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H-5142
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FEB 14 1996
HUMAN RESOURCES

HOUSE FILE 2199
BY BODDICKER and HURLEY

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act creating a voluntary welfare replacement initiative
2 administered by the department of human services, providing
3 for an associated individual income tax credit, and providing
4 effective date and applicability provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2199

1 Section 1. NEW SECTION. 239.23 WELFARE REPLACEMENT
2 INITIATIVE.

3 1. The department shall develop and implement a voluntary
4 welfare replacement initiative for the purpose of
5 strengthening the interaction between a recipient and the
6 community. The general assembly finds that this initiative is
7 a first step in an effort to return to a system of public
8 assistance in which churches and other charitable
9 organizations reassume responsibility for public assistance,
10 are highly involved with families in need of assistance, and
11 work as partners with families' efforts to end dependency and
12 become stronger contributors to the success of their
13 communities. The initiative shall include the provisions
14 described in this section and the department shall apply to
15 the United States department of health and human services for
16 a federal waiver as necessary to implement the provisions.
17 The department shall implement those provisions which do not
18 require a federal waiver prior to the approval or denial of
19 the provisions which require a federal waiver.

20 2. For the purposes of this section unless the context
21 otherwise requires:

22 a. "Nonprofit organization" means a church or other
23 organization described in the Internal Revenue Code, 26 U.S.C.
24 § 501(c)(3), which is exempt from income taxation under 26
25 U.S.C. § 501(a) and has a primary purpose of working with
26 individuals and families.

27 b. "Voluntary welfare replacement initiative" or
28 "initiative" means the voluntary welfare replacement
29 initiative created pursuant to this section.

30 3. The department shall administer the initiative by
31 identifying and entering into an agreement with nonprofit
32 organizations which are capable of implementing the initiative
33 with recipients. An agreement shall be renewable on an annual
34 basis, subject to approval of the terms by both parties.
35 Under an agreement, a nonprofit organization may agree to

1 assist a recipient with income, asset accumulation, or
2 community connection or any combination of the three. The
3 agreement shall identify the quantity and form of assistance
4 to be provided and assign a dollar value to the assistance.
5 The department shall issue tax credit vouchers for
6 distribution to individual monetary contributors by the
7 nonprofit organization, subject to the provisions of section
8 422.11D, in the dollar amount identified in the agreement.

9 4. The department shall publicize the initiative to
10 nonprofit organizations and recipients. The department shall
11 develop the initiative by matching nonprofit organizations
12 under agreement with the department to support a recipient
13 family with recipient families who have an interest in
14 receiving support through the initiative. A nonprofit
15 organization may be matched with a recipient family who is a
16 member of the nonprofit organization. The department shall
17 provide a nonprofit organization participating in the
18 initiative with a nonidentifying profile of recipient families
19 which have expressed a desire to participate in the
20 initiative. If desired by the organization or the recipient
21 family, the department shall seek to match nonprofit
22 organizations and families which are geographically located
23 close to one another. The department shall develop the
24 initiative in a manner which enables a recipient or a
25 nonprofit organization to withdraw from the initiative in a
26 manner which is acceptable to both the recipient and the
27 nonprofit organization.

28 5. A nonprofit organization which is matched with a
29 recipient family under the initiative may support the family
30 in any manner, including but not limited to any of the
31 following:

32 a. Assistance in locating employment, including job
33 training and job search assistance.

34 b. Financial support or in-kind assistance. Financial
35 support may include the nonprofit organization's payment of

1 all or part of the recipient's cash assistance under the
2 family investment program. In-kind assistance may include but
3 is not limited to providing food, clothing, housing repair or
4 remodeling, children's playthings, child day care, and
5 transportation.

6 c. Personal support, including emotional and spiritual
7 support and counseling.

8 d. Parenting classes.

9 e. Contribution to the recipient's individual development
10 account established under chapter 541A.

11 6. The department shall modify the family investment
12 agreement provisions applicable to a recipient family
13 participating in the initiative to reflect the involvement of
14 the nonprofit organization with the family and the assistance
15 provided. The modifications may include involving the
16 nonprofit organization as part of the agreement. The
17 department shall periodically survey recipients and nonprofit
18 organizations participating in the initiative to gauge
19 satisfaction with the initiative. The department shall
20 designate the employee who develops a recipient's family
21 investment agreement or other suitable individual to monitor
22 the efficacy of the recipient's involvement under the
23 initiative. The types and dollar amounts of a nonprofit
24 organization's assistance to an individual recipient under the
25 initiative shall be enumerated in writing and provided to the
26 recipient, the department of human services, the nonprofit
27 organization, and the department of revenue and finance.

28 7. The department of human services shall work with the
29 department of revenue and finance in developing vouchers and
30 other forms necessary to implement the tax credit provisions
31 of section 422.11D, which provides a state tax credit for
32 individual contributions to a nonprofit organization for the
33 purposes of the initiative. The department of human services
34 shall work with the department of revenue and finance in
35 developing appropriate provisions for a nonprofit organization

1 to account for receipt and expenditure of moneys received by
2 the nonprofit organization from contributors, vouchers issued
3 to contributors, and assistance provided to recipient
4 families. Provisions and requirements developed pursuant to
5 this section shall be adopted as administrative rules in
6 accordance with chapter 17A. The provisions shall include but
7 are not limited to all of the following:

8 a. Provision for a nonprofit organization which withdraws
9 from the initiative after issuing vouchers to individual
10 contributors in an amount exceeding the value of the
11 assistance provided to transfer the excess funds to another
12 nonprofit organization under agreement with the department to
13 participate in the initiative. The transfer is subject to
14 approval by the department.

15 b. Provision for the department to end an agreement and
16 apply sanctions in the event the nonprofit organization does
17 not perform in conformance with the agreement. The department
18 shall develop appropriate sanction provisions.

19 8. In addition to assistance provided to recipients under
20 the nonprofit organization's agreement, the nonprofit
21 organization may provide an individual recipient with
22 additional cash assistance. Subject to the maximum amount
23 specified in this subsection, the department shall disregard
24 the additional assistance received by the recipient in
25 determining eligibility and benefit levels for assistance.
26 The maximum amount which shall be disregarded is an amount
27 equal to ten percent of the annual amount of cash assistance
28 the nonprofit organization has agreed to provide to the
29 recipient and is enumerated under subsection 6.

30 9. Following the United States department of health and
31 human services' review of the waiver provisions submitted
32 pursuant to this section, and the department's revision of the
33 provisions in accordance with the federal approval
34 requirements, the department of human services shall
35 immediately report to the members of the committees on human

1 resources of the house and senate and to the joint
2 appropriations subcommittee on human services concerning the
3 department's implementation plans and thereafter annually, on
4 or before December 15.

5 Sec. 2. NEW SECTION. 422.11D VOLUNTARY WELFARE
6 REPLACEMENT CREDIT.

7 The taxes imposed under this division, less the credits
8 allowed under sections 422.12 and 422.12B, shall be reduced by
9 a voluntary welfare replacement credit. The amount of the
10 credit shall be equal to the amount of the tax credit voucher
11 included with the taxpayer's return. The voucher submitted
12 shall conform with the requirements developed by the
13 departments of human services and revenue and finance pursuant
14 to section 239.23. Any credit in excess of the tax liability
15 for the tax year may be credited to the tax liability for the
16 following ten tax years or until depleted, whichever is the
17 earlier. Any amount taken as a credit under this section
18 shall not be deducted as a charitable contribution under
19 section 422.9, subsection 2.

20 Sec. 3. WAIVER REQUIREMENTS. Any waiver request submitted
21 by the department of human services to implement section
22 239.23, as enacted by this Act, shall include but is not
23 limited to the following provisions:

24 1. Applying the amount of the voluntary welfare
25 replacement initiative nonprofit organization's expenditures
26 against the state match requirement for the family investment
27 program while continuing to draw federal funding applicable to
28 the match requirement attributable to the initiative.

29 2. In determining a family investment program
30 participant's eligibility and benefits, authority to disregard
31 in-kind assistance, services, or other noncash assistance
32 provided by a nonprofit organization under section 239.23
33 which is not part of the standard benefits provided under the
34 family investment program.

35 Sec. 4. EFFECTIVE AND APPLICABILITY DATES.

1 1. The provisions of section 1 of this Act which do not
2 require a federal waiver shall be implemented January 1, 1998,
3 and those provisions which require a federal waiver shall be
4 implemented in accordance with the federal waiver.

5 2. Section 2 of this Act takes effect January 1, 1998, and
6 is applicable to tax years beginning on or after January 1,
7 1998.

8 EXPLANATION

9 This bill creates a voluntary welfare replacement
10 initiative administered by the department of human services,
11 and provides for an associated tax credit.

12 New section 239.23 amends the family investment program or
13 FIP (previously known as aid to dependent children program or
14 AFDC). The section requires the department to develop a
15 voluntary welfare replacement initiative in conjunction with
16 nonprofit organizations. The initiative provides for
17 developing an agreement between the department and a nonprofit
18 organization for the nonprofit organization to provide various
19 types of assistance to FIP recipients. The amount, type, and
20 dollar value of the assistance is to be specified. The
21 department is to issue tax credit vouchers to the nonprofit
22 organization for distribution to individual contributors for
23 purposes of the initiative. The contributor may utilize a
24 voucher for a state income tax credit.

25 The department is to match nonprofit organizations which
26 are under an agreement with interested FIP families. Although
27 an interested family who is a member of the nonprofit
28 organization may be matched with the nonprofit organization,
29 the department is also to arrange matches through use of
30 nonidentifying profiles.

31 The bill enumerates the various types of assistance and
32 support which may be provided under the initiative by a
33 participating nonprofit organization: locating employment,
34 financial support or in-kind assistance, personal support,
35 parenting classes, and contributions to a recipient's

1 individual development account.

2 The department is directed to modify a participating
3 family's family investment agreement to reflect the
4 involvement of the nonprofit organization. The department
5 must perform satisfaction surveys and other measures to
6 monitor the initiative. The types and dollar values of the
7 assistance agreed to be provided to a recipient are to be
8 enumerated in writing and provided to the recipient,
9 department of human services, nonprofit organization, and
10 department of revenue and finance.

11 The department of human services is to work with the
12 department of revenue and finance in developing accountability
13 measures for the finances, voucher distribution, and other
14 associated activities of the participating nonprofit
15 organizations. The initiative provisions and requirements are
16 to be adopted as administrative rules. The provisions are to
17 include certain financial accountability and sanction
18 requirements.

19 The organization may also provide additional assistance to
20 a recipient beyond the amount specified in the agreement.
21 Subject to a limitation, the department is to disregard the
22 additional assistance.

23 New section 422.11D provides for an income tax credit equal
24 to the amount of a voucher for an individual's contribution to
25 a participating nonprofit organization for purposes of the
26 initiative. The credit may be carried forward to subsequent
27 tax years and the taxpayer is prohibited from also claiming
28 the contribution as an income tax deduction.

29 An applicability provision delays implementation until
30 January 1, 1998, of the provisions which do not require a
31 federal waiver and until the waiver date for those provisions
32 which do. The tax provisions also begin with the tax year
33 commencing January 1, 1998.

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HOUSE FILE 2199

H-5142

1 Amend House File 2199 as follows:

2 1. Page 1, line 7, by striking the words "a first
3 step in".

4 2. Page 1, by striking line 8 and inserting the
5 following: "assistance in which churches, synagogues,
6 mosques, and other religious or charitable".

7 3. Page 1, line 9, by striking the word
8 "reassume" and inserting the following: "assume
9 greater".

10 4. Page 1, line 16, by inserting after the word
11 "waiver" the following: "or waivers".

12 5. Page 1, line 19, by inserting after the word
13 "waiver." the following: "The initiative shall be
14 operated as a pilot project in a rural county and an
15 urban county to serve a total of not more than two
16 hundred families. Further expansion of the initiative
17 is subject to authorization by law."

18 6. Page 2, line 8, by inserting after the word
19 "agreement." the following: "The department shall
20 consider all of the following criteria in assessing an
21 organization's ability to implement the initiative and
22 shall include the criteria in any agreement under the
23 initiative:

24 a. Support provided by the organization to either
25 enhance the ability of a recipient family to obtain or
26 maintain employment or promote family stability.

27 b. The manner in which the impact and result of
28 the support will be measured and reported to the
29 department.

30 c. The comparability of forms of support provided
31 by an organization, which are already available under
32 public assistance, to the public assistance support.

33 d. If support provided by an organization includes
34 a service which is subject to standards, the
35 applicability of the standards to the service provided
36 by the organization."

37 7. Page 2, line 27, by inserting after the word
38 "organization." the following: "A recipient shall not
39 be required to participate in any religious practice
40 or instruction or other activity incorporated into
41 support provided under the initiative which is not the
42 central purpose of the support."

43 8. Page 4, line 11, by inserting after the word
44 "funds" the following: "to the department or".

45 9. Page 4, by striking line 18 and inserting the
46 following: "shall consult with the office of the
47 attorney general in developing appropriate sanction
48 provisions for recommendations to the general assembly
49 which may include but are not limited to civil
50 penalties."

H-5142

-1-

H-5142

Page 2

1 10. Page 4, by inserting before line 19 the
2 following:

3 "c. Provisions detailing the department's
4 selection process for organizations in accordance with
5 the provisions of subsection 3."

6 11. By renumbering, relettering, or redesignating
7 and correcting internal references as necessary.

By COMMITTEE ON HUMAN RESOURCES
DAGGETT of Union, Chairperson

H-5142 FILED MARCH 4, 1996

HOUSE FILE 2199

H-5266

1 Amend House File 2199 as follows:

2 1. Page 5, by inserting after line 34 the
3 following:

4 "Sec. ____ SELF-HELP-FARE PROGRAM. The department
5 of human services shall create a self-help-fare
6 program available to recipients of public assistance
7 under chapter 239 and their families in accordance
8 with the following provisions:

9 1. For the purposes of this paragraph unless the
10 context otherwise requires:

11 a. "Nonprofit organization" means a church,
12 housing group, neighborhood association, or other
13 organization described in the Internal Revenue Code,
14 26 U.S.C. § 501(c)(3), which is exempt from income
15 taxation under 26 U.S.C. § 501(a) and serves a
16 particular geographic area, holds regular meetings,
17 and was established prior to July 1, 1996.

18 b. "Self-help-fare program" or "program" means the
19 self-help-fare program created pursuant to this
20 section.

21 2. The department shall publicize the program and
22 solicit the involvement of nonprofit organizations in
23 developing a list of approximately 100 nonprofit
24 organizations to be matched with recipients enrolled
25 in the program. A nonprofit organization may assist a
26 family matched with the organization in any manner
27 deemed appropriate by the organization and the family.

28 3. The department shall screen and select the
29 recipient families deemed to be appropriate for the
30 program. Not more than 100 recipient families may
31 participate over the course of the program. A
32 recipient's decision to participate in the program
33 shall be completely voluntary. The program shall
34 provide a guaranteed annual income to participating
35 families in lieu of a grant or other benefits under
36 the family investment program and other programs for
37 which the family investment program provides
38 eligibility, including but not limited to medical
39 assistance and emergency assistance. The amount of
40 the guaranteed annual income shall be not more than
41 \$8,000 for one adult and \$3,000 for each child up to a
42 maximum of two children. The guaranteed annual income
43 amount for a family participating in the program shall
44 be reduced to reflect 50 percent of the family's
45 earned income. A participant in the program shall
46 automatically be eligible for an individual
47 development account under chapter 541A.

48 4. The program shall operate for the two-year
49 period beginning September 1, 1996, and ending August
50 31, 1998. A participant in the program shall not be

H-5266

H-5266

Page 2

1 eligible for the family investment program for a
2 period of two years following the end of participation
3 in the self-help-fare program.

4 5. The department shall convene a committee and
5 provide staffing to assist the committee in assessing
6 the success of the program. The committee shall
7 include but is not limited to participants in the
8 program, nonprofit organizations participating in the
9 program, the department, and members of the general
10 assembly. The committee's assessment shall be
11 submitted to the governor and the general assembly on
12 or before December 15, 1998.

13 6. Implementation of the program is subject to
14 enactment of an appropriation for the program."

15 2. By renumbering as necessary.

By FALLON of Polk

H-5266 FILED MARCH 11, 1996