

Legislative Bulletin.....May 15, 2002

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- **H.R. 4737** - Personal Responsibility, Work, and Family Promotion Act of 2002

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Order of Business: The bill is scheduled to be considered on Wednesday, May 15, under modified closed rule.

NOTE: Changes from previous version:

- The State Flexibility (SuperWaiver) is amended to prevent the approval of any application that would waive any funding limitations included in an appropriations or authorization bill or would result in the transfer of funds from one program to another.

SUMMARY OF MAJOR PROVISIONS

Work Requirements:

- Requires that States have 50% of their caseload participating in work (see below for explanation of definition of work) in 2003 and increases the percent by 5% each year to 70% for 2007 and each year thereafter (currently the work requirement is 50%, but once credits are figured in, the actual requirement is, according to some estimates, as low as 5%)
- Work Participation is defined as 40 hours a week (160 hours a month – which means that over the course of a year, a family does not have to work a total of 4 weeks) engaged in at least 24 hours of direct work and not more than 16 hours of substance abuse counseling, rehabilitation treatment, work-related education, job search, or other limited activities
- Direct Work Exceptions: A family may for up to 3 months every 24 months, substitute substance-abuse counseling, rehabilitation treatment, work-related education, job search, or other limited activities for direct work. In order to complete a certificate program or other work-related education or training the family may substitute such activities for direct work for up to 4 months every 24 months

- **Other Exemptions**: Permits states to exclude families with children under 12 months
- **Caseload Reduction Credit**: While the bill maintains the caseload reduction credit (applied towards the work participation requirement) the credit is determined based on the reduction from the level of cases four years prior to the current year. This effectively requires States to continue reducing their caseload to receive the credit.
- The bill establishes a **Superachiever Credit** applied towards the work requirement for states that have reduced their caseload by 60% between 1995 and 2001
- **Penalty**: Directs States to reduce or terminate the amount of assistance provided to a family if the family fails to work or to otherwise engage in activities required by the state (if the failure is total and persists for at least 2 consecutive months all cash payments must be terminated). There is an exemption to the requirement that all assistance be terminated for States where the State constitution or a state statute enacted before 1966, obligates local governments to provide assistance to needy parents and children. This exemption applies to New York and to California and would therefore exempt those states from the full check sanction requirement. (NOTE: California and New York would not be exempt from the requirement that they partially reduce benefits for those who refuse to work, only the provisions requiring total termination of benefits.)

Marriage Promotion:

- The bill repeals the current bonus for the reduction of illegitimate births and uses the funds (\$100 million in federal funds) to fund health marriage promotion grants.
- Authorized activities under the new marriage program include:
 - Public advertising campaigns
 - Education in high schools
 - Marriage education and relationship skills programs
 - Pre-marital education
 - Marriage enhancement programs for married couples
 - Divorce reduction programs
 - Marriage mentoring
 - Programs to reduce the disincentives to marriage in means-tested programs

Employment Achievement Bonus: Provides \$500 million through 2008 for bonuses to states for employment achievement

Fatherhood Program: Establishes a new program authorized at \$20 million a year through 2007 to provide grants to public and nonprofit entities to fund up to 80% (and in some limited cases 100%) of the costs of demonstration service projects and activities to:

- Promote responsible, caring, and effective parenting
- Enhance the ability and commitment of unemployed or low-income fathers to provide material support for their families
- Improve fathers' ability to effectively manage family business affairs

- Encourage and supporting health marriages

Within these funds the Secretary is also authorized to undertake projects of national significance such as information collection and dissemination, a media campaign, and technical assistance

Child Care:

- Increases from 30% to 50% the amount of TANF funds states may transfer to child care
- Authorizes \$2.3 billion in discretionary appropriations for child care in FY 2003, increasing by \$200 million a year to \$3.1 billion in FY 2007 (Last year Congress appropriated \$2.1 billion. This is a \$1 billion increase over the current levels over 5 years)
- Increases mandatory child care funding by \$200 million (to \$2.917 billion) a year through 2007 (for a \$1 billion total increase)
- Increases the mandatory quality set-aside within child care funds from 4% to 6%

Child Support:

- Permits States to provide directly to families on TANF the Federal share of any child support funds collected on behalf of the family (under current law child support offsets State and Federal welfare expenditures)
- Permits States to provide directly to families that have left TANF the Federal and State share of any back-due child support collected on behalf of the family for the period the family was on TANF
- Replaces the State option of reviewing child support orders with a mandatory review requirement
- Establishes a \$25 annual fee for the successful collection of child support for families that have never received TANF when such collections exceed \$500
- Reduces the amount of child support arrears that trigger a passport denial from \$5,000 to \$2,500
- Permits uses of the Tax Refund Intercept Programs to collect past-due child support of behalf of children who are not minors
- Permits the limited garnishment of service-connected veteran disability payments to enforce child support orders

State Flexibility (Super Waiver):

- Permits States or subunits as applicable to apply for waivers from the applicable Department Secretary or Secretaries from statutory or regulatory requirements when coordinating, combining, reconciling, etc. two or more of the following programs:
 - TANF
 - Social Services Block Grant
 - Workforce Training programs (except Job Corps) under Title I of the Workforce Investment Act
 - Certain demonstration projects (Section 505) of the Family Support Act
 - Employment Services under the Wagner-Peyser Act

- Activities under the Adult Education and Family Literacy Act
- Activities under the Child Care and Development Block Grant
- Activities under the Housing Act (except section 8 and section 7)
- Activities under Titles I through IV of the McKinney-Vento Homeless Assistance Act
- Food Stamp Program
- The following provisions may not be waived:
 - Provisions related to civil rights or prohibition on discrimination
 - Purposes or goals of any program
 - Maintenance of effort requirements
 - Health or safety
 - Labor standards
 - Environmental protection
 - Any requirement relating to public housing agency plans and resident advisory boards
 - If the effect is to expand eligibility for food stamps
 - Any requirement that states pass through monies to sub-State entities
 - Relating to eligibility of aliens for welfare
 - Prohibition of supplantation of local funds under the Adult Education and Family Literacy Act
 - Provisions already prohibited from being waived under the Workforce Investment Act
 - Any funding limitations included in an appropriations bill or the transfer more than 1% of appropriated funds from one account to another.
- Applications for waivers must be denied (by one or more of the applicable Department Secretaries) within 90 days or they are automatically approved (90 day extension when additional information is requested)
- Applications must ensure cost neutrality
- Waivers cover 5 years

Food Assistance Block Grant Demonstration Project: Permits the Secretary to establish a demonstration block grant program using existing funds (already going to the State) for State(s) to provide food assistance, operate an employment and training program, and fund administrative costs

Abstinence: Extends through 2007 \$50 million a year in mandatory abstinence education funding.

Offsets:

- Includes three provisions included in the Taxpayer Bill of Rights and the Social Security Women's Benefit Enhancement Bill that increase IRS collections thereby generating increased revenue which helps offset the cost of the bill. (NOTE: This is not a tax increase, as no one will actually owe more in taxes under these provisions.) Specifically, the provisions are:
 - Exclusion from gross income for interest on overpayments of income tax by individuals

- Allow for deposits to stop the running of interests on potential underpayments
- Permit partial payments of tax liability in installment agreements
- Permits the use of the New Hire Database to check to ensure that individuals who have a job are not receiving unemployment compensation
- Reduces payments to States for Medicaid administrative costs for FY 2003 and 2004

Other:

- Mandates that States establish Family Self-Sufficiency Plans for each family receiving assistance
- Provides \$102 million a year through 2007 for research, demonstrations, and technical assistance
- The bill mandates numerous federal and state studies and reports
- Mandates that the Social Security Commissioner review state blindness and disability determinations
- Repeals limits on demonstration projects for certain child welfare programs
- Provides a one-year extension of transitional medical assistance

OTHER INFORMATION

Additional Information:

- The underlying bill does not alter the current time limit (60 months) on receipt by able-bodied adults of welfare assistance. Current law provides a 20% exemption for hardship cases.
- The underlying bill maintains basic TANF funding at the 1996 levels despite the fact that caseloads have dropped from 14 million in 1994 to 5 million today.

Cost to Taxpayers: The following cost estimate is provided by the Budget Committee: “Total spending in the bill is \$116.2 billion in mandatory budget authority [BA] and \$13.5 billion in discretionary BA over 5 years. **The bill authorizes a \$2.5 billion increase in discretionary BA during the period 2003-2007; the net increase in mandatory spending is \$2.360 billion in BA over 5 years.** The majority of the discretionary spending increase is the new authorization level for the Child Care and Development block grant. Mandatory spending increases include funding for new family formation initiatives, increased child care funding, and greater pass-through of child support collections to custodial parents. A revenue provision offsets some of the increase in direct spending by raising \$1.1 billion in 2007.”

Does the Bill Create New Federal Programs or Rules?: Yes, in particular the bill creates new fatherhood and marriage promotion programs among other changes.

Constitutional Authority: No committee report citing constitutional authority is available.

Additional Information on Abstinence: The RSC prepared Policy Briefs on the federal programs that fund abstinence-only education and on the federal programs that support teen-pregnancy prevention. To read the Policy Brief on abstinence education, click here: <http://www.house.gov/burton/RSC/Abstinence1.PDF>

To read the Policy Brief on the federal programs that fund teen-pregnancy prevention, click here:

<http://www.house.gov/burton/RSC/Abstinence2.PDF>

In FY02, \$100.157 million was appropriated for abstinence-until-marriage programs (\$50 million under Title V Welfare Reform state-block grants, \$40 million for SPRANS direct HHS payments, and \$10.157 million under Title XX Adolescent and Family Life funding). This bill only reauthorizes (level funded at \$50 million) the Title V Welfare Reform state-block grants.

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