

THE RESPONSIBLE FATHERHOOD AND HEALTHY FAMILIES ACT OF 2009

Purpose: To strengthen low-income families by eliminating government barriers to healthy relationships and healthy marriages, fostering economic stability and cooperative parenting skills among low-income parents, and providing incentives to non-custodial parents to fulfill financial and emotional support responsibilities.

Eliminating Government Barriers to Responsible Fatherhood and Healthy Marriage

- Restores cuts in federal child support enforcement funding, and in five years, requires states to pass through 100% of collected child support payments to families by fiscal year 2014.
- Before five years, it eliminates the \$100 and \$200 pass-through limits on federal cost sharing (states will not be required to pay the Federal share of amount collected; therefore more child support can get to the families).
- Prohibits unfair and unequal treatment of two-parent families receiving Temporary Assistance to Needy Families (TANF), ensuring that the state work participation standard is the same for all families.
- Repeals state child-support collection fees, and prohibits the recovery of Medicaid birthing costs from non-custodial parents who don't have health insurance.
- Requires regular state review of debt owed to the states by non-custodial parents, and clarifies state authority to forgive arrearages.
- Provides grants to support voluntary state assessments of child support and criminal justice systems with a focus on reducing barriers to healthy family relationships and obstacles to sustainable employment.

Fostering Economic Stability for Fathers and their Families

- Provides funding for states to implement and evaluate public-private workforce and career development partnerships, court-supervised employment for fathers at risk of incarceration due to failure to make child support payments, and transitional jobs programs for ex-offenders and other disproportionately unemployed populations.
- Expands the Earned Income Tax Credit by increasing the maximum benefit and phase-out level for all so-called "childless" workers, reducing marriage penalties, and providing a credit bonus for non-custodial parents that fulfill their current child-support obligations.
- Makes changes to the Supplemental Nutrition Assistance Program to assure that child support payments to families do not result in loss of food assistance for eligible families, clarifying that jobs programs created under this legislation satisfy current-law work requirements for the purpose of determining food assistance eligibility for non-custodial parents, and streamlining current-law provisions relating to the treatment of child support payments by non-custodial parents.

Improving Responsible Fatherhood and Healthy Marriage Grant Programs

- Ensures equal funding for Responsible Fatherhood and Healthy Marriage Promotion Programs by increasing funding for activities promoting responsible fatherhood by \$50 million. Qualifying activities continue to include activities to promote healthy relationships, mediation and conflict resolution, financial literacy and budgeting education, and employment services for low-income parents.
- Provides \$25 million for partnerships between domestic violence prevention organizations and Fatherhood or Marriage programs to train staff in domestic violence services, provide services to families affected by domestic violence, and to develop best practices in domestic violence prevention.

SECTION BY SECTION SUMMARY

Section 1. Short Title: Responsible Fatherhood and Healthy Families Act of 2009

Section 2. Findings

TITLE I – Promoting Responsible Fatherhood and Strengthening Low-Income Families

Sec. 101. Healthy marriage promotion and responsible fatherhood programs. Grants made available for Responsible Fatherhood Programs - \$100,000,000 for each of fiscal years 2010 through 2012. The grants would be for programs that involve healthy relationships and marriages or to sustain healthy relationships or marriages; educating youth who are not yet parents about the economic, social, and family consequences of early parenting. The grants fund programs that help low-income fathers and other low-income noncustodial parents to work with their own children to break the cycle of early parenthood.

Sec. 102 Elimination of separate TANF work participation standard for 2-parent families. Eliminates the separate two-parent work participation standard placed on states under TANF. This provision is similar to language that was included in previous TANF reauthorization legislation reported by the Finance Committee, passed by the House, and proposed by the Bush Administration.

Sec. 103. Ban on recovery of Medicaid costs for births. Under current law, states are prohibited from billing Medicaid-eligible mothers for the cost of labor and delivery of a child. It extends the current law ban to fathers, unless the father has health insurance coverage.

Sec. 104. Improved collection and distribution of child support. It puts the control of the money in the hands of the child welfare agency; it eliminates the federal share; and it requires that the money be used for the child for whom the support was paid, rather than treated as general revenues.

Making Child Support Pass through Mandatory in Five Years. Improving child support pass through will start with the elimination of the \$100 and \$200 pass-through limits on federal cost-sharing in TANF, which would go a long way to remove a disincentive for states. States would not have to pay a federal share on passed through support over \$100 (one child) and \$200 (two or more children). If the state decides to pass through the state share of support to families, the federal government will give up its share as well. Because the federal government would not receive dollars from the states, more dollars get to the families. Most collections for TANF families are around \$250 per month.

In five years, the legislation calls for full pass-through of child support, collected on behalf of any family to the family itself and prohibits states from conditioning receipt of TANF on an assignment of support to the state. The limits are a disincentive to states wishing to pass through 100% of collections to TANF families.

Expanding the purposes carried out by the child support program to allow for related activities currently performed by most state child support agencies. Nearly all states now run fatherhood programs, help run high school education programs, help children obtain health coverage and other activities not recognized by the statute. Sometimes child support funding is limited for these activities. Clarifying the purposes statute would recognize these activities as allowable.

Sec. 105. Grants to States to conduct implementation programs to promote economic opportunity for low-income parents. Instead of *demonstration* programs, the legislation establishes *implementation* programs, to be administered by the Secretary of Health and Human Services and the Secretary of Labor, in coordination with counties and other local or tribal governments, court-

supervised or IV-D (child support) agency supervised-employment programs for noncustodial parents who have barriers to employment and a history of nonpayment of child support obligations. Child support collected on behalf of foster care children is a small amount—less than \$100 million, compared to \$2 billion in TANF collections. The IV-E distribution provisions are optional; providing states with flexibility, and catch the child welfare program up to the TANF program.

For the purposes of enforcing the support obligations owed by noncustodial parents to their children and the spouse (or former spouse) with whom such children are living, locating parents, establishing paternity, providing assistance in obtaining child and spousal support to all children for whom such assistance is requested (whether or not eligible for assistance under a State program funded under part A of this subchapter), obtaining health care coverage for children participating in the state child support program, and other activities that improve child well-being by increasing parents ability to support their children financially and emotionally, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part.

Applications for funding can be made by the states and funds may be used by state and local governments as well as public, private, faith-based and community-based organizations in order to establish and evaluate:

- a) Employment programs supervised by courts or state child support agencies that serve ex-offenders or other non-custodial parents who are determined to be in need of employment services or placement in order to pay child support obligations. A focus on activities such as job placement, job retention, education services, and responsible parenthood is mandated.
- b) Transitional jobs programs targeted at chronically unemployed populations, such as those without a high school diploma, with limited English proficiency, or have aged out of foster care, that combine time-limited subsidized employment with activities that promote skill development and remove barriers to employment.
- c) Public-Private partnerships to provide a linked set of workforce education and job opportunities in order to create “career pathways” and advancement from jobs at low skill levels through jobs that require greater skills and provide family-sustaining wages and benefits.

States must provide a 10% match of funds and sub-grant recipients must comply with worker protection laws. Priority for grants will go to states that implement superior procedures for coordinating fatherhood promotion activities with the provision of employment services for custodial and non-custodial parents, and that demonstrate a plan to track performance meeting goals of quality job placement, long-term unsubsidized job retention, increasing child support payments, decreasing unpaid child support arrearages, and increasing the involvement of low-income non-custodial parents with their children.

Sec. 106. State assessments of barriers to employment and financial support of children.

Requires states to complete a review of state policies and procedures and provides grants for optional state commissions to consider changes and improvements. States must assess the impact, on healthy family formation and sustainable employment by low-income families, of state procedures for setting and modifying child support awards and state law enforcement practices.

Sec. 107. Collection of child support under the Supplemental Nutrition Assistance Program

- a) Under current law, in calculating Supplemental Nutrition Assistance Program (SNAP) eligibility for non-custodial parents, child support payments are deducted from the income of parents subject to child support orders. This recognizes that amounts paid in child support are not available to the parent. As a result, those parents who pay child support receive more benefits than those who do not fulfill child support obligations. Typically, parents must provide documentation to the SNAP

agency that the parent has made child support payments. This provision changes current law by requiring child support agencies to provide the information directly to the Supplemental Nutrition Assistance Program agency.

- b) Under current law, most unemployed 18- to 49- year-olds who are not disabled or living with children are limited to three months of SNAP benefits out of each three-year period. These unemployed people may continue to participate in the SNAP benefit if they meet certain specially defined work requirements. For example, they can participate if they are complying with the work requirements of a workfare or JTPA program, or participating in approved work activities (generally not including job search) for 20 hours per week. This section provides that persons participating in court-supervised employment programs, transitional jobs programs and career pathway programs established under this legislation would also qualify as meeting the work requirement for the purposes of Supplemental Nutrition Assistance Program.
- c) Under current law, child support income is treated as unearned income and its full value is counted when calculating a household's SNAP benefit. Under this provision, 20 percent of child support income would be disregarded, consistent with the Supplemental Nutrition Assistance Program's treatment of earned income.

Sec. 108. Grants supporting healthy family partnerships for domestic violence intervention and prevention. This section authorizes \$25 million in grants to be awarded on competitive basis to healthy family partnerships to develop and implement promising practices for assessing and providing services to individuals and families affected by domestic violence including through caseworker training, the provision of technical assistance to community partners, and the implementation of safe visitation and exchange programs; **or** develop and implement promising practices for preventing domestic violence, particularly as a barrier to economic security, and fostering healthy relationships. These grants will be made available for each fiscal years 2010-2012.

In awarding, the Secretary shall ensure that 10 percent of the funds made available under such grants are used for high schools and other secondary educational institutions and institutions of higher education to provide education services on the value of healthy relationships, responsible parenting, and healthy marriages characterized by mutual respect and non-violence, and the importance of building relationships skills such as communication, conflict resolution, and budgeting.

Sec. 109. Procedures to Address Domestic Violence Prevention. Again, this section was moved from the top per recommendations by the domestic violence community in agreement by fatherhood organizations to avoid the misconception that all low-income fathers are perpetrators of domestic violence, while still requiring funds be available for domestic violence programs. Increases funding for Marriage Promotion and Responsible Fatherhood Programs that was made available under the Deficit Reduction Act from \$150 million to \$200 million and requires that a minimum of \$100 million be available for responsible fatherhood programs.

It requires recipients of Marriage Promotion and Responsible Fatherhood grants to consult with domestic violence prevention organizations. It also clarifies that participation in programs is voluntary, and expands permissible activities of responsible fatherhood programs to include activities to promote and sustain healthy relationships as well as marriage and to include helping participants to work with their own children to break the cycle of early parenthood.

Title II – Revenue Provisions

Section 201. Modifications to The Earned Income Tax Credit. This section phases in an expansion of the existing so-called “childless worker” credit to increase the incentive for full-time work and fulfillment of child support obligations. This section phases in an expansion of the existing so-called

“childless worker” credit to increase the incentive for full-time work and fulfillment of child support obligations. It assists low-income noncustodial parents who work and meet their financial obligations to their children. The EITC reduces the taxes for low-income workers or, if their taxes are reduced beyond zero, provides a refund, thereby extending their net paychecks and helping to reduce poverty. Therefore, those workers who do not earn enough to receive the maximum credit gain more from each additional dollar of income.

1. Increases eligibility for the credit and maintains the full work incentive through the point an individual works full time at minimum wages by delaying the start of the phase-out of the credit from 70% of fulltime minimum wage earnings in 2010, 72% in 2011, 75% in 2012, and 85% to 100% of minimum wage earnings in 2014 and thereafter.
2. Increases in the maximum benefit for low-income singles and noncustodial parents to \$555 in 2012 by increasing the qualifying earned income to \$5,900 in 2010, \$6,200 in 2011, \$6,500 in 2012, and \$6,900 in 2013.
3. Allows a double credit for noncustodial parents who paid the full amount of all current child support orders in the previous tax year, as verified by the state IV-D (child support) agency.
4. Accelerates and expands relief from EITC marriage penalties by increasing the phase out limit for married couples filing jointly by \$4000 starting in 2009, adjusted for inflation thereafter.

Sections 202-204: Clarification of the Economic Substance Doctrine. These sections would clarify the economic substance doctrine and increase penalties for violation of it. The economic substance doctrine generally denies tax benefits from a transaction that does not meaningfully change a taxpayer’s economic position, other than tax consequences, even if the transaction literally satisfies the requirements of the tax code. Although courts have applied the economic substance doctrine with increasing frequency, they have not applied it uniformly. This provision will help offset the bill by raising \$4.7 billion over ten years.