



County Welfare Directors Association of California

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To: County Welfare Directors Association of California

From: Tom Joseph, Director, CWDA Washington, D.C. Office

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Re: Federal Update

Congress is in recess until September 8. When the House and Senate return, they face a October 1 deadline for completing all 12 federal fiscal year (FFY) 2016 spending measures. The House Ways and Means Committee may also mark up a reauthorization of the Temporary Assistance for Needy Families (TANF) program. Across Capitol Hill, there may be a Senate Finance Committee markup sometime this fall on a child welfare services reform measure.

FFY 2016 Labor-HHS Spending Bill: For the first time in six years, both the House and Senate Appropriations Committees have reported out their respective bills for HHS and employment programs. The measures essentially propose 'status quo' budgets, with no cuts anticipated for any of the block grants such as the Community Services and Social Services Block Grants. The bills also do not assume any cuts or restructuring of Medicaid.

Despite the timely consideration of both measures, the bills will be likely stalled until late in the fall, due to policy riders on abortion and the proposal to repeal the Affordable Care Act. The bill will likely be folded into a larger bill containing other spending bills late in the year. Despite the apparent gridlock on this and many other appropriations measures, there is little likelihood of a government shutdown.

TANF Reauthorization: In late July, the House Ways and Means Committee released a discussion draft reauthorizing the Temporary Assistance for Needy Families (TANF) program. The Committee's Human Resources Subcommittee held a hearing on the draft in late July. Committee members intend to move forward on a bipartisan basis. At the hearing, Democrats welcomed many of the proposed changes but stressed that more work remains to achieve a bipartisan bill.

CWDA has prepared an initial analysis of the draft and is working with the state to identify key areas affecting CALWORKs. In general, the draft attempts to balance positive changes in the administration of the program and the types and duration of activities qualifying as work participation with more stringent penalties on states not meeting the new work participation requirements.

The Ways and Means Committee may mark up a bill in September. The Senate Finance Committee does not have a similar bill at this time. Key provisions in the House draft bill include, but are not limited to:

Changes Countable Work Activities

- Would allow job search to count for only half of the required hours of participation once an individual has participated in job search as a single activity for three months.
- Would increase the age limit for “satisfactory secondary school attendance” from 19 years of age to 25 years of age.
- Would eliminate as a category of participation the provision of child care for an individual participating in community service and replace it with job readiness assistance.
- Would double the length of allowable time in vocational education from 12 to 24 months.

Eliminates the Core/Non-Core Distinction

- Would no longer require a minimum number of hours in “core” activities before participation in “non-core” activities could be counted.

Permits Partial Credit for Partial Participation

- Families that participate for less than, but at least half of, the required average number of hours will count as .5 participation for the purposes of the WPR.

Eliminates the “Marriage Penalty”

- Would eliminate the separate 90% work participation rate for two-parent families, as well as the higher hourly participation requirement for these families.

Eliminates Third-Party MOE Spending

- Would prohibit non-governmental third-party expenditures from counting toward a state’s Maintenance of Effort and would disallow spending for medical services as countable toward the MOE.

Changes Outcome Measures

- Beginning in 2018, would set aside a portion of the state’s block grant until the state meets negotiated outcome measures related to employment rates and post-aid employment retention and earnings, outcome measures similar to those under WIOA. Reserved funds would be available in the year following the year in which outcome measures are met. (**Note:** The penalty section of the draft is administratively complex and punitive and will likely change.)

Creates Alternative Work Participation Rate Calculations and Changes the Penalty Structure for Failure to Meet WPR

- Would permit states to apply for alternative calculations of the work participation rate. Additionally, rather than reducing a state’s federal funds for a failure to meet the work participation requirement, the bill would require the state to increase its Maintenance of Effort funding by five percent for a first year of failure, and increasing in five percent increments each year thereafter, up to a maximum of 100% MOE.

Creates Multiple Competitive Demonstration Pilots & Repeals the Contingency Fund

- Would create multiple competitive demonstration projects in the areas of: coordinated case management; subsidized employment public-private, “social impact” partnerships (as well as the creation of a Federal Interagency Council on Social Impact Partnerships); two-generation strategies for poverty reduction; and training for in-demand jobs. These would be paid for through the proposed “Improving Opportunity Fund,” which would replace the TANF Contingency Fund.

Family Stability and Kinship Care Act (S. 1964): Before the August recess, the Senate Finance Committee held a hearing on ways to reduce the need for foster care, including congregate care. The bipartisan hearing covered a broad range of child welfare issues and focused on prevention and post-permanency supports. Finance Committee Chairman Orrin Hatch (R-UT) stated that it was his hope to have a markup on child welfare legislation this fall.

During the hearing, Ranking Member Ron Wyden (D-OR) announced that he would introduce a bill, the *Family Stability and Kinship Care Act* (S. 1964) that would make fundamental changes to child welfare financing by providing a federal IV-E foster care match for prevention and post-permanency services. Seven of the 11 Committee Democrats joined as original co-sponsors.

CWDA provided extensive comments on a discussion draft. Upon introduction, CWDA sent a letter to Senator Wyden thanking him for introducing the bill and pledging to work with him to make further refinements to the measure.

The legislation would provide IV-E reimbursement for up to 12 months of services to keep children out of foster care who have been identified as 'candidates for foster care' (as well as their family members) or to help a child exit care. Eligible services would include, but not be limited to: parenting skills; counseling; substance use; housing barriers; mental health and domestic violence services.

After a 3-year implementation phase, the bill would establish national performance measures and outcomes-based reimbursement rates to target federal dollars to cost-effective services. HHS would be required by October 2017 to provide additional guidance on the measures before they are implemented.

The measure also essentially doubles funding for community-based prevention and intervention services under the Title IV-B Promoting Safe and Stable Families (PSSF) Program.

The bill also includes a 50% federal match for state-wide training and administrative costs in developing and implementing the bill's provisions.

Lloyd Doggett (D-TX), Ranking Member of the House Ways and Means Subcommittee on Human Resources, is expected to introduce a companion bill in September.