

Welfare and Child Care Reauthorization 2003: Options and Opportunities

June 1, 2003

Presentation Outline

- Changes made to welfare policy in 1996 legislation
- Welfare reform outcomes
- Reauthorization issues: last year, this year



1996 Welfare Reform

- The Personal Responsibility and Work Opportunity and Reconciliation Act (PRWORA)
- Created Temporary Assistance for Needy Families (TANF) Block Grants and eliminated the Aid for Families with Dependent Children (AFDC) program



Major Changes in 1996 Bill

- End of entitlement
- Funding stream, not a program
- Flat funding to states
- Legal immigrants not eligible
- Work requirements
- Time limits



State Choices

- Set benefit levels and eligibility limits: most states let maximum benefits decline with inflation
- Enact earnings supplements and state earned income credits
- Establish more generous asset policies and auto asset limits
- Provide work support services: child care, health insurance, transportation
- Design new program: education/work

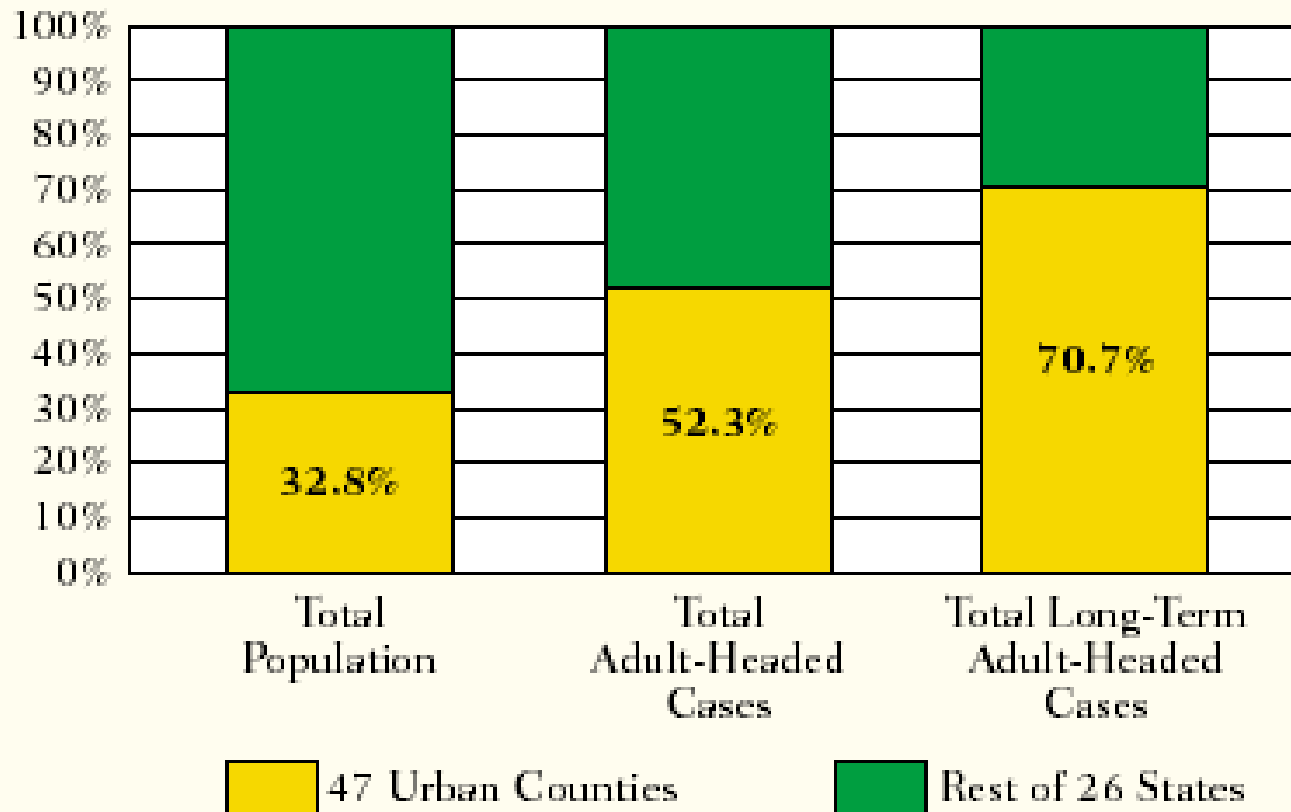


Work after Welfare

- State leaver studies show that about 3/4 of all leavers work at some point
- Earnings: \$7/hour
- Food stamps: 43% working families
- Child care: 15 percent, 1 in 7 eligible
- EITC: 50 - 85%
- Health insurance: 95% of uninsured children are eligible

Long-term welfare cases are even more concentrated

Figure 3. Share of Population, Adult-Headed Cases, and Long-Term Cases in Urban Counties versus Rest of States, December 2001



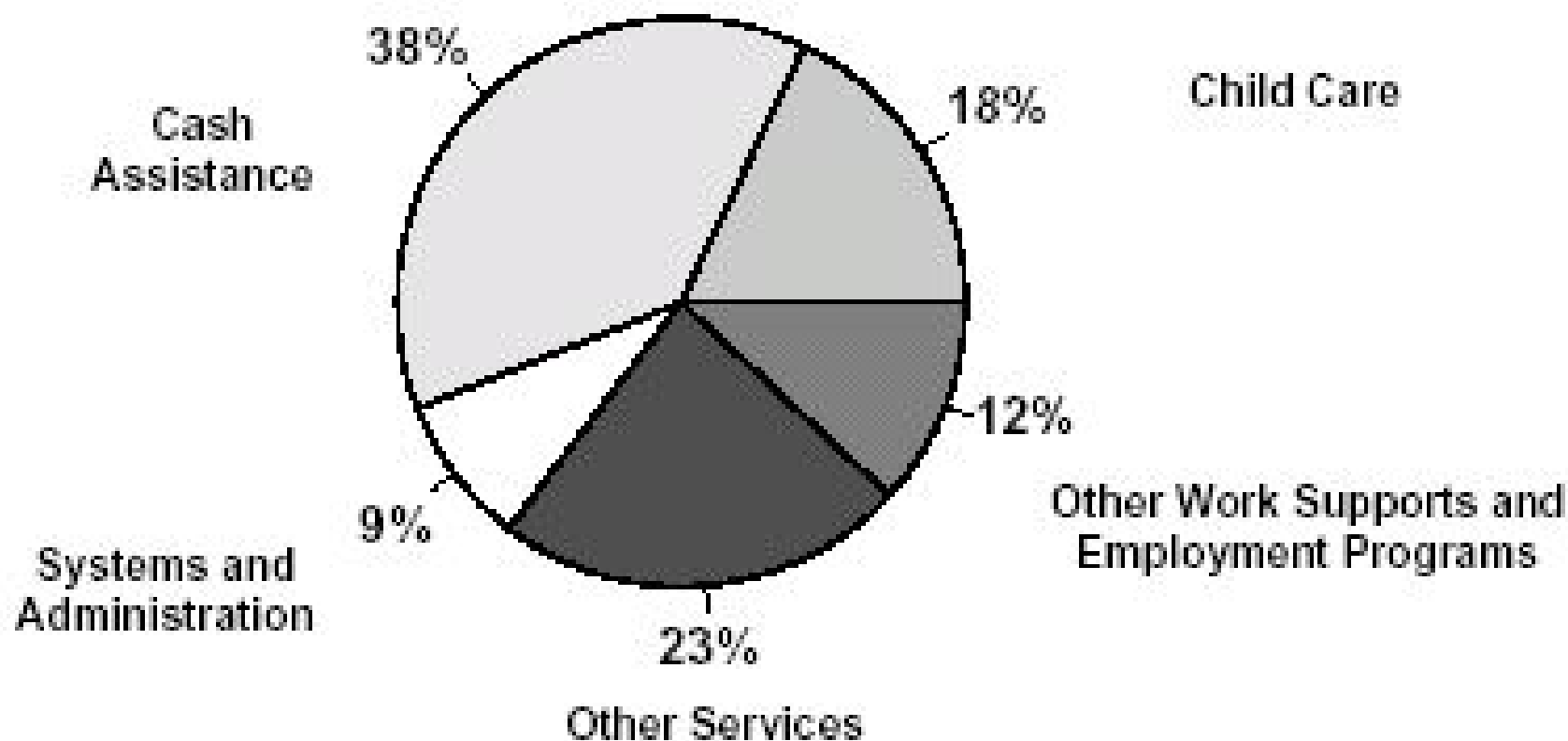
Policy Implications

- At least two distinct groups of long-term recipients
 - unemployed
 - working, but poor
- Other families not covered by survey
 - child-only cases
 - sanctioned
 - "non-assistance" eligible

State Spending

- States spend more on work supports than cash assistance
- Child care, transportation, SSBG, training, teen pregnancy prevention, separate state programs
- 1996: 76 percent of block grant on cash assistance
- 2001: 38 percent on cash

How Federal and State TANF Funds Were Used in Fiscal Year 2001



Source: Data reported by states to the Department of Health and Human Services

Legislation and Proposals

- Funding
- Participation rates
- Work requirements
- Participation rate credits
- Child care
- Time limits
- Legal immigrant eligibility
- Education and training
- Family formation
- "Superwaivers"
- Transportation
- SSBG
- Transitional jobs
- Housing

Key proposals: 107th

- House bill / Administration plan
- Senate Finance Committee bill/bipartisan principles (Breaux, Rockefeller, Lincoln, Snowe, Hatch, Jeffords) and 6 Republicans
- Senate HELP Committee letter (23 Democrats)
- Senator Bayh and other "New Dems"

Key bills: 108th

- House: **H.R. 4** Passed 230-192 on February 13, 2003
- Senate: **S. 5** Senator Talent and 8 co-sponsors, introduced February 14

TANF Funding

- General agreement to maintain federal TANF block grant at current level of \$16.5 billion

Participation rates

- Current law: 50% with caseload reduction credits, 5% effective and 30% actual
- Significant agreement to raise rate to 70 percent and end caseload reduction credit (except House bill)
- Debate over what counts toward the rate and what kind of credit to give states

Work requirements

- Current law: 20 hours work, education, or search plus 10 work-related
- House: 24 work and 16 other, partial credit for p/t, 24 or more
- Senate: 24 work and 16 other, structured and supervised - including separate state programs
- Senate Finance 107th: 30 hours, 24 work, partial for 15+
- Parents with children under 6: 20 hours, except House bill

Participation rate credits

- Current law: Credit reducing participation rate for caseload reduction since 1995
- House: Credit for more recent caseload declines
- Senate Finance: Replaces with employment credit capped at 20%, includes higher credit for better jobs, counts families with child care and transportation help

Child care

- Current law: \$2.7B mandatory; \$2.1 discretionary in 2002; 1 in 7 get help
- House: Increase \$1B mandatory matching over 5 years; increases authorization for discretionary
- Senate Finance: Increase \$5.5B mandatory, most w/o match
- Senate HELP: Increase discretionary to \$3.1B in 2003

Time limits

- Wide agreement to make no change in basic 5 year rule
- Senate Finance: housing, child care, transportation assistance do not count
- Wage subsidies count toward time limits

Legal immigrant eligibility

- House: No change
- Senate Finance: State option to restore Medicaid and SCHIP for pregnant women and children, state option on TANF spending
- Food stamps: already restored for some immigrants in Farm Bill

Education and training

- Current law: voc-ed for 12 months, 30% cap
- House: voc-ed for 4/24 months, no cap
- Senate Finance: voc-ed for 24 months (30% cap, removes teens), post-secondary (10% additional), ABE for 6/24 months

Family formation

- House: \$200M (+100M in state match) for marriage promotion grants
- Senate: \$367M total with < state match
- Senate Finance: \$200M (+50M state match), broader activities
- Other proposals: teen pregnancy prevention, abstinence education, fatherhood, child support pass-thru

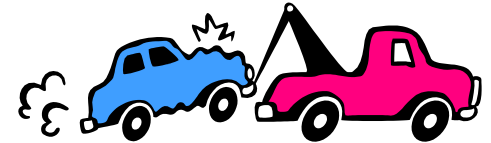
"Superwaivers"

House:

- allow state or administering sub-state entity to request permission of federal agency to waive program rules for purpose of coordination: TANF, WtW, SSBG, WIA, child care, public housing, etc.
- Food stamp block grant in 5 states



Other issues



- Transportation: car ownership
- SSBG: Set cap on transfer at 10%; Finance \$252M in 2005; Senate HELP and Bayh restore to \$2.8B
- Transitional jobs: Finance, Bayh, HELP and others
- Housing: Finance, Kerry, Bayh

Figure 3. Did the percentage of cash assistance recipients in your city change between December 2001 and December 2002?

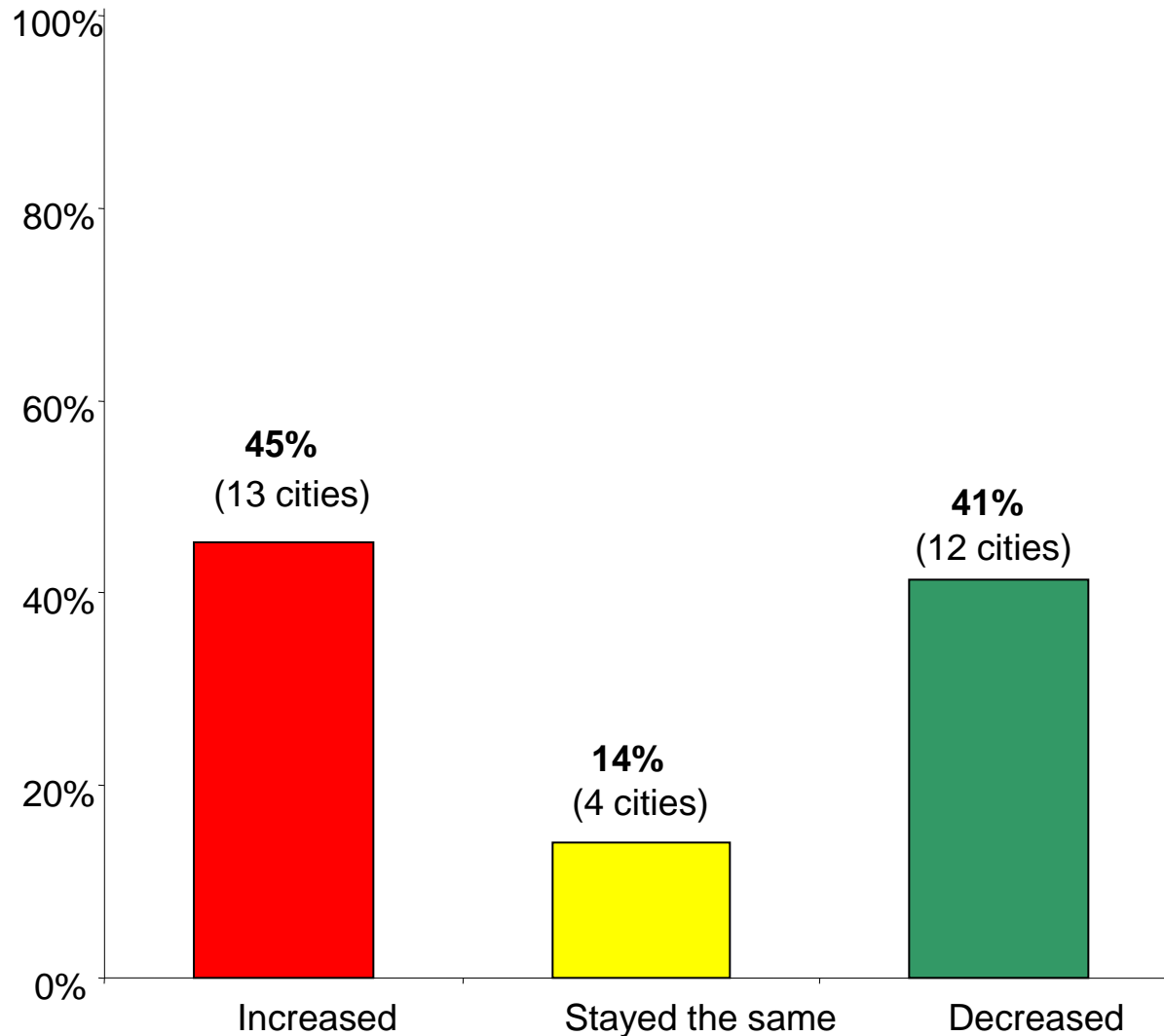


Figure 4. Please identify up to three primary reasons that these recipients returned to welfare

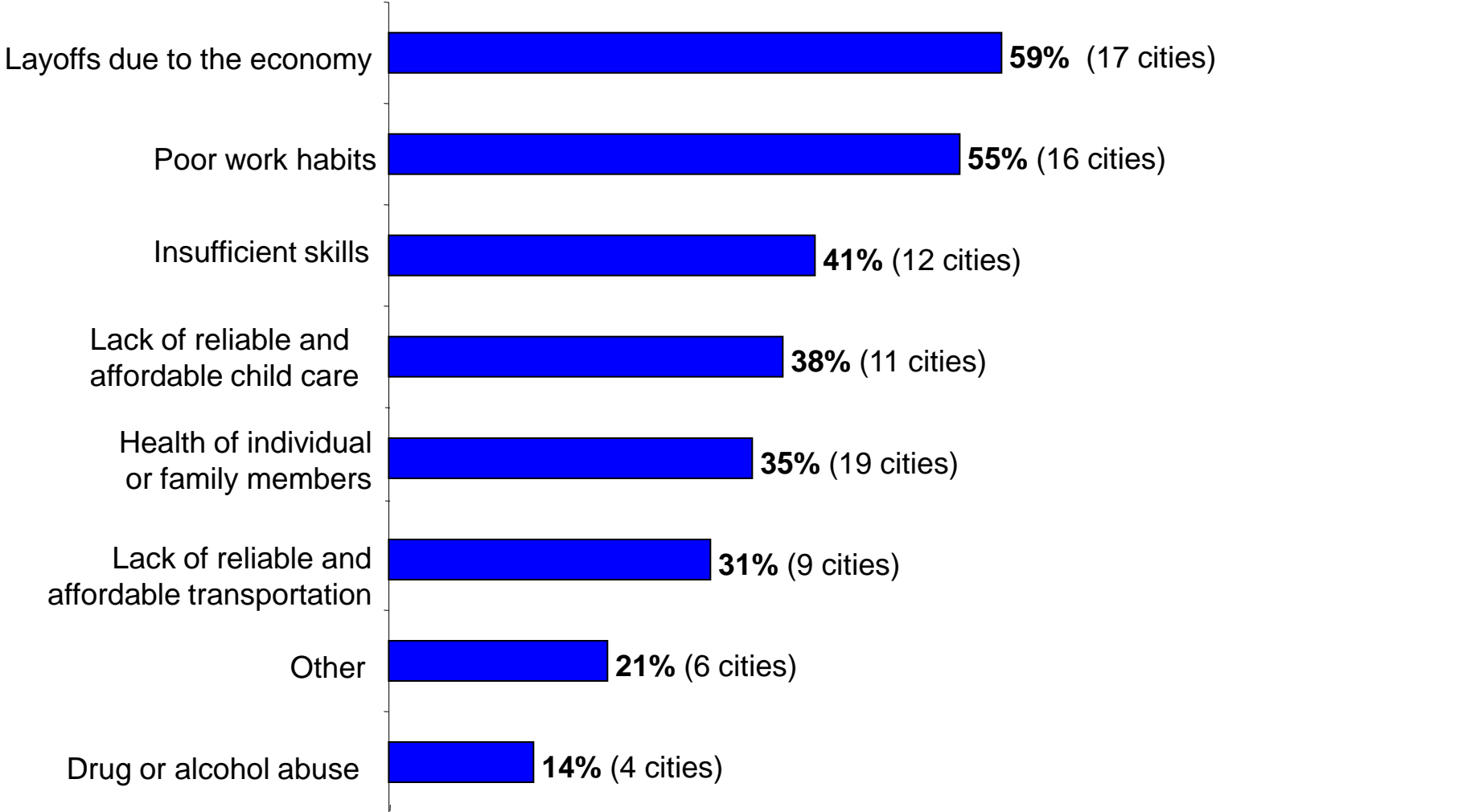


Figure 6. Which training services are most needed by adult TANF recipients in your city, regardless of funding availability (please select up to three services)

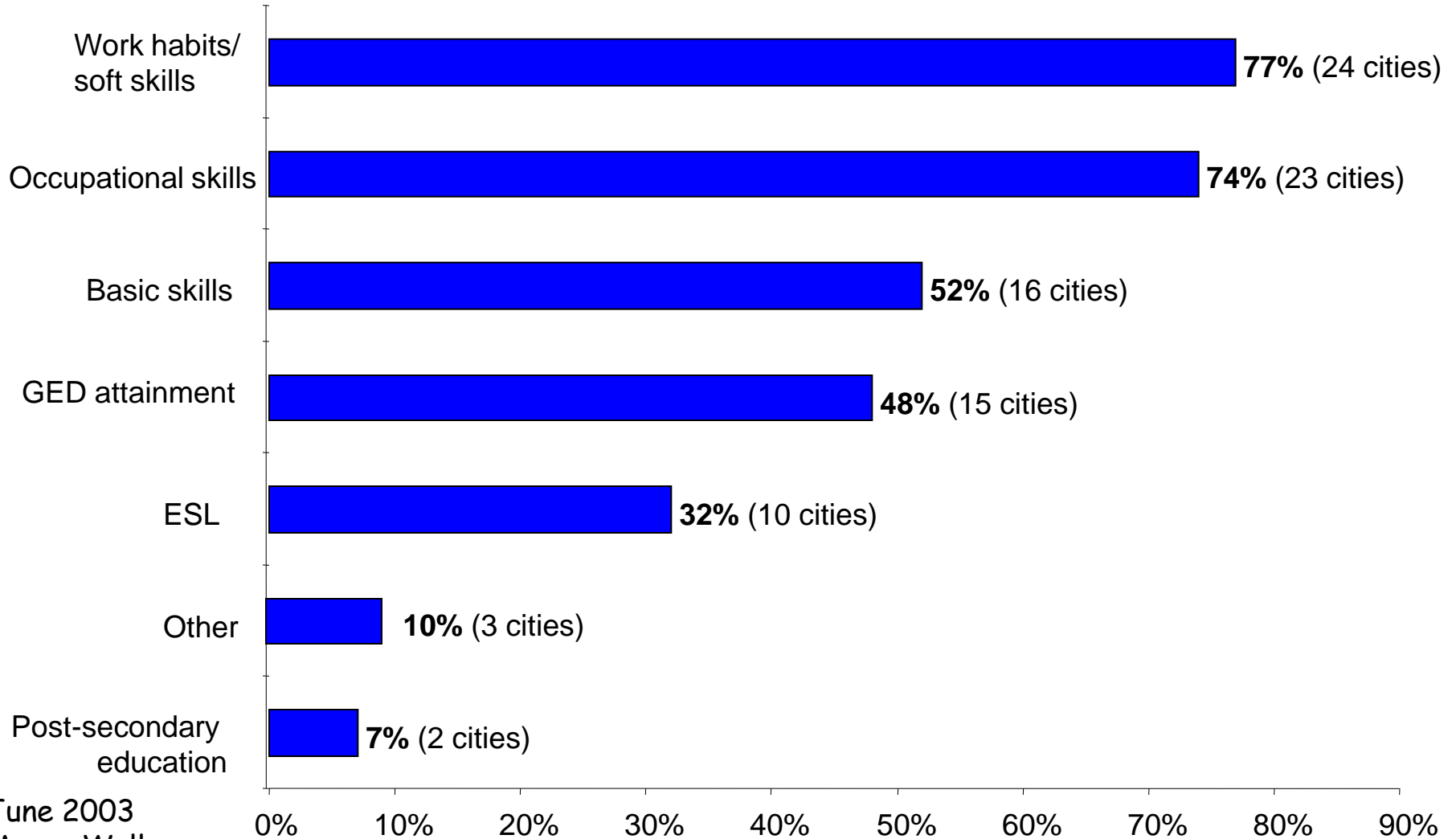


Figure 9. Please indicate your reaction to the proposed changes on the scale below

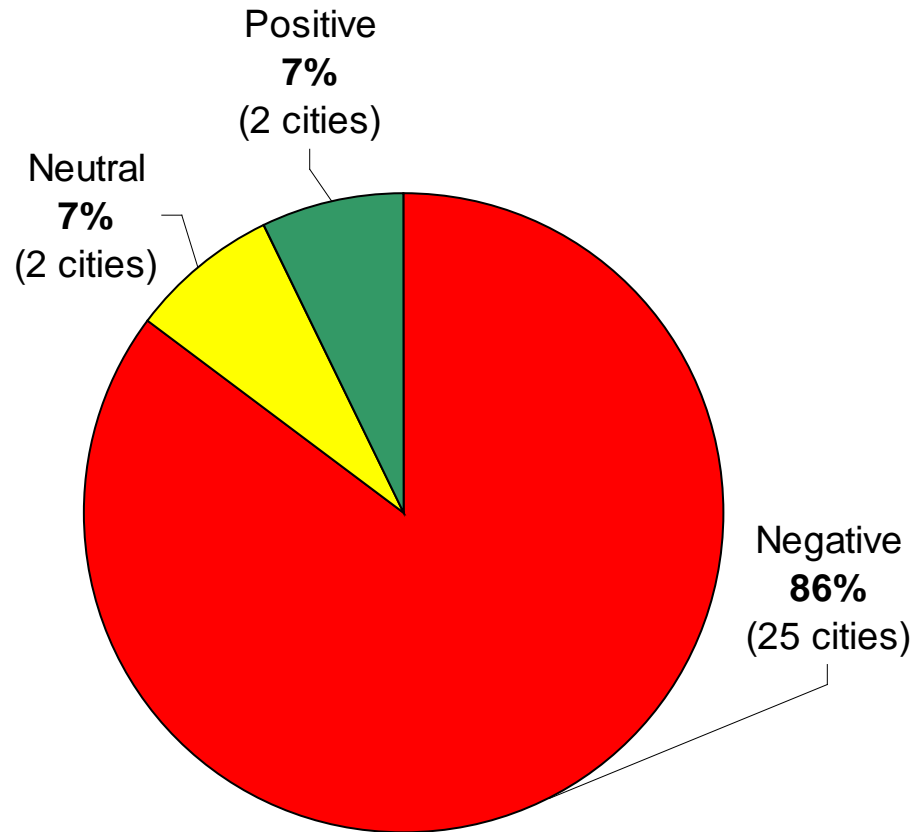
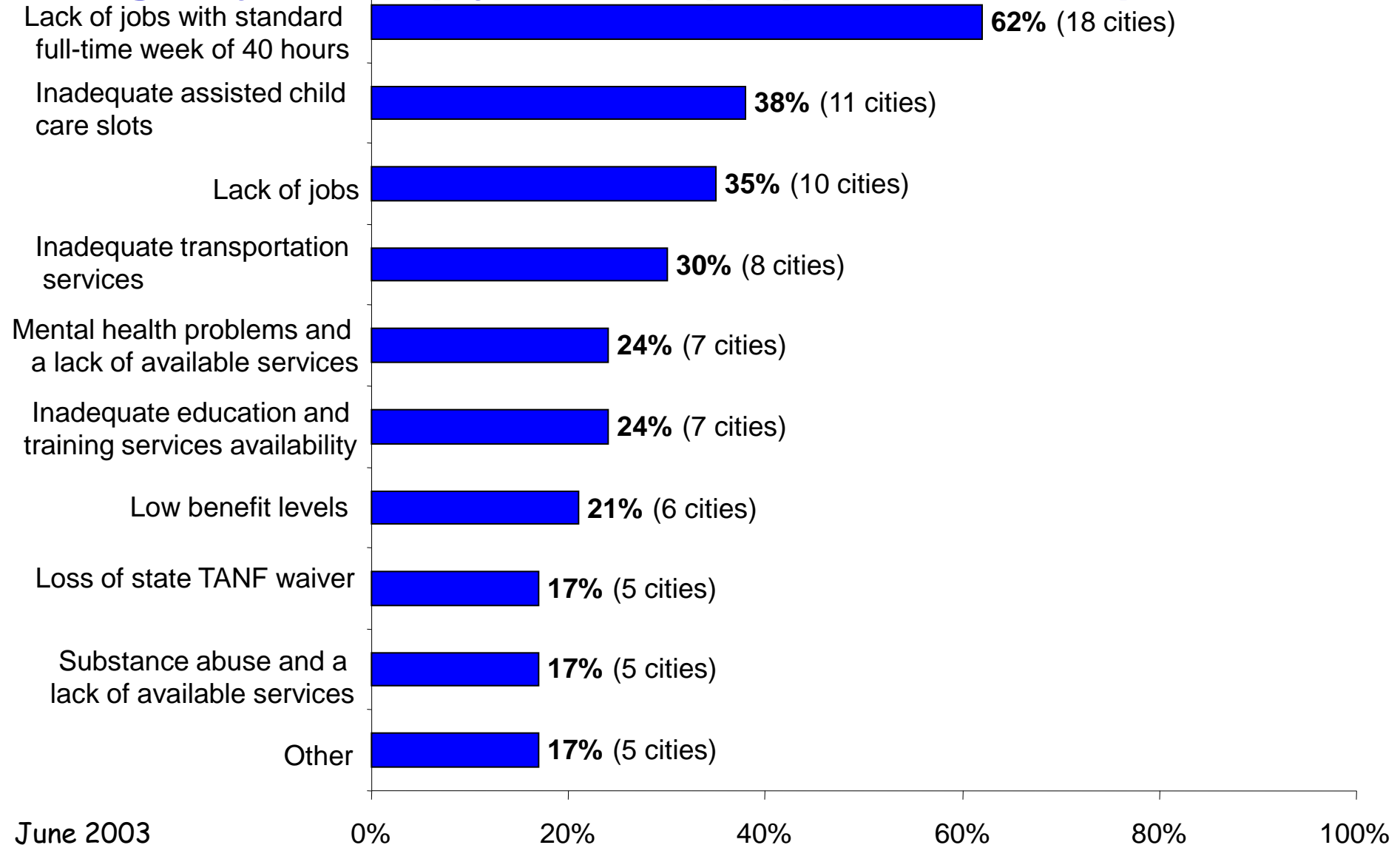


Figure 10. Please identify up to three primary conditions in your city that could affect the ability of your local TANF agency to comply with the proposed work requirements



Timing

- 1996 bill expired September 30, 2002; 3 month extension passed three times thru June 2003
- House vote on H.R. 4: 2/13/2003
- Senate Finance: possible June hearing

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