

**NATIONAL  
GOVERNORS'  
ASSOCIATION**

Ray Romer  
Governor of Colorado  
Chairman

Carrill A. Campbell Jr.  
Governor of South Carolina  
Vice Chairman

Raymond C. Scheppach  
Executive Director

Hall of the States  
444 North Capitol Street  
Washington, D.C. 20001-4572  
Telephone (202) 624-1300



July 2, 1993

TO MEMBERS OF THE STATE AND LOCAL TASK FORCE ON WELFARE REFORM:

As you know, the President recently named the White House Welfare Reform Working Group to develop recommendations for the promised reform of the nation's welfare system. This Working Group, made up of federal staff, will be formulating its recommendations over the summer and fall.

The National Governors' Association's State and Local Task Force on Welfare Reform has been working over the last several months to identify issues of particular importance to states and localities toward the end of developing a policy position paper. This group, initially consisting of representatives of the NGA, the National Conference of State Legislatures, and the American Public Welfare Association, has been expanded to include representatives of the National Association of Counties, the National League of Cities and the U. S. Conference of Mayors.

A staff planning group has been meeting to prepare the draft policy paper for the purposes of sharing this document with the member organizations and as a vehicle for ongoing discussion with the White House Working Group on Welfare Reform.

Attached is this document, entitled a "Conceptual Framework for National Welfare Reform", for your review.

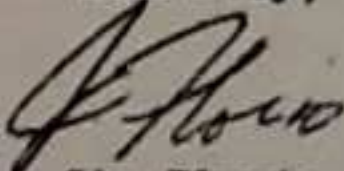
I have scheduled a meeting for members of the State and Local Task Force on Welfare Reform for Monday, July 12, 1993. The meeting will begin at 10:00 a.m. and end at 3:00 p.m. Bruce Reed, Deputy Assistant to the President for Domestic Policy and one of the Co-Chairs of the White House Working Group, is confirmed for attendance. The meeting will be held in Rooms 283-285 of the Hall of the States located at 444 North Capitol Street, Washington, D. C.

It is critical that the important issues regarding this major reform effort be discussed among those of us who will have major roles to play within our respective organizations, and in deliberations with the White House, in the coming months. Unfortunately, time is of the essence, since the national meetings of most of our respective organizations start in mid-July.

In order to complete the planning for this meeting, I would appreciate it if you would complete the attached RSVP form and FAX it to me at (202) 624-5313 as soon as possible.

If you or your staff have any questions about the meeting or the draft conceptual framework, please contact Betty Wilson at (202) 624-7733.

Sincerely,



Jim Florio  
Governor



STATE AND LOCAL TASK FORCE ON WELFARE REFORM  
Conceptual Framework for  
National Welfare Reform

Welfare should be a transitional program that moves people from temporary assistance to self-sufficiency. Welfare benefits should be based on a social contract that sets forth the responsibilities and obligations of both the beneficiary and the government. The goals of this temporary assistance program should include recognition of the essential dignity, well-being, and responsibilities of every American.

This program should be a partnership between all levels of government on behalf of the taxpayer and those who are in need of temporary assistance. The welfare program should be structured so as to encourage the move to independence, including rewarding work and a reasonable amount of savings.

In addition to rewarding work, the welfare program should seek to support stable family relationships, ensure child support collection, and provide the necessary assistance to obtain the educational and job training skills necessary to long-term self-sufficiency.

Eligibility for other government programs, such as Supplemental Security Income and Social Security Disability Insurance, should be expanded to assist those for whom work is not an option because of age or disability -- although independence and self-sufficiency should not be excluded as appropriate goals for all Americans.

The national program should be financed so as to ensure full federal funding of any mandates and should not be used to shift federal costs to states and localities.

#### Temporary Cash Assistance

Assistance, in the form of cash grants\*, to families with children should be available for a time-limited period during which activities that are designed to make the transition from welfare to work take place. These activities should include education, training and support services necessary to assist participants become self-sufficient. Receipt of assistance during this period should be conditioned upon ongoing compliance with the social contract. States should be granted broad flexibility in constructing components of the social contract, including requirements to begin work before the maximum time is exhausted.

Continued federal, state and local assistance under the national program beyond the time limited period should be dependent on a requirement of work or work-related activities unless no job, community service work opportunity or community service placement is available.

States should have the flexibility to extend assistance for a limited period beyond the federal standard on a case-by-case basis as needed to ensure that recipients complete education or job-training programs, complete treatment for substance abuse or other physical or mental impairments, or resolve emergency situations such as homelessness.

\*currently the AFDC program



### Earned Income Tax Credit

The Earned Income Tax Credit (EITC) should be expanded over time so that with food stamps, a family of four with a full-time year round worker will be brought to the poverty line. Administration of the EITC should be simplified, outreach and education to assure full participation should be expanded and worker choice as to frequency of payment should be preserved.

### Child Support Enforcement

Parents have an obligation to support their children.

A more effective child support system is a critical component of welfare reform. The attached paper outlines in detail Task Force recommendations on restructuring child support. The recommendations include improved federal collection tools, incentives for improved state performance, child support assurance demonstrations, and improvements to interstate enforcement.

### Job Development

As jobs are created in the economy through various means, every effort is necessary to assure that employment is available to those making the transition from welfare to work. The private sector should be encouraged to consider those recipients who are trained and ready to work. Incentives to employers to hire, such as targeted tax credits and wage supplementation, should be enhanced. Job development through creation of empowerment zones and enterprise communities should make jobs available to workers in transition from welfare. Public agencies at all levels of government should lead by example and accept their obligation to employ workers in transition from welfare as jobs are developed.

### Work and Community Service

All Americans should be productive members of their community. There are various ways to achieve this goal. The preferred means is through private sector, unsubsidized work in business or the non-profit sector. Other alternatives in priority order include: unsubsidized public sector employment; subsidized jobs; grant diversion; working off the welfare grant; and, volunteering in community service work. Because of the costs and policy implications, guaranteed public sector employment should be considered only as a last resort.

In cases of grant diversion or other forms of working off the welfare grant, the worker should be paid in the form of wages an amount equal to the cash assistance in combination with other supplemental programs such as Food Stamps, with a credit for work-related expenses.

Community service work opportunities should be developed and managed through the existing infrastructure on the federal, state, and local levels. Recipients should be placed in jobs that attend to the public good, such as school systems, public works departments, social service agencies, and health care and child care facilities. Every effort should be made to place the person in a position that has a relationship to their educational and job training skills and can, therefore, act as a useful stepping stone to private sector employment.



State and local governments should have the flexibility to utilize some portion of their funds for community service to provide short-term subsidies to assure the transition of people into private sector employment.

### Additional Support Needs

**-Child Care:** The shortage of affordable, available and quality child care in the nation is a problem for working families with children at all income levels. This is a problem that is no less a burden on those who want to avoid welfare and those who want to leave welfare. The federal government should formulate a child care policy which applies to all Americans. In addition, the federal government should lift regulatory barriers and allow states discretion to coordinate, consolidate and combine child care assistance administratively into one program. The Dependent Care Tax Credit should be made refundable to assist low income working families with the costs of child care. Other solutions include expansion to two years of transitional child care, increased support for at-risk child care, incentives and training to expand family day care, expansion of Head Start and year round school. The solutions have the added benefit of being opportunities for jobs for those in transition from welfare to work.

**-Health Care:** Access to quality, affordable health care for all Americans is essential to enable a person to make a permanent transition from welfare to work. Assurance of health care coverage outside the welfare system can prevent entry into the system for some and enable others who leave welfare for jobs to do so without loss of health benefits. Pending development and implementation of national health care reform, health care should be made available to those in transition from welfare to work without regard to participation in other assistance programs at fees based on a sliding scale reflecting family income.

**-Transportation:** In many areas of the country transportation is a significant barrier to employment. Both urban and rural workers are unable to travel to available jobs because they do not have reliable cars and adequate public transit is not available. Raising asset limits would enable some to own cars so they could get to jobs; states and localities should be encouraged and assisted to coordinate use of existing vehicles when they are not in use for their primary purpose (e.g. school buses; vans for transportation of the elderly and disabled).

**-Workplace adjustment:** This assistance must continue as an eligible program to meet the needs of people unfamiliar with the workplace environment. Help should be provided in learning and dealing with workplace requirements such as hours and punctuality, leave, appropriate dress, speech, relationships with co-workers and supervisors, and employment and labor rules, for example. The objective is to enable people to make the transition from a dependent lifestyle to a self-sufficient life within a workplace environment.

**-Family and individual counselling, peer support groups, mentoring, and other needed family supports:** These programs should be maintained through the transition from welfare to work.



## Program Coordination

The effective delivery of services and benefits will require better coordination and integration. Federal education, housing, health and human services, labor and agriculture agencies should remove barriers and consolidate and standardize programs and requirements. States and localities should be given greater flexibility in the use of existing programs.

## Transition

Pending the adoption of a new or reformed national welfare program, the federal government should:

- increase federal funding for the JOBS program, modify state matching requirements, and allow states to negotiate performance targets that reflect their economic conditions and the priorities likely to be established under a reform program. These performance targets should replace existing weekly, hourly and annual participation requirements.
- allow states additional flexibility in the design of cash assistance programs through modification of state plans rather than waivers, including but not limited to:
  - elimination of the 100 hour rule;
  - extension of eligibility to all families with children;
  - the cash-out of food stamp benefits;
  - increasing the asset limit, especially regarding the permissible value of vehicles;
  - disregard the income of stepparents in calculating income and eligibility;
  - the ability to convert food stamp and welfare benefits to wages for grant diversion or other work in exchange for welfare programs; and
  - expansion of earned income disregards.

## Implementation of Reform

There is broad support for moving ahead expeditiously with national welfare reform. As the federal government moves forward with a national program, states should be encouraged and permitted to pursue welfare reform aggressively and to move forward on demonstrations.

States and localities which are able and willing to move quickly on the implementation of welfare reform should be encouraged to do so. Appropriate incentives, technical assistance and programmatic support should be offered to these states. For states which need a longer time to implement the new system, the federal role should be one of facilitating the transition with targetted technical assistance and support.

Efficiently-managed programs require investment in technology and training. The federal government must maintain its level of investment in this necessary infrastructure in order to achieve welfare reform.

o o o



July 2, 1993

STATE AND LOCAL TASK FORCE ON WELFARE REFORM  
Child Support Enforcement

The Task Force believes that a more effective child support system is a critical component of welfare reform. Both custodial and non-custodial parents must accept primary responsibility for the support of their children.

The current child support enforcement system is not working very well. States do not have the tools or the resources to run a good system. Just 58% of eligible women have orders and only half collect the full amount. This means that over 70% of mothers entitled to child support either lack support orders or do not receive the full amount due under such orders.

States and localities have continued to make improvements in the establishment of paternity and support orders and in the collection of support. In particular, the Family Support Act of 1988 made important improvements to the child support system. However, the statistical data showing large arrearages and substantial differences in performance among states suggests that collections can be increased further with broader use of the more successful techniques. In addition, there are significant problems in the interstate enforcement of support obligations and there are areas where additional federal support could increase the effectiveness of state efforts.

While we believe that it is important that all states move to a more effective child support system, there is not yet consensus among Task Force members as to whether new federal mandates should be considered. The establishment and enforcement of support obligations are a central part of family law, an area long within the purview of state government. Similarly many of the proposed enforcement techniques require changes in licensing, insurance regulation, and commercial law; areas again long under state purview. As a result, many Task Force members continue to oppose additional process-oriented mandates at this time.

We would suggest that consideration of federal action to improve child support enforcement focus on the following areas:

Improved Federal Collection Tools

State governments need access to IRS data.

IRS collection tools should be available to the states.

Support obligations should be reported on a modified W4 form.

Employers should be required to report new hires to state agencies via the modified W-4 form.

A national registry of new hires should be maintained.

A federal registry of support orders should be established and maintained.

A national computer data base of locator information should be established and maintained.

Federal resources should support effective child support enforcement.



Performance Based Incentives for State and Local Implementation

Incentives should be available to the states for the successful completion of performance outcomes. Incentive funds should be earmarked for programs that serve children.

Areas of performance might include some of the following:

\*establishing paternity

A state establishes a system to voluntarily establish paternity and achieves improvements in this area.

\*application of national child support standards

A national commission with a strong state and local role should be established by Congress to develop national standards for child support orders. Incentives that induce states to achieve national standards are recommended.

Federal legislation should require ERISA plans to conform to state law and regulations regarding availability of medical support.

In the event national guidelines are established prior to passage of universal access to health care, those guidelines would have to include provision for medical support, including reasonable limits on the additional costs that would be borne by the absent parent.

\*improving collections of child support

States and localities should receive incentive payments for reaching certain levels of collections agreed upon in advance. This could be accomplished through adversely affecting licenses, interdicting lump sum payments, and reporting to credit agencies.

\*timeliness of interstate collections

\*processing times at key decision points

\*amount or percent of support collected

\*establishment of mediation services that resolve visitation issues

Standards should be developed in consultation with the states and localities. They should be based on actual levels of achieved performance and should be tailored to individual state conditions. At least initially, the emphasis should be on improvement rather than an arbitrary target.



### Data Collection and Research

While there is strong evidence to support the effectiveness of a variety of enforcement tools, this data is often fragmented and is not designed to effectively answer questions about cost/benefit in specific circumstances or to allow for the careful evaluation of alternative approaches to a similar goal. More complete data and additional research on specific enforcement tools would both encourage action at the state level and improve decision making.

The federal government should expand its data collection and research capacity and work cooperatively with the states to develop priorities for future research.

### Data Processing Systems

The existing requirements for management information systems have developed over an extended period of time. In some cases it appears that required matches between and among systems may be duplicative. In other cases the systems may not provide access to the full range of available information.

The federal government should, in cooperation with the states, undertake a comprehensive review of the management information needs of the program and develop recommendations both for the required interfaces between state systems and federal and state data bases, and for the needed interfaces among the state systems themselves.

### Administrative Changes

It is recommended that the audit process be changed from process-oriented to outcome-oriented performance measures.

The federal Office of Child Support Enforcement should conduct a study on minimum staffing standards.

### Technical Assistance and Support

Additional technical assistance from the federal government to the states and localities is needed. Technical assistance must go beyond merely telling states and localities what they should do. Effective technical assistance requires an understanding of good practice and the ability to work with the states and localities to help decisionmakers understand the benefits of such practices and to help tailor those practices to the political and administrative conditions of each state.



Improvements to Interstate Enforcement

One-third of child support enforcement cases require interstate collection. No state can succeed alone on interstate cases; for these cases, a single national process is needed. The Uniform Interstate Family Support Act (UIFSA) establishes such a national process by requiring states to provide uniform rules for the jurisdiction of child support orders. UIFSA is a model law developed by the National Conference of Commissioners on Uniform State Laws.

UIFSA would establish the principle that there should be one controlling support order rather than the current system of multiple support orders governing these same parents and child. Under UIFSA, the state that is responsible for enforcement could take action immediately. Presently, a new order must be established every time the noncustodial parent moves to a new state or even sometimes to a new county.

UIFSA would also facilitate paternity establishment by allowing the state of the petitioner to order the parties to submit to genetic testing as a substitute for a requirement of the responding courts that an out-of-state petitioner appear physically and participate in a hearing.

According to the American Bar Association (ABA), six states have adopted UIFSA. They are: Arizona, Arkansas, Colorado, Montana, Texas and Washington.

\*\*\*\*\*

Three options to implement UIFSA are listed below. These options are offered for discussion by the planning group. The outcome of the planning group discussion will determine which options will be proposed to the principals.

- 1) The federal government will provide technical assistance to all states to assist them in a review of their statutes to determine the impact of UIFSA, to assist in drafting the necessary changes in current statutes, to allow for incorporation of UIFSA into their state statutes and to help states resolve policy conflicts which may arise.

Makes federal resources available to resolve the complex and varied technical problems which may be unanticipated by a federal mandate. Could result in an extremely slow process which does not improve child support collections significantly.

\*\*\*\*\*



2) The federal government will provide the assistance described in Option 1 and after three years will conduct a review of the extent and success of implementation to determine whether implementation is proceeding at a pace that is achieving an acceptable increase in collection of child support.

Similar to Option 1 but would disclose in three years whether implementation is improving child support collections at an acceptable rate. If so, the process could be allowed to continue as is; if not, some changes may be considered, including a possible federal mandate to adopt UIFSA.

\*\*\*\*\*

3) The federal government will provide the assistance described in Options 1 and 2 and offer financial incentives to those states which adopt UIFSA within three years. After three years all states would be required to adopt UIFSA or face an appropriate sanction.

Offers technical assistance and additional federal resources for UIFSA adoption and implementation as in Options 1 and 2 but imposes a federal mandate to adopt UIFSA three years after enactment.

\*\*\*\*\*

#### Continuing Experimentation

Authorize full federal funding for child support assurance demonstrations.

#### Assistance to Non-custodial Parents

Examine eligibility for job training and other services designed to improve earning capacity.

Consider elimination of disincentives to marriage, particularly for teenage parents.

In addition, we as national organizations would urge states to continue to evaluate and implement the broad range of establishment and enforcement tools now in operation across the nation.