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Welfare Reauthorization in the 109th Congress: An Overview

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January 23, 2007

Abstract. On December 20, 2006, the Tax Relief and Health Care Act of 2006 was signed into law (P.L. 109-432), continuing funding for the abstinence-only education block grant (at an annual \$50 million rate) and program authority for Transitional Medical Assistance (TMA) through June 30, 2007. Earlier, the Deficit Reduction Act of 2005 (P.L. 109-171, S. 1932), a budget spending reconciliation bill signed into law February 8, 2006, included a scaled-back version of welfare reform reauthorization. The act extended funding for the basic Temporary Assistance for Needy Families (TANF) block grant through FY2010, increased the percentage of TANF families who will be required to participate in work or work activities, increased funding for child care, revised the Child Support Enforcement program, and established healthy marriage promotion grants and responsible fatherhood initiatives.

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CRS Report for Congress

Welfare Reauthorization in the 109th Congress: An Overview

Updated January 23, 2007

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Prepared for Members and
Committees of Congress

Welfare Reauthorization in the 109th Congress: An Overview

Summary

Enactment of the Deficit Reduction Act (DRA) of 2005 (P.L. 109-171, S. 1932) on February 8, 2006 concluded a four-year saga of legislative attempts to reauthorize Temporary Assistance for Needy Families (TANF) and related programs. The original 1996 TANF law authorized five years of funding, through September 2002. Between October 1, 2002 and the DRA's passage, the program operated under a series of 12 "temporary extension" measures. Efforts to pass comprehensive free-standing welfare legislation during that period failed to reach fruition.

Instead, a scaled-back version of welfare reauthorization legislation was ultimately included in broader budget spending reconciliation legislation. The DRA of 2005 extends and maintains the basic TANF block grant at a funding level of \$16.5 billion annually through FY2010; increases the share of TANF families required to participate in work activities; increases child care funding by \$200 million per year over the FY2005 level of \$2.7 billion, for FY2006-FY2010 (i.e., a total increase of \$1 billion); provides federal cost-sharing for child support passed through to TANF and former TANF families, but prevents federal matching of child support incentive payments reinvested in the program; provides up to \$100 million per year in demonstration grants for the promotion of "healthy marriages"; and establishes \$50 million per year for "responsible fatherhood" initiatives.

The Administration originally proposed its welfare reauthorization plan in February 2002. The debate that ensued was dominated by controversy over child care funding levels and the Administration's proposed changes to TANF work participation standards. The reauthorization debate also reflected a renewed focus on noncustodial parents (usually fathers) and on family formation issues. The DRA includes responsible fatherhood initiatives and a scaled-back version of the President's initiative to promote healthy marriages.

The DRA ultimately included the same child care funding increase that was proposed in earlier House-passed welfare reauthorization measures in 2002 and 2003 (\$1 billion in additional mandatory child care funding over five years). In the 108th Congress, legislation introduced in the Senate likewise proposed a \$1 billion increase over five years (down from the \$5.5 billion increase approved by the Senate Finance Committee in the 107th Congress); however, Senator Snowe led efforts pressing for a larger increase. The bill approved by the 109th Congress's Finance Committee (S. 667) reflected those efforts, with a proposed increase of \$6 billion over five years. However, S. 667 was one of the free-standing welfare measures that was not taken up by the full Senate, and the child care funding increase was set at \$1 billion in the final passage of the DRA.

With respect to the work requirement issue, while the DRA requires states to increase the share of their families participating in TANF work activities, it does not include the Administration's original proposal to set a 40-hour workweek standard or revise the activities that count toward it. This marks the final version of this report; it will not be updated.

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Welfare Reauthorization in the 109th Congress: An Overview

Final Developments

On December 20, 2006, the Tax Relief and Health Care Act of 2006 was signed into law (P.L. 109-432), continuing funding for the abstinence-only education block grant (at an annual \$50 million rate) and program authority for Transitional Medical Assistance (TMA) through June 30, 2007. Earlier, the Deficit Reduction Act of 2005 (P.L. 109-171, S. 1932), a budget spending reconciliation bill signed into law February 8, 2006, included a scaled-back version of welfare reform reauthorization. The act extended funding for the basic Temporary Assistance for Needy Families (TANF) block grant through FY2010, increased the percentage of TANF families who will be required to participate in work or work activities, increased funding for child care, revised the Child Support Enforcement program, and established healthy marriage promotion grants and responsible fatherhood initiatives.

Background

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

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

Table 1 shows various social and economic indicators for the post-welfare reform period. The period following welfare reform saw the cash welfare caseload plummet and child poverty rates drop to levels not seen since the 1970s. Employment of single mothers increased dramatically. Progress was more muted, or could be less tied to changes in policy, on a number of other fronts. The rate at which teenagers gave birth declined, but that was a continuation of a trend that became evident before the mid-1990s. The percent of children born out of wedlock continued to increase, though at a rate slower than during previous periods. Further, much of the progress occurred during the period 1995 to 2000. In 2001, the economy entered a recession. National caseloads remained steady for the 2001-2004 period (they had begun to decline again in 2005, which is not shown in the table). Employment (in 2004) of single mothers is down from its historical high in 2000, although is still higher than its 1995 level. The number of children living in families headed by a married couple decreased slightly from 2000 to 2003. Child poverty rates increased again from 2000 to 2004.¹

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

¹ For more discussion of these trends, see CRS Report RL32682, *Children in Poverty: Profile, Trends, and Issues*, by Vee Burke, Thomas Gabe, and Gene Falk; and CRS Report RL30797, *Trends in Welfare, Work, and the Economic Well-Being of Female-Headed Families with Children, 1987-2004*, by Thomas Gabe.

Table 1. Economic and Social Indicators, Selected Years

	Change (for rates, percentage point change is shown)				
	1995	2000	2004	1995-2000	2000-2004
Cash welfare					
Cash welfare caseload (monthly average, millions of families)	4.8	2.3	2.2	-2.5	-0.1
Cash assistance spending (federal and state, billions of \$, fiscal years)	\$21.9	\$11.2	\$10.4	-\$10.7	-\$0.8
Child poverty					
Child poverty rates	20.2%	15.6%	17.3%	-4.6	1.7
Related children in poverty (millions)	14.0	11.0	12.5	-3.0	1.5
Employment of single mothers					
Percent of single mothers employed	64.0%	75.5%	72.0%	11.6	-3.5
Percent of single mothers with a child under age 6 employed.	52.5%	69.1%	63.8%	16.6	-5.3
General Economic Indicators					
Unemployment rate	5.6%	4.0%	5.5%	-5.6	1.5
Employment (total nonfarm payrolls, in millions)	117.3	131.8	131.5	14.5	-0.3
Percent of children born out-of-wedlock	32.2%	33.2%	35.8%	1.0	2.6
Teen birth rate (per 1,000 female teens aged 15-19)	56.0	47.7	41.1	-8.3	-6.6
Percent of children living in married couple families (March of each year)	72.9%	72.9%	71.1%	0.0	-1.8

Source: Congressional Research Service (CRS).

Welfare Reauthorization Legislation

The original funding authority for TANF, mandatory child care, and state grants for abstinence education provided in the 1996 welfare law expired at the end of FY2002 (September 30, 2002). President Bush submitted his welfare reauthorization proposals to Congress in February 2002. Though Congress debated welfare legislation throughout the three years 2002 through 2004, no final action was taken on a long-term reauthorization during the 107th and 108th Congresses. While reauthorization legislation remained stalled, Congress passed measures to provide stop-gap funding for the welfare programs, and such was the case through 2005. As in previous years, efforts to pass comprehensive free-standing welfare legislation in the first session of the 109th Congress were unsuccessful. However, a scaled-back version of welfare reauthorization legislation was ultimately included in broader budget spending reconciliation legislation, the Deficit Reduction Act of 2005 (P.L. 109-171).²

² For more discussion of the Deficit Reduction Act, see CRS Report RS22369, *TANF, Child Care, Marriage Promotion, and Responsible Fatherhood Provisions in the Deficit* (continued...)

In crafting the DRA (S. 1932/P.L. 109-171), only one of the chambers initially included welfare reauthorization provisions in reconciliation legislation. The Senate-passed version of S. 1932 contained no welfare-related provisions prior to conference. The House, on the other hand, adopted as part of its initial budget reconciliation bill select reauthorization proposals that had been approved earlier by the Ways and Means Human Resources Subcommittee and the Education and Workforce Committee as part of H.R. 240, a welfare bill. Although the full Senate had failed to act on welfare reauthorization legislation prior to assembling and considering the DRA, early in the 109th Congress, the Senate Finance Committee did approve a welfare reauthorization measure (S. 667).

Funding the TANF and Child Care Block Grants

The 1996 welfare law converted and consolidated several federal-state matching grant programs into the TANF and child care block grants. Most TANF funding is provided in a fixed, basic annual grant of \$16.5 billion (50 states and D.C). This amount represents the peak federal contribution made to pre-TANF programs in the mid-1990s. The basic block grant is fixed; it neither increases nor decreases with changes in the cash assistance caseload. Moreover, it is not adjusted for inflation.³ The child care block grant has two major parts: (1) discretionary funding, which is determined in annual appropriations; and (2) mandatory funding, with appropriations found in the 1996 welfare reform law. The 1996 law included gradual increases in mandatory child care funding. Total child care funding has been essentially flat since FY2002.⁴

Table 2 compares the TANF, child care, and Transitional Medicaid⁵ funding provisions included in the Deficit Reduction Act of 2005 with the House-passed reconciliation measure⁶, and S. 667 as reported from the Senate Finance Committee.⁷

² (...continued)

Reduction Act of 2005 (P.L. 109-171), by Gene Falk.

³ For more information on TANF funding, see CRS Report RL32748, *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on Financing and Requirements for State Programs*, by Gene Falk.

⁴ For more information on the CCDBG, see CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding*, by Melinda Gish.

⁵ For a discussion of Transitional Medicaid, see CRS Report RL31698, *Transitional Medical Assistance (TMA) Under Medicaid*, by April Grady.

⁶ Most provisions in the House-passed reconciliation bill were identical to provisions in H.R. 240 with some exceptions: the House-passed reconciliation bill proposed \$0.5 billion in additional child care funds over five years, whereas H.R. 240 proposed \$1 billion; the reconciliation bill eliminated all TANF bonuses, whereas H.R. 240 would have retained a \$100 million per year bonus for employment achievement; and the reconciliation bill had \$100 million per year for marriage promotion, whereas H.R. 240 proposed \$200 million per year. There were other differences between the House-passed reconciliation bill and H.R. 240 in funding child support and responsible fatherhood initiatives.

⁷ For a detailed comparison of these comprehensive welfare provisions, see CRS Report (continued...)

As mentioned earlier, the Senate did not include comparable provisions in its reconciliation measure prior to conference, nor did it pass a free-standing welfare bill earlier in the session.

Table 2. Summary of Funding Provisions

	House-Passed Budget Reconciliation Bill	S. 667 (as reported by the Senate Finance Committee, S.Rept. 109-51)	Deficit Reduction Act of 2005 (as enacted, P.L. 109-171)
Basic TANF block grant	Extend basic TANF block grant through FY10 at current levels (\$16.5 billion per year).	Same as the House-passed budget reconciliation bill.	Same.
Supplemental TANF grants	Extend supplemental grants at \$319 million per year through FY09 only.	Same as House reconciliation bill.	Extend supplemental grants only through FY08.
Marriage promotion grants	Fund \$200 million per year in marriage promotion grants. Reduce TANF bonuses from \$300 million per year to \$100 million per year.	Same as House reconciliation bill. (Note: TANF bonuses are further reduced to pay for responsible fatherhood grants.)	Up to \$100 million per year in marriage promotion grants. (Another \$50 million per year is set aside for responsible fatherhood initiatives.) All TANF bonuses (\$300 million) eliminated.
Mandatory child care funding.	Provide an additional \$0.5 billion over five years (FY2006-FY2010).	Provide an additional \$6 billion over five years (FY2006-FY2010). The cost is partially offset by changes to the earned income tax credit (EITC) and child tax credit.	Provide an additional \$1 billion over five years (FY2006-FY2010).
Transitional Medical Assistance (TMA)	No provision.	Extend 12-month TMA for five years and allow states to waive reporting requirements. FY2005-FY2010 cost: \$4.2 billion.	Extend 12-month TMA for one year (through Dec. 31, 2006). P.L. 109-432 further extended TMA through June 30, 2007.

Source: Congressional Research Service (CRS).

⁷ (...continued)

RL33157, *Welfare Reauthorization: A Side-By-Side Comparison of Current Law and Pending Welfare Reauthorization Proposals*, by Gene Falk, Melinda Gish, Carmen Solomon-Fears, and Emilie Stoltzfus.

Note that while the basic TANF block grant is extended and maintained at the annual amount of \$16.5 billion until FY2010 under the DRA (P.L. 109-171), TANF supplemental grants are extended for only three years. Further, previous welfare reauthorization proposals had included \$200 million per year in grants for healthy marriage promotion — \$100 million per year for matching grants to states and tribes and a second \$100 million per year in research and demonstration funding controlled by the Secretary of Health and Human Services (HHS). The Deficit Reduction Act scales back funding for healthy marriage promotion to \$100 million in research and demonstration funding. An additional \$50 million in mandatory funding is for responsible fatherhood initiatives. All existing TANF bonuses — a High Performance Bonus based on states' progress toward meeting the block grant's goals (\$200 million per year) and a bonus for reducing out-of-wedlock pregnancies (\$100 million per year) — are eliminated.

The level of mandatory child care funding has been a contentious point of debate over the past four years. The Congressional Budget Office (CBO) has estimated that to maintain the current level of child care subsidies over the five years covered by the DRA — that is, to maintain current child care caseloads and average subsidy levels *and* keep pace with inflation — a total of \$4.8 billion in extra federal or state funds would be needed. The current child care caseload includes families on the cash welfare rolls, as well as other low-income working families. In FY2001, only one in five families aided by the child care block grant received TANF cash assistance — the other four families were either former TANF families (in the transition from welfare to work) or were working poor families without a connection to the cash welfare program.

The Deficit Reduction Act includes an increase of \$200 million per year (from \$2.717 billion to \$2.917 billion per year) in federal mandatory child care funding, or a total increase of \$1 billion over five years. The increase reflects twice that proposed earlier in the House-passed budget reconciliation bill (\$0.5 billion), mirroring the funding level passed by the House in welfare reauthorization measures of both 2002 and 2003. The \$1 billion increase stands in contrast to the proposed increase of \$6 billion over five years included in the bill reported out of the Senate Finance Committee early in 2005 (S. 667).⁸

The Deficit Reduction Act's \$1 billion in additional federal child care funds requires state matching. This "leverages" some additional state dollars for each new federal child care dollar. If states draw down the full \$1 billion, approximately \$0.8 billion in state child care funds will also be expended, bringing the total new federal and state spending for the child care block grant to about \$1.8 billion.

⁸ In 2003, the Senate Finance Committee approved a welfare reauthorization bill (H.R. 4) that included \$1 billion in additional child care funding. However, during the committee mark-up of that legislation, Senator Snowe shared her intent to offer an amendment for a greater child care funding increase if and when the bill was brought to the Senate floor. In March of 2004, H.R. 4 did indeed reach the Senate floor for debate, and Senator Snowe's amendment to provide an additional \$6 billion in child care funding (above the \$1 billion already included in the underlying H.R. 4) was offered and approved by a vote of 78-20. However, following the vote on the amendment, the Senate failed to resume consideration of H.R. 4 for the remainder of the 108th Congress.

However, the \$1.8 billion in total new federal and state child care funds is estimated to be insufficient to maintain current caseloads and average child care subsidies, and to keep pace with inflation as projected by the CBO. In addition, the Deficit Reduction Act has TANF work provisions (see below) that, beginning in FY2007, are likely to substantially increase the share of TANF families that will be required to work or participate in job readiness activities. This, too, is likely to increase the demand for child care subsidies.

The child care and TANF block grants do not entitle families to child care subsidies. Therefore, states could respond in a number of different ways (or combination of ways) to inflationary pressures and the likely increase in the demand for child care subsidies caused by stricter TANF work participation requirements:

- **Increase funding from other sources, particularly TANF.** TANF has been a major contributor of child care funds, the second-largest spending category next to cash assistance within TANF. States could allocate more TANF spending to child care. However, a number of factors are likely to limit TANF's ability to contribute more child care funds, specifically: (1) the block grant will remain frozen at the same levels as it was in FY1997 (\$16.5 billion) and inflation continues to erode the purchasing power of those dollars; (2) the DRA will have the likely effect of increasing the percentage of TANF families that will have to participate in work activities, increasing the TANF work costs in addition to child care costs; and (3) allocating additional funding to child care would mean cutting back on other initiatives that have been funded with TANF dollars, for instance TANF's contribution to funding child welfare benefits and services for children who have been subject to, or are at risk of, abuse, neglect, or family breakup.
- **Target more child care dollars to families receiving cash assistance.** As discussed above, in FY2001 only one in five families receiving subsidies under the child care block grant received cash assistance. To meet the higher child care costs due to the increase in TANF work participation standards, states could target more child care dollars to families on TANF assistance, reducing spending on subsidies for other low-income ("working poor") families.
- **Restructure child care subsidies to reduce their average costs.** Under both block grants, states determine subsidy levels and how much a family has to contribute from their own income (co-payments). These rules can be restructured to reduce the average child care subsidy per family.

TANF Work Requirements

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

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

Most states have generally adopted a “work-first” approach to implementing their programs, emphasizing rapid entry into the labor force through up-front job search. Evaluations of such programs indicate that they do increase employment and reduce welfare receipt. However, these programs have generally not been found to raise the incomes of participants. Further, TANF data show that participation in activities is not universal. In FY2004, states reported that of about 1.4 million adult recipients of cash assistance, 57% were not working or in a job preparation activity for a month. (Note that these adults are not *reported* in an activity. States may underreport activity that is not countable toward TANF work participation standards.)

1996 Law Work Participation Standard

Nominally, the 1996 TANF law set a participation standard that requires 50% of families with an adult to be engaged in work. A separate standard of 90% applies to the two-parent component of the caseload. However, the actual participation standards states face are usually far lower than the nominal participation standards. TANF law provides a “caseload reduction credit,” which reduces the 50% standard by one percentage point for each percent decline in the cash assistance caseload that occurred since FY1995 (pre-welfare reform). Many states have had large caseload declines, and in FY2004 there were 19 states with declines of 50% or more, reducing the effective (after credit) standard to 0%. On average, the FY2004 national work participation rate was 32%.⁹

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

⁹ For more information on TANF see CRS Report RL32760, *The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions*, by Gene Falk.

Revisions to TANF Work Participation Standards

The 2002 Bush Administration welfare reauthorization proposals envisioned a substantial rewrite of the TANF work participation standards. The participation standard would have been raised from 50% to 70%; the caseload reduction credit would have been replaced with a credit for employed welfare leavers; families would have had to participate 40 hours per week; and, except for a three month period allowed for recipients to focus solely on job search and short-term training, a minimum of 24 hours per week in work or workfare would have been required for states to receive credit for a family's participation.

The House passed a slightly modified version of the Administration's work proposal three times — in 2002, 2003, and in the House-passed version of the budget reconciliation bill in 2005. Three times (in 2002, 2003, and S. 667 in 2005) the Senate Finance Committee reported different modifications to the work rules, though none of these proposals passed the full Senate. The Finance Committee approach was to generally expand the activities that count toward the participation standards, in part by increasing the amount of education that would have been countable under TANF work standards.

The Deficit Reduction Act does not overhaul TANF work participation standards. It retains the current 50% and 90% standards, current rules for the minimum hours that count toward the participation standard, and current list of activities that are creditable for work participation. However, the Deficit Reduction Act makes the following changes:

- **The caseload reduction credit is revised, so that work participation standards are reduced only for caseload reductions that occur from FY2005 into the future.** This is effective beginning in FY2007. Thus, absent further caseload declines, a state will face a 50% TANF work participation standard in contrast to the much reduced standards they would have faced under prior law.
- **Will count families in state-funded “Separate State Programs” (SSPs) in the work participation rate calculation.** Under current law, states may assist TANF-like families in state-funded programs, and count spending in those programs toward the TANF state spending requirement (known as the “maintenance of effort” or MOE). Families in SSPs are not counted in the work participation rates. The DRA provides that, beginning in FY2007, families in SSPs are to be included in the participation rate calculation. This prevents states from increasing their participation rate simply by moving nonparticipating families into SSPs.
- **Requires HHS to develop regulations to define work activities and standards for verifying work participation.** A 2005 Government Accountability Office (GAO) report found that the lack of uniformity in work definitions and procedures for verifying participation means “there is no standard basis for interpreting states’ [work participation] rates, and the rates cannot effectively be

used to assess and compare states' performance.”¹⁰ The DRA requires HHS to define TANF work activities, types of families that are subject to work requirements, and standards for verifying worker participation. HHS issued these regulations on June 29, 2006.¹¹ The regulations define each of the 12 TANF work activities¹²; require that activities be supervised (for education and training, often on a daily basis); exempt families where an adult must care for a disabled member from the work requirements, but include families with a sanctioned adult or one removed from the assistance “case” because of a state time limit in the participation rate calculation; and require states to submit plans for verifying work activities.

These changes are likely to increase required participation standards significantly for states. The national average work participation rate in FY2004 was 32% — so requiring 50% of families to participate requires states to significantly boost their participation.¹³

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

In 2004, children in families headed by a single mother had a poverty rate of 41.9%, compared with a rate of 8.9% for children in families headed by a married couple. The majority of poor children (in 2004, 57.2% of all poor children in families) live in families headed by a single mother. Welfare-to-work initiatives have focused on getting such single mothers into the workforce. While there has been a sharp increase in work among single mothers, many single mothers and their children remain poor. The fifth annual TANF report states “*welfare reform has been very successful at getting a significant portion of cases into the workplace and into second and sometimes third jobs, but it has been less effective in keeping them employed full-time and in achieving substantial wage or career growth.*” The sixth annual TANF report indicates that in FY2002 the average monthly earnings of TANF recipients who were employed was \$678 or \$8,136 per year (the poverty level for a three-person family in 2002 was \$1,196 per month or \$14,348 for the year). Child support payments are now recognized as a very significant income source for single-parent families.

¹⁰ United States Government Accountability Office, GAO-05-821, *Welfare Reform: HHS Should Exercise Oversight to Help Ensure TANF Work Participation is Measured Consistently Across States*, Aug. 2005.

¹¹ See *Federal Register*, vol 71, no. 125, June 29, 2006. pp. 37454-37483.

¹² For a description of these definitions, see CRS Report RS22490 *TANF: A Guide to the New Definitions of What Counts As Work Participation*, by Gene Falk.

¹³ Further, work participation rates varied greatly among the states; some states will have to increase their participation rates more than others. See FY2004 work participation data at [<http://www.acf.hhs.gov/programs/ofa/particip/indexparticip.htm#2004>].

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

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

The goals of welfare reform include reducing welfare dependency through work, job preparation and marriage; reducing out-of-wedlock pregnancies; and promoting the formation and maintenance of two-parent families. Although the 1996 welfare reform law did reflect a new interest in marriage for welfare families, most of the policy changes implemented after the 1996 law focused almost exclusively on encouraging work and did not directly address the marriage goals. The Deficit Reduction Act specifically includes funding for programs exclusively designed to promote marriage among low-income persons, which is seen by its supporters as a way to improve the economic well-being and development of children.

Child Support Enforcement

Though much of the media focus on welfare reform in the mid-1990s was on TANF and its work and time limit requirements, the Child Support Enforcement (CSE) program has also been undergoing change.¹⁴ The CSE program began in 1975 as a program to collect child support from the noncustodial parents of children on welfare. If the child support collected on behalf of the welfare family was insufficient to lift the family’s income above the state’s cash welfare eligibility limit the family received the welfare cash benefit and the child support payment was distributed to reimburse the state and federal government for cash welfare costs in proportion to their assistance to the family. If, however, the welfare family’s income, including the child support payment, exceeded the state’s welfare cash benefit standard, the family’s cash welfare benefits were ended and the family received the entire amount of child support collected on their behalf. In addition to cost-recovery efforts with regard to welfare families, the CSE program has always collected child

¹⁴ See CRS Report RS22380, *Child Support Enforcement: Program Basics*, by Carmen Solomon-Fears.

support on behalf of nonwelfare families in an effort to prevent them from coming onto the welfare rolls. Over time, the CSE program has evolved from a program whose primary focus was cost-recovery to a program that is focusing on service delivery.

In FY2005, a total of \$23 billion was collected in child support (this is more than twice as much as FY2004 cash assistance), with a little less than half (45%) collected on behalf of families with no current or prior connection to the welfare system. The \$23 billion collected in FY2005 was nearly double pre-welfare reform CSE collections. Though the increase in child support collections shows some progress in getting noncustodial parents to help support their children, collections totaled only 18% of the total obligations in support orders in the CSE program. According to an Urban Institute study, on average child support constitutes 17% of family income for households that receive it. For poverty-level children whose families do not receive TANF, child support constitutes about 30% of family income.

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

The Deficit Reduction Act provides financial incentives to states that send more child support collected on behalf of families on welfare to the family itself (rather than retained as reimbursement for welfare costs). Under the new law, the federal government will pay for a share of support passed-through to welfare families as long as that support does not reduce the family's welfare benefit. Specifically, P.L. 109-171 allows states to pay up to \$100 per month in child support collected on behalf of a TANF (or foster care) family (\$200 per month to a family with two or more children) to the family and not require the state to pay the federal government the federal share of those payments. The measure also gives states financing incentives to send to former welfare families the full amount of child support collected on their behalf (i.e., both current support and pre- and post-welfare arrearages — including child support arrearages collected through the federal income tax refund offset program). In addition, it revises some child support enforcement collection mechanisms and adds others.

The Deficit Reduction Act includes provisions that (1) establish a \$25 annual user fee for individuals who have never been on TANF but receive CSE services and who received at least \$500 in any given year, (2) reduce the CSE federal matching rate for the laboratory costs associated with establishing paternity from 90% to 66%, and (3) eliminate the federal match on CSE incentive payments that states, in compliance with federal law, reinvest back into the CSE program. (A House-passed provision to gradually reduce (from FY2007-FY2010) the federal matching rate for child support program expenditures from its current level of 66% to 50% is not included in the final bill.)¹⁵

¹⁵ For more discussion of these provisions, see CRS Report RS22377, *Child Support* (continued...)

Responsible Fatherhood Initiatives

Enforcement of child support orders is only one dimension of current efforts to connect noncustodial parents (usually fathers) with their children. In the hopes of improving the lives of children living in single-parent families, government and public and private organizations support programs to promote the financial and personal responsibility of noncustodial parents, which have become known as “responsible fatherhood” programs.

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

The TANF block grant is one potential source of funding for responsible fatherhood initiatives. Moreover, welfare reauthorization bills would have established categorical competitive grants, ranging from \$20 million to \$76 million per year, to community and faith-based organizations for responsible fatherhood initiatives.¹⁶ The Deficit Reduction Act includes competitive grants of \$50 million per year for five years in competitive grants to states, territories, Indian tribes and tribal organizations, and public and nonprofit organizations, including religious organizations, for responsible fatherhood initiatives.

Currently, the federal Office of Child Support Enforcement (OCSE) provides \$1.5 million annually to fund Responsible Fatherhood demonstrations under Section 1115 of the Social Security Act. Projects are presently being funded in the following eight states: California, Colorado, Maryland, Massachusetts, Missouri, New Hampshire, Washington, and Wisconsin.

Abstinence Education

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

¹⁵ (...continued)

Provisions in the Deficit Reduction Act of 2005 (P.L. 109-171), by Carmen Solomon-Fears.

¹⁶ See CRS Report RL31025, *Fatherhood Initiatives: Connecting Fathers to Their Children*, by Carmen Solomon-Fears.

The 1996 welfare reform law (P.L. 104-193, Section 510 of the Social Security Act) provided \$50 million per year for five years, FY1998-FY2002, in federal funds for an abstinence education formula block grant program. Since FY2003, the abstinence-only block grant has been funded through temporary, short-term extensions. Funds must be requested by states when they solicit Maternal and Child Health (MCH) block grant funds, and must be used exclusively for the teaching of abstinence. To receive federal funding, a state must match every \$4 in federal funds with \$3 in state funds. Although both the House and Senate welfare reauthorization bills (H.R. 240 and S. 667) proposed to authorize and appropriate funding for the abstinence-only education block grant program through FY2010, the Deficit Reduction Act appropriated funding for the program (at the same annual level) only through December 31, 2006. P.L. 109-432 (the Tax Relief and Health Care Act of 2006) continues funding for the abstinence-only education block grant (at an annual \$50 million rate) through June 30, 2007.

To ensure that the abstinence-only message is not diluted, the law stipulated that the term “abstinence education” means an educational or motivational program that teaches — (1) the social, psychological, and health gains of abstaining from sexual activity; (2) abstinence from sexual activity outside of marriage as the expected standard for all school-age children; (3) abstinence is the only certain way to avoid out-of-wedlock pregnancy, STDs, and associated health problems; (4) a mutually faithful monogamous relationship within marriage is the expected standard of human sexual activity; (5) sexual activity outside of marriage is likely to have harmful psychological and physical effects; (6) bearing children out-of-wedlock is likely to have harmful consequences for the child, the child’s parents, and society; (7) young people how to reject sexual advances and how alcohol and drug use increases vulnerability to sexual advances; and (8) the importance of attaining self-sufficiency before engaging in sex.

Beginning with FY2001, several appropriation bills have included funding for abstinence-only education, in addition to the abstinence education block grant program. This funding was provided through HHS via the Special Projects of Regional and National Significance (SPRANS) program for abstinence education to bolster the abstinence-only message for adolescents aged 12 through 18; these projects are now generally referred to as the community-based abstinence education program. Funding for the community-based abstinence education program amounted to \$20 million in FY2001, \$40 million in FY2002, \$55 million in FY2003, \$70 million in FY2004, \$100 million in FY2005, and \$110 million in FY2006. In addition, the Adolescent Family Life (AFL) program (enacted in 1981 by P.L. 97-35) provides funding for matters related to adolescent sexuality, pregnancy, and parenting. Funding for abstinence-only education under the AFL program amounted to \$9 million in FY2001, \$10 million in FY2002-FY2004, and \$13 million in FY2005 and FY2006.

The debate over whether teens should be given the unambiguous and exclusive message that sex outside of marriage is wrong, or a more comprehensive message that tells teenagers that they should not engage in sexual activities, but if they do they should practice “safe sex,” is very controversial. Advocates of the more comprehensive approach to sex education argue that today’s youth need information and decision-making skills to make realistic and practical decisions about whether

to engage in sexual activities. They contend that such an approach allows young people to make informed decisions regarding abstinence, gives them the information they need to set relationship limits and to resist peer pressure, and also provides them with information on the use of contraceptives and the prevention of sexually transmitted diseases. Advocates of the abstinence education approach argue that teenagers need to hear a single, unambiguous message that sex outside of marriage is wrong and harmful to their physical and emotional health. They contend that youth can and should be empowered to say no to sex. They argue that supporting both abstinence and birth control is hypocritical and undermines the strength of an abstinence-only message.¹⁷

Marriage Promotion

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

The Administration is currently funding research to address the question of whether marriage promotion programs could achieve their goals. HHS is currently conducting large-scale research projects to evaluate the impact of marriage promotion. Actual findings regarding the impacts of these programs are several years away. The Deficit Reduction Act provides up to \$100 million in funding for each of five years (FY2006 through FY2010) for marriage promotion research and demonstration projects. Additionally it would provide \$50 million per year for responsible fatherhood programs (as described earlier under Responsible Fatherhood Initiatives).

¹⁷ For more information, see CRS Report RS20873, *Reducing Teen Pregnancy: Adolescent Family Life and Abstinence Education Programs*, by Carmen Solomon-Fears.

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