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Welfare Reauthorization: Overview of the Issues

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Welfare Reauthorization: An Overview of the Issues

SUMMARY

In 2004, 12.5 million children lived in families with incomes below the poverty line (a 17.3% child poverty rate). Research has shown that poverty can have negative consequences on a child's development. Children depend upon their parents for support, and most of the recent policy attention has focused on initiatives to move poor parents (mostly single mothers) from welfare to work and on reducing welfare dependency.

Following enactment of the 1996 welfare law, the cash welfare caseload fell from 4.8 million families in 1995 to 2.2 million in 2003, employment of single mothers has increased substantially, and child poverty rates have fallen. However, many families who leave the welfare rolls remain poor. Out-of-wedlock birth rates and children living in single-parent families remain at historical highs.

Since 2002, Temporary Assistance for Needy Families (TANF) and related programs have been funded through temporary, short-term extensions. Most recently, P.L. 109-68, a bill that provides extra funds for states to respond to the effects of Hurricane Katrina, extended the program through December 31, 2005.

Early in the 109th Congress, legislation received committee action in both the House (H.R. 240) and Senate (S. 667). However, Congress subsequently approved a budget resolution (H.Con.Res. 95) in April 2005. The budget resolution does not allow enough funding for the increased costs of either H.R. 240 or S. 667 without provisions to offset the costs. The Congressional Budget Office's preliminary estimate of the total cost of H.R. 240 (FY2005 through FY2010) is \$3.0 billion. As for the Senate bill (S. 667), CBO estimates

the FY2005-FY2010 cost would be \$10.2 billion. It would increase child care funding by \$6 billion over the five years, an amount partially offset by changes to the earned income and other tax credits. About 40% of this bill's cost arises from extending for five years a provision of Medicaid law that provides up to 12 months of Transitional Medical Assistance (TMA) for recipients who are leaving welfare for work.

H.R. 240 and S. 667 differ in their work requirements for cash welfare recipients. S. 667 would raise work participation standards; expand states' ability to count education and activities to remove "work barriers" toward those standards; and raise the hours for the standard workweek to 24 for single parents with pre-schoolers and 34 for other single parents (higher hours for two-parent families). H.R. 240 also would raise work participation standards, narrow the focus activities countable toward those standards to work or workfare, and establish a standard 40-hour workweek.

Both bills reflect increasing attention on the role of noncustodial parents, usually the father, in providing both economic and social support for their children. The bills would modify the child support enforcement program to provide federal cost-sharing for child support collected from noncustodial parents to TANF and former TANF families; establish "responsible fatherhood" initiatives, to address concerns ranging from employment to social skills; continue the abstinence-only education block grant at \$50 million per year; and provide \$200 million per year in TANF funds for marriage promotion grants. S. 667 requires that participation in marriage promotion activities be voluntary and that programs consider domestic violence concerns.



MOST RECENT DEVELOPMENTS

S. 1778, which passed the Senate on September 29, 2005, would extend TANF and related programs through March 31, 2006. P.L. 109-68, which provides additional TANF funding and waives certain TANF requirements for states affected by Hurricane Katrina, extended TANF through December 31, 2005. However, P.L. 109-68 did not extend the related programs of transitional medicaid and abstinence education state grants, which are scheduled to expire on September 30, 2005. S. 1778 would extend both TANF and these related programs. (Note: This issue brief discusses issues in long-term welfare reauthorization legislation, not the legislative response to Hurricane Katrina. For a discussion of TANF legislation related to Katrina, see CRS Report RS22246, *Temporary Assistance for Needy Families (TANF): Its Role in Response to the Effects of Hurricane Katrina.*)

BACKGROUND AND ANALYSIS

In 2004, there were 12.5 million children living in families with incomes below the poverty line (17.3% of all children in families). Children are dependent upon their parents for economic support, and much of the focus of policy for poor and low-income families with children has been on welfare reform initiatives to move parents (mostly single mothers) from welfare to work through requiring and rewarding work and reducing welfare dependency.

A number of well-known factors increase the risk of a child being in poverty, such as being in a family headed by a single mother, without a worker, and in which the breadwinners have low educational attainment. Children who are African-American or Hispanic are more at risk than white children to be in poverty. Research has also shown that poverty has negative consequences on a child's development, which could affect the child's life chances as an adult.

The 109th Congress is reviewing a number of programs that aid poor and low-income families with children. These programs include the TANF and child care block grants, child support enforcement, abstinence education, transitional Medicaid (known as Transitional Medical Assistance), Head Start, and the Workforce Investment Act. Other potential policy initiatives, such as social security and tax reform, also would likely affect low-income families with children. This brief focuses on programs and policy initiatives that are being raised in the context of reviewing and reauthorizing welfare programs: TANF, the Child Care and Development Block Grant, Child Support Enforcement, Transitional Medical Assistance (TMA), Abstinence Education, initiatives to promote responsible fatherhood, and initiatives to promote rearing children in married-couple families.

The original funding authority for TANF, mandatory child care, and state grants for abstinence education provided in the 1996 welfare law expired at the end of FY2002 (September 30, 2002). President Bush submitted his welfare reauthorization proposals to Congress in February 2002. Though Congress debated welfare legislation throughout the three years 2002 through 2004, no final action has been taken on a long-term reauthorization. While reauthorization legislation remained stalled, Congress on ten separate occasions passed measures to provide stop-gap funding for the welfare programs. The latest such

measure (P.L. 109-68) provides funding through December 31, 2005. However, early in the 109th Congress the Senate Finance Committee approved long-term reauthorization legislation (S. 667, S.Rept. 109-51), and a bill (H.R. 240) is also moving through House committees.

While these bills have many similarities, key differences include funding levels for child care and work requirements for cash assistance recipients.

Trends Under Welfare Reform

The 1996 welfare reform law (the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193) was a major piece of social legislation, most known for ending the cash welfare entitlement for needy families with children, creating the TANF block grant, setting a five-year time limit on aid, and requiring more work from welfare recipients. The law also restructured child care programs, combining programs for cash assistance recipients and other working poor families; modified the Child Support Enforcement program; restricted eligibility for noncitizens in various welfare programs; restricted eligibility for disabled children in the Supplemental Security Income (SSI) program; and made changes to the Food Stamp program.

The goals of welfare reform include reducing welfare dependency through work, job preparation and marriage; reducing out-of-wedlock pregnancies; and promoting the formation and maintenance of two-parent families. TANF gives states a great deal of latitude in designing their programs, resulting in each state having a different program with a different story to tell. In their TANF-funded cash welfare programs, many states tightened work rules, requiring applicants to search for work even before being certified eligible for aid. Most states adopted tougher penalties on families where a member refused to comply with work requirements. However, states also adopted features that liberalized eligibility, particularly for families where recipients went to work once on the rolls. For example, in most states families are allowed to keep more of their welfare benefits as their earnings increase, have a car, and accumulate more assets. Spending on child care has increased.

Table 1 shows various social and economic indicators for the post-welfare reform period. The period following welfare reform saw the cash welfare caseload plummet and child poverty rates drop to levels not seen since the 1970s. Employment of single mothers increased dramatically. Progress was more muted, or could be less tied to changes in policy, on a number of other fronts. The rate at which teenagers became pregnant declined, but that was a continuation of a trend that became evident before the mid-1990s. The percent of children born out-of-wedlock continued to increase, though at a rate slower than during previous periods. Further, much of the progress occurred during the period 1995 to 2000. In 2001, the economy entered a recession. Since then, national caseloads have generally held steady (some states saw increases; others decreases). Employment of single mothers has been down from its historical high in 2000. The number of children living in families headed by a married couple decreased slightly from 2000 to 2003. Child poverty rates increased again from 2000 to 2004.

Welfare dependency has been viewed as both a result of and a cause of chronic poverty. Welfare caseloads and child poverty simultaneously declined during the late 1990s. However, the welfare caseload declined faster than child poverty, meaning that cash welfare touches a smaller share of the poor than it did before welfare reform. Further, despite the decline in welfare dependency, children are still more likely to be poor than the elderly and

nonaged adults, and out-of-wedlock births and single parenthood remain at historical highs despite the halving of the cash welfare caseload.

Table 1. Economic and Social Indicators — Selected Years

	1995	2000	2004	Change (for rates, percentage point change is shown)	
				1995-2000	2000-2004
Cash welfare					
Cash welfare caseload (monthly average, millions of families)	4.8	2.3	2.2	-2.5	-0.1
Cash assistance spending (federal and state, billions of \$,fiscal years)	\$21.9	\$11.2	\$10.4	-\$10.7	-\$0.8
Child poverty					
Child poverty rates	20.2%	15.6%	17.3%	-4.6	1.7
Related children in poverty (millions)	14.0	11.0	12.5	-3.0	1.5
Employment of single mothers					
Percent of single mothers employed	64.0%	75.5%	72.0%	11.6	-3.5
Percent of single mothers with a child under age 6 employed.	52.5%	69.1%	63.8%	16.6	-5.3
General Economic Indicators					
Unemployment rate	5.6%	4.0%	5.5%	-5.6	1.5
Employment (total nonfarm payrolls, in millions)	117.3	131.8	131.5	14.5	-0.3
	1995	2000	2003	Change (for rates, percentage point change is shown)	
				1995-2000	2000-2003
Percent of children born out-of-wedlock	32.2%	33.2%	34.6%	1.0	1.4
Teen pregnancy rate (per 1,000 female teens aged 15-19)	56.0	47.7	41.7	-8.3	-6.0
Percent of children living in married couple families (March of each year)	72.9%	72.9%	71.8%	0.0	-1.1

Source: Congressional Research Service (CRS).

Funding the TANF and Child Care Block Grants

The 1996 welfare law converted and consolidated several federal-state matching grant programs into the TANF and child care block grants. Most TANF funding is provided in a fixed, basic annual grant of \$16.5 billion (50 states and D.C). This amount represents the peak federal contribution made to pre-TANF programs in the mid-1990s. The basic block grant is fixed; it neither increases nor decreases with changes in the cash assistance caseload.

Moreover, it is not adjusted for inflation. The child care block grant has two major parts: (1) discretionary funding, which is determined in annual appropriations; and (2) mandatory funding, with appropriations found in the 1996 welfare reform law. The 1996 law included gradual increases in mandatory child care funding. Total child care funding has been essentially flat since FY2002.

Table 2 compares funding proposals in the President's FY2006 budget, H.R. 240, and S. 667 for the TANF, child care block grants, and Transitional Medical Assistance (TMA) under Medicaid. The budget resolution for FY2006 approved by Congress (H.Con.Res. 95) basically has sufficient funding for the policies proposed in the President's budget. However, the resolution does not provide funding without offset for a continuation of 12 months of Transitional Medical Assistance (TMA) for families that move from welfare to work. If the 12-month TMA provision were to expire, recipients who move from welfare to work would receive four months of TMA under a separate provision of law (See CRS Report RL31698, *Transitional Medical Assistance (TMA) Under Medicaid*). The budget resolution itself does not change policies or fund specific programs and activities. However, it acts as a blueprint for later Congressional action on matters that affect spending and revenues, and there are procedures (points of order) for enforcing the resolution. In the House, such points of order may be waived by the rule adopted to consider the bill. In the Senate, budget points of order may be waived by a vote of 60 senators.

According to preliminary Congressional Budget Office (CBO) estimates, the total five-year cost of H.R. 240 (FY2005 through FY2010) is \$3.0 billion. Unless offset, the budget resolution does not provide sufficient funding to increase child care funding by \$1 billion over five years. On the Senate side, the CBO estimate of the total FY2005-FY2010 cost of S. 667 is \$10.2 billion. Again, unless offset, the budget resolution does not provide sufficient funding for the policies in this bill. S. 667 increases child care funding by \$6 billion over the five years, but this funding is partially offset by changes to the earned income and other tax credits. About 40% of the cost of S. 667 is in extending a modified TMA program for five years.

Table 2. Summary of Funding Provisions in the President's FY2006 Budget and Welfare Reauthorization Bills (H.R. 240 and S. 667)

	President's FY2006 Budget	H.R. 240 (as approved by the House Ways and Means Human Resources Subcommittee)	S. 667 (as reported by the Senate Finance Committee, S.Rept. 109-51)
Basic TANF block grant	Extend basic TANF block grant at current levels (\$16.5 billion per year).	Same as President's budget.	Same as President's budget.
Supplemental TANF grants	Extend supplemental TANF grants paid to 17 states at current levels (\$319 million per year).	Extend supplemental grants at \$319 million per year through FY09 only.	Same as H.R. 240.
Marriage promotion grants	Fund \$200 million per year in marriage promotion grants beginning in FY2005. Reduce TANF bonuses from \$300 million per year to \$100 million per year.	Same as the President's budget.	Similar to H.R. 240 (\$100 million of these grants begin in FY2006). Bonuses are further reduced to pay for responsible fatherhood grants.
Mandatory child care funding.	Extend funding at current levels (\$2.717 billion annually).	Provide an additional \$1 billion over 5 years (FY2006-FY2010)	Provide an additional \$6 billion over 5 years (FY2006-FY2010). The cost is partially offset by changes to the earned income tax credit (EITC) and child tax credit.
Transitional Medical Assistance (TMA)	Extend 12-month TMA for one year and allow states to waive income reporting. FY05-10 cost: \$0.9 billion.	Extend 12-month TMA for one year. Offset part of this cost. FY05-FY10 net cost: \$0.6 billion.	Extend 12-month TMA for 5 years and allow states to waive reporting requirements. FY05-FY10 cost: \$4.2 billion.

Source: Congressional Research Service (CRS).

A major area of disagreement in the pending proposals is in mandatory funding for the child care block grant. The President's FY2006 budget proposes *no* increase in child care funding. H.R. 240 would add \$1 billion over five years to the current level of mandatory child care funding; S. 667 would add \$6 billion over the same period (FY2006-FY2010).

Prospectively, two primary factors will affect how much, and for whom, child care will be supported under the two block grants: (1) inflation, which erodes the value of the dollar over time, so that the same level of funding buys less in the way of child care services; and

(2) potential increases in the demand for child care stemming from increasing TANF work requirements, which is a central part of the pending welfare reauthorization proposals.

Table 3 shows Congressional Budget Office (CBO) estimates of the additional funding required to keep pace with inflation and to cover costs (both child care and work-related) associated with the proposed increases in work requirements for welfare recipients under both bills. CBO estimates that to keep pace with inflation alone, an additional \$4.8 billion over five years would be needed to maintain the *current* level of child care services supported by federal and state spending associated with the TANF and child care block grants. Furthermore, CBO estimates the costs of providing *additional* child care services stemming from the increased work requirements for TANF recipients that would be imposed by each of the pending bills. H.R. 240 has the potential to require greater participation from more families than does S. 667, and therefore the costs of providing additional child care for cash welfare families is higher under the House bill. Note the CBO estimate of additional child care costs from the stiffer TANF work requirements are based on a stipulation that states would attempt to meet the requirements within the TANF program. CBO itself notes that it believes that states will attempt to reduce the costs associated with the higher work requirement by shifting TANF families into state-funded programs.

Table 3. Estimates of the Five-Year (FY2006 through FY2010) Child Care Cost Increases from Inflation and from Changes in the TANF Work Participation Standards Proposed in H.R. 240 and S. 667
(\$ in billions)

	H.R. 240	S. 667
Increased child care costs due to inflation	\$4.8	\$4.8
Increased child care costs attributable to changes in TANF work participation standards	4.1	0.9
Total increase in child care costs	8.3*	5.4*

Source: Congressional Research Service (CRS) based on estimates of the Congressional Budget Office (CBO) made in 2005.

*Some of the potential costs of raising TANF work standards is attributable to inflation. Therefore, the total is less than the sum of the increased costs shown individually for inflation and the potential costs from raising TANF work participation standards.

These increased costs reflect estimates of the amount needed to sustain current levels of child care financed from federal and state funds under both the child care and TANF block grants. It also is the estimate for maintaining the current level of child care subsidies for all families — those on the cash welfare rolls and other low-income families that receive subsidies. In FY2001, only one in five families aided by the child care block grant received TANF cash assistance — the other four families were either former TANF families (in the transition from welfare to work) or were working poor families without a connection to the cash welfare program.

The Bush Administration, while proposing no funding increases for the child care block grant, has pointed to TANF as a potential source for additional child care dollars. TANF has

been a major contributor of child care funds, and a legislative change proposed in both of the pending welfare reauthorization bills would allow unspent and uncommitted TANF funds (“carry-over” dollars) to be used for any TANF activity, including the provision of child care. At the end of FY2003, these carry-over dollars totaled \$2.3 billion. However, a number of factors are likely to limit TANF’s ability to contribute additional child care dollars. The pending reauthorization proposals would freeze TANF funding at current levels. In FY2010, the TANF block grant will be at the same funding level as it was in FY1997, and inflation is projected to erode its value by 25%. Though TANF built up carry-over funds in its early years (as the caseload declined and states were slow to commit TANF funds to other activities), more recently states have committed TANF funds to a wide range of programs and activities and have been spending at rates higher than the annual block grant by drawing on carryover funds. Further, the pending welfare reauthorization proposals would raise TANF work participation standards, and, absent a caseload decline or states moving families out of TANF into state-funded programs, increase work costs within the TANF program.

In addition to federal child care grants and TANF funds, another potential source of increased child care funding is state monies. Federal child care funds can leverage additional state funds by requiring matching. S. 667 provides an additional \$6 billion over five years in federal child care funding, of which \$1.5 billion is subject to matching requirements. Proposals to significantly increase child care spending offered in the Senate over the past several years have tended to rely mostly on federal funds, given tight state budgets during the recent economic slump. However, in light of recent improvements in the states’ fiscal outlook, Congress might consider relying further on state monies to increase child care funding.

TANF Work Requirements

TANF requires states to run “mandatory” work and job preparation programs, setting participation requirements and sanctioning families (reducing or ending benefits) that do not comply with them. Mandatory participation requirements can help achieve a number of different policy objectives, including:

- Enforcing the notion that recipients are obligated to support their families through work; that is, they must “do something” in exchange for their benefits;
- Having recipients engage in activities that will enhance their ability to compete in the labor market and ultimately leave welfare for work; and
- Deterring those who have other means of support (e.g., those already working but not reporting income to the welfare office or participating in the underground economy) from applying and receiving benefits.

Most states have generally adopted a “work-first” approach to implementing their programs, emphasizing rapid entry into the labor force through up-front job search. Evaluations of such programs indicate that they do increase employment and reduce welfare receipt. However, these programs have generally not been found to raise the incomes of participants. Further, TANF data show that participation in activities is not universal. In FY2003, states reported that of about 1.5 million adult recipients of cash assistance, 57% were not working or in a job preparation activity for a month. (Note that these adults are not

reported in an activity. States may underreport activity that is not countable toward TANF work participation standards.)

Current Law Work Participation Standard

Nominally, current TANF law sets a participation standard that requires 50% of families with an adult to be engaged in work. A separate standard of 90% applies to the two-parent component of the caseload. However, the actual participation standards states face are usually far lower than the nominal participation standards. TANF law provides a “caseload reduction credit,” which reduces the 50% standard by one percentage point for each percent decline in the cash assistance caseload that occurred since FY1995 (pre-welfare reform). Many states have had large caseload declines, and in FY2003 there were 20 states with declines of 50% or more, reducing the effective (after credit) standard to 0%. In FY2003, the national work participation rate was 31% — all states except Nevada and Guam met their work participation standard, though most with rates well below the nominal 50% standard found in TANF law.

The large caseload reduction credits have lessened the impact of the participation standards. They have allowed states to have more participants in “noncreditable” activities (e.g., education) and perhaps led to lower overall participation.

Reauthorization Proposals

Both H.R. 240 and S. 667 seek to raise participation of cash welfare recipients in work or self-sufficiency activities. There are two major features of the pending proposals:

- “Universal engagement” requirements in both bills require each family with an adult recipient to have a “family self-sufficiency plan” within 60 days that includes goals for employment and self-sufficiency and specifies activities assigned to recipients intended to help the family meet these goals; and
- Increases in the TANF work participation standards that states must meet.

Most reauthorization proposals considered by Congress over the last four years have included a form of “universal engagement” (all families must have a plan), though the details differ among the proposals. A major area of controversy in the reauthorization debate has been the work participation standards. **Table 4** provides a comparison of the changes in TANF work participation standards under H.R. 240 and S. 667. There are both similarities and differences in the approaches taken to increasing TANF work standards.

Table 4. Comparison of Proposed Changes in TANF Work Participation Standards in H.R. 240 and S. 667

	H.R. 240	S. 667
Participation standards	Increases participation standard from current 50% to 70% in FY2010.	Same as H.R. 240.
Credits against the participation standards	Revises caseload reduction credit so that standards are reduced only for future caseload reduction. Provides credit for large caseload declines from FY1995 to FY2001.	Caps credits and, in FY2008, replaces caseload reduction credit with an credit for families that leave welfare for employment. Cap sets a floor on the participation standard of 50% (after credits).
Activities countable toward the standards	Narrows the creditable activities for most hours in most months to employment, subsidized employment, on-the-job training, community service and work experience. Allows states to define activities for 3 months in a 24-month period (4 months to complete a training program) and for activities to supplement work.	Retains all current law activities and allows states to count additional activities. An expanded list of activities applies during 3 months in a 24-month period and for activities to supplement work. Rehabilitative activities count for 6 months or (under certain circumstances) longer. Also provides state options for counting post-secondary education, further rehabilitative activities, and caring for a disabled family member as work activities.
Hour Requirement	Full credit is earned at 40 hours per week. Partial credit is earned beginning at 24 hours per week.	Full credit is earned for a single-parent family without a pre-school child at 34 hours per week. Single parents with pre-school children receive full credit at 24 hours per week. Single parents earn partial credit beginning at 20 hours per week. Higher hours requirements apply to two-parent families.

Participation Standards. Both H.R. 240 and S. 667 ultimately would set the participation standard at 70% of the caseload, though there are differences in the credits that would create a lower effective (after-credit) standard that states would actually have to meet. Under the House bill, most states would have to have continual caseload reductions in order to have an effective standard below 70%. Under the Senate Finance Committee bill, states would receive credit for the percent of the caseload that leaves the rolls for employment and for other specified employed families (e.g., those receiving TANF-funded child care and transportation aid) such that most states would likely receive the maximum employment credit for FY2010 (20 percentage points) and face a 50% effective rate.

Hours Requirements. To be counted as a participant, current TANF law requires at least 20 hours per week of participation for a single parent with a preschool child, and 30 hours for other families. H.R. 240 would set a 40-hour per week standard for a state to receive full credit for a family's participation. S. 667 also raises the hours standard, but by less. It retains a lower hours standard for single parents with a pre-school child, raising the hours required for full credit to 24 per week. Single parents with older children would be required to participate for 34 hours per week to receive full credit, and higher hours standards would apply to two-parent families. Importantly, however, both bills would provide for *partial* crediting for families that participate a sufficient number of hours but fewer than required for full credit.

The 40-hour per week work schedule — if sustained all year — would lift the combined income of a typical cash assistance family (of three persons) above the poverty line, counting net earnings, food stamps, and the Earned Income Tax Credit. For recipients in activities designed to prepare them to enter the workforce, it also “simulates” a full workweek and thus might help in the transition to work, as any required adjustment to balance home and a full-time job would be made before the first day of employment. However, most recipients currently participate for less than 40 hours per week. In the economy as a whole, nonsupervisory, private sector workers average 34 hours per week. While most jobs in the U.S. economy are full-time jobs (defined by the Bureau of Labor Statistics [BLS] as 35 hours per week), welfare recipients have characteristics that make them more likely than others to land a part-time job. Also important is whether the job provides steady employment or not. Average hours per week are averaged over a month, and any missed workdays, including sick days, days spent caring for an ill child, or unemployment, are factored into that average.

Activities. Federal law lists 12 activities that count toward meeting the work participation standard. The law differentiates between a set of “core” activities designed to be a recipient's only or primary activity and supplemental activities. Under current law, the “core activities” are work, work experience, community service, on-the-job training, up to six weeks of job search and readiness and vocational education limited to one year. Supplemental activities are generally education and training activities, which generally only count in conjunction with core activities.

H.R. 240 and S. 667 differ significantly in the types of activities countable as core activities toward the participation standards. H.R. 240 narrows the list of core activities by eliminating job search and vocational education. Instead, the bill would give states almost total discretion to define activities that would be countable for three months in a 24-month period (four months to complete training), but once those months are exhausted the only activities that would count toward the work participation standards are work, on-the-job training, community service, or work experience. Moreover, since job search and vocational education would be countable as sole or primary activities only during the three (or four) months that states would have discretion, any weeks of participation in job search would reduce the number of weeks of vocational education counted toward the participation standards.

On the other hand, S. 667 retains the current law list of core activities. It too provides states additional discretion by permitting states to count an expanded list of activities for three months in a 24-month period (longer for rehabilitative activities). However, this

additional discretion is provided in addition to, rather than instead of, six weeks of job search and 12 months of vocational educational training which are retained as “core” activities.

Role of Education. Implicit in the differences in countable activities in H.R. 240 and S. 667 is a debate over the proper role of education in welfare-to-work programs. H.R. 240 imparts a very strong “work” message — after a short period of time, recipients would be required to either have found a job or be assigned work in subsidized employment, community service, or work experience. Research on welfare-to-work programs has found that the message matters, and that programs with a strong message emphasizing finding work have seen impacts on increasing employment and reducing the welfare rolls.

S. 667 retains the current law allowance of 12 months of vocational education and gives states the ability to count basic education for six months and gives them the option to operate a “Parents as Scholars” program and to count recipients in a two- or four-year college degree program toward meeting the participation standards.

Education has long been looked to as a means not only to increase employment and reduce welfare rolls, but to increase the earnings and incomes of participants. In the general population, one of the strongest relationships observed is that higher levels of educational attainment translate into higher wages, with the largest returns to education going to those with a college degree. About half of all adults on cash welfare lack even a high school degree. However, the currently available research fails to show that education-focused programs outperform “work-first” programs in increasing employment, earnings, and incomes of welfare recipients even over a five-year period. Some of this is attributable to the fact that education-focused programs tend to increase participation among high school dropouts in adult education programs, which research has shown often fail by themselves to substantially raise earnings above what is provided for by welfare. Only some of the evaluated programs raised participation in postsecondary education, with further research needed to make a statement about the effectiveness of postsecondary education on those recipients (high school graduates) eligible to go on to college. (See CRS Report RL32505, *Temporary Assistance for Needy Families and Vocational Education: Policy and Practice.*)

Both H.R. 240 and S. 667 expand the ability of states to count vocational education and post-secondary education as a “supplemental” activity, once a family has sufficient hours in core activities. There is currently research underway to evaluate education as a “post-employment” activity, though final impact findings are still several years in the future.

Sanctions Policy

Sanctions make participation in work or activities mandatory — noncompliance results in a reduction or termination of a family’s benefit. Current law requires states to sanction families who refuse to comply with work rules, but allows states to determine the size of the sanction. Some researchers believe that sanctions have been more important than time limits to families on assistance, as those characteristics that make them most likely to reach time limits also have the characteristics that make them most likely to fail to comply with work rules. Many states end benefits for families who violate work rules, but the two largest states in terms of caseloads (California and New York) do not impose such “full family sanctions.” H.R. 240 would require states to adopt “full family sanctions” for families who totally refuse to comply with work rules. The importance of sanctions has also raised other concerns,

including that recipients often do not understand program rules and unknowingly violate them and draw a sanction. S. 667 would require states to conduct some type of review of the family's circumstances before imposing a sanction.

Child Support Enforcement, Responsible Fatherhood Initiatives, Abstinence Education, and Marriage Promotion

In 2003, children in families headed by a single mother had a poverty rate of 41.7%, compared with a rate of 8.6% for children in families headed by a married couple. The majority of poor children (in 2003, 57.4% of all poor children in families) live in families headed by a single mother. Welfare-to-work initiatives have focused on getting such single mothers into the workforce. While there has been a sharp increase in work among single mothers, many single mothers and their children remain poor. The fifth annual TANF report states *“welfare reform has been very successful at getting a significant portion of cases into the workplace and into second and sometimes third jobs, but it has been less effective in keeping them employed full-time and in achieving substantial wage or career growth.”* The sixth annual TANF report indicates that in FY2002 the average monthly earnings of TANF recipients who were employed was \$678 or \$8,136 per year (the poverty level for a three-person family in 2002 was \$1,196 per month or \$14,348 for the year). Child support payments are now recognized as a very significant income source for single-parent families.

Increasingly, attention has focused on the role of the noncustodial parent, usually the father, in the economic support and development of his children. Research has shown that low-income fathers tend to face some of the same issues as do low-income mothers, such as being very likely to work intermittently and/or in low-wage jobs, thereby limiting their ability to help support their children. These findings, together with a growing sentiment that noncustodial fathers are more likely to be “dead broke” than “deadbeats,” have fostered a more sympathetic view of noncustodial fathers. Beginning in 1996, Congress has considered bills that would specifically authorize funding for programs designed to help noncustodial fathers meet both their financial and emotional responsibilities to their children (also including components related to marriage promotion and effective parenting). These programs are generally referred to as “responsible fatherhood” programs.

In recognition of the often negative, long-term consequences associated with teenage pregnancy, Congress has provided funding for the prevention of teenage and out-of-wedlock pregnancies. Reducing nonmarital pregnancy, especially among teenagers, was an important focus of the 1996 welfare law. In recent years, funding has shifted toward abstinence education rather than comprehensive sexual education as the more effective way to reduce teenage pregnancy. It is likely that the 109th Congress will continue the debate on which approach is more effective.

As noted earlier, the goals of welfare reform include reducing welfare dependency through work, job preparation and marriage; reducing out-of-wedlock pregnancies; and promoting the formation and maintenance of two-parent families. Although the 1996 welfare reform law did reflect a new interest in marriage for welfare families, most of the policy changes implemented after the 1996 law focused almost exclusively on encouraging work

and did not directly address the marriage goals. The Bush Administration's welfare reauthorization plan specifically includes funding for programs exclusively designed to promote marriage among low-income persons, seen by its supporters as a way to improve the economic well-being and development of children.

Child Support Enforcement

Though much of the media focus of welfare reform in the mid-1990s was on TANF and its work and time limit requirements, the Child Support Enforcement (CSE) program has also been undergoing change. (See CRS Report 97-408, *Child Support Enforcement: Recent Reforms and Potential Issues*.) The CSE program began in 1975 as a program to collect child support from the noncustodial parents of children on welfare, which was then retained by the federal government and the states as reimbursement for welfare costs. In addition to cost-recovery efforts with regard to welfare families, the CSE program has always collected child support on behalf of nonwelfare families in an effort to prevent them from coming onto the welfare rolls. Over time, the CSE program has evolved from a program whose primary focus was cost-recovery to a program that is focusing on service delivery.

In FY2003, a total of \$21.2 billion was collected in child support (this is twice as much as FY2003 cash assistance), with a little over half collected on behalf of families with no current or prior connection to the welfare system. The \$21.2 billion collected in FY2003 was nearly double pre-welfare reform CSE collections. Though the increase in child support collections shows some progress in getting noncustodial parents to help support their children, collections totaled only 18% of the total obligations in support orders in the CSE program. According to an Urban Institute study, on average child support constitutes 17% of family income for households that receive it. For poverty-level children whose families do not receive TANF, child support constitutes about 30% of family income.

The 1996 welfare reform law established several new enforcement collection mechanisms to obtain child support from noncustodial parents and created an array of database systems of wage and employment information to find parents delinquent in their payments. The law also revised rules so as to pay more child support collected on behalf of former welfare families to the family.

The pending reauthorization proposals would provide financial incentives to states that send more child support collected on behalf of families on welfare to the family itself (rather than retained as reimbursement for welfare costs). Under the proposals, the federal government would pay for a share of support passed-through to welfare families as long as that support did not reduce the family's welfare benefit. The reauthorization proposals also would give states financing incentives to send to former welfare families more of the child support payments collected on their behalf. In addition, they would revise some child support enforcement collection mechanisms and add others.

Responsible Fatherhood Initiatives

Enforcement of child support orders is only one dimension of current efforts to connect noncustodial parents (usually fathers) with their children. In the hopes of improving the lives of children living in single-parent families, government and public and private organizations

support programs to promote the financial and personal responsibility of noncustodial parents, which have become known as “responsible fatherhood” programs.

Research has recognized that low-income noncustodial fathers have similar problems in the workforce as do single mothers — low wages and intermittent employment. Some responsible fatherhood programs focus on employment skills, in part to help noncustodial parents meet their child support obligations. In addition, responsible fatherhood programs generally teach a variety of social skills, including parenting education, responsible decision-making, conflict resolution, coping with stress, and appropriate disciplinary practices. Responsible fatherhood programs also usually provide a peer support component. Some programs also include funding for media campaigns to advertise to the public the importance of emotional, physical, psychological, and financial connections of fathers to their children.

The TANF block grant is one potential source of funding for responsible fatherhood initiatives. Moreover, the pending welfare reauthorization bills would establish categorical competitive grants, ranging from \$20 million to \$75 million per year, to community and faith-based organizations for responsible fatherhood initiatives. (See CRS Report RL31025, *Fatherhood Initiatives: Connecting Fathers to Their Children*.)

Currently, the federal Office of Child Support Enforcement (OCSE) provides \$1.5 million annually to fund Responsible Fatherhood demonstrations under Section 1115 of the Social Security Act. Projects are presently being funded in the following eight states: California, Colorado, Maryland, Massachusetts, Missouri, New Hampshire, Washington, and Wisconsin. These projects attempt to improve the employment and earnings of under- and unemployed noncustodial parents and to motivate them to become more financially and emotionally involved in the lives of their children.

Abstinence Education

Teenage pregnancy and nonmarital births were central issues in the 1996 welfare reform debate. The United States has the highest rates of teen pregnancy and births among the industrialized countries. One 1996 study found that 40% of young women become pregnant at least once before they reach the age of 20. Most research indicates that at least 80% of these pregnancies are unintended.

The 1996 welfare reform law (P.L. 104-193, Section 510 of the Social Security Act) provided \$50 million per year for five years, FY1998-FY2002, in federal funds for an abstinence education formula block grant program. Funds must be requested by states when they solicit Maternal and Child Health (MCH) block grant funds, and must be used exclusively for the teaching of abstinence. To receive federal funding, a state must match every \$4 in federal funds with \$3 in state funds.

To ensure that the abstinence-only message is not diluted, the law stipulated that the term “abstinence education” means an educational or motivational program that teaches — (1) the social, psychological, and health gains of abstaining from sexual activity; (2) abstinence from sexual activity outside of marriage as the expected standard for all school-age children; (3) abstinence is the only certain way to avoid out-of-wedlock pregnancy, STDs, and associated health problems; (4) a mutually faithful monogamous relationship within marriage is the expected standard of human sexual activity; (5) sexual activity outside

of marriage is likely to have harmful psychological and physical effects; (6) bearing children out-of-wedlock is likely to have harmful consequences for the child, the child's parents, and society; (7) young people how to reject sexual advances and how alcohol and drug use increases vulnerability to sexual advances; and (8) the importance of attaining self-sufficiency before engaging in sex.

Beginning with FY2001, several appropriation bills have included funding for abstinence-only education. This funding was provided through the Department of Health and Human Services via the Special Projects of Regional and National Significance (SPRANS) program for abstinence education to bolster the abstinence-only message for adolescents aged 12 through 18. Funding for the SPRANS program for abstinence education amounted to \$20 million in FY2001, \$40 million in FY2002, \$55 million in FY2003, \$70 million in FY2004, and \$100 million in FY2005. In addition, the Adolescent Family Life (AFL) program (enacted in 1981 by P.L. 97-35) provides funding for matters related to adolescent sexuality, pregnancy, and parenting. Funding for abstinence-only education under the AFL program amounted to \$9 million in FY2001, \$10 million in FY2002, \$10 million in FY2003, \$10 million in FY2004, and \$31 million in FY2005.

The debate over whether teens should be given the unambiguous and exclusive message that sex outside of marriage is wrong, or a more comprehensive message that tells teenagers that they should not engage in sexual activities, but if they do they should practice "safe sex," is very controversial. Advocates of the more comprehensive approach to sex education argue that today's youth need information and decision-making skills to make realistic and practical decisions about whether to engage in sexual activities. They contend that such an approach allows young people to make informed decisions regarding abstinence, gives them the information they need to set relationship limits and to resist peer pressure, and also provides them with information on the use of contraceptives and the prevention of sexually transmitted diseases. Advocates of the abstinence education approach argue that teenagers need to hear a single, unambiguous message that sex outside of marriage is wrong and harmful to their physical and emotional health. They contend that youth can and should be empowered to say no to sex. They argue that supporting both abstinence and birth control is hypocritical and undermines the strength of an abstinence-only message.

Marriage Promotion

Research indicates that children in families headed by both of their biological parents "do better" on an array of child development outcomes (higher academic achievement, lower teenage child bearing, lower levels of delinquency, etc.) than children living in single-parent families. Much of this is due to the lower incomes of children in single-parent families, but the statistical association between family type and child outcomes holds even when considering families of equivalent incomes. However, in a note of caution, these better outcomes hold only when a child lives with both of his or her biological parents — they do not apply to stepchildren. Further, there are concerns about promoting marriage when some relationships are violent. Additionally, there is the caveat to interpreting social science research that "correlation does not equal causation." The actual cause of the difference in child outcomes could be differences in characteristics and behaviors (some not observed for purposes of statistical study) associated with married versus unmarried parents.

The Administration is currently funding research to address the question of whether marriage promotion programs could achieve their goals. HHS is currently conducting large-scale research projects to evaluate the impact of marriage promotion. Actual findings regarding the impacts of these programs are several years away. The welfare reauthorization proposals would provide up to \$200 million in funding each year for marriage promotion activities. These activities are similar to those in responsible fatherhood programs in that they would teach social skills (e.g., responsible decision-making, conflict resolution, coping with stress). Most marriage promotion programs also include funding for media campaigns.

The marriage promotion grants in H.R. 240 and S. 667 differ in several respects. S. 667 includes provisions to assure the participation in marriage promotion activities is voluntary, and prohibits states from sanctioning welfare families for not participating in such activities. S. 667 also includes requirements that those receiving grants to operate marriage promotion programs consult with organizations with expertise in dealing with victims of domestic violence in developing their applications for marriage promotion grants.

CONGRESSIONAL HEARINGS, REPORTS, AND DOCUMENTS

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