

Five Years After Welfare Reform: An Agenda for Reauthorization

Ron Haskins and Rebecca M. Blank

The Upcoming Reauthorization Debate

On August 22, 1996, President Clinton signed a revolutionary welfare reform bill crafted in Congress over the previous 18 months, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). Everyone agreed that the law constituted a major break with the past, although there was substantial disagreement about whether these changes were for the better. The legislation passed Congress with a bigger bipartisan majority – consisting of nearly all Republicans and about half the Democrats in the House and Senate – than the bipartisan majority that enacted Medicare in 1965. But there were those who bitterly criticized it. Several Administration officials, who urged the President to veto the bill, resigned in protest when he approved it.

In passing this legislation, Congress placed a specific time limit on its funding. Thus, by October 1, 2002, Congress must enact new legislation in order to continue federal funding for many of the provisions of the 1996 law. Inevitably, as Congress considers whether and how much new spending to authorize, most of the major provisions of the 1996 law will come under scrutiny including those that do not explicitly require reauthorization. In this sense, all the provisions of the 1996 law are open to discussion and possible amendment during the reauthorization debate.

Given the importance of the 1996 reforms, Congress is likely to spend a great deal of time in 2001 and 2002 on the reauthorization debate. Extensive hearings in several House and Senate committees are likely; multiple bills by many members of the House and Senate, and in all probability a bill from the Administration, can be expected; extensive and elaborate debates on the

major provisions in subcommittees, full committees, and the floors of the House and Senate are a certainty. The best guess is that Congress will begin writing legislation in the late winter of 2002 and enact final legislation in the fall of 2002.

During this process, many forces will influence Congressional decision-making. These include the political philosophy of the Republican and Democratic parties; the particular alignment of power between the political parties in the House and Senate; the bitterness over the 2000 Presidential election; the virtually even split of Republicans and Democrats in the House and Senate; the philosophy and goals of the leaders of the committees of jurisdiction; conservative interest groups that focus on limiting government power and spending while expanding personal responsibility in social programs; liberal interest groups hoping to ensure that the poor receive adequate public benefits and that some of the provisions of the 1996 legislation are modified; the states and their powerful lobbying groups working to ensure that states receive plenty of money and retain the vast flexibility they were given in the 1996 reforms; and a bewildering array of other individuals and groups lobbying on specific issues addressed by the 1996 reforms.

One other voice deserves a prominent place at the table during the lively debates that will accompany reauthorization. As the papers in this volume show, the world of social science has produced a mountain of information about the provisions that were at the heart of the 1996 reforms, how the reforms have been implemented, and their effects on employment, income, poverty, family composition, and children's well being. A major goal of social science is to inform policymakers about how policies have been carried out and the effects they have produced. The editors and authors of this volume, though equally divided between political conservatives and liberals, are advocates for the important role social science should play in the reauthorization debate. All of us

have learned through experience, however, that there is no guarantee that social science will affect the debate or the decisions made by Congress and the President. Social scientists, like other actors who would influence Congress, must win a place at the table by delivering clear messages in prominent places.

Hence this volume. We certainly do not expect members of Congress to read a scholarly tome like this one. Nevertheless, we do expect Congressional staff, social scientists, reporters, child advocates, and informed laymen to read this volume. In this way, we believe a consensus about the major findings will begin to grow and this consensus will in turn influence media reports, Congressional testimony, the analyses produced by Congressional agencies like the Congressional Research Service and the General Accounting Office, and the one-page summaries staff will give to members of Congress about specific reauthorization issues. It would be naive to think that social science will be the major force influencing Congress during reauthorization, but we have a lot to say about how the reforms have been working and Congress – as well as those who would influence Congress – ignores this information at the peril of making poorer decisions.

There are at least three reasons for the abundance of information now available on the 1996 reforms. First, the 1996 law contained several provisions that required data collection, data reporting, and research or evaluation studies. Congress worked closely with the Administration and the states to produce new administrative reporting requirements as part of the Temporary Assistance for Needy Families (TANF) block grant. In addition, the legislation required states to report, for the first time, fairly complete administrative data on child care subsidies. Although there have been problems with the state reported child care data, other research has also focused on this topic and information on child care utilization and funding has improved.

The 1996 law also provided HHS with about \$15 million per year to fund research on a wide variety of issues relevant to the new legislation and to continue ongoing research, especially program evaluation studies of demonstration projects that had been authorized during the five or so years before the 1996 legislation. In addition, the law provided the Census Bureau with about \$70 million in funding (which has since been increased by \$6 million) to collect additional data on participants in two waves of the widely used and admired Survey of Income and Program Participation (SIPP). These funds allowed the Census Bureau to continue following the SIPP's representative sample of about 18,500 households and to expand their data collection on children's well-being. This important new study, called the Survey of Program Dynamics (SPD), was funded by Congress because it would permit comparisons of the condition of children and families before and after the 1996 reforms.

The second source of information about the effects of the 1996 reforms is research funded by foundations (see Research Forum on Children, Families, and the New Federalism, 2001). Although to our knowledge no one has yet produced an overview of all the welfare reform research funded by foundations since 1996, the Annie E. Casey Foundation, the Packard Foundation, the Foundation for Child Development, the Charles Stewart Mott Foundation, the Ford Foundation, the W.T. Grant Foundation, and the Rockefeller Foundation, among many others, have made extensive investments in studies on some aspect of welfare reform. Perhaps the most important among the foundation-funded projects is the Assessing the New Federalism project housed at the Urban Institute in Washington, D.C. The centerpiece of the New Federalism project is a large-scale national survey called the National Survey of America's Families (NSAF). Other important research projects funded primarily by Foundations are also being conducted by the Manpower

Demonstration Research Corporation and by a consortium of scholars at Harvard University, Northwestern University, and Johns Hopkins University. Several of these studies have already produced important information and can be expected to provide additional information during the reauthorization debate.

Third, as the papers in this volume amply testify, welfare reform has attracted the attention of many individual scholars, including some of the nation's most respected researchers. A growing number of scholarly papers either report new empirical data on some aspect of welfare reform or review the available evidence on specific issues.

In this volume, we bring many of these scholars together to examine the major issues that are bound to play a role in the reauthorization debate. Our goals for this volume are to describe changes in welfare programs that have taken place since the 1996 law was enacted, to assess the evidence on the effects of these changes, and to open debate on key issues that are likely to be important (and perhaps controversial) in the upcoming reauthorization debate. Many of these issues will be important well beyond reauthorization in 2002, and are relevant not only to federal decision-making, but also to ongoing efforts to design and implement effective welfare and work programs by states and localities. Before turning to a summary of the key parts of this volume, we next remind readers of the major provisions of the 1996 reforms.

Overview of the 1996 Welfare Reform Law

Since enactment of the sweeping welfare reforms in 1996, the attention of policymakers, researchers, and the media has been focused on the state programs funded under the Temporary Assistance for Needy Families (TANF) block grant which replaced the Aid to Families with Dependent Children (AFDC) program. However, there were many other major and minor

provisions in the legislation, any of which could come up during the reauthorization debate. Table 1 provides an overview of the major provisions of the 1996 law. The table also indicates when the funding for each provision must be renewed and whether the funding for the renewed provision is assumed in the budget baseline. Many of the reforms enacted in 1996 became part of permanent federal law and do not need additional action to remain in effect after 2001 or 2002. Our guess is that this will not make much difference if members of Congress or powerful outside constituencies want the provision considered as part of the reauthorization debate.

Table 1

Major Provisions in the 1996 Welfare Reform Law,
Annual Funding, and Whether Funding Is Assumed in the Baseline

Name	Description	Funding	Funding in Baseline?
Title I: Temporary Assistance for Needy Families			
Basic TANF Grant	Block grant to states to help needy children, to reduce nonmarital births, and for other purposes	\$16.5 billion annually, FY1996-FY2002	Yes
Illegitimacy Bonus	Bonus grant to reward up to five states for greatest reduction in out-of-wedlock birth rates	\$100 million annually, FY1999-FY2002	Yes
Performance Bonus	Bonus grant to reward high performance by states for attaining goals of TANF	\$1 billion for FY1999-FY2003; Average annual bonus grants are \$200 million	Yes
Population and Poverty Adjustor	Supplemental grant (of up to 2.5% of family assistance grant) for 17 qualifying states with above-average population growth and low (FY 1994) federal welfare spending per poor person	Up to a total of \$800 million for FY1998-FY2001	No
Contingency Fund	Matching grants for needy states	Such sums as needed for FY1997-FY2001, up to a total of \$2 billion. This original ceiling was reduced by \$40 million by P.L. 105-89	No
Indian Tribes	Grants for Indian Tribes and	\$7.6 million annually, FY1997-	Yes

Basic TANF Grant	Block grant to states to help needy children, to reduce nonmarital births, and for other purposes Alaskan Native organizations that operated their own work programs before TANF	\$16.5 billion annually, FY1996-FY2002 FY2002	Yes
Territories	Matching grants to Puerto Rico, Guam, the Virgin Islands and American Samoa for TANF and foster care and adoption assistance programs	Such sums as needed annually for FY1997-FY2002 (about \$116 million for TANF, Title IV-E, and aid to the aged, blind, and disabled in all the territories)	Yes
Loan Fund	Interest-bearing loans for state welfare programs. Total amount of loans made to a state during FY1997-FY2002 limited to 10% of the state's family assistance grant	Appropriates such sums as needed for the cost of the loans, with no specified years. Limitation of 10% of state family assistance grant applies to FY1997-FY2002. Total amount of loans outstanding may not exceed \$1.7 billion	N/A
Transitional Increased Federal Matching for Increased Medicaid Administrative Costs	Funds provided to states to compensate for increased costs of computing Medicaid eligibility for needy families	\$500 million total without fiscal year limit	No
Research: Census Bureau	Census Bureau study to evaluate impact of TANF on random national sample of recipients and other low-income families	\$10 million annually, FY1996-FY2002	No
Research by HHS on effects, costs, and benefits of state TANF programs	Funds for DHHS to use to evaluate and conduct research on welfare reform	\$15 million annually, FY1997-FY2002	No

Title II: Supplemental Security Income

SSI is a permanently authorized entitlement program. The amendments made in 1996 are permanent and do not require reauthorization. The most controversial amendments restricted benefits for children and are having an ongoing impact that reduces federal spending every year relative to the spending that would have occurred without the 1996 reforms. Congress does not need to take any action during welfare reauthorization in order for the SSI program to continue operating as it does under current law.

Title III: Child Support Enforcement

Child Support Enforcement is a permanently authorized entitlement program. All of the amendments made in 1996 are permanent. Congress does not need to take any action during welfare reauthorization in order for the Child Support Enforcement program to continue operating as it does under current law.

Title IV: Restricting Welfare and Public Benefits for Aliens

The amendments that restrict alien eligibility for welfare benefits are permanent, free-standing provisions of law. Congress does not need to take any action during welfare reauthorization in order for these provisions to continue operating as under current law

Title V: Child Protection

This title made modest amendments in Title IV-B, Title IV-E, and section 1123 of the Social Security Act. These changes are permanent and require no reauthorizing action by Congress, although subpart 2 of Title IV-B must be reauthorized by the end of 2001. This title also authorized an important study of abused and neglected children as follows:

National Random Sample Study of Child Welfare	Funds to conduct a longitudinal study of children with confirmed cases of abuse or neglect	\$6 million per year, FY1996-FY2002	No
---	--	-------------------------------------	----

Title VI: Child Care

The child care amendments in the 1996 welfare reform law were made to the Child Care and Development Block Grant (CCDBG) of 1990 and are a permanent part of the CCDBG. However, the CCDBG itself must be reauthorized in 2002.

Child Care: Discretionary	The Child Care and Development Block Grant contains both discretionary funds that require an annual appropriation and entitlement funds that require no annual appropriation	\$1 billion authorized annually, FY1996-FY2002	N/A (annual appropriation)
Child Care: Entitlement	The Child Care and Development Block Grant contains both discretionary funds that must be appropriated annually and entitlement funds that require no annual appropriation	Entitlement funding increases from \$1.967 billion in 1997 to \$2.717 billion in 2002; after 2002, the baseline amount is \$2.717 billion annually	Yes

Title VII: Child Nutrition

The child nutrition program is authorized through 2003.

Title VIII: Food Stamps and Commodity Distribution

Food Stamp Employment and Training Program	Funds for States to operate training and employment programs for food stamp recipients	Reserves for allocation to State agencies specific amounts for FY1996-FY2002; about \$220 million in grant funds plus additional funding at 50% federal contribution	Yes
Food Stamps	Provides coupons to purchase food to needy families	Authorizes general Food Stamp appropriations through FY2002 without specific dollar limits on appropriations or spending	Yes

Food Stamp Employment and Training Program	Funds for States to operate training and employment programs for food stamp recipients	Reserves for allocation to State agencies specific amounts for FY1996-FY2002; about \$220 million in grant funds plus additional funding at 50% federal contribution	Yes
Availability of Commodities under the Food Stamp Program	Funds for the Federal government to purchase commodities for distribution to States	For FY1997-FY2002, mandates funding of \$100 million annually for the Emergency Food Assistance Program.	Yes

Title IX: Miscellaneous

This title contained 12 provisions. All except Abstinence Education were permanent provisions of law and do not need to be reauthorized by Congress. The particulars on reauthorization of the abstinence education provision follow:

Abstinence Education Grants	Grant funds distributed to states to conduct programs teaching abstinence to children	\$50 million annually, FY1998- FY2002	No
--------------------------------	---	--	----

Note. If funding is not assumed in the baseline, then Congress must find a revenue offset for the provision. If funding is assumed in the baseline, Congress can save money and use it for other purposes by not reauthorizing the provision or by reauthorizing it at a level below that assumed in the baseline.

For example, the restrictions on the access of legal immigrants to welfare were permanent and require no reauthorization. These provisions were among the most controversial during the original debate in 1995 and 1996 and were singled out by President Clinton when he signed the bill as an example of provisions he did not like and would try to change. In fact, in 1997 the President recommended and Congress accepted, and even expanded, legislation that reinstated some benefit eligibility to noncitizens, especially those who had been receiving benefits at the time of enactment. But many Democrats and advocacy groups believe these changes do not go far enough and remain strongly opposed to the general ban on welfare benefits for noncitizens who enter the country after August 22, 1996. These groups will make restoring benefit eligibility for noncitizens a major issue in the reauthorization debate.

As Table 1 shows, there were eight major programs or policy domains addressed in the 1996 law: TANF, Supplemental Security Income for children, child support enforcement, support for child protection, child care, child nutrition, and food stamps. In addition, the new law contained many provisions designed to reduce pregnancy outside marriage. The papers in this volume cover most of these issues, and we reference these papers below. Because we have elected to discuss what are in our opinion the most important issues for reauthorization, our review of the 1996 provisions is somewhat selective.

Temporary Assistance for Needy Families (TANF).

Enactment of the TANF program was the most thorough and fundamental of the reforms because it replaced the AFDC program with a federal block grant. The most important elements of the TANF reforms can be captured in five provisions:

- States were given primary responsibility for designing their cash assistance program and determining the rules under which families could receive assistance. The result is an increasingly diverse set of state programs since 1996.
- The entitlement to benefits provided under AFDC was abolished. In the past, destitute families with children who met joint federal-state income eligibility rules had to be provided with cash benefits. Under TANF-funded programs, states have imposed a greater number of work and other behavioral requirements, along with income eligibility requirements, and states have authority to decide who receives benefits and under what circumstances. In most cases, cash benefits are now conditional on attempts to prepare for self support.
- The AFDC funding mechanism of open-ended federal matching payments for state welfare expenditures was replaced by a block grant to each state. The block grant funding level for

each state is fixed and is based on the level of federal expenditures in the mid-1990s under the old AFDC program. Because the block grant funding is fixed, if states can help families leave welfare, they retain the funds that used to pay their welfare benefit. This feature of the block grant was intended to provide states with a financial incentive to help families leave welfare, although some argue that it was intended to control federal spending. States must also maintain their own spending at a level equal to 75 or 80 percent of the amount they spent from state funds on the AFDC and JOBS programs in 1994.

- States are required to place an annually accelerating percentage of their caseload in work activities for a specific number of hours, although states can also meet this requirement by reducing their caseload below its 1995 level. By 2002, states must have 50 percent of their caseload involved in work for 30 hours per week; some or all of the 50 percent can be met by caseload reductions. States that fail to meet the work requirement have their block grant reduced. States in turn impose sanctions by reducing the cash benefits of individuals who fail to work. States with large caseload declines face less stringent work requirements.
- States are not allowed to use federal TANF dollars to pay the benefits of families who have been on welfare for more than 5 years. Twenty percent of the caseload may be exempted from this time limit.

Taken together, these five characteristics have made state-run TANF programs radically different than the AFDC program they replaced.

Supplemental Security Income for Children (SSI)

The SSI provisions for children were intended to tighten the standards by which children qualified for cash SSI benefits and thereby reduce the number of children receiving SSI. The

Individualized Functional Assessment test that a number of parties, including the U.S. General Accounting Office (1995), thought too subjective in judging children to be disabled, was banned and the definition of childhood disability was made more specific and restrictive. These and similar measures were designed to ensure that only poor children with the most serious disabilities were admitted to the SSI program.

Child Support Enforcement

The child support enforcement amendments, by sheer number alone, were the most extensive provisions in the 1996 legislation. They were exceptionally comprehensive and amended nearly every aspect of the child support enforcement program. The general thrust of the reforms was to increase the number of children with paternity established at birth, to provide access to new sources of employment and financial information for state programs, to reform state programs by automating information and case processing as much as possible, and to provide additional child support payments to mothers who left welfare. The major goal of these reforms was to improve the performance of the child support program so that more noncustodial parents would be located, more paternities established, more child support orders put in place, and more money collected to help single mothers leaving welfare and to reimburse the government for providing cash welfare payments for needy children.

Welfare for Noncitizens

Next to TANF, the most controversial provisions in the legislation were those that virtually ended welfare for noncitizens. When legislation on welfare for aliens was first enacted in the late 1880s, Congress made it clear that no alien should be admitted to the U.S. if immigration officials thought the alien could become a public charge (Committee, 1998, Appendix J). As welfare

programs expanded in the 1960s and 1970s, however, noncitizens began to qualify for benefits, although illegal aliens never had access to public assistance. Even when Congress controlled alien access to welfare, as in the 1993 SSI provision that the elderly could not receive benefits until 5 years after entry, the underlying assumption was that noncitizens who were legally admitted to the United States did qualify for benefits. In 1996, Republicans wanted to reinstate the presumption that noncitizens should not receive welfare. Thus, the 1996 legislation all but eliminated welfare for the first five years after aliens enter the country (except among refugees who continued to be eligible) and seriously restricted access even after the fifth year. More specifically, after five years the ban on Supplemental Security Income and Food Stamps continues, but states may, at their option, provide TANF benefits and Medicaid to legal aliens. Furthermore, as a condition of entry, aliens must sign an agreement stipulating that they understand they cannot receive welfare. Finally, the sponsorship agreements by which churches, relatives, and others agree to provide help to entering aliens if they fall on hard times were converted into legally binding obligations.

Child Care

The child care provisions in the 1996 welfare reform law were straightforward and in their final form and funding level, relatively noncontroversial. First, several programs that provided child care for low-income and welfare families were merged. This reform simplified state administration of federal child care subsidies by allowing states to run a simplified program, called the Child Care Development Block Grant, that covered all poor and low-income families, including those leaving welfare. Second, the 1996 legislation increased total child care funding by around \$4.5 billion over 6 years. States also were given even more flexibility in funding child care by provisions that allowed them to spend money directly from the TANF block grant on child care or to transfer funds from

the TANF block grant into the Child Care and Development Block Grant to spend on child care. As it turned out, by 1999 states were using almost \$3 billion in TANF funds to purchase child care. Finally, continuing a compromise between Republicans and Democrats first reached in the Family Support Act of 1988, regulation of child care quality was left to states and localities.

Food Stamps

The food stamp provisions, considered to be the most extensive food stamp reforms since 1977, expanded state options and control of food stamps, especially with regard to sanctions for noncompliance with various state requirements. The 1996 reforms also limited eligibility for 18-50 year old recipients without dependents, greatly restricted eligibility for aliens, reduced the basic food stamp benefit across the board by about 3 percent, increased penalties for fraud, and expanded the use of electronic cards to deliver food stamp benefits.

Reducing Illegitimacy

A host of provisions designed to reduce illegitimacy were scattered across several titles of the 1996 law. Conservatives inside and outside Congress argued that nonmarital births were the nation's major social problem and caused many of the nation's other social problems such as welfare use, delinquency and crime, poor school performance, and illegitimacy in subsequent generations. In fact, influential conservative activists such as William Bennett and Robert Rector, as well as conservative social scientists such as James Q. Wilson and Charles Murray, all but disparaged the emphasis on work requirements. They argued that unless something were done about illegitimacy, the emphasis on work, even if successful, would make little difference in the long run.

A problem with the legislative emphasis on nonmarital births was that evaluations of

programs designed to reduce their frequency had consistently shown no impacts. Murray (1984) had suggested the remedy of completely ending welfare benefits for children born outside marriage, but except in a highly modified version, complete termination of benefits was never seriously considered by Congress. Rather, Republicans decided to literally throw in a host of provisions that might have an impact in reducing nonmarital births. The most important measures are bonus money given to states that reduce their nonmarital birth rate and the number of abortions, an abstinence education grant program designed to teach children that abstinence is the standard for youth, and very strong and mandatory paternity establishment requirements.

Taken separately, any of these eight domains of reform would have been considered major legislation. Taken together, they constitute perhaps the most extensive and thorough reform of federal assistance policy since the creation of AFDC in 1935. The concept of entitlement to cash benefits for able-bodied parents and their children was ended; strong work requirements and time limits were established; the definition of children's disability was narrowed; child support was greatly strengthened; Food Stamp eligibility and benefits were significantly reduced; welfare for noncitizens was all but eliminated; child care subsidies were streamlined and federal spending was dramatically increased; and illegitimacy was brought to the top of the nation's social agenda and several new programs to fight it were put in place.

A Brief Review of the Organization of the Volume

The chapters in this book were commissioned by the two editors, with advice from Michael Laracy of the Casey Foundation and Jennifer Phillips of the Joyce Foundation, and are designed to summarize what we know, five years into welfare reform, about the impacts of these legislative

changes. The book opens with a series of overview chapters that set the context for the more topically-focused chapters that follow.

- Thomas Gais, Richard Nathan, Irene Lurie and Thomas Kaplan provide a broad overview of the ways in which states have chosen to implement their new TANF-funded public assistance programs.
- Rebecca Blank and Lucie Schmidt summarize the major trends in work among less-skilled women and relate these trends to changes in the economy and in policy.
- Ron Haskins indicates how these work trends translate into changes in income and poverty among less-skilled mothers.
- Charles Murray reviews the trends in non-marital childbearing and marriage and discusses the causal factors behind these trends.
- Hugh Heclo and Larry Mead provide their interpretations of the political process which produced major welfare reform in 1996.

Following these overview chapters, a variety of topical chapters discuss the evidence on program changes and their impacts. Each of these chapters makes specific recommendations for the reauthorization process.

- Ladonna Pavetti and Dan Bloom review the evidence on the impacts of sanctions and time limits.
- Charles Michalopoulos and Gordon Berlin discuss the evidence on how to most effectively provide financial work incentives for the working poor.
- Jason Turner and Thomas Main review the history of work experience programs, the role they play in welfare reform, and the role they should play in a well-designed state welfare program.

- Sheila Zedlewski and Pamela Loprest summarize the evidence on how to most effectively serve highly disadvantaged families with multiple barriers to work.
- Robert Greenstein and Jocelyn Guyer review the changing trends in food stamp and Medicaid use by families leaving welfare and discuss the factors shaping these trends.
- George Borjas discusses the use of welfare among noncitizens and the impact of the 1996 reforms on welfare use by noncitizens.
- Julie Strawn, Mark Greenberg, and Steve Savner discuss arguments for expanding welfare-to-work programs into workforce training and retention programs.

The final set of papers focus on a range of issues that relate to family formation and child well-being.

- Greg Duncan and Lindsay Chase-Lansdale summarize the evidence on the impact of welfare reform on child well-being.
- Wade Horn and Isabel Sawhill discuss policies that could reduce early childbearing, encourage marriage, and reinvolve fathers in their childrens' lives.
- Irwin Garfinkel reviews changes in the child support system and evidence on the impact of these changes.
- Douglas Besharov and Nazanin Samari discuss how states are dealing with child care issues and the impact of child care subsidies on low-income families.
- Lynn Karoly, Jacob Klerman, and Jeannette Rogowski examine the effects of changes in SSI program eligibility among children, immigrants, and the disabled.

Each of these papers are followed by brief comments from an expert, often a person who holds views somewhat divergent from the chapter author(s). These comments help frame the debate that

is likely to emerge during reauthorization.

Recommendations Regarding Reauthorization

As always happens when Congress faces the reauthorization of major legislation, members of Congress, committee staff, interest groups, and social scientists all have changes to suggest. The authors in this volume, for example, propose more than 100 changes in the 1996 legislation. In this section we concentrate on a set of policies that in our judgement meet two criteria: they will play a central role in the reauthorization debate and they are of broad importance to child and family well being. These recommendations reflect the particular viewpoints of Haskins and Blank, and are laid out only briefly. We refer the readers to the following chapters (and their comments) for more extensive descriptions of the evidence and the arguments behind these recommendations.

We come to this discussion with somewhat different perspectives. Haskins is a developmental psychologist and has served as a senior Republican staff member on the House Ways and Means Committee for 14 years. Blank is an economist and recently completed a term as a Member of the Council of Economic Advisers for President Clinton. Our colleagues have no trouble identifying which of us is the conservative and which the liberal. We are, however, both more centrist than many identified with either the right wing or the left wing of the welfare reform debate. And we are both committed to the idea that policy analysis and evaluation should be an important part of legislative decision-making. In some places below we are in agreement and speak with one voice. In other places we disagree and speak separately. There are eleven issues which we address below and believe are crucial for the reauthorization debate.

Funding Level

One of the most important issues in the debate over reauthorization will be the level of funding for the TANF block grant in 2003 and beyond. The TANF block grant is currently funded at \$16.5 billion per year. Congress also authorized more than \$0.5 billion per year for performance bonuses and an annual supplemental payment to states that have low welfare spending per poor person and high population growth. The \$16.5 billion block grant funding level is simply the sum of basic TANF funding received by each state. State block grant levels were calculated as the highest amount of federal money a state received under the old AFDC program in either 1994, 1995, or the average of 1992, 1993, and 1994.

Given that caseloads have declined by half since the block grant funding level was adopted in 1996, it is a safe bet that some members of Congress, especially on the Budget Committees in the House and Senate, will want to substantially reduce the block grant. The rationale, of course, is that if TANF is primarily a cash welfare program, a large reduction in the number of people receiving benefits means that states need less money to maintain their benefit payments. This argument is buttressed by the fact that a number of states have not spend all their TANF dollars. However, the claim that TANF can be cut because the rolls are down betrays a fundamental misunderstanding of the actual program created by Congress. TANF-funded programs in most states are increasingly work-support programs, not just cash assistance programs. States are using TANF funds to provide child care, work training, education and retention programs, earnings disregards (which allow workers to keep some of their welfare benefits when starting in low-wage jobs) and, as discussed below, to address the problems of more disadvantaged women who continue to receive welfare.

The evidence in this volume suggests that most states are using their funds effectively and that there has been a sharp rise in work among less-skilled women (Blank and Schmidt, this volume) and a significant drop in poverty among single mothers and their children (Haskins, this volume), in part because of the 1996 reforms. Cutting TANF dollars would make it hard for states to continue these programs and would threaten the progress the nation is now making in helping single mothers work and in reducing poverty. In addition, the evidence presented by Duncan and Chase-Lansdale (this volume) suggests that states that fund strong work support programs have better child and family outcomes.

Recommendation: Both of us recommend that the TANF block grant funding be maintained at its current level (Blank could even argue for increased dollars) and that an annual inflation adjustment be included.

A major and unanswered question about TANF is how the level of funding should respond to changes in the business cycle. The block grant is a fixed amount. A small contingency fund of \$2 billion is available to supplement block grant payments to states with rising need as measured by unemployment and food stamp enrollment and there are provisions in the TANF program for federal loans to needy states. The ongoing economic expansion since 1996 has created little need for these emergency provisions, but many worry that state TANF programs may not be able to deal well with a recession. Public assistance has always been countercyclical -- a one-point rise in unemployment increased the AFDC rolls by about four percent over the past two decades (Blank, forthcoming). State balanced budget requirements limit states' ability to deficit finance, and a fixed block grant does nothing to offset this problem. The result is that states may have to restrict their employment and public assistance programs at exactly the point when need is rising.

If the current economic expansion continues through the reauthorization debate in 2002, there is likely to be little pressure to deal with the potential problems that might arise in TANF programs during a recession. The 1996 legislation was passed at a particularly fortunate time, in that it encouraged states to build more work-oriented public assistance programs at precisely the moment when the U.S. labor market entered one of its longest and strongest expansions. But it would be unwise to develop programs that work only in an unusually strong economy. The challenge for both the federal government and the states is to develop programs that are financially and programmatically sustainable in times of both more and less rapid economic growth.

Recommendation: We both recommend that Congress consider ways to provide greater cyclicality in the flow of federal funds to state TANF programs. Blank would like to see the block grant amount respond to cyclical indicators (such as state unemployment rates). Haskins believes that maintaining the block grant at its current level with an inflationary adjustment, coupled with an expansion of the loan program for states that need additional funds, will allow states the needed flexibility to handle economic downturns. Both of us agree that the current Contingency Fund provisions need to be revised and strengthened.

Floundering Families

Many women on welfare have multiple barriers to employment such as low skills, family health problems, language difficulties, addictions, histories of domestic violence, or little recent work experience (see Zedlewski and Loprest, this volume). If state TANF programs are to successfully encourage work, they must cope with the problems of more disadvantaged families.

Some of these families need sustained and often expensive assistance to cope with problems of domestic violence, substance abuse, or learning disabilities. Some are unlikely to ever be fully self-sufficient in the labor market, due to health or cognitive limitations. Yet, the evidence suggests that many of these women can and do work, although often at low wages and in short-term jobs. The 1996 legislation allows states to exempt 20 percent of their caseload from the federally-imposed 60-month time limit, and many states may be tempted to deal with the work barriers problem by simply exempting the most disadvantaged families from work requirements. Whether states can and want to do more than just issue exemptions is a test of how thoroughly the goal of work opportunities is pursued.

Recommendation: Blank believes that the current exemption rules are arbitrary and need to be reviewed and changed. Rather than basing exemptions on a rigid share of the caseload, Blank would argue for substantially expanding the exemption options for states. While women facing multiple barriers to work should have incentives and help in moving toward employment, some women may always need some level of ongoing welfare assistance in order to survive economically. Haskins believes maintaining the time limit is important and would not expand the 20 percent exemption limit unless it can be shown that lots of families that are making serious work efforts are losing benefits because states are up against the 20 percent limit. Both of us agree that there are too few programs addressed to the needs of adults with multiple barriers to employment and that Congress should spend more money on research and demonstration programs to help these families.

Problems with Medicaid and Food Stamps.

States have worked hard to reduce caseloads in their TANF programs by moving more women into employment. At the same time, enrollment has fallen in other safety net programs that should have helped cushion the transition to employment. As Greenstein and Guyer (this volume) show, public recognition of and research on this problem for the Food Stamp and Medicaid programs makes it highly likely that enrollment of families leaving welfare in these programs will be an issue in reauthorization.

In most cases, women who leave welfare are in low-wage jobs and should retain their eligibility for food stamps. Indeed, as they replace welfare income with earnings, food stamps ought to help them maintain or improve their standard of living without TANF dollars. Food stamp rolls have fallen by nearly 40 percent since 1994, however, and the evidence shows clearly that a large share of eligible families are not receiving Food Stamps.

In the past, families that qualified for AFDC were automatically eligible for Food Stamps in every state. As the AFDC program has disappeared and been replaced with TANF, it has become clear that the Food Stamp program is not well designed to independently identify and assist eligible families. In addition, application and administrative procedures of the Food Stamp program have not been well adapted to working mothers. Many offices are open only during the day; cases that have regular monthly earnings are difficult to deal with; and earnings must be verified frequently to redetermine food stamp levels. Although recently enacted legislation has improved state flexibility, the quality control system often penalizes those states with large shares of working families in their Food Stamp caseload.

Recommendation: We both agree that the Food Stamp program needs to undergo a

major review so that it can operate independently and more effectively serve working low-income families, especially those not receiving other assistance. Haskins believes that it would be valuable to conduct rigorous evaluations of the effects of giving Food Stamp money to five or more states as a block grant on the condition that certain individuals and families be guaranteed coverage. Blank strongly opposes this recommendation and believes that the individual entitlement to Food Stamps must continue. But she believes that the program needs reform in order to operate effectively as a safety net for working low-income families, including simplifying eligibility rules for working families, changes in the quality control system and greater state flexibility.

Similar problems are occurring with the Medicaid program. Even though children in families leaving welfare continue to be eligible for Medicaid, many of them disappear from the Medicaid rolls. Similarly, many mothers seem unaware of their continuing Medicaid eligibility for up to a year (and more in some states) after leaving welfare. In 1996 and 1997, there was growing concern about falling levels of health insurance coverage among children in ex-welfare families. Medicaid administrations at both the state and federal levels responded to this concern, and data for 1998 and 1999 show that Medicaid enrollment among low-income children has risen in many states. Health insurance among working low-income parents remains low, however. We do not make a recommendation here, but urge that states and the Federal government work together to find more effective ways to provide low-income working adults and children with access to health care.

Family Issues: Illegitimacy and Marriage

Congress was explicit about its concern with high out-of-wedlock birth rates and low marriage rates among low-income families. The very first section of the 1996 law states that three of the goals of the TANF program are promoting marriage, preventing illegitimacy, and encouraging two-parent families. The extent to which these goals have been aggressively pursued by states is likely to be a major issue in the reauthorization debate. Conservatives will argue that states have done too little to pursue these goals in their TANF programs, and that the federal government should put stricter mandates on the states to address these problems programmatically. They will also call for changes in the Illegitimacy Reduction Bonus and the TANF Performance Bonus to target bonus payments on states that implement strong programs and states that achieve results.

It is clear that many observers would just as soon forget about these goals from the 1996 legislation. Liberals largely did not support them from the beginning. But even in states with Republican governors and legislators, there has been little more than rhetorical attention paid to reducing illegitimacy and encouraging marriage in TANF programs. There are three major reasons states have not been more aggressive in implementing programs to reduce illegitimacy. First, out-of-wedlock birth rates have, for the first time in several decades, been steady since about 1994, so states that have done nothing programmatic can still claim success. Second, and perhaps more important for the reauthorization debate, it is not at all clear what programs are effective at reducing nonmarital births and increasing marriage (Murray, this volume; Maynard, 1997). In the absence of rigorous evaluation evidence showing that specific programs can reduce out-of-wedlock births, state human service agencies often don't know what they can do to address these issues programmatically – and don't want to put their agency in the midst of the political controversy that

such issues often arouse. Third, there appears to be a lack of consensus among the states that government should be fighting illegitimacy or promoting marriage.

Recommendation: We disagree on the appropriate federal response to family formation issues, although neither of us believes there are any magic bullet programs that are guaranteed to reduce illegitimacy and increase marriage. Haskins is dubious about the extent to which existing programs can be effective in reducing out-of-wedlock births, but strongly supports funding for demonstration projects (and their rigorous evaluation) that will help define useful programmatic interventions, especially interventions designed to promote marriage. He also believes that the abstinence education program that was part of the 1996 reforms should be refunded and even expanded and that demonstrations of ending eligibility for cash benefits for teen mothers should be encouraged. Blank believes that the research literature strongly suggests that the best way to reduce illegitimacy is to expand the sense of future opportunities available to teenage girls as well as boys. Hence, she thinks illegitimacy rates will fall faster if we can do a better job in our schools and make work pay in the labor market. She would support funding demonstration projects aimed at lowering the teenage birth rates, but until the effectiveness of such programs is shown, she would oppose a Federal mandate that states do more to reduce out-of-wedlock births or encourage abstinence.

Time Limits and Sanctions

Among the most controversial features of the 1996 legislation was the imposition of the 5-year time limit on individuals receiving federal public assistance. Many states have chosen to impose

even shorter time limits. Similarly, the legislation required that states impose sanctions on persons who refuse to engage in work or work-related activities, although it left the details about sanction design to states. As Pavetti and Bloom (this volume) show, these two requirements have come to be viewed as interrelated because many individuals who might at some point be subject to time limits are hitting sanctions at an earlier stage.

After four years of implementation, it is now clear that states make widespread use of sanctions. Thirty-five states use full-family sanctions, meaning that the entire cash benefit can be ended for families that do not meet program requirements. In addition, 19 states eliminate a family's food stamp benefit for failure to meet work requirements.

Although it will be the fall of 2001 before families begin hitting the federal 5-year time limit, as of this writing about 60,000 families (a relatively small number) have already hit the time limit in the states that have time limits shorter than 5 years. Most of those who reached the time limit had their benefits terminated. This is an important finding because many observers doubted that states would actually terminate the benefits of families that reached the time limit. However, the research shows that most families that reach the time limit are working and therefore are not destitute. But what about families that are not working? Careful research in Connecticut (Bloom et al., 1999) and Florida (Bloom et al., 2000) shows that states have sharply different policies and practices on this question. In Connecticut, most families that were meeting all the requirements and reached the time limit without substantial income received benefit extensions. But in Florida most families that reached the time limit were carefully reviewed and determined to be noncompliant and therefore had their benefits terminated.

Blank believes that time limits are the most objectionable part of the 1996 legislation, and are based on the assumption that most people can become entirely self-sufficient within a 5-year period. Evidence on the instability of work and low wages available to most women – especially those with multiple barriers to work -- suggests to her that this is not an accurate assumption (Edin & Lein, 1997). She would remove strict federal time limits entirely; if this is politically infeasible she would instead try to give states much greater discretion in how they are applied.

As we note above, the 20 percent caseload exemption from time limits is a somewhat arbitrary number and Blank would like to give states much more leeway in making decisions about time limit exemptions. Haskins remains strongly supportive of time limits as a way to send the message that public assistance is not a long-term entitlement for anybody. The 20 percent figure was established through a lengthy political process and should not be changed until research shows specific harm associated with the 20 percent limit.

Sanction policy is an important component of TANF-funded programs in all states, although states vary enormously in what sort of sanctions they apply. A major issue that we believe will be increasingly important in the years ahead is the due process procedures around the implementation of both sanctions and time limits. In part because of difficulties in tracking client behavior and in part because of inadequate training by caseworkers, there appear to be many complaints that sanctions and time limits are being applied in a somewhat arbitrary fashion.

Recommendation: Blank favors abolition of the Federal time limit. If this is not feasible, she recommends that states be allowed to stop the federal time-limit clock when families are working 25 or more hours per week and that states should have much more flexibility in offering exemptions. We both recommend that the federal

government maintain close oversight on the process by which states impose and track sanctions and time limits, and that states be given strong incentives to operate fair processes. The federal government should also ensure that careful research is conducted on the characteristics of and what happens to families that lose benefits because of sanctions and time limits.

Work Programs

Most states have designed and implemented strong job placement programs for their welfare clients. All states are in compliance with the federal requirement that a specified percentage of the caseload (40 percent in 2000) must be working or participating in a work program, in large part because states can apply their percentage reduction in the TANF caseload to the work participation requirement. If, for example, if a state has reduced its caseload by 20 percent relative to 1995, its work requirement in 2000 would be 40 percent minus the 20 percent caseload reduction credit or 20 percent. Furthermore, states have been able to meet these work requirements without putting recipients into public sector jobs that states have created. At some point in the future, however, the nation will face higher unemployment rates and less job availability. Even so, public policy should continue sending the message that work is a better option than long-term welfare dependency. This will require making “jobs of last resort” available to recipients who cannot find jobs in the private sector. In addition, states need work programs to help recipients with multiple barriers prepare for the day when they will be able to get a real job outside welfare.

The vision of many of those who strongly supported work requirements during the 1996 debate was that most people on welfare would be working in exchange for their benefits. They envisioned work experience programs, in which women still on welfare work, typically in publicly-

provided jobs. As Turner and Main (this volume) show in their chapter on work experience programs, few states have so far elected to use extensive work experience programs, in part because they have not needed them to meet their caseload work requirements.

Recommendation. Haskins recommends that Congress give states either a requirement or incentives to maintain at least a modest percentage of their caseload, say 10 percent, in work experience programs. Blank would allow states to continue deciding how many mothers should be placed in work-for-your-benefit programs. We both agree that states should be given incentives to experiment with public sector job creation programs. Congress should also encourage states to establish demonstration programs on how to provide work experience to adults with multiple barriers to employment.

Education and Training

Most state welfare-to-work efforts are focused on “work first” programs which move women into jobs as quickly as possible without any major training component. While gaining work experience is clearly important, some women may be able to benefit from additional education or training. Strawn, Greenberg, and Savner (this volume) discuss this issue in more detail. The need for follow-up education and training is likely to become even more acute as women who have moved into work realize that they will not be able to access better jobs at higher wages without more training. Many states, however, find it difficult to place women in education and training programs. These typically do not count against the work requirement, so that a woman in a full-time education program would also have to be working steadily in order to count toward the state’s work requirement.

Recommendation: Blank recommends that states be encouraged to count approved educational or job-training programs that require a substantial time commitment as a valid fulfillment of the work requirement for welfare recipients. Haskins agrees that education and training for job advancement are important, and would use the TANF Performance Bonus to reward states that can effectively help former welfare mothers get better jobs. However, he would not allow education and training to count toward fulfilling the work requirement out of fear of diluting the work requirement. He also believes states already have enough flexibility to put more recipients or workers in training.

Retention and Advancement

Closely linked to welfare-to-work programs and education programs are retention and advancement programs. We discuss retention and advancement as a separate topic because we think it deserves more attention than it has received. Critics who have watched welfare-to-work programs evolve now say that the biggest problem is the lack of attention to follow-through issues once a woman finds a job. Many of these programs focus entirely on that first placement, without attention to retention or advancement over time. As Strawn, Greenberg, and Savner argue in their chapter, if we want women to achieve long-term economic stability and independence, it may be as important to provide assistance with job retention and job advancement as it is to provide assistance with initial job placement. Most of the welfare-to-work programs that have been rigorously evaluated are not concerned with these issues, and hence we have very limited information on what effective retention and advancement programs might look like and what they might accomplish.

Recommendation: We recommend that the federal government provide special grants to states interested in experimenting with retention and advancement programs for low-wage workers. These grants should include a requirement for rigorous program evaluation.

Child Care

Child care issues are likely to be highly controversial in the reauthorization debate. On the one side, conservatives tend to argue that there has been a substantial increase in federal and state funds available for child care, and that there is little evidence of any ongoing problem in this area. Given the large increase in employment among single mothers with young children, these women are obviously finding child care. Besharov and Samari (this volume) discuss this issue further.

On the other side, liberals tend to argue that too little attention is being given to child care issues. The subsidies available to many mothers are quite limited, and they may not be able to use them because they cannot find affordable and conveniently-located child care with available subsidies. Such mothers are forced to rely on a mixture of relatives and friends. Furthermore, the child care settings which low-wage women must use may be of very limited quality, with high children-to-staff ratios and limited early childhood education or stimulation. Increasing interest in after-school care for older children will also add to costs. As Duncan and Chase-Lansdale (this volume) show, the importance of after-school activities for older children is underscored by the finding from several experiments that older children of mothers who leave welfare for work are more likely to engage in problem behavior like drinking or drug use.

Recommendation: Blank believes the child care funding increases in the 1996 law were good but that further increases in federal money available for child care

subsidies are necessary to increase the availability of child care subsidies and to help women find more stable and higher quality care. Similarly, the enforcement of standards in child care quality must be linked to these subsidies – states must demonstrate that their subsidies are adequate to purchase care that meets certain standards. Haskins believes that the substantial increases in child care funding provide much of the money needed, and is wary of further legislation in this area. He opposes federal standards.

Child Support

The child support provisions have turned out to be among the least controversial provisions in the 1996 law. The general themes of the child support reforms were to provide access to new sources of information about noncustodial parents, to streamline and automate child support activities, and to improve enforcement in interstate cases. Above all, the reforms aimed to automate as much of child support as possible. Garfinkel (this volume) discusses these issues further. Although there are no studies that link any of the specific 1996 reforms with improved outcomes, the steady increase in paternity establishment, collections, and other measures of program performance suggest that the child support program is improving.

However, there are at least two important issues that must be addressed during reauthorization. The first issue is the rules for distributing child support to federal and state governments on the one hand or to mothers and children on the other. Under current law, states may retain child support payments while the mother is on welfare to repay taxpayers for the costs of welfare. (The AFDC program required states to pass through a minimum of \$50 in child care payments to the mothers, but allowed them to retain the rest.) In addition, once the mother leaves

welfare, approximately half the payments on overdue child support can also be retained by government. In the 106th Congress, the House passed, on a striking vote of 405 to 18, legislation that would have provided more of these funds to mothers and children. This legislation or similar legislation is certain to be introduced early in the 107th Congress and to become a part of the welfare reauthorization debate. The question is whether Congress wants most child support payments to go to government or to mothers and children. We think Congress is likely to select mothers and children and to include this reform in the welfare reauthorization legislation.

A second and very serious problem that should be considered during reauthorization is that the basic financing of the child support program is in jeopardy. The average state finances about 30 percent of its program by retained collections from current or former welfare cases. However, the rapid decline in welfare rolls means that this source of income is also dropping rapidly. In the long run, if the welfare rolls remain low, nearly every state is going to have to consider new ways of financing its child support program. States are already asking for more federal funding, but federal legislators can be expected to argue that states should pick up the major burden of new financing needs.

Recommendation: Both of us would provide federal financial incentives for states to provide more child support payments to mothers who leave welfare. In addition, Blank would mandate that states pass through at least the \$50 required under the AFDC program (while the mother is still on welfare). Congress should fund studies that propose and evaluate new methods of financing child support enforcement.

Noncitizens

The provisions that imposed substantial restrictions on welfare for noncitizens, including the ban on welfare for noncitizens who arrive in the U.S. after August 22, 1996, were among the most controversial parts of the 1996 legislation. Although the Balanced Budget Act of 1997 restored some of these benefits, the ban on assistance to new entrants to the U.S. is still national policy. As a result, immigrant and child advocacy groups will make a major effort to change the August 22, 1996 dividing line, probably by aggressively pushing a proposal to provide Medicaid to children and pregnant women who enter the country after August 22, 1996. Borjas (this volume) discusses the evidence on the effects of the 1996 reforms on benefit use by noncitizens in detail.

Like the country, we are divided on this issue. Haskins believes the ban on welfare benefits for noncitizens, which was U.S. policy for nearly a century after welfare restrictions were first imposed in the 1880s, is reasonable and fair. People should come to America for opportunity and freedom, not to participate in welfare programs. The 1996 legislation provides reasonable exceptions to the ban on benefits. These include requiring noncitizens to have sponsors who are legally required to provide assistance if the noncitizen becomes destitute; allowing exceptions for medical emergencies, communicable diseases, natural disasters, and child abuse; and permitting participation in means-tested education and training programs that noncitizens can use for self improvement. Moreover, once aliens become citizens, they become eligible for welfare benefits on the same basis as natives. In Haskins' view, the restrictions on welfare for aliens are necessary because experience shows that they are even more likely than citizens to use welfare if there are no restrictions; because American taxpayers should not be responsible for paying welfare benefits, except under emergency conditions, to families that come to American for opportunity; and because

not providing welfare to new entrants can, in the long run, ensure that only aliens truly interested in opportunity and personal freedom come to America.

Blank strongly disagrees with banning noncitizens who have legally entered the country from all forms of public assistance. She agrees with the enforcement of sponsorship agreements, so that sponsors are financially responsible for noncitizens. But there are some forms of public assistance that should be available to all legal U.S. residents. In particular, access to Medicaid and to the food stamps should be available even to noncitizens. Access to SSI should be available to those who become disabled after entering this country. It is unacceptable that some U.S. residents should be hungry or unable to receive basic medical care. Limiting access to these programs has negative consequences not only for the noncitizens, but also for the larger society.

Recommendation: Haskins would retain the provisions that exclude (with some exceptions) noncitizens from public assistance. Blank would change the 1996 provisions to allow noncitizens access to Medicaid and food stamps.

Overall Comments on Recommendations

The eleven areas outlined above are all likely to be areas of debate and discussion within the reauthorization debate. We are struck by how many areas of agreement we have, which suggests that there may be bipartisan support for some of these recommendations. On the other hand, there are clearly some key areas of disagreement around time limits, food stamp changes, fertility and marriage provisions, child care, and noncitizen access to benefits. These will be hotly debated.

One issue that is likely to arise in the reauthorization debate is whether lower poverty rates ought to be added as an explicit goal of the 1996 legislation. More liberal groups are particularly likely to want to focus public attention on the anti-poverty effects of these program changes, and to

reward states that reduce poverty rather than rewarding states only for caseload reductions. Blank would strongly support these efforts.

We want to underscore that the resolution of these issues will depend on the larger political and economic environment facing Congress in 2001 and 2002. If the divisiveness of the recent Presidential election continues to be played out in Congress, welfare reform may become one of the symbolic issues which Republicans and Democrats use to stake out their rhetorical ground. Under these circumstances, the reauthorization debate and vote will be much more partisan. The economic outlook in 2002 will matter as well. If states face an economic slowdown, it will be easier for Congress to maintain funding in the TANF block grant and efforts to emphasize job retention and public sector job placement will be boosted.

Finally, we note one fundamental change that occurred in the 1996 legislation which we think will not be seriously challenged – the devolution of welfare program authority to states. States have made a major investment over the past five years in designing and implementing their own set of TANF-funded programs. The benefits and costs of devolution should and will be discussed during reauthorization. In some states, current programs are unambiguously better than the old AFDC program. In other states, programs are too focused on removing people from welfare rather than helping them to become economically self-sufficient. Blank believes there are more of the latter states than Haskins does. But regardless of how we view the substantial devolution of power and responsibility for social programs to states, neither of us believes that returning major authority for designing cash welfare to the federal government will be on the table during reauthorization. States are not willing to give back the authority they were granted in the 1996 legislation.

Conclusion

Welfare reform has been one of the most closely watched legislative changes of recent decades. There is enormous interest in what states are doing and how well the new TANF programs are functioning. The jury is still out on the long-term impacts of these changes, but nobody doubts that they have fundamentally altered the public assistance system in this country as well as the expectations of those who apply for cash welfare.

This volume summarizes what we know almost five years after the 1996 legislation. The chapters describe the major program and behavioral changes that have occurred. They set the stage for the reauthorization debate and point to key areas in which further legislative changes may or may not be useful. But they go beyond a simple discussion that prepares for reauthorization. They are an assessment of where we are as a nation on the issues of welfare, poverty, and work

and how we have come to this place over the past five years. As such, this volume can inform not only the reauthorization debate at the federal level, but also the much more focused programmatic debate within states, as states continue to fine-tune and experiment with their public assistance programs. We are quite confident that many of the issues raised in this chapter and in this volume are not going to be finally settled in the reauthorization debate, but will continue to create controversy, debate, and program experimentation in the decades ahead.

References

- Blank, Rebecca M. Forthcoming. "What Causes Public Assistance Caseloads to Grow?"
Journal of Human Resources.
- Bloom, Dan, Mary Farrell, James J. Kemple, and Nandita Verma. 1999. *FTP: The Family Transition Program: Implementation and three-year impacts of Florida's initial time-limited welfare program*. New York: Manpower Demonstration Research Corporation.
- Bloom, Dan, Laura Melton, Charles Michalopoulos, Susan Scrivener, & Johanna Walter. 2000. *Jobs First: Implementation and early impacts of Connecticut's welfare reform initiative*. New York: Manpower Demonstration Research Corporation.
- Committee on Ways and Means. 1998. *1998 Green Book: Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*. U. S. Government Printing Office.
- Edin, Kathryn, and Laura Lein. 1997. *Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work*. Russell Sage.
- Maynard, Rebecca. 1997. "Paternalism, teenage pregnancy prevention, and teenage parent
The New Paternalism: Supervisory Approaches to Poverty, edited by
Larry M. Mead. Washington, DC: Brookings.
- Murray, Charles. 1984. *Losing Ground: American Social Policy 1950-1980*. Basic Books.
- Research Forum on Children, Families, and the New Federalism. 2001. *Research Perspectives: Past, Present, and Future*. New York: Author.
- U.S. General Accounting Office. 1995. *Social Security: New functional assessments for*

children raise eligibility questions, GAO/HEHS-95-96. Author.

Table 1

Major Provisions in the 1996 Welfare Reform Law,
Annual Funding, and Whether Funding Is Assumed in the Baseline

Name	Description	Funding	Funding in Baseline?
Title I: Temporary Assistance for Needy Families			
Basic TANF Grant	Block grant to states to help needy children, to reduce nonmarital births, and for other purposes	\$16.5 billion annually, FY1996-FY2002	Yes
Illegitimacy Bonus	Bonus grant to reward up to five states for greatest reduction in out-of-wedlock birth rates	\$100 million annually, FY1999-FY2002	Yes
Performance Bonus	Bonus grant to reward high performance by states for attaining goals of TANF	\$1 billion for FY1999-FY2003; Average annual bonus grants are \$200 million	Yes
Population and Poverty Adjustor	Supplemental grant (of up to 2.5% of family assistance grant) for 17 qualifying states with above-average population growth and low (FY 1994) federal welfare spending per poor person	Up to a total of \$800 million for FY1998-FY2001	No
Contingency Fund	Matching grants for needy states	Such sums as needed for FY1997-FY2001, up to a total of \$2 billion. This original ceiling was reduced by \$40 million by P.L. 105-89	No
Indian Tribes	Grants for Indian Tribes and Alaskan Native organizations that operated their own work programs before TANF	\$7.6 million annually, FY1997-FY2002	Yes
Territories	Matching grants to Puerto Rico, Guam, the Virgin Islands and American Samoa for TANF and foster care and adoption assistance programs	Such sums as needed annually for FY1997-FY2002 (about \$116 million for TANF, Title IV-E, and aid to the aged, blind, and disabled in all the territories)	Yes
Loan Fund	Interest-bearing loans for state welfare programs. Total amount of loans made to a state during FY1997-FY2002 limited to 10% of	Appropriates such sums as needed for the cost of the loans, with no specified years. Limitation of 10% of state	N/A

Basic TANF Grant	Block grant to states to help needy children, to reduce nonmarital births, and for other purposes the state's family assistance grant	\$16.5 billion annually, FY1996-FY2002 family assistance grant applies to FY1997-FY2002. Total amount of loans outstanding may not exceed \$1.7 billion	Yes
Transitional Increased Federal Matching for Increased Medicaid Administrative Costs	Funds provided to states to compensate for increased costs of computing Medicaid eligibility for needy families	\$500 million total without fiscal year limit	No
Research: Census Bureau	Census Bureau study to evaluate impact of TANF on random national sample of recipients and other low-income families	\$10 million annually, FY1996-FY2002	No
Research by HHS on effects, costs, and benefits of state TANF programs	Funds for DHHS to use to evaluate and conduct research on welfare reform	\$15 million annually, FY1997-FY2002	No

Title II: Supplemental Security Income

SSI is a permanently authorized entitlement program. The amendments made in 1996 are permanent and do not require reauthorization. The most controversial amendments restricted benefits for children and are having an ongoing impact that reduces federal spending every year relative to the spending that would have occurred without the 1996 reforms. Congress does not need to take any action during welfare reauthorization in order for the SSI program to continue operating as it does under current law.

Title III: Child Support Enforcement

Child Support Enforcement is a permanently authorized entitlement program. All of the amendments made in 1996 are permanent. Congress does not need to take any action during welfare reauthorization in order for the Child Support Enforcement program to continue operating as it does under current law.

Title IV: Restricting Welfare and Public Benefits for Aliens

The amendments that restrict alien eligibility for welfare benefits are permanent, free-standing provisions of law. Congress does not need to take any action during welfare reauthorization in order for these provisions to continue operating as under current law

Title V: Child Protection

This title made modest amendments in Title IV-B, Title IV-E, and section 1123 of the Social Security Act. These changes are permanent and require no reauthorizing action by Congress, although subpart 2 of Title IV-B must be reauthorized by the end of 2001. This title also authorized an important study of abused and neglected children as follows:

National Random Sample Study of Child Welfare	Funds to conduct a longitudinal study of children with confirmed cases of abuse or neglect	\$6 million per year, FY1996-FY2002	No
---	--	-------------------------------------	----

Title VI: Child Care

The child care amendments in the 1996 welfare reform law were made to the Child Care and Development Block Grant (CCDBG) of 1990 and are a permanent part of the CCDBG. However, the CCDBG itself must be reauthorized in 2002.

Child Care: Discretionary	The Child Care and Development Block Grant contains both discretionary funds that require an annual appropriation and entitlement funds that require no annual appropriation	\$1 billion authorized annually, FY1996-FY2002	N/A (annual appropriation)
Child Care: Entitlement	The Child Care and Development Block Grant contains both discretionary funds that must be appropriated annually and entitlement funds that require no annual appropriation	Entitlement funding increases from \$1.967 billion in 1997 to \$2.717 billion in 2002; after 2002, the baseline amount is \$2.717 billion annually	Yes

Title VII: Child Nutrition

The child nutrition program is authorized through 2003.

Title VIII: Food Stamps and Commodity Distribution

Food Stamp Employment and Training Program	Funds for States to operate training and employment programs for food stamp recipients	Reserves for allocation to State agencies specific amounts for FY1996-FY2002; about \$220 million in grant funds plus additional funding at 50% federal contribution	Yes
Food Stamps	Provides coupons to purchase food to needy families	Authorizes general Food Stamp appropriations through FY2002 without specific dollar limits on appropriations or spending	Yes
Availability of Commodities under the Food Stamp Program	Funds for the Federal government to purchase commodities for distribution to States	For FY1997-FY2002, mandates funding of \$100 million annually for the Emergency Food Assistance Program.	Yes

Title IX: Miscellaneous

This title contained 12 provisions. All except Abstinence Education were permanent provisions of law and do not need to be reauthorized by Congress. The particulars on reauthorization of the abstinence education provision follow:

Abstinence Education Grants	Grant funds distributed to states to conduct programs teaching abstinence to children	\$50 million annually, FY1998- FY2002	No
--------------------------------	---	--	----

Note. If funding is not assumed in the baseline, then Congress must find a revenue offset for the provision. If funding is assumed in the baseline, Congress can save money and use it for other purposes by not reauthorizing the provision or by reauthorizing it at a level below that assumed in the baseline.