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**PRESIDENT CLINTON'S BUDGET PROPOSALS IN
THE HUMAN RESOURCES AREA**

Y 4. W 36:103-6

President Clinton's Budget Proposal...

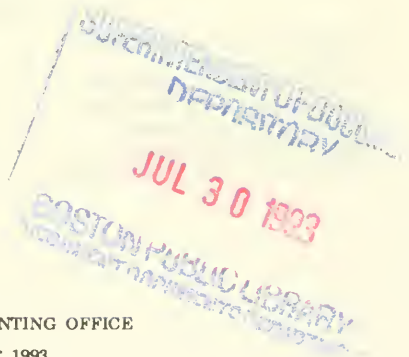
HEARING
BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES
OF THE
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRD CONGRESS

FIRST SESSION

MARCH 18, 1993

Serial 103-6

Printed for the use of the Committee on Ways and Means



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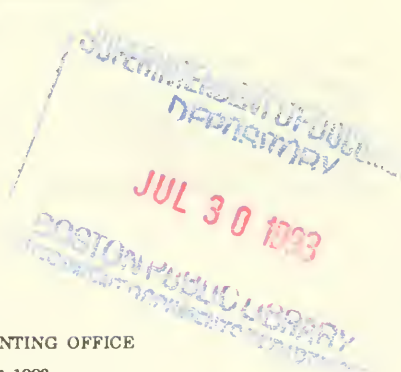
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PRESIDENT CLINTON'S BUDGET PROPOSALS IN THE HUMAN RESOURCES AREA

THURSDAY, MARCH 18, 1993

**HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HUMAN RESOURCES,
COMMITTEE ON WAYS AND MEANS,
*Washington, D.C.***

The subcommittee met, pursuant to call, at 10:05 a.m., in room B-318, Rayburn House Office Building, Hon. Robert T. Matsui (acting chairman of the subcommittee) presiding.

[The press release announcing the hearing follows:]

FOR IMMEDIATE RELEASE
 MONDAY, MARCH 8, 1993

PRESS RELEASE #3
 SUBCOMMITTEE ON HUMAN RESOURCES
 COMMITTEE ON WAYS AND MEANS
 U.S. HOUSE OF REPRESENTATIVES
 1102 LONGWORTH HOUSE OFFICE BLDG.
 WASHINGTON, D.C. 20515
 TELEPHONE: (202) 225-1025

**THE HONORABLE ROBERT T. MATSUI (D., CALIF.), ACTING CHAIRMAN,
 SUBCOMMITTEE ON HUMAN RESOURCES, COMMITTEE ON WAYS AND MEANS,
 U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES A HEARING
 ON PRESIDENT CLINTON'S BUDGET PROPOSALS IN THE HUMAN RESOURCES AREA**

The Honorable Robert T. Matsui (D., Calif.), Acting Chairman, Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, today announced that the Subcommittee will hold a hearing on President Clinton's budget proposals in the human resources area (excluding unemployment compensation). The hearing will be held on Thursday, March 18, 1993, beginning at 10:00 a.m. in room B-318 Rayburn House Office Building. Testimony will be received from public witnesses.

In announcing the hearing, Mr. Matsui said: "President Clinton campaigned on an ambitious agenda in the human resources area. Not only did he promise to 'end welfare as we know it,' but he also promised to promote family support services and reform child support enforcement. I plan to work hard on the President's program, and I look forward to hearing the public's comments on his plans for the human resources area."

In "A Vision of Change for America," President Clinton proposed a total net increase in spending in the human resources area of nearly \$6.5 billion from fiscal years 1993 through 1998. About \$5.7 billion of this spending will occur as a result of the enactment on March 4, 1993, of the extension of the Emergency Unemployment Compensation (EUC) program through the end of this year. The remaining additional outlays result from a mixture of entitlement savings and spending increases.

Additional spending would be on: (a) family support services; (b) the Child Care and Development Block Grant; and (c) administrative expenses for the EUC program and the "worker profiling" proposal.

Entitlement savings would derive from three proposals: (a) a Federal fee on States for administering the State supplement to Supplemental Security Income (SSI) benefits; (b) improving child support enforcement through streamlining paternity establishment and enforcing health insurance support; and (c) reducing matching rates for certain administrative expenditures under the Aid to Families with Dependent Children (AFDC) program.

DETAILS FOR SUBMISSION OF REQUESTS TO BE HEARD:

Testimony at the hearing will be taken from public witnesses. Individuals and organizations interested in presenting oral testimony before the Subcommittee must submit their requests by telephone to Harriett Lawler, Diane Kirkland, or Karen Ponzurick [(202) 225-1721] no later than noon, Monday, March 15, 1993. The telephone request must be followed by a formal written request to Janice Mays, Chief Counsel and Staff Director, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. The Subcommittee staff will notify by telephone those scheduled to appear as soon as possible after the filing deadline. Any questions concerning a scheduled appearance should be directed to the Subcommittee [(202) 225-1025].

(more)

It is urged that persons and organizations having a common position make every effort to designate one spokesperson to represent them in order for the Subcommittee to hear as many points of view as possible. Time for oral presentations will be strictly limited with the understanding that a more detailed statement may be included in the printed record of the hearing. (See formatting requirements below.) This process will afford more time for Members to question witnesses. In addition, witnesses may be grouped as panelists with strict time limitations for each panelist.

In order to assure the most productive use of the limited amount of time available to question witnesses, all witnesses scheduled to appear are required to submit 200 copies of their prepared statements to the Subcommittee office, room B-317 Rayburn House Office Building, at least 24 hours in advance of their scheduled appearance. Failure to comply with this requirement may result in the witness being denied the opportunity to testify in person.

DETAILS FOR THE SUBMISSION OF WRITTEN COMMENTS:

Persons submitting written comments for the printed record of the hearing should submit at least six (6) copies by the close of business, Friday, April 2, 1993, to Janice Mays, Chief Counsel and Staff Director, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public, they may deliver 200 additional copies for this purpose to the Subcommittee office, room B-318 Rayburn House Office Building, on the evening before the hearing.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. Statements must contain the name and capacity in which the witness will appear or, for written comments, the name and capacity of the person submitting the statement, as well as any clients or persons, or any organization for whom the witness appears or for whom the statement is submitted.
4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and the public during the course of a public hearing may be submitted in other forms.

* * * * *

Acting Chairman MATSUI. I would like to welcome all of you to the Human Resources Subcommittee meeting on the President's budget proposals in his economic stimulus package and also the larger economic package. These hearings were requested by the chairman of the Ways and Means Committee so that the entire Ways and Means Committee would be able to hear from the public on the various provisions in the President's programs on issues and programs within the jurisdiction of our committee.

We appreciate the fact that all of you here are going to be testifying and be a part of this process. As you know, the plight of America's poor, and particularly America's children, has been getting worse and worse over the last few decades, not just in the last 10 or 12 years. It is somewhat interesting because many Americans refer to the 1950s as a time when America's children were probably the happiest in comparison to 1993.

I would go back as far as 1910 and say that children in that year were probably better off than children in 1993 even though we have had an enormous rise in our standard of living throughout the last seven or eight decades. At least children in the early part of the 1900s had a family unit, some sense of security and love.

It is interesting to me that Americans are outraged when we pick up our morning paper and see a baby in Somalia starving to death, which we all should be very, very concerned about. At the same time in our inner cities, in Watts, Los Angeles or in New York or other major cities, children die or starve and yet Americans do not view these children with the same compassion. They are the invisible people of our societies.

Children don't vote and as a result of that you and all of us who are in positions of authority have a unique responsibility. We have to make an extra effort in this country to make sure that children's interests are before all of us and certainly dealt with and met. The President's package is a major step in the direction of highlighting the needs of children, family preservation, inoculations, which is not within our subcommittee, but is an issue the Congress will be dealing with.

We have a long ways to go even after the adoption of the President's program. Throughout the 1990s it is our hope that we begin to emphasize the needs of the children who live below the poverty line in America.

Mr. Reynolds.

Mr. REYNOLDS. We do live in times when children need our help more so than in past times, especially children who live in districts like in the Chicago part of my district where there are a lot of single parents and a lot of children who don't have the kind of financial support they should have. So I am particularly interested in hearing about child enforcement laws across this country.

With that I think we can proceed.

Acting Chairman MATSUI. Thank you.

Mr. Camp.

Mr. CAMP. Thank you, Mr. Chairman. I have no opening statement, but I look forward to the testimony of our panel and commend the chairman for holding this hearing.

Acting Chairman MATSUI. For the first panel, we have three individuals: the Honorable David Travis, the Majority Leader from the

State of Wisconsin House of Representatives; from the National Association of Counties Manus O'Donnell, director of the Citizen Services of Howard County and also president of the National Association of County Human Services Administrators; and Margaret Haynes, former chair, U.S. Commission on Interstate Child Support, and director, American Bar Association, Child Support Project.

For the record, your written statements, without objection, will be entered into the record.

Because we have four panels today, we would like each witness to limit their testimony to 5 minutes.

We would like to thank all of you for appearing before the subcommittee today.

Representative Travis, would you like to begin?

STATEMENT OF HON. DAVID M. TRAVIS, ASSEMBLY MAJORITY LEADER, WISCONSIN HOUSE OF REPRESENTATIVES, NATIONAL CONFERENCE OF STATE LEGISLATURES

Mr. TRAVIS. Thank you, Mr. Chairman. It is a pleasure to be here today. I appreciate being invited.

I speak on behalf of the National Conference of State Legislatures.

Last week the leaders of the State legislatures throughout the country met with the President, and I believe we have a fairly high degree of support for the President's economic revitalization program. It focuses on deficit reduction, jobs and investment in people.

Mr. Chairman, I can't help but say as someone from the Midwest, I found it tragic when I came into Washington last night to see beneath the dome of this Capitol people sleeping in the streets and begging for money on the sidewalk. That is not something that should happen in the United States of America.

Before addressing the specifics of the President's economic recovery program, I would like to plead with you to give us at the State level relief in one area of the national policy that gives the States nothing but grief, fiscal chaos and racial animosity, AFDC. Modify it and give us a national welfare policy.

It simply traps recipients and the State wastes time nibbling around the edges with waivers that don't work and don't help people and ends up costing more money than they are worth. In Wisconsin we waste half our time arguing whether people are migrating into our State for higher welfare benefits.

In fact, some of our people are hanging around bus stations to see how many come from Chicago to collect checks in our welfare office. Now we are about to test a Rube Goldberg two-tier welfare plan that will cause more problems than it will solve.

I would like to say please give us a national plan with uniform welfare benefits. The President's budget makes a long-term investment in people and at the NCSL we are particularly pleased to see increased funding for Head Start, WIC, and SSI.

We must save the children in this country. Prevention must be up front. We try to help people, we supplement Head Start, WIC, and SSI. That is good. That is what this Nation should be doing. We are pleased to see increased funds for the child care development block grants. We are particularly pleased to learn that the

President has promised to direct some family support funds for family preservation.

However, there is concern about the proposal to lower Federal matching fund rates to 50 percent for AFDC food stamps and Medicaid. It is a cost shift to the States. Likewise, we are concerned about starting to charge user fees to the States under SSI. Most States now supplement SSI.

In Wisconsin we are providing a massive increase in SSI, but still benefits are going to have to be reduced because of court decisions. I am afraid that if we have further strain on SSI, it will end up cutting the grants to the poor people.

The National Conference of State Legislatures strongly supports the President's emphasis on strengthening child support efforts. Parents should support their kids, not the government.

In Wisconsin we have made many efforts in this regard. The Nation's legislative leaders support the President's economic recovery plan. We think AFDC is a nightmare that must be changed. It is chopping up our budgets.

We will work with you to fix the health care system, and finally, to paraphrase the Vice President, it is time for AFDC to go.

[The prepared statement follows:]

TESTIMONY BY REPRESENTATIVE DAVID M. TRAVIS
Assembly Majority Leader
State of Wisconsin

Mr. Chairman and Members of the Subcommittee on Human Resources, my name is David M. Travis and I am the Majority Leader of the Wisconsin Assembly.

It is a pleasure to meet with you and the Human Resources Subcommittee on behalf of the National Conference of State Legislatures (NCSL). As you know, NCSL represents the legislatures of the nation's 50 states, its commonwealths and territories. I am here today to comment on the human services provisions of President Clinton's economic recovery package.

Mr. Chairman, my testimony would be incomplete if I failed to congratulate you on your chairmanship of this critical subcommittee. State lawmakers have long been aware of your efforts on behalf of children at risk, particularly those vulnerable to abuse and neglect. We at NCSL look forward to working with you to fashion federal programs that will help care for children and families, that will be cost effective and workable at the state and local level.

The nation's legislative leaders including myself personally conveyed to the President last week our bipartisan support for the objectives that would be achieved with passage of this broad economic recovery plan. It achieves essential deficit reduction - our most serious domestic challenge. And, as recommended, by both the House and Senate budget resolutions, even greater savings will be achieved. The economic recovery package does not generally erode state tax bases. It includes a much-needed short-term stimulus package. And, to the extent we can determine, avoids exporting the federal deficit to the fiscally-troubled shoulders of state and local governments. Finally, and most important for this subcommittee, the package makes a sizable and necessary long-term human capital investment that should be reassuring to our constituents as well as to those of us serving in public office.

We anxiously await specifics regarding some of the proposed reductions, savings and program changes. NCSL has submitted a complete list of questions and a request for further details to OMB and relevant departments including HHS.

We applaud the President's emphasis on human capital investment. We all know children and families are in trouble and I know you confront the same constraints at the federal level that I do in the Wisconsin Assembly. We in government have a choice: we can pay for prevention up front or pay for further more costly care and services later. A bipartisan partnership is needed among all levels of government and the private sector to address the problems and needs of children.

INVESTMENTS IN HUMAN RESOURCES PROGRAMS

The President's proposal tries to do just that by providing increased funding for Head Start and WIC. NCSL is a long time supporter of full funding for both Head Start and WIC. We truly believe that these programs make a difference in children's lives and help them to become healthy and productive adults. This increased funding will bring \$40.8 million in additional Head Start funds and \$42.6 million in additional WIC funds to Wisconsin. These are certainly funds that will be well spent.

Child Care and Development Block Grant

Mr. Chairman, state lawmakers are especially pleased at the President's commitment to the Child Care Development Block Grant. NCSL was a strong supporter of the comprehensive child care legislation that became law in 1990. Increased funds for the Child Care Development Block Grant are critical to provide affordable, quality child care services. These services are certainly a critical part of our investment strategy because we can provide more services for those returning to the workforce and enhance child development through quality care.

We are hopeful that the President will reissue regulations for all of the child care programs to return the states' right to enforce quality child care standards. We would also like to see the regulations returned to this committee's original intent by allowing states more flexibility to spend block grant funds on quality and on creation of child care programs, not only on subsidies. Notably, the CCDBG regulators compel states to use 90% of the 75% discretionary funds on direct services for new slots. The remainder is to be set aside for availability, quality and administrative costs. Mr. Chairman, I urge you to work with us to have this arbitrary, non-legislative apportionment changed. This mandated regulatory formula restricts state strategies to service those populations most in need of and affected by child care provider availability and affordability. The regulations also restrict the states' ability to regulate child care. Providers who do not meet state regulatory requirements can be reimbursed with federal funds. Additionally ability to pay different rates to providers of better quality care is curtailed. This Subcommittee was a strong ally in the fight with the previous Administration to give states more flexibility in the use of these funds and to return a state's authority to regulate and enforce child care standards. We look forward to

working with you to expand child care services.

Family Preservation and Family Support

Mr. Chairman, I was prepared to begin my testimony with a plea to including funds for child welfare services for legislation championed by this subcommittee, however, I was especially pleased to learn that the President had promised to use some of the funds designated for Family Support to improve family preservation services. NCSL was a strong supporter of last year's HR 3603 and subsequently HR 11.

As you are well aware, the number of abused, neglected and abandoned children has overwhelmed our current capacity to care. While trying to respond to daily emergencies, states are struggling to protect these vulnerable children. The Family Preservation Act would provide the increased federal commitment necessary to help the states, especially Wisconsin, protect our children and strengthen families. This commitment is found not only in increased funding that is essential to provide the services needed but in an increase in federal guidance that has been lacking. In Wisconsin, we will designate an additional \$1.2 million state funds for the FY93 - FY95 biennium specifically designated for family based services.

State legislators want to fund preventive services and services to strengthen families and avoid unnecessary out-of-home placements, but we cannot do it alone. We cannot and should not tolerate the endangerment of any child, yet we do not have the funds to increase services, despite general revenue contributions that have increased over the years. The Family Preservation Act would provide the resources to enhance state efforts and provide needed reforms while retaining state flexibility.

NCSL believes that the provision of support services, including in-home family services to at-risk families is the key to reducing the number of children in the foster care system. Unfortunately, state efforts to seek cost effective alternatives to foster care have been hampered by inadequate funding, confused federal guidelines and tardiness for reimbursement to states for mandated program expenses. It has been twelve years since Congress enacted any changes in our programs for children at-risk. The time is right to reexamine our systems for children and families in crisis.

"SHARED CONTRIBUTIONS": ENTITLEMENT SAVINGS PROPOSALS

Mr. Chairman, I share the President's commitment to shared sacrifice. States are willing to contribute our share. Generally, we believe that our nation will be better off with a reduced federal deficit and we are committed to the effort to reduce the deficit. As I stated earlier, we have submitted a series of questions to OMB to learn the specifics of the President's proposals in order to assess the total impact of the entire plan on state government.

It may be necessary from our perspective to find additional revenues to fund this bold initiative and other worthwhile children's programs. NCSL would encourage you to avoid options that would transfer or mandate new costs upon the states or tap revenue sources that would further imbalance the intergovernmental fiscal system. We are prepared to work with you to ensure that your funding efforts match the serious needs that must be addressed.

Reducing the Matching Rates for AFDC, Medicaid and Food Stamps

The President's proposal to lower the federal matching rate for all administrative costs for AFDC, Food Stamps and Medicaid programs to 50 percent starting on April 1, 1994 is of great concern. The enhanced match rates have served as incentives to states for either new initiatives or as a means for the federal government to share in costly mandated activities.

Mr. Chairman, this proposal is a direct cost shift to the states. According to Federal Funds Information for States, a joint project of NCSL and National Governors' Association, the federal government matches states' administrative costs at four different matching rates according to function. The administrative costs for skilled professional medical personnel, the operation of an approved automated data system, peer review organizations, preadmission screening program, resident review activities and drug use review programs are matched at 75 percent. For family planning programs and the installation of an automated data system, the matching rate is 90 percent. The full administrative costs for immigration status verification systems (SAVE) is paid by the federal government. Fraud prevention and the purchase, operation and installation of automated data systems, are also matched at rates greater than 50 percent.

This proposal is not merely a spending reduction, Mr. Chairman. It is a policy decision and should be examined closely by the Subcommittee. In all likelihood, States will be unable to make up the difference of what amounts to more than 30 percent of total administrative

costs matched at enhanced rates. Federal law demands that states reduce fraud, collect data for federal purposes, automate records and purchase information systems that are used for improving service delivery, tracking clients, coordinating services and improving child support cooperation and collections. Administration accomplishes our policy goals; reduction in enhanced match rates will delay or conflict with accomplishing them.

State welfare commissioners believe that automation is the core of an effective welfare system. Yet, according to HHS, 20 states are still not certified for the FAMIS automation system. However, these states have been stymied by prescriptive and burdensome administrative procedures such as the current advanced planning document system (ADP). ADP should be eliminated. States cannot begin automation until the ADP is approved and, currently, will not be approved unless they use technology already approved in another state.

Additionally, many states are counting on these enhanced funds in their budgeting and planning. For states like Wisconsin who do biennial budgeting, a drop in federal commitment will be particularly problematic. The majority of states are struggling to balance their budgets and to find the funds needed to run federally mandated programs. We have had to cut state social services programs to pay for federally mandated programs. The policy repercussions of reducing the federal commitment to running these programs include a decrease in program quality and effectiveness. For example, if enhanced funds for fraud are reduced, program initiatives will be downsized and not be administered at the same level. If these reductions are enacted, we will return to this subcommittee and others to ask for removal, relaxation and time extensions of relevant mandates.

Improving Child Support Enforcement

NCSL strongly supports the President's emphasis on strengthening child support enforcement efforts. NCSL believes that enforcing parental support obligations is an income security program for our nation's families. NCSL considers enactment of child support legislation one of its top federal priorities. However, we are unsure how the savings figures have been computed and would like to learn more about the details of the policy initiatives that are mentioned in A Vision for Change for America.

Child support policy currently involves many actors at the federal state and local levels. As we move to streamline paternity establishment, improve collections and enhance our ability to collect medical support, NCSL believes that attention to the details of intergovernmental processes and of state court procedures is critical to successful policymaking. Coordination of between agencies, courts and state and federal lawmakers is essential to improve the effectiveness of the child support program and will make sure that the programs developed are fair, equitable and swift.

The federal government should concentrate on changes in federal law that will remove barriers. An enhanced federal role in requiring cooperation from the insurance industry in providing medical coverage of children regardless of the residence or marital status of their parents is desirable. Amendment of the W-4 form for reporting exemptions could expedite location of child support obligors and improve accuracy of deductions required by child support orders. State courts should retain power and discretion over establishing and modifying child support orders.

State legislators understand that problems of interstate collection can be exacerbated by jurisdictional disputes and barriers in federal and state law. NCSL has been encouraging states to examine and act promptly on the Uniform Interstate Family Support act. The creation of the Uniform Act is indicative of the deep concern states have in this issue, and mandating enactment at the federal level is not only an unwarranted intrusion into the state legislative process, but undercuts a good faith effort to overcome deficiencies.

Federal efforts should first be directed to helping states do a better job. In part, this should include attempts to improve cooperation between IV-D agencies, state revenue agencies, and the state courts. Federal dollars should be used to create incentives to develop innovations, to replicate successes, and to provide improved training. Incentives should be structured in a manner that is supportive of and not coercive to states. Voluntary establishment of paternity, particularly at hospitals, is an example of innovation at the state level.

NCSL looks forward to working with subcommittee's to improve our nation's child support enforcement effort. We would be happy to further discuss these issues when the subcommittee holds hearings later this year.

Charging a Fee for the Administration of Supplemental Security Income

Mr. Chairman, we are concerned about the Administration's proposal to charge states a user fee for administering state supplemental SSI benefits. All but nine states supplement

SSI benefits with state benefits. Seventeen states and the District of Columbia have contracted with the Social Security Administration for this purpose. Wisconsin contracts with the federal government to deliver our state SSI supplement. Our supplement is one of the five most generous in the country. This proposal will cost these states and save the federal government \$520 million over four years. States that have elected to have the federal government administer their supplement should not be penalized. Mr. Chairman, your home state of California is particularly concerned about this transfer of costs from the federal government. These states will probably choose to either administer the program themselves or reduce or freeze their SSI supplement payment in order to pay for these optional costs.

In Wisconsin, a user fee will prompt a reexamination of our ability to participate at our current level. The Governor has already recommended that our budget reduce our SSI state supplement as a cost containment measure. Our caseload has increased dramatically to 94,000 SSI cases, particularly as a result of the Zebley decision. We are already adding \$52 million to an \$102 million budget for the FY93 - FY95 biennial budget to account for current and retroactive payments for children certified for SSI under the Zebley decision. An additional user fee will certainly lead to a freeze or reduction in our state supplements. As you are well aware, federal SSI payments alone are insufficient to raise the incomes of recipients to the poverty line. The Congressional Budget Office has acknowledged that state supplements fill the gap. States like ours chose to add additional funds to the federal program, we should not be penalized for federal administration.

On behalf of the National Conference of State Legislatures, I thank you for this opportunity to share our comments and for your consideration of our concerns. We appreciate the urgency with which you have approached child welfare reform. Unless we work together to redirect our system toward family based services, it is clear that a generation of children soon will be growing up in out-of-home placement. We should not allow this to happen. We cannot afford it fiscally and our nation's children's lives are at stake. I would be happy to respond to any questions.

Acting Chairman MATSUI. Thank you. We appreciate your testimony and your thoughtful comments.

Mr. O'Donnell.

STATEMENT OF MANUS O'DONNELL, DIRECTOR OF CITIZEN SERVICES, HOWARD COUNTY, MD., AND PRESIDENT, NATIONAL ASSOCIATION OF COUNTY HUMAN SERVICES ADMINISTRATORS ON BEHALF OF NATIONAL ASSOCIATION OF COUNTIES

Mr. O'DONNELL. Good morning. I am the director of Citizen Services for Howard County Maryland and president of the National Association of County Human Services Administrators, an affiliate of the National Association of Counties. Thank you for giving me the opportunity to come before you this morning to express the views of the Nation's counties on the human service proposals put forward in President Clinton's stimulus and investment packages.

Before I go into our analysis of President Clinton's plan, I think that it might be helpful to provide some background on the role counties are currently playing in the area of human services.

In the vast majority of States, counties administer and/or contribute to the cost of those human services known collectively as "welfare." These services include AFDC, the JOBS program, child welfare, adoption assistance, and child support enforcement, to name a few. Public welfare services were the largest single expenditure for counties nationwide in fiscal year 1989-90, consuming 14.4 percent of all county-generated revenues totalling about \$18 billion.

For example, counties contribute to AFDC benefits in 11 States. The number of children receiving AFDC benefits in these States account for over 40 percent of the children receiving AFDC nationally. An additional seven States have counties contributing to the administrative costs of AFDC. When these States are added, county governments, nationwide make a financial contribution for nearly 50 percent of the Nation's AFDC case load.

It is our interest and investment in human services which causes us to enthusiastically endorse Mr. Clinton's stimulus proposals in the area of human services. Additionally, NACO has long supported deficit reduction. We are pleased with what we believe to be an earnest attempt by President Clinton to reduce the Federal deficit. However, NACO believes that real deficit reduction will require real controls on the large and growing cost of entitlements, particularly the health care entitlements. We, therefore, eagerly await a comprehensive health care reform package.

Mr. Clinton's stimulus and investment proposals are heartening. They are a marked shift away from consumption spending and toward along overdue investment in human capital.

Specifically, NACO fully supports the President's proposals on: Family support services; increased funding for the child care and development block grant; increased funding for child support enforcement; and an expansion of the EITC.

However, nothing is perfect and there are two areas about which NACO is concerned.

One, while we applaud Mr. Clinton's stated goal of "ending welfare as we know it" through education and training for AFDC re-

cipients, we are concerned that there is no funding set aside for these activities in either the stimulus or investment packages. And two, we strongly oppose the proposal to reduce the Federal matching rates to 50 percent for all administrative activities associated with Medicaid, AFDC, and food stamps.

Family support services. While we anxiously await more details on this and other proposals contained in "A Vision of Change in America," we believe that the general concept is a worthy one. Study after study has shown that the sooner low income children receive support services the less likely they are to encounter trouble later in their lives. Moreover, early childhood research indicates that the truly successful programs are those with meaningful parent involvement component.

We hope that the final proposal provides the flexibility needed to establish innovative approaches keyed to the needs of individual communities.

We also recommend funding incentives for collaboration between the various local partners—public health, human services, education and community-based organizations—required to develop comprehensive, effective services.

We are pleased that President Clinton has instructed Secretary Shalala to draft an initiative combining family support, family preservation services, and substance abuse prevention and treatment. Mr. Chairman, we believe that this along with your continued leadership and that of other members of the Ways and Means Committee, plus the efforts of Senators Rockefeller and Bond, can provide the basis for the enactment of long overdue and critically needed family preservation legislation.

Regarding increased funding for the child care and development block grant, NACO was part of the original coalition which worked for the enactment of this significant legislation. While it was—and is—a significant first step toward a national child care policy, we still have a long way to go. While modest, the proposed \$250 million in annual increases are badly needed. In fact, if we are successful in moving an ever-increasing number of families off of the welfare rolls, and consequently out of eligibility for IV-A funded child care, more funding will be needed for CCDBG, as the full cost of child care will remain above what many low income working families will be able to afford.

Regarding increased funding for child support enforcement, the IV-D program, to one degree or another is the responsibility of county government in seven States. Again, we are eager to see more details on the President's proposal, but given what information is currently available, we are very supportive of his intentions. Lack of support payments by noncustodial parents is one of the major factors contributing to our disgraceful child poverty rates, and thus to our AFDC case load. We hope that proposals to increase the number of children receiving child support payments are developed in tandem with an overall welfare reform proposal, rather than in isolation.

We hope that in his proposal to streamline paternity establishment the President is considering including funding for the public hospitals—many of which are county funded—which will be integral to increasing paternity establishment.

Expansion of the earned income tax credit: NACO has had a long-standing policy of support for the creation and expansion of the earned income tax credit. This support was reiterated at our February 27 board meeting at which a resolution calling for the expansion of the credit was passed.

Our strong support, for the EITC stems from our belief that if society expects individuals to seek and keep jobs society has an obligation to ensure that full time employment provides enough income to protect families from poverty. The EITC is one of the most effective mechanisms for doing this. Therefore, we wholeheartedly support Mr. Clinton's expansion proposal.

Over and over again, while on the campaign trail, candidate Clinton stated his strong commitment "ending welfare as we know it." President Clinton reaffirmed this commitment in late January. While the White House has yet to develop a proposal, it is widely understood that the President intends to increase the resources available to educate and train AFDC recipients to better prepare them for the work force. NACO has a long-held policy in support of such an approach. We hope that funds for welfare reform will be made available in the final budget package.

We are greatly distressed about President Clinton's proposal to cap all administrative cost for AFDC, food stamps, and Medicare at 50 percent. Estimates are that this measure will save the Federal Government almost \$2 billion between 1994 and 1997. But "savings" are only slight of hand and cost shifting.

We reject the kind of simple capping measures represented by this proposal. They are not true cost controls. Rather, they are simply cost shifts.

State and local governments already strapped for funds would have to cut benefits or cut other vital programs.

Finally, while we oppose the administrative cost cap, and are disappointed that the President has not included funds for welfare reform in his proposal, we are encouraged by the approach the President has taken on human services in these packages. We are pleased to know that the President understands the importance of investing in America's citizens.

Thank you.

[The prepared statement follows:]

TESTIMONY OF MANUS O'DONNELL
Director of Citizen Services
Howard County, Maryland

GOOD MORNING. CHAIRMAN MATSUI AND MEMBERS OF THE SUBCOMMITTEE, MY NAME IS MANUS O'DONNELL, I AM DIRECTOR OF CITIZEN SERVICES FOR HOWARD COUNTY, MARYLAND AND PRESIDENT OF THE NATIONAL ASSOCIATION OF COUNTY HUMAN SERVICES ADMINISTRATORS, AN AFFILIATE OF THE NATIONAL ASSOCIATION OF COUNTIES (NACO)*. THANK YOU FOR GIVING ME THE OPPORTUNITY TO COME BEFORE YOU THIS MORNING TO EXPRESS THE VIEWS OF THE NATION'S COUNTIES ON THE HUMAN SERVICE PROPOSALS PUT FORWARD IN PRESIDENT CLINTON STIMULUS AND INVESTMENT PACKAGES.

BEFORE I GO INTO OUR ANALYSIS OF PRESIDENT CLINTON'S PLAN, I THINK THAT IT MIGHT BE HELPFUL TO PROVIDE SOME BACK GROUND ON THE ROLE COUNTIES ARE CURRENTLY PLAYING IN THE AREA OF HUMAN SERVICES.

IN THE VAST MAJORITY OF STATES, COUNTIES ADMINISTER AND/OR CONTRIBUTE TO THE COST OF THOSE HUMAN SERVICES KNOWN COLLECTIVELY AS "WELFARE". THESE SERVICES INCLUDE AFDC, THE JOBS PROGRAM, CHILD WELFARE, ADOPTION ASSISTANCE, & CHILD SUPPORT ENFORCEMENT, TO NAME A FEW. PUBLIC WELFARE SERVICES WERE THE LARGEST SINGLE EXPENDITURE FOR COUNTIES NATIONWIDE IN FY 1989-90 CONSUMING 14.4% OF ALL COUNTY GENERATED REVENUES TOTALLING ABOUT \$18 BILLION.

FOR EXAMPLE, COUNTIES CONTRIBUTE TO AFDC BENEFITS IN 11 STATES -- CALIFORNIA, COLORADO, INDIANA, MINNESOTA, MONTANA, NEW JERSEY, NEW YORK, NORTH CAROLINA, NORTH DAKOTA, OHIO AND WISCONSIN. THE NUMBER OF CHILDREN RECEIVING AFDC BENEFITS IN THESE STATES ACCOUNTS FOR OVER 40 PERCENT OF THE CHILDREN RECEIVING AFDC NATIONALLY. AN ADDITIONAL SEVEN STATES -- ARKANSAS, IOWA, MARYLAND, MISSISSIPPI, NEBRASKA, SOUTH DAKOTA AND VIRGINIA -- HAVE COUNTIES CONTRIBUTING TO THE ADMINISTRATIVE COSTS OF AFDC. WHEN THESE STATES ARE ADDED, COUNTY GOVERNMENTS, NATIONWIDE MAKE A FINANCIAL CONTRIBUTION FOR NEARLY 50% OF THE NATION'S AFDC CASE LOAD.

COUNTY GOVERNMENT ADMINISTERS AND FUNDS, IN PART OR IN WHOLE, GENERAL ASSISTANCE PROGRAMS IN 21 OF THE 38 STATES WHICH HAVE GENERAL ASSISTANCE PROGRAMS. AS YOU CAN SEE, COUNTY GOVERNMENT HAS A GREAT INTEREST AND INVESTMENT IN HUMAN SERVICES AND WELFARE ISSUES.

IT IS OUR INTEREST AND INVESTMENT IN HUMAN SERVICES WHICH CAUSES US TO ENTHUSIASTICALLY ENDORSE MR. CLINTON'S STIMULUS PROPOSALS IN THE AREA OF HUMAN SERVICES. ADDITIONALLY, NACO HAS LONG SUPPORTED DEFICIT REDUCTION. WE ARE PLEASED WITH WHAT WE BELIEVE TO BE AN EARNEST ATTEMPT BY PRESIDENT CLINTON TO REDUCE THE FEDERAL DEFICIT. HOWEVER, NACO, BELIEVES THAT REAL DEFICIT REDUCTION WILL REQUIRE REAL CONTROLS ON THE LARGE AND GROWING COST OF ENTITLEMENTS, PARTICULARLY THE HEALTH CARE ENTITLEMENTS. WE THEREFORE EAGERLY AWAIT A COMPREHENSIVE HEALTH CARE REFORM PACKAGE.

MR. CLINTON'S STIMULUS AND INVESTMENT PROPOSALS ARE HEARTENING. THEY ARE A MARKED SHIFT AWAY FROM CONSUMPTION SPENDING AND TOWARD A LONG OVERDUE INVESTMENT IN HUMAN CAPITAL. SPECIFICALLY, NACO FULLY SUPPORTS THE PRESIDENT'S PROPOSALS

ON:

- FAMILY SUPPORT SERVICES;
- INCREASED FUNDING FOR THE CHILD CARE AND DEVELOPMENT BLOCK GRANT;
- INCREASED FUNDING FOR CHILD SUPPORT ENFORCEMENT; AND
- AN EXPANSION OF THE EITC.

* The National Association of Counties is the only national organization representing county government in the United States. Through its membership, urban, suburban and rural counties join together to build effective, responsive county government. The goals of the organization are to: improve county government; serve as the national spokesman for county government; serve as a liaison between the nation's counties and other levels of government; achieve public understanding of the role of counties in the federal system.

HOWEVER, NOTHING IS PERFECT AND THERE ARE TWO AREAS ABOUT WHICH NACo IS CONCERNED.

1. WHILE WE APPLAUD MR. CLINTON'S STATED GOAL OF "ENDING WELFARE AS WE KNOW IT" THROUGH EDUCATION AND TRAINING FOR AFDC RECIPIENTS, WE ARE CONCERNED THAT THERE IS NO FUNDING SET ASIDE FOR THESE ACTIVITIES IN EITHER THE STIMULUS OR INVESTMENT PACKAGES.
2. WE STRONGLY OPPOSE THE PROPOSAL TO REDUCE THE FEDERAL MATCHING RATES TO 50% FOR ALL ADMINISTRATIVE ACTIVITIES ASSOCIATED WITH MEDICAID, AFDC, AND FOOD STAMPS.

FAMILY SUPPORT SERVICES

WHILE, WE ANXIOUSLY AWAIT MORE DETAILS ON THIS AND OTHER PROPOSALS CONTAINED IN "A VISION FOR CHANGE IN AMERICA," WE BELIEVE THAT THE GENERAL CONCEPT IS A WORTHY ONE. STUDY AFTER STUDY HAS SHOWN THAT THE SOONER LOW INCOME CHILDREN RECEIVE SUPPORT SERVICES THE LESS LIKELY THEY ARE TO ENCOUNTER TROUBLE LATER IN THEIR LIVES. MOREOVER, EARLY CHILDHOOD RESEARCH INDICATES THAT THE TRULY SUCCESSFUL PROGRAMS ARE THOSE WITH MEANINGFUL PARENT INVOLVEMENT COMPONENT. AT NACo'S FEBRUARY 27TH BOARD MEETING WE PASSED A RESOLUTION SUPPORTING "PARENTS AS TEACHERS PROGRAMS" (A COPY OF THE RESOLUTION IS ATTACHED).

WE HOPE THAT THE FINAL PROPOSAL PROVIDES THE FLEXIBILITY NEEDED TO ESTABLISH INNOVATIVE APPROACHES KEYED TO THE NEEDS OF INDIVIDUAL COMMUNITIES.

WE ALSO RECOMMEND FUNDING INCENTIVES FOR COLLABORATION BETWEEN THE VARIOUS LOCAL PARTNERS -- PUBLIC HEALTH, HUMAN SERVICES, EDUCATION AND COMMUNITY BASED ORGANIZATIONS -- REQUIRED TO DEVELOP COMPREHENSIVE, EFFECTIVE SERVICES.

WE ARE PLEASED THAT PRESIDENT CLINTON HAS INSTRUCTED SECRETARY SHALALA TO DRAFT AN INITIATIVE COMBINING FAMILY SUPPORT AND FAMILY PRESERVATION SERVICES. MR. CHAIRMAN, WE BELIEVE THAT THIS ALONG WITH YOUR CONTINUED LEADERSHIP AND THAT OF OTHER MEMBERS OF THE WAYS AND MEANS COMMITTEE, PLUS THE EFFORTS OF SENATORS ROCKEFELLER AND BOND, CAN PROVIDE THE BASIS FOR THE ENACTMENT OF LONG OVER DUE AND CRITICALLY NEEDED FAMILY PRESERVATION LEGISLATION. FAMILY PRESERVATION HAS LONG BEEN A PRIORITY FOR NACo AND WE REMAIN WILLING TO WORK FOR ITS PASSAGE AND FUNDING IN THIS SESSION OF CONGRESS.

INCREASED FUNDING FOR THE CHILD CARE AND DEVELOPMENT BLOCK GRANT

NACo WAS PART OF THE ORIGINAL COALITION WHICH WORKED FOR THE ENACTMENT OF THIS SIGNIFICANT LEGISLATION. WHILE IT WAS -- AND IS -- A SIGNIFICANT FIRST STEP TOWARD A NATIONAL CHILD CARE POLICY, WE STILL HAVE A LONG WAY TO GO. WHILE MODEST, THE PROPOSED \$250 MILLION IN ANNUAL INCREASES, ARE BADLY NEEDED. IN FACT, IF WE ARE SUCCESSFUL IN MOVING AN EVER INCREASING NUMBER OF FAMILIES OFF OF THE WELFARE ROLLS, AND CONSEQUENTLY OUT OF ELIGIBILITY FOR IV-A FUNDED CHILD CARE, MORE FUNDING WILL BE NEEDED FOR CCDBG, AS THE FULL COST OF CHILD CARE WILL REMAIN ABOVE WHAT MANY LOW INCOME WORKING FAMILIES WILL BE ABLE TO AFFORD.

INCREASED FUNDING FOR CHILD SUPPORT ENFORCEMENT

THE VI-D PROGRAM, TO ONE DEGREE OR ANOTHER IS THE RESPONSIBILITY OF COUNTY GOVERNMENT IN CALIFORNIA, INDIANA, MARYLAND, MINNESOTA, NEW JERSEY, NORTH CAROLINA, AND OHIO. AGAIN, WE ARE EAGER TO SEE MORE DETAILS ON THE PRESIDENT'S PROPOSAL, BUT GIVEN WHAT INFORMATION IS CURRENTLY AVAILABLE WE ARE VERY SUPPORTIVE OF HIS INTENTIONS. LACK OF SUPPORT PAYMENTS BY NON-CUSTODIAL PARENTS IS ONE OF THE MAJOR FACTORS CONTRIBUTING TO OUR DISGRACEFUL CHILD POVERTY RATES, AND THUS TO OUR AFDC CASE LOAD. WE HOPE THAT PROPOSALS TO INCREASE THE NUMBER OF CHILDREN RECEIVING CHILD SUPPORT PAYMENTS ARE DEVELOPED IN TANDUM WITH AN OVERALL WELFARE REFORM PROPOSAL, RATHER THAN IN ISOLATION.

WE HOPE THAT IN HIS PROPOSAL TO "STREAM LINE" PATERNITY ESTABLISHMENT, THE PRESIDENT IS CONSIDERING INCLUDING FUNDING FOR THE PUBLIC HOSPITALS -- MANY OF WHICH ARE COUNTY FUNDED -- WHICH WILL BE INTEGRAL TO INCREASING PATERNITY ESTABLISHMENT.

EXPANSION OF THE EARNED INCOME TAX CREDIT

NACo HAS HAD A LONG STANDING POLICY OF SUPPORT FOR THE CREATION AND EXPANSION OF THE EARNED INCOME TAX CREDIT. THIS SUPPORT WAS REITERATED AT OUR FEBRUARY 27TH BOARD MEETING AT WHICH A RESOLUTION CALLING FOR THE EXPANSION OF THE CREDIT WAS PASSED. (A COPY OF THAT RESOLUTION IS ATTACHED TO MY TESTIMONY.) OUR STRONG SUPPORT, FOR THE EITC STEMS FROM OUR BELIEF THAT IF SOCIETY EXPECTS INDIVIDUALS TO SEEK AND KEEP JOBS, SOCIETY HAS AN OBLIGATION TO ENSURE THAT FULL TIME EMPLOYMENT PROVIDES ENOUGH INCOME TO PROTECT FAMILIES FROM POVERTY. THE EITC IS ONE OF THE MOST EFFECTIVE MECHANISMS FOR DOING THIS. THEREFORE WE WHOLEHEARTEDLY SUPPORT MR. CLINTON'S EXPANSION PROPOSAL.

DESPITE OUR STRONG SUPPORT FOR THE FAMILY SUPPORT, CHILD CARE, EITC, AND CHILD SUPPORT PROVISIONS OF MR. CLINTON'S PROPOSAL, WE DO HAVE SOME RESERVATIONS. WE ARE CONCERNED THAT NEITHER THE STIMULUS PACKAGE NOR THE INVESTMENT PACKAGE CONTAIN FUNDS FOR WELFARE REFORM. ADDITIONALLY, WE STRONGLY OPPOSE THE PROPOSAL TO CAP THE MATCHING RATES AT 50% FOR ALL ADMINISTRATIVE COSTS ASSOCIATED WITH AFDC, FOOD STAMPS, AND MEDICARE.

OVER AND OVER AGAIN WHILE ON THE CAMPAIGN TRAIL, CANDIDATE CLINTON STATED HIS STRONG COMMITMENT "ENDING WELFARE AS WE KNOW IT." PRESIDENT CLINTON REAFFIRMED THIS COMMITMENT IN LATE JANUARY. WHILE THE WHITE HOUSE HAS YET TO DEVELOP A PROPOSAL, IT IS WIDELY UNDERSTOOD THAT THE PRESIDENT INTENDS TO INCREASE THE RESOURCES AVAILABLE TO EDUCATE AND TRAIN AFDC RECIPIENTS TO BETTER PREPARE THEM FOR THE WORK FORCE. NACo HAS A LONG HELD POLICY IN SUPPORT OF SUCH AN APPROACH. IN DEVELOPING THIS POLICY WE WERE, AND CONTINUE TO BE, COGNIZANT OF THE FACT THAT PREPARING LOW-INCOME PEOPLE TO GET AND KEEP THE KIND OF JOBS THEY NEED TO ACHIEVE AND MAINTAIN ECONOMIC SELF SUFFICIENCY REQUIRES A SUBSTANTIAL INVESTMENT IN COMPREHENSIVE LONG-TERM SERVICES, INCLUDING: EDUCATION, EMPLOYMENT TRAINING, AND SUPPORT SERVICES LIKE CHILD CARE, TRANSPORTATION, HEALTH, AND HOUSING. TRUE AND MEANINGFUL WELFARE REFORM CAN'T BE DONE CHEAP. WE ARE THEREFORE CONCERNED THAT FUNDING FOR THESE SERVICES IS NOT RECOMMENDED IN EITHER THE STIMULUS OR INVESTMENT PACKAGES. WE HOPE THAT FUNDS FOR THE WELFARE REFORM WILL BE MADE AVAILABLE IN THE PRESIDENT'S FINAL BUDGET PACKAGE.

WE ARE GREATLY DISTRESSED ABOUT PRESIDENT CLINTON'S PROPOSAL TO CAP ALL ADMINISTRATIVE COST FOR AFDC, FOOD STAMPS, AND MEDICARE AT 50%. ESTIMATES ARE THAT THIS MEASURE WILL SAVE THE FEDERAL GOVERNMENT ALMOST \$2 BILLION BETWEEN 1994 AND 1997. BUT "SAVINGS" ARE ONLY SLIGHT OF HAND AND COST SHIFTING. ONE OF TWO THINGS WILL HAPPEN. STATE AND LOCAL GOVERNMENTS, ALREADY STRAPPED FOR FUNDS WILL HAVE TO CARRY THESE COSTS. THEY WILL IN TURN CUT BENEFITS OR CUT FUNDS FOR OTHER VITAL PROGRAMS. ALTERNATIVELY, THE ACTIVITIES FUNDED BY HIGHER MATCHES, INCLUDING AUTOMATION AND OTHER STEPS TO UPGRADE THE LEVEL OF SERVICES TO CLIENTS, WILL BE DISCONTINUED. THIS WILL REDUCE THE QUALITY OF SERVICES, REDUCE PROGRAM EFFICIENCY, AND INCREASE ERROR RATES. WHILE NACo IS COMMITTED TO WORKING WITH MEMBERS OF THIS, AND OTHER CONGRESSIONAL COMMITTEES, AND WITH THE ADMINISTRATION, TO CONTROL AND REDUCE THE EVER GROWING COST OF ENTITLEMENT AND OTHER MANDATORY SPENDING PROGRAMS, WE REJECT THE KIND OF SIMPLE CAPPING MEASURES REPRESENTED BY THIS PROPOSAL. THEY ARE NOT TRUE COST CONTROLS. RATHER, THEY ARE SIMPLE COST SHIFTS. WE FERVENTLY HOPE THT THIS DOES NOT FORESHADOW THE ADMINISTRATION'S STRATEGY FOR REDUCING ENTITLEMENT COSTS.

FINALLY, WHILE WE OPPOSE THE ADMINISTRATIVE COST CAP, AND ARE DISAPPOINTED THAT THE PRESIDENT HAS NOT INCLUDED FUNDS FOR WELFARE REFORM OR FAMILY PRESERVATION IN HIS PROPOSAL, ON BALANCE WE ARE ENCOURAGED BY THE APPROACH THE PRESIDENT HAS TAKEN ON HUMAN SERVICES IN THESE PACKAGES. WE ARE PLEASED TO KNOW THAT THE PRESIDENT UNDERSTANDS THE IMPORTANCE OF INVESTING IN AMERICA'S CITIZENS. THANK YOU. NOW I'LL ANSWER ANY QUESTIONS YOU MIGHT HAVE.

**HUMAN SERVICES AND EDUCATION
STEERING COMMITTEE
RESOLUTION ON PARENTS AS TEACHERS**

WHEREAS, NACo has long recognized the need for early childhood intervention and education programs such as Headstart; and

WHEREAS, more recent progress in child development programs has demonstrated the importance of still earlier work between parent and child; and

WHEREAS, programs such as Parents as Teachers and others begin training children from birth; and

WHEREAS, numerous advantages have been realized from these early programs such as early detection of health and learning problems, higher educational achievement, and greater success in later life; and

WHEREAS, participants record outstanding developmental progress; parents have greater involvement and participation in later school programs, and community crime rates fall; and

THEREFORE, BE IT RESOLVED, that the National Association of Counties hereby endorses federal initiatives which support the development of such voluntary early childhood/parent educational programs; and

BE IT FURTHER RESOLVED, NACo supports entitlement grants and payments to the states to establish such services on a local level.

Adopted by Human Services and Education
Steering Committee
(unanimous)
February 27, 1993

Adopted by NACo Board of Directors
February 28, 1993

**HUMAN SERVICES AND EDUCATION
STEERING COMMITTEE
RESOLUTION IN SUPPORT OF THE EXPANSION
OF THE EARNED INCOME TAX CREDIT**

WHEREAS, the National Association of Counties has a long-standing policy of promoting economic-sufficiency through employment; and

WHEREAS, a worker who works full-time/full-year at a minimum wage job does not earn sufficient income to keep a family of three out of poverty; and

WHEREAS, we believe that full-time workers should be able to earn enough income to keep their families out of poverty; now:

THEREFORE BE IT RESOLVED, that the National Association of Counties supports an expansion of the earned income tax credit (EITC).

Adopted by Human Services and Education
Steering Committee
(unanimous)
February 27, 1993

Adopted by NACo Board of Directors
February 28, 1993

Acting Chairman MATSUI. Thank you. Miss Haynes.

STATEMENT OF MARGARET CAMPBELL HAYNES, FORMER CHAIR, U.S. COMMISSION ON INTERSTATE CHILD SUPPORT, AMERICAN BAR ASSOCIATION, CENTER ON CHILDREN AND THE LAW

Ms. HAYNES. Good morning, Mr. Chairman, and other members of the subcommittee.

My name is Margaret Campbell Haynes. As former chair of the U.S. Commission on Interstate Child Support, I appreciate this opportunity to testify on President Clinton's budget proposals.

As you know, Congress created the Commission to recommend improvements to the interstate establishment and enforcement of child support orders. Last year this subcommittee graciously provided the Commission a forum for presenting our report to Congress.

This morning I would like to focus on two areas which the Commission identified as crucial to any reform of the child support system—streamlined parentage establishment and enforcement of health care support.

Despite the subcommittee's past legislative efforts, we still have a long way to go to improve the paternity establishment rate. President Clinton's proposal speaks of the need to streamline parentage establishment and the Commission agrees with the need to make parentage establishment as nonadversarial as possible.

I would like to highlight some of our most important recommendations. Currently States are required to have expedited processes for child support establishment and enforcement, but paternity establishment is exempted. I believe that Congress should require States to include paternity establishment within the expedited process requirements.

In meeting the current expedited process requirements most States have adopted either quasi-judicial or judicial processes, and 17 States use an administrative process within the executive agency. There is no data to show that a particular type of legal process is any better than another system, but there is information about the best practices in the States and the Commission recommends that Congress mandate these practices, which can be incorporated into any type of legal process.

For example, there has been a lot of attention recently on parentage outreach at hospitals. Fathers are more likely to acknowledge parentage shortly after birth than years later when there is no longer communication with the mother. In a pilot program, the State of Washington discovered that it was able to obtain hospital parentage acknowledgment in 40 percent of its nonmarital births. The Commission strongly supports these hospital parentage outreach programs.

In addition to parentage acknowledgment in hospitals, the Commission recommends that Congress require States to provide civil voluntary acknowledgment procedures at any time before the child's 18th birthday, and in order to encourage that we think it is important that States be required to establish a presumption of parentage based on genetic test results.

If there is no agreement and parentage is contested, it is important that States have the tools to facilitate the hearing process. These include the ability to enter an order for temporary support, elimination of unnecessary hurdles regarding introduction of evidence, and mandated passage of what is called the Uniform Interstate Family Support Act.

Finally, the Commission recommends that State child support agencies target special outreach to young parents, the least likely to apply for child support services.

With regard to medical support, Federal regulations require child support agencies to seek medical support if it is available through employers at a reasonable cost. Despite this law, the Census Bureau found that 60 percent of support orders lacked provisions regarding health insurance; and when health insurance is in the order, children are not guaranteed effective coverage.

The Commission heard testimony of employer-provided plans that discriminate in dependent coverage, of obligors who fail to enroll children even though ordered to do so, of insurance carriers that won't accept claims filed by custodial parents, and of obligors who pocket the reimbursement money rather than forwarding it on to the custodial parent who paid the bill.

The Commission believes that employers should be required to notify child support agencies of the availability of employer-provided insurance.

If insurance is not available through employment to either of the parents, we want to ensure that children have access to insurance, so we recommend an expansion of Medicaid and CHAMPUS. Not that the government would pick up the cost of covering these children, but to provide the opportunity for parents to pay premiums and have these children covered by a national plan.

Where insurance is available through employers, it is crucial that Congress address the ERISA preemption. I am not an ERISA expert, but I do know that ERISA preempts the State's regulation of health plans where the employer bears the risk of loss, and unfortunately ERISA doesn't fill the State's regulatory void. The result is that self-insured plans—which in 1990 nationally covered 56 percent of the country's employees—are not subject to State or Federal regulation.

The Commission urges Congress to remove the ERISA preemption so that States can regulate dependent coverage and can prohibit discrimination against children born out of wedlock or who do not reside with the employee.

We have a number of recommendations that would make it easier for the person paying the child's medical bills to deal directly with the insurance company and recommend that States authorize the payment of insurance premiums through withholding.

Finally, we believe that if Congress is going to require child support agencies to seek health care support, it has to financially recognize these efforts. We recommend that Congress revise the Federal incentive formula to include as support collections the amount of health care premiums or the benefit of the health care insurance policy.

I would like to conclude by emphasizing the need to provide States adequate resources. We can have all the legislative reforms,

automated systems, simplified procedures, but none of this will work unless we provide the people necessary to carry them out. We recommend that Congress require the Secretary of HHS to help States do staffing studies and also provide training for these people.

Thank you.

[The prepared statement follows:]

STATEMENT OF MARGARET CAMPBELL HAYNES, CHAIR

U.S. COMMISSION ON INTERSTATE CHILD SUPPORT

before

SUBCOMMITTEE ON HUMAN RESOURCES
WAYS AND MEANS COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

March 18, 1993

Good morning, Mr. Chairman, and members of the Subcommittee. Thank you for this opportunity to comment on President Clinton's A Vision of Change for America, as it relates to paternity establishment, and medical support for children. My name is Margaret Campbell Haynes. I am testifying as the former Chair of the U.S. Commission on Interstate Child Support.

Congress created the Commission in 1988 to recommend improvements to the interstate establishment and enforcement of child support orders. In focusing on the need for interstate reform, Congress recognized the hurdles a custodial parent and child face in collecting support when they live in a different state from the noncustodial parent. For example, mothers in intrastate child support cases reported receiving 70 percent of the support they expected during 1989. Yet mothers in interstate cases reported receiving only 60 percent of the support owed them in 1989; and mothers who did not know the location of the father reported receiving only 37 percent of what was expected.¹

The 15 members of the Commission represented various participants in the child support system, including three members of Congress: Senator Bill Bradley (D-NJ), Congresswoman Barbara Kennelly (D-CT), and Congresswoman Marge Roukema (R-NJ). We spent 2 1/2 years holding public hearings across the country, examining the problems and developing recommendations. In August 1992 we issued our report to Congress. Among the recommendations that we identified as crucial to any reform of the child support system are those recommendations addressing streamlined parentage establishment and enforcement of healthcare support.

I. Parentage Establishment

One out of four children in the United States is born outside of marriage. Establishment of their parentage is important for a number of reasons. It establishes the legal basis for enforceable visitation and custody rights, thereby providing needed emotional ties between parent and child. It is a prerequisite to government provided dependent's benefits and to inheritance. It allows the child to obtain a more complete medical history. And it is crucial in order to secure financial support for the child.

Congress, and in particular this committee, is to be commended for its past emphasis on parentage establishment. The Child Support Enforcement Amendments of 1984 required every state to authorize parentage establishment until a child's eighteenth birthday. The Family Support Act of 1988 required states to have laws requiring decision-makers to order genetic tests, upon request of any party, in a contested civil case. Where tests are ordered, the Act provided states 90 percent reimbursement for the costs of genetic testing. Additionally, Congress encouraged states to have voluntary acknowledgment procedures for parentage establishment. Finally, Congress required states to meet certain paternity performance measures.

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

In fiscal year 1991, state child support agencies (IV-D agencies) established parentage in 479,066 cases at a reported cost of over \$248 million.² Yet this represents only 17 percent of the cases needing parentage established.³

As President Clinton noted, there is still more that can be done to streamline parentage establishment. These reforms will cost federal and state governments little yet will result in increased support for thousands of children.

A. Nonadversarial Procedures

One of the stumbling blocks identified in testimony before the Commission was the undue emphasis in some states on adversarial procedures for parentage establishment. The Commission believes that the most productive approach to parentage establishment is through the cooperative efforts of both parents.

The Commission therefore strongly endorses paternity outreach at hospitals and prenatal clinics. Several states have already developed such programs, e.g., the State of Washington, Virginia, Michigan and Texas. Other states have pending legislation. Fathers are most likely to acknowledge parentage shortly after a child's birth than they are years later when the parents are no longer in contact. Washington state was very pleased with the results of its program: in 1991 it was able to obtain voluntary hospital parentage acknowledgments in about 40 percent of its nonmarital newborn cases.

In establishing hospital outreach programs, states need flexibility to address a number of issues, including:

- o the development of an acknowledgment form that is clear and satisfies state and federal due process
- o the development of information brochures for the public
- o identification of personnel who will obtain the voluntary parentage acknowledgment, i.e., child support case worker or hospital employee
- o whether the statute should mandate hospital compliance
- o the availability of genetic testing at the hospital if the alleged father questions his paternity
- o whether to provide for a "buyer's remorse", i.e., a time period in which the alleged father can "withdraw" his acknowledgment
- o whether hospitals should be able to obtain reimbursement of administrative costs or charge fees for obtaining parentage acknowledgments.

In addition to parentage acknowledgment at the hospital, the Commission recommends that Congress require the States to provide civil voluntary acknowledgment procedures for establishing parentage at any time before the child's eighteenth birthday. Such nonadversarial procedures would eliminate the need for a court or agency hearing where the alleged father admits parentage. Rather the court would simply ratify the signed acknowledgment, thereby giving the acknowledgment the same effect as a legal adjudication. Voluntary acknowledgment procedures for parentage establishment can exist in any type of legal system -- whether judicial, quasi-

² U.S. Dept. of Health and Human Services, Sixteenth Annual Report to Congress for the Period Ending September 30, 1991 (Washington, DC: Gov't Printing Office 1992), Tables 53, 30.

³ Id. at Tables 44, 53.

judicial, or administrative.

In order to encourage acknowledgment of parentage, the Commission recommends that Congress require the states to establish certain presumptions of parentage. For example, where birth certificates are not yet electronically generated, the father's signature on the birth certificate should create a presumption of parentage. The Commission also recommends that Congress require states to have laws establishing a threshold at which genetic test results create a presumption of parentage. With advancements in HLA and DNA testing, most contested paternity cases can be resolved through the use of parentage testing results.

B. Contested Paternity

Where parentage is contested, it is important that states have laws and procedures facilitating the hearing process. The Commission was concerned about the practice of some alleged fathers to seek continuances in parentage cases in order to delay the payment of support. The Commission believes that every state should have the ability to enter temporary support orders in parentage cases. Minnesota, for example, allows the entry of a temporary support order if the parentage test results indicate a likelihood of parentage of 92 percent or greater.⁴

It is also important that we eliminate unnecessary hurdles to the introduction of relevant evidence, especially in interstate cases. Therefore, the Commission recommends that Congress require States to have laws that provide for the introduction and admission into evidence of written, videotaped or audiotaped admissions of parentage. The Commission recommends that objections to parentage testing must be made at least 21 days prior to trial; failure to object should result in admission of the evidence without the necessity of calling a representative of the hospital, clinic or parentage lab. Such a requirement is especially important in interstate cases where the cost of transporting lab technicians can prove prohibitive. Finally, the Commission recommends that Congress require states to have laws that provide for the introduction and admission into evidence of prenatal and postnatal parentage-testing bills without the need for third party foundation testimony.

C. Interstate Cases

Paternity establishment can be especially problematic in interstate cases. In addition to the recommendations discussed above, the Commission recommends the following for interstate cases:

- o every state should be required to enact a long arm statute allowing the assertion of jurisdiction over a nonresident for purposes of parentage establishment. The Commission recommends a long arm provision based on the Uniform Parentage Act: intercourse in the state resulting in conception of the child. Such a long arm provision is contained in the new Uniform Interstate Family Support Act (UIFSA).
- o every state should be required to enact UIFSA, approved by the American Bar Association in 1993. UIFSA specifically authorizes a responding court to adjudicate parentage in a UIFSA action. It also authorizes telephone hearings in interstate cases.

D. Young Parents

Because births to unmarried teens are increasing steadily, it is urgent that states target child support services to young parents. Families created by births to unwed teens are the most likely group

⁴ Minn. Stat. Ann. § 257.62(5)(a) (West Supp. 1992).

to need Aid to Families with Dependent Children (AFDC), yet are the least likely to receive child support and paternity services.⁵ The Commission's report encourages States to provide classes to youths on sexual responsibility and parenting. We also recommend that state child support agencies develop special outreach programs for this age group. The Commission's report identifies a number of innovative programs in States that provide such outreach to young parents.

II. Healthcare Support

Children are particularly hard hit by our country's crisis in healthcare coverage. The Children's Defense Fund estimates that 25 million children of two-parent or single-parent households do not have employer-provided insurance, 18 million children do not have any form of private insurance, and over 8 million children do not have private nor public (e.g., Medicaid) insurance.⁶

Recognizing the importance of healthcare support to children, federal law requires states in IV-D cases to pursue medical support, whenever available through the obligor's employment at a reasonable cost.⁷ Despite the work of state agencies, about 60 percent of all support orders lack provisions regarding health insurance.⁸ The lack of mandated health coverage is especially prominent in interstate support cases. In 1989, 75% of custodial mothers in interstate cases reported that health insurance for children was not provided by the noncustodial father, as compared to 63% of intrastate custodial mothers.⁹

Even where insurance is obtained, the custodial parent may lack access to the coverage. The Commission heard testimony of employer-provided insurance plans that discriminate in dependency coverage; of obligors who fail to enroll their children as ordered; of insurance carriers that refuse to accept claims filed by the custodial parent on behalf of the employee's dependents; and of obligors who pocket insurance reimbursements rather than forward the money to the custodial parent.

The Commission urges federal and state governments to address the 25 million children -- 40 percent of all children -- who lack access to employer-provided health insurance. If insurance is not available to either parent at a reasonable cost, the Commission recommends that states and the federal government expand the eligibility of Medicaid and CHAMPUS to cover such children. In order to minimize government costs, governments could charge

⁵ Only 46 percent of the total number of women between 15 and 19 years old at the birth of their first child receive welfare within four years of birth. Yet 73 percent of unmarried teens receive welfare within four years. G. Adams, and K. Pittman, Teen Pregnancy: An Advocates Guide to the Numbers (Children's Defense Fund 1988), p.11. A Wisconsin study shows that only 20 percent of young unmarried mothers pursue paternity. C. Kastner, T. Nickel, M. Kobrin, M. Haynes, and J. Kotula, The Changing Face of Child Support: Incentives to Work with Young Parents (Washington, DC: U.S. Dept. of Health and Human Services 1990), pp. xvii-xviii.

⁶ Children's Defense Fund, Special Report: Children and Health Insurance (1992).

⁷ 42 U.S.C. § 652(f) (1988); 45 C.F.R. §§ 302.80, 303.30, and 303.31 (1991).

⁸ U.S. Bureau of the Census, Child Support and Alimony: 1989, Current Population Reports, Series P-60, No. 173 (Washington, DC: Gov't Printing Office 1991).

⁹ U.S. General Accounting Office, Interstate Child Support: Mothers Report Receiving Less Support from Out-of-State Fathers, HRD-92-39FS (Washington, DC: Gov't Printing Office 1992).

parents a premium for dependency coverage at a rate that would cover actual administrative and reimbursement costs.

Where insurance is available, the Commission wants to ensure that children have effective coverage. One obstacle to state efforts to enforce broad coverage is the Employee Retirement Income Security Act of 1974 (ERISA).¹⁰ ERISA primarily deals with pension plans. However, it also preempts state regulation of health insurance plans where the employer bears the risk of loss; some states report that about two-thirds of employer-provided insurance plans in their states are self-insured plans. Unfortunately, ERISA does not fill the state regulatory void. The result is that self-insured plans are subject to neither federal nor state regulation.

This preemption has been a major impediment to states seeking to address the problem of healthcare support for children. For example, the Commission received testimony that many self-insured plans refuse to provide dependency coverage unless the dependent resides with the employee. Such discrimination negatively impacts on interstate cases and nonmarital children. Yet ERISA prevents states from prohibiting discrimination by self-insured plans. The Commission recommends that Congress remove the effects of ERISA preemption of state regulation regarding healthcare coverage for children. Once that is done, states should enact laws prohibiting discrimination based on whether a child lives with the employee or was born during marriage.

The Commission's Report also contains a number of recommendations that encourages the insurance carrier to deal with the custodial parent. For example, when a parent has been ordered to provide health care coverage, state laws should require insurance carriers to accept an application for dependency coverage from the uninsured parent; to accept claim forms signed and filed by the uninsured parent on behalf of the insured employee's dependents; and to directly reimburse the parent who paid for the healthcare. The Commission recommends that employers should also facilitate health care coverage. For example, the Commission recommends that employers and unions should release to the uninsured parent or the IV-D agency information about the dependency coverage, including the name of the insurance carrier; enroll children who are beneficiaries of ordered health coverage immediately upon receipt of the tribunal's order or upon the authorization of the employee; withhold healthcare insurance premiums similar to wage withholding for support; and provide notice of any termination or change in insurance benefits affecting the employee's children.

These recommendations should make healthcare more accessible and enforceable for children of separated parents.

Congress must also support state child support agencies in their efforts to obtain and enforce healthcare support for children. Although present federal laws and regulations require child support agencies to establish and enforce healthcare support, the current federal funding formula provides states incentives only on actual cash collections related to unreimbursed healthcare expenses. The formula does not include the value of health insurance. It is crucial that the funding formula for the child support program reflect all activities required of the States. The Commission therefore recommends that Congress revise the current incentive structure to include the amount of the healthcare premium or the benefit of a healthcare insurance policy in the calculation of incentives for AFDC and nonAFDC collections.

III. Staffing and Training

Even if all of the legislative reforms are enacted, child support collections will not significantly improve unless States devote adequate resources to implement the reforms. Currently, the average caseload for a FTE child support employee is over 1000. The

¹⁰ 29 U.S.C. §§ 1001-1461 (1988).

most frequent reasons given for the inadequate number of staff assigned to this important program are the lack of staffing studies to document the appropriate number of staff and the lack of financial resources at the state level. Only six state child support offices reported to the General Accounting Office that they had established a workload standard, which estimates the number of cases a worker ought to handle. Interestingly, the median workload standard of those six offices is 425, or less than half the present caseload size reported in the same GAO study.¹¹

While there is no argument that the fiscal plight of state and local governments is serious, one must acknowledge that the child support program has generated a net \$1.7 billion for states since 1985.¹² Yet few states reinvest a significant portion of this revenue to increase child support staffing levels.

The federal government also has a responsibility for the lack of staff to process child support cases. When Congress established the child support enforcement program through Title IV-D of the Social Security Act, it required the Secretary of the U.S. Department of Health and Human Services to set minimum organizational and staffing standards for the States.¹³ Regulations implementing this law provide that the Federal Office of Child Support Enforcement (OCSE) may conduct staffing studies and require a staffing standard if the State fails an audit and the reason for the failure is lack of staff.¹⁴ While OCSE has cited many states for failure to conform to the audit criteria requiring the processing of 75 percent of cases needing services, no staffing study or mandated staffing level has ever been imposed by OCSE.

The Commission strongly urges Congress to take action to ensure that the staffing levels in the state and local agencies are increased. The Secretary of Health and Human Services should conduct a staffing study in each state -- with state input-- to determine staffing needs. States should then be required to implement the recommended caseload staff ratio. Additionally, the Commission recommends stronger federal and state commitment to training to ensure that problems are better anticipated, resources are more widely used, and appropriate legal remedies are sought. No legal reform, automated system, or simplified procedure can take the place of the people necessary to serve the children in need.

IV. Federal Government as Employer

Federal and state governments should serve as models to other employers for purposes of child support enforcement. Unfortunately, testimony before the Commission revealed that such is not always the case. The Commission made a set of recommendations specifically addressing persons who receive federal income, whether they are civil servants, servicemembers, or recipients of federal benefits.

A. Service on Federal Employees

Several state child support officials testified about the difficulty of serving some U.S. government employees who are stationed outside of America. The Commission recommends that Congress require every branch of the United States military and

¹¹ U.S. General Accounting Office, Interstate Child Support: Wage Withholding Not Fulfilling Expectations, HRD-92-65BR (Washington, DC: Gov't Printing Office 1992), p. 55.

¹² U.S. Department of Health and Human Services, Child Support Enforcement: Fifteenth Annual Report to Congress for the Period Ending September 30, 1990 (Washington, DC: Gov't Printing Office 1992), p. 42.

¹³ See 42 U.S.C. § 652(a)(2) (1988).

¹⁴ See 45 C.F.R. § 303.20(g) (1991).

every other federal government agency or similar entity to designate an agent for service of process in parentage and child support actions for its employees who are stationed outside of the United States and its territories. Service on the designated agent (whose name should be published in the Code of Federal Regulations) would have the same effect and bind the employee to the same extent as actual service on the employee.

B. Military Leave

Congress should ensure that each branch of the military promulgates regulations to grant leave for use in noncombat situations for servicemembers facing parentage determination or support establishment hearings. The Department of Defense should also be required to update information on its Worldwide Parent Locator Service within one month of a servicemember's new assignment.

C. Government-employed Obligators

In keeping with the notion that the federal government should insist that its employees support their children, the Commission believes that withholding should be made a condition of federal government employment for those who owe child support unless the employee's order shows that the tribunal that issued the order did not require immediate withholding based on the parties' agreement or good cause shown. Additionally, if the obligor is subject to withholding under state law, the federal government should honor the order as if it were a private employer. That means being subject to the same time frames as private employers.

D. Federal Impediments to Garnishment

In 1974 Congress waived the sovereign immunity of the federal government for child support and alimony purposes. Certain benefits, however, are excluded from garnishment for support. Some exceptions, such as veterans disability, are expressly stated within the statute. Other exceptions are based on a broad anti-assignment clause within the enabling statutes. The Commission strongly believes that family obligations should be treated differently from commercial debts. The Commission recommends that any federal benefit received by an obligor that is not means-tested should be treated as income and subject to garnishment for child support.

These recommendations reinforce the federal government's commitment to the children of current or former employees.

Conclusion

The recommendations contained in the final report of the U.S. Commission on Interstate Child Support will greatly simplify and speed up the system of establishing and collecting child support.¹⁵ The main elements of the Commission's reform are establishment of a national computer network, state registries of support orders, W-4 reporting of new hires, universal enactment of the Uniform Interstate Family Support Act, streamlined paternity establishment, improved healthcare support, adequate staffing and training, and reexamination of the funding of the child support program.

I thank you, Mr. Chairman, for the opportunity to discuss those recommendations related to parentage establishment and healthcare support. I look forward to working with you and members of the subcommittee in developing a legislative proposal that provides much needed improvement to the financial lives of children in single parent households.

¹⁵ For copies of Supporting Our Children: A Blueprint for Reform (U.S. Commission on Interstate Child Support 1992), one may contact the National Child Support Enforcement Association, Hall of the States, 444 North Capitol Street, Suite 613, Washington, DC 20001.

Acting Chairman MATSUI. Ms. Haynes, I don't think anybody is an expert on ERISA.

Mr. Reynolds, I might caution all of the members of the subcommittee that each of us will be limited to 5 minutes because of the number of witnesses we have today.

Mr. REYNOLDS. I must apologize—I have to do something else. But I want to spend a few minutes talking to all of you and thank you for coming today.

I want to focus specifically on child support and how we establish parentage, the father, and what do we do. My first question is do you support President Clinton's proposal to utilize the IRS in helping us when we have parents in arrears in child support?

Ms. HAYNES. The Commission rejected the notion of totally federalizing the child support program. We do recommend that the current IRS involvement in child support be strengthened. Right now the IRS has responsibility for collecting child support through tax refunds, but there is a difference in how we treat AFDC and non-AFDC cases. We recommend that there be the same requirements.

There is also a law requiring full IRS collection in cases where arrears are \$750. The IRS is supposed to go after the arrears like they would back taxes.

In Texas someone told me of one case where the IRS got involved, it was like watching a pit bull in action. Under the law, however, the IRS has a great deal of discretion. Despite State verification of assets, an agent can return a case as uncollectible due to "undue hardship on the obligator." In one IRS region, 60 percent of the cases came back as uncollectible, in the agents' subjective opinion, Congress needs to develop objective criteria.

I think there is much that can be done to strengthen existing IRS responsibilities.

Mr. REYNOLDS. What is the reason for not endorsing total Federal involvement?

Ms. HAYNES. With family law cases you already have rules regarding States jurisdiction over issues like custody and alimony, that are different from jurisdiction over child support. Under the Downey-Hyde proposal if you then shift to another layer of Federal agencies or courts you are asking people to be involved in probably three different court systems, which we felt was not in the child's best interest. The commission report also details concerns about decreased accessibility to custodial parents, decreased customer service, and decreased attention to non-AFDC cases if the child support program was totally federalized.

We were concerned about the tremendous cost of duplicating at the Federal level a system that already exists at the State level without any indication it would be better. States don't have to have automated systems in place until 1995. We think that once those systems are in place, they will tremendously improve States' efforts.

Mr. REYNOLDS. In coming to your conclusions about not endorsing a full immediate participation, was there a cost analysis done on moneys being spent by the Federal Government currently in the system and the cost of getting the Government more involved and which would be better—continue in the system and spend the

money we are spending now or to spend Federal money to get to the bottom of it and, therefore, in the long run lessen the payments?

Ms. HAYNES. The Federal Government currently reimburses a percentage of State costs in running State child support programs. I understand there has not been any cost estimate done on totally federalizing the child support system. The level of federalization you are talking about would greatly impact on how much that cost would be. You are talking about staff, automation, and resources for an entirely new system.

Some of the recommendations of the commission that would make more uniform the State system and involve national leadership like W-4 reporting of new hires and an automated national network, we have cost estimates on that. The cost estimates done by the CBO found that those recommendations would be very cost effective in terms of increasing child support based on minimal State and Federal investment. For example, the W-4 reporting was estimated to cost \$55 million but would result in a \$210 million increase in child support.

Mr. REYNOLDS. The notion of finding out who the father is at the hospital and there is more likelihood—you mentioned Washington State, 40 percent. That is the fathers that come to the hospital?

Ms. HAYNES. Right.

Mr. REYNOLDS. What percentage of the fathers don't come to the hospital? What is the real number?

You say 40 percent of the fathers that come say that they are the father, but what if only 10 percent of the people that fathered the children are showing up at the hospital?

Ms. HAYNES. You have other people testifying today who can better answer that question. Jean Irlbeck is in the State of Washington and she can give you more specific information on that.

Mr. REYNOLDS. Thank you so much. My concern is to get the Federal Government on the business of taking care of other people's children. The problem I have and what stops me from being totally belligerent in this are the children involved. If I can figure out a way while I am in Congress to help the children and get at the parents, I am going to do that.

Thank you very much.

Acting Chairman MATSUI. Thank you Mr. Reynolds.

If I could follow up on Representative Reynolds' statement in the area of child support. As you know, the President's proposal does integrate many of the recommendations of the Commission. At the same time there are many that have been left out, one of which Mr. Reynolds talked about, the IRS being involved.

Assuming we didn't go with a fully nationalized program, what about a national registry and using the W-4 forms so that there could be a quick way to discover and track the noncustodial parent?

Ms. HAYNES. I think that is crucial in any reform of the child support system. We have to have a way when a person starts a new job to know where the person is. The commission recommended W-4 reporting as the way to set up employer reporting.

There are other possible ways to get the information. As soon as someone starts a job, employers could be required to provide ad-

dress information through calling a 1-800 number or sending the information electronically. The Commission recommended that that information go to State employment security agencies, because that is traditionally who employers deal with. It would be also possible to have that W-4 information go to some national entity.

I recently spoke at a conference of the American Society of Payroll Management. States are starting to enact W-4 reporting because they don't know what is going to happen at the Federal level. Attendees at the conference expressed concern that in some States employers are required to report new hires in 30 days; in other States, within 10 days. We need a Federal mandate on the States in terms of how fast the employee information should be reported to States or a Federal statute requiring the employment information to be reported at the national level.

Acting Chairman MATSUI. We haven't decided yet how we are going to handle the child support enforcement issues that are in the President's proposal. We think, that child support should probably be linked to the welfare reform effort. We are still working on that and will be in touch with you on the timing issue.

Mr. Travis, you mentioned the issue of the Federal user fee for administering SSI payments, and Mr. O'Donnell mentioned the issue of the match from 75 percent for antifraud matters down to 50 percent now, which will be a cost that the State and local governments will end up bearing if the Federal Government imposes these costs and cuts back on the match.

How will your State handle this? Your State has been one of the more forward-thinking States in the area of children. How would you handle this?

Mr. TRAVIS. Like most States, we have a tight budget. We are not in as bad shape as other States are, but SSI, we are making a 40-odd percent increase in our supplement just to comply with court decisions. I think we serve something like 4,000 people.

If we are going to put a fee on there, I imagine you will see the benefits cut. Now, benefits are about \$83, and they are already going to be cut by \$7 or \$8. So I would imagine that that might end up being taken out on the SSI recipients.

Acting Chairman MATSUI. I agree, because I don't think there is any way that with the political climate the way it is, and that is not to suggest that anyone at the State level would do something on the basis of politics, but I don't know how you could move other programs or increase taxes in order to make up this loss. I know California is going through a similar problem at this time, and we will probably see cuts unless we are able to give limited relief in this area.

Mr. O'DONNELL. In Maryland we have reduced AFDC payments to clients and severely cut general public assistance just as we are beginning to automate and become more efficient. So it would have an impact in Maryland and other counties across the country.

Acting Chairman MATSUI. Ms. Haynes talked mainly about child support enforcement, but the two of you raised the issue about the fact that there is no funding for enforcement of child support payments. Since there will be a phase in of whatever infrastructure programs will be attended to the entire welfare package, we will

have an opportunity to revisit the funding and revenue issue at some future date.

There is no question that we want to move expeditiously, because, as you have testified, the welfare system really needs a major overhaul. I am not suggesting the 1988 bill was wrong; it was just that we didn't provide the support structure for it.

We are going to have to provide that, plus child support enforcement and other innovations that many of you have been working on. We will look to your expertise because you are at the local level working on those problems.

Mr. Santorum.

Mr. SANTORUM. If I can go down the line.

Mr. Leader, we have introduced a welfare reform proposal. The bill is an attempt to mirror what the President campaigned on by introducing a piece of legislation that fits in with the emphasis he wants in welfare reform packages. We do provide States with waiver authority over 70 Federal programs designated to help poor Americans. We spend about \$200 million per year on these programs.

Do you have any comments? Do you think this waiver idea is a good idea?

Mr. TRAVIS. I am not particularly enthusiastic about waivers. I have watched what has happened in Wisconsin and many of the things that are being promoted on the national level from Wisconsin as some sort of grand innovations and waivers. When you analyze the data they probably don't save people, probably don't help people.

At best, these things are a wash. I haven't seen a lot of grand innovation resulting from some of our waivers. I think AFDC, and NCSL has held this position in the past; AFDC should be more of a national policy. I don't think States should be put in a position—in our State we have been fairly generous and innovative in AFDC compared to some other States in the Nation.

We are essentially being punished for it because we are viewed as a welfare magnet. Because some of the States around us have lower benefit levels and because we try to treat people decently, a lot of people believe that we are having people come from places like Illinois for the Federal levels. I think we should have a national policy in this regard, at least some national benefit standards.

Mr. SANTORUM. Moving on to Mr. O'Donnell, I think what I heard in your testimony was we like the program because it gives us more money. The only thing we don't like is the area where we don't get more money.

That is the kind of testimony we get which leads us to a \$4 trillion national debt. Everybody says: "Give us money. We don't like it when you cut our money." That is not the kind of responsible approach I would like to see the counties take.

I would like to see you come and talk about reforms, not just give us more bucks to do our job. You didn't mention reforms, with the exception of welfare, and there you commented we are not providing money for previous reforms. I know everybody who is getting benefits from the Clinton proposal likes the Clinton proposal.

But the question is, number one, have counties looked beyond their nose as to how welfare reform is going to affect the private sector, how it is going to affect programs outside the jurisdiction of the counties? What reforms do you see in the proposal that are substantive in nature, and if there aren't any, what would you propose?

Mr. O'DONNELL. We said we are waiting for more details to come out. NACO has taken a proactive stance and formed a welfare reform task force, which we expect within 30 days, that we would have a report that we would recommend to the administration and to the Congress.

Mr. SANTORUM. Have they studied the bill introduced by Republicans on this subcommittee?

Mr. O'DONNELL. We will look at all the proposals. I am on the task force, but I haven't seen the proposals.

Mr. SANTORUM. You are on a task force studying welfare reform, but you haven't seen the only bill in the House—

Mr. O'DONNELL. My staff may have looked at that. I have a package on my desk I haven't had a chance to review. Regarding reductions, we believe deficit reduction is necessary and needs to be done in a sensible way.

Mr. SANTORUM. Meaning: I give you more money and don't cut anything.

Mr. O'DONNELL. The administrative cap, we are being told it is time for us to automate, to increase our collection rates, but at the same time we are reducing the amount of money that we were using to enable that to occur. We think that the timing of that—it may be possible to look at other ways of developing a budget. I think, as Mr. Matsui alluded to, the budget can be restructured, but let's not stop the innovative aspects that are going on now.

Mr. SANTORUM. I would appreciate getting further testimony on some of the reform measures you think would be helpful.

[The following was subsequently received:]

**NATIONAL
ASSOCIATION
of
COUNTIES**

440 First St. NW, Washington, DC 20001
202/393-6426

March 19, 1993

The Honorable Rick Santorum
U.S. House of Representatives
1222 Longworth House Office Building
Washington, D. C. 20515-3818

Dear Representative Santorum:

I write to respond to the concerns you expressed at yesterday's hearing on the Human Services Provisions of the President's Stimulus Package. First, I want to assure you of NACO's commitment to working with members of Congress and the Administration to reduce the federal deficit. We believe that meaningful and lasting deficit reduction cannot be accomplished without addressing the large and growing cost of entitlements, particularly the health care entitlement.

NACO recently joined with the National Conference of State Legislatures (NCSL) and the National League of Cities (NLC) and developed a joint position on entitlement and mandatory spending reform. I have enclosed a copy of that statement with this letter. You will note that the statement rejects the approach of simply capping the federal contribution to entitlement programs. This position was reflected in my testimony in opposition to reduction of the federal match for all administrative activities related to AFDC, Food Stamps, and Medicaid, to 50 percent. This position should not be interpreted as one of simple self-interest, but rather as a demand for real savings over simple cost shifting.


As to your concern about welfare reform, I want to assure you that the NACO Task Force will review H.R. 741 and all other welfare reform proposals. Our task force, which held its first meeting on February 25, is seeking to develop a set of principles against which all welfare reform proposals can be evaluated. We hope to have these principles in place by late Spring. Once those principles have been developed and approved, we would be more than happy to discuss H.R. 741 with you, other members of the subcommittee, and your staff.

Reducing the federal deficit and reforming our nation's welfare system are both tall orders and will require the good faith and commitment of a wide range of institutions and individuals. NACO is prepared to offer leadership and assistance in both areas. We look forward to working with you as a partner in our efforts.

If you have any questions or would like additional information, please feel free to contact me at:

Department of Citizen Services
Howard County
9250 Rumsey Road
Columbia, Maryland 21045
Phone: (410) 313-7200
FAX: (410) 313-7224

Sincerely,


Manus O'Donnell
President
National Association of County
Human Services Administrators

Enclosure



Joint Statement on Entitlement and Mandatory Spending Reform

October 22, 1992

As leaders of state, county, and municipal government, we recognize that the reduction of the federal deficit and the restoration of sound fiscal policy are critical to the economic future of America. The continuing deficit and the mounting national debt sap public confidence in government, and impede the ability of government to respond to real crises.

Total federal entitlement and mandatory spending now comprise more than 60 percent of the U.S. budget. Many programs have been growing at a rapid rate. Health care costs now comprise more than one-fourth of mandatory spending; meaningful entitlement reform cannot be accomplished without comprehensive reform of our nation's health care system. While serious deficit reduction may require reducing federal entitlement or mandatory spending, means-tested entitlements should continue to provide at least a minimum level of assistance to low-income households.

State, county, and municipal governments are participants in the current delivery and funding of federal entitlement and mandatory programs. For some time, we have been required to assume many of their costs and burdens. As disastrous an impact as the growth in entitlement programs has had on the federal budget, it has already had an even more adverse impact on state, county, and municipal governments that have less fiscal flexibility. Capping the federal share of mandatory spending does not reduce the cost of these programs. It simply shifts the cost and burden to state and local governments in order to continue to provide the same level of benefits.

It is imperative that we participate as full partners in reshaping entitlement programs and reducing their rate of growth. Therefore, we call upon Congress and the Administration to adhere to the following principles:

1. **Representatives of state, county, and municipal government must be full partners in the decision-making process and be included in the development of new federal approaches to entitlement programs.**
2. **Every mandatory spending program and entitlement, including tax expenditures, and new revenue proposals must be open to review and discussion.**
3. **Entitlement "reform" must not simply cap federal contributions or transfer program costs to state and local governments, but must take into account the fiscal conditions and impact of changes on the entire intergovernmental system.**
4. **Given the current and future demographic realities and public resource constraints, policy makers need to redefine the right to services. Eligibility criteria for entitlement programs should be reviewed to ensure that programs are acutely sensitive to need and give equitable attention to children and families.**
5. **Should the federal government cap or reduce state or local government-administered means-tested entitlement programs, such action must be accompanied by statutory and/or regulatory changes to existing law that would authorize options for state and local governments to restructure, reduce or limit services, eligibility and/or payments to beneficiaries. There should be incentives for states and local governments to demonstrate innovative programs to reform the current system.**
6. **If state or local government-administered means-tested entitlement programs are capped or reduced without corresponding program changes, state and local governments must be absolved from legal obligations to provide services to entitled individuals.**

One of the things I hear from folks back home is that we might get more compliance with child support if we somehow tied child support to visitation, that, in fact, a complaint that I hear from parents who are noncustodial parents is we don't have any rights to see our children or they are not complying with visitation. If I can't see my kids, why should I pay support? This is my leverage here. I understand that there have been demonstrations on visitation. Do you have any feedback or any knowledge of how these have worked?

Ms. HAYNES. The most important thing is children shouldn't be a leverage.

Mr. SANTORUM. I understand. I am arguing this is a real problem. No one is saying that this is the right thing to do, but it is real in America. I am trying to see if there is anything we can do to tie these together and would it be beneficial to do so.

Ms. HAYNES. I don't think it would be beneficial to do so. I think there are cases where there are legitimate complaints about visitation interference and there needs to be a forum to address those. I think we could provide better forum to address visitation claims.

Michigan is doing innovative things in that area. Some of the federally-mandated demonstration projects deal with mediation. The interstate area is especially problematic. I know that there was a congressionally-mandated study to make recommendations on what to do in the area. The Center on Children and the law, where I work, was involved in that study and has useful recommendations.

There is a group called the National Conference of Commissioners on Uniform State Laws and they are in the process of drafting a uniform interstate visitation act, which hopefully will help also.

Mr. SANTORUM. If you could send me the information that you have from your organization, I would appreciate it.

[Mr. Santorum received the information and it is also being retained in the committee files.]

Acting Chairman MATSUI. Mr. Camp.

Mr. CAMP. Ms. Haynes, I am interested in your testimony regarding the civil voluntary acknowledgment. My experience has been that when there is no contested case, that the adversarial process goes along fairly smoothly and simply a signature will be enough to establish who is the parent of the child.

I guess the problem comes in contested cases. I would like to hear briefly, in addition to the long-arm statutes, what are some of the ideas you have in the contested cases and do you find that the advancements in blood testing have limited the number of contested cases?

Ms. HAYNES. It has resulted in a lot more cases being settled as opposed to going to a hearing. Right now, though, not every State sets a presumption of parentage based on the test results. I think if you required States to set that kind of threshold, that would increase the number of parentage acknowledgments.

I think there is wide acceptance of this testing. Some other recommendations that would help in the contested cases, right now there is a problem whenever you have these genetic test results and you are trying to introduce them into evidence, you have to es-

establish chain of custody, have every person who touched the sample show up at a hearing. This requirement is especially a problem in interstate cases.

Our recommendation is that the States establish a time period, and if there is no contest in the time period, you ought to be able to admit the test results without having to have this elaborate foundation laid. Also a requirement that States provide for telephone hearings so you can get the evidence if people can't travel to the other State; the admissibility of evidence through fax machine and videotaped depositions.

Another thing we heard a lot of, in Illinois you have courts with jurisdiction to establish paternity but a different court with jurisdiction to establish child support and you can't do the same in the same proceeding. We need to do a lot more within the State to make it an efficient process.

Mr. CAMP. I have some questions regarding Mr. Santorum's comments. I know that the established case law does not link visitation and support. I practiced law in this area and I understand the reasoning behind that, but I do think there is something to the problem—many people contact me and they have a concern about visitation. They are simply not able to resolve it.

It may be they can't see their children, maybe the pattern they have established isn't working for their lifestyle. I am interested in your comments on new ideas in that area because it is a problem in terms of people paying if they can't get these issues resolved in an efficient way.

Ms. HAYNES. Well, as I mentioned to Mr. Santorum, States are doing some innovative things. Some States use banking credits. They involve a mediator-type person. If the person finds that there was an unreasonable interference with visitation, they create a bank of visitation credits, so that you can increase the ability of seeing your child more than you would have ordinarily.

Mr. CAMP. Often they say we have called a friend of the court, who says, you need to hire a lawyer; I can't afford to hire a lawyer.

That makes a strain on a family relationship.

Ms. HAYNES. Places that do a lot of mediation don't require attorney involvement. I will be happy to get more information for you and supply it.

[Mr. Camp received the information.]

Mr. CAMP. Mr. O'Donnell, we have heard testimony about the idea that all new employees report on child support obligations when hired. Is that something that you support?

Mr. O'DONNELL. The NACO does support that. We see that sometimes there are problems with interstate agreements, but we do support that.

Mr. CAMP. My concern is the expense, particularly for small business. People aren't going to be able to pay their child support if they don't have a job—are there exceptions for small business in those discussions?

Mr. O'DONNELL. In our consideration we thought that the legislation as proposed, I think that was employers over 50, that they would be required to make those reports. We thought that was reasonable.

Mr. CAMP. Thank you.

Acting Chairman MATSUI. I would like to thank all three of you for testifying today. We certainly look forward to working with you on the budget and also on welfare reform and child support enforcement and other issues. We understand the problems you have because you are at the front line and we want to be of some assistance in making sure our goals are met.

We thank all three of you.

At this time I would like to call the second panel, Mary Bourdette, director of public policy with the Child Welfare League of America and Eileen Sweeney, director of Government affairs of the Children's Defense Fund.

We welcome you and thank you for coming this morning. Your written statements, without objection, will be submitted for the record; and we would like each of you to limit your comments to 5 minutes.

Mary, would you like to begin?

STATEMENTS OF MARY BOURDETTE, DIRECTOR OF PUBLIC POLICY, CHILD WELFARE LEAGUE OF AMERICA

Ms. BOURDETTE. Thank you very much.

My name is Mary Bourdette, and I am here on behalf of the Child Welfare League of America. We are pleased to be here today to comment on the President's economic plan.

We want to congratulate you, Mr. Matsui, on your assumption as the new chairman of this vital subcommittee.

While all children and families need help and support at various times, the protection, care, and assistance for abused and neglected children and troubled families has always been the focus of the Child Welfare League of America. It is on behalf of these very vulnerable children and families that the Child Welfare League supports the President's budget and economic plan, particularly his human resources proposals.

The staff of the League's 700 member agencies, located in every State and in most congressional districts, knows firsthand the severity and magnitude of the problems that children and families are suffering all over the country.

They are on the front lines every day and they see the poverty and unemployment and substance abuse and AIDS and homelessness that are tearing families apart and contributing to the escalating numbers of children who are being abused and neglected every year and the growing number of children being abandoned in hospital cribs, or suffering from alcohol and drug exposure, or HIV infection.

A shocking 2.7 million children were reported abused or neglected in 1991, and nearly 1,400 children died as a result of child abuse and neglect. As many as 15 percent of the births in this country are infants born prenatally exposed to illegal drugs. In addition, it is estimated that there may be as many as 4 million cocaine-exposed children in the country by the year 2000.

We know, however, that families can be helped to overcome their problems, that drug-addicted parents can be prevented, that child abuse and neglect can be treated, and that children who have suffered greatly can be helped to become productive adults.

CWLA strongly supports President Clinton's economic plan. It charts a new course for children and families and reverses the policies that for so many years have directed minimal resources to children and families while leaving children the poorest of all Americans. We are especially gratified that the plan has a series of important human resource investments that will strengthen troubled families, help America's vulnerable children, and lay a foundation for family support and family preservation initiatives.

The top priority of the Child Welfare League is early enactment of comprehensive child welfare and family preservation legislation. For abused and neglected children, children in foster care, and children awaiting adoption, this is the most important legislation in over a decade.

It will provide families with the help and assistance to help them overcome problems, avert child abuse and neglect, and remain together. We particularly welcome the President's commitment to develop a detailed proposal in this area.

We trust the president's proposal will include the full range of family support services, including early intervention such as family preservation and home visiting services, as well as reunification and after care services important to help children return from foster care and remain with their families.

It is also important that we don't forget foster parents. They provide an important service in our country. They take care of some of the most abused children in our Nation and support must also be available for foster parents.

Similarly, adoptive parents must not be forgotten. They need our support if they are going to care for children with serious and complex needs. We hope the President's family preservation initiative will address foster care and adoption needs as well.

The league also supports the President's child care initiatives, as well as the earned income tax credit proposal that will lift millions of children out of poverty. There are many relationships between poverty and child well-being. Poverty, for example, has a direct relationship to child abuse and neglect. The stresses of poverty make children in low income families more than seven times as likely to be abused and neglected.

Children will also benefit from the courageous action the President has taken to reduce the deficit.

We support the President's plan and hope to work with you to ensure its approval and the immediate approval of the family preservation legislation.

Thank you.

Acting Chairman MATSUI. Thank you.

[The prepared statement follows:]

TESTIMONY OF MARY BOURDETTE
Director of Public Policy
Child Welfare League of America

On behalf of the Child Welfare League of America (CWLA), I am extremely grateful for the opportunity to join you this morning to review the human resources areas of the President's Economic and Budget Plan. First, however, all of us at CWLA want to offer our warm congratulations to you, Mr. Matsui, as the new chair of this vital subcommittee, and our appreciation to the members for your interest and concern for children and families.

While all families with children need help and support at various times, the protection, care and assistance of abused, neglected, abandoned, and other vulnerable children and their troubled families has been CWLA's primary focus throughout our 73 year history. We are a national membership organization composed of nearly 700 public and private voluntary agencies located in every State and most Congressional districts. These agencies include the Children's Home Society in Seattle and Ada McKinley Foster Care Services in Chicago; Jewish Family Services in Southfield, Michigan and Catholic Community Services in Miami Shores, Florida; the Baltimore City and Baltimore County Department of Social Services and the Oregon Department of Human Services.

The staff of our agencies are on the front lines every day struggling with minimal resources to provide a range of essential services to a growing number of abused, neglected and seriously troubled children and families -- families who are coming to them with more serious and complex problems than ever before. These services include:

- ▶ intensive in-home services, such as family preservation, family support, parent training, and counseling;
- ▶ foster care services, which may include the recruitment, training and provision of family foster care, kinship care, and group or residential care;
- ▶ adoption assistance, which may include recruiting, training and helping adoptive parents provide loving homes for children with special needs;
- ▶ youth services, such as helping youth in foster care make the transition to independent living; aiding pregnant teens or helping teen parents care for their children, and providing shelter for runaway and throwaway youth; and
- ▶ numerous related services such as child day care, health care, substance abuse prevention and treatment, mental health services, developmental assistance, counseling, and training.

An Epidemic of Child Abuse and Neglect

CWLA and our member agencies have a strong interest in the President's budget and economic plan -- especially his human resources proposals. We know first hand that the magnitude and severity of problems facing vulnerable children and troubled families threaten the strength, security and prosperity of the nation. We see poverty, unemployment, homelessness, HIV/AIDS, and substance abuse tearing millions of families apart each year, contributing to the escalating number of infants, children and youth being abused, neglected, abandoned, drug or alcohol exposed, and children suffering other serious problems.

- ▶ A shocking 2.7 million children were reported abused or neglected in 1991 and 1383 died as a result -- most before their first birthday.
- ▶ As many as 15 percent of all infants are born exposed to illegal drugs, and it is estimated that there may be 4 million cocaine-exposed children in the U.S. by the year 2000.
- ▶ Nearly 430,000 children who have been abused, neglected or suffer other serious problems are now in foster care. These numbers have increased by over 50 percent since 1986 -- the time that crack cocaine invaded our nation -- and the available evidence indicates a growing connection between parental substance abuse and foster care placements.

- ▶ Approximately 75,000 to 100,000 children with special problems and needs are waiting to be adopted -- and many must wait years to find a loving permanent home. By the year 2000, it is estimated that as many as 125,000 children will have lost their mothers to AIDS alone, adding greatly to the population of children in need of adoption.

We also know, however, that these problems can be successfully addressed, these tragedies prevented. Families can be strengthened, drug-addicted parents can be treated, child abuse can be prevented, and children who have suffered greatly can be helped to become healthy and productive adults. All the while, enormous human and social costs can be saved.

- ▶ Intensive in-home family support and family preservation services show promising results in several states. In Hawaii, a comprehensive program of home visiting provided help and support to at-risk parents, reducing the incidence of child abuse and neglect among them to less than one percent. This compares to the approximately 18% to 20% rate estimated among high-risk populations.

- ▶ Comprehensive substance abuse treatment programs are cost-effective investments as well, and it is estimated that every \$1 invested in such efforts saves more than \$11 in health and law enforcement costs.

- ▶ Quality foster care can help extremely troubled children. The follow-up study of the highly distressed children in the Casey Family Program in Seattle found that three out of five were successfully sustained in out-of-home care and many of those emancipated from foster care at age 18 were able to go on to adult lives, build families, and enjoy relatively good emotional well-being and health and obtain satisfaction from their lives.

Our agencies report story after story of children and families who have been helped to overcome the most serious crises and problems.

Unfortunately, they also report stories of severely abused children who receive no help whatsoever; children waiting years to be adopted; drug-addicted pregnant women being denied substance abuse treatment -- families struggling alone with serious problems no one would want to face. While the numbers of children and families in need have skyrocketed, federal resources have been grossly inadequate.

- ▶ Child abuse and neglect has increased by nearly 150 percent in the past decade, yet total federal spending under the Title IV-B Child Welfare Services Program -- the major federal source of child protective services funds -- per child reported abused or neglected has declined by over 100 percent during the same period.

- ▶ Children are entering foster care with more serious and complex health, emotional and developmental problems than ever before, yet about half the children in foster care are denied eligibility for federal foster care assistance. Even the plight of these most vulnerable children has been overshadowed by the nation's financial woes.

A New Course for Children and the Nation

CWLA strongly supports President Clinton's comprehensive economic and budget plan for the nation, "A Vision of Change for America." It is a plan which invests in the well-being of America's children and reverses misguided federal policies which for years directed minimal resources to the nation's children, while leaving them the poorest group of Americans.

We are especially gratified that President's economic and budget plan proposes a series of investments critically important to the children and troubled families CWLA members are struggling to serve. These include the direct human resources proposals that will bolster family support, family preservation and child day care services, as well as the numerous new investments that will attack the underlying causes of child abuse and neglect -- the poverty,

unemployment, HIV/AIDS, substance abuse, violence, and despair that are tearing families apart each year and victimizing innocent children. Further, the President's proposed investments in Head Start, education and training for the summer of 1993 and the next four years will particularly help at-risk children, youths, and families become productive members of the society.

Family Support/Family Preservation: CWLA's chief legislative priority is the immediate enactment of comprehensive child welfare and family preservation legislation similar to that approved by this Subcommittee last year, and ultimately approved by the 102nd Congress as part of the omnibus urban aid bill, H.R. 11. Many of you will recall that this crucial initiative targeted significant new investments for (1) services to strengthen, support and preserve troubled families; (2) comprehensive substance abuse prevention and treatment services; (3) foster care and adoption assistance; and (4) overall improvements in the child welfare system. For abused and neglected children, children in foster care, and children awaiting adoption, this is the most important legislation in over a decade.

"A Vision of Change for America" lays a critical foundation for family preservation and child welfare reform. It proposes new investments in family support and parenting services that will provide parents with the tools and skills to help raise their children and offers substance abuse prevention and treatment services for those most in need. We enthusiastically welcome the President's commitment to submit a more detailed legislative proposal in the next several weeks and hope to work with this Subcommittee and others to ensure its immediate enactment along with the President's other vital initiatives. The lives and futures of many infants, children, and youths will be dependent upon this action.

Child Care: We also endorse the President's proposal to expand federal investments in the Child Care and Development Block Grant over the next five years. Quality child day care services are essential for the safety and development of children and the strength and stability of families, as well as the productivity of the workforce. Child care services are a particularly vital component of effective family support/family preservation efforts as well as comprehensive substance abuse prevention and treatment.

While families across the economic spectrum have great difficulty securing child care services, this problem is especially acute for low-income families, families with special needs and the troubled families in the child welfare system. As a result, far too many children are being left home and at risk of harm, injury or death. The President's proposal is a vital human resources investment and will assure many more children safe and decent child care services.

Income Support: An expansion of the Earned Income Tax Credit will lift millions out of poverty. Enabling working families to escape poverty will have a ripple effect on their children; on their education performance, their health status and many other factors that indicate a child's well being.

In addition, eradicating poverty is especially important in protecting children from abuse and neglect. Maltreatment of children can be found among the wealthy and middle class as well as in poor families, but the stress of daily living has made it disproportionately high among the poor. Studies indicate that child abuse and neglect is seven times more likely to occur in families with incomes under \$15,000. CWLA welcomes this proposal to assist families struggling to support their children on minimum wages.

Other Investments in Children: CWLA also strongly supports other elements of the Clinton budget package that are not within the jurisdiction of this Subcommittee. As the nation tackles health care reform, it must address the serious health needs of the growing number of abused and neglected children and troubled families whom the child welfare system is struggling to serve. Many of these children are likely to start their lives at low birthweight, prenatally exposed to illegal drugs or alcohol, or infected with the HIV virus. Abused or neglected children are not immunized or have unaddressed developmental disabilities. As adolescents these vulnerable youths are among those most likely to use alcohol or drugs, contract and transmit HIV infection, or become teen parents. Further, the troubled parents who come to the attention

of the child welfare system are often among the millions of Americans who lack health insurance, and go without prenatal care, mental health services or substance abuse treatment.

Moreover, the legacy of prenatal exposure to HIV, alcohol and drugs has accelerated the cost of caring for children in the child welfare system as well as the time, effort and professional expertise workers must devote to these increasingly complex, difficult cases. Additional resources for the Ryan White AIDS Prevention Act and substance abuse treatment would help hundreds of thousands of children at risk of prenatal exposure, thereby offsetting the astronomical cost of treating these children once they become drug or HIV-exposed.

Full funding of Head Start would allow countless low-income and disadvantaged children to begin their educations on an equal footing with other children, as well as plant the seeds for self-esteem and learning throughout their lives.

We not only applaud the President's major new investments for children, but his economic stimulus and deficit reduction elements as well. The deficit has greatly hindered our ability to make the investments urgently needed to assure that America's children grow up to be healthy, educated, productive, and self-sufficient adults, while the federal debt -- equivalent to \$50,000 on every single child in this country -- has mortgaged their future. The time is long overdue for a new budgetary course which invests in children and families *and* reduces the deficit.

Conclusion

Substantial new investments in human resource services and programs cannot come too soon. The abuse and neglect of America's children has become a national emergency, a tragedy as devastating, deadly and costly as hurricanes, earthquakes and wars. Major new investments are desperately needed to ensure the range of services and assistance that can strengthen families, help them overcome crises and properly care for their children, and reduce the incidence of child abuse, neglect, family disruption, and separation. At the same time, children who have been abused or neglected must be assured the protection, care and services they need to thrive. "A Vision of Change for America" is such a plan -- bold, creative, fair, and equitable, that at long last begins to prepare our children, families, workforce, and economy for the challenges of the 21st century. We at CWLA join with many others in urging Congress to provide strong, bipartisan support for the President's plan.

Acting Chairman MATSUI. Ms. Sweeney.

STATEMENT OF EILEEN P. SWEENEY, DIRECTOR, OFFICE OF GOVERNMENT AFFAIRS, CHILDREN'S DEFENSE FUND

Ms. SWEENEY. Mr. Chairman, Mr. Santorum, I appreciate this opportunity to appear today to testify in support of the President's budget proposals.

The Children's Defense Fund believes that the President's budget package will move our Nation closer to assuring that no child is left behind—that every child receives a healthy start, a head start and a fair start. The provisions of the package under this subcommittee's jurisdiction are related to assuring that every child receives a fair start: family support and preservation, child support, and child care.

Young parents, in particular, but all parents are working harder for less, as their benefits and wages have shriveled over the last two decades. Yet, we have not responded to the growing need of these families for decent child care, as their work effort has grown, and we have let their access to private health care wither away, so that often now two jobs provide less protection to a family than one job did a generation ago.

We have not offered families support to compensate for the loss of extended family and neighbors that once were able to assist with parenting demands. We have not provided children with schools and preschool environments they need to thrive and learn and prepare for the 21st century economy. We have created a society in which more and more children live in single-parent families.

This economic and social decline has struck virtually all types of families with children: White, black, and Latino, married couple and single parent, and those headed by high school graduates as well as school dropouts.

CDF is especially pleased that the President's budget recognizes the critical need for increased investments in parenting and family support services and in substance abuse prevention and treatment services with special attention to pregnant women and women with children. These initiatives provide an important foundation for the reintroduction of the Child Welfare and Family Preservation reforms that were passed last year by both the House and the Senate, but vetoed by President Bush as part of the urban aid/tax bill.

This subcommittee's leadership on behalf of abused and neglected children and their families has been extraordinary and we are eager to work with you to see important reforms for abused and neglected children and their families enacted this year. We were extremely encouraged last week when President Clinton announced at CDF's National Conference that he has asked Secretary Shalala to draft a new child welfare initiative to combine family support and family preservation services and to do more for families at risk, especially those at risk of foster care placement. Mr. Matsui, President Clinton noted especially his desire to build upon your work on behalf of these vulnerable children and families.

In the area of child care, we believe that high-quality, developmentally enriched child care also is urgently needed to help low-income children thrive, and to give their parents assurance that they have stable, reliable arrangements for their children so that

they can obtain the education, training, and employment they need to help their families escape poverty. We believe strongly that child care is an essential part of any strategy to help families get the skills they need to retain employment and avoid the need for welfare.

Last week, CDF testified before this subcommittee on child care issues, discussing the needs of families for child care and the problems resulting from States being unable to meet the State match requirements to draw down their full allocation of Federal funds in the AFDC child care programs.

As I spell out in greater detail in my written statement, the developments in the child care area have important budget implications. First, as Head Start expands and is able to provide full-day, full-year services to some children, it will be a viable source of care for parents who are working full time, or who are involved in intensive education and training activities such as JOBS. Expanding Head Start is an important step in helping to resolve the unmet needs for care as well as for helping children to develop and thrive.

Second, the expanding need for child care in the current AFDC program underscores the importance of this support service as a key part of any strategy to end welfare as we know it.

This subcommittee took important steps in 1984 and 1988 to improve our Nation's sad record on child support enforcement. While these laws have resulted in some significant gains, child support is not yet what it must become—a regular, reliable source of income—to help low-income single parents and their children escape poverty, or to help them see the combination of earnings and child support as a realistic alternative to welfare. State child support agencies still are overwhelmed and understaffed and make collections in only 19.3 percent of their cases.

CDF strongly supports aggressive child support enforcement, coupled with child support assurance to help when child support is not collected despite the best efforts of the custodial parent. We can and must make these improvements to offer families a real alternative to welfare and a genuine hope of escaping poverty through a combination of work and support from both parents.

We are heartened by the administration's indications that it intends to hold nonpaying parents accountable through strengthened support enforcement mechanisms and increased use of the Internal Revenue Service. Critical investments must be made in this vital service.

We look forward to working with your committee and your staff on these important initiatives.

Thank you.

[The prepared statement follows:]

TESTIMONY OF EILEEN P. SWEENEY
Director, Office of Government Affairs
Children's Defense Fund

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to appear today to testify in support of the President's budget proposals.

The Children's Defense Fund believes that the President's budget package will move our nation closer to assuring that no child is left behind--that every child receives a healthy start, a head start and a fair start. The provisions of the package under this Subcommittee's jurisdiction are related to assuring that every child receives a fair start: family support and family preservation, child support, and child care--and, within the broader jurisdiction of the full Ways and Means Committee, the expansion of the earned income tax credit.

The President's proposals provide a good mix of deficit reduction and investment measures. The President and the Congress are faced with the problem of controlling the deficit while also investing in our nation's future. Just as getting control over the deficit is central to building and sustaining the long-term economic health of our nation, so is meeting the needs of our children. Neither standing alone will suffice.

Neglecting an out-of-control deficit subverts our economic and social future. But neglecting the desperate needs of millions of American children just as surely subverts our economic and social future. Ill-fed, undereducated, unhealthy, insecure, and increasingly alienated generations of future workers, parents and voters will not grow the economy, sustain Social Security's intergenerational promise, maintain a strong defense and nurture our democracy, no matter how small the deficit is.

Yet that is the mounting danger we have been facing as the American dream has come near to collapse for millions of families, youths, and children in all races and classes. There are more poor children in America today--over 14 million (14,341,000)--than in any year since 1965, despite the near doubling of our Gross National Product during this period. Particularly hard hit are America's young families--those headed by adults under the age of 30. These families--where most of our children spend their youngest and most vulnerable years--are the group in which our nation invests the least and they are the group in deepest trouble. Even though--in an effort to compensate for falling hourly wages--more of these young adults are working than a generation ago, they are still starting out with family incomes one-third below those of their counterparts in the early 1970s.

Young parents, in particular, but all American parents are working harder for less, as their benefits and wages have shriveled over the last two decades. Yet, we have not responded to the growing need of these families for decent child care, as their work effort has grown, and we have let their access to private health care wither away, so that often two jobs provide less protection to a family today than one job did a generation ago. We have not offered families support to compensate for the loss of extended family and neighbors that once were able to assist with parenting demands. We have not provided their children the schools and pre-school environments they need to thrive and learn and prepare for the 21st century economy. And we have created a society in which more and more children live in single-parent families. This economic and social decline has struck virtually all types of families with children: white, black and Latino, married-couple and single-parent, and those headed by high school graduates as well as dropouts.

The plight of America's families isn't just a product of the recession, and won't be solved merely by the return of stronger economic growth. Most are not victims of cyclical economic trends; they are victims of structural economic problems and a failure of the public sector to meet families' needs. The number of preschool children in poverty kept rising for several years in a row in the late 1980s even while the economy was growing.

The economic and social costs of poverty, ill-health, neglect and violence among our nation's children are staggering. We suffer far more than most of our economic peers and competitors abroad from high rates of babies born too small, infant mortality, physical and mental disabilities, family homelessness, childhood hunger, school absenteeism and dropouts, grade repetition, violence against and among children, low skills and teenage births. Unless we change course, these costs being borne by our children today will be borne by our society tomorrow in the form of lower productivity and economic growth, and higher costs for welfare, foster care, remedial education, criminal justice and other remedial expenditures.

President Clinton's budget proposals take major first steps in breaking these cycles and focus investment where it is most needed and where it will make the most significant difference: our nation's children and their families. The President's proposals for three program areas under this Subcommittee's jurisdiction--family support and family preservation, child care and child support--as well as the expansion of the earned income tax credit, are targeted toward investing in children and their families.

Family Support and Family Preservation

The Children's Defense Fund is especially pleased that the President's budget recognizes the critical need for increased investments in parenting and family support services and in substance abuse prevention and treatment services with special attention to pregnant women and women with children. These initiatives provide an important foundation for the reintroduction of the Child Welfare and Family Preservation reforms that were passed last year by both the House and the Senate, but vetoed by then-President Bush as part of the urban aid/tax bill.

This Subcommittee's leadership on behalf of abused and neglected children and their families has been extraordinary and we are eager to work with you to see important reforms for abused and neglected children and their families enacted this year. We were extremely encouraged last week when President Clinton announced at CDF's national conference that he has asked Secretary Shalala to draft a new child welfare initiative to combine family support and family preservation services and to do more for families at risk, especially those at risk of foster care placement. He noted especially, Mr. Chairman, his desire to build upon your work on behalf of these vulnerable children and families.

There is a broad consensus that the crises facing many families and children today have never been worse and that the child welfare system is severely overburdened and in crisis itself. Growing child poverty, unemployment, homelessness, and substance abuse and its attendant violence, are ravaging families and communities and victimizing our children. An estimated 2.7 million children -- 42 out of every 1,000 American children -- were reported abused or neglected in 1991. Dramatic increases in drug and alcohol abuse have contributed to these escalating reports. In some cities, 60-80 percent of the children coming to the attention of child protection agencies are from families with substance abuse problems. The overload on the child welfare system is illustrated by the more than half a million children who have entered foster care in the past two fiscal years and the continued growth in foster care caseloads. Very young children and children with complex multiple needs provide special challenges for child welfare agencies. Unmanageable caseloads and poor staff supports prevent the system from obtaining and retaining qualified staff who can meet appropriately children's needs. Courts are overloaded too.

As you know, there also is a broad consensus about the important components that need to be part of any reforms to help

children and families in crisis. A broad coalition of national child welfare, mental health, and juvenile justice organizations, as well as state and local agency officials and staff, private service providers, judges, foster parents, adoptive parents and other advocates across the country last year supported the Family Preservation Act which was passed by the House in August, 1992, and included the most significant reforms for abused and neglected children in over a decade. We now are eager for these similar reforms to be enacted this year. At a minimum, these reforms must:

- o **Expand resources to protect children, strengthen families, and prevent the unnecessary placement of children in out-of-home care.** States must be ensured of funds for innovative family support, family preservation, reunification and after care services to help ensure that children who can be protected at home are not unnecessarily separated from their families and to ensure that children in foster care aren't returned home without adequate supports.
- o **Improve the quality of out-of-home care and adoption assistance for children who cannot be protected at home.** Foster parents are being asked to care for children with special physical, mental and emotional problems whose care demands new skills and intensive support and supervision. Federal support for respite care for foster parents caring for children born drug exposed, children with HIV infection, or children who have been sexually abused, will help significantly in the recruitment and retention of families to care for these children. Improvements also are needed to make adoption an option for more children with special needs.
- o **Provide services for families with substance abuse problems.** New funds should be directed for comprehensive prevention and treatment services for pregnant women and parents with substance abuse problems, who make up a substantial proportion of child protection caseloads in many communities.
- o **Strengthen staffing and training, and encourage other enhancements in service delivery.** Improvements in staffing, service coordination, and data collection are critical to ensure that program improvements in family support and family preservation and out-of-home care actually benefit children. Court improvements also are essential if children are to be protected and served appropriately.

Reforms like these are urgently needed. Abused and neglected children cannot wait. The costs of delay are enormous in both human terms and fiscal terms. Without help, the needs of these children will only intensify and require more costly services in the future.

Child Care

We believe that high quality, developmentally enriched child care also is urgently needed to help low-income children thrive, and to give their parents the assurance that they have stable, reliable arrangements for their children so that they can obtain the education, training, and employment they need to help their families escape poverty. We believe strongly that child care is an essential part of a strategy to help families get the skills they need to retain employment and avoid the need for welfare.

CDF has strongly supported child care assistance for families on Aid to Families with Dependent Children, for families making the transition from welfare to employment, and for non-welfare low-income families. We have worked hard for full implementation of the AFDC child care guarantee, Transitional Child Care Assistance for former AFDC families, "At Risk" child care for families that might become eligible for AFDC in the

absence of child care assistance, and the Child Care and Development Block Grant.

As we testified in greater detail last week before this Subcommittee, there is both good news and bad news about the need for child care and these important new programs. Key findings about these programs include:

- o There is a growing need for child care for AFDC families as more families become involved in employment, education, and training activities.
- o Although child care expenditures are increasing for AFDC child care, some states are having difficulty providing matching funds. The result is that some states are responding by slowing intake into their AFDC JOBS programs, narrowing eligibility criteria for AFDC child care, or closing intake altogether, while some other states are using Child Care and Development Block Grant funds to provide child care for AFDC families (instead of using AFDC child care, which requires state matching funds).
- o Increasing use of the Child Care and Development Block Grant for AFDC families means decreasing availability of these funds for the non-welfare working low-income families. Even in states that do not use Block Grant funds for AFDC families, there are severe restrictions on the ability of the Block Grant to meet the needs of the non-welfare working poor: a child care administrator in Minnesota, for example recently told us that the waiting list had grown from 3,500 families in July, 1992 to 6,000 families in February 1993.
- o State budget constraints also mean that some states have been unable to provide matching funds to draw down their full allotment of federal "At Risk" child care funds, further limiting their ability to help the working poor.

These developments have important budget implications:

- o The significant expansion provided for Head Start in the President's budget fills a critical need by expanding the number of young children whose need for care can be met through a high-quality, developmentally enriched program. Expanded Head Start funding, moreover, means that more Head Start programs can provide full-day, full-year care. This means that Head Start can offer a viable source of care for parents who are working full-time, or who are involved in intensive education and training activities such as JOBS. Expanding Head Start is an important step in helping to resolve the unmet needs for care, as well as for helping children to develop and thrive.
- o The expanding need for child care in the current AFDC program underscores the importance of this support service as a key part of any strategy to end welfare as we know it. We are hopeful that as new welfare reform plans are developed by the Administration and the Congress, they will address the current limitations on child care for AFDC families and the critical need to allocate sufficient resources to ensure that the child care needs of families in education, employment, and training are met.

Child Support

This Subcommittee took important steps in 1984 and 1988 to improve our nation's sad record on child support enforcement. These laws have resulted in some significant gains:

- o Total collections by state child support enforcement agencies increased from \$3.9 billion in FY 1987 to \$6.0 billion in FY 1991. Routine collection through wage

withholding--which was not the norm before the Child Support Enforcement Amendments of 1984--is now responsible for nearly half of the money collected. Federal tax intercepts, required by the 1984 legislation, are now the mechanism responsible for the second highest amount of collections.

- o States have been putting increased energy and creativity into paternity establishment as a result of the Family Support Act (and as a reflection of previous audit failures), and the numbers of paternities established in FY 1991 represents a 75 percent increase over the last five years.

Unfortunately, child support is not yet what it must become--a regular, reliable source of income--to help low-income single parents and their children escape poverty, or to help them see the combination of earnings and child support as a realistic alternative to welfare. State child support agencies still are overwhelmed and understaffed, and make collections in only 19.3 percent of their cases.

CDF strongly supports aggressive child support enforcement, coupled with child support assurance to help when child support is not collected despite the best efforts of the custodial parent. We can and must make these improvements to offer families a real alternative to welfare and a genuine hope of escaping poverty through a combination of work and support from both parents.

We are heartened by the Administration's indications that it intends to hold non-paying parents accountable through strengthened support enforcement mechanisms and increased use of the Internal Revenue Service. Critical investments must be made in this vital service.

Conclusion

The President's budget includes key, critically needed, investments for children and their families, including investments in programs within this Subcommittee's jurisdiction. We look forward to working with the Subcommittee this year on these very important initiatives.

Thank you for this opportunity to testify.

Acting Chairman MATSUI. Thank you.

Both Mr. Santorum and I will be reasonably brief. We have a vote on the floor.

I would like to thank both of you for all the work you have been doing in the area of family preservation as well. I would like to thank David Liederman and Marion Wright Edelman for their efforts.

In the area of welfare reform, we are talking about the time limit issue. I think we realize there are many categories of people on welfare. One are people that are on temporarily, a woman divorced with minor children. She has no job history and the noncustodial father leaves the jurisdiction and she can't get support, so she has to go on welfare. She will get a job. She will be a short-term period on welfare, up to a year or year-and-a-half, but we are talking about a person who is properly motivated.

For a second group of people, job training programs will be very helpful. The proposals in the Republican plan and in the President's plan will help these people because they are the participants who will probably be on welfare unless they get infrastructure job training, job application opportunities and jobs.

The third category are people that probably can't get off. We know that no matter what effort the government will make, it will be difficult for them, but they love their children and can nurture the child as long as we have government support.

Those are essentially three categories. If we have time limits, we are going to have to distinguish between those groups, and the latter group is the one that is of concern to me because I don't want anyone to think that whatever we do will be a panacea. If we require them to go off welfare and punish them, the kids will have to go someplace and that someplace is probably foster care.

I think this is an issue that has been brought out and we have to begin to discuss it because I think time limits may make sense. At the same time, we have to make sure that we don't impose them arbitrarily so that we hit people in the wrong way and punish the children.

Ms. SWEENEY. I'm sorry, I am not CDF's expert on that. We are looking forward to seeing the President's proposals. We think it is important for people unable to work that there be protections built in. There may actually be more than the three categories of people you referred to. Within the last category, there may be a number of subdivisions. I would be happy to have CDF's staff come back and talk with you about these issues.

Ms. BOURDETTE. We should remember that most of the recipients of AFDC are children and that whatever we do, we must help children become sufficient adults and not punish them.

The second piece is to also—one of the things we are learning in the child welfare field is that many grandmothers caring for their grandchildren are AFDC recipients. That is a different group that we have to be very careful about.

I would say as you think of the various groups of people on AFDC, that one we need to look at differently. They are usually in their fifties. They are not only caring just for babies, but for children 5-, 6-, 7-, 8-years old, and it has been very difficult for them.

That is a group of people in particular that we have to look at in a different way.

Acting Chairman MATSUI. Thank you.

Mr. Santorum.

Mr. SANTORUM. Thank you, Mr. Chairman.

You both testified that you support the President's plan. If I suggested to you that any plan, whether it is the President's plan or not, actually did not create more JOBS in the private sector and that it did not decrease the deficit, would that be a plan which you would support even if it had all the things that you wanted in it?

Ms. SWEENEY. The most important thing is that the President is investing in children and their families and making a substantial investment in the future to make sure that children are able to grow up and be productive members of our society, and that they can live in loving, secure homes.

Mr. SANTORUM. Your sense is that the government is the best person to assure that? We have control over that?

Ms. SWEENEY. There is a range of things the President is proposing. He is not saying that the government is the best to do it.

Mr. SANTORUM. I am positing this as a hypothetical. If this package hurt job creation and the economy and did not decrease the deficit—and there are people who believe that is the case—given that as an assumption, even if it has the things you want in it, is that a good package for children?

Ms. SWEENEY. I'm sorry, I am authorized to support the President's package, not to address hypotheticals which are not the President's package.

Mr. SANTORUM. So you are not going to answer my question.

Ms. Bourdette, would you like to answer my question?

Ms. BOURDETTE. I would answer your question and hope it is satisfactory.

I cannot comment on what the President's package will do with respect to JOBS.

Mr. SANTORUM. You commented that low-income people are seven times more likely to have abused children than people who are not low income. So having a job, having substantial income, is an important factor in child abuse? So if you have a plan that doesn't create jobs and doesn't do anything about deficit reduction, then you have a plan that is not helping children?

Ms. BOURDETTE. Numerous new resources are particularly directed for low-income families; for instance, the earned income tax credit. Unfortunately, many families who are working very hard—

Mr. SANTORUM. Which is more important, to create a job for a family or to give them support benefits?

Ms. BOURDETTE. It is more important to make sure that every child in this country has the support that they need to thrive and to grow up and develop to be productive adults.

Many parents are struggling at jobs that do not provide them with sufficient income to support their children. They are nevertheless poor, even though they work many hours.

One of the important things about the President's plan is that he will help parents who are struggling at work to help their children,

to help them do that. That is why the income tax credit and family services is important.

Mr. SANTORUM. I support the EITC, and I think that is a good way to increase earnings and that is one of the things in our bill. My concern is I think that there are too many of these programs out there, including those in the President's package, that are government handouts, so to speak, or grants targeted toward children.

In my opinion, the most important thing for children is to be in a family where parents are working and that they have a sound economic future. That is the most important factor and that is a factor which I think unfortunately organizations like yours ignore the ramifications of in the bigger picture—big new spending programs are going to do to the economy and the deficit, not just what spending is going to do to this program or that program which you happen to like.

Ms. BOURDETTE. We know how seriously children have been harmed—

Mr. SANTORUM. I would like to put in a chart.

[The prepared statement follows:]

Changes in Federal and State Spending
on Safety Net Programs between 1979 and 1991

Program	Year					Percent Change	
	1979	1981	1989	1990	1991	1979-91	1981-
AFDC	\$22.5	\$22.5	\$22.0	\$22.9	\$24.0	6.7	6.
Food Stamps	8.8	12.8	12.0	13.4	15.9	80.7	24.
Child Nutrition	7.7	7.4	7.6	7.9	8.3	7.8	12.
Medicaid	13.5	14.2	19.4	23.2	29.8	120.7	109.
Housing*	4.2	5.6	8.8	9.1	9.3	121.4	66.
Total	56.7	62.5	69.8	76.5	87.3	54.0	39.
Total without Medicaid	43.2	48.3	50.4	53.3	57.5	33.1	19.
Persons in Poverty**	17.6	22.3	20.7	22.2	23.0	30.7	3.
Spending per Person in poverty	\$3,222	\$2,803	\$3,372	\$3,446	\$3,796	17.8	35.
Spending per person in Poverty without Medicaid	\$2,455	\$2,166	\$2,435	\$2,401	\$2,500	1.8	15.

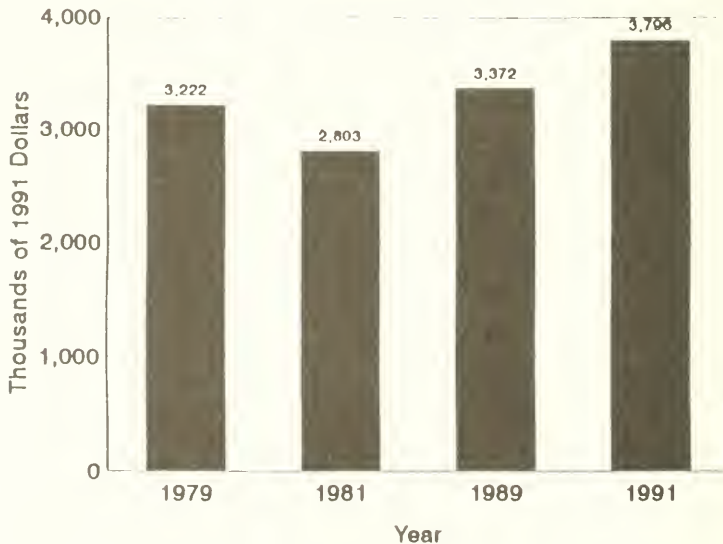
Note. Except for spending per person, figures in billions of constant 1991 dollars. Figures include spending on families with children only.

Sources. Poverty data from Census Bureau; spending data from Congressional Budget Office or Congressional Research Service.

*Excludes spending for housing aid administered by the Farmers Home Administration. Because there are no housing expenditure data specifically on households with children, estimates involved a series of calculations based on simplifying assumptions.

**Millions of persons living in married-couple families with children in female householder families with children; poverty definition is before transfers from government means-tested programs but after state and federal taxes (Census Bureau definition #11); see U.S. Bureau of the Census, Measure: the Effect of Benefits and Taxes on Income and Poverty: 1979 to 1991. Curr Population Reports, Series P-60, No. 182-RD. Washington, DC: U.S. Government Printing Office, 1992, pp. 109 & 111.

CHANGES IN SAFETY NET SPENDING PER PERSON 1979-91



Mr. SANTORUM. If you look at Federal spending—Federal and State spending on safety net programs in constant dollars—they have gone up close to 40 percent over the last 10 years.

I will be happy to show you the chart. This is in constant dollars. The idea that the safety net has been pulled out from under poor families in America doesn't bear up under analysis. I think what we have seen is that while poverty has increased, I understand, government programs don't necessarily solve that problem.

Acting Chairman MATSUI. Thank you.

I would like to thank both of you for your testimony. I am sure that we will be talking about these issues in the next few months in greater detail. I thank both of you, and please thank David Liederman and Marian Wright Edelman for me.

We will recess for about 10 minutes.

[Brief recess.]

Acting Chairman MATSUI. The hearing will reconvene.

On the third panel, we have three witnesses: Darryll W. Grubbs, president of the Child Support Council; Jean Irlbeck, senior vice president and general counsel, the Paternity Acknowledgement Associates, Inc.; and Melissa Pappas, president of the Child Support Recovery Services.

We would like to thank all three of you for being here. We expect a series of votes all morning, all afternoon, and well into the evening. We don't expect to adjourn until 2 o'clock in the morning, so there may be some interruptions.

Mr. Santorum is on his way at this time. We had two votes. You will have to be patient with us.

At this time, I would without objection enter into the record your written statements and as we mentioned with the previous two panels, we would like to limit your oral testimony to 5 minutes.

At this time we will ask Darryll Grubbs, president of the Child Support Council to proceed.

STATEMENT OF DARRYLL W. GRUBBS, PRESIDENT, CHILD SUPPORT COUNCIL

Mr. GRUBBS. Thank you, Mr. Chairman and Members of the subcommittee.

I am Darryll Grubbs. I am the president of the Child Support Council, which is a nonprofit association of private sector child support professionals and businesses. We are based in Austin, Tex.

One reason I set up the Child Support Council is a result of my experience from working in a IV-D agency in Texas under the attorney general's office. From that experience, it is my belief that the child support problem in the United States cannot be solved without a partnership between Government and the private sector.

The fact that billions of dollars in child support goes unpaid and hundreds of thousands of children will never see child support because paternity will never be established is a national tragedy. The enormity of this problem demands the very best technology, and ingenuity that can be collectively devised by public sector child support agencies working together with private sector businesses and professionals.

We are very pleased with President Clinton's initiatives in the area of child support and for his recognition of the role of the private sector in helping to solve Government problems.

I would like to comment on his recommendations and to also offer some other suggestions to the subcommittee for their consideration as they are looking at the child support enforcement problem.

The first recommendation is what President Clinton has referred to as the deadbeat dad database. It has two purposes. One is to locate absent parents and the other is to facilitate child support wage withholding. These are good concepts and will improve enforcement.

The Council, however, believes that this database may not need to be established in a Government agency such as the Internal Revenue Service as some have proposed. Rather we think it should be patterned after a system that is already in place, that is being used effectively at the State level, and that is a State-administered locate database known as the Electronic Parent Locator Network.

Basically, the States collectively operate this regional database. They use a private contractor in maintaining the database. We believe this reflects more of the type of partnership between States and the private sector that we would like to see established.

The other recommendation that President Clinton has talked about is to streamline paternity establishment. We support those efforts. The only concern that we have is in the area of constitutional due process. There are some judges and attorneys who believe some of these acknowledgment forms are too open and could cause due process problems later on. We would like to see added to any voluntary acknowledgment a requirement for paternity testing and photographs of the father. We believe this will make later legal challenges to this voluntary process far less likely to occur.

The President also talked about expanding IRS income tax refund withholding. We agree with this expansion and believe it should be opened up to private attorneys and private firms interested in enforcing child support orders for custodial parents without them having to go in and apply for full IV-D services.

A couple of other recommendations we support. One is improving access to employer health insurance for dependent children. We think that is critical. Texas has passed laws after which some of these Federal proposals are being patterned and we believe that is an important recommendation and we support it.

The President also mentioned the need for central registries, which are entities that records all child support payments required to be paid. We think that is an excellent idea and should be expanded to include monitoring of those payments and an automatic initiation of enforcement in those situations where delinquencies occur.

One or two recommendations we would also like to see added to what the President has already identified. In the area of paternity establishment, currently laboratory testing is paid for by the Federal Government at a 90 percent match rate. We would like that level of funding extended to all paternity establishment efforts, including voluntary acknowledgment and hospital outreach efforts.

We think that would do a great deal more to encourage States to engage in paternity establishment efforts.

There are also problems in developing the appropriate laws for the emerging paternity technology. There are some new technologies that can increase the speed and accuracy of paternity and in ultimately lowering the costs. We would like to see the Federal Government take the lead in requiring States to have State laws that can incorporate these technologies.

One other concept I will mention—and there are more ideas in our written testimony—is a concept called pay now, pay more later. Every new order issued in the United States should include a provision for a late payment penalty. This can reduce Government costs for running child support enforcement.

This penalty that would be imposed against delinquent obligors, would help pay for the IV-D program and would also encourage private collectors to pursue child support enforcement if they were permitted to retain the late payment fee. It would not be imposed on the custodial parent. It would be imposed on the delinquent obligor.

We would like to see a strategic planning committee set up in the Federal Office of Child Support Enforcement to assist in some long-range planning for this program.

We would like to see a number of IV-D tools made available to the private sector. Part of the problem with the IV-D program today is that the program is completely overwhelmed. I know that. I have worked in a IV-D program and we have created the problem because we have reserved the tools that are effective only for use by the IV-D program.

By opening these tools, we believe it could encourage more private sector participation in child support enforcement.

I appreciate the opportunity to testify today.

Acting Chairman MATSUI. Thank you.

[The prepared statement follows:]

TESTIMONY OF DARRYLL W. GRUBBS
President, Child Support Council

INTRODUCTION

I am Darryll Grubbs, President of the Child Support Council. The Child Support Council is a non-profit association of private child support professionals and businesses and is based in Austin, Texas.

Chairman Matsui and members of the Human Resources Subcommittee, it is a pleasure to be here and to offer my views and those of the Child Support Council and its members. I appreciate your inviting me here today.

BACKGROUND

My perspectives about the child support enforcement program generally, and the child support proposals being advanced by President Clinton specifically, have been formed from my experience in child support enforcement that began six years ago. From 1987 through 1991, I was an Assistant Attorney General in the Child Support Enforcement Division of the Texas Attorney General's office. Early in 1992, I left the Attorney General's office and established the Child Support Council.

THE CHILD SUPPORT PROBLEM: A NATIONAL TRAGEDY

One reason I left the Attorney General's office and set up the Child Support Council was my belief that the child support problem in the United States could not be solved without a partnership between government and the private sector. The fact that billions of dollars of child support goes unpaid, and hundreds of thousands of children will never receive child support because paternity will never be established, is a national tragedy.

The enormity of this problem demands the very best technology and ingenuity that can be collectively devised by public child support officials working together with private businesses and professionals. Each of these two sectors, public and private, has a crucial role to play and a major contribution to make in improving child support establishment and enforcement efforts in the United States. Working together, there is more than a chance that the child support problem can be solved.

THE PRESIDENT'S CHILD SUPPORT INITIATIVES

The Child Support Council commends President Clinton for his interest in and support for better child support enforcement. Throughout the Presidential campaign, Mr. Clinton spoke frequently about child support and the need to make changes to improve the system in order to increase the well being of children. Now, the Clinton Administration, in its economic plan entitled "A Vision of Change For America," has identified several proposals for a stronger and more effective child support program. The result of these changes is expected to save \$328 million in government entitlement expenditures between FY 1994 and 1997.

I would like to briefly comment on these proposals, and then suggest to this Subcommittee several additional child support initiatives that I believe would also improve child support enforcement and provide cost savings to federal and state taxpayers.

"DEADBEAT DAD DATABASE"

One proposal which President Clinton has mentioned repeatedly, and which is identified in his economic plan, is the creation of a "deadbeat dad" database. It is my

understanding that this database would be a national registry of abstracts of all child support orders issued in the United States. The data contained in this registry would be used to help locate absent parents. This registry would also be used in conjunction with another Administration proposal to require employers to report all new hires to the national registry in order to facilitate child support wage withholding.

The data contained in the proposed national registry would certainly help achieve the intended purpose of assisting in locating absent parents. Also, employer reporting of new hires for enforcing wage withholding for child support has proven successful in states where it has been implemented, and will likely work in every other state. Both concepts would improve child support enforcement and collections and should be supported.

The "deadbeat dad" registry, however, should not be established in and maintained by the Internal Revenue Service, as some have initially suggested. Instead, it would more effectively permit the states' IV-D agencies to operate this registry themselves under a cooperative agreement. There is already precedence for such a state-administered locate database. It is known as the Electronic Parent Locate Network. Through this network, the IV-D agencies in eight Southeastern states have on-line access to a central database that contains vital information from government files and records from each participating state. This is an efficient system that is run by the agencies who are charged with enforcing child support. This same operating concept should be used for any proposed national child support database.

PATERNITY ESTABLISHMENT

The President has proposed that paternity establishment efforts be greatly improved. The Child Support Council wholeheartedly agrees. The President's comments suggest that federal legislation would require states to implement procedures for voluntary paternity acknowledgement. Paternity establishment outreach efforts would occur in hospitals, birthing facilities and doctor's offices.

These are extremely worthwhile and important objectives and merit support. However, there are still only a handful of states that have established voluntary paternity acknowledgement programs. In some of these jurisdictions, attorneys and judges have expressed concern that these laws may not afford sufficient "due process" safeguards for men who are asked to admit to being the father. Accordingly, legislation to implement this proposal must be carefully drafted.

In addition, it may be advisable to require that voluntary acknowledgement processes include the results from parentage testing and photographs of the father. Such information, if attached as part of the original voluntary acknowledgement affidavit, would discourage later challenges when the father discovers he will be paying child support for 18 years. Otherwise, if the voluntary acknowledgement contains only the alleged father's signature on an affidavit, he may later try to disavow parentage by claiming mistaken identity, or duress, coercion or even fraud in obtaining his signature. Conducting hearings or trials on this later challenge could prove costly and annoying for IV-D child support agencies.

With parentage testing results and a photograph included as part of the original voluntary acknowledgement affidavit, successful challenges would be nearly impossible. As a result, challenges would eventually completely cease.

IRS INCOME TAX REFUND WITHHOLDING

The President's economic plan also suggests greater utilization of the federal income tax refund intercept program. Currently, Title IV-D agencies are permitted to submit

names of those owing child support to the IRS. The IRS pulls the amount of child support owed out of any income tax refund and sends it to the child support agency for distribution.

Since 1982, this program has collected over \$3 billion from the tax refunds of those who have not paid their child support. While details of the President's proposal are still being developed, this program could become an even stronger and a more widely used enforcement and collection tool by permitting private attorneys representing custodial parents to submit verified, delinquent child support obligations to state IV-D agencies, or directly to the IRS, for refund intercepts.

OTHER CHILD SUPPORT PROPOSALS BY PRESIDENT CLINTON

During his campaign, and since his election, President Clinton has mentioned several other important ideas that would improve child support and save taxpayer dollars. One initiative would require the noncustodial parent (or his employer) to provide health insurance to his dependent children for whom there is a medical support obligation. The CSC fully supports this effort.

A report by the General Accounting Office issued in June, 1992, found that savings to federal and state Medicaid programs would amount to \$122 million annually (based upon FY 90 figures), by requiring employer provided health coverage to be available to dependent children of noncustodial parents.

Another idea mentioned by the President would require states to create child support payment registries through which all child support payments in the state would be received, recorded and disbursed. The CSC believes this to be another very important proposal. This would help eliminate evidentiary issues that complicate and delay enforcement of child support orders, as often occurs when the obligor has been paying child support directly to the custodial parent. Later, when trying to enforce the order, the IV-D agency has to try to resolve disputes about the amount of support that has been paid and the amount owed. Payments made to, recorded in and distributed by, an official registry would eliminate many of these disputes.

The Child Support Council also strongly recommends that the responsibilities of these payment registries be broadened to include payment monitoring and immediate, automatic delinquency enforcement.

Perhaps no other legislative recommendation would do more to begin to eliminate the problem of non-support in this country. Studies throughout the United States have shown that monitoring of child support payments from the first day they are to be paid, and swift enforcement of any delinquency, is the most effective (and perhaps least costly) method of ensuring the highest rates of compliance.

A number of these innovative monitoring and enforcement programs are being implemented by judges and local officials around the country. What also makes these programs so attractive is that some of them do not use taxpayer dollars for their administration. Registry and payment monitoring costs are paid for by minimal fees charged to noncustodial and custodial parents. Enforcement costs are paid for by requiring the delinquent obligor to be assessed a late payment fee.

ADDITIONAL CSC RECOMMENDATIONS TO IMPROVE CHILD SUPPORT ENFORCEMENT AND TO SAVE TAXPAYER DOLLARS

The Clinton Administration has identified and recommended key proposals that would greatly improve child support enforcement in the United States. By modifying some of them in the way the CSC has identified, the President's initiatives could be even more

effective.

Additionally, as Congress considers the Administration's child support proposals, the Child Support Council respectfully urges this Subcommittee to consider several other improvements and cost-saving recommendations relating to the child support program.

ENHANCED FUNDING FOR PATERNITY ESTABLISHMENT

Parentage establishment is one of the most critical objectives of the IV-D program. The federal government pays 90 percent of the costs for parentage testing in the IV-D program. (They also pay 90 percent of the costs for developing new automated child support case management systems in state IV-D agencies.)

While this enhanced funding for parentage testing helps, state IV-D agencies themselves do not have any direct incentive to focus on paternity establishment more than on any of their other responsibilities, especially enforcement and collections. In fact, because of the federal funding structure, they may have less incentive to work on paternity establishment cases than pursuing other enforcement and collection activities.

Although paternity establishment is the necessary first step in a process that may result in a child support collection, it is a lengthy process and one which takes a great amount of time and effort by a IV-D agency. Consequently, states need an extra inducement to focus on pursuing these parentage establishment cases. Enhanced funding at 90 percent would provide that inducement and result in a much higher rate of paternity establishment.

This enhanced (90%) paternity establishment funding should be available for all administrative costs directly related to parentage establishment efforts and for the voluntary paternity acknowledgement and hospital outreach efforts identified in the President's proposal.

PATERNITY LAWS SHOULD ALLOW THE LATEST TESTING TECHNOLOGY

Paternity establishment is one area where the private sector has been actively and closely involved with government child support agencies. Through their efforts, paternity testing labs have helped increase the speed and accuracy of high volume paternity testing required by the IV-D program.

Today, DNA testing provides a very accurate and extremely reliable method of parentage establishment. One member of the Child Support Council, Genetic Design, Inc., is the largest IV-D testing lab in the United States. They have developed a technology that is far less invasive than drawing blood. Instead, a saliva sample is taken from the mouth using a buccal swab, similar to a common Q-tip. A DNA test is conducted on the saliva sample and parentage determined.

Unfortunately, many state laws do not keep up with the rapid changes in testing technology. As a result, these new, less invasive methods being developed by private labs cannot be fully used in many jurisdictions. Some states even still prohibit use of DNA testing, a highly proven and reliable technology that is being used almost exclusively to establish paternity in other states.

Federal law must require states to be current with today's technology. DNA testing should always be permitted by state law for paternity establishment. State laws should also permit paternity testing on, not only blood, but body tissues and fluids. Without these changes to state laws, the process of establishing parentage in IV-D cases will remain slow, and will discourage private companies from pursuing research to develop simpler, more reliable and less costly testing procedures.

IMPOSE COSTS FOR FRIVOLOUS CHALLENGES TO PARENTAGE DETERMINATIONS

The certainty by which parentage can be established through DNA testing makes most contested trials for paternity determination in IV-D cases costly and unnecessary. For labs to send their experts to appear at trials in cases where DNA testing has already established paternity is an expense that only serves to ultimately increase overall costs for IV-D paternity testing.

Accordingly, the CSC believes federal law should require states to impose on the father all court costs and any expenses for a state's expert witnesses to appear at a trial in which the father is the one who initiated the legal action and where he was already tested and parentage presumptively established by the test results. The only exception would be if the trial is conducted and ends in a holding that the man was not really the biological father.

PAY NOW OR PAY MORE LATER

The CSC believes that government costs for enforcing child support orders in IV-D cases could be reduced by requiring states to include a late payment penalty in all new or modified orders. If the IV-D agency has to enforce a delinquency, it could retain this fee and use it for its operating costs. Additionally, collection of this penalty by the IV-D agency should not be counted as "program income," which under current IV-D requirements would reduce federal funds to the IV-D program by the amount of the income. (This current requirement means there is no incentive for the agency to pursue collection of a late fee or any other fee since it is counted as program income and offset by reduced federal dollars.)

This late payment penalty may help keep some cases from ever entering the IV-D system, and adding to the already staggering IV-D caseloads, since private attorneys and collection agencies may be willing to pursue enforcement on behalf of custodial parents if they could retain this late payment penalty as a fee for services.

This late payment fee might also make it more attractive for IV-D agencies to contract with private collectors for pursuing enforcement of some of their IV-D caseloads. The agreed fee would be all or any part of the late payment penalty that could be recovered by the private collector.

EXTEND THE DEADLINE FOR NEW STATE AUTOMATED CHILD SUPPORT ENFORCEMENT SYSTEMS

State IV-D agencies are still developing automated child support enforcement systems first authorized by Congress in the early 1980's. The federal government is paying 90 percent of these costs. All systems are supposed to be approved and operational by September 30, 1995, which is the ending date for the 90 percent funding.

An August, 1992, report by the General Accounting Office identified problems within the federal Office of Child Support Enforcement (OCSE) in its oversight and approval process for the development of these new state systems. The GAO claimed that \$32 million was spent on flawed systems in several states and blamed OCSE for failing to act in correcting these problems. The GAO estimates that over \$1 billion will be spent through 1995 on these new child support systems. So far, only a few states have systems that meet federal requirements.

Rather than risking similar flaws and defects in systems that states are hurrying to complete before the end of the 90 percent funding, Congress should extend the deadline

by which the systems are to be completed and for which they may receive 90 percent funding. Also, OCSE should be required to secure the necessary technical expertise to allow them to carefully review the development of all state child support systems presently being built and to assist the states in ensuring that these systems will be effective when completed and can fully incorporate any of the changes that are likely to result from new federal laws in the 103rd Congress.

INTERSTATE ENFORCEMENT

Another GAO report issued in January, 1992, found that mothers in interstate cases were less likely to receive child support payments than those in in-state cases. This conclusion was not surprising to anyone who is familiar with the IV-D program. For a number of reasons, state IV-D programs will often work in-state cases before intrastate cases. One way to correct this deficiency is to remove the limitation on incentives that state child support agencies can earn on working these interstate, non-AFDC cases.

Congress could also contribute to efforts to improve interstate enforcement by requiring states to make available to every other states' IV-D agency, automated, on-line access to certain state records that could be used in locating absent parents. This process could occur for a relatively modest expenditure of approximately \$4-6 million, which is the estimate by the state-administered Electronic Parent Locate Network for adding all 50 states to its locate database.

STRATEGIC PLANNING/ CHILD SUPPORT ADVISORY COMMITTEE

Testimony from numerous hearings held by this Subcommittee and other Congressional committees during the last ten years, and findings in a dozen or more reports by the General Accounting Office, have revealed many of the deficiencies in the federal Office of Child Support Enforcement's administration of the IV-D program.

One of the most notable deficiencies has been in the area of long-term strategic planning to develop a comprehensive national child support program. Additionally, regulations and policies of OCSE have often conflicted and failed to provide a coherency that is necessary for effective and coordinated operations by state agencies that run IV-D programs.

As a result, Congress should work with the new Administration to create a federal Child Support Advisory Committee that would include state IV-D administrators, child support advocates and private sector professionals. It should be charged with assisting HHS Secretary Shalala in reviewing all current child support policies and regulations previously adopted by OCSE. These policies should be assessed to see whether they reflect true Congressional intent and the objectives of the new Administration in working cooperatively with state agencies.

Most importantly, this advisory committee should be charged with assisting the Clinton Administration in formulating a comprehensive plan for the future of the child support program. This would help ensure that federal and state laws and policies are directed at achieving the ultimate goals and objectives of the plan.

OPEN CHILD SUPPORT ENFORCEMENT TOOLS TO THE PRIVATE SECTOR

One of the major reasons the current IV-D system is overwhelmed is that the most effective enforcement tools have been reserved for use by state and local IV-D agencies. This has created a situation where custodial parents face long delays in having their cases handled. In turn, IV-D workers often feel a sense of futility as cases needing enforcement come in far faster than those that receive enforcement and are closed.

Congress should give careful consideration to this problem and to Title IV-D provisions that have created a situation where the IV-D agency is the only viable alternative for a custodial parent seeking enforcement of her child support order.

Some states have already realized the need to include the private sector in assisting in the enforcement of orders in IV-D cases. In some situations, notably Tennessee and Georgia, the IV-D agencies have chosen to contract with private firms to administer all or part of their IV-D functions.

There are also other alternatives for utilizing private enforcement. Private attorneys and child support collection businesses could fill part of the demand for child support enforcement without creating additional burdens on IV-D agencies. This could be achieved by opening enforcement tools currently available only to IV-D agencies (such as IRS intercept and access to expedited or administrative processes) to private attorneys and reputable collection firms.

While private firms may charge a fee, or retain a percentage of the collections for their services, this may be a price that some custodial parents are more than willing to pay. Some custodial parents who are already using private firms seem to feel that getting 75 percent of what is owed is better than not receiving anything, which is often the case prior to going to a private child support collector.

Congress and state legislatures should consider making it possible for private attorneys and legitimate collectors to utilize some of the more effective tools of IV-D agencies. In the process, it may also reduce or limit current IV-D costs that result from the present system of providing virtually free child support enforcement services to anyone willing to apply for them.

In Texas, after our IV-D caseloads jumped from less than 200,000 to over 500,000 in just a couple of years, we encouraged the Texas Legislature to open the IV-D agency's enforcement tools to others. As a result, private attorneys in Texas today can file their own administrative wage withholding orders and serve them on employers, pursue administrative liens against non-exempt property, and enforce requirements for employer provided health insurance for dependents. These enforcement options were previously reserved for the IV-D agency.

Of course, expanding the use of enforcement tools to the private sector has not been without some minor problems. But, if IV-D officials are willing to work with custodial parents and legitimate private collectors, these problems can be overcome. The result is a "win/win" situation for the IV-D agency, the private collector, and most importantly, the custodial parent and her children.

In closing, Mr. Chairman, I again want to thank you and the members of this Subcommittee for allowing me to testify today. I hope the ideas presented by President Clinton, and from others you have heard from today, will contribute to the ultimate objective of having child support paid regularly, on time, and in the full amount to every child to whom it is owed. This is both a moral and legal imperative and one which deserves society's fullest efforts to bring to fruition. Thank you.

Acting Chairman MATSUI. Dr. Irlbeck.

STATEMENT OF JEAN IRLBECK, SENIOR VICE PRESIDENT AND GENERAL COUNSEL, PATERNITY ACKNOWLEDGEMENT ASSOCIATES, INC., OLYMPIA, WASH.

Ms. IRLBECK. Good morning, Mr. Chairman, and thank you for the opportunity to come.

I was recently with a IV-D program in the State of Washington where I worked for 15 years, but in the last few months have formed a company in which I offer my services to assist States in setting up programs.

I want to talk today about one that seems to be on everybody's lips, the Hospital Paternity Acknowledgment program.

I want to make two major points today. One, I think it is the right thing to do. I think it is the thing that could eventually change the culture surrounding out-of-wedlock births in this country, that eventually every hospital in every city in this country, every father will be asked, "Are you willing to accept responsibility for supporting your child beginning today?" It will become the expected behavior and therefore I think it will make a significant difference. I am very committed to that idea.

Second, there is a sense of urgency. Something needs to be done quickly. About half the States are now attempting to implement a program like this because of the successes experienced in a few States.

Part of the problem is that like so many other good ideas in child support and human services, a good idea comes up and then 5 or 10 years later we wonder why it didn't live up to our expectations. That is going to happen again with this idea if we don't act quickly. The ball is in your court.

Standards need to be set. Rules need to be made so that everyone is doing it correctly and doing it the same way.

What is happening in half the States now are a conglomeration of a basic idea being put together in a multitude of ways. We will see the same problem we have in so many areas of child support. We have 50 ways of doing it, and it doesn't fit together as a whole and therefore it does not work.

If we allow what is happening now to happen in this program, it will fail because you will have an acknowledgment in one State that it has to be notarized in the next State next door. It has to be witnessed and in the next State it has to be filed in court and it will have no meaning from one State to the next and it will bear all of the same failures that the previous good ideas have had.

We need to have Congress set standards, that an acknowledgment has to create at least a presumption of paternity.

There are States like Illinois who are attempting valiantly to do this kind of program, but when the father shows up and signs an acknowledgment and says "I am willing to support my child," it is not worth more than the paper it is written on under the laws of that State. It still has to go through the two different kinds of court systems and they are about to add another layer. If it is not going to solve the problem, we will then look at it and say "It wasn't such a good idea because it did not produce the result."

It will not be the fault of the idea. It will be in the carrying out. It is not that the States are unable to do it. It is that they have to fight this battle on their own without guidance or assistance from the Federal Government so everyone is trying the best they can.

We need uniformity from the Federal Government to make the program work and it will work and it will make a difference.

Genetic testing is also a key piece. It is the most significant advancement in paternity in this century. It also needs to create a presumption of paternity. If we have those two elements, the acknowledgment and genetic testing results properly done in the States, we have a multitude of laws, some of which don't make sense because the people who drafted them don't understand the technology. The technicalities weren't worked out correctly.

There needs to be mandated uniformity on that also. The standards need to be the same State to State.

When Ms. Haynes talked about the Interstate Commission report, throughout the entire report, the major theme on every area of child support is every State is doing it differently. We need uniformity. That is the critical thing that is needed in this program, and it will work.

Thank you.

Acting Chairman MATSUI. Thank you.

[The prepared statement follows:]

Testimony of
Jean Irlbeck, J.D.
Paternity Acknowledgement Associates, Inc.

In the IV-D program we have all too often looked back on our history and wondered why a good idea did not live up to our expectations. Usually, we whisper and point fingers and end up deciding that something went wrong in the state programs. But we do know that a good idea, by itself, does not solve a problem. We must also carry it out correctly and well.

Right now we have the opportunity to avoid the failures of the past. For at least five years we have been testing and studying the hospital paternity acknowledgment program. We know that it can make a difference. Many of us believe that it can break through the barrier that is keeping us from making real progress in establishing paternity for more of our children.

Right now, in about half of the states, there is an attempt underway to turn this idea into reality. However, each state must fight its own battle without any rules, or even without guidance, from the federal government. So while the essential idea will be the same everywhere, it will take a different form in each state. It is that multiplicity which has been the downfall of so many good ideas for this program in the past.

The time for talking and testing has passed. It is time to do it. Congress must take the lead. Congress must set the standards. If you don't, some day down the road, we won't be wondering what went wrong. This time we will know.

The following elements should be required in the hospital based paternity acknowledgment program in every state:

- All hospitals and birthing facilities should be required to offer the parents the opportunity to acknowledge paternity.

- An acknowledgment must, at a minimum, create a presumption of parentage shifting the burden to the presumed father to disprove paternity if he chooses.

- Genetic testing results with an average cumulative probability of exclusion of 98%, or higher, and a combined paternity index of at least 100:1 or the probability of parentage of at least 99%, must create a presumption of parentage, also shifting the burden of proof.

- The acknowledgment process must be available up to the child's eighteenth birthday.

-The court or administrative tribunal must be able to enter an order for child support based on the acknowledgment or genetic test results without further action on the issue of parentage.

-The federal funding match rate should be 90% for all activities related to voluntary paternity acknowledgment programs and genetic testing.

In addition to the above essential elements, the following are recommended:

-A fee of \$20 should be paid to the hospitals for each signed paternity acknowledgment obtained by hospital staff.

-A presumed father could be allowed to request genetic testing to rebutt a presumption within one year of the date an acknowledgment was signed. Presumed fathers who are minors could be allowed one year beyond their eighteenth birthday. In the alternative, an acknowledgment could be rebutted only on the same basis allowed under state law for vacating judgments.

-Paternity establishment and acknowledgment services, with federal matching funds, should be available for every child without a requirement for a written application for IV-D services.

No one will claim that this program is perfect, nor is it the single solution. However, I believe that it is the program that will change the culture surrounding out of wedlock births in this country. Someday, most of the fathers of these children will live up to the behavior that will come to be expected, because every hospital in every city will be asking them the same question: "Are you willing to accept responsibility for your child beginning with day one?"

The majority of children who are born out of wedlock will live in poverty and/or receive government benefits at some time during their lives if the current system remains unchanged. The establishment of paternity at birth is only one step toward improving their lives, but it is the critical first step. Any delay makes the next step even more difficult.

Acting Chairman MATSUI. I would like to acknowledge Wendell Primus. He has been the chief counsel of this subcommittee for a number of years, but he has also been on the staff of the Ways and Means Committee since 1967, about 17 years now.

Effective Monday, he will be working at the Health and Human Services Department. So we haven't seen the last of Wendell, but at the same time we wish him the best and thank him for all the help he has given us over the years.

Acting Chairman MATSUI. Ms. Pappas.

STATEMENT OF MELISSA PAPPAS, PRESIDENT, CHILD SUPPORT RECOVERY SERVICES, INC., ROCKVILLE, MD.

Ms. PAPPAS. I am glad to be here today.

I am Melissa Pappas and I am president and founder of Child Support Recovery Services. I believe that I provide a unique insight into the child support program in that I have worked with State child support agencies to strengthen the national laws of the child support program.

I now have the opportunity to meet directly with custodial parents and hear first hand their experiences. Almost all of our clients have been through the State system and for one reason or another have chosen to seek outside help.

I would like to give you three ideas that I have. One is that my experience with the American Public Welfare Association currently is that the State child support agencies are overwhelmed. The staff face increasing work loads.

In some jurisdictions, in Maryland for instance, caseworkers have more than 900 cases. There is no way we can expect them to be efficient and effective with case loads exceeding those numbers. I believe that any proposals that you look at should look at improving the efficiency in the child support programs.

I believe the States are currently doing things. We need to streamline the processes. One recommendation is to adopt a simple administrative process for establishing paternity. I believe that the models established in the States of Washington and Virginia, for example, will simplify the process and reduce some of the work loads for the State workers.

Another way to improve efficiency in the State agency is to increase automation. This means the capability to manage their cases and their work load; and second is to automate the support orders so that there is a national registry of support orders so that we can locate noncustodial parents.

We have access to credit bureau reporting data, public records, change of address, even magazine subscriptions. Within a matter of seconds, we can find almost anyone. There is no reason that the State agency shouldn't have access and be able to find people as quickly as we can.

I want to encourage you to maintain your commitment to the 90 percent funding for the automation. That is an issue I talked with the State agencies about and they are concerned that this will be eliminated and I believe this will impair the ability of the States to handle the case loads they currently have.

The last issue is the need and demand for the private sector. I believe that this is an opportunity to look at the role of the private

sector in helping collect child support. Currently, case loads have been increasing at the same time we are looking at budget reductions, staff furloughs and even—my point here is that the State and Federal Government can really no longer maintain the role of providing all services to all persons.

The role of Government in the past has increased tremendously, driving up the cost to the taxpayers. The result is that the taxpayers are refusing to pay increasing amounts for inefficient and ineffective services. I believe that private child support agencies should be encouraged and promoted to step in as a viable alternative.

The last issue I want to address is visitation. This is something that we face on a daily basis. One of the issues that we hear each day from our noncustodial parents is about visitation. I in no way acknowledge that withholding support is an excuse for visitation, but I believe that we need to establish a mechanism to revolve disputes around visitation.

There really is no similar mechanism than the IV-D agency. When someone has an issue of child support, they can go to the IV-D agency. We don't have a similar mechanism for someone to go to an agency when there is a problem with visitation.

Thank you.

[The prepared statement follows:]

TESTIMONY OF MELISSA PAPPAS
Child Support Recovery Services, Inc.

Mr. Chairman and members of the Subcommittee on Human Resources, I am pleased to have been asked to provide testimony today. I am Melissa Pappas, president and founder of **Child Support Recovery Services, Inc.(CSRS)**. Child Support Recovery Services is a private agency established to collect current and past due child support for custodial parents. We are located in Montgomery County and serve clients primarily in the Washington-Baltimore areas. CSRS was formed with a deep commitment to help recover child support payments where they are due. We understand the importance of child support to a child's well-being and future, as well as to the family's standard of living.

I am glad to have the opportunity to testify today, because I believe I have a unique perspective on the problems in the child support arena. I formerly worked with the state child support agencies to strengthen the laws and policies in this country. I now have the opportunity to meet directly with custodial parents that are not collecting child support. This combination of working on the policies and structure of the program paired with front line experience has added to my understanding of the child support system. From this experience I have 3 conclusions:

1. The state child support agencies are absolutely overwhelmed by the amount of clients that are requesting services each year. The IV-D agencies are also overburdened by the increasing federal requirements. Child support administrators must meet these increasing demands while state governments are furloughing employees, reducing departmental budgets, and restricting new employment.

Any additional mandates on the state IV-D agencies should be accompanied by provisions to increase funding and staff. In some Maryland jurisdictions for example there are approximately 900 cases for each worker. In my work with the state and local administrators I find that they are increasingly reducing services that are not mandated due to lack of staff and resources to handle the work.

2. Proposals to reform the child support system should only streamline current processes and improve efficiency. Adding additional measures to expand services requires additional staff and resources that are not currently available. I will later discuss proposals to reform the child support system. I believe that there are steps we can take now to improve the efficiency of the IV-D agencies.
3. The need for the private sector in child support exists more today than ever. The demand for private sector child support agencies is also expanding. The reason for the increasing need and demand is that the numbers of persons requesting services from the IV-D agencies are increasing each year while states are facing fiscal retrenchment in the provision of services. The state and federal government can no longer maintain the role of providing all services to all persons. The role of government in general has expanded tremendously in the past 50 years, driving up the costs to the taxpayers. The revenue base meanwhile suffers during economic downturns making it more difficult to continue with the same level of services. The result is that tax payers are refusing to pay increasing amounts for inefficient and ineffective services. Private child support agencies should be encouraged and promoted to step in as a viable alternative to using the state IV-D agency.

INCREASING EFFICIENCY

The proposals to increase efficiency include:

- Creating non adversarial procedures for establishing paternity and support orders;
- Expanding the automated data that is available to states for purposes of locating absent parents, and obtaining wage and asset information;
- Streamlining interstate procedures; and
- Adding additional tools for enforcing support orders.

Administrative Procedures for Paternity & Support Establishment

One way to increase the efficiency of the current system is to establish a non adversarial process to establish paternity. I support a requirement that all states implement simple, non adversarial procedures for the voluntary acknowledgment of paternity and civil procedures for contested paternity cases. States should be required to implement simple administrative procedures for establishing paternity and provide the fathers of children born out of wedlock with several opportunities to acknowledge paternity. The acknowledgment should be recognized as establishing paternity in all states and federal entities. Additionally in cases where paternity needs to be established there should be a simple administrative process for establishing a support order.

Specifically, states should be required to implement outreach programs at hospitals and clinics regarding the benefits of establishing paternity; explain to both parents the rights and responsibilities of both parents to support children and the rights of the child; provide an opportunity for the putative father to acknowledge paternity voluntarily after the child's birth by signing a notarized affidavit; and adopt a rebuttable presumption of paternity for genetic tests that result in a 99 percent or higher probability of paternity.

In addition to strengthening the process for establishing paternity, states should be required to establish administrative procedures to resolve cases in which the putative father denies paternity during the voluntary acknowledgment process, the findings of the genetic test resulted in less than a 99 percent probability, or when the putative father moves to rebut the presumption of paternity.

These two steps would expedite the process for many families of getting payments in the household and would reduce the backlog of court cases now existing in many jurisdictions.

Making More Data Available to State IV-D Agencies

CSRS is able to gain access to national credit bureau data, and public records such as property records, and motor vehicle information. We are also able to obtain data provided in public records such as change of address information, magazine subscriptions and can access criss-cross directories. Through the use of a computer we can locate almost anyone in a matter of seconds. There is no reason why the state agencies should not have access to similar sources of data in a matter of minutes. Each state should develop and maintain a registry of all support orders enforced by the state child support program and should include records of persons that request to be included in the system. This state registry of support orders will assist in locating non custodial parents that re-locate within a state.

In addition to a state registry of support orders, there should be increased access to other state's data. Information maintained by state agencies such as public utility company records, employment records, vital statistics, and others should be made available for other states. Access to this type of data can improve the ability of the IV-D agency to locate non custodial parents and their assets nationally.

Streamline Interstate Procedures & Enforcement of Support Orders

I support the proposals drafted by the U.S. Commission on Interstate Child Support as well as other legislation providing that Congress require states to:

- implement the new Uniform Interstate Family Support Act;
- reform the establishment of child support orders by requiring employers to report new hires within seven days to the state through W-4 forms; and
- to adversely affect professional or occupational licenses for delinquent child support obligors.

ROLE OF PRIVATE SECTOR CHILD SUPPORT AGENCIES

The role of private sector should be expanded to encourage qualified and knowledgeable companies to provide direct services for locating non custodial parents, collecting current support and past due support. This approach can provide much needed relief to the state IV-D agencies allowing them to better serve their clients. There are also ways in which the private sector can work with the IV-D agency to benefit families and children. One example is that CSRS reported a current home address and place of employment to the state agency so that a support order could be established. The state had been unable to locate the absent parent for months.

Congress should not abdicate responsibility for child support to the private sector altogether. I believe Congress and states should work together to expand the role and opportunity for private sector child support agencies as an alternative to IV-D. I am not recommending that private agencies be used as a substitute for IV-D entirely.

Using a private child support agency can be beneficial to many clients. Private child support agencies can locate non custodial parents, and collect current and past due child support. Additionally, private agencies can provide individual and personal attention to each case. As a private sector company that serves custodial parents, CSRS is concerned with overall efficiency and effectiveness. We spend as much time as needed on each case to effect a collection. Another benefit to the client is there is little financial risk--we do not charge hourly fees for services with little or no promise of a collection--CSRS only gets paid if there is a collection. Clients wanting expedient, attentive service, and who are willing to pay an affordable fee, should have the opportunity to turn to the private sector as an option.

The role of the private sector in child support produces a win-win situation for the IV-D agency. The state child support agencies benefit in that there are affordable, reliable options available for clients to utilize. This can minimize the burden facing many jurisdictions.

Just as the state agency can benefit from information provided by private agencies, the private sector should be allowed access to federal data bases for purposes of locating non custodial parents, or obtaining asset information. Such a cooperative

relationship ultimately benefits children and families through increased options, and ultimately increased support and involvement of both parents.

The need and role of private sector child support agencies is expanding. A majority of the clients that use CSRS have been to the state child support agency and have chosen to leave that system. Most often custodial parents report complaints in two areas: the length of time it takes for the state to initiate action on a case--this is especially true in interstate cases, and the lack of personal attention and ability to answer questions about the process. The private sector is ultimately responsible to the consumer because success is solely dependent on the ability to resolve cases to the satisfaction of clients.

OTHER ISSUES NEEDING CONSIDERATION

Visitation

One of the obstacles that CSRS deals with on a daily basis is the co-mingling of the issues of payment of support and withholding of visitation. While it is clear in law that child support and visitation are separate issues, they are not separate in the minds of many custodial and non custodial parents. We find that both parties use payments and visitation as leverage over the other parent to hopefully effect a positive outcome in the case. Unfortunately, the opposite usually occurs.

I do not believe that non payment of support is justified when visitation is withheld. There should however be procedures to resolve visitation disputes. Just as the IV-D agency provides services to the custodial parents, service should be provided to non custodial parents with visitation disputes. One way to resolve these ongoing issues is to provide more mediation and parenting classes to the families embroiled in these disputes. Effective parenting skills do not involve using the children as a pawn to resolve issues between the parents.

Proposals to reform the child support enforcement system should be considered as part of a comprehensive package--the entire system needs to be addressed. The other factors that should be considered include: funding for state IV-D agencies; use of performance measures for funding and audit purposes; and mediation and parenting classes.

I appreciate this opportunity to testify before the House Subcommittee on Human Resources. I share the goal of structuring a program that meets the desperate needs of America's single parent families. Mr. Chairman, you and your Subcommittee members are to be commended for your work and dedication to the lives of families and children in this country.

Acting Chairman MATSUI. Thank you Ms. Pappas.

I would like to ask Dr. Irlbeck a question. I think the State of Washington has done a tremendous job in terms of this early paternity work and I think you are one of the forerunners in the Nation. We are probably going to be looking to you for a lot of guidance and leadership.

The only problem is—this is not criticism of the program because it is a major step—but approximately only 40 percent of the fathers show up at the hospital or less than that.

Ms. IRLBECK. More than that show up. Several studies in several States have indicated that about 80 percent of the fathers are in fact around at the time of birth.

Washington State is now this year getting at the end of 1992 running at a rate of 50 percent of fathers actually acknowledging paternity. It is continuing to increase and there is room in the program for making some improvements to get more and more of the fathers to acknowledge. We are not there yet.

Acting Chairman MATSUI. You are saying it is increasing. Are the doctors suggesting the fathers show up or—

Ms. IRLBECK. The word is getting out and it is becoming an expected behavior. The hospitals are doing a better job. Better educational materials being made available will continue to increase that.

I have some ideas that I am offering to some of the States they are not doing in Washington State that I think can get the number even higher. There is room for improvement. It is the core idea. We know it can be successful.

When you look at Washington State's percentages on establishing paternity, that number does not count the hospital acknowledgements. They were not counted in that number. There was a glitch in the computer system that didn't count them. So you will see a dramatic increase in their success rates. At 50 percent now and if at least 80 percent of the fathers are around at the time of birth, there is a bit of room to grow yet.

I am not sure we will ever get all 80 percent, but if we can 50 or 60 percent, what a chunk that is out of the big problem.

Acting Chairman MATSUI. It is tremendous and we thank you for your innovative work.

Ms. Pappas, one of the problems I think we have when a private concern gets involved with the child support enforcement issue, is the fact that if we set up a national registry for collection and the Social Security Administration or IRS is involved in the search process, I don't know if the privacy issue can be resolved if we allow private firms to engage in this kind of activity. I think even with governmental agencies involved that the Judiciary Committee will be concerned about privacy issues, but at least you have some built-in safeguards.

What would prevent a for-profit enterprise such as yours and others—and I don't have any problem with it because you fill in a void there—but if they get this information, perhaps not you, but others might sell the list to somebody else. That is a danger.

How do we resolve that because these records and information are very sensitive to people?

Ms. PAPPAS. I agree. I would support regulating and licensing of private agencies. It is a new industry and I want to encourage and support that only experienced and people that use a professional approach go into this field. So I would support some type of regulation and licensing, Mr. Chairman.

Acting Chairman MATSUI. I don't know if we are going to resolve this issue. Obviously we will need a national registry, no question. I don't know what agency of the Federal Government will be involved in this and I don't know if there is a place for the private sector in gathering these records. That is something that I hope you will be able to provide us information on.

I am a skeptic, I have to tell you, and I want to be up front about that. I think we are going to have problems anyway from the Judiciary Committee and from other Members and I think their concerns are well placed.

Ms. PAPPAS. I would love to be put out of business. I think that there will always be a need, however.

Acting Chairman MATSUI. My remarks are not a criticism of you or anybody else. It is just that there is that issue. I understand what you are saying.

Mr. Grubbs, in terms of your work with the bar, when I practiced law I didn't handle any domestic cases. I think I did my first year and I realized that was not my interest in practicing law because of the problems involved. Some of my partners did. This goes back years and years so things may have changed.

I know that California was at the leading edge taking fault out of domestic disputes in the early 1970s. I find that in terms of child support issues, the judges really didn't want to handle those cases. We do have family courts that are experts in these areas, so there is more expertise there, but it is from a judicial point of view, not a desirable area for the Bar or the Judiciary to be involved in.

Should we remove this issue completely from private litigators?

Mr. GRUBBS. I believe that is part of what has happened. Since the early 1970's, there may be that there are a lot more hungry lawyers around today who are looking for other kinds of work to be involved with.

Also, as we have moved child support enforcement more and more from judicial processes into administrative processes, it has made it less time consuming. It is not quite as resource-intensive an activity, so there is more opportunity for it to be a profitable undertaking.

As I mentioned in my testimony, I think a lot of what has happened is that because the private sector at one time couldn't realize a return in working these child support enforcement cases, it moved to the government. Then everybody got creative and devised innovative kinds of tools to expedite the enforcement process.

Now I think we should reassess whether, because of the overload in the IV-D system, it might not now be a good idea to revisit these IV-D child support enforcement tools and see if there isn't a way that the private sector could access these tools. That is what we ended up doing in Texas.

When I worked in the IV-D agency, I spent my first 2 years convinced that the IV-D agency could do anything. We asked the legislature and they gave us all these new tools to work with. Then I

spent my last 2 years undoing it, so we could open up these new tools for use by the private sector because we had created a nightmare for the IV-D system.

As a result, a private attorney in Texas today can go in and file an administrative wage withholding order and serve it on an employer. A private attorney can also file an administrative lien today in Texas. Those are tools previously reserved only for use by the IV-D agency.

Now that we are opening that up, hopefully we will take some of the burden off the IV-D program and save the Government some money in the process.

Acting Chairman MATSUI. Another thought, I would like to followup, when you get a lawyer involved, it automatically indicates an adversarial situation. How do we overcome that as more and more lawyers get into this?

Mr. GRUBBS. I think it is taking some training on the part of attorneys. Some of these things don't have to be done in a completely adversarial judicial proceeding. A lot of what you are seeing in these administrative processes is that that kind of adversarial relationship isn't absolutely essential. As a result, some of the attorneys pursuing enforcement activities don't have that attitude.

There are also reputable private child support collection firms that may be run by people who are not attorneys. Although most, I believe, have relationships with attorneys and I think attorneys should be actively involved, particularly if they are dealing with IV-D clients.

In many situations with IV-D agencies, if a custodial parent goes to a private firm, the IV-D agency will terminate the case. That doesn't make any sense at all because there are many things a private collector can do, like spending a great deal of time working on an individual case, that the IV-D agency can't do. That is the kind of partnership that has to evolve.

Our former State IV-D director in Texas, who was there for 6 years, left and set up a private firm to do child support enforcement. He is an attorney and he is finding that if there is cooperation by the IV-D agency, it creates a win-win situation for everyone.

Acting Chairman MATSUI. Thank you.

Mr. Santorum.

Mr. SANTORUM. Thank you, Mr. Chairman. You can take as much time as you want. You are the chairman.

Ms. Irlbeck, you said 80 percent of fathers are around at birth and 50 percent overall—

Ms. IRLBECK. Fifty percent overall of all births out of wedlock.

Mr. SANTORUM. You mentioned a couple of other things that interest me. We on the minority side are working on a child support enforcement bill and you mentioned things I am very interested in—genetic testing and getting acknowledgement, the acknowledgment problems and the variation in State laws. We can solve that by requiring States to pass measures to do that.

I would ask you to put together language for us. We would like to see it and would be interested—

Ms. IRLBECK. I have a copy in my briefcase. I will leave it with you.

Mr. SANTORUM. Ms. Pappas, you brought up the issue of visitation. Mr. Camp and I both touched on that. You said you bring that up again just to say it is a problem.

Do you have some suggestions beyond what was discussed earlier on how we can begin to address this problem? Do we need to set up another system, replace the system that is in place or set up a new system?

Ms. PAPPAS. I am not sure. One of the things I believe would work is increased use of mediation. Some of the counties require mediation at the time of separation and divorce. I believe that in those cases the incidences of problems with visitation are probably less likely. I think that is one mechanism. I am not sure if we need to set up another entire system to deal with this or if there is another easy way.

I don't have an answer. It is something I think needs to be addressed.

Ms. IRLBECK. I will advise caution about mediation in the area of child support, payments. Maybe in the initial setting of child support payments. The States have had time frames imposed in which they have to establish child support orders and take collection actions.

Some places do have mandatory mediation on domestic relation actions and they are having a difficult time meeting Federal time frames. It slows down the process. If you are going to hold up the payment of child support while you mediate visitation issues, the kid will starve to death in the meantime and the visitation problem will go away.

I want to caution about using mediation and pulling child support payment issues into that. There are some things that can be done to make the system work a little bit better.

There has been debate lately about mandating administrative process versus using the court system. Something needs to be done with our court system.

I am not sure if it can be made to look and work like an administrative agency and process, but it can be streamlined in many ways. There are some experiments going around with special hearing masters. Sometimes the solution is worse than the illness. A special master may be appointed to hear child support cases, but this person has no authority to make decisions, so all they do is make a recommendation which has to be passed along to the presiding judge who gets to review the case from day one all over again.

You have built-in layers, time delays rather than helping it along. The States have an administrative process. The officers or ALJ's who can hear the cases or if they have a hearing master in the court, if that decision can be final, unless it is appealed, that will take care of the bulk of your cases. That is where you can make some progress in the court system itself, not by putting in additional layers.

Mr. GRUBBS. Along those lines, currently, as you know, the title IV-D statute doesn't permit IV-D agencies to receive Federal funds to be involved in visitation resolution. So, they simply don't do it. I would not want to see that additional responsibility placed on the

IV-D program. They have more than they can handle now trying to establish paternity and simply enforce existing orders.

I think there is a role for the private sector here because in some of these cases you may be able to get child support payments continued again if there is a component of mediation or you get the two parties involved and discuss the situation. That simply can't and shouldn't take place within the current IV-D structure.

Mr. SANTORUM. Do you see that as a problem? If we could deal with the visitation problem, we would improve collections?

Ms. IRLBECK. I have been watching the research on this issue since the early 1970s. There have been feeble attempts to study the connection, but none have been able to make a solid connection between the two.

Personally I believe that child support and visitation are rights of the child. Depriving the child of one right and somehow trying to cure the deprivation of the other right is punishing the child twice. Intermingling the two, you are going to say two wrongs are going to make a right, and we have never believed that.

Mr. GRUBBS. What we are facing in the IV-D program now is a situation where for the most part we have permitted child support to go unpaid and massive arrearages to build up and now we are going back in and trying to fix a problem that has existed for several years. I think nothing could do more to fix the problem up front than to do everything we can in this country to encourage that every new child support order issued in the United States be monitored and within 10 days of any delinquency some automatic enforcement take place on that case.

All the experts—and in certain counties in Michigan and elsewhere where those concepts have been tested, that consistently proves to be what obtains the highest-paying compliance and yet the IV-D program is trying to fix a situation where nonprofit has been allowed to go on for a long time.

I think nothing could be more important than for this committee to look at encouragement for those systems to be set up. In many situations it doesn't have to come at taxpayer expense. There are plenty of ways that you can pay for that through a combination of user fees, late payment penalties and other kinds of fees.

Mr. SANTORUM. Thank you.

Acting Chairman MATSUI. I would like to thank all of you for your testimony. We look forward to keeping in touch with you.

I would like to call the fourth and last panel at this time: Geraldine Jensen, the national president of the Association for Children or Enforcement of Support, Inc.; David L. Levy, president of the Children's Rights Council; and Ann Marini, vice president, Women for Equality.

We would like you to welcome all three of you. We'll receive for the record, without objection, your entire written statement. We would like to limit your remarks to 5 minutes.

Ms. Jensen.

**STATEMENT OF GERALDINE JENSEN, NATIONAL PRESIDENT,
ASSOCIATION FOR CHILDREN FOR ENFORCEMENT OF SUP-
PORT, INC.**

Ms. JENSEN. Thank you for this opportunity, Mr. Chairman and members of the committee. I am here today on behalf of the over 25,000 ACES members from throughout the Nation who are families who are owed child support payments.

ACES is a part of the National Child Support Assurance Consortium and we recently released a reports called "Childhood's End." The report is about child poverty amongst families who have experienced a breakup.

We talked to 300 families in New York, Atlanta, Portland, Oregon and rural northeast Ohio and asked them what life was like a year before the father left the home and what happened the year after. The results were startling.

Fifty-eight percent of the families told us they had a housing crisis where 10 percent ended up in a shelter. Forty-eight percent experienced having to move in with relatives to avoid homelessness. Seventy-five percent reported that they did not receive child support payments after a year, despite their best efforts to collect those payments.

One hundred percent of the mothers had provided the government child support agency the name of the father, and 87 percent provided the agency the father's address. The fathers Social Security number was provided by 74 percent, and 62 percent provided his place of employment. With this amount of information, the government agency should have been able to collect support for these families.

Some of the other problems that they encountered were quite serious. About 32 percent of the mothers reported that their children went hungry and 37 percent could not take their child to the doctor when they were ill due to lack of funds.

We believe this is an indication that the current child support system is absolutely broken. We have a system which is State-based system in the courts throughout the Nation for almost 20 years, we do not feel it can be fixed, that bandaid solutions are an inappropriate way to help children who are being faced with family breakup. We are calling upon you to federalize the child support system. We believe that it should be placed within the IRS, that there should be a national registry.

We think this is logical because employers are used to dealing with the IRS so that if they initiate W-4 reporting of new hires, it is part of what employers already do, providing information and money to that department. We support this as outlined in H.R. 773, a bill sponsored by Congressman Hyde.

We also believe that there needs to be a system set up where if someone is self-employed and they pay their taxes quarterly. They would pay their child support quarterly and pay it ahead. The IRS would have the full power to collect child support the same as it does taxes. This would send a strong message to Americans that supporting your children is as fundamental as supporting your country.

Another important piece of improving child support enforcement in this Nation if we are truly to save the \$328 million the President

proposed which we believe it could be as high as \$500 million, is that we need a system that tracks cases to know which parent pays and which doesn't so that action to collect can be initiated.

Congress attempted to set that system up through the establishment of the statewide automated tracking systems. We are very concerned and I am calling upon you to please undertake an investigation. We have currently spent \$257 million on the systems. The States are asking for another \$863 million to complete the systems.

We only have 10 states that have systems in place. Of the 10 States that the systems are in, 8 are not working. They need to spend more money to update the systems and make corrections.

Before we continue to spend more money on a system, ACES asks you to look into it. We think that there are many needs in the medical support enforcement area, including rights of the parents, custodial parents, to use claim forms so they can process the insurance.

In summary, we believe that all children need child support on a regular, reliable basis. If you enact needed reforms, we believe we can afford to enact child support assurance. You should be able to collect it on about 59 percent of the cases from people working jobs with regular paychecks.

If you can collect from the self-employed who pay their taxes now, that is another 20 percent. If you use the tools you enacted last year for criminal sanctions to collect from those who avoid their obligations, you should be able to collect from those who are truly deadbeats. This would leave about 10 percent of the families who would be faced with a problem where the noncustodial parent is unemployed and needs the Government to supplement the support payments, and child support insurance could do that.

Thank you.

[The prepared statement and attachments follow:]

TESTIMONY OF GERALDINE JENSEN, PRESIDENT
THE ASSOCIATION FOR CHILDREN FOR ENFORCEMENT
OF SUPPORT, INC. (ACES)
HUMAN RESOURCES SUB COMMITTEE, MARCH 18, 1993

ACES is the largest child support advocacy organization in the U.S. We have almost 300 chapters in 49 states with over 25,000 members. ACES members are typical of the 10 million families entitled to child support payments in the U.S. We have joined together to seek improved child support enforcement so that our children are protected from the crime of non-support, a crime which causes poverty.

ACES is a member of the National Child Support Assurance Consortium, which was formed along with the Health and Welfare Council of Long Island and the Center for Law and Social Policy. We interviewed 325 families about their experience with-in the first year after the father left the family. The following is a summary of the effects of family breakup on children in America.

- 75% of the families did not receive child support payments
- 58% experienced a housing crisis (10% went to shelters, 48% move in with friends or relatives to avoid homelessness)
- 36% of the children did not get medical care when ill
- 32% of the children experienced hunger
- 57% of the children loss regular day care
- 26% of the children were left unsupervised while their mother worked
- 49% of the children could not afford to participate in school activities due to lack of funds

These statistics prove that the current state based support enforcement system is failing to serve the children and that this causes child poverty. The system needs radical, fundamental restructuring if it is to become a program which ensures that both parents are responsible for the well being of their children and decreases the burden of welfare costs placed on the taxpayers. The child support enforcement system needs to be a *Uniform Federal System*. In, *A Vision Of Change For America*, it is estimated that \$328 million dollars can be saved in the next four years, if child support enforcement is improved. ACES believes \$500 million can be saved if we federalize the system.

Improvement is truly needed, over 20 million children are owed over \$23.5 billion dollars in unpaid child support. This large amount of debt to children is really only about one-half of what is truly due, because about 45% of the entitled children do not yet have child support orders.

In 1991, almost three million children needed paternity established. Paternity was established for only about 17% of these children through the use of the traditional court based system. In states where administrative process for establishing paternity was used this figure increased to 50%. (examples include: 47% in Washington State and 55% in Minnesota.)

The administrative paternity establishment process needs to include a user friendly system for voluntarily acknowledging paternity by signing the birth certificate at the hospital, or completing an affidavit at the Title IV-D child support agency or other community or government agency. In cases where there is a dispute or question about paternity, genetic tissue or blood testing should be readily available at the Title IV-D agency, hospital, or clinic. New tests allow for a small piece of tissue to be removed from the inside of the mouth of the mother, child, and alleged father. This tissue can then be tested to prove paternity. There is no longer a need for waiting six months after the child's birth to obtain blood samples. The new genetic tests are much faster and cost the same as the HLA blood testing method. Genetic test results of 98% or higher should be a presumption of paternity. Paternity cases should only be in the court system if there is a dispute over the chain of custody of the tissue samples.

For those children who have child support orders, collections were received in only 50% of the cases. Even in the worst and most devastating economic times, we did not have a 50% unemployment rate. This means that many parents who have the ability to pay child support are simply ignoring their obligations and that our law enforcement system is letting them get away with it.

A system where W-4 forms act as a reporting tool so that child support can be payroll deducted is needed. Currently, only about 20% of the cases where payments are received come from income withholding. Amazingly, this accounts for almost 2/3's of the money collected. In Minnesota and Washington State, W-4 Reporting has been proven to be effective. The tax savings is tremendous because the government does not need to spend resources tracking down the non-payer's place of employment. Employers send a copy of all new hires W-4 forms to the child support enforcement agency who then compares it with child support records to determine if support is due. The agency then notifies the employer to payroll deduct the support. Since 30% of all child support cases involve more than one state, a national registry needs to be established for W-4 forms to be compared with existing child support record and to issue the income withholding notice to the employer.

It is logical to place this national registry with-in the IRS since employers are already accustomed to sending the IRS regular reports and payments. This would be the least burdensome for employers. The IRS needs to immediately begin to take a more active role in the enforcement of child support through the use of the IRS full collection.

We must send a national message that supporting children is a fundamental responsibility as paying taxes. A National Child Support Enforcement System needs to be adopted, such as; the national system which is outlined in HR 773. The Federal Office of Child Support Enforcement should be placed in the IRS. An Assistant Tax Commissioner should be appointed to be Director of the IRS Child Support Division. This national agency must be given all the tools it needs, including improved information for locating absent parents and improved tools for making prompt and effective collections, to aggressively pursue child support and medical support for children.

The recommendation by the U.S. Commission on Interstate Child Support, which call for employers to individually handle income withhold orders and issue checks directly to the payee is not good for American businesses. This type of plan would require the GMC factory in my hometown to issue 3,000 checks a week to individual people from income withholding orders, rather than the one transaction to the child support agency. Instead of the government distributing payments to the families, GMC will have to take over this duty. Some of these checks will be for AFDC families, so GMC will have to be told by the state agency which checks to send to families and which to send to the state. Since the average length of time a family is on AFDC is 17 months and that many families are on AFDC more than once, GMC will certainly be kept busy sorting out who gets which check when.

In order to know which cases need child support enforcement action, we need a national system which records payments made and initiates appropriate enforcement action to collect on delinquent accounts. Automated state child support tracking systems were suppose to be this system, but only ten states have statewide automated systems in place. Eight of these report continued problems and need additional funding to make corrections and updates. In our annual survey, thirty-five state child support agencies told ACES, that they would still not have a system in place by the 1995 deadline. We have already spent over \$257 million on automated systems. States are requesting an additional \$863 million to complete the projects. This will be a total over \$1.1 billion dollars. ACES requests Congress and the Administration to investigate the problems associated with the automated child support tracking systems, before we continue to spend tax dollars on a projects which are not working and show little hope of being in place by the 1995 deadline, even though most states have been working on it for over five years.

To help fund the child support enforcement system and to act as an deterrent against failure to pay or making late payments, a fee should be assessed against the non-payor similar to those charged by utility companies against consumers who are late with payments. Since the delinquency rate on child support cases is presently about 80%, these late fees should save taxpayers millions of dollars! Interest is rarely collected on unpaid child support debts and late fees are not charged. This system acts as an incentive to accumulate a child support debt since it can be paid off at anytime with no penalty or interest due.

In order for families to no longer need public assistance child support payments and medical support is needed. In the National Child Support Consortium's Survey we found that 36% of the mothers reported that they were unable to take their children to the doctor when ill, and 55% missed regular check ups.

Government studies have shown that about 78% of the non-custodial parents have health insurance available to them through their employer for their children. Unfortunately, only 23% voluntarily provide their child this health insurance coverage. Therefore, strong laws are needed to require the parent to provide medical coverage for their children after family break up. ACES members report that even when the non-custodial parent has health insurance for the children they often cannot access it because the non-custodial parent fails to provide them with the insurance claim forms, ID cards and plan information. Many of our members report that the non-custodial parent completes the health insurance claim form and checks off the box which requests that the insurance company pay the non-custodial parent rather than sending the money to the health care provider. Some non-custodial parents than cash the insurance check, spend the money on themselves, and fail to pay the health care provider. This causes children to be denied health care because the hospitals and doctors were not paid.

About ten states have enacted laws which require employers to add children of non-custodial parents to health insurance plans and payroll deduct any premiums, provide the custodial parent claim forms and ID cards and require claim payments to be made directly to the health care provider. Unfortunately, these state laws do not reach insurance companies who are governed by ERISA (Employees Retirement Income Security Act). Congress needs to act to create an exemption under ERISA for state medical support laws.

A federal law is needed requiring employers to comply with any medical support court order from any state and for all insurance companies to supply custodial parents needed information, forms and ID cards for children covered under non-custodial parent insurance plans. Insurance companies should be prohibited from refusing to cover a child which does not live with the insured parent if that parent is required to provide medical support.

All of the above reforms are needed if we are to truly alleviate childhood poverty. Children are the innocent victims of family break up and they should be protected from poverty. We should adopt a child support assurance program that guarantees that child support will be a regular, reliable source of income for children growing up with an absent parent.

A SYSTEM LIKE SOCIAL SECURITY IS NEEDED FOR CHILDREN ENTITLED TO CHILD SUPPORT TO INSURE THAT THEY RECEIVE REGULAR PAYMENTS EVEN IF THE NON-CUSTODIAL PARENT CANNOT BE FOUND OR CANNOT PAY DUE TO UNEMPLOYMENT. THIS CHILD SUPPORT ASSURANCE PROGRAM WILL REDUCE POVERTY IN THE U.S. BY 42%.

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

CHILDHOOD'S END

The Summary of the Final Report
of
A Study Conducted by
The National Child Support Assurance Consortium

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THE CHILD SUPPORT ASSURANCE CONSORTIUM

Childhood poverty is one of the most disturbing and vexing problems facing America today. In early 1991, following a series of meetings to discuss child support issues with congressional leadership, three organizations: The Association of Children for Enforcement of Support (ACES), the Center for Law and Social Policy (CLASP) and the Health and Welfare Council of Nassau County (HWC) agreed to unify their resources to advocate for justice and equity for America's children. Together they formed the National Child Support Assurance Consortium whose main objectives are to document the child support experiences of low income women, to organize a grass roots effort to change the inequities of a system that fosters one of the root causes of childhood poverty. This report reflects the Consortium's efforts at documenting the nature and the extent of the problems caused by the inadequacies of the present child support system.

ACES is the largest national grassroots child support advocacy organization in the United States. Founded in Toledo, Ohio in 1984, ACES has grown from a handful of parents to an organization with chapters in 49 states, with over 18,000 members. The typical ACES member is a single female head of household with two children. She earns \$8,906 per year and is owed \$5,000 in back child support. Her family has subsisted at least in part on government benefits due to non-support.

CLASP is a public interest law firm based in Washington, DC. It focuses its efforts on public policies that effect low-income families. For over a decade, CLASP has worked at the federal and state levels to improve the child support system.

HWC is a private, not for profit health and human services planning, research and advocacy organization composed of 300 public and voluntary organizations serving the residents of Long Island, NY. Over the past two decades the Council has undertaken similar incidence studies to document the basic needs of Long Island's poor and near poor populations.

The Consortium now plans to distribute this report as widely as possible to policy makers, elected officials, advocates and local and regional community leaders. Within a few months, following public discussion of this report, the consortium will offer the recommendations of its members on specifically how the system should be changed to end the disgrace of American children abandoned to poverty.

EXECUTIVE SUMMARY

Over 20 percent of American children are poor. In families headed by mothers, the poverty rate is even higher: 32 percent. One of the reasons for the high poverty rate in these families is that the fathers do not pay regular child support.

In 1992, the Child Support Assurance Consortium set out to explore why regular support is not being paid and what effect nonpayment has on the lives of children. The Consortium consists of three organizations with a longstanding interest in improving child support enforcement. The Consortium members are the Health and Welfare Council of Nassau County (HWC), a Long Island-based anti-poverty organization; the Association for Children for Enforcement of Support (ACES), a Toledo-based grassroots advocacy organization with chapters in 49 states; and the Center for Law and Social Policy (CLASP), a Washington, DC-based public interest law firm.

The Consortium developed an interview questionnaire which was administered to 300 mothers who were not living with the fathers of their children. The interviews were conducted in four different parts of the country. The HWC took responsibility for the interviews on Long Island, New York while ACES was responsible for conducting the interviews in Fulton County (Atlanta), Georgia; Trumbull County, Ohio; and metropolitan Portland, Oregon. Thus, the mothers interviewed came from four different states with representation of urban, suburban and rural areas.

A majority of the mothers interviewed had been married to their children's fathers. Many had been in marriages that lasted more than five years. About one-third of the mothers had not been married, but most of these mothers had lived with the father and/or received regular support from him at some time. At the time of the interview most were employed but were living on incomes at or near the poverty line. Less than 10 percent had yearly incomes above \$25,000. In one set of questions the mothers were asked about the economic and social consequences of the fathers' failure to support his children.

The second set of questions explored the mothers' experience in pursuing child support.

In America, child support enforcement is generally a legal process. If the parents are not married, the first step in the process is to establish paternity. Once paternity is established, the steps are the same for both marital and nonmarital children: a support order must be obtained and then the order must be enforced.

Pursuing child support can be expensive. There are attorneys' fees, court filing costs, and possibly genetic tests to pay for. Some of the mothers interviewed

used private attorneys and paid for these services. Over half, however, used the services of their state child support enforcement agency.

These state agencies were brought into being, in 1975, by Title IV-D of the Social Security Act. With a substantial amount of federal funding, these agencies are supposed to assist in locating absent parents, establishing paternity, obtaining and modifying support orders, and enforcing these orders.

As Chapter 6 details, much of what the Consortium found is consistent with other research data. Some of the Consortium's findings break new ground. Of major importance are the findings on how the mothers cope with the economic chaos created when the father leaves and/or stops supporting his children, and those that describe what happens to the children themselves.

Briefly, the Consortium found the following:

- Despite their efforts, three-quarters of those mothers interviewed did not receive regular child support payments for their children.
- The failure of the absent fathers to pay regular child support forced the children into poverty and near poverty.
- As a consequence, the children lost the chance for a safe and healthy childhood. Too many of the mothers reported that, in the first year after the father left, their children went hungry, lost access to regular health check-ups, and did not see a doctor when they were ill. Children lacked appropriate clothing (e.g., a winter coat) and couldn't participate in regular school activities due to a lack of funds. An astonishing number lost their regular child care because of the cost, and a substantial number were unsupervised while their mothers went to work.
- Further endangering the children's well-being, in the first year after the father failed to support his children, more than half the families faced a serious housing crisis. From the data, it appears that there is a direct connection between the failure to pay child support and children's homelessness.
- The mothers first tried to support their children on their own. Primarily, they relied on their earnings, joining the labor force for the first time or taking a second or third job. In many cases, the children literally lost both parents — one who walked out on them and another who was so busy trying to keep them housed, fed and clothed that she had little time for parenting.

- When their earnings proved insufficient, most of the mothers next turned to families, friends, churches and private charities. Still, many reported utility shut offs, having credit cards revoked, and selling off assets (e.g., a car) to keep going. Ten percent actually had to file for bankruptcy.
- Eventually, a little over half the families had to apply for Aid to Families with Dependent Children (AFDC), Medicaid and/or Food Stamps. While about one-fifth of the families were poor enough to use Food Stamps before the father stopped supporting his children, over one-half of the families were using Food Stamps after the father left.
- Two-thirds of the mothers interviewed used the state child support enforcement system to help them pursue child support. Yet 40 percent had not obtained an order at the time of the interview. Of those who do have a child support order, more than one-half still do not receive regular child support payments.

Too many fathers are failing to meet their responsibilities to their children. The government is also failing in its responsibility to the children. The result, for all too many, is childhood's end.

OVERVIEW

In 1991, the number of poor Americans reached its highest level in twenty years. One of every seven Americans (14.2% of the population) was poor. Moreover, 1991 was the third consecutive year in which the poverty rate increased.

The increase was particularly sharp among the young. Some 14.3 million children were poor. The poverty rate for children (21.8%) was higher than the poverty rate for any other segment of the population. As Chart 1 shows, children of color had even higher poverty rates. As Chart 1 also shows, child poverty is rising. In 1980, for example, the poverty rate for children was 3.5 percent lower than it is today.

Chart 1 — Child Poverty Over Time

	1980	1991
All Children	18.3%	21.8%
White	13.9	16.8
African-American	42.3	45.9
Hispanic	33.2	40.4

Source: U.S. Census Bureau

For children the best anti-poverty policy is a two-parent family. The poverty rate in such families is comparatively low (7.8%) and the poverty is generally of short duration. This is because a two-parent family potentially has two wage earners and the capacity to minimize child care costs by staggering work hours. In addition, the presence of a male worker makes it more likely that one of the parents will have a job which pays substantially more than minimum wage and provides health insurance.

The reverse is true for children in single-parent families headed by mothers. The poverty rate for these families is 32 percent. Three major factors distinguish the situation of single-parent families headed by mothers from two-parent families. First, since women's wages still lag behind men's wages, it is likely that a single mother will be working at a job paying at or near the minimum wage. Second, minimum wage jobs do not generally provide benefits such as health insurance. Third, lacking a second adult in the household, the mother is also likely to need to pay for child care.

Consider the situation of a mother of two who has worked part-time during her marriage, earning \$5 per hour. Her husband leaves. Realizing that she cannot support her children on part-time work, she increases her hours to full-time. The family's before-tax income will be \$10,400 per year (\$5/hour x 40 hours/week x 52 weeks/year). This is \$1,170 below the poverty line for a family consisting of a mother and two children. If child care is needed during the new work hours, the money actually available to provide food, shelter and clothing for the children will be even lower. To ameliorate her children's poverty, the mother has two alternatives. She can apply for public assistance or she can try to get child support from the children's father.

In most states, her income from employment makes the children ineligible for Aid to Families With Dependent Children (AFDC). The family could receive a small Food Stamp allotment. However, the children will still be poor.

If the mother loses her job, the children will be AFDC-eligible. Then, the combination of AFDC and Food Stamps will give the family an income that varies greatly from state to state. In Mississippi, the family's income would be 46 percent of the poverty line, while in Vermont it would equal 95 percent of poverty. Even in the most generous state, however, the children will be poor.

The mother's other alternative is to pursue child support. If successful, this strategy could yield about \$3,000 per year in additional income to the children. (In 1990, the mean child support award was \$2,995). This, in combination with the mother's earnings, makes the family income about \$1,830 per year above poverty. For her children then, child support enforcement is an anti-poverty policy.

To receive this income, the mother must first obtain a child support order. This involves hiring a lawyer as well as paying filing fees and court costs. If the parents were not married, the mother must also establish paternity. That can mean she will also have to pay several hundred dollars in genetic testing costs.

Once an order is entered, it needs to be enforced. Unless the father voluntarily pays, enforcement entails additional lawyers' fees and court costs. For a mother whose income is already below poverty, these costs can be an insurmountable barrier to obtaining support for her children.

To address this problem, in 1974, Congress enacted Title IV-D of the Social Security Act. This law requires every state with an AFDC program to also have a state agency to help parents obtain child support. (In this Report we will refer to these as "state IV-D agencies.") These agencies are supposed to assist in locating absent parents, establishing paternity (if necessary), obtaining and modifying support orders, and enforcing those orders.

The services of the state IV-D agencies are free to recipients of AFDC and Medicaid. In fact, the law requires that these families use IV-D services unless they have "good cause" for not pursuing child support. "Good cause" can be found when the case involves issues of domestic violence, when the pregnancy was a result of rape or incest, or when adoption is being considered. There are very few good cause exceptions granted each year.

The services of the state IV-D agencies are also available to mothers who are not receiving AFDC or Medicaid. These mothers apply for services and may pay a small application fee. Mothers may also pay nominal fees for other services, but, with a few exceptions, states limit their charges to custodial parents. (Many do try to collect fees and costs from the noncustodial parent.) By-and-large, cost is not a barrier to a family's use of its state IV-D system.

Regrettably, these state child support systems do not usually produce results. Nationally, 42 percent of all mothers (and 57 percent of mothers with incomes below the poverty line) do not have child support awards for their children. For those using IV-D services, the system makes a collection in 12 percent of AFDC cases and 28 percent of non-AFDC cases. Clearly, something is wrong.

To find out what the problems are, a consortium of organizations, consisting of the Association of Children for Enforcement of Support (ACES), the Center for Law and Social Policy (CLASP) and the Health and Welfare Council of Nassau County (HWC) undertook the project described in this Report.

The Consortium's findings are described in detail in this Report. The findings are shocking. From both the collective data and the individual interviews it is clear that the suffering of children who are deserted by their father is frequently profound. Children lose more than a parent, more than money. They lose their childhoods.

SIGNIFICANT FINDINGS

1. Three-quarters of the families interviewed did not receive regular child support.
 - 41% did not have a support order.
 - 22% have an order but rarely or never receive payment.
 - 12% have an order but receive payment only sporadically.
 - 25% have an order and actually receive payment regularly.

2. The failure of the absent fathers to pay regular child support forces children into poverty and near poverty.
 - 48% of the interviewees reported a total family income of \$10,000 per year or less, after the father left home and/or stopped providing support.
 - 20% of the interviewees reported a total family income between \$10,000 and \$15,000 per year after the father left home and/or stopped paying support.

3. As a result of the non-payment of support, children lost the chance for a safe and healthy childhood. During the first year after the breakup:
 - 55% of the mothers reported that their children missed regular health check-ups.
 - 36% of the mothers reported that their children did not get medical care when they became ill.
 - 32% of the mothers reported that their children went hungry.
 - 37% of the mothers reported that their children lacked appropriate clothing.
 - 57% of the mothers reported that their children lost their regular child care.
 - 26% of the mothers reported having to leave their children unsupervised while they went to work.
 - 49% of the mothers reported that their children couldn't participate in school activities due to lack of funds.

4. Further endangering the children's well-being, in the first year after the father failed to support his children, more than half the families faced a serious housing crisis.
- 48% moved in with friends or family to avoid homelessness.
 - 10% became homeless.
5. To meet their children's needs, the mothers relied primarily on their own earnings.
- 61% worked even before the breakup.
 - 25% went to work after the breakup.
 - 34% of those already working took a second or third job.
6. When earnings proved insufficient, most turned to family, friends, churches and private charities.
- 87% borrowed from family or friends.
 - 47% used a food bank.
 - 44% sought help from their church.
 - 26% sought help from a local charity.
7. A majority of the families were eventually forced to apply for government assistance. Overwhelmingly (91 percent), the application was made within the first year after the father left. The mothers interviewed reported the following:
- 52% received Food Stamps.
 - 41% received Medicaid.
 - 40% received AFDC.
8. Most of the mothers actively pursued child support. Among those IV-D families who did obtain an order:
- It took a substantial amount of time to obtain the child support order —
- 20% waited more than one year.
 - 20% waited six months to one year.
 - 42% waited one month to six months.
 - 16% waited less than one month.

Thereafter, it took a substantial amount of time to obtain even one payment under the order —

- 2% never got a single payment.
- 18% waited more than two years for a payment.
- 7% waited more than one but less than two years.
- 13% waited six months to one year.
- 40% waited one to six months.
- 21% waited less than thirty days.

There was additional delay in receiving support on a regular basis —

- 26% never received regular support.
 - 10% rarely received regular support.
 - 20% sometimes received regular support.
 - 30% received payment on schedule most of the time.
 - 13% received payment on schedule all the time.
9. Sixty-six percent of the mothers interviewed used the state child support system to help them in the child support process. One-third still did not have a support order.
10. This failure to act in a timely manner is particularly troubling given the fact that the mothers reported fully cooperating and providing significant amounts of information to the state agency.
- Interviewees provided the father's name (100%), home address (87%), work address (66%), and Social Security Number (74%) to the agency.
 - More information was provided by those who did obtain an order than by those who did not. Nonetheless, those who did not obtain an order provided the needed information in each category more than half of the time.
 - More than half of the respondents followed up with additional information.
 - Seventy-five percent (75%) of the respondents had made inquiry about the status of their case since it was opened. Many had called at least monthly.
 - Despite the apparent effectiveness of respondent follow-up efforts, more than 39 percent were told not to contact the agency.

CHILDHOOD'S END: THE STUDY

The complete unabridged edition of this study will be available in February, 1993. Additional sections in the complete report include

Acknowledgments

Methodology

Analysis of the Interviews

The Consortium's Findings in the Context of Other Research

Bibliography

Appendices

The Actual Survey Instrument with Responses

Profile of the Interview Sites.

If you would like a copy of the Complete Childhood's End Report please send \$10 with this tear off to:

The Child Support Assurance Consortium
773 Fulton Ave.
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Deadbeats' Delight

Weak enforcement cripples child-support network

By Kati Gray
51-03 WESTER

Since her ex-husband the engineer opted against returning from an Oklahoma business trip in 1990, Robin Batten and her two children have had to make do with what he has left a home and the family car and been forced to seek public assistance.

They moved in with relatives in Nashville, Tenn., where Batten's mother-in-law is now residing.

"The system is inept, inefficient and incompetent," he said. "Not necessarily a bad thing, but most certainly so."

Collecting court-ordered child support payments can keep a family out of the social services net. But for one parent, it's a net that's been cast too wide.

Greenfields, the enforcement system in

a frustrating and often ineffectual patchwork of local, state and federal laws that often prove impossible to master. And fiscal crises in recent years have made it more difficult to bring up with more demands for help.

"The telephone here are ringing off the hook," said Michael Murphy, administrator of the Suffolk County Child Support Bureau. "It's five for me to say we collected \$48 million last year, but I know that doesn't help the person for whom we're collecting. It's just a number and thousands of them out there. And it's a real difficult job."

The issue came to the fore last month when the Suffolk County Child Support Bureau's failure to collect federal funds and provide legal counsel to thousands of parents not on welfare fighting for child support support in Suffolk County. Suffolk County's Child Support Bureau's Office has proposed hiring additional lawyers to handle such cases. Murphy and advocates have said Suffolk's child support network is "in a state of complete disarray."

At the worst, critics say, caseworkers are indifferent to parents' pleas for help. And even the system's defenders agree that child-support agencies generally have been overwhelmed by mounting caseloads and outdated regulations that vary widely within and among states.

But the system is enormous and growing, with the Washington-based Center for Law and Social Policy, which two weeks ago released a survey of how child support agencies are coping with childhood poverty, sometimes pushing families into homelessness and onto welfare. "We've got a 16th-Century real-estate system," says the Center's real-estate analyst, Robert L. Taylor.

Of the 150 Long Island households included in the group's survey, all were

Please see CHILD on Page 19



Mace Greenfield of West Babylon holds his 5-year-old daughter.

Photo by Thomas R. Hepler

Child-Support System Assailed

CHILD from Page 5

headed by women who reported that their children had gone hungry for some period within the first year after their father left. Most lost access to regular health check-ups. More than half the families became homeless, though most eventually moved in with relatives. Half the mothers applied for welfare, while 45 percent of the Long Island residents took a second job.

"It's creating not a single-parent family, but a non-parent family," said Jack O'Connell, executive director of the nonprofit Nassau Health and Welfare Council, which co-sponsored the survey.

Nationwide, the most recent Census data available estimate that half the roughly 5 million mothers with child-support orders received the full amount due them in 1989. A quarter received partial payments, and another quarter received none at all. That translated into \$5 billion worth of unpaid support for 1990 alone. Fathers, who make up about 15 percent of custodial parents, will be included in future studies.

As the economy worsens, experts say, the numbers are growing. The government reports that the total amount of child support owed to parents who seek government intervention is grown to roughly \$23.4 billion. In Nassau and Suffolk, the number of parents asking local agencies to car (see a delinquent parent) or pursue court action against them is up 23 percent — between 1990 and 1992. Child support agencies that many more parents use their own resources to obtain or reduce payments sometimes through the private child-support collection agencies that have emerged in recent years.

Some of the difficulty lies in unravelling often complicated, interstate financial arrangements set up by solvent parents seeking to evade support payments.

Murphy says he's worked in child-enforcement since 1976 and has seen a lot of progress in how the government is dealing with the problem. But he's also seen cases become increasingly complex. "The guys with resources to protect will find ways not to pay support," he said. "You're talking about doing surveillance, following people around, and that becomes very difficult."

A Huntington mother of four has sought more than \$68,000 in late support payments from her ex-husband since September, 1991. Court documents show that since that time, he has traded an \$85,000-a-year insurance broker's job for several positions paying much less, including one as a bank teller. He has left five jobs in the last year, said the woman, who asked not to be named to protect her children's identity.

Last fall, her ex-husband moved to Georgia and now has sold authorities he's unemployed. But a Suffolk probation officer persuaded him to return to Long Island last Tuesday when during a court appearance, he was arrested, sentenced to 30 days in

county jail and ordered to pay \$5,000 in back support. That's half the \$10,000 a Family Court judge ordered him to pay his ex-wife.

As an illustration of yet another twist in the law, however, the Family Court proceeding has no bearing on a State Supreme Court order the woman obtained during the couple's divorce — from which she's still owed \$58,000.

County workers have suggested that the woman erase her New York court orders and transfer the matter to Georgia courts, advice she's rejected because Georgia garnishes about 50 percent of noncustodial parents' income, compared with a maximum 65 percent in New York. Georgia also lifts child-support orders once children reach 18, compared with 21 here.

One-third of all support cases involve noncustodial parents who moved across state lines, a statistic some observers cite as a compelling argument for building a less fragmented national child-support system. To

other enforcement functions will remain on the local level.

The experiment is designed to respond to activists' complaints that wages garnished by local child-support agencies are held too long by the counties, which blame short staffing and budget cutbacks for problems in meeting the federal requirement of delivering funds to the intended party within 15 days.

"I feel as though I'm always at war about this," said Cathy Vamov, a Commack mother of three, complaining that county workers rarely turn over her ex-husband's support payments on time. To say nothing, she said, of how hard it is to reach caseworkers, as required, before noon each workday. Afternoons are reserved for paperwork in the Suffolk agency. Nassau accepts telephone calls until 11 a.m. Officials of both county agencies say they make allowances in emergencies and accept walk-in clients all day.

The January furor centered over Suffolk's refusal to provide legal counsel to custodial parents who aren't on welfare — a violation of federal law. County child-support officials have said they would like more attorneys for the program, which with state and federal grants covering 80 percent of costs, netted a \$2-million profit last year — but that the operation has fallen victim to a trend toward smaller government. Elected officials largely derided the program, which was created by Murphy, the Suffolk child-support administrator.

Patricia Whitton, president of Suffolk's chapter of the Association for Children for the Enforcement of Support based in Toledo, Ohio, applauds the recommendation for more attorneys. But she said it is just the first step in overhauling the child-support program. "We need to snook the whole thing down and start all over again," said Whitton, of Bay Shore.

Gaile Muller, chief of planning and evaluation for the federal child-support office, said that while she is pleased by interest in child support, the discussion is

too narrow. Too little attention focuses on how much of the fight may be lost before her agency gets involved, she said. Among other considerations, she said judges routinely reduce child-support orders to deadbeats who are substantially in arrears, jobsless for prolonged periods or whose lives are otherwise in disarray. Also, she said, children grow up and become ineligible for payments. But the government tally of unpaid support continues to grow, barely taking into account the fact that children get too old, by law, to be supported.

"It's sensational to just say [billions are owed]. The ones that haven't paid and haven't paid and haven't paid, your best hope is that they will get the lottery. And I don't mean to diminish the issue," Muller said. "But a lot of parameters influence it — and our ability to collect."

Nassau social services spokeswoman Lynn Kerschner concurred, adding that cutbacks in a range of agencies — from the sheriff's department to the courts — involved in child support have affected the operation. She said Nassau workers have a big wish list: "We'd would like improved interstate mechanisms, more staff, passage of the proposed legislation on IRS intercession." And, most important, that noncustodial parents will be willing to accept responsibility for their children voluntarily.

William Cinnamon, a custodial dad from Williston Park, said the network is so gridlocked that he was forced to pay \$250 a week in child support to his wife from last March through mid-January, even though he had relinquished custody of the 13-year-old daughter who was living with him during that period.

Cinnamon, a Long Island Rail Road conductor, dreads the process of reusing support he paid during those months, and of getting his ex-spouse, a registered nurse, to pay support. "I'm an angry guy," Cinnamon said. "Not even at her mother, but at the system — or lack of a system."



Patricia Whitton runs Suffolk's Association for Children for the Enforcement of Support.

Photo by David L. Parnes

that end, former President George Bush signed a measure last year making it a felony to leave a state to avoid paying support. Last week, President Bill Clinton proposed creating a national data bank and having the Internal Revenue Service withhold money from deadbeats' tax refunds.

While national lawmakers target the issue, a smattering of states have been taking their own action, from requiring fathers to sign paternity statements in delivery rooms to moving child-support functions into state tax offices that might better monitor deadbeats' income and whereabouts. New York, which ranked 33rd in Congress' most recent state-by-state assessment of child-support programs, is reviewing its operations.

On April 1 in Nassau and June 1 in Suffolk, all child-support payments will begin going directly to Albany as part of six-month pilot project designed to expedite payments as well as give beleaguered local caseworkers more time for other responsibilities. All

NEWSDAY, Friday, January 15, 1993

Katie Not Only Child in Need

At the hour the media were focused on the recovery of one suffering child, little Katie Breyer, a string of parents was begging for some attention for their own neglected children.

Hardly anyone was listening. The parents spoke in the nearly empty Suffolk County Legislature auditorium in Hauppauge at a hearing conducted by Legis. Nora Brodes (D-Stony Brook) on the lack of county legal services for poor working parents, whose spouses, usually the husbands, have skipped out on paying child support.

The corps representing the Suffolk County Department of Social Services and the duo from the county attorney's office peeled off from the speakers' table after word of Katie's discovery was announced. The promised TV cameras never showed. Several reporters who had come left. The committee and one representative of social services remained to hear the parents' pleas.

On Wednesday, my colleague Katts Gray reported in *Newsday* that Suffolk County is not assigning county lawyers to represent thousands of low-income, non-welfare parents who need help obtaining child support. "It's not our policy," confirmed Deputy Social Services Commissioner Meg O'Regan. Patricia Whitton, president of the Suffolk County chapter of ACES (the Association for the Enforcement of Support) testified that this violates federal child-support regulations.

There were 50,000 cases of delinquent child support tracked last year by the DSS. Of those, 30,000 were non-welfare recipients. Welfare cases are represented by four

lawyers from the county attorney's office, the only attorney regularly available to the non-welfare recipients who need legal help is a lawyer on a pilot project with Nassau-Suffolk Law Services. But Jacqueline Merri, the Suffolk law services lawyer, said she is not likely to be able to serve all who need help.

"For both counties we have the two attorneys, one secretary, one part-time paralegal," she said. "And we get the 'barn' cases, the self-employed, those who are able to transfer assets." Thorn cases take time.

That leaves the others, the working poor, to try to find their own legal help. Most couldn't afford any.

Without lawyers, parents get lost in the maze of the court and welfare systems. Meanwhile, no money comes in. The result: a lot of neglected children hardly better off than Katie.

One mother testified that her kids have experienced cold because the fuel company wouldn't deliver any more to their house. Another mother testified that for a time her son went hungry and she asked him to scoop up the saltines and stash them in his pockets when his father took him to dinner.

Jack O'Connell, executive director of the Health and Welfare Council of Nassau County, said: "We're a society of very mixed values, we care about Katie because Katie makes the

front page, but there are thousands of other Kates, hungry, poorly dressed, cold out there, left out, with no supports, no systems that we have come to expect as commonplace. Delinquent, despondent deeds are also neglecting their children." The council is preparing to release late this month a report called "Childhood's End — What Happens to Children When Child Support Obligations are Not Enforced."



Marilyn Goldstein

The national study of 300 formerly middle-class women was done by the Health and Welfare Council, The Center for Law and Social Policy, a Washington-based public interest law firm and the national office of ACES. Although the report will not be made public until Jan. 25, O'Connell, who did not attend the Suffolk hearing, agreed to release a portion of the information:

Of the mothers interviewed, all left with no or only partial support, 36 percent said their children did not get medical care when they became ill, 32 percent reported their children went hungry, 55 percent reported their children missed regular health checkups, 57 percent that their children lacked appropriate clothing, 49 percent that their children couldn't participate in school activities due to lack of funds, 48 percent moved in with family or friends to avoid homelessness within the first year, 48 percent reported the total family income fell to \$10,000 or less after the father left home.

These are neglected children, too, but their situations are less tangled than Katie's. Mostly, they need only money due them. Stephanie Nadvornik told the Committee on Women, Children and Family "For me and other like me who work several jobs to keep a roof over our heads and food on our children's plates, the system is failing us. I cannot afford to take time off of my job to sit in child support (the DSS Child Support Enforcement division) and fill out unnecessary paperwork and spend hours trying to reach a caseworker whose phone is constantly busy."

What she needs is a lawyer. Although the county would not supply one, such a move would not cost Suffolk a cent. In fact, the more cases the county handles, the more profit it makes. The federal government reimburses the county for about 70 percent of the legal expenses incurred when tracking down deadbeats plus 6 to 10 percent of every dollar they collect as an incentive. In fact, the county, using four lawyers, made \$2 million from recovering delinquent child support last year.

Nora Brodes, the chairwoman of the women and family committee, suggested that with an aggressive attack to recover child support from deadbeat parents "we could do a little bit more on the deficit of the county."

Indeed. Maybe instead of looking at the collection program as help for the welfare children, it might be presented to the county as The Lawyers Jobs Program. Or maybe as the Budget Revenue Enhancing Program. That ought to get some attention.

NEWSDAY, Monday, January 25, 1993

Use Child-Support Windfall to Help More Kids

It's a rare thing when government officials can help their needy constituents and bring in revenue in the bargain. That's the happy confluence in Suffolk County, where officials can in one stroke belatedly comply with federal law, get money into the hands of financially strapped custodial parents and their children and benefit the county treasury.

It would be irresponsible and sad if Suffolk County officials frittered away such a golden opportunity by refusing to hire the handful of additional attorneys needed to represent parents who are not on welfare but must go to court to collect delinquent child support.

Deputy county attorneys already handle child-support enforcement cases where ne-

cessary for 20,000 parents who are on welfare. And the federal and state governments offer such a sweet reimbursement and incentive deal for doing so that the program not only paid for itself last year but generated \$2 million for the county's general fund.

The same deal is available for the 30,000 pending delinquent support cases involving parents who are not on welfare.

Yet for lack of what officials agree would be about five attorneys and their support staff, officials are flouting a federal law that requires them to do the job. And they're leaving those mostly low-income people — whom the county already assists with support enforcement in other ways — to look elsewhere for legal help.

For many, child support spells the difference between a tenuous independence and welfare. The national rule of thumb is that, for every \$5 collected in child support for parents who aren't on welfare, taxpayers are saved \$1 in aid to dependent children.

Because Suffolk has already adopted its budget for the year, there must be a trade-off to free up money to hire new attorneys. County officials must do that: As one advocate said at a recent hearing before the legislature's committee on women, children and family, since the county is taking in \$2 million extra each year as a result of stepped up child-support enforcement, the extra funds should be used to help more children get support.

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The Job That Families Fail to Do

In his inaugural speech Wednesday, President Bill Clinton said that the "most important job" of a family is to raise its children. "Of course," was the response of twin Garfinkel, a nationally recognized researcher on child support issues and the Mitchell I. Ginsberg Professor of Contemporary Urban Problems at the Columbia University School of Social Work. If there is one thing families don't do well, Garfinkel has discovered, it is providing for our children, at least in cases of divorce and separation.

It is why it that so many American fathers — and in some cases mothers — are unable to fulfill their obligation to support their kids? "It's a neglect on the part of society," Garfinkel said. "We don't make it real clear that they have to."

A week ago, this space was devoted to a Suffolk County Legislature hearing that documented how the county fails to provide divorced or separated nonwelfare mothers with federally mandated legal services to help them collect support — despite the fact that this service actually makes money because of a federal reimbursement policy. The women and one man testifying in Hauppauge spoke of the need for free legal support, but they also spoke passionately about how judges adjourn cases for months until the rent is so far in arrears, the landlord locks the family into the street; how court officers keep straight faces when physicians and self-employed contractors plead poverty while demanding that hearing officers and judges are lousy to attend and how the child support enforcement bureau of the Department of Social Services can't seem to find husbands even when the ex wives have their addresses.

The day the story appeared, my phone rang with many more women telling the same kinds of stories. Three days later, I heard the story yet again

from the store manager whose daughter has appeared in court every three months this past year, always bringing a penny despite the fact that the judge by law should have attached her ex-husband's salary.

Today, yet another study has been released documenting the casual attitude of America's institutions toward child support. The report was issued by the Center for Law and Social Policy in Washington, D.C.; The Association of Children for Enforcement of Support based in Toledo, Ohio, and the Health and Welfare Council of Nassau County. It was financed by Long Island church-based foundations. Women from Fulton County, Ga.; Trumbull County, Ohio; Portland, Ore.; and Long Island were interviewed. Most had been middle-class before the breakup, and many had been employed for up to five years. Of 300 women (150 for Long Island) surveyed in these quarters did not get regular child support. The barriers to regular child support, legal help and the "extraordinary amount of time the legal system takes to process a case. Moreover, the first payment does not guarantee that further payments will follow."

The report documented that less than 10 percent of these families had incomes above \$25,000 after the breakup. "For children, the poverty rate policy is a two-parent family. The poverty rate in such families is comparatively low (7.8 percent)," the report said. But this is not always possible; so kids need child support.

What happens in the court and social services system? Theoretically, the DSS and the courts now have the ability to track down delinquent parents, investigate them and order support payments, although they often fail to do so. "After one missed payment and send officers to jail."

"Regrettably," the report said, "the state child support systems do not usually produce results."

While two-thirds of the mothers asked govern-

ment to help them pursue support, 40 percent of those had not obtained an order at the time of the interview. And of those who won an order, more than half still did not receive regular payments. The report also showed that getting the child support order enforced cost 20 percent of those mothers seeking child support, while 20 percent of those mothers who did not seek support paid more than 20 percent of their order. 20 percent waited more than six months and 42 percent waited from one to six months. And the fathers' whereabouts were known in most of these cases. No wonder almost two-thirds lost their homes or apartments, more than half the families had to apply for welfare, food stamps and/or Medicaid and a quarter of the mothers left their children unsupervised while they worked.

Thus, Garfinkel would give up on the courts and the social services department. "What we need is a State emergency program," the professor said. "We've got to get the courts out of the hands of the judiciary. It should be very simple. If the father from the child you should pay a percentage of your income, depending on the number of children you have to support. It would be withheld from wages and other sources of income just like Social Security. The government would guarantee a minimum if the spouse becomes ill, unemployed or has income is irregular."

Last fall, Thomas Downey, then a Democratic congressman from Annapolis, and Henry Hyde, a Republican representative from Illinois, floated a bill to create child support payments. Downey's bill was based on the idea of a spokesman for Rep. Bob Matsui (D-Calif.) and the chairman of the subcommittee on human resources of the Ways and Means Committee, said that hearings are planned this spring. But knowledgeable sources say the heart of the plan, federalizing support payments and making the IRS responsible for collection, is getting a cool reception from the states.

But, if we mean to get serious about nonpayment, nothing's more serious to Americans than the IRS. "We need to propose for our children the way this nation provides for collecting our taxes."



Marilyn Goldstein

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Acting Chairman MATSUI. Thank you very much.
Mr. Levy.

STATEMENT OF DAVID L. LEVY, PRESIDENT, CHILDREN'S RIGHTS COUNCIL

Mr. LEVY. Good morning and congratulations, Mr. Matsui, on becoming acting chairman of the committee.

Our Children's Rights Council (CRC) is an 8-year-old child advocacy group with chapters in 23 States. We have a chapter in Sacramento led by Patricia Gehlen, a grandmother and a teacher. Grandparents United for Children's Rights, and other national child advocacy groups are also affiliated with us.

In addition, I am a board member of the Stepfamily Association of America. Our CRC national conference will be April 28 to May 2, 1993. Senator Rockefeller will host the Capitol Hill symposium that is part of the conference. You are cordially invited to the conference.

Our Children's Rights Council is a supporting group for a rally to be held a few minutes from now on the steps of the Capitol by the Child Welfare League of America. We have a good neighbor ad in today's Washington Times.

Let me briefly acknowledge our office manager, Lynn Nesbitt and three of our legislative interns who are also here, Brian Brilliant, David Moravek, and Mary Kay Saverino.

Our advisers include Dear Abby, Senator DeConcini, Karen DeCrow, Joan Berlin Kelly, and Elisabeth Kubler-Ross. We are also members of the D.C. Kinship Care Legislative Committee working on the kinship care issue.

Mr. Chairman and Mr. Santorum, the data and the policies on financial child support are wrong. We see financial child support data in the newspapers. It is probably the most poorly reported story anywhere in the country.

The Census Bureau only asks custodial mothers—who tend to underreport—what they pay. The Government does not ask fathers what they pay or match the mother's reporting against court records. Nor does the Census Bureau ask noncustodial mothers what they pay, or custodial fathers what they receive.

Payers tend to overreport. Recipients tend to underreport. You need both sets of data to get a truer sampling.

To the extent that welfare parents are part of that database, they have a further disincentive because the more outside income they report, such as child support, the more it may affect their welfare payments.

The GAO reported in 1992 that 66 percent of mothers with a child support order who did not receive payment state it is because the fathers are unable to pay. So much for Cadillac-driving, divorced deadbeats.

That same GAO report said our Government is classifying deceased fathers as deadbeats and in many cases counting support owed to children up to age 21, even though most youngsters are emancipated by age 18. These are only a few of the deficiencies in child support that your staff and all the researchers and all the advocates throughout this country know about—the data is faulty.

Mr. Chairman, it is junk science. And bad data makes for bad policy.

The policies are wrong because although the United States has spent billions of dollars and passed increasingly tough financial child support legislation for more than 40 years, the poverty rates have not gone down and the welfare rolls have not gone down, yet the child support industry now wants even more punitive laws that will cost the taxpayers billions of dollars.

Please don't mistake me. Parents owe their children emotional and financial support. I pay more child support than the court ordered and no one is going to have to make me send my son to college. I intend to pay because I have been involved in my son's life since he was born.

The custodial parent, had she wanted to cut off access, could have done so at any time and every noncustodial parent in the country knows it. We estimate that about 6.5 million noncustodial parents have their access interfered with by the custodial parent and there is no real remedy.

Parenting is the issue here. For too long the United States has ignored the issues of family formation and family preservation and when families break up or are never formed, we have ignored assuring a child the two parents and extended family the child would normally have had during a marriage, a natural process.

We have paid a terrible price by ignoring all this, with the result that the white family structure is close to what the black family structure was nearly 30 years ago.

In 1965, 51 percent of black teenage mothers were single. In 1990, among white teenage mothers, 55 percent were single.

In 1965, 26 percent of black babies were born out of wedlock. In 1990, 19 percent of white babies were born to unwed mothers. But today as in 1965, writes Rutgers University researcher David Popenoe,

Anyone who brings up the issue of family structure is ridiculed and dismissed. Apparently we are still to believe that the two-parent family is simply one of several options.

Yet as the 1988 National Health Interview Survey of Child Health found,

Young people from single parent families or step-families were two to three times more likely to have emotional or behavioral problems than those who have both of their biological parents present in the home.

Single parents do all they can for their children and many children of single parents turn out fine. But statistically, such children of single parents are more at risk than children who have two parents in marriage or in the restructured family of divorce.

The child support law comes out of welfare law, not family policy. That is what is basically wrong with the whole approach.

Instead of recognizing the relationship between parenting and financial support, which a family policy would, our country promotes family breakup and family uninvolvement and then tells parents to pay up and get lost. In those cases where the parents ignore the Government injunction and stick around, the results are astonishing.

The Census Bureau reports that parents with joint custody or shared parenting pay 90.2 percent of their support. Parents with

visitation pay 79.1 percent of their support, and parents with neither joint custody nor visitation pay only 44.5 percent of their support.

The Census Bureau also finds that only 8 percent of parents have joint custody, 55 percent have visitation, and 38 percent have neither joint custody nor visitation.

Twenty years ago the Cadillac queen symbolized what was wrong with welfare. Now we realize that the welfare problem is systemic, and needs general overhaul.

Instead of learning our lesson, we have produced a new icon—the deadbeat parent. Will it take us another 20 years to realize that the child support problem is systemic and also needs overhaul?

Thank you.

Acting Chairman MATSUI. Thank you, Mr. Levy.

[The prepared statement follows:]



CHILDREN'S RIGHTS COUNCIL



ALSO KNOWN AS
NATIONAL COUNCIL FOR CHILDREN'S RIGHTS

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Testimony before Human Resources Subcommittee
March 18, 1993

by David L. Levy, Esquire
President, Children's Rights Council
editor of book to be published in April, 1993
entitled "The Best Parent is Both Parents"

An article I saw in a major newspaper yesterday
carried faulty data on child support.

This is not to criticize that one newspaper; the
financial child support story is the most poorly
reported story anywhere in the country.

Both the data and the policies are wrong.

As for the data, the Census Bureau only asks
custodial mothers (who tend to underreport) what
they receive in child support. The government does
not ask fathers what they pay, nor match the mothers
reporting against court records.

The General Accounting Office (GAO) reported in
1992 that 66 percent of mothers with a child support
order who did not receive payment say it is because
the fathers are unable to pay (GAO Report GAO/HRD-
92-39 PS-Mothers Report Receiving...). So much for
Cadillac-driving divorced deadbeats!

That same GAO report said that our government is
classifying deceased fathers as deadbeats, and in
many cases, counting support owed to children up to
age 21, even though most youngsters are emancipated
by age 18.

These are only a few of the many deficiencies one
could cite about child support data. It is, frankly,
junk science. And bad data makes bad policy.

The policies are wrong, because although the U.S.
has spent billions of dollars, and passed
increasingly tough federal laws over a 40-year
period, poverty rates have not gone down, and the
welfare rolls have not gone down. Yet the child
support industry now wants even more punitive laws
that will cost the taxpayers billions more to
implement.

It is unquestionable that parents owe their
children a decent upbringing. Anyone who brings
children into the world should not be a shirker.

(more)

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

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

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

Sue Khavans Smirng
Co. Director, Family Solutions
The Center of Divorce and Custody
Consultation, Englewood, New Jersey

Debbie Stabenow
State Senate, Michigan

But for too long, the U.S. has ignored the issues of family formation and family preservation. And when families break up (or are never formed), we have ignored assuring a child the two parents and extended family the child normally would have had during a marriage.

We have paid a terrible price by ignoring all this--with the result that white family structure is now astonishingly similar to the black family structure of 1965. For example, in 1965, 51 percent of black teen-age mothers were single. In 1990, among white teen-age mothers, 55 percent were single. In 1965, 26 percent of black babies were born out of wedlock. In 1990, 19 percent of white babies were born to unwed mothers.

But today, as in 1965, "anyone who brings up the issue of family structure is ridiculed and dismissed," writes Rutgers University researcher David Popenoe. "Apparently we are still to believe that the two-parent family is simply one of several options."

Yet as the 1988 National Health Interview Survey of Child Health found, "young people from single parent families or stepfamilies were two to three times more likely to have had emotional or behavioral problems than those who have both of their biological parents present in the home."

Single parents do all they can for their children, and many children of single parents turn out fine. But statistically, such children are more at risk than children with two parents.

Instead of recognizing this, and realizing the relationship between parenting and financial support, our country promotes family breakup and family uninvolvement--and then tells parents to pay up and get lost. In those cases where the parents ignore the government injunction, and stick around, the results are astonishing.

The Census Bureau reports that parents with joint custody (shared parenting) pay 90.2 percent of their support, parents with access (visitation) pay 79.1 percent of their support, but parents with neither joint custody nor visitation pay only 44.5 percent of their support.

Twenty years ago, the Cadillac queen symbolized what was wrong with welfare. Now we realize that the problem is systemic, and needs general overhaul.

Instead of learning our lesson, we have produced a new icon--the deadbeat parent. Will it take us another 20 years to realize that the child support problem is systemic and also needs overhaul?

Acting Chairman MATSUI. Doctor Marini.

STATEMENT OF ANN MARINI, M.D., VICE PRESIDENT, WOMEN FOR EQUALITY, WASHINGTON, D.C.

Dr. MARINI. Thank you very much.

Mr. Chairman, I am Ann Marini, a physician-scientist at the National Institutes of Health and the National Institute of Mental Health.

I want to thank you for allowing me the opportunity to testify before you today. The president of our organization Deanne Mechling, could not be here today, but she assisted with this statement.

Women for Equality is an embryonic national organization that realizes that the social service systems are being overwhelmed with families and children in distress. So we are urging our political leaders to go back upstream to emphasize family formation and family preservation.

For every family that can be encouraged for form, to stay formed, and be sustained, there is one less family breakup.

The reality of the situation today is that one out of two families get divorced. Of those families that get divorced, there are more than 15 million children who suffer the ravaging effects of divorce.

The court system in this country must be restructured to reduce the acrimonious nature of settling custody issues. We also need to reduce the profiteering that lawyers incur over this very emotionally charged situation.

The restructuring of the court system should be along the lines of mediation, parenting classes, and presumptive joint physical custody between divorcing parents.

Parents must be educated not only before the divorce occurs, but also afterward, so that they understand the potential harm they can do to their children.

The potential harm consists of such things as alienation by which one parent poisons the child's mind against the other parent; child abuse in the form of mental or physical abuse; and false allegations, which then make it more difficult to help the children who have really been abused.

Women for Equality is an all-female organization, but we are also grandmothers and aunts of the children involved in a divorce; we are the second wives, mothers and sisters of the two parents involved; sometimes we are the good friends of the parents or children who are involved.

Our main interest is in keeping the marriage intact, because once the divorce occurs, we may never see those children again.

This is because under current laws, the relationship of the noncustodial parent to the child is not protected in the same way that financial child support is protected.

This means that everyone's relationship with the child that flows through the noncustodial—such as aunt, grandmother, second wife, sister, mother, friend—is endangered, and the child suffers.

We know this suffering occurs because we are in a unique position—many times the children will talk to us in a way that they will not confide in their own parents.

What those children want—and every child will tell you—is to have a close, loving and nurturing relationship with both of their parents.

This can be accomplished before divorce, while the marriage is in the process of dissolving, by parenting clinics, so parents can help their children cope with the upcoming adjustments.

Three-quarters of all divorces are filed by women. It would be very helpful if the parent seeking the divorce could learn in advance that it is not going to be the rainbow or gold mine she may have been led to think divorce will be.

The courts are changing, so that the woman will not automatically get custody. There are, in fact, about 2 million noncustodial mothers in America, representing about 15 percent of all divorced parents, and that percentage of mothers without custody is growing.

Women who care about a child's relationship with both parents and extended family need to take the lead in teaching those parenting courses.

Congress has lots of authority to act in these areas—by authorizing State justice institute grants, by requiring States to have parenting classes or joint physical custody—as a means of reducing violence and for the purpose of reducing child support problems, both areas that interest Congress.

We know from the Census Bureau that 90 percent of fathers who have joint custody pay all of their child support.

We know from judges who have required mediation for divorcing parents that domestic violence problems decrease when there is mediation.

Help us to help children.

Thank you, Chairman Matsui and members of the subcommittee. Acting Chairman MATSUI. Thank you, Dr. Marini.

I would like to thank all three of you.

Mr. Santorum, unfortunately, had to leave. He had a prior commitment set up before the hearing, so he apologizes.

Ms. Jensen, one issue that comes up in terms of the child support issue is the issue of health care. Oftentimes the mother who has custody of the child has no work experience and is not in the work force.

Have you had experience with that and how have you dealt with that? If we have a national approach to health care, that will alleviate this issue we hope.

Ms. JENSEN. It is a serious issue that almost 80 percent of our membership has a medical support problem in addition to child support.

My personal case outlines the problem. Although my divorce decree ordered the father to provide health insurance for the children, he did not voluntarily do that, so we did not have coverage because I was working as a nurse's aide with no insurance.

The agency took him to court. He was found in contempt of court and therefore listed his son on his health insurance policy. He then failed to provide me with the ID numbers and the claim forms in order to use the health insurance for my son. Therefore, I had to take him back to court again. They found him in contempt and at the time he provided the forms and ID cards.

However, since he was the insured party, the claim form had to go to him to be signed and to be sent to the insurance company. When he signed the claim form, he checked the box that says to pay the insured party rather than to pay the doctor, so when Aetna issued the insurance check, it came to him. He cashed the check and did not pay the doctor's bill. My son was then refused health care from that doctor because there was never any payment.

Congress can make sure that custodial parents have direct access to the insurance company to fill out the claim forms and that the claim is paid directly and that you amend ERISA so companies like Aetna, which is across State lines, are governed by this.

We only reach part of the insurance companies.

Acting Chairman MATSUI. I think it is interesting the direction it appears we are going in with regard to the health care reform debate—and this is speculative—but it will be a managed care approach which is similar to the system we have now where the employer-based insurance will continue on for health care and that means that we will have to do something about this, I would imagine. That brings in other committees.

Yes, we would want to work with that.

Ms. JENSEN. One more idea. Right now if you are on AFDC, you have to use the Medicaid card. If those families were allowed, where there is private health insurance available, to use the health card to get access to health care, they would have access to many more places to obtain health care for the children and the kids would get coverage.

Now you use the card and they bill both places and it is very bureaucratic and ineffective.

Acting Chairman MATSUI. The health care issue is almost as large as the child support issue. That has to be one of the frightening things when you are a single mother with custody of a child.

Ms. JENSEN. You certainly can't get off and stay off of welfare when you can't take your child to a doctor when they are sick.

Acting Chairman MATSUI. Mr. Levy, I appreciate the fact that you didn't link the custody issue with the child support issue. I didn't sense that from your testimony. I feel very strongly that there be no linkage.

I hope that most people when they think about this will come to that conclusion because there is no excuse for a noncustodial parent, father or mother, not making a support payment, and the Government has every right and reason to be involved in that when the failure occurs because Government picks up the cost. People shouldn't have children if they are not going to support the child.

In the 1970s and 1980s, we talked about the welfare queen. I said now we are going to focus on the welfare king. The father who buys a motorcycle and has a second family will no longer have an excuse after we pass legislation in this area to say "I can't afford it," because that obligation to the second, third or fourth family, first family, will continue on.

We want to work with you and your organization, but I will tell you that there is not going to be breakage. We are going to make the link between the absent parent, father or mother, and the child a strong one. We are going to decouple the issue of custody from that of support payment.

We will work on that because that is a problem, but they are separate as far as this member is concerned and this Chair is concerned.

I want to give you fair comment in terms of where I am coming from, and I feel very strongly about this. That is not negotiable.

Mr. LEVY. We agree with what you just said. You said it better than I could. Your comment shows me that you are interested in having a system that works. That is all we are talking about.

We are saying that just as the welfare queen was symptomatic of a huge problem, if we look at ways to strengthen collections merely in a collection way, we are doing the same thing as we did with the welfare queen. We are not looking at the whole problem. The whole problem is family policy.

If we start doing more things; for example, step back and look at family formation and preservation, and do more things to encourage this, such as parenting classes, ending the marriage tax penalty, and providing child development classes, we encourage more family formation and family preservation with counseling and braking mechanisms for divorce.

If we keep more families together, we have solved half the problem. When parents begin to separate, right then, before the positions of the parent harden, we need an administrative process to handle access and support. They are not linked, but they are both issues that need to be addressed.

In Michigan, one of our advisers says Michigan has one of the highest support collections in the country because they have paid attention to both sides of the problem and administratively it is the only State that handles support and access.

All we are saying is that if you pay attention to the family issues, this problem can be handled without spending billions more on the kind of proposals that are being put forth now. You can go down in history as the family architect of the 1990s.

Acting Chairman MATSUI. I appreciate your comment because I think we need to deal with the issue of custody and making sure that the court orders are complied with.

I want to make sure that everyone understands that these issues are decoupled, and you coupled them again when you talked about the Michigan experience. We are not going to couple the issues.

By the time we are finished with this debate, the taxpayers are going to understand in many cases that when they pay their taxes, in many cases it is because the absent father who has the wherewithal, is not making his support payments and fulfilling his obligations to his children, and that will be on people's minds just as in the early 1980s it was on people's mind that the welfare queen was why they were paying taxes.

I can't tell you how serious this is.

Mr. LEVY. Maybe I am not making myself clear.

Acting Chairman MATSUI. I understand what you are saying, but don't couple these issues in our discussions. You can talk about custody problems and we will deal with them, but child support will be separated from these issues.

Mr. LEVY. It has been separated for years. Many judges will not give access if you are behind in support, Mr. Chairman.

We are not saying to couple it. We are saying unless you pay attention to the other side, you are not going to solve the support problem.

Acting Chairman MATSUI. We will solve the support problem by the penalties involved. That is how we are going to solve that problem. That is what I am trying to tell you now. We are not going to couple those issues.

I want to thank the panel for their testimony. We look forward to working with all of you and this debate on child support will continue on through 1993 and into 1994.

Thank you. The hearing is adjourned.

[Whereupon, at 12:40 p.m., the hearing was adjourned.]

[Submissions for the record follow:]



AMERICAN PUBLIC WELFARE ASSOCIATION

Kevin W. Concannon, President
A. Sidney Johnson III, Executive Director

March 17, 1993

The Honorable Robert T. Matsui
Acting Chairman, Subcommittee on Human Resources
Committee on Ways and Means
B-317 Rayburn House Office Building
Washington, DC 20515

Bob
Dear Representative Matsui,

Thank you for the opportunity to testify at your hearing on President Clinton's budget proposals in the human resources area. We are unable to attend due to other commitments. However, I would like to make several comments.

We fully support President Clinton's proposal to invest in families and provide family support services. APWA went on record in December, 1992 at our last National Council of State Human Service Administrators (NCSHSA) meeting that family support services are a cost-effective investment in the lives of vulnerable children and troubled families. The President's proposal will use tested strategies -- especially prevention -- to promote the well-being of children and preserve families.

We support President Clinton's call to improve the child support enforcement system through streamlining paternity establishment and enforcing health insurance support. Last December we also endorsed procedures -- pioneered by Washington State and Virginia -- for voluntary parentage acknowledgment both in hospitals and through an administrative process operated by the state IV-D agency. We also endorsed laws to ensure that children receive adequate health care coverage by mandating that federal and state laws provide for access to coverage for all eligible children, regardless of their residence or the marital status of their parents.

Finally, we support increased funding for the Child Care and Development Block Grant. Quality child care is pro-family, encourages children's social and intellectual growth, and benefits parents by allowing them to continue their education and to participate in the labor force. At our December, 1992 meeting of our Child Care Administrators Task Force, 23 out of the 30 states present had waiting lists. We are currently focusing on implementation issues for this important program.

We are concerned, however, about the proposal to increase the fee for administering state supplements to Supplemental Security Income (SSI) benefits. As the Congressional Budget Office (CBO) notes in Reducing the Deficit: Spending and Revenue Options, increasing the cost that states would incur could discourage some states from supplementing the federal SSI payments. Many SSI recipients are chronically mentally ill or mentally retarded persons living in the community. As CBO points out, the federal government should encourage, not discourage, state supplementation because federal payments alone are already insufficient to raise the incomes of SSI recipients to the poverty line.

We are also concerned about the proposal to eliminate the enhanced administrative match rates for the Aid to Families with Dependent Children (AFDC) program. The core of an efficient, effective welfare program that also controls fraud and abuse is its automation system. According to the Department of Health and Human Services' Office of Management and Information Systems, approximately 20 states do not yet have certified FAMIS systems. The enhanced rate is essential for states to develop automated systems. At the very least, reducing the match rate must be accompanied by increasing state flexibility in the Advanced Planning Document (APD) process, eliminating technology transfer requirements, and streamlining fiscal reporting requirements. We will formalize our policy position at our NCSHSA meeting next week and look forward to discussing it with you at our breakfast meeting on March 25.

Thank you for the opportunity to provide input into your hearing. I look forward to seeing you at our Commissioners' Breakfast on Thursday morning. Please let me know if we can provide additional information.

Sincerely,



A. Sidney Johnson III
Executive Director

STATEMENT OF JOHN BOUMAN AND DANIEL LESSER

March 18, 1993 Oversight hearing on AFDC program, including JOBS
 Subcommittee on Human Resources, Committee on Ways and Means

John Bouman, supervisor of the Welfare Law program at the Legal Assistance Foundation of Chicago ("LAFC"), testified at the Subcommittee's field hearing in Chicago on May 29, 1992, concerning the history and current status of Illinois' JOBS program and its predecessors. Daniel Lesser is a staff attorney at LAFC who is a welfare-to-work specialist funded by the Woods Charitable Fund.

In this submission to the Subcommittee, we would like to reference John's earlier testimony as we believe the points made therein are still relevant. We also think it is important to bear in mind the history of this and other State's welfare-to-work programs for the AFDC population since the legacy of the past remains with us and should inform how we shape our programs in the future. We never start from scratch -- to the extent past programs have been misguided and punitive-oriented, there is a bad history that needs to be addressed and cleared away before these programs can reach their potential for improving people's lives.

We would like to briefly make the following points, all of which either summarize testimony we and others presented at the field hearing or are logical inferences from that testimony that bear on the current welfare reform debate.

Relax Draw Down Rules and Increase Federal Funding

The inability of States under current budget constraints to draw down available matching funds is well documented and need not be belabored. Illinois' record in this regard is one of the worst in the nation. Any new matching formula should substantially increase the percentage of federal participation but should retain the simplicity of the current formula.

The proposed "2 years and out" approach to welfare reform adds great urgency to the need for vastly expanded federal funding of the JOBS program, along with a real jobs creation plan. The price tag for the intensive case management services and supportive services needed will be high, although a good investment in the long run.

Eliminate or Drastically Revise the 20 Hour Rule

Again, the incompatibility of this rule with virtually all education activities has been well-documented. Pre-secondary adult education activities (literacy, basic education, English as a Second Language, G.E.D.) generally are not available for more than 12 hours per week in the Chicago area. A full-time A.A. or B.A. program is likewise 12 hours. Doubling the number of hours credited for education activities would solve this problem.

There is another profound problem with the 20 hour rule, however. This problem was spotlighted in the compelling testimony presented at last May's Chicago field hearing by Toby Herr, Director of the nationally renowned Project Match program. Project Match's field research has found that for many AFDC recipients who have been out of school and the job market for a substantial period of time, 20 hours is far too intense a commitment at the beginning, and frequently leads to failure and even greater alienation. They have also found the importance of broadening the array of activities that should count as authorized JOBS activities, at least initially -- e.g., volunteering at a child's school, serving on a tenant advisory board--to begin encouraging the type of socially productive behavior that will start participants on the road off of welfare.

Eliminate Work Disincentives of Federal Earned Income Rules

The current 30 and a third disregard system is a complete failure and should be entirely scrapped. The Illinois Department of Public Aid has proposed a dramatic new method of earned income budgeting that accomplishes the objective of creating solid financial incentives to work and is far simpler than some of the "fill the gap" and other budgeting schemes used elsewhere. The Department has proposed that AFDC recipients be permitted to keep \$2 out of every \$3 earned -- e.g., the client who earns \$300 per month

will have their grant reduced by \$100. We strongly endorse and support this simple and straightforward approach to solving the current work disincentive problem.

Eliminate Sanctions from the JOBS Program

We propose this at the risk of not being taken seriously. In light of the magnitude of the other changes to welfare policy being proposed, in particular the two year and out framework, current sanctions policy needs to be entirely re-thought.

If a time-limited system is adopted, then that in itself will provide the "stick" to encourage participation. Additional pressure and additional resources need not be devoted to provide interim sticks along the way to running out of time in the system.

Aside from the expenditure of resources on the sanctions machinery, including compliance with due process requirements, having sanctions as part of the JOBS program fails to recognize perhaps the most basic field lesson about the JOBS program and thus fundamentally undermines the effectiveness of the program. As Toby Herr of Project Match has explained, leaving welfare is not a one step event about getting a job, rather it is a long and difficult process about growth and development. Project Match's field research has shown that the initial placement in a school or a job usually fails, and that long-term, supportive case management is essential if clients are to bounce back from the initial and other setbacks. Nor is leaving welfare a linear process. Individuals with low basic skills generally must work for a while before they make the connection between acquiring skills and finding a decent job, and are ready to make the substantial commitment to school that success requires.

Achieving success on the "incremental ladder to self-sufficiency" that Ms. Herr describes, a process that commonly involves two steps forward and one step back, requires supportive case management. This supportive and trusting relationship cannot be established when the JOBS case manager is responsible for initiating the sanction process. Clients will not trust JOBS case managers and confide in them as long as they know that what they say and reveal can and will be used against them.

Eliminating sanctions from the JOBS program would not necessarily leave the program as a purely volunteers program, as currently understood. As earlier explained, the program will not be entirely voluntary if and when the AFDC program becomes time-limited. Second, eliminating sanctions from the program will go a long way towards wiping away the "bad history" detailed in the testimony John gave at the Chicago field hearing. Many recipients still are reluctant to get involved with JOBS because they distrust the package of services available, and they fear it will all ultimately lead to sanctions. Removing this disincentive, together with more effective marketing of the program and elimination or substantial modification of the 20 hour rule, will lead to much higher "voluntary" participation rates.

Eliminate Work Restrictions on Receiving AFDC

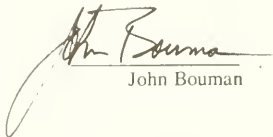
Two artificial restrictions on receipt of AFDC discourage clients from working and families from staying together. The 100 hour rule serves no useful purpose and should be eliminated. The AFDC-U rules should be loosened, at least with respect to young parents, so that 2 parent families with involvement in education or training can qualify for AFDC.

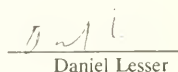
Eliminate AFDC-U JOBS Participation Requirements

These distract program resources and imprudently restrict the States' discretion in how to shape their JOBS programs. They should be eliminated.

We thank the Committee for this opportunity to present our views.

Sincerely,


John Bouman


Daniel Lesser

STATEMENT OF

KEVIN M. ASLANIAN, 
Facilitator
NATIONAL WELFARE RIGHTS & REFORM UNION, INC.



Executive Director
COALITION OF CALIFORNIA WELFARE RIGHTS ORGANIZATIONS

BEFORE THE
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

March 10, 1993

**A Hearing on President Clinton's Budget Proposals
for Human Resources**

1901 Alhambra Blvd. Second Floor, Sacramento, CA 95816
• *Tel. (916) 736-0616* • *FAX (916) 736-2645*

Fighting for the rights of poor children and families of America

SUMMARY

We recommend that the proposal to alter the federal financial participation (FFP) matching for AFDC, Food Stamps and Medicaid to 50% across the board, be amended to provide States up to 5 percent increased or decreased funding (from the 50% level) based on the objective assessment by the recipients, of services that the State provides to recipients.

We also recommend that Secretary Shalala take a leadership role by establishing a meaningful dialogue with representatives of the organized poor to reverse the current negative treatment that the "welfare administering industry" extends to the welfare recipients of America.

Mr. Chairman and Members of the Committee:

Thank you for allowing the National Welfare Rights and Reform Union the opportunity to submit written testimony to this Honorable Committee.

We **SUPPORT** the elimination of the "enhanced Federal matching rates" given to States for many years as incentives to carrying out special AFDC administrative activities.

We propose that the 50% federal matching be enhanced or reduced by up to 5% depending upon the quality of services the State provides to the recipient as assessed by the recipients.

Such a system would provide a

necessary sense of responsibility to the state workers paid to provide services to welfare recipients. As a result of the absence of such a system, state corruption is rampant. Laws are routinely and systematically broken. There is little accountability for these illegal activities, and laws protecting the welfare of the recipients are being ignored. Welfare workers treat AFDC applicants and recipients as third class citizens, yelling at them in public, not returning phone calls and making appointments for 9 AM and then seeing the client (with three children

We propose that the 50% federal matching be enhanced or reduced by up to 5% depending upon the quality of services the State provides to the recipient as assessed by the recipients.

who have been trapped in the welfare waiting room without any food or a place for the children to play) at 4:00 PM, or telling the client to return tomorrow. Applicants and recipients are not allowed to apply for benefits to which they are legally entitled.

What happens if a client complains about a worker? First, you have to find somebody to complain to. Generally, the worker's supervisor won't even talk to the client. If the client does manage to talk to the supervisor, the client is generally told to "work it out with your worker." The worker then retaliates and asks for information that clients cannot get. Once the client is unable to provide the worker with the information requested, aid is terminated. Then the client must reapply and wait up to 45 days before aid is restored. Meanwhile the family becomes homeless goes hungry. Then the case is assigned to the same worker and the cycle begins anew.

This blatant disregard for the rights of recipients is greatly responsible for the loss of personal worth that inflicts so many people who seek temporary assistance. While the welfare worker should be an encouraging force for self-sufficiency, they exploit the recipients vulnerability, assassinating their drive to survive independently.

The degrading treatment received by recipients reflects the absence of worth

We are also very unhappy that Donna Shalala, the Secretary of HHS, has refused to meet the representatives of the organized poor. We had hoped that there would be a "change" in that we would have a Secretary who would treat welfare recipients with dignity and respect, but so far, our numerous requests have been ignored.

placed on the clients rights by the administrators has been going on for years. A system of State Service Assessment would produce a sense of responsibility to the client, encouraging humane and lawful behavior by the welfare bureaucracy.

Mr. Chairman, if you knew the number of times we have had women with crying about how their worker made them feel worthless, you would be appalled.

We recommend that federal matching be dependent on how AFDC, Food Stamp and Medicaid recipients grade the services they receive from their State. Under our proposal, a State can receive as little as 45% FFP and as much as 55% FFP depending on how recipients grade the State treatment. The grading would range from 1 to 5-- minus or plus. For example, if California receives a plus 2.2% positive grade from the recipient through a scientifically valid statistical analysis which developed by the National Academy for Sciences in consultation with the Na-

tional Welfare Rights and Reform Union and the American Public Welfare Association, then California's federal matching rate for the next year would be 52.2%. Alternatively, if New York State recipients grade the services at minus 3.3%, then their FFP for the next fiscal year would be 46.7%.

These rates should be automatic without any court or political games by States. No hardship waivers. The problem with the welfare system is that the rules are concrete for AFDC recipients- if you do not submit a monthly income report, even if you have nothing new to report, your AFDC benefits are stopped. On the other hand, States can ask for waivers and play all kinds of games to bypass laws enacted by Congress with impunity.

Mr. Chairman, adopting this proposal would cause a change in thinking. Poor women and children would be treated like humans and not like animals, as they are

treated by the current "welfare system" and welfare administrators.

We are also very unhappy that Donna Shalala, the Secretary of HHS, has refused to meet the representatives of the organized poor. We had hoped that there would be a "change" in that we would have a Secretary who would treat welfare recipients with dignity and respect, but so far, our numerous requests have been ignored.

We are happy to report that representatives from the White House has met with us, but not the Secretary of HHS or her Chief of Staff, Mr. Kevin Thurm.

As you can see Mr. Chairman, the treatment of welfare recipients comes from the top and is reflected at the bottom and we see no leadership in the Clinton Administration at HHS to treat welfare recipients and their representatives with any dignity or respect.

SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 Longworth House Office Building
Washington, D.C. 20515

MEDICAL SUPPORT--
Elements of an effective system.

WRITTEN COMMENTS OF JOHN J. PHILLIPS

To the Honorable Robert T. Matsui, Acting Chairman, and members:

I submit these comments as an individual private citizen. I work as a child support enforcement attorney for the Kansas Department of Social and Rehabilitation Services. I am a graduate of UCLA and the University of Santa Clara Law School. I began working on child support and paternity cases in 1977 as an assistant district attorney for Johnson County, Kansas, a suburban area near Kansas City. I spent five years in private practice emphasizing family law. Since 1984 I have worked for the State of Kansas, establishing and enforcing orders for child support.

I have written articles about child support, medical support, proof of paternity and data processing systems for legal work. I am a member of the Association of Family and Conciliation Courts and the Family Law Sections of the American and Kansas Bar Associations. I am past president of the Kansas Child Support Enforcement Association. I am the author / compiler of proposed state legislation to improve enforcement of medical support.

In 1990 I wrote an article about medical support for the newsletter of my local bar association. I wrote that medical support was a challenging area and that legislative action was needed to improve the situation. I had a few "good ideas". Within a few months, an interim committee of the Kansas Legislature challenged me to write a bill which would implement my suggestions. So began a project that continues to develop.

My initial effort was aimed primarily at creating a high level of assurance about the effectiveness of medical support orders. Without independent assurances, many obligees are left in difficult situations. For some it is truly unbearable: for essential medical services they are forced to depend upon the cooperation of a former spouse for whom there may be no trust or confidence.

In my effort to develop adequate assurances I considered the example of mortgage companies and their technique of avoiding lapses in casualty insurance. Standard mortgage terms require adequate casualty insurance on the mortgaged property. Loans are not granted unless there is written proof of coverage in an amount that is sufficient to protect the loan balance. If there is a default on the premiums, the mortgage company must receive notice prior to the lapse of coverage so that it can pay the premiums due and add their cost to the balance owed. This system prevents uninsured losses from ever occurring. I concluded that comparable assurances should apply to health benefit coverage for the children of divided families.

By good fortune, a copy of my early work was directed to Ted Earl, a generous and thoughtful expert in the subject matter of medical support, medicaid, child support enforcement and health insurance. Ted works as the director of "third party liability" for the medicaid program of the State of Connecticut. His letters and phone

calls were the beginning of my education about the larger issues involved in medical support. He introduced me to the advances already undertaken by several states, (New York, Connecticut, Minnesota and Hawaii among others), and most of the other issues that needed to be addressed. Soon a much larger discussion was developing and my proposal for state legislation was part of it.

I began to collect the comments of law professors, judges, lawyers, obligees, obligors and others having interest or experience with the subject. The proposal became a compilation of the best ideas I could collect. I have learned a great deal and had many opportunities to further this work. I have been a speaker at conferences of the National Child Support Enforcement Association, the Eastern Regional Interstate Child Support Association and the state child support enforcement associations of Kansas, Missouri and Nebraska. The U.S. Commission on Interstate Child Support studied medical support and its work contributed greatly to further refinements.

I endorse the recommendations for health-care support made by the U.S. Commission on Interstate Child Support. Several points deserve special emphasis: (1) ERISA should be amended so as to allow effective state regulation of health plans; (2) IV-D funding rules should be changed so that state child support programs can receive federal incentive payments for the results they achieve in medical support; (3) federal legislation should improve the means for enforcement of medical support in interstate cases; and (4) states must enact legislation to improve medical support enforcement.

The need for medical support has never been stronger or more widely felt. Children need health insurance coverage to ensure the availability of medical care. Parents need health benefit plans to limit their expenses. State governments need improved medical support enforcement to strengthen child support programs and to control medicaid costs. Health care providers want better procedures for dealing with divided families. State courts want medical support orders to be meaningful and effective without further expense or delay. Divided families need medical support orders to provide health coverage for children, and to equitably share children's medical expenses not covered by insurance.

Several problems have been identified which are barriers to effective medical support enforcement. One major barrier is ERISA, the Employee Retirement Income Security Act of 1974. ERISA preempts state regulation of health benefit plans other than insurance. The effect is that state legislation to improve medical support can regulate insurance programs but is ineffective as to other types of plans. ERISA preemption should be amended so that states may regulate all health benefit plans.

A second barrier to medical support enforcement arises from the limits of state court jurisdiction. When parents in a divided family relocate to a different state, they may sometimes participate in health plans which are not subject to the jurisdiction of the court which rendered the order for support. To be rigorously complete about medical support enforcement, it will be necessary to cover this gap. The situation is very similar to the need for direct enforcement of interstate income withholding orders. The U.S. Commission on Interstate Child Support has identified a good solution for that problem and medical support should follow the same pattern. All health benefit plans should be required to respect medical support orders without regard to the state in which the order originated.

A third barrier is the funding formula for state child support programs. The existing formula provides financial incentives for regular support collections but fails to similarly reward successful efforts in the area of medical support. This problem is especially serious because the establishment of an order for medical support will often decrease the amount of regular child support to be paid. The present formula puts child support programs in a terrible predicament with rules and incentives which are confusing and contradictory. Title IV-D funding rules should be changed so that state child support programs will receive federal incentive payments for the results they

achieve in medical support.

Medical support is established and enforced as a matter of state law and states should be encouraged to enact legislation which will improve medical support enforcement. Orders for medical support are established on a case by case basis in divorce decrees and other state court orders. The underlying laws and procedures are different in every state, and in many situations they are surprisingly cumbersome and difficult. The situation is so bad that many claims for medical support are simply abandoned. Even when a court has previously ordered medical support and health insurance coverage, it is not automatic that an obligor will be held liable for uninsured medical expenses. The claimant may be required to pay it in full before seeking reimbursement. By way of defense, the obligor may question the necessity of the medical treatment, the reasonableness of its cost and whether it was competently provided. States should eliminate or minimize burdensome steps. I have developed an example of how such a system might work.

A good medical support system would include all affected parties. It would encompass all types of plans, including those administered by employers and unions. Full effectiveness would require revision of ERISA, as recommended by the U.S. Commission on Interstate Child Support. Medicaid programs and child support agencies would participate directly. The medical support system would apply to all children in divided families including those children who live with a relative or caretaker other than a parent. The system would recognize that the "obligated parent" for medical support will not necessarily be the same as the "obligor" for child support.

A good system would spell out the terms of parental responsibility for a child's medical expenses. Parents are responsible to health care providers for the reasonable costs of a child's necessary medical care. As between the parents in a divided family, responsibility for a child's reasonable medical expenses, (not covered by a benefit plan), should be equitably shared. In many states, child support guidelines have special calculations by which health insurance costs are taken into account.

In determining whether or not a court will require a parent to provide health coverage, the test should be flexible and not absolute. For some low income families, there may not be any coverage available at "reasonable cost". Specific factors may be useful in addressing the situation: (1) the best interests of the child, (2) the child's present and anticipated needs for medical care, (3) the financial ability of the parents to afford the plan and (4) the extent to which the plan is subsidized or reduced in cost by participation on a group basis or otherwise.

The system should establish a procedure for choosing among available plans. The first option is to examine any existing arrangement. This should have priority if it is reasonable and adequate. If not, we should examine whether coverage is available to the residential parent. This choice should have priority unless a better alternative is available. If neither of the previous options apply, we should examine whether coverage is available to the non-residential parent. The court might require both parents to provide coverage in unusual cases. Even if health coverage is not available to either parent, the order should anticipate the possibility that coverage will become available in the future. IV-D regulations require orders of this type.

Medical support orders must have persistence. Regular child support may be interrupted or "abated" in certain circumstances, (for example, during an extended visit with the non-residential parent). Medical support should not have interruptions.

A copy of the order or agreement should be sent to the health benefit plan. This is necessary to authorize direct interaction with the plan by parties other than the "insured". In most situations this makes it possible to by-pass an uncooperative party. The plan must be authorized to release appropriate information. Open communication is needed to assure access to relevant information. It also simplifies administration of

enforcement. There are several needs for this information: (1) choosing which plan or combination is best; (2) administering the medical support program; (3) recording and measuring program value and performance; and (4) processing claims.

Some plans offer a large menu of choices. Many plans and jobs will change after the date of the order. The existence of changes or other discrepancies should not frustrate the order or automatically require further hearings in court. Coverage should become effective even if the order does not specifically address the situation. A procedure should be provided to apply the order in such cases. An minor discrepancy should not result in a lapse or denial of coverage.

The plan should be freed from the duty of exclusive contact with the "member" or the "insured". We should not allow the action or inaction of any party to impede enrollment or other benefits. Either parent should be authorized to submit claims and to exercise options for extension of benefits. The best possible procedure would provide opportunity to avoid lapses in coverage.

To establish meaningful reliability, the plan must be required to enroll the child and provide benefits upon receipt of the order. Every plan must be entitled to premiums for the coverage it provides. Income withholding should be available to facilitate payment. Notice from the plan should confirm enrollment or give prompt notice if there is a problem, (for example: coverage is not available, the obligated parent is not eligible for benefits, the plan is no longer in operation, etc). Interested parties should receive notice when plans change.

The plan must be required to provide written notice prior to any "adverse action". This is necessary to provide opportunity to make alternative arrangements and eliminate any possible risk of surprise about a lapse or reduction of coverage.

Direct payment of claims should be authorized so that the plan can by-pass the "insured" whenever appropriate. This will minimize opportunities for abuse and avoids any temptation to convert payments. If a payment is mis-routed, there should be a specific duty to forward it appropriately.

Coverage needs to be fully accessible to both households of a divided family. Plans should not discriminate against a child on the basis of the child's place of residence or membership in a particular household. HMOs can comply with this rule by entering agreements with similar plans or with insurance carriers. A plan should not discriminate against a child on the basis of the policy holder's ability to claim the child as a tax exemption or upon the marital status of a child's parents. Enrollment should not be postponed until an "open enrollment period".

There should be a procedure to avoid non-contractual liability for expenses which are unreasonable. This is necessary out of fairness and to discourage residential parents from using medical services extravagantly. The key term in this procedure, ("unreasonable expense"), needs a good working definition. The test should be flexible and not absolute. In the case of a wealthy divided family, it might be that non-essential care, (a cosmetic procedure, for example), would not be unreasonable.

Consequences of non-compliance should be spelled out. Accountability means full liability for actions and results. Mitigation of damages, prompt remedial action and reasonable settlement should be encouraged and facilitated. Where appropriate, unpaid medical bill should be converted into legal judgments for child support so that income withholding or other legal remedies can be used to collect it.

Adjustment of child support needs to be easily accessible when medical support is modified or established. Frequent interaction is expected between these two aspects of family support. Violation of a medical support order should constitute a special circumstance justifying an immediate modification of child support in order to:

(1) provide for the actual or anticipated costs of the child's medical care, or (2) provide or maintain health benefit coverage for the child, or (3) eliminate undeserved credit for support obligations which are not being met.

Improvement in medical support enforcement will yield important benefits. Children with insurance coverage enjoy the assurance that medical care will be available. Parents with health benefit plans can better control their medical expenses. Effective state programs for medical support enforcement programs will strengthen the child support enforcement system and help to control medicaid costs. Health care providers will enjoy an improved situation when dealing with divided families. State courts will enjoy improved credibility because their medical support orders will have meaningful effect with a minimum delay.

I support the recommendations for health-care support made by the U.S. Commission on Interstate Child Support. Several points deserve special emphasis: (1) ERISA should be amended so as to allow effective state regulation of health plans; (2) IV-D funding rules should be changed so that state child support programs can receive federal incentive payments for the results they achieve in medical support; (3) the federal government should provide leadership and an effective legal framework for enforcement of medical support in interstate cases; and (4) states must enact legislation for improved medical support enforcement.



SAVE AMERICA FIRST



*“ . . . with justice
for all.”*

1968

THERE ONCE WAS A WOMAN NAMED JEAN,
WHO HAD AN IDEA THAT WAS KEEN.
BUT THERE WAS NO ONE WHO DUG IT,
THOUGH THE IDEA WAS A NUGGET
TO IMPROVE THE AMERICAN SCENE.

1993

THIS YEAR WE HAVE A NEW PREZ
WHO SEEMS TO MEAN ALL THAT HE SEZ
FOR THIS WE SHOULD BACK HIM,
AND GIVE HIM NO SLACK IN.
IT'S OUR LAST CHANCE TO SAVE OUR INVES.

Jean Little, President
PROMOTIONS FOR THE PEOPLE

I've been waiting twenty-five years for a President of the United States to zero in on our domestic problems, as have a lot of you out there. We have made so many false starts, come up with so many good ideas that we never implemented, emphasized the negative to the point of ad nauseum, that I was beginning to think we would never get it right.

Bill Clinton has got it right. Without stepping hard on anybody's toes, he has taken the good ideas of the right (enterprise zones) and melded it with the needs of the people for jobs and training and education and the need for rebuilding worn out road and bridges and housing (read: infrastructure) and made a total package we should all be thrilled to implement. The question on people's minds is, can we afford it - the \$30 billion price tag. The price is not out of line. Most of that money will circulate throughout the economy and produce more goods and services and customers and taxpayers. The example of the Marshall Plan for Europe should tell us that such an investment will pay off handsomely. Our alternative? Let everything deteriorate - our morale, our living conditions, our paychecks.

Russia needs our help and our example of not only product output but of living peacefully with ethnic diversity. How can we teach the world democracy works

when everyone thinks we are sitting on a powder keg born of discrimination and resentment?

Only when we roll up our sleeves, take a new motto for our inspiration, and get to work producing jobs and a decent lifestyle for all of our citizens can we say to the world: it works!

To whom much is given, much is expected. This country has been truly blessed. But it didn't happen overnight. A lot of blood, sweat and tears went into the building of our cities and towns over the last century. But it all bore fruit in remarkable abundance. We are the envy of most of the world. So why can't we solve our domestic problems? It is expected of us.

It is only a matter of will and way. We have the talent. Those that don't can be taught.

PROMOTING JUSTICE FOR ALL IS OUR BUSINESS, MAKE IT YOUR BUSINESS TOO.

Promotions for the People, Box 68, RR 5, Pleasant Valley, NY 12569

But let us not make the mistakes of our predecessors. Let us not build segregated housing for the poor and expect them to compete with the productive sector from their position of disadvantage. Let's build our enterprise zones, yes, and build housing for all right next to them, and let the whole complex be built outside city limits. There is no other way to help people pick themselves up from the bottom rung of the ladder.

In 1968 I preached a similar sermon and nobody wanted to hear it.

Time is running out for solutions to work.

Here is a practical suggestion. There are miles and miles of poor housing just outside the center of Philadelphia. It is currently occupied by black citizens, some on welfare no doubt, and some working people no doubt. But the housing is all ugly and decorated with graffiti for miles and miles. Go into that neighborhood and ask the people that live there if they would like to see an enterprise zone established in their midst. If they say yes, then map out a plan to do it. If they say no, then go further out and ask another neighborhood. Until you get a yes. The people must be in favor of the project, they must profit from it by obtaining jobs to bring it about, they must be willing to be trained for those jobs; and the housing that must be eliminated to bring this about must be replaced first on the perimeters of the industrial zone so you do not cause resentment of those whose housing must be sacrificed to bring this positive improvement in their lives about. Done in this manner, the government is not doing "for the people," it is allowing the people to do for themselves with government help.

I always liked my motto: Save America First, but I think it was misinterpreted by both sides. At the time it was invented, in 1968. I revised it in 1986 but the slogan I came up with in 1990 should appeal to everyone today. It is simple and to the point. It applies in any nation, among any ethnic group. Keep it in mind as you map out your plans. A lot of the American populace is hurting today, and worried about tomorrow. God will bless this nation again and again if we remember one simple thing: The goal is "justice for all." Adopt that as your inspiration as you plan your projects, and you cannot lose.



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