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TANF, Child Care, Marriage Promotion, and Responsible Fatherhood Provisions in the Deficit Reduction Act of 2005 (S. 1932)

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Summary

The Deficit Reduction Act of 2005 (DRA, S. 1932) includes a scaled-back version of welfare reauthorization. Enactment of the DRA would end the four-year saga of welfare reauthorization legislation. The DRA would extend funding at current levels for basic state grants under the Temporary Assistance for Needy Families (TANF) block grant through Fiscal Year (FY) 2010, and has provisions that require states to either raise participation in work activities among families receiving cash welfare from TANF or further reduce the cash assistance rolls. The DRA also would extend Child Care and Development Fund (CCDF) mandatory funding through FY2010, increasing mandatory child care funding by \$200 million per year from current levels (a total increase of \$1 billion over five years). The DRA would further establish \$100 million per year in TANF research and technical assistance funds for “healthy marriage promotion” initiatives and \$50 million per year for “responsible fatherhood initiatives.” This report will be updated.

TANF Funding and Program Authority

The DRA would continue the TANF block grant created in the 1996 welfare reform law through FY2010. In general, TANF funding levels, rules for use of funds, and program requirements would continue unchanged through FY2010. With respect to funding, there are some exceptions:

- Supplemental grants paid to 17 states that have met criteria of low historic grants per poor person or high rates of population growth would be continued at current levels only through FY2008.
- Both TANF bonuses would be repealed. The two repealed bonuses are (1) *The High Performance Bonus* of \$200 million per year, paid to states on the basis of their rankings on various measures of program goals; and (2) a bonus of up to \$100 million per year, paid to the five states that had

the greatest reductions in the percentage of births born out-of-wedlock with a decline in abortion rates.

- New project and demonstration grants would be made by the Department of Health and Human Services for “healthy marriage initiatives” (\$100 million per year) and “responsible fatherhood initiatives” (\$50 million per year). These grants are discussed later in this report.

TANF Work Participation Requirements

The DRA would make some significant changes to TANF work participation. These changes would require states to engage more of their caseloads in activities and/or reduce cash assistance caseloads from FY2005 levels. They further restrict states from increasing their participation rates by moving nonparticipating families out of TANF and into separate state programs or otherwise changing their program definitions and operations in ways that might be seen as contravening the work standards.

The Caseload Reduction Credit. TANF sets minimum work participation standards that a state must meet. The standards are performance measures computed in the aggregate for each state, which require that a specified percentage of families with an adult or minor head of household receiving assistance be considered engaged in specified activities for a minimum number of hours. Under current law, a state must meet two standards each year: (1) 50% of *all* families with an adult recipient or minor head-of-household recipient must have a work participant; and (2) 90% of *two-parent* families must meet participation rules. However, the law also includes a caseload reduction credit, which provides that the standards are reduced one percentage point for each 1% decline in the assistance caseload that has occurred since FY1995.

States are *not* given credit for caseload declines that resulted from eligibility changes that have occurred since FY1995, the year before enactment of the federal welfare reform law (P.L. 104-193). Caseload reduction resulting from any eligibility restrictions imposed within the TANF program — including policies such as time limits and full-family sanctions imposed since FY1995 — are not counted (disregarded) when determining a state’s caseload reduction credit.

After the federal and state welfare reforms of the mid-1990s, many states had large declines in their cash assistance caseloads. From FY1995 through FY2004, the national cash assistance caseload declined by 56%. Though the rate of caseload decline varied among the states, most states received fairly substantial caseload reduction credits which reduced their effective (after-credit) TANF work participation standards well below 50%. In FY2004, caseload reduction credits were large enough to reduce to 0% the effective (after-credit) work participation standard for 19 states.

The DRA would revise the caseload reduction credit so that states will receive credit only for *future* caseload reductions. Effective in FY2007, states would only receive credit for caseload reductions that occur from FY2005 forward. The FY2007 credit would be based on caseload declines (if any) that occur from FY2005 to FY2006; the FY2008 credit would be based on caseload declines that occur from FY2005 to FY2007; the FY2009 credit would be based on caseload declines that occur from FY2005 to FY2008, and so on. As under current law, states would *not* be given credit for caseload declines

that occur because of eligibility changes that occurred from the base year for measuring caseload changes; the base year would become FY2005 under the DRA.

Separate State Programs. The TANF program was created in 1996 by consolidating three programs that provided matching grants to states, with the federal government funding approximately 55% of expenditures made in these predecessor programs. TANF requires states to maintain some of its fiscal effort in providing benefits and services to low-income needy families. States were required to continue to spend, from their own funds, at least 75% of what they had spent in FY1994. The state spending need not be in the TANF program, but must be for needy families with children and for the same types of activities allowed under state TANF programs. Under current law, most TANF requirements (e.g., the time limit on benefit receipt) do not apply to families receiving assistance under these *separate state programs* (SSPs), and families receiving assistance under SSPs are not considered in either the numerator or denominator of the TANF work participation rate calculation. The DRA would require that states count families in SSPs in determining their work participation rates.

HHS Regulations. Though federal law establishes TANF participation standards, minimum hours requirements, and a list of 12 activities that count toward meeting the standards, much of the detail in operating and enforcing these standards is left to the states. For example, current HHS regulations do not go further than federal law in defining TANF work activities, repeating in regulations the list of allowable activities and permitting states to flesh out what each of those activities means in practice. In promulgating regulations implementing TANF, HHS (under the Clinton Administration) said it left defining activities to the states because “We believe States will use the flexibility of the statute to formulate a variety of reasonable interpretations leading to greater innovation, experimentation, and success in helping families become self-sufficient quickly.”¹ HHS also instructs states to report a recipient’s actual hours of participation in activities, not scheduled hours of activities. However, it has not further specified how states are to verify actual hours of participation. This lack of uniform definitions and controls in verifying participation led the Government Accountability Office (GAO) to find in a 2005 report that “there is no standard basis for interpreting states’ [work participation] rates, and the rates cannot effectively be used to assess and compare states’ performance.”²

The DRA would require HHS to issue regulations by June 30, 2006, to “ensure consistent measurement of work participation rates” by

- further defining TANF work activities beyond the current statutory list, fleshing out what types of activities can be counted toward the standards;
- requiring uniform methods for reporting hours of work; and
- determining the circumstances in which parents must be included in the family (and thus the family included in the work participation rate calculation).

¹ See Vol 62 *Federal Register*, No 224, p. 62137. November 20, 1997.

² United States Governmental Accountability Office. GAO-05-821. *Welfare Reform: HHS Should Exercise Oversight to Help Ensure TANF Work Participation is Measured Consistently Across States*. August 2005.

Mandatory Child Care Funding

Since FY2002, mandatory child care funding for the Child Care and Development Block Grant has been set at \$2.717 billion per year. About \$1.2 billion of these funds is a basic guaranteed child care block grant to the states, with the remaining \$1.5 billion requiring state matching funds. The DRA would increase mandatory child care funding to \$2.917 billion per year for FY2006 through FY2010.³ This is an increase from current levels of \$200 million per year or \$1 billion over five years.

Healthy Marriage Promotion and Responsible Fatherhood Initiatives

The DRA would establish new categorical grants within TANF for healthy marriage promotion and responsible fatherhood initiatives. TANF law allows states to use block grant and Maintenance of Effort (MOE) funds for activities to further any TANF purpose, including promotion of the formation and maintenance of two-parent families. However, state expenditures in this category have generally been small, totaling \$212 million (less than 1% of all TANF and MOE expenditures) in FY2004.

Healthy Marriage Promotion. The healthy marriage promotion initiative would be funded at approximately \$100 million per year,⁴ to be spent through (1) grants awarded by the Secretary of HHS to support research and demonstration projects by public or private entities; and (2) technical assistance provided to states, Indian tribes and tribal organizations, and other entities. The activities supported by the healthy marriage promotion initiatives are as follows:

- programs to promote marriage to the general population, such as public advertising campaigns on the value of marriage and education in high schools on the value of marriage;
- education on “social skills “ (e.g. marriage education, marriage skills, conflict resolution, and relationship skills) for engaged couples, those interested in marriage, or married couples; and
- programs that reduce the financial disincentive to marry, if combined with educational or other marriage promotion activities.

The DRA would require applicants for marriage promotion grants to ensure that participation in such activities is voluntary and that domestic violence concerns be addressed, including through consultation with experts on domestic violence.

³ The DRA would not reauthorize or change authorized discretionary funding levels under the Child Care and Development Block Grant (CCDBG), nor would it change CCDBG rules. See CRS Report RL32817, *Child Care Issues in the 109th Congress*, by Melinda Gish.

⁴ The DRA would provide an appropriation of \$150 million for three sets of activities. Of this appropriation, up to \$2 million per year is set aside to test the effectiveness of tribal governments and consortia in coordinating child welfare services for abused and neglected children. Additionally, up to \$50 million per year is set aside for responsible fatherhood initiatives. If the full amount of these set-asides were used for these purposes, \$98 million per year would be left for healthy marriage promotion activities.

Responsible Fatherhood Initiatives. Additionally, the DRA would make available up to \$50 million per year for responsible fatherhood initiatives. These initiatives would be funded through competitive grants made by HHS to states, territories, Indian tribes and tribal organizations, and public and nonprofit community organizations (including religious organizations). Responsible fatherhood initiatives are defined as including activities to promote marriage; teach parenting skills through counseling, mentoring, mediation, and dissemination of information; support employment and job training services, and develop and promote media campaigns and a national clearinghouse focused on responsible fatherhood. (See CRS Report RL31025 for more on these initiatives.)

Brief Comparison of the DRA with Other Welfare Reauthorization Proposals in the 109th Congress

Enactment of the DRA would end the four-year saga of welfare reauthorization legislation. Since September 30, 2002, when the original funding authority for TANF expired, the block grant had been continued through twelve “temporary extension” bills. However, DRA’s welfare and related provisions are scaled back from welfare reauthorization proposals offered earlier in 2005, in H.R. 240 (a bill introduced by the House Republican leadership) or in S. 667, (a bill reported from the Senate Finance Committee). **Table 1** provides a brief comparison of the major provisions of the earlier welfare reauthorization bills with the DRA.

Table 1. Comparison of the DRA with H.R. 240 and S. 667

Provision	H.R. 240 (as introduced)	S. 667 (as reported by the Senate Finance Committee)	Deficit Reduction Act of 2005 (conference agreement)
TANF funding	Extend basic TANF funding at current levels (\$16.5 billion per year) through FY2010.	Same as H.R. 240.	Same as H.R. 240 and S. 667.
	Extend supplemental grants at current levels (\$319 million per year) through FY2009.	Same as H.R. 240.	Extend supplemental grants at current levels through FY2008.
TANF bonuses	Eliminate bonus for reductions in out-of-wedlock birth with reduced abortion rates.	Same as H.R. 240.	Same as H.R. 240 and S. 667.
	Reduce High Performance Bonus from \$200 million to \$100 million per year, focus award on achieving employment outcomes.	Same as H.R. 240.	Eliminate High Performance Bonus.
Mandatory child care funding	Increase funding by \$1 billion over five years (FY2006 through FY2010).	Increase funding by \$6 billion over five years.	Same as H.R. 240.

Provision	H.R. 240 (as introduced)	S. 667 (as reported by the Senate Finance Committee)	Deficit Reduction Act of 2005 (conference agreement)
Work Participation Standards.	Raise standards from current 50% of the caseload to 70%. Eliminate separate standard for two-parent families of 90% of the caseload.	Same as H.R. 240.	Retain current law standard at 50% of the caseload and 90% of the two-parent caseload.
<i>Credits</i>	Revise caseload reduction credit, ultimately to give credit only for future caseload reduction.	Replace caseload reduction credit with an employment credit.	Revise caseload reduction credit, beginning in FY2007 to give credit only for future caseload reduction.
<i>Hours</i>	Establish a 40-hour standard workweek for all families.	Raise hours requirements to 24 hours per week for single parents caring for pre-school children, 34 hours per week for other single parent families, higher hours for two-parent families.	Retain current law hours requirements: 20 hours per week for single parents caring for pre-school children, 30 hours per week for other single parent families, higher for two-parent families.
<i>Activities</i>	Revise activities. In most months at least 24 hours per week must be spent either working or in workfare programs. States define activities for three months in a 24-month period.	Expand countable activities to allow participation in post-secondary education and, for up to six months in a 24-month period, other education and activities to remove work barriers.	Retain current law countable activities.
Healthy Marriage Promotion	Establish a \$100 million per year matching grant for marriage promotion activities and a second \$100 million fund for demonstrations, research and technical assistance.	Same as H.R. 240, except require that marriage promotion activities be voluntary and that grantees consider domestic violence issues in their programs.	Provide approximately \$100 million per year for marriage promotion activities. Require that marriage promotion activities be voluntary and that grantees consider domestic violence issues in their programs.
Responsible Fatherhood Initiatives	Authorize \$20 million in discretionary funds for responsible fatherhood grants.	Provide \$50 million in mandatory funds and authorize \$26 million in discretionary funds for responsible fatherhood grants.	Provide up to \$50 million in mandatory funding for responsible fatherhood initiatives.

Source: Congressional Research Service (CRS).