

# TANF Issues and Potential Reauthorization Impacts

**Welfare to Work Voucher Program  
Regional Workshop  
*June 4, 2003***

**Michelle Ganow Jones  
Senior Program Associate  
The Finance Project/Welfare Information Network**

# TANF Issues and Potential Reauthorization Impacts

This presentation will cover:

- Overview of changes made in 1996 welfare reform law and outcomes of welfare reform.
- Summary of current reauthorization proposals:
  - Proposed legislation;
  - Potential impacts; and
  - Ways to stay informed.

# Background on the TANF Program

- The 1996 welfare reform law, the personal responsibility and work opportunity reconciliation act (PRWORA):
  - Replaced AFDC with TANF block grants;
  - Ended the entitlement to cash assistance;
  - Mandated work requirements;
  - Imposed sanctions; and
  - Created time limits for assistance.
- States receive \$16.7 billion and have a maintenance of effort requirement (at least 75% of FY 94 welfare expenditures).

# Background on the TANF Program

PRWORA gave states broad flexibility to design programs that meet the following purposes:

- Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- Encourage the formation and maintenance of two-parent families.

# Welfare Reform Outcomes: What Has Happened Since 1996?

- **Welfare caseloads have declined:** 2.0 million families received TANF in fiscal year 2002, down from 4.6 million families in 1996. There is variation among states – some states are starting to see caseload increases.
- **Employment and earnings have increased:** Increase in employment and earnings for low-income families, due to both welfare reform and the initial strong economy.
- **Children have not been harmed:** Though there is concern about findings of some negative effects on adolescents. Child poverty has declined.

# TANF Reauthorization: What Took Place Last Year and Where Are We Now?

- PRWORA authorized the TANF block grant program through September 30, 2002.
- 107<sup>th</sup> Congress considered reauthorization proposals but only House passed legislation.
- Through a series of temporary extensions, TANF has been authorized through June 30, 2003.
- The 108<sup>th</sup> Congress has now taken up the reauthorization debate. Only the House has passed legislation.

# What Happened During Last Year's Reauthorization Debate?

- Most expected an extensive and contentious debate around reauthorization.
- Anticipated issues included:
  - Funding levels
  - TANF purposes (e.g., marriage, poverty)
  - Time limits (e.g., “stop-the-clock” proposals)
  - Work requirements, including employment retention and advancement, education and training

# What Happened During Last Year's Reauthorization Debate?

- Bush Administration proposal shifted debate to focus more on work. Proposed to:
  - Maintain current TANF and child care funding.
  - Increase work participation requirements to 70% of caseload in five years.
  - Increase individual work requirements to 40 hours per week.
  - Require that first 24 of 40 hours be spent in primary work activities: subsidized or unsubsidized employment, on-the-job training, work experience, or community service. Remaining 16 hours can be spent in other activities.
  - Promote marriage: New \$300 million fund for marriage promotion.
  - Establish waiver authority for states to integrate programs.

# What Happened During Last Year's Reauthorization Debate?

- **House passed H.R. 4737. Similar to President's proposal. Would have:**
  - Increased work requirements to 40 hours per week, 24 of which must be in primary work activity.
  - Increased participation rates to 70% by FY 2007.
  - Emphasized universal engagement.
  - Revised caseload reduction credit to count recent declines in caseload.
  - Created healthy marriage promotion grant program.
  - Increased child care funding by \$3.4 billion over 5 years.
  - Made “improving child well-being” overall purpose of TANF and emphasized poverty reduction and marriage in other purposes.

# What Happened During Last Year's Reauthorization Debate?

- **Senate Finance Committee marked up legislation that would have:**
  - Increased participation rates to 70%.
  - Increased hours of primary activities that count toward work requirement to 24.
  - Counted adult basic education as primary work activity for 6 months in 24-month period.
  - Kept required hours of participation the same.
  - Emphasized universal engagement.
  - Replaced caseload reduction credit with employment credit.
  - Created grant program to promote stronger families.
  - Increased child care funding by \$5.5 billion over 5 years.  
(Other Senate proposals included larger increases.)
- **No bill voted on by full Senate.**

# Why Wasn't TANF Reauthorized by the 107<sup>th</sup> Congress?

- Senate and the Administration were unable to reach agreement in 2002. Major areas of disagreement were:
  - 40 hour work requirement;
  - Ability to count education and training toward work requirement;
  - Content and focus of marriage and family formation programs; and
  - Level of funding for child care.

# TANF Reauthorization: Status in the 108<sup>th</sup> Congress

- TANF currently authorized until June 30, 2003 by temporary extension.
- President re-issued his reauthorization proposal.
- House passed a bill (H.R. 4) that is essentially the same as the President's proposal and last year's bill.

# TANF Reauthorization:

## Key Provisions of the House Bill (H.R. 4)

- Increase work requirements (40 hours, first 24 in defined activities), participation rates (to 70% by FY 2008). Eliminate two-parent work rates.
- Emphasize universal engagement (self-sufficiency plan w/in 60 days).
- Revise caseload reduction credit to count recent declines in caseload.
- Create healthy marriage promotion grant program.
- Increase child care funding by \$2 billion over 5 years, increase quality set-aside.
- Make “improving child well-being” overall purpose of TANF and emphasize poverty reduction and marriage in other purposes.

# TANF Reauthorization: What's Next?

- Senate Finance Committee has begun to hold hearings.
  - Committee Chairman Grassley (R-IA) has expressed reservations about some policies in the House bill and said his committee will look for a middle ground.
- Next steps in legislative process:
  - Senate will pass bill, House and Senate will resolve any differences in Conference Committee.
  - President will sign into law.
- Wait and see what happens!

# Many Other Human Services Programs up for Reauthorization in 2003

## Among these programs:

- Head Start
- Workforce Investment Act
- Community Services Block Grant Act
- Child Nutrition Programs
- Higher Education Act
- Individuals with Disabilities Education Act
- Job Access and Reverse Commute Grant Program (part of TEA-21)

# Other Factors to Consider

- Bush Administration is focused on continued devolution to the states:
  - Workforce consolidation
  - Housing policies
  - Head Start
  - Child Welfare programs
- Fiscal impact of changes in TANF program and ongoing state budget crises:
  - Less state and local money is available for program investment
  - States may revise priorities

# **TANF Reauthorization: Ways to Stay Informed**

## **Welfare Information Network resources:**

- **Visit our TANF Reauthorization Website:**

<http://www.financeprojectinfo.org/tanf>

- **Sign up for the Reauthorization Listserv:**

<http://www.financeprojectinfo.org/email/>

- **Contact me:**

Michelle Ganow Jones

202-587-1024

[mjones@financeproject.org](mailto:mjones@financeproject.org)