cases.

Sec. 706: Sense of the Congress Supporting Establishment of Child Support Councils

Sense of Congress that each state should establish a child support council, composed of individuals from all areas of the state, to review state laws on child support issues, recommend improvements in the programs, and serve as a public forum.

Title VIII - Jobs for Unemployed Noncustodial Parents

Sec. 801: Parents Fair Share Demonstration Projects

1. Sense of the Congress that any program established to provide jobs for noncustodial parents should be administered to prevent adverse affects on any program for custodial parents, either directly or through competition for available funds.

2. Jobs or training program will be run by the Department of Labor (DoL) to build upon demonstrations projects of the Parents Fair Share Demonstration Program. DoL is to evaluate demonstrations and prepare consolidated a report to Congress of the results of the projects, due 12 months after the completion of the final demonstration project.

3. If the results of the Parents Fair Share Demonstration Program do not provide enough definitive information to assess the value of the jobs program or to make recommendations for a permanent jobs program, DoL is authorized to conduct additional state-wide demonstrations of longer duration and greater breadth. If results are sufficient upon which to make recommendations for structure such a program, DoL must include such recommendations to Congress.

Title IX - Effective Date

Sec. 901: Effective Date

Provides that, unless otherwise stated, the amendments made by this legislation shall take effect on January 1, 1995.