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**REPUBLICAN POSITIONS ON WELFARE**

## REPUBLICAN POSITIONS ON WELFARE

### 1. H.R. 3500 Introduced in July, 1993 by Representatives Clay Shaw and Rick Santorum.

- ▶ Although we did not agree with every provision, this proposal had much in common with the Work and Responsibility Act (WRA). Major areas of agreement included the emphasis on work, preservation of the JOBS program, maintenance of the entitlement status of AFDC, and the creation of time limits.
- ▶ There were, however, differences between the WRA and H.R. 3500. H.R. 3500 capped entitlement spending, block granted food and nutrition programs, and denied benefits to most legal immigrants.
- ▶ In H.R. 3500, states were able to opt out of the more punitive approaches, including family caps, denial of benefits to mothers under the age of 19, and terminating eligibility for AFDC families after five years of assistance.

### 2. Contract with America's Personal Responsibility Act (H.R. 4) introduced in January, 1995 by Representative Clay Shaw and others.

- ▶ In this bill, the GOP has moved towards more punitive measures, especially towards children. The provisions to deny benefits to children born to young mothers under 18, impose family caps, or eliminate eligibility for the adult recipient after five years of receipt are now mandatory. The only way that states can opt out is to elect to receive AFDC as a block grant with no increase in funding after implementation.
- ▶ The Personal Responsibility Act eliminates the disability exemptions from work or the time limit that were permitted under H.R. 3500.
- ▶ The Personal Responsibility Act would result in a loss of entitlement status for AFDC benefits and related services, SSI, and food assistance for states and individuals.

### 3. Block Grants (legislation pending).

- ▶ Congressional Republicans and some Republican Governors have been negotiating over eight block grants. They include: cash assistance, food and nutrition, housing, employment and training, health, social services, child care, and child welfare.
- ▶ Some Republican Governors say they are willing to trade increased flexibility for lower funding and the guarantee of funding implicit in an entitlement.
- ▶ A block grant formula for AFDC and food assistance programs will not hold states and individuals harmless during times of recession, inflation, and demographic change. Inevitably, any formula would create winners and losers among the states.
- ▶ No legislative proposals have been finalized.

## SUMMARY OF WELFARE PROVISIONS IN THE CONTRACT WITH AMERICA'S PERSONAL RESPONSIBILITY ACT

### MAIN FEATURES

▶ Out-of-Wedlock Births.

Children born out of wedlock to mothers under the age of 18 at the time of the child's birth, to mothers already receiving AFDC, and to mothers who are unable to establish paternity for that child are denied AFDC benefits for the child's lifetime, except when an adoption or marriage occurs. States have the option to deny AFDC and housing benefits to children born to mothers 18 to and 20 years at the time of the child's birth.

▶ Time Limits.

States have the option of denying AFDC to families who have received AFDC for more than 24 months if the family had been offered a work slot for at least 12 months. After 5 years on AFDC, adults will no longer be eligible. This is a lifetime limit and applies to all adults, even those who are disabled or otherwise unemployable.

▶ Work Requirements.

By the year 1999, twelve percent of the AFDC caseload must be in a work program. By the year 2003, half the caseload must be working. There is no requirement that states provide education and training to families before requiring them to work. All of the exemptions and participation requirements are removed from the JOBS program. It is not clear that states are required to provide child care to WORK participants.

▶ Denial of Benefits to Legal Immigrants.

Until they become US citizens, all legal immigrants except for refugees and the very elderly would be ineligible for SSI, Medicaid, AFDC, Food Stamps, housing and over 40 other federally funded programs including public health services and education programs.

▶ Block Grant of Food and Nutrition Programs.

All food and nutrition programs (including Food Stamps, child nutrition, and WIC) would be put into a block grant and funding would be cut by 12 percent.

▶ Entitlement Cap.

The entitlement status of IV-A programs (including AFDC benefits and child care), IV-D programs (child support), SSI, and Housing would be terminated and funding would be converted to discretionary payments.

## **IMPACTS OF THE REPUBLICAN'S CONTRACT WITH AMERICA, THE PERSONAL RESPONSIBILITY ACT**

- ▶ This bill will cut approximately \$60 billion over five years from programs for low income Americans so that Republicans can fund middle income tax cuts.
  
- ▶ The Department has developed estimates of the impacts of a number of the provisions included in the PRA. These estimates are based on our most recent Quality Control Data, 1993 and look at the caseload as it was in 1993 and answers the following question: how many children receiving aid in 1993 would be denied benefits if the PRA had been fully implemented for a period of time long enough for its full impacts to be felt in 1993?  
  
These numbers are preliminary numbers subject to change as behavioral effects are introduced and other adjustments are incorporated.
  
- ▶ In the Secretary's testimony, HHS estimated that at full implementation the least restrictive scenario would eliminate 5 million children from the AFDC rolls. Under this scenario, no state would eliminate eligibility for children born to mothers between the ages of 18 and 20 or whose parents had received AFDC for longer than two years. Under the most restrictive scenario, HHS estimated that 6.9 million would be affected. Under this scenario, all states would take the option to eliminate eligibility for children born to mothers ages 18 to 20 at the time of the child's birth and for families who received AFDC for more than two years.

**NUMBER OF CHILDREN DENIED BENEFITS  
UNDER THE REPUBLICAN WELFARE PLAN  
AND THE NUMBER OF ORPHANAGE SLOTS FUNDED**

STATE	Total Number of AFDC Children	Minimum Number of Children Denied Benefits*	Federal Savings Returned to States	Number of Federally Funded Orphanage Slots***
Alabama	99,000	58,000	2,977,000	82
Alaska	24,000	8,000	424,000	12
Arizona	137,000	64,000	3,989,000	109
Arkansas	51,000	27,000	1,089,000	30
California	1,812,000	1,024,000	64,152,000	1,758
Colorado	82,000	37,000	2,082,000	57
Connecticut	110,000	60,000	4,152,000	114
Delaware	23,000	11,000	1,095,000	30
Dist. of Col.	46,000	38,000	1,851,000	51
Florida	489,000	258,000	12,409,000	340
Georgia	281,000	122,000	7,143,000	196
Hawaii	39,000	19,000	862,000	24
Idaho	14,000	5,000	427,000	12
Illinois	483,000	362,000	11,821,000	324
Indiana	143,000	77,000	3,548,000	97
Iowa	66,000	32,000	1,832,000	50
Kansas	59,000	27,000	1,080,000	30
Kentucky	151,000	81,000	2,985,000	82
Louisiana	190,000	134,000	2,470,000	68
Maine	45,000	21,000	1,144,000	31
Maryland	150,000	90,000	4,855,000	133
Massachusetts	207,000	108,000	8,471,000	232
Michigan	447,000	279,000	16,670,000	457
Minnesota	126,000	60,000	3,641,000	100
Mississippi	124,000	88,000	1,983,000	54
Missouri	176,000	94,000	4,406,000	121

(continued)

**NUMBER OF CHILDREN DENIED BENEFITS  
UNDER THE REPUBLICAN WELFARE PLAN  
AND THE NUMBER OF ORPHANAGE SLOTS FUNDED (continued)**

STATE	Total Number of AFDC Children	Minimum Number of Children Denied Benefits*	Federal Savings Returned to States	Number of Federally Funded Orphanage Slots***
Montana	23,000	7,000	749,000	21
Nebraska	32,000	19,000	584,000	16
Nevada	24,000	13,000	561,000	15
New Hampshire	19,000	7,000	720,000	20
New Jersey	244,000	160,000	8,676,000	238
New Mexico	58,000	25,000	1,212,000	33
New York	741,000	349,000	27,116,000	743
North Carolina	227,000	133,000	9,332,000	256
North Dakota	12,000	5,000	410,000	11
Ohio	483,000	279,000	10,647,000	282
Oklahoma	90,000	45,000	1,554,000	43
Oregon	79,000	33,000	3,724,000	102
Pennsylvania	418,000	252,000	12,616,000	346
Rhode Island	42,000	23,000	1,095,000	30
South Carolina	109,000	61,000	2,416,000	65
South Dakota	15,000	7,000	305,000	8
Tennessee	189,000	101,000	3,122,000	86
Texas	541,000	288,000	11,331,000	310
Utah	36,000	11,000	949,000	26
Vermont	18,000	6,000	529,000	14
Virginia	134,000	79,000	2,350,000	64
Washington	191,000	75,000	5,497,000	151
West Virginia	75,000	36,000	1,788,000	49
Wisconsin	166,000	67,000	5,481,000	178
Wyoming	11,000	4,000	218,000	6
<b>Total</b>	<b>9,702,000</b>	<b>5,339,000</b>	<b>293,068,000</b>	<b>8,029</b>

Numbers might not add precisely due to rounding

Total includes U.S. territories

Based on 1993 data. Assumes full effects of PRA implementation.

\*Assumes the requirements that would be mandatory under the proposal: states must deny AFDC to children born to unmarried women under age 18; deny AFDC to children born after the AFDC case opened; deny AFDC to children for whom paternity has not been established; and deny AFDC after a maximum of 60 months of AFDC receipt. Assumes no state adopts more restrictive options.

\*\*This is the minimum number of children who would be denied benefits. Based on options available to the states, as many as 6.7 million children could be denied benefits.

\*\*\*Number of orphanage slots calculated using \$36,500 - the average yearly cost per child for institutional care.

## EMERGING REPUBLICAN BLOCK GRANT PROPOSALS

- ▶ House Republicans and several GOP governors are proposing the most radical restructuring of welfare programs ever.
- ▶ Proposals under discussion would convert 336 programs into 8 block grants, covering:

Welfare Domain	Number of Programs	FY 94 or FY 95 Appropriation (in millions)
Cash Welfare	7	\$17,171
Child Welfare and Child Abuse	38	4,306
Child Care	45	11,771
Employment and Training	154	24,838
Social Services	33	6,589
Food and Nutrition	10	37,967
Housing	27	17,516
Health	22	5,076
<b>TOTAL</b>	<b>336</b>	<b>\$125,234</b>

- ▶ Tentative agreements have been reached between Republican governors and House Members on the broad outlines of block grants in three major areas -- AFDC/cash assistance, food, and child care -- with the most dramatic changes from current policy involving cash assistance and food assistance. A summary of tentative block grant issues under negotiation among Republicans is attached.
- ▶ There is great appeal and interest among Republicans in changing the nature of cash assistance programs into block grants to states, and little sentiment for maintaining the status quo.
- ▶ Block grants are very attractive to Republican Members of Congress and to at least some governors. Not only would they shrink the federal government and control federal costs, they give states enormous flexibility, from the Administration's perspective, they may be more appealing than many of the more punitive measures under consideration. However, they also imply that we have no real national goals or vision for our social welfare system. A summary of provisions and positions on block grant proposals by Republican governors and Republican House Members is attached.

## EMERGING REPUBLICAN BLOCK GRANT PROPOSALS

▶ The proposal appears to have the following elements:

- fixed federal funding, with annual spending caps for the included programs -- not a "swap" of both fiscal and programmatic responsibility;
- a shift from entitlement to discretionary status within the federal budget, with the implication that the annual spending caps would come under the overall discretionary spending caps imposed by the budget, and thus compete for funding with other discretionary programs;
- an allocation of these fixed federal funds to the states by formula, probably a formula based on state spending on the programs in a base year;
- dramatically increased flexibility for the states in administering these programs, including the freedom to eliminate any state matching funding for the program and to define the groups eligible for help.

▶ Many important details remain unresolved:

- funding levels -- governors want funding equal to state expenditures in FY 1994, and House Members want to fund the block grant at 10-15% less than the amount received in FY 1994;
- entitlement status -- governors want the block grant to be an entitlement to states (without individual entitlement status for needy persons) and House Republican Members want the funding to be subject to the appropriations process;
- flexibility -- governors want maximum flexibility to design and administer programs, and House Republican Members want to change behaviors through such policies as denying benefits to children of teen mothers, instituting family caps on benefits, and denying benefits to non-citizens.

## TENTATIVE BLOCK GRANT ISSUES UNDER NEGOTIATION AMONG REPUBLICANS

A group of House Republicans and selected Republican governors (Thompson, Engler, and others) have been negotiating on creating block grants in three major areas of welfare and social spending: AFDC/Cash Assistance, Nutrition/Food, and Child Care. It is unclear whether the particular governors involved can speak for all the Republican governors since a number of big states including New York, Texas, and California don't seem to be involved. It appears that the governors involved in the negotiation are willing to accept the idea of shifting individual entitlement funding to some form of block grants in exchange for almost complete flexibility in program design. And the House Republicans are willing to reduce significantly the rather draconian provisions of the Personal Responsibility Act, and instead, give states considerable latitude in defining their program within a block grant design. Beyond this broad agreement in principle, there are major issues which remain unresolved. It also appears that the negotiators continue to struggle with their rather different goals. Major issues of contention appear to arise around three areas:

*The Level of the Block Grant*--The governors want block grants initially set at the same levels as the programs would otherwise have been funded, and their proposal is largely silent on the question of how the grant is adjusted over time. The House members want to set the grants at 10-15% below the initial funding level and would adjust some of the block grants for inflation over time.

*The Strings*--The governors want virtually no strings attached. They suggest minor rules such as requirements that programs be statewide and that states should continue to expect cooperation of mothers in paternity establishment. The governors also propose being able to move 20-50% of the funds from one block grant to another. The House members propose rules on the minimum percentage of the caseload that is working (2% rising to 20%), limits on benefits to minor mothers, and a few other provisions. They would allow 20% of each grant to be redirected. The House members also require state maintenance of effort for some grants.

*Entitlement Status*--Both parties in the negotiation agree that the programs would become a capped block grant. But the governors want the plan to be a capped entitlement to the states. House members want it to be a discretionary block grant.

These issues are likely to prove quite difficult to resolve. Each has profound implications for states and the federal government. On the other hand, one should not underestimate the significance of the agreement on the principle of great flexibility in exchange for block grants. This appears to give each side something they want, especially if the governors are willing to accept less money or remove the entitlement status. Still, whether an agreement will actually develop, and even more importantly whether it can be sustained, depends critically on the specifics, and on the political and economic calculations that each side makes as they begin to really understand the detailed specifics of what is being proposed. In particular, governors and House members may discover that major issues arise regarding:

*Protection for States from Recessions, Inflation, Demographic Change*--The governors are just beginning to understand the implications that a fixed block grant could have for the states in time of recession. The attached chart shows the hypothetical impact if an AFDC block grant had passed in 1988. It demonstrates that most states would have been dramatically worse off if a block grant had been imposed in 1988 with no inflation adjustment. Texas and Florida would have lost 46 percent and 61 percent of their federal dollars in FY93. Indeed, every state would have been worse off except for two: Wisconsin and Michigan (the states with the lead governors in the negotiations). The wide variation occurs because the block grant fails to protect states from economic cycles, inflation, and demographic change. One can try to create adjustments for these, but then one faces major formula fights (This table will be used by Mary Jo Bane and David Ellwood in testimony on Friday).

*Real Welfare Reform Strings*--If no strings are attached, it may be difficult for Republicans to argue that they enacted meaningful welfare reform. While the public favors less federal involvement, they are quite convinced that work and responsibility are essential elements of real reform. If the plan has no real federal work requirements, no time limits, and no training expectations, members may not feel they can take political credit for having achieved real welfare reform.

*Entitlement Status*--If the block grant is subject to annual appropriations, the states will rightly fear that any promises made about future levels will be subject to annual debate and likely be cut in subsequent years. Moreover, federal funds for welfare purposes would be in sharp competition with funds for other state priorities such as education, transportation, and public infrastructure programs. The state proposal calling for an entitlement to states offers somewhat more protection, but not nearly as much as maintaining the individual entitlement.

These are major issues and will need time to settle. There is real concern at the NGA regarding both the manner and substance of the proposals. Even other Republican governors may be uncomfortable with the position of the lead Republicans. But there remains a good chance that these parties will at least reach an initial agreement before the working session on January 28.

Summary of programs included in proposed block grants:

**AFDC/cash assistance block grant** --(Four programs included) Aid to Families with Dependent Children, Emergency Assistance, AFDC Administration, and Job Opportunities and Basic Skills (JOBS) program. Total FY 1996 spending in these programs: \$16.3 billion.

**Child Care and Development block grant**--(Child care portion of eleven programs included) Title I (Education for the Disadvantaged), Migrant Education, Native Hawaiian Family Education Centers, Child and Adult Care Food Program, Child Care and Development Block Grant, Child Development Associate Credential Scholarship, State Dependent Care Planning and Development Grants, Temporary Child Care for Children with Disabilities, At-Risk Child

Care, Transitional Child Care, Child Care from Social Services Block Grant. Approximate FY 1994 appropriation in these programs: \$3.6 billion.

**Food Assistance block grant--(Twelve programs included):** Food Stamps; Nutrition Assistance for Puerto Rico; Special Milk; Child Nutrition; Child Nutrition Commodities; Food Donations; Women, Infants, Children Program (WIC); Commodity Supplemental Food Program; Emergency Food Assistance Program; Congregate Meals; Meals on Wheels; Food Program Administration. Total FY 1995 Spending: \$38.0 billion.

## EMERGING FOOD ASSISTANCE BLOCK GRANT

- ▶ The food assistance block grant would combine up to 15 USDA food assistance programs, including:

- Food Stamps
- WIC
- Child Nutrition, including school lunch, school breakfast, and child care feeding programs
- Food (commodities) Distribution

Governors would also include two HHS food and nutrition programs in the block grant -- Congregate Meals and Meals on Wheels.

- ▶ Current funding for food assistance programs is almost entirely federal and most programs are individual entitlements.

- The Food Stamp Program serves about 27 million people monthly, more than half of whom are children, over a quarter of whom live in households with earnings, and somewhat less than 10 percent of whom are elderly.
- The National School Lunch Program serves 25 million children each day.
- WIC provides food assistance, nutrition education, and critical health care referrals to nearly 7 million women, infants, and children each month.

- ▶ Public opinion polls have not indicated a sense that the food and nutrition programs are "broken" and need to be "fixed."

- ▶ Why should the federal government turn over some \$40 billion of food stamp and child nutrition assistance (almost 100 percent federally financed) whose prime beneficiaries are children, and let the states determine all the policy?

## IMPACTS OF A POSSIBLE FOOD ASSISTANCE BLOCK GRANT

- ▶ A block grant similar to that proposed in the Personal Responsibility Act would have serious consequences for food assistance and states:
  - The block grant would end the individual entitlement to food.
  - Federal support for food assistance would be significantly reduced. Funding under the Personal Responsibility Act would be authorized at \$35.6 billion for FY 96 for USDA food assistance programs, more than \$5 billion less than the current services estimate for FY 96, a 13 percent reduction.
  - Food assistance program funding would decrease by \$31 billion over a five year period under the Personal Responsibility Act.
  - The block grant would limit the ability of food assistance programs to respond to changing economic conditions.
  - The funding formula proposed in the Personal Responsibility Act for distributing grant funds would result in substantial individual gains and losses among the states.
  
- ▶ Two tables that follow illustrate the effects of block granting the food assistance programs. Table 1 illustrates the impact of the nutrition block grant in the Contract with America's Personal Responsibility Act on USDA food assistance program funding by state. This block grant, which combines 15 programs into one and distributes the money to states by one formula, creates significant winners and losers among states. Forty-two states lose money, eight states gain dollars.
  - California gains \$650 million per year, or a 16 percent increase.
  - Texas loses by \$1,154 million, or a loss of 30 percent.
  - Six jurisdictions lose over 30 percent of their funding.
  
- ▶ Table 2 illustrates the impact of block granting food programs under the Republican governors' proposal. Their formula is based upon a base year expenditure level (e.g., 1989). The table compares the change in funding relative to what actually occurred under an individual entitlement that is indexed for inflation and automatically adjusts for recession. The overall level of funding would be \$10.3 billion less and the average state would have lost 29 percent of its funding for food programs, ranging from a 1 percent gain to a 49 percent loss.
  
- ▶ No formula can be devised to mimic the individual entitlement nature of these food assistance programs.

**Table 1 - Effect of the Personal Responsibility Act  
on USDA Food Assistance Programs by State in Fiscal Year 1996**  
(Dollars in millions)

State	Level of Food Assistance		State Gains and Losses	
	Current	Proposed	Total	Percent
Alabama	\$818	\$713	-\$105	-13%
Alaska	\$97	\$84	-\$13	-13%
Arizona	\$663	\$554	-\$109	-16%
Arkansas	\$422	\$403	-\$19	-4%
California	\$4,170	\$4,820	\$650	+16%
Colorado	\$412	\$417	\$5	+1%
Connecticut	\$297	\$248	-\$49	-17%
Delaware	\$92	\$58	-\$34	-37%
District of Columbia	\$137	\$85	-\$52	-38%
Florida	\$2,194	\$1,804	-\$389	-18%
Georgia	\$1,209	\$934	-\$275	-23%
Hawaii	\$215	\$198	-\$17	-8%
Idaho	\$127	\$176	\$49	+38%
Illinois	\$1,741	\$1,483	-\$258	-15%
Indiana	\$713	\$691	-\$22	-3%
Iowa	\$297	\$266	-\$31	-11%
Kansas	\$307	\$270	-\$37	-12%
Kentucky	\$740	\$582	-\$157	-21%
Louisiana	\$1,141	\$765	-\$375	-33%
Maine	\$188	\$167	-\$21	-11%
Maryland	\$576	\$404	-\$172	-30%
Massachusetts	\$608	\$577	-\$32	-5%
Michigan	\$1,390	\$1,109	-\$281	-20%
Minnesota	\$508	\$490	-\$18	-4%
Mississippi	\$730	\$603	-\$127	-17%
Missouri	\$810	\$754	-\$56	-7%
Montana	\$111	\$140	\$29	+26%

State	Level of Food Assistance		State Gains and Losses	
	Current	Proposed	Total	Percent
Nebraska	\$187	\$175	-\$12	-6%
Nevada	\$145	\$150	\$5	+3%
New Hampshire	\$89	\$94	\$5	+5%
New Jersey	\$836	\$704	-\$132	-16%
New Mexico	\$361	\$321	-\$40	-11%
New York	\$3,101	\$2,661	-\$440	-14%
North Carolina	\$930	\$849	-\$81	-9%
North Dakota	\$86	\$76	-\$9	-11%
Ohio	\$1,768	\$1,287	-\$481	-27%
Oklahoma	\$528	\$475	-\$53	-10%
Oregon	\$410	\$346	-\$64	-16%
Pennsylvania	\$1,617	\$1,465	-\$152	-9%
Rhode Island	\$128	\$101	-\$27	-21%
South Carolina	\$602	\$546	-\$56	-9%
South Dakota	\$99	\$95	-\$4	-4%
Tennessee	\$983	\$743	-\$241	-24%
Texas	\$3,819	\$2,665	-\$1,154	-30%
Utah	\$234	\$277	\$43	+18%
Vermont	\$76	\$66	-\$10	-13%
Virginia	\$783	\$597	-\$185	-24%
Washington	\$660	\$444	-\$216	-33%
West Virginia	\$405	\$309	-\$96	-24%
Wisconsin	\$467	\$442	-\$25	-5%
Wyoming	\$57	\$57	*	+1%
<b>US TOTAL</b>	<b>\$40,764</b>	<b>\$35,600</b>	<b>-\$5,164</b>	<b>-13%</b>

Notes: Individual cells may not sum to totals because of rounding.

Total includes Commonwealth of Puerto Rico, other territories and outlying areas, and Indian Tribal Organizations.

This table assumes that Congress appropriates the full amount authorized for fiscal year 1996.

\* equals less than \$1 million.

**Table 2 - The Effect the Republican Governors' Food Block Grant Proposal Would Have Had in 1994  
if it Had Been Adopted in 1989**  
(Dollars in millions)

	Federal Nutrition Funds in FY 1989	Federal Nutrition Funds in FY 1994	Share of Nutrition Funds in FY 1989	Federal Nutrition Funds in FY 1994 if GOP Gov. Proposal Adopted in 1989	Gain (Loss) if FY 1994 Funds Set at FY 1989 Levels Plus Inflation and State % Shares Set at 1989 Shares	
					(\$ millions)	(percent)
Alabama	\$471.1	\$708.3	2.30%	\$575.9	(132.4)	-18.7%
Alaska	48.7	92.5	0.24%	59.5	(32.9)	-35.6%
Arizona	328.4	653.9	1.61%	401.5	(252.4)	-38.6%
Arkansas	241.0	366.7	1.18%	294.6	(72.1)	-19.7%
California	1,713.2	4,035.4	8.38%	2,094.2	(1,941.2)	-48.1%
Colorado	234.4	362.5	1.15%	286.5	(76.0)	-21.0%
Connecticut	138.2	272.6	0.68%	168.9	(103.7)	-38.0%
Delaware	40.8	82.6	0.20%	49.8	(32.8)	-39.7%
District of Columbia	67.2	130.6	0.33%	82.1	(48.5)	-37.1%
Florida	817.2	1,962.6	4.00%	999.0	(963.6)	-49.1%
Georgia	586.9	1,106.3	2.87%	717.4	(388.9)	-35.2%
Hawaii	114.9	213.9	0.56%	140.5	(73.4)	-34.3%
Idaho	74.9	113.0	0.37%	91.6	(21.5)	-19.0%
Illinois	1,086.6	1,545.4	5.31%	1,328.3	(217.2)	-14.1%
Indiana	339.1	627.4	1.66%	414.5	(212.9)	-33.9%
Iowa	189.6	257.8	0.93%	231.8	(26.1)	-10.1%
Kansas	167.3	276.9	0.82%	204.5	(72.4)	-26.2%
Kentucky	470.9	639.3	2.30%	575.6	(63.7)	-10.0%
Louisiana	750.7	994.8	3.67%	917.7	(77.1)	-7.7%
Maine	86.6	163.4	0.42%	105.9	(57.5)	-35.2%
Maryland	298.0	525.5	1.46%	364.2	(161.3)	-30.7%
Massachusetts	319.2	545.1	1.56%	390.2	(154.8)	-28.4%
Michigan	835.1	1,224.4	4.08%	1,020.9	(203.5)	-16.6%
Minnesota	278.3	458.0	1.36%	340.3	(117.7)	-25.7%
Mississippi	504.1	611.8	2.46%	616.2	4.4	0.7%
Missouri	421.0	716.8	2.06%	514.6	(202.1)	-28.2%
Montana	71.3	103.4	0.35%	87.1	(16.3)	-15.7%

	Federal Nutrition Funds in FY 1989	Federal Nutrition Funds in FY 1994	Share of Nutrition Funds in FY 1989	Federal Nutrition Funds in FY 1994 if GOP Gov. Proposal Adopted in 1989	Gain (Loss) if FY 1994 Funds Set at FY 1989 Levels Plus Inflation and State % Shares Set at 1989 Shares	
					(\$ millions)	(percent)
Nebraska	108.7	168.3	0.53%	132.9	(35.4)	-21.0%
Nevada	56.1	135.1	0.27%	68.6	(66.5)	-49.2%
New Hampshire	34.9	65.5	0.17%	42.7	(22.9)	-34.9%
New Jersey	422.3	755.9	2.06%	516.2	(239.6)	-31.7%
New Mexico	188.0	333.5	0.92%	229.8	(103.7)	-31.1%
New York	1,658.8	2,896.0	8.11%	2,027.7	(868.3)	-30.0%
North Carolina	471.3	824.3	2.30%	576.1	(248.1)	-30.1%
North Dakota	54.2	77.2	0.26%	66.2	(11.0)	-14.3%
Ohio	1,074.2	1,497.3	5.25%	1,313.2	(184.1)	-12.3%
Oklahoma	308.6	507.1	1.51%	377.2	(129.9)	-25.6%
Oregon	235.1	374.4	1.15%	287.4	(87.0)	-23.2%
Pennsylvania	895.4	1,468.2	4.38%	1,094.6	(373.6)	-25.4%
Rhode Island	60.7	113.1	0.30%	74.1	(39.0)	-34.5%
South Carolina	323.4	514.3	1.58%	395.4	(119.0)	-23.1%
South Dakota	72.9	92.1	0.36%	89.1	(3.1)	-3.3%
Tennessee	508.1	857.7	2.48%	621.1	(236.6)	-27.6%
Texas	1,840.2	3,458.5	9.00%	2,249.5	(1,209.1)	-35.0%
Utah	131.6	203.2	0.64%	160.8	(42.3)	-20.8%
Vermont	38.2	72.7	0.19%	46.7	(26.1)	-35.9%
Virginia	378.9	696.9	1.85%	463.1	(233.8)	-33.5%
Washington	329.0	615.2	1.61%	402.2	(213.0)	-34.6%
West Virginia	243.7	354.7	1.19%	297.9	(56.8)	-16.0%
Wisconsin	289.7	419.0	1.42%	354.1	(65.0)	-15.5%
Wyoming	36.8	53.9	0.18%	45.0	(9.0)	-16.6%
<b>US TOTAL</b>	<b>\$20,455.1</b>	<b>\$35,345.3</b>	<b>100.00%</b>	<b>\$25,004.7</b>	<b>(10,340.6)</b>	<b>-29.3%</b>

## ANALYSIS OF EMERGING AFDC/CASH ASSISTANCE BLOCK GRANT

- ▶ The AFDC/cash assistance block grant would include four programs:
  - AFDC
  - Emergency Assistance
  - AFDC Administration
  - Job Opportunities and Basic Skills (JOBS) training program
  
- ▶ There is great appeal and interest among Republicans in changing the nature of cash assistance programs and little sentiment for maintaining the status quo.
  
- ▶ Despite the clear concession to state flexibility, there are considerable dangers in such a move:
  - Block grants would eliminate the individual entitlement to benefits. The current AFDC program, on the other hand, requires states to ensure a minimum level of cash support for children deprived of the support of their parents. Block grants also would likely increase the current variability in benefit levels across states, and are certain to face funding reductions over time.
  
  - Federal direction over and funding for AFDC helps protect states during times of recession, inflation and demographic change. Historically, AFDC has expanded to meet increased need when the economy is in recession -- as poverty grows, so does program participation, thus cushioning some of the harsher consequences of changing conditions. Under a block grant, once federal funding is exhausted, states would have to decide whether to cut benefits, tighten eligibility, or dedicate their own resources to helping needy citizens.
  
- ▶ An AFDC/cash assistance block grant abandons the hope of bold national change toward a welfare system more in keeping with the nation's values. It would deprive the Clinton Administration from claiming credit for welfare reform.
  
- ▶ The following table illustrates the impact of a mandatory AFDC block grant provision similar to the block grant option in the Contract with America, assuming implementation in 1988 compared to 1993. This table illustrates the enormous variation in winners and losers among states. As with the food assistance block grant, no formula can replicate the individual entitlement nature of AFDC.

Hypothetical Impact in FY 1993 if an AFDC Block Grant Provision Similar to the Block Grant Option in the Personal Responsibility Act Had Been Adopted in FY 1988 Using FY 1987 Funding Levels

(amounts in millions)

State	FY 1993: Actual Federal Payments	Block Grant: 103% of FY 87 Level	Difference	Percentage Change
Alabama	\$79	\$57	(\$22)	-28%
Alaska	\$60	\$29	(\$31)	-51%
Arizona	\$200	\$65	(\$135)	-67%
Arkansas	\$50	\$42	(\$8)	-16%
California	\$3,205	\$2,157	(\$1,048)	-33%
Colorado	\$102	\$70	(\$32)	-31%
Connecticut	\$207	\$124	(\$83)	-40%
Delaware	\$23	\$15	(\$8)	-35%
Dist. of Columbia	\$67	\$52	(\$15)	-22%
Florida	\$517	\$202	(\$315)	-61%
Georgia	\$297	\$189	(\$109)	-37%
Guam	\$8	\$3	(\$5)	-63%
Hawaii	\$76	\$38	(\$38)	-50%
Idaho	\$24	\$18	(\$7)	-28%
Illinois	\$487	\$487	\$0	0%
Indiana	\$158	\$111	(\$47)	-30%
Iowa	\$111	\$110	(\$1)	-1%
Kansas	\$84	\$56	(\$28)	-33%
Kentucky	\$166	\$110	(\$56)	-34%
Louisiana	\$141	\$129	(\$12)	-8%
Maine	\$75	\$62	(\$14)	-18%
Maryland	\$190	\$147	(\$44)	-23%
Massachusetts	\$408	\$303	(\$106)	-26%
Michigan	\$751	\$777	\$26	3%
Minnesota	\$239	\$198	(\$41)	-17%
Mississippi	\$75	\$69	(\$6)	-8%
Missouri	\$189	\$146	(\$43)	-23%
Montana	\$37	\$30	(\$7)	-19%

NOTES:

The table estimates, for FY 1993, the hypothetical impact of a mandatory AFDC block grant provision similar to the block grant option in the Personal Responsibility Act, assuming implementation of the provision in FY 1988. The level of the block grant for each State is set at 103 percent of FY 1987 Federal payments for AFDC benefits and administration, unadjusted for inflation.

The Family Support Act was not in effect during FY 1987. To avoid overstating the impact of a block grant, Federal payments for AFDC work activities (WIN/JOBS) and AFDC-related child care are not included in either column.

Hypothetical Impact in FY 1993 if an AFDC Block Grant Provision Similar to the Block Grant Option in the Personal Responsibility Act Had Been Adopted in FY 1988 Using FY 1987 Funding Levels

(amounts in millions)

State	FY 1993: Actual Federal Payments	Block Grant: 103% of FY 87 Level	Difference	Percentage Change
Nebraska	\$46	\$41	(\$5)	-11%
Nevada	\$28	\$10	(\$17)	-63%
New Hampshire	\$31	\$12	(\$19)	-61%
New Jersey	\$341	\$298	(\$43)	-13%
New Mexico	\$94	\$45	(\$49)	-52%
New York	\$1,684	\$1,268	(\$416)	-25%
North Carolina	\$263	\$154	(\$109)	-41%
North Dakota	\$22	\$14	(\$8)	-38%
Ohio	\$626	\$522	(\$105)	-17%
Oklahoma	\$140	\$84	(\$55)	-40%
Oregon	\$146	\$92	(\$53)	-37%
Pennsylvania	\$561	\$506	(\$56)	-10%
Puerto Rico	\$65	\$59	(\$6)	-10%
Rhode Island	\$75	\$50	(\$25)	-33%
South Carolina	\$92	\$86	(\$6)	-6%
South Dakota	\$19	\$17	(\$3)	-14%
Tennessee	\$166	\$95	(\$71)	-43%
Texas	\$385	\$207	(\$178)	-46%
Utah	\$67	\$51	(\$15)	-23%
Vermont	\$42	\$31	(\$11)	-26%
Virgin Islands	\$3	\$2	(\$1)	-26%
Virginia	\$138	\$117	(\$20)	-15%
Washington	\$365	\$239	(\$126)	-35%
West Virginia	\$97	\$87	(\$10)	-10%
Wisconsin	\$289	\$348	\$58	20%
Wyoming	\$19	\$11	(\$8)	-43%
<b>U.S. TOTAL</b>	<b>\$13,834</b>	<b>\$10,243</b>	<b>(\$3,591)</b>	<b>-26%</b>

NOTES:

The table estimates, for FY 1993, the hypothetical impact of a mandatory AFDC block grant provision similar to the block grant option in the Personal Responsibility Act, assuming implementation of the provision in FY 1988. The level of the block grant for each State is set at 103 percent of FY 1987 Federal payments for AFDC benefits and administration, unadjusted for inflation.

The Family Support Act was not in effect during FY 1987. To avoid overstating the impact of a block grant, Federal payments for AFDC work activities (WIN/JOBS) and AFDC-related child care are not included in either column.



**WORK AND RESPONSIBILITY ACT**

**COMPARISON OF ADMINISTRATION'S WORK AND RESPONSIBILITY ACT  
AND HOUSE REPUBLICAN'S PERSONAL RESPONSIBILITY ACT**

	<b>Work and Responsibility Act</b>	<b>Personal Responsibility Act</b>
<b>WORK</b>		
<b>Job Search/ Training Requirements</b>	Employable recipients required to participate in job search, education, and training activities immediately.	None. State option.
<b>Work Requirements</b>	Work required of ALL employable persons after 2 years.	Eventually, 50 percent of all recipients must be in workfare or other work activity.
<b>Sanctions and Benefit Cut-offs</b>	No benefits for persons who refuse to work in subsidized job or who refuse a private sector job offer. Persons willing to work who cannot find a private sector job can get help, but only if willing to work for benefits.	No benefits for persons who refuse to work or who refuse a private sector job offer. All adults permanently cut off after 5 years even if they are willing to work but can't find a job, or unable to work due to disability. State option to cut off entire family after 2 years, if family already has been offered work slot for a year.
<b>Protections for People with Disabilities or Temporarily not Employable</b>	Persons with disabilities or parents caring for disabled child or very young children exempted until able to work.	None.
<b>Funding</b>	Additional capped entitlement funding for states to expand JOBS and establish WORK program. Higher and simpler Federal match. Expands in a national recession.	Additional discretionary funding for work program. Higher Federal match rate, but structure is not simplified.

	Work and Responsibility Act	Personal Responsibility Act
<b>RESPONSIBILITY</b>		
<b>Child Support Enforcement</b>	Dramatic and comprehensive improvements in child support including central state registries, license revocations, etc.	Few child support provisions and a cap which would actually reduce resources for enforcement (child support bill promised later.)
<b>Paternity Establishment</b>	No AFDC benefits until state certifies applicant has cooperated fully in paternity establishment. State then required to locate father within 1 year.	No AFDC benefits for child until paternity has been established - whether or not mother has cooperated fully and whether or not state has made a serious effort to locate the father.
<b>Fraud</b>	Improved information systems and data collection to reduce welfare fraud and catch those who owe child support.	None.
<b>Performance Measures</b>	Interim state participation standards. New state performance measures based on outcomes rather than process, to be developed.	State participation standards for work.

	<b>Work and Responsibility Act</b>	<b>Personal Responsibility Act</b>
<b>TEEN PREGNANCY, REACHING THE NEXT GENERATION</b>		
<b>Teen Parents</b>	Mothers under 18 must live at home, identify their child's father, and stay in school to get benefits. Comprehensive case management for teens.	Children born to mothers under 18 (state option under 21) permanently denied aid for their entire childhood. Remain eligible for Medicaid. 18 year olds must live at home.
<b>Family Caps</b>	State option to provide no additional benefits for children conceived while unmarried mother is on welfare. Can be applied only to children born after enactment.	State requirement to provide no additional benefits for children conceived or born while unmarried mother is on welfare. Applies only to children born after enactment.
<b>Pregnancy Prevention, Grants for out-of-wedlock children</b>	Community-based teenage pregnancy prevention initiatives in 500 schools. Comprehensive pregnancy prevention demonstrations.	Fed. savings from denying benefits to out-of-wedlock children may be used by state for orphanages, homes for unwed mothers, adoptions, and programs to reduce pregnancies, abortions excluded.
<b>Phase-in</b>	Youngest recipients phased-in first with State flexibility on phasing in other groups.	States encouraged to phase-in recipients with oldest children.
<b>Funding for Child Care</b>	Significant new investments in child care. Funding for all child care increases due to training and work requirements. Does not change current entitlement for working current and former AFDC families.	Removes entitlement to child care. Funding included under aggregate spending cap which is below what is currently spent.

	Work and Responsibility Act	Personal Responsibility Act
<b>OTHER PROVISIONS</b>		
<b>Legal Immigrants</b>	Sponsors held financially accountable for legal immigrants under major entitlement programs.	Most legal immigrants currently in the U.S. barred from 52 programs including entitlement programs, child nutrition and immunization.
<b>Nutrition Cuts/ Block Grants</b>	None, but States are given more flexibility in many areas. Many changes in AFDC/food stamps to streamline, achieve greater conformity and make work pay.	Food stamps, WIC, child nutrition programs converted into single block grant with very few conditions and cut by 12%. State option for AFDC block grant.
<b>Entitlement Protections</b>	Eligible persons can always enroll.	Individual entitlement to AFDC, SSI, and nutrition programs ended. Funding is capped and programs become discretionary. If annual budgets are exhausted, states might have to deny aid to the elderly, persons with disabilities, and children -- unless they can put in more state funds.

## THE CLINTON ADMINISTRATION AND WELFARE REFORM: THE WORK AND RESPONSIBILITY ACT OF 1994

### WELFARE REFORM: WORK

*Under the President's reform plan, welfare will be about a paycheck, not a welfare check. To reinforce and reward work, our approach is based on a simple compact. Each recipient will be required to develop a personal employability plan designed to move her into the workforce as quickly as possible. Support, job training, and child care will be provided to help people move from dependence to independence. But time limits will ensure that anyone who can work, must work—in the private sector if possible, in a temporary subsidized job if necessary. Reform will make welfare a transitional system leading to work.*

*The combination of work opportunities, the Earned Income Tax Credit, child care, and improved child support will make the lives of millions of women and children demonstrably better.*

#### **Making Welfare a Transition to Work: Building on the JOBS Program**

Created by the Family Support Act of 1988 and championed by then-Governor Clinton, the JOBS program offers education, training, and job placement services—but to few families. Our proposal would expand and improve the current program to include:

- **A personal employability plan.** From the very first day, the new system will focus on making young mothers self-sufficient. Working with a caseworker, each woman will develop an employability plan identifying the education, training, and job placement services needed to move into the workforce. Because 70 percent of welfare recipients already leave the rolls within 24 months, and many applicants are job-ready, most plans will aim for employment well within two years.

- **A two-year time limit.** Time limits will restrict most AFDC recipients to a lifetime maximum of 24 months of cash assistance.

- **Job search first.** Participants who are job-ready will immediately be oriented to the workplace. Anyone offered a job will be required to take it.

- **Integration with mainstream education and training programs.** JOBS will be linked with job training programs offered under the Jobs Training Partnership Act, the new School-to-Work initiative, Pell Grants, and other mainstream programs.

- **Tough sanctions.** Parents who refuse to stay in school, look for work, or attend job training programs will be sanctioned, generally by losing their share of the AFDC grant.

- **Limited exemptions and deferrals.** Our plan will reduce existing exemptions and ensure that from day one, even those who can't work must meet certain expectations. Mothers with disabilities and those caring for disabled children will initially be exempt from the two-year time limit, but will be required to develop employability plans that lead to work. Another exemption allowed under current JOBS rules will be significantly narrowed: mothers of infants will receive only short-term deferrals (12 months for the first child, three months for the second). At state discretion, a very limited number of young mothers completing education programs may receive appropriate extensions.

- **Let states reward work.** Currently, AFDC recipients who work lose benefits dollar-for-dollar, and are penalized for saving money. Our proposal allows states to reinforce work by setting higher earned income and child support disregards. We also help fund demonstration projects to support saving and self-employment.

- **Additional federal funding.** To ease state fiscal constraints and ensure that JOBS really works, our proposal raises the federal match rate and provides additional funding. The federal JOBS match will increase further in states with high unemployment.

### **The WORK Program: Work Not Welfare After Two Years**

The WORK program will enable those without jobs after two years to support their families through subsidized employment. The WORK program emphasizes:

- **Work, not "workfare."** Unlike traditional "workfare," recipients will only be paid for hours worked. Most jobs would pay the minimum wage for between 15 and 35 hours of work per week.

- **Flexible, community-based initiatives.** State governments can design programs appropriate to the local labor market: temporarily placing recipients in subsidized private sector jobs, in public sector positions, or with community organizations.

- **A Transitional Program.** To move people into unsubsidized private sector jobs as quickly as possible, participants will be required to go through extensive job search before entering the WORK program, and after each WORK assignment. No WORK assignment will last more than 12 months. Participants in subsidized jobs will not receive the EITC. Anyone who turns down a private sector job will be removed from the rolls, as will people who repeatedly refuse to make good faith efforts to obtain available jobs.

### **Supporting Working Families: The EITC, Health Care, Child Care**

To reinforce this central message about the value of work, other new incentives will make work pay and encourage AFDC recipients to leave welfare.

- **The Earned Income Tax Credit (EITC).** The expanded EITC will lift millions of workers out of poverty. Already enacted by Congress, the EITC will effectively make any minimum wage job pay \$6.00 an hour for a typical family with two children. States will be able to work with the Treasury Department to issue the EITC on a monthly basis.

- **Health care.** Expansions in health care coverage will allow people to leave welfare without worrying about coverage for their families.

- **Child care.** To further encourage young mothers to work, our plan will guarantee child care during education, training, and work programs, and for one year after participants leave welfare for private sector employment. Increased funding for other federal child care programs will bolster more working families just above the poverty line and help them stay off welfare in the first place. Our plan also improves child care quality and ensures parental choice.

## WELFARE REFORM: RESPONSIBILITY

*Our current welfare system often seems at odds with core American values, especially responsibility. Overlapping and uncoordinated programs seem almost to invite waste and abuse. Non-custodial parents frequently provide little or no economic or social support to their children. And the culture of welfare offices often seems to reinforce dependence rather than independence. The President's welfare plan reinforces American values, while recognizing the government's role in helping those who are willing to help themselves.*

*Our proposal includes several provisions aimed at creating a new culture of mutual responsibility. We will provide recipients with services and work opportunities, but implement tough, new requirements in return. These include provisions to promote parental responsibility, ensuring that both parents contribute to their children's well-being. The plan also includes incentives directly tied to the performance of the welfare office; extensive efforts to detect and prevent welfare fraud; sanctions to prevent gaming of the welfare system; and a broad array of incentives that the states can use to encourage responsible behavior.*

### **Parental Responsibility**

The Administration's plan recognizes that both parents must support their children, and establishes the toughest child support enforcement program ever proposed. In 1990, absent fathers paid only \$14 billion in child support. But if child support orders reflecting current ability to pay were established and enforced, single mothers and their children would have received \$48 billion: money for school, clothing, food, utilities, and child care. As part of a plan to reduce and prevent welfare dependency, our plan provides for:

- **Universal paternity establishment.** Hospitals will be required to establish paternity at birth, and each applicant will be required to name and help find her child's father before receiving benefits.
- **Regular awards updating.** Child support payments will increase as fathers' incomes rise.
- **New penalties for those who refuse to pay.** Wage-withholding and suspension of professional, occupational, and drivers' licenses will enforce compliance.
- **A national child support clearinghouse.** Three registries--containing child support awards, new hires, and locating information--will catch parents who try to evade their responsibilities by fleeing across state lines. Centralized state registries will track support payments automatically.
- **State initiatives and demonstration programs.** States will be able to make young parents who fail to meet their obligations work off the child support they owe. Demonstration grants for parenting and access programs--providing mediation, counseling, education, and visitation enforcement--will foster non-custodial parents' ongoing involvement in their children's lives. And child support assurance demonstrations will let interested states give families a measure of economic security even if child support is not collected immediately.
- **State options to encourage responsibility.** States can choose to lift the special eligibility requirements for two-parent families in order to encourage parents to stay together. States will also be allowed to limit additional benefits for children conceived by women on welfare.

## Accountability for Taxpayers

To eliminate fraud and ensure that every dollar is used productively, welfare reform will coordinate programs, automate files, and monitor recipients. New fraud control measures include:

- **State tracking systems to help reduce fraud.** States will be required to verify the income, identity, alien status, and Social Security numbers of new applicants and assign national identification numbers.
- **A national public assistance clearinghouse.** Using identification numbers, the clearinghouse will follow people whenever and wherever they use welfare, monitoring compliance with time limits and work. A national "new hire" registry will monitor earnings to check AFDC and EITC eligibility, and identify non-custodial parents who switch jobs or cross state lines to avoid paying child support.
- **Tough sanctions.** Anyone who refuses to follow the rules will face tough new sanctions, and anyone who turns down a job offer will be dropped from the rolls. Cheating the system will be promptly detected and swiftly punished.

## Performance, Not Process

The Administration's plan demands greater responsibility of the welfare office itself. Unfortunately, the current system too often focuses on simply sending out welfare checks. Instead, the welfare office must become a place that is fundamentally about helping people earn paychecks as quickly as possible. Our plan offers several provisions to help agencies reduce paperwork and focus on results:

- **Program coordination and simplification.** Conforming AFDC and Food Stamp regulations and simplifying both programs' administrative requirements will reduce paperwork.
- **Electronic Benefits Transfer (EBT).** Under a separate plan developed by Vice President Gore, states will be encouraged to move away from welfare checks and food stamp coupons toward Electronic Benefits Transfer, which provides benefits through a tamper-proof ATM card. EBT systems will help reduce welfare and food stamp fraud, and lead to substantial savings in administrative costs.
- **Improved incentives.** Funding incentives and penalties will be directly linked to the performance of states and caseworkers in service provision, job placement, and child support collection.

## WELFARE REFORM: REACHING THE NEXT GENERATION

*Preventing teen pregnancy and out-of-wedlock births is a critical part of welfare reform. Each year, 200,000 teenagers aged 17 and younger have children. Their children are more likely to have serious health problems—and they are much more likely to be poor. Almost 80 percent of the children born to unmarried teenage parents who dropped out of high school now live in poverty. By contrast, only eight percent of the children born to married high school graduates aged 20 or older are poor. Welfare reform will send a clear and unambiguous message to adolescents: you should not become a parent until you are able to provide for and nurture your child. Every young person will know that welfare has changed forever.*

### Preventing Teen Pregnancy

To prevent welfare dependency in the first place, teenagers must get the message that staying in school, postponing pregnancy, and preparing to work are the right things to do. Our prevention approach includes:

- **A national campaign against teen pregnancy.** Emphasizing the importance of delayed sexual activity and responsible parenting, the campaign will bring together local schools, communities, families, and churches.
- **A national clearinghouse on teen pregnancy prevention.** The clearinghouse will provide communities and schools with curricula, models, materials, training, and technical assistance relating to teen pregnancy prevention programs.
- **Mobilization grants and comprehensive demonstrations.** Roughly 1000 middle and high schools in disadvantaged areas will receive grants to develop innovative, ongoing teen pregnancy prevention programs targeted to young men and women. Broader initiatives will seek to change the circumstances in which young people live and the ways that they see themselves, addressing health, education, safety, and economic opportunity.

### Phasing in Young People First

Initial resources are targeted to women born after December 31, 1971. Phasing in the new system will direct limited resources to young, single mothers with the most at risk; send a strong message to teenagers that welfare as we know it has ended; most effectively change the culture of the welfare office to focus on work; and allow states to develop effective service capacity.

### A Clear Message for Teen Parents

Today, minor parents receiving welfare can form independent households; often drop out of high school; and in many respects, are treated as if they were adults. Our plan changes the incentives of welfare to show teenagers that having children is an immense responsibility rather than an easy route to independence.

- **Supports and sanctions.** The two-year limit will not begin until teens reach age 18, but from the very first day, teen parents receiving benefits will be required to stay in school and move toward work. Unmarried minor mothers will be required to identify their child's father and live at home or with a responsible adult, while teen fathers will be held responsible for child support and may be required to work off what they owe. At the same time, caseworkers will offer encouragement and support; assist with living situations; and help teens access services such as parenting classes and child care. Selected older welfare mothers will serve as mentors to at-risk school-age parents. States will also be allowed to use monetary incentives to keep teen parents in school.



## **WORK AND WELFARE**

**Comparison of Welfare to Work Strategies:  
President's Work and Responsibility Act of 1994 (WRA)  
and Republican Personal Responsibility Act of 1995 (PRA)**

***Job Search***

- WRA:** Job-ready recipients are required to perform job search from the date assistance begins.
- PRA:** State option to require job search (same as current law).

***Education, Training and Job Placement Services***

- WRA:** Recipients can receive education, training or job placement services for up to two years, if needed to secure employment. States are required to enroll 50 percent of recipients who have not reached the two-year time limit (see below) in JOBS activities.
- PRA:** States are permitted but not required to provide education, training or job placement services. JOBS participation standards, scheduled to expire in FY 1996, are not extended. States are prohibited from providing such services to an individual for more than 24 months (cumulative). Participation in education, training or job placement programs does not count toward the work participation rates established by the bill.

***Time Limits***

- WRA:** Recipients are in general limited to two years of cash assistance, after which they are required to participate in the WORK program. Individuals who are willing to work (or who are deferred; see below) can continue to receive support for as long as they are otherwise eligible for AFDC.
- PRA:** States are required to deny eligibility to all adult recipients who have received assistance for five years (cumulative), including those who have a disability or are caring for a disabled child. States have the option of denying assistance to an entire family after a cumulative total of 24 months, provided that the adult was offered at least one work program placement.

***Work Requirements***

- WRA:** States are required to enroll 80 percent of all persons who have reached the two-year time limit in work activities (the WORK program) for at least 15 and no more than 35 hours per week. The exact number of hours for each WORK assignment is set by the State. Persons in the WORK program are paid a wage (generally the minimum wage) for each hour worked; participants who are absent are not paid for those hours.
- PRA:** States are required to enroll steadily increasing numbers of recipients in work activities (e.g., CWEP or work supplementation) for at least 35 hours per week (or 30 hours, plus five hours of job search). The participation standard begins at 2 percent

for FY 1996 but rises rapidly for the years outside the budget window, reaching 50 percent of all recipients by FY 2003. The denominator for the calculation is the entire caseload, including, for example, cases with no adult recipient.

### *Exemptions*

**WRA:** Recipients facing serious obstacles to employment or participation in education and training, e.g., persons who are disabled or who are caring for a child under one, are temporarily deferred from participation in JOBS or WORK.

**PRA:** There are no exemptions from the work requirement. Under the bill, an individual who was caring for a disabled child could be required to participate in work activities for 35 hours per week.

### *Sanctions*

**WRA:** The family of a recipient who refuses to accept an offer of an unsubsidized job is ineligible for benefits for at least 6 months. Persons who refuse to participate in education and training or the WORK program are subject to sanctions, increasing in duration and severity.

**PRA:** A State is permitted to impose any sanction it deems appropriate on a noncompliant individual who has received assistance for less than 24 months. Benefits to individuals who have been on assistance for over 24 months and who are required to work are pro-rated based on the number of hours worked. For example, a recipient who worked only 1/2 the required number of hours would receive 50 percent of his or her grant.

### *Child care*

**WRA:** Recipients are guaranteed child care if needed to participate in JOBS or WORK activities or to take an unsubsidized job. Individuals who leave AFDC for employment are provided with transitional child care for up to 12 months if needed.

**PRA:** The entitlement to child care for AFDC recipients is eliminated. Funding for child care is converted from entitlement to discretionary and placed under the welfare spending cap, which could require AFDC child care to compete for funding with all other discretionary programs and especially with other programs for low-income persons. It is not clear how the guarantee of child care could be maintained under these circumstances.

### *Funding*

**WRA:** Additional funding is provided for expansion of the JOBS program and establishment of the WORK program. The Federal match rate for JOBS is increased and there is a single match rate for JOBS and WORK.

**PRA:** Additional funding is provided for the establishment of the work program. The match rate for the new work program is set higher than the JOBS match rate; the match rate structure is not simplified.

JOBS PROGRAM SUMMARY DATA: FY 1993

(numbers represent monthly averages)

	<u>Total Adult AFDC Recipients</u>	<u>JOBS- Mandatory Adult AFDC Recipients</u>	<u>Total Active JOBS Participants</u>	<u>JOBS Participants in Work Activities</u>	<u>% of Adult Recipients in Work Activities</u>
U.S. Total	4,604,138	2,043,357	541,995	26,552	0.6%
Alabama	39,638	11,129	8,402	8	0.0%
Alaska	13,339	3,470	758	2	0.0%
Arizona	62,485	13,734	2,803	172	0.3%
Arkansas/1	20,898	4,941	/1	/1	/1
California	757,973	330,115	56,653	2,619	0.3%
Colorado	40,543	29,147	5,591	682	1.7%
Connecticut	53,259	34,408	5,070	111	0.2%
Delaware	9,014	3,718	1,102	20	0.2%
Dist. of Columbia	20,842	6,128	2,293	81	0.4%
Florida	217,408	51,813	19,082	83	0.0%
Georgia	121,973	43,878	12,454	496	0.4%
Guam/1	1,618	357	/1	/1	/1
Hawaii	18,679	6,771	673	95	0.5%
Idaho	7,073	1,720	885	1	0.0%
Illinois	216,440	127,664	17,957	306	0.1%
Indiana	70,568	28,391	5,243	330	0.5%
Iowa	34,922	12,351	6,382	14	0.0%
Kansas	28,867	16,259	5,698	354	1.2%
Kentucky	80,180	45,391	3,643	347	0.4%
Louisiana	74,211	33,671	7,349	103	0.1%
Maine	25,506	13,846	2,450	9	0.0%
Maryland	71,514	32,229	7,457	33	0.0%
Massachusetts	116,780	53,985	18,010	34	0.0%
Michigan	238,218	144,019	47,460	1,350	0.6%
Minnesota	65,623	19,629	5,418	46	0.1%
Mississippi	47,597	23,160	3,581	378	0.8%
Missouri	90,161	33,481	5,158	230	0.3%
Montana	12,134	7,041	2,548	28	0.2%

/1 Data not reported according to ACF-108 sampling requirements

JOBS PROGRAM SUMMARY DATA: FY 1993

(numbers represent monthly averages)

	Total Adult AFDC <u>Recipients</u>	JOBS- Mandatory Adult AFDC <u>Recipients</u>	Total Active JOBS <u>Participants</u>	JOBS Participants in Work <u>Activities</u>	% of Adult Recipients in Work <u>Activities</u>
U.S. Total	4,604,138	2,043,357	541,995	26,552	0.6%
Nebraska	15,547	6,201	7,698	2,477	15.9%
Nevada	10,723	3,978	928	205	1.9%
New Hampshire	10,728	4,363	1,357	8	0.1%
New Jersey	111,110	65,394	9,623	231	0.2%
New Mexico	33,607	9,815	5,535	202	0.6%
New York	414,495	189,133	40,633	1,753	0.4%
North Carolina	111,327	44,257	8,912	335	0.3%
North Dakota	6,548	2,403	1,880	90	1.4%
Ohio	245,637	109,791	54,037	9,091	3.7%
Oklahoma	43,713	30,492	6,716	697	1.6%
Oregon	39,949	20,232	6,052	75	0.2%
Pennsylvania	199,891	95,365	27,605	506	0.3%
Puerto Rico	60,528	26,171	4,166	51	0.1%
Rhode Island	21,270	14,297	3,675	33	0.2%
South Carolina	40,904	11,851	8,363	6	0.0%
South Dakota	5,890	2,841	1,434	133	2.3%
Tennessee	94,028	19,502	4,776	23	0.0%
Texas	236,106	110,883	23,953	119	0.1%
Utah	17,809	13,061	7,085	210	1.2%
Vermont	11,018	5,637	2,087	306	2.8%
Virgin Islands	997	394	454	51	5.1%
Virginia	60,890	22,730	7,453	65	0.1%
Washington	103,158	36,669	19,013	87	0.1%
West Virginia	45,031	22,199	19,098	1,074	2.4%
Wisconsin	99,781	40,266	14,428	783	0.8%
Wyoming	5,989	2,986	914	9	0.2%

/1 Data not reported according to ACF-108 sampling requirements

## FINDINGS ON WELFARE-TO-WORK PROGRAMS

Overall, many welfare-to-work programs have been successful in increasing the employment and earnings of women on welfare and producing cost savings for the government.

- One county in the evaluation of California's GAIN program -- Riverside -- has shown strong results.
  - ▶ Riverside produced a 50 percent increase in earnings, a 15 percent decline in welfare outlays, and 26 percent increase in the number of welfare recipients working. Importantly, it returned to taxpayers (in terms of reduced welfare outlays and increased tax payments by participants) three dollars for every dollar spent on the program. In spite of this success, only 23 percent of the program participants were working and off AFDC at the end of the three-year follow-up period, indicating the challenges faced by these programs.
  - ▶ The Riverside program is distinguished by a pervasive emphasis on getting a job quickly, a strong reliance on job search but with some use of education activities, tough enforcement of the participation requirement, close links to the private sector, and an outcome-based management style.
- Many other programs have produced more modest but significant results.
  - ▶ The SWIM program in San Diego -- a program emphasizing job search and work experience followed by education and training -- increased earnings by 15 percent and decreased welfare payments by 11 percent. The SWIM program saved taxpayers over two dollars for every dollar spent on the program.
  - ▶ The Baltimore Options program -- which allowed women to choose between job search, work experience, and education and training activities -- increased earnings by 15 percent. These gains were sustained over a five-year period.
  - ▶ The Center for Education and Training (CET) in San Jose -- providing immediate job training integrated with remedial education to single mothers -- increased earnings by 22 percent.

Several studies have suggested that different welfare-to-work approaches achieved different results.

- Job search activities helped welfare recipients obtain employment quickly and saved taxpayers money, however, they did not improve job quality or succeed with the most disadvantaged. Including skills training led to better jobs -- which may make a greater long-term difference in earnings -- but these programs also cost taxpayers more.

- The Riverside approach suggests that programs that strongly emphasize quick employment but also include some education services can combine the benefits of both strategies.
- Programs providing subsidized employment to welfare recipients -- where the employer provides training to the welfare recipient in exchange for a wage subsidy and the recipient receives a wage in return for the work performed (such as Supported Work and on-the-job training programs) -- have typically produced large earnings and many have been cost-effective.
- Mandatory work-for-benefits programs ("workfare") have not generally improved the employment prospects of welfare recipients or paid off in budgetary terms. However, welfare recipients found these programs fair and they maintained a safety net for children while sending a pro-work signal to parents and producing socially useful work.

**Programs for teen mothers on welfare have been effective in getting these young mothers to remain in or return to school. Because longer follow-up is needed to fully understand the effects of programs for youth, results are not yet available to understand if and how additional education translates into increased earnings and reduced welfare receipt.**

- The LEAP program in Ohio encourages teen mothers on welfare to stay in or return to school by increasing their monthly grant when a school attendance requirement is met, and decreasing the grant when it is not. This program produced a 20 percent increase in school retention for those who were in school when they enrolled in LEAP, and a 42 percent increase in school enrollment for those who had already dropped out when they entered LEAP. Information on school completion is currently only available in one site -- Cleveland. Here, LEAP increased the graduation rate from 20 percent to 29 percent (a 45 percent increase) for those who were in school when they enrolled in LEAP. However, LEAP had no effect on graduation rates for those who had already dropped out of school when they entered the LEAP program.
- The Teen Parent Demonstration program in Camden, Chicago, and Newark required teen mothers to participate in education or job training or become employed as a condition of receiving their full welfare grant. This program significantly increased school enrollment and modestly increased graduation rates. Within a modest follow-up period, the program increased earnings by 20 percent and led to an 8 percent increase in paternity establishment.
- New Chance is a voluntary program in 16 sites providing adult education, training, and parenting services to a very disadvantaged group -- young mothers on welfare who had dropped out of school. New Chance substantially increased participation in education programs and the portion who received a GED, however, within the relatively short follow-up period available, there was no effect on earnings or welfare receipt.

**EARNINGS IMPACTS AND COST-EFFECTIVENESS  
OF SELECTED WELFARE-TO-WORK PROGRAMS**

Program	Service Strategy	Average Annual Earnings Impact (a)	AFDC Savings Per Dollar Invested in Program (b)
Arkansas WORK	Sequence of job search and unpaid work experience.	\$242	\$3.39
Cook County WIN	Sequence of job search and unpaid work experience.	\$10	\$1.40
Virginia ESP	Sequence of job search and unpaid work experience.	\$206	\$0.67
Baltimore Options	Choice of job search, education, training, or work experience.	\$350	\$0.15
San Diego SWIM	Sequence of job search, and unpaid work experience followed by education and training.	\$415	\$1.80
California GAIN/ Riverside GAIN	Job search and/or education followed by assessment and further education, training, or work experience.	\$471/ \$1,038	\$0.44/ \$1.75
Center for Education and Training (CET)	Education integrated with job training.	\$825	\$0.14

Source: Friedlander et al (1985a), Friedlander et al (1985b), Riccio et al (1986), Friedlander et al (1987), Friedlander and Hamilton (1993), Burghardt et al (1992), and Riccio et al (1994).

Notes: (a) The impact estimates are average differences in earnings between the experimental and control group and include zero earnings for those who did not work. They are not the difference in earnings for those who worked.  
 (b) Cost-effectiveness is measured by the AFDC savings produced for each dollar invested in the program. A return greater than \$1 indicates the program was cost-effective. The estimates, calculated to reflect a five-year period, is computed by dividing the program's AFDC savings by the net cost of program services.

## EMPLOYMENT STATUS OF WOMEN ON AFDC

Working Full-Time	2.6%
Working Part-Time	3.9
In JOBS or Food Stamp Training	6.2
In Self-Initiated Training	6.0
Other (Not working or in any education and training--includes those who are unemployed)	81.3

Source: 1993 AFDC-QC

EARNINGS AND BENEFITS FOR A MOTHER WITH TWO CHILDREN IN PENNSYLVANIA: JANUARY 1994				
Earnings	EITC	AFDC and Food Stamps	Taxes and Work Expenses	"Disposable Income"
\$0	\$0	\$7,548	\$0	\$7,548
\$5,000	1,500	4,856	1,883	9,473
\$10,000	2,528	2,208	3,799	10,937
\$15,000	1,820	1,308	5,522	12,606
\$20,000	936	0	7,102	13,834

Source: Congressional Research Service

*In this Pennsylvania example, a mother of two who has earnings of \$10,000, has disposable income only \$3,389 more than a mother of two who earns nothing. For the working mother, this is comparable to an hourly wage of only \$1.60 an hour.*

## **Important Facts About Welfare Durations for All Women *Beginning A Spell of Welfare Receipt***

The AFDC Microsimulation Model developed by DHHS/ASPE shows that:

- ◆ 66 percent of all women beginning a first spell of welfare receipt will have left the welfare rolls by the end of twenty-four months.
- ◆ 34 percent of the women who leave, return to the welfare rolls within the first year after leaving; by the end of five years, 61 percent have returned.
- ◆ When one takes into account multiple spells of welfare receipt, one finds that 58 percent of all women who start on welfare will spend more than 24 months on the welfare rolls.
- ◆ When one takes into account multiple spells of welfare receipt, one finds that 35 percent of all women will spend more than 60 months on the welfare rolls.
- ◆ 29 percent of the women beginning a first spell of welfare receipt are teenagers. However, 42 percent of those who will spend more than five years on the welfare rolls started receiving welfare as teenagers. They are at greatest risk of long-term welfare use.

**Selected Characteristics of AFDC Recipients  
by Total Time on Welfare**

Characteristics at Beginning of First AFDC Spell	Percent of Total in Group by Time on Welfare Over a 25-Year Period			
	< = 24 Months	25-60 Months	More Than 60 Months	All Recipients
Education at Time of Initial Receipt				
Less than HS	34.8	45.3	62.8	46.9
HS or GED	45.1	42.2	31.8	39.8
Post-Secondary	20.1	12.5	5.5	13.3
No Work Experience in Year Prior to Initial Receipt	30.2	37.2	50.1	38.7
Own Disability or Health Problem that Limits Work at Initial Receipt	14.0	7.6	7.4	10.2
Age When First Received AFDC				
Under 20	17.9	28.5	42.3	28.8
20-24	26.4	23.0	21.3	23.9
25-30	28.4	28.3	18.3	24.9
Over 30	27.3	20.3	18.0	22.5
Race/Ethnicity				
White/Other	64.8	58.1	42.8	55.6
Black	22.6	30.7	33.8	28.4
Hispanic	12.6	11.3	23.4	16.0
Never Married When First Received AFDC	47.7	56.2	72.2	58.2
Age of Youngest Child at First Receipt				
< = 12 months	43.5	57.4	58.9	52.1
13-36 months	17.5	12.6	18.2	16.6
37-60 months	11.8	11.6	9.2	10.9
61+	27.3	18.4	13.8	20.5
Number of Children at Time of Initial Receipt				
1	58.3	52.4	59.1	57.2
2	32.9	37.6	30.5	33.2
3 or More	8.8	10.0	10.4	9.7
Disabled Child at Time of Initial Receipt	6.4	5.6	8.4	6.9
Lived in Public or Subsidized Housing at Time of First Receipt	14.4	14.7	20.0	16.4
Percent of All New Recipients	42.2	23.1	34.7	100.0

*Note: All characteristics are measured when a recipient first receives welfare. Many of these characteristics can and do change over time. However, these changes are not represented in the data presented here.*



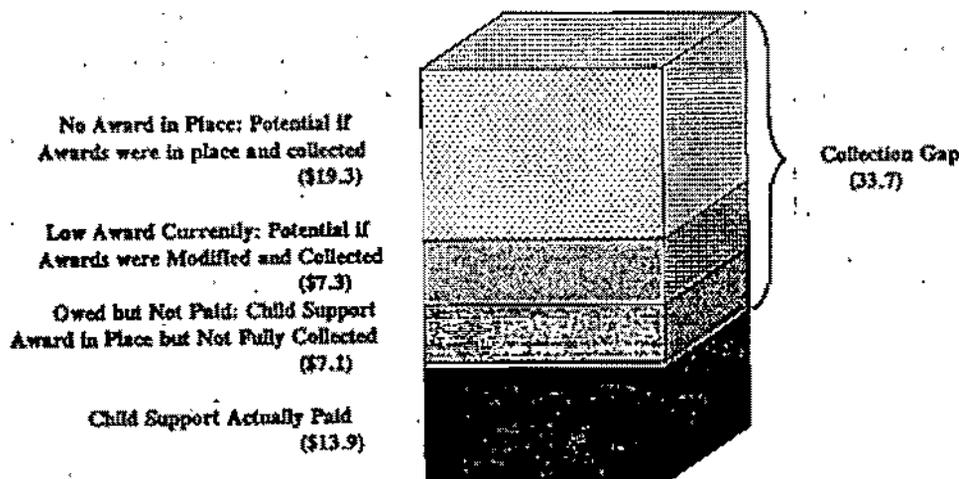
**CHILD SUPPORT**

## THE \$34 BILLION GAP IN CHILD SUPPORT

Recent research indicates that the potential for child support collections is approximately \$48 billion per year, yet only \$14 billion is actually paid. This means that there is a gap between what is currently received and what could theoretically be collected of about \$34 billion dollars. There are three reasons for this gap:

- First, not all existing awards are paid--for lack of enforcement. Currently, an additional \$7.1 billion (21 percent of the gap) could be collected if the full amount of child support due was enforced.
- Secondly, awards are generally set too low, are not adjusted for inflation, and do not reflect the noncustodial parents' current ability to pay. If awards were modified to reflect current guidelines, an additional \$7.3 billion (22 percent of the gap) could be collected.
- Finally, many single parents lack a legal child support order. If they did have an order in place, an additional \$19.3 billion (57 percent of the gap) could be collected. About half of those who do not have an award lack one because they do not have paternity established for their child(ren).

**The Gap Between Actual and Potential Child Support Collections**  
(in billions)



Source: Elaine Sorenson, Non-Custodial Fathers: Can They Afford to Pay More Child Support?, The Urban Institute, 1994.

## THE WORK AND RESPONSIBILITY ACT - MAJOR CHILD SUPPORT PROVISIONS

The Administration proposal is a comprehensive plan that reflects a growing consensus among child support professionals on how to reform the system. It is based heavily on the recommendations of the U.S. Commission on Interstate Child Support Enforcement, state IV-D directors and best state practices that have already proven to be successful. Major elements include:

- I. Establish Awards in Every Case --** The goal is to establish paternity for all out-of-wedlock births. The Administration proposal would clearly define the responsibility for paternity establishment - both for mothers and for states.

For AFDC Applicants:

- Mothers would be required to identify the father prior to receipt of benefits.
- States would be required to establish paternity within one year or face financial penalties.

For All Children Born Outside of Marriage:

- Legal processes to establish paternity would be further streamlined, allowing states to establish paternities much more quickly. In-hospital paternity establishment efforts would also be expanded, along with education and outreach efforts aimed at paternity establishment.

### II. Ensure Fair Award Levels --

- There would be periodic updating of awards through a simplified administrative process so that awards reflect the true ability of the noncustodial parent to pay support and the needs of the custodial family.
- A National Guidelines Commission would be created to recommend fair levels of awards.

### III. Collect Awards that are Owed --

The Administration proposal would create a modernized program for the 21st century. Child support enforcement would be run more like modern businesses that use computers, automation, and information technology.

- A national central registry of support orders would be created so that cases could be effectively monitored and administrative enforcement remedies could be imposed the minute that a child support payment was not made.
- Interstate enforcement would be revolutionized through a National Clearinghouse to track parents across state lines coupled with the adoption of UIFSA and other measures to make interstate enforcement more uniform.
- A National Directory of New Hires, operated by the Federal government will be created to maintain an up-to-date data base of all new employees for purposes of determining child support responsibility. Enforcement would be made much tougher by providing states with the enforcement tools they need, such as license revocations and access to other data bases.

### IV. Performance Based Funding --

A new funding and incentive structure would provide performance based incentives to encourage and reward states for good performance.

### V. Opportunities for Non-Custodial Parents --

Opportunities for work and training would be provided for non-custodial parents who want to pay child support but cannot because they are unable to find or maintain employment.

## Excerpt from Detailed Summary of the Work and Responsibility Act

### CHILD SUPPORT ENFORCEMENT

A typical child born in the United States today will spend some time in a single-parent home. The evidence is clear that children benefit from the financial support and interaction of both parents -- single parents cannot be expected to do the entire job of two parents. In spite of the concerted efforts of Federal, State, and local governments to establish and enforce child support orders, the current system fails to ensure that children receive adequate support from both parents. Recent analyses by The Urban Institute suggest that the potential for child support collections is approximately \$48 billion per year. Yet only \$20 billion in awards are currently in place, and only \$14 billion is actually paid.

The problem is essentially threefold. First, for many children born out of wedlock, a child support order is never established. Second, when awards are established, they are often too low, are not adjusted for inflation, and are not sufficiently correlated to the earnings of the noncustodial parent. And third, of awards that are established, the full amount of child support is collected in only about half the cases. Our proposal addresses each of these shortcomings.

#### Establish Awards in Every Case

The first step in ensuring that a child receives financial support from the noncustodial parent is the establishment of a child support award. Roughly 57 percent of the potential collection gap of \$34 billion can be traced to cases where no award is in place. Paternity, a prerequisite to establishing a support award, has not been established in about half of these cases. States currently establish paternity for only about one-third of the out-of-wedlock births and typically try to establish paternity only after women apply for welfare.

Paternity establishment is the first crucial step toward securing an emotional and financial connection between the father and the child. Recognizing the critical importance of establishing paternity for every child, the Administration has already launched a major initiative in this direction by the creation of in-hospital paternity establishment programs passed as part of the Omnibus Budget Reconciliation Act of 1993 (OBRA 1993). Research suggests that the number of paternities established can be increased dramatically if the process begins at birth or shortly thereafter, when the father is most likely to be present.

Parenting a child must be seen as an important responsibility that has consequences. For young fathers, this means that parenting a child will have real financial consequences for the support of that child. The responsibility for paternity establishment should be made clearer for both the parents and the agencies. If an AFDC mother provides verifiable information about the father, State agencies must establish paternity within strict timelines.

This proposal expands the scope and improves the effectiveness of current State paternity establishment procedures.

Streamlining the Paternity Establishment Process. The legal process for establishing paternity will be streamlined so that States can establish paternity quickly and efficiently. Early voluntary acknowledgement of paternity will be encouraged by building on the present in-hospital paternity establishment programs. For those cases that remain, States will be given additional tools they need to process routine cases without having to depend so heavily on already over-burdened courts.

Cooperation from Mothers as a Condition of AFDC Benefits. The responsibility for paternity establishment will be made clear both to parents and the agencies. Mothers who apply for AFDC must cooperate fully with paternity establishment procedures prior to receiving benefits and will be held to a new, stricter definition of cooperation which requires that the mother provide the name and other verifiable information that can be used to locate the father. The process for determining cooperation will also be changed -- "cooperation" will be determined by the child support worker, rather than the welfare caseworker, through an expedited process that makes a determination of cooperation before an applicant is allowed to receive welfare benefits. Those who refuse to cooperate will be denied AFDC benefits. Good cause exceptions will continue to be provided in appropriate circumstances. In turn, once an AFDC mother has cooperated in providing information, States will have one year to establish paternity or risk losing a portion of their Federal match for benefits.

Paternity Outreach. Outreach and public education programs aimed at voluntary paternity establishment will be greatly expanded in order to begin changing the attitudes of young fathers and mothers. Outreach efforts at the State and Federal levels will promote the importance of paternity establishment, both as a parental responsibility and as a right of the child to know both parents.

Paternity Performance and Measurement Standards. States will be encouraged to improve their paternity establishment rates for all out-of-wedlock births, regardless of welfare status, through performance-based incentives. A new paternity measure will be implemented that is based on the number of paternities established for all cases where children are born to an unmarried mother.

Administrative Authority to Establish Orders Based on Guidelines. Establishing support awards is critical to ensuring that children receive the support they deserve. Child Support (IV-D) agencies will be given the administrative authority to establish the child support award in appropriate cases, based on State guidelines.

### **Ensure Fair Award Levels**

Fully 22 percent of the potential child support collection gap can be traced to awards that are either set very low initially or are not adjusted as incomes change. All States are currently required to use presumptive guidelines for setting and modifying all support awards but they have wide discretion in their development and the resulting award levels vary considerably

across States. For example, in one study, the minimum amount of support due from low-income noncustodial parents required to pay support for one child varied from \$259 per month in Alabama, to \$241 in California, \$50 in Massachusetts, and \$25 in New York. While the use of State-based guidelines has led to more uniform treatment of similarly-situated parties within a State, there is still much debate concerning the adequacy of support awards resulting from guidelines.

Another concern is the failure to update awards as the circumstances of the parties change. Although the circumstances of both parents (including their income) and the child typically change over time, awards often remain at their original level. Updating typically increases awards over time because the noncustodial parent's income generally increases after the award is set, while inflation reduces the value of awards. However, the noncustodial parent who loses his job or experiences a legitimate drop in earnings would also benefit from updating because adjusting their awards will reduce the accumulation of arrearages.

This proposal seeks to reduce the impact of inadequate child support awards and to provide distribution policies that enable families to more easily move from welfare to work.

Modifications of Child Support Orders. Universal, periodic, administrative updating of awards will be required for both AFDC and non-AFDC cases in order to ensure that awards accurately reflect the current ability of the noncustodial parent to pay support. The burden for asking for an increase, if it is warranted, will be lifted from the non-AFDC mother and it will be done automatically, unless both parents decline a modification.

Distribution of Child Support Payments. Child support distribution policies will be made more responsive to the needs of families by re-ordering child support distribution priorities. For families who leave welfare for work, pre- and post-AFDC child support arrearages will be paid to the family first. Families who unite or reunite in marriage will have any child support arrearages owed to the State forgiven under certain circumstances. States will also have the option to pay current child support directly to families who are recipients. Families often remain economically vulnerable for a substantial period of time after leaving AFDC. In fact, about 45 percent of those who now leave welfare return within one year. More than 70 percent return within five years. Ensuring that all support due to the family during this critical transition period is paid to the family can mean the difference between self-sufficiency or a return to welfare.

National Commission on Child Support Guidelines. Under the proposal, a National Guidelines Commission will be established to study the issue of child support guidelines and make recommendations to the Administration and Congress on the desirability of uniform national guidelines or national parameters for setting State guidelines.

## Collect Awards That Are Owed

The full amount of child support is collected in only about half the cases. Currently, enforcement of support cases is too often handled on a complaint-driven basis, with the IV-D agency taking enforcement action only when the custodial parent pressures the agency to do so. Many enforcement steps require court intervention, even when the case is a routine one. And even routine enforcement measures often require individual case processing, as opposed to being able to rely on automation and mass case processing.

This proposal includes provisions for central registries and other tools to improve both intra- and interstate enforcement.

State Role. A State-based system will continue, but with bold changes which move the system toward a more uniform, centralized, and service-oriented program. The need has grown for one central State location to collect and distribute payments in a timely manner. The ability to maintain accurate records that can be centrally accessed is critical. All States will maintain a central registry and centralized collection and disbursement capability. The registry will maintain current records of all support orders and work in conjunction with a centralized payment center for the collection and distribution of child support payments. The State-based central registry of support orders and centralized collection and disbursement will enable States to make use of economies of scale and use modern technology, such as that used by business -- high speed check processing equipment, automated mail and postal procedures, and automated billing and statement processing.

Centralized collection will vastly simplify withholding for employers since they will only have to send payments to one source. In addition, this change will ensure accurate accounting and monitoring of payments. State staff will monitor support payments to ensure that the support is being paid, and they will be able to impose certain enforcement remedies at the State level administratively and automatically. Thus, routine enforcement actions that can be handled on a mass or group basis will be imposed through the central State offices using computers and automation. For States that opt to use local offices, this will supplement, but not replace, local enforcement actions.

In addition to the current State caseload, all new and modified orders for support will be included in the central registry and will receive child support enforcement services automatically, without the need for an application. Certain parents, provided that they meet specified conditions, can choose to make their payment outside the registry.

States must move toward a child support system for the 21st century. With 15 million cases and a growing caseload, this will not occur by simply adding more caseworkers. Routine cases have to be handled in volume. The central registry, centralized collection and disbursement system, increased administrative remedies, and overall increase in automation and mass case processing are all necessary for the operation of a high performing and effective child support enforcement system. Giving State agencies the ability to take enforcement action immediately and automatically removes the burden of enforcing the obligation from the custodial parent, usually the mother.



**TEENAGE PREGNANCY**

**AND**

**OUT-OF-WEDLOCK CHILDBEARING**

**Comparison of Teen Provisions:  
President's Work and Responsibility Act of 1994 (WRA) and  
Republican Personal Responsibility Act of 1995 (PRA)**

*Denial of Benefits to Unmarried Minor Mothers*

**WRA:** The WRA does not deny benefits to teen mothers who had a nonmarital birth.

**PRA:** In cases in which an unmarried mother gives birth before her 18th birthday, that child will not be eligible for AFDC benefits for the rest of that child's life. The mother and child could become eligible in the future only if the mother marries the biological father or she has legal custody of the child and marries an individual who legally adopts the child.

*Teen Pregnancy Prevention*

**WRA:** There will be a National Campaign Against Teen Pregnancy that calls on all sectors of society. The Federal government, State and local governments, schools, non profit organizations, the private sector, and youth will all work together to develop a broad strategy including a media campaign, set goals, and creative interventions. Two grant programs will be funded. The teen pregnancy prevention grants are based on the premise that to be most effective, a prevention strategy must begin with pre-teens, focus initially on the young people who are most at-risk, and emphasize school-based, school-linked activities and complementary community action. The second grant program is the Comprehensive Services Demonstration Grants to Prevent Teen Pregnancy in High Risk Communities.

**PRA:** The PRA contains no provisions specifically designed to prevent teen pregnancy other than to deny AFDC benefits to children of teen mothers. The savings from denying such assistance will be used to fund grants to States. States may use these grants to establish or expand programs to reduce out of wedlock pregnancies, to promote adoption, to establish and operate orphanages or closely supervised residential group homes for unwed mothers.

*Education*

**WRA:** All custodial parents under the age of 20 who have not successfully completed high school (or its equivalent) would be required to participate in the JOBS program, generally in an educational activity. States would be required to provide case management to these teens. At State option, monetary incentives (which must be combined with sanctions) could be provided to pregnant and parenting teens to serve as an inducement to attend school.

**PRA:** At State option, aid may be reduced by up to \$75 per month for each parent under 21 who has not completed high school (or its equivalent) and did not meet minimum attendance requirements at an educational institution in the previous month. This

sanction can also be applied to each dependent child in a family receiving AFDC who did not meet minimum attendance requirements at an educational institution in the previous month.

*Requirement to Live at Home*

**WRA:** States are required to mandate that teen parents under age 18 receiving AFDC reside in their parents household or with a legal adult guardian or relative or in an adult supervised supportive living arrangement.

**PRA:** States are required to mandate that teen parents under 19 receiving AFDC reside in their parents household or with a legal guardian or other adult relative.

### Number and Percent of Nonmarital Births by Year, Age and Race

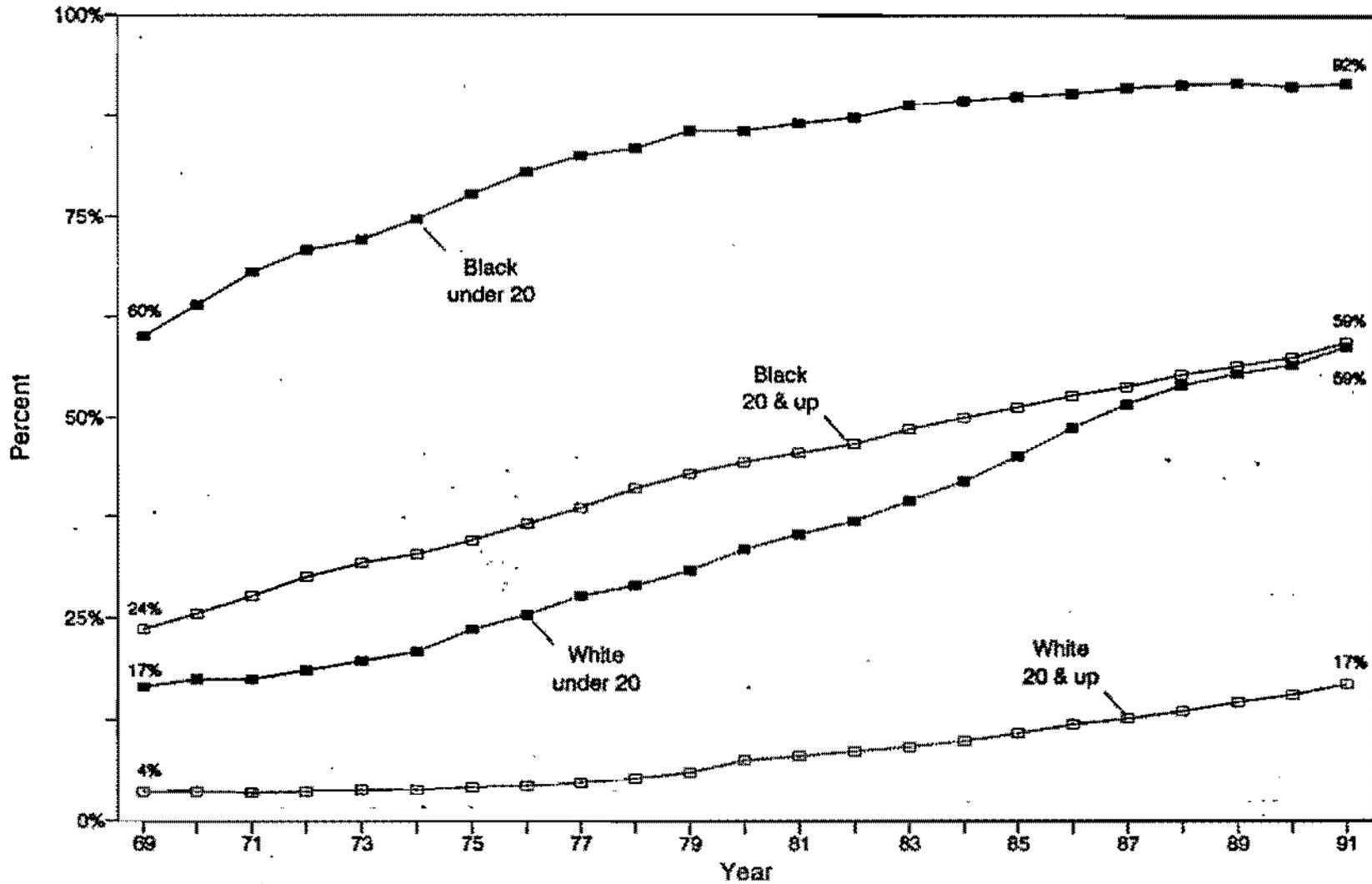
YEAR	TOTAL	AGE 15-19		AGE 20 - 44	
		WHITE	BLACK	WHITE	BLACK
1970	389,200 (100%)	79,300 (20.4%)	107,800 (27.7%)	93,200 (24.0%)	100,500 (25.8%)
1985	818,788 (100%)	142,131 (17.4%)	120,378 (14.7%)	287,458 (35.1%)	239,366 (29.2%)
1991	1,202,801 (100%)	199,656 (16.6%)	145,180 (12.1%)	479,112 (39.8%)	331,620 (27.6%)

Note: The percentages sum to slightly less than 100 because the race category "OTHER" has been excluded.

- The number of births to unmarried mothers tripled between 1970 and 1991—from 398,700 to 1.2 million. Between 1970 and 1991, the number of nonmarital births increased among both teens ages 15 to 19 and adult women ages 20 to 44, but the increase was concentrated most heavily among adult women. In 1970, the number and proportion of nonmarital births was almost equally distributed between teens (49 percent) and adult women (51 percent). But in 1991, fully 70 percent of all nonmarital births were to adult women and 30 percent were to teen women. Roughly half of all nonmarital births to adult women occurred to women over age 25. Thus, while nonmarital childbearing is often cast primarily in terms of teens, a far greater share of nonmarital births are, in fact, to older women.
- The racial distribution of nonmarital births has also changed over time, with the number born to whites increasing more quickly than the number born to Blacks. In 1970, over half (54 percent) of all nonmarital births were to Black women and 44 percent were to white women. By 1991, this pattern had basically reversed, with over half (56 percent) of all nonmarital births occurring to white women and less than half (40 percent) to Black women. This trend held true both among teen women and among adult women.
- Almost one half of the increase in the number of nonmarital births between 1970 and 1991 has occurred because there are more single women compared to married women than previously. More women marry at a later age or do not marry at all.

# PERCENTAGE OF OUT-OF-WEDLOCK CHILDBEARING

Nonmarital Births as a Percentage of Total Births



Source: National Center for Health Statistics, *Vital Statistics of the United States*, annual and *Monthly Vital Statistics Report*, Vol. 43, No. 5, Supplement, October 25, 1994.

Excerpts from DRAFT:  
**Adolescent Pregnancy Prevention Programs:  
Interventions and Evaluations**  
(forthcoming by Child Trends under contract by ASPE)

- A systematic review of the literature finds no "silver bullet" programs to reduce adolescent pregnancy and childbearing.
- A few well-designed and well-evaluated programs have been conducted. Most of the evaluations that have been conducted have been lacking in methodological and statistical rigor.
- The existing body of basic research on adolescent sexual and fertility behavior suggests the primary factors that are associated with early sexual initiation, ineffective contraception, and teenage parenthood are socioeconomic disadvantage, school failure, behavior problems and risk taking. More nebulous but also important are a set of family strengths including nurturance and love, monitoring and discipline, clear values and authoritative communication which instill in children and adolescents the will and capacity to postpone parenthood until they have themselves formed strong and stable families. However, the interventions mounted to prevent adolescent parenthood only rarely focus on these risk factors.
- The most promising approach to preventing pregnancy based on the scientific literature is within programs designed to provide educational and economic opportunities to children and adolescents. Such programs include Title I, the Summer Youth Employment Program, Job Corps, and Head Start.
- Numerous programs have been implemented ranging from sexuality education, to comprehensive, multifaceted interventions offering education, counseling and a variety of support services.
- Studies have concluded:
  - Traditional sex education increases knowledge in the short-term, but seems to have minimal effects on actual-fertility-related behavior. The provision of sex education to adolescents does not increase the risk of sexual activity.
  - Theory-based sex education combined with skill-building activities demonstrate somewhat stronger and more sustained impacts. Specifically, programs with a specific and narrow message, combined with contraceptive information, and activities concerned with social and media influences, modelling, communication and negotiation, encourage a delay in sexual initiation slightly and have modest effects in improving contraceptive behavior.

- Family planning services also have been found to reduce unwanted births, primarily because of pregnancy prevention, but perhaps also due to increased access to abortion.
- Services that offer tailored approaches to reduce barriers to receiving care among adolescents are most likely to affect contraceptive use.
- At present, there is no evidence that abstinence-alone programs delay sexual activity. There is evidence that programs combining abstinence education with contraceptive education serve to both delay sexual initiation and improve contraceptive use.
- School-based clinics are a source of health care, but have not been found to consistently reduce sexual activity or pregnancy, with the exception of the Self-Center clinic in Baltimore; the Self-Center uses a case-management approach to link school sex education with contraceptive and other support services at an outside health facility.
- Other examples of promising initiatives include a program for adolescent girls which combines a curriculum with volunteer work and has been linked to lower pregnancy rates.
- Also, the enriched pre-school development program provided in the Perry Pre-School Program has been found to reduce teenage childbearing more than a decade later.



**STATE FLEXIBILITY**

**COMPARISON OF STATE FISCAL CAPACITY  
AND POVERTY RATES: 1993**

State	Per Capita Income	Poverty Rate
Alabama	\$17,234	17.4%
Alaska	\$22,846	9.1%
Arizona	\$12,986	15.4%
Arkansas	\$16,143	20.0%
California	\$21,821	18.2%
Colorado	\$14,868	9.9%
Connecticut	\$28,110	8.5%
Delaware	\$21,481	10.2%
D.C.	\$29,438	26.4%
Florida	\$20,857	17.8%
Georgia	\$19,278	13.5%
Hawaii	\$23,354	8.0%
Idaho	\$17,646	13.1%
Illinois	\$22,582	13.6%
Indiana	\$19,203	12.2%
Iowa	\$18,315	10.3%
Kansas	\$20,139	13.1%
Kentucky	\$17,173	20.4%
Louisiana	\$16,667	26.4%
Maine	\$18,895	15.4%
Maryland	\$24,044	9.7%
Massachusetts	\$23,676	10.7%
Michigan	\$20,453	15.4%
Minnesota	\$21,063	11.6%
Mississippi	\$9,619	24.7%
Missouri	\$19,463	16.1%



COMPARISON OF STATE FISCAL CAPACITY AND POVERTY RATES: 1993		
State	Per Capita Income	Poverty Rate
Montana	\$17,322	14.9%
Nebraska	\$19,726	10.3%
Nevada	\$22,729	9.8%
New Hampshire	\$22,659	9.9%
New Jersey	\$26,967	10.9%
New Mexico	\$11,410	17.4%
New York	\$24,623	16.4%
North Carolina	\$18,702	14.4%
North Dakota	\$17,488	11.2%
Ohio	\$19,688	13.0%
Oklahoma	\$17,020	19.9%
Oregon	\$19,443	11.8%
Pennsylvania	\$21,351	13.2%
Rhode Island	\$21,096	11.2%
South Carolina	\$16,923	18.7%
South Dakota	\$17,666	14.2%
Tennessee	\$18,434	19.6%
Texas	\$19,189	17.4%
Utah	\$16,180	10.7%
Vermont	\$19,467	10.0%
Virginia	\$21,634	9.7%
Washington	\$21,887	12.1%
West Virginia	\$16,209	22.2%
Wisconsin	\$19,811	12.6%
Wyoming	\$19,539	13.3%

Sources: U.S. Bureau of the Census and U.S. Bureau of Economic Analysis

SELECTED MEASURES OF STATE PERFORMANCE

State	Percent of Adult AFDC Recipients in JOBS (1993)	Percent of Adult AFDC Recipients in Work Activities (1993)	Percent of AFDC Families With Earnings (1992)	Percent of AFDC Families With Child Support Payments (1993)	Percent of IV-D Cases With Paternity Established (1991)	AFDC Quality Control Error Rate (1991)
Alabama	21.2%	0.0%	3.1%	36.3%	33.1%	6.3%
Alaska	5.7%	0.0%	16.9%	18.8%	21.4%	2.9%
Arizona	4.5%	0.3%	7.0%	3.9%	11.2%	8.3%
Arkansas/1	17.0%	0.1%	6.2%	29.5%	44.4%	3.8%
California	7.5%	0.3%	7.5%	11.5%	27.9%	3.5%
Colorado	13.8%	1.7%	8.6%	20.7%	22.8%	2.7%
Connecticut	9.5%	0.2%	5.9%	20.3%	39.1%	2.7%
Delaware	12.2%	0.2%	10.3%	22.3%	20.5%	6.7%
Dist. of Columbia	11.0%	0.4%	1.5%	7.6%	49.9%	6.0%
Florida	8.8%	0.0%	4.9%	15.3%	27.9%	9.7%
Georgia	10.2%	0.4%	7.6%	19.2%	73.5%	3.4%
Hawaii	3.6%	0.5%	14.0%	17.4%	32.2%	3.2%
Idaho	12.5%	0.0%	12.8%	52.7%	53.0%	4.2%
Illinois	8.3%	0.1%	5.3%	8.1%	33.5%	5.0%
Indiana	7.4%	0.5%	6.9%	34.6%	25.9%	5.8%
Iowa	18.3%	0.0%	19.1%	26.6%	22.0%	5.2%
Kansas	19.7%	1.2%	11.5%	34.9%	35.7%	4.4%
Kentucky	4.5%	0.4%	12.6%	17.0%	49.4%	3.1%
Louisiana	9.9%	0.1%	3.5%	9.3%	40.1%	7.1%
Maine	9.6%	0.0%	18.0%	34.7%	32.9%	3.3%
Maryland	10.4%	0.0%	4.0%	18.1%	49.7%	6.9%
Massachusetts	15.4%	0.0%	4.0%	11.5%	25.1%	4.0%
Michigan	19.9%	0.6%	13.2%	27.1%	68.3%	4.1%
Minnesota	8.3%	0.1%	13.8%	35.1%	51.4%	2.8%
Mississippi	7.5%	0.8%	11.3%	13.3%	65.2%	7.5%
Missouri	5.7%	0.3%	5.7%	17.5%	92.6%	5.3%
Montana	21.0%	0.2%	16.9%	18.1%	23.4%	4.4%

/1 First and second columns are based on 1992 data.

SELECTED MEASURES OF STATE PERFORMANCE

State	Percent of Adult AFDC Recipients in JOBS (1993)	Percent of Adult AFDC Recipients in Work Activities (1993)	Percent of AFDC Families With Earnings (1992)	Percent of AFDC Families With Child Support Payments (1993)	Percent of IV-D Cases With Paternity Established (1991)	AFDC Quality Control Error Rate (1991)
Nebraska	49.5%	15.9%	14.2%	29.2%	24.7%	6.9%
Nevada	8.7%	1.9%	4.1%	33.3%	23.6%	4.0%
New Hampshire	12.6%	0.1%	8.1%	34.1%	21.5%	3.7%
New Jersey	8.7%	0.2%	2.7%	20.8%	33.1%	4.7%
New Mexico	16.5%	0.6%	9.3%	9.9%	15.3%	4.9%
New York	9.8%	0.4%	4.3%	11.7%	30.3%	6.7%
North Carolina	8.0%	0.3%	11.6%	19.0%	56.2%	3.7%
North Dakota	28.7%	1.4%	16.2%	39.2%	47.9%	1.7%
Ohio	22.0%	3.7%	7.0%	15.0%	41.0%	8.4%
Oklahoma	15.4%	1.6%	5.4%	9.7%	38.1%	3.9%
Oregon	15.1%	0.2%	12.2%	25.8%	33.9%	3.7%
Pennsylvania	13.8%	0.3%	5.9%	26.2%	44.9%	4.9%
Rhode Island	17.3%	0.2%	5.8%	12.7%	18.8%	3.5%
South Carolina	20.4%	0.0%	8.3%	25.3%	30.3%	6.6%
South Dakota	24.3%	2.3%	13.7%	26.5%	25.3%	1.2%
Tennessee	5.1%	0.0%	11.2%	10.7%	42.9%	6.7%
Texas	10.1%	0.1%	5.6%	6.7%	34.7%	8.0%
Utah	39.8%	1.2%	14.8%	25.9%	47.8%	3.6%
Vermont	18.9%	2.8%	12.8%	40.1%	24.2%	2.0%
Virginia	12.2%	0.1%	5.2%	23.9%	58.9%	3.4%
Washington	18.4%	0.1%	9.1%	32.0%	43.3%	5.8%
West Virginia	42.4%	2.4%	3.2%	11.0%	21.9%	8.2%
Wisconsin	14.5%	0.8%	16.1%	40.6%	70.9%	4.8%
Wyoming	15.3%	0.2%	26.2%	24.3%	23.9%	4.3%
U.S. Totals	11.8%	0.6%	7.4%	16.8%	38.8%	5.0%

**TRENDS IN MAXIMUM BENEFIT LEVELS  
OVER THE PAST 25 YEARS**  
(Percentage changes reflect changes in real dollars)

<b>100% Federally Funded Programs</b>	
Food Stamps	3%
Basic SSI	6%
<b>Shared State and Federal Programs</b>	
AFDC	-47%
<b>100% State Funded Programs</b>	
SSI Supplement (elderly individuals)	-63%
SSI Supplement (elderly couples)	-75%
General Assistance	NA
<b>Federal Block Grants</b>	
Title XX (1975 - 1994)	-58%
Puerto Rico Nutrition (1982 - 1994)	-6%

- ▶ Benefit levels in 100% Federal entitlement programs have generally kept pace with inflation. Food Stamps has been a critical nutrition safety net.
- ▶ Benefit levels in programs with a heavy state contribution have fallen dramatically over time when adjusted for inflation.
- ▶ Block grants may be more vulnerable to budget cuts.

## STATE OPTIONS IN THE WORK AND RESPONSIBILITY ACT OF 1994

### *I. JOBS, TIME, LIMITS AND WORK*

#### JOBS AND TIME LIMITS

##### A. Employability Plan

- State agencies may elect a variety of processes to resolve disputes regarding the employability plan.

##### B. Substance Abuse and Deferral from JOBS/WORK

- States may require deferred substance abusers to participate in treatment and may levy sanctions for failure to do so. States may also require JOBS participants to partake in substance abuse treatment in conjunction with another JOBS activity.

##### C. JOBS Services

- States will have the option to require all job-ready new recipients, not just those from the phased-in group, to perform up-front job search.

##### D. Minimum Work Standard

- States will have the option of increasing the 20 hour minimum work standard to an average of 30 hours per week. States will also have the option to set different minimum work standards to different subgroups as long as the hours fall between 20 and 30 hours per week.

##### E. JOBS Participation

- States will have the option of subjecting volunteers from the not-phased-in group to the time limit. States may define the phased-in group more broadly and may require recipients not-phased-in to participate in JOBS.

##### F. JOBS Funding

- Beginning in FY97, a State may reallocate up to 10% of its combined JOBS and WORK allotments from its JOBS program to its WORK program and vice versa. If a State is unable to claim all Federal JOBS/WORK funding for a fiscal year, it may draw down Federal funds JOBS operational costs in excess of its capped entitlement.

##### G. Transition to Work/WORK

- Before taking a WORK assignment, individuals would be required to engage in job search for at least 45 days, and the State will have the option of extending to 90 days.
- States may provide an additional month of AFDC to those who find employment just as their AFDC/JOBS eligibility ends.
- States may provide post employment and worker support services.

##### H. Effective Date and Definition of Phased-In Group

- States can petition to delay implementation for up to one year after the effective date (October 1, 1995) for circumstances beyond control of the State IV-A agency.
- States will have the option to define the phased-in group more broadly as long as the base group (individuals born after 1971) is included.

### ADMINISTRATION OF JOBS/WORK

#### A. Overall Administration

- The Governor may designate the agency to administer JOBS/WORK and determine whether the State will utilize a State-wide one-stop career center system to implement

JOBS/WORK. If the IV-A agency administers JOBS, it will have the option of contracting with other entities to carry out all JOBS/WORK functions.

In States where an agency other than a IV-A agency is administering JOBS/WORK, States will be given flexibility in determining deferral status; granting extensions of time limits; providing secondary JOBS/WORK hearings/reviews.

## WORK

### A. WORK Funding

- States would be permitted to reallocate up to 10% of combined JOBS/WORK allotments from the JOBS program to the WORK program and vice versa. States may also reallocate up to 10% of JOBS funding for FY97 for WORK start-up costs. If a State is unable to claim all Federal JOBS/WORK funding for a fiscal year, it may draw down Federal funds for WORK operational costs in excess of its capped entitlement.

### B. WORK Eligibility Criteria and Registration Process

- States will have the option of requiring both AFDC-UP parents to participate in WORK.

### C. Allocation of WORK Assignments/Interim Activities/Job Search

- States will have the option of requiring persons awaiting WORK assignments to participate in other WORK activities, including job search, and to establish mechanisms for monitoring such activities.

### D. Supportive Services/Worker Support

- States may provide supportive services (such as child care and transportation) to WORK participants who are engaged in concurrent training/education activities.

### E. Sanctions/Penalties (JOBS and WORK)

- JOBS Sanctions:** To resolve disputes concerning JOBS participants a State may adopt a conciliation policy to meet appropriate standards or may provide a notification process whereby once contact from a recipient is initiated, the State has the option to resolve the dispute without imposing a sanction.
- Ineligibility for a WORK Assignment:** For dismissal from a WORK assignment, States would be able to apply the definition of misconduct utilized in its unemployment insurance program.

### F. Job Search

- The State could require WORK participants to engage in job search while in a WORK assignment provided the combined hours of work and job search did not exceed an average of 40 hours per week.

### G. Assessing Participation in WORK Beyond Two Years

- At the end of two consecutive WORK assignments, States have the option to require participants, who lived in an area where suitable jobs exist, to engage in intensive job search. Noncooperation, or refusal to apply for or accept available jobs, may result in 6 month ineligibility for either WORK or AFDC benefits.

## MAKE WORK PAY

### A. Child Care

- *Program Simplification/Consistency Issues: IV-A* child care funds will continue to flow to the IV-A agency, but States will have the option to contract to the lead CCDBG agency.
- *Continuity of Care:* States will have the option to extend hours and weeks of care to assure continuity of care for children.

### B. Improving the EITC

- *Permitting Publicly Administered Advanced EITC Payment Systems:* Allow four States the option to propose a demonstration project pursuant to which advance EITC payments would be made to eligible residents through a State agency. States may provide, on an advanced basis, up to 75% of the maximum credit for which the taxpayer is eligible. States may include in its proposal coordination of advance EITC payments and other Federal benefits through electronic benefit technology.

### C. Income Disregards

- States may establish their own disregard policy on earned income above the federally required disregard (a minimum of \$120 in earnings indexed for inflation in rounded increments of \$10) for applicants/recipients and WORK participants.
- States shall have flexibility in establishing fill-the-gap policies and in passing-through additional child support payments above the AFDC \$50 pass-through.

## ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NON-CUSTODIAL PARENTS

### A. Training and Employment for Non-Custodial Parents

- States can spend up to 10% of JOBS and WORK funding for work/training activities for non-custodial parents. States do not need to provide the same JOBS/WORK services to custodial and non-custodial parents.
- At State option, a child support obligation can be suspended or reduced while the non-custodial parent participates in a program that does not provide enough to pay the current order.

## II. INFORMATION SYSTEMS AND INFRASTRUCTURE

### A. State Automated Systems

- *Multi-State Collaborative Projects, State Lead with Federal Partnership*
- *Transitional Assistance Support System:* States may augment their systems to include automation of additional specified functions.

*Child Care and JOBS/WORK Case Management Information Systems:* States may implement automated information systems that meet the model functional specifications of Child Care and JOBS/WORK described in the Federally-sponsored model approach.

### III. PREVENT TEEN PREGNANCY AND PROMOTE PARENTAL RESPONSIBILITY

#### A. Incentives for Responsible Behavior

- *Limiting AFDC Benefits to Additional Children Conceived While on AFDC:* States may limit all or part of an AFDC increase when an additional child is conceived while the parent is on welfare.
- *Teen Parent Education and Parenting Activities State Option:* States may use monetary incentives (with sanctions) as inducement for pregnant teens and teen custodial parents (who receive AFDC and do not have a high school diploma or GED) to attend an education program. States may include custodial pregnant teens and teen parents up to their 21st birthday and may limit the geographic scope of this option.

### IV. CHILD SUPPORT ENFORCEMENT PROPOSAL

#### A. Establish Awards in Every Case

- *Financial Incentives for Paternity Establishment:* States may experiment with programs that provide financial incentives for parents to establish paternity.
- *Simplifying Paternity Establishment:* States may allow a father to reopen a case in cases of fraud or for the good of the child.
- *Paternity Outreach:* States may require all recipients to participate in pre-natal programs.

#### B. Treatment of Child Support for AFDC Families - State Option

- *Distribution of Child Support Payments:* States may allow child support payments (to be counted as income) to be paid directly to any family receiving AFDC.

#### C. Collect Awards That Are Owed - State Role

- *Option for Integrated State Registry:* States may maintain a unified, integrated State registry by connecting local registries through computer linkage.
- *Centralized Collection and Disbursement Through a State Central Payment Center:* States may allow cash payments at local offices or financial institutions (as opposed to the State Central Payment Center) if the payments are remitted to the State Payment Center for processing within 24 hours of receipt.
- States may form cooperative agreements to provide collection/disbursement functions for more than one State through one "drop box" location.

#### D. Guaranteeing Some Level of Support - Child Support Assurance Demonstrations

- Allow three states to implement Child Support Assurance demonstrations.
- create work programs for noncustodial parents with no income to work off support.

#### E. WORK Programs for Noncustodial Parents

- States may create work programs for noncustodial parents with no income to work off child support they owe.

### V. IMPROVING GOVERNMENT ASSISTANCE

#### A. Rationalization and Simplification Across Assistance Programs

- *Resources - National Unsubsidized IDA Program:* States may allow Individual Development Accounts to be established by Federally insured financial institutions to pay for post-secondary education or training, first-homes, or business capitalization.

- . *Filing Unit - UP Provisions:* States may eliminate any of the special eligibility requirements for two-parent families.
- . *Filing Unit - Stepparent Deeming:* States may increase the amount of stepparent disregards.
- . *Optional Retrospective Budgeting:* Retrospective budgeting will be optional for States without regard to whether families are required to report monthly.

B. Regulatory Revisions

- . *Verification of Information in Applications:* States will have greater flexibility relative to the information sources they use to verify identification information in applications.

# ADMINISTRATION FOR CHILDREN AND FAMILIES

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## STATE WELFARE DEMONSTRATIONS

Under section 1115 of the Social Security Act, HHS is authorized to grant states waivers of current laws governing the AFDC and Medicaid programs. This authority is intended to give states the flexibility to demonstrate alternatives that better match their residents' needs.

HHS is committed to fulfilling President Clinton's mandate to make the waiver process more efficient. This should give states more flexibility in their management of joint federal-state programs while maintaining quality services for HHS beneficiaries.

Since January 1993, HHS has approved welfare demonstration projects in Arkansas, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Michigan, Mississippi, New York, North Dakota, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Vermont, Virginia, Wisconsin, and Wyoming.

### ARKANSAS

Under Arkansas' demonstration, AFDC parents age 16 or younger will be required to attend school regularly or face reductions in benefits if they fail to do so. If appropriate, teenage parents can meet the requirement by attending an alternative educational program.

In addition, Arkansas will implement a policy of not increasing AFDC benefits when additional children are born into a family receiving welfare. Family planning and group counseling services focusing on the responsibilities of parenthood will be included in the demonstration.

Arkansas' application was received on January 14, 1993, and approved on March 5, 1994.

### CALIFORNIA

California's demonstration will encourage teenage AFDC parents to regularly attend school by paying them a \$100 cash bonus for maintaining a C average, and \$500 for ultimately graduating from high school. Teenage parents who fail to maintain a D average can have their AFDC payments reduced by up to \$50 a month for two months.

The demonstration will also permit AFDC families to accumulate \$2,000 in assets and have \$4,500 equity in a car. In addition, families will be able to deposit \$5,000 into savings so long as the funds are used to purchase a home, start a business, or finance a child's postsecondary education or training.



Finally, the demonstration will allow recipients who work -- but who have low AFDC benefits -- to opt out of the program. They will remain eligible for health care under Medi-Cal as well as other services, such as child care, which are available to AFDC recipients.

California's waiver request was received on September 29, 1993, and granted February 28, 1994.

## COLORADO

Colorado is initiating a "Personal Responsibility and Employment Program" which includes a number of major revisions to the State's AFDC program. The demonstration will operate in five counties. Under the demonstration, parents who are able to work or able to participate in a training program must do so after receiving AFDC benefits for two years. Individuals who refuse to perform the assignments can face a loss of AFDC benefits.

Additionally, the demonstration will "cash out" Food Stamps for participants, meaning that the value of the coupons will be added to the monthly AFDC payment. Participants will be encouraged to work through a new formula which will enable families to keep more of the money they earn. Asset levels and rules pertaining to ownership of an automobile will also be changed so that participants will be permitted to own a car regardless of its value or their equity in it.

Finally, the demonstration provides for payment of financial bonuses when participants stay in school and graduate from a secondary (high school) or GED program, and permits financial penalties to be assessed when parents fail to have their children immunized. Colorado's waiver request was received on June 30, 1993, and granted on January 15, 1994.

## CONNECTICUT

Connecticut's "A Fair Chance" initiative is designed to increase supports, incentives, and work expectations for AFDC recipients. It has two components, Pathways and Family Strength.

Pathways requires AFDC recipients to work a minimum of 15 hours a week after two years of AFDC, 25 hours a week after three years, and 35 hours a week after four years. Pathways will also help families leaving welfare to increase their incomes by paying the difference between the non-custodial parent's child support payments and a state-established minimum. Family Strength provisions raise the resource limit for AFDC eligibility from \$1,000 to \$3,000 and extend transitional child care and medical benefits an additional year, to a total of two years.

Family Strength will be implemented statewide and Pathways will be implemented in the New Haven and Manchester areas. Connecticut's application was received on December 30, 1993, and approved on August 29, 1994.

## FLORIDA

Florida is implementing a "Family Transition Program" for AFDC recipients in two counties. Under the plan, most AFDC families will be limited to collecting benefits for a maximum of 24 months in any 5-year period.

Individuals who exhaust their transitional AFDC benefits, but are unable to find employment, will be guaranteed the opportunity to work at a job paying more than their AFDC grant. The

demonstration also provides a longer period of eligibility -- 36 months in any 6-year period -- for families who are at a high risk of becoming welfare dependent.

Medicaid and child care benefits will be available in the demonstration. Local community boards will play a large role in overseeing the program.

Other elements of the demonstration include an increase in the earnings disregard formula and asset ceilings, as well as a statewide requirement that AFDC parents must ensure that their children have been immunized. Florida's waiver request was received on September 21, 1993, and granted on January 27, 1994.

## GEORGIA

Georgia is initiating the "Personal Accountability and Responsibility Project" (PAR) which strengthens federal work requirements that must be met in order to receive cash benefits. Georgia's welfare agency will now be able to exclude from an AFDC grant any able-bodied recipient between the age of 18 to 60 who has no children under the age of 14 and who willfully refuses to work or who leaves employment without good cause. The rest of the family will continue to be eligible for AFDC benefits.

The plan will also allow the State to deny additional cash benefits for additional children born after a family has been on welfare for at least two years if the child was conceived while the family was on welfare. However, PAR would allow recipients to "learn back" the denied benefits through the receipt of child support payments or earnings.

Medicaid and Food Stamps eligibility will continue for all family members. In addition, Georgia will offer family planning services and instruction in parental skills to AFDC recipients. Georgia's waiver request was received on May 18, 1993, and granted on November 2, 1993.

## HAWAII

Under Hawaii's "Creating Work Opportunities for JOBS Families" (CWOJF) program, job-ready JOBS recipients who would otherwise expect to wait at least three months to be placed in a regular education or training activity are required to pursue job leads developed by JOBS program specialists. The positions are part-time (up to 18 hours per week), private sector jobs at minimum wage, and will allow participants to gain work experience, develop their skills, and better target training needs.

The demonstration will operate for five years. Hawaii's application was received on November 3, 1993, and approved on June 25, 1994.

## ILLINOIS

The Work Pays component, added to the previously approved Project Fresh Start, encourages employment and thereby self-sufficiency by enabling recipients to keep more of their earnings than is normally allowed. The State will disregard two of each three dollars earned for as long as recipients continue working. Illinois' waiver request was received August 2, 1993, and granted on November 23, 1993.

## INDIANA

Under the Indiana Manpower Placement and Comprehensive Training Program (IMPACT), at any point in time, up to 12,000 job-ready individuals will be assigned to a "Placement Track" and receive help in job search and placement. Once on this track, AFDC benefits will be limited to 24 consecutive months. The time limit applies to adult benefits only; children's benefits will not be affected. Case management and supportive services will continue for a period after AFDC benefits end.

For all recipients who become employed, earnings will be disregarded in determining Food Stamp benefits for the first six months. There will be increased sanctions for quitting a job or for failure to comply with program requirements. There will also be fewer exemptions from current JOBS participation requirements. Another provision will extend subsidies to employers who hire welfare recipients for a maximum of 24 months.

A family benefit cap provision will disallow additional AFDC benefits for children conceived while on AFDC although the child will be eligible for Medicaid. Children will be required to attend school and be immunized. IMPACT will operate for seven years. Indiana's request was received June 21, 1994, and granted December 15, 1994.

## IOWA

Iowa is implementing a reform plan that will encourage AFDC and Food Stamp recipients to take jobs and accumulate assets through a program of "Individual Development Accounts." Funds deposited in an account can only be withdrawn to pay for education, training, home ownership, business start-up, or family emergencies. The current law which limits each family's assets to \$1,000 will be changed to allow each applicant to have up to \$2,000 in assets and each AFDC family to possess up to \$5,000 in assets. Additionally, the vehicle asset ceiling will rise from \$1,500 to \$3,000.

Recipients will also be encouraged to work under a new formula which disregards 50 percent of their earnings in the calculation of benefits. For recipients lacking in significant work histories, all income will be disregarded during the first four months on AFDC. A Family Investment Program will be created for most AFDC parents, requiring them to participate in training and support services as a condition of AFDC receipt. Only parents with a child under 6 months old at home, those working at least 30 hours per week, and the disabled are exempt. Individuals who choose not to participate in the Family Investment Agreement will have their AFDC benefits phased out over six months and will not be able to reapply for another six months. Iowa's request was received April 29, 1993, and granted August 13, 1993.

## MICHIGAN

This expansion of Michigan's "To Strengthen Michigan Families" welfare demonstration requires AFDC recipients to participate in either the Job Opportunities and Basic Skills Training program (JOBS) or Michigan's "Social Contract" activities that encourage work and self-sufficiency. Michigan is also testing the requirement that AFDC applicants participate in job search by actively seeking employment while eligibility for AFDC is being determined.

The demonstration also requires that pre-school-age children be immunized and disregards the value of one vehicle in determining eligibility. Additionally, in two counties, Michigan will evaluate

mediation services to determine if this increases compliance with child support. The demonstration will extend previously approved waivers until October 1999. It will include a rigorous evaluation.

Michigan's request was received March 8, 1994, and granted October 5, 1994.

## MISSISSIPPI

Mississippi's reform plan promotes health and education for children receiving welfare assistance and supports work efforts by their parents. The demonstration includes a wide component and two projects, "Work First" in six counties, and "Work Encouragement" in two counties.

The wide component requires all children aged six through 17 to attend school and all children under age six to be immunized and receive regular health checkups. It also extends AFDC eligibility for two-parent families by allowing mothers or fathers to work more than 100 hours a month.

The "Work First" component provides subsidized, private-sector employment for job-ready participants. A special fund created from participants' AFDC and food stamp benefits will reimburse employers' wages. The State will provide supplemental payments to recipients when their total income is less than the combined AFDC and Food Stamp benefits they would otherwise receive. In addition, each "Work First" participant will have an "individual development account" for family savings, to which employers will contribute one dollar per hour of work. The State will also pass on to the family all the child support payments it collects on its behalf.

The "Work Encouragement" component allows recipients to keep more of their earnings and still receive AFDC, by raising the earned-income limit from 60 to 100 percent of state-established need levels. Time limits on income disregards will also be waived.

The "Work First" component will be implemented in Adams, Harrison, Jones, Lee, Hinds and Washington Counties. The "Work Encouragement" component will be implemented in Leflore and Oktibbeha counties. Under both the "Work First" and "Work Encouragement" components, courts may require unemployed, non-custodial fathers to participate in the JOBS program to meet child support obligations.

The demonstration will be in effect for five years. The request was received December 10, 1993, and granted December 22, 1994.

## NEW YORK

New York's "A Jobs First Strategy" gives applicants alternatives to welfare, provides new incentives for recipients to find work and create businesses, and encourages the formation and preservation of two-parent families.

The demonstration allows applicants otherwise eligible for Aid to Families with Dependent Children the option to receive child care or Job Opportunities and Basic Skills Training program services in place of AFDC. The program will also provide one-time cash assistance or other services necessary to remedy a temporary emergency which has resulted, or may result, in job loss or impoverishment.

The demonstration allows children in AFDC families to receive AFDC for up to two years

after a caretaker parent marries and the new spouse's income makes the family ineligible, so long as the household's income does not exceed 150 percent of the federal poverty guidelines. It extends to a full year transitional child care benefits for employed recipients who leave the rolls because of child support payments. In addition, clients are encouraged to develop their own business enterprises by excluding certain business income and resources, including vehicles.

The demonstration will be implemented in six sites in four counties (Broome, Onondaga, Erie, and up to three sites in Brooklyn), and will operate for five years.

The request was received June 7, 1994, and granted October 19, 1994.

### NORTH DAKOTA

North Dakota's demonstration will provide federal AFDC matching funds to the State for low-income women during the initial six months of pregnancy with their first child. Such payments are usually not available until the last trimester of the pregnancy.

In addition, the demonstration links AFDC to a requirement that individuals enroll in the State's welfare-to-work program and pursue education or training activities both during the first six months of pregnancy and after their child is three months of age.

North Dakota's waiver application was received on August 19, 1993, and approved on April 12, 1994.

### OKLAHOMA

Oklahoma's demonstration seeks to encourage welfare recipients to attend school regularly and ultimately graduate from a high school or equivalent educational program.

The demonstration provides that AFDC recipients between the ages of 13 and 18 need to remain in school or face a reduction in benefits if they drop out. The plan applies to teenage parents as well as children. Oklahoma's request was received December 28, 1992, and granted January 25, 1993.

### OREGON

Oregon's JOBS Plus demonstration provides individuals with short-term (up to nine months) subsidized public or private employment at minimum wage or better. The State will provide supplemental payments if an individual's income is less than the combined AFDC and Food Stamps benefits. Participants will continue to be eligible for Medicaid and will receive workplace mentoring and support services. The State also will pass on to the family all the child support payments it collects on the family's behalf.

Each JOBS Plus participant will also have an Individual Education Account (IEA), to which employers will contribute one dollar per hour of work. After a participant begins working in a non-subsidized position, the State will transfer the IEA to the Scholarship Commission. The Commission will then make funds available to the participant or the immediate family for continuing education and training at any State community college or institution of higher learning.

Oregon's request was received on October 28, 1993, and granted September 19, 1994.

## PENNSYLVANIA

Pennsylvania's "Pathways to Independence" project provides incentives and support for single and two-parent families moving from welfare to self-sufficiency. It increases earned income disregards so that recipients can keep more of what they earn before they become eligible for public assistance. Additionally, it raises AFDC resource limits, including the value of a family's vehicle, and increases the time that a family is eligible for transitional child care and Medicaid after the family leaves welfare due to earnings. It will operate in Lancaster County.

To further aid the transition to work, Pathways extends case management counseling and referral services to up to one year after the family leaves welfare. Families will be able to deposit money into retirement savings and education accounts without penalty. Furthermore, after two months of employment, recipient families can also choose to receive cash payment of their monthly Food Stamp benefit. The demonstration will operate for five years.

The request was received on February 18, 1994, and approved November 3, 1994.

## SOUTH CAROLINA

South Carolina's Self-Sufficiency and Personal Responsibility Program sets work requirements and provides transitional assistance for program participants. After completing Individual Self-Sufficiency Plans (ISSP's) to help prepare them to become self-sufficient, AFDC recipients have 30 days to find a job in a designated vocational area. If they fail to secure such employment, recipients receive an additional 30 days on AFDC to find any private sector job; after which time they must participate in a community work experience program in order to continue to receive AFDC benefits. Progressive sanctions for non-compliance, up to and including removal of the entire family from assistance, are components of this program.

To aid in the transition to work; recipients who would otherwise no longer be eligible for AFDC because of employment can receive reduced benefits for up to 12 months. Families remain eligible for Medicaid and child care during this phase-down period, and regular transitional Medicaid and child care benefits begin at the end of this period.

The program also raises resource limits to \$3,000 and exempts the cash value of life insurance policies, one vehicle and interest and dividend payments. Children of recipients are required to attend school regularly and obtain appropriate immunizations.

The demonstration will operate in Berkeley, Dorchester, Charleston, and Barnwell Counties for a period of five years. South Carolina's request was received on June 13, 1994, and approved on January 9, 1995.

## SOUTH DAKOTA

South Dakota is initiating its "Strengthening of South Dakota Families Initiative" that encourages welfare recipients to undertake either employment or education activities. The program assigns AFDC participants to either an employment or education track that enables them to move from dependency to self-sufficiency. Individuals enrolled in the employment track will receive up to 24 months of AFDC benefits; those participating in the education track will receive up to 60 months of AFDC benefits.

Upon completion of either track, participants will be expected to find employment, or failing that, will be enrolled in approved community service activities. Individuals who refuse to perform the required community service without good cause will have their benefits reduced until they comply.

In addition, in conformance with the Food Stamp program, AFDC benefits can be denied to any family in which an adult parent quits a job without good cause. The sanction period will last three months, or until the parent acquires a comparable job.

The demonstration also enacts new rules pertaining to the employment and earnings of children receiving AFDC. Under current law, income earned by children can reduce the family's overall AFDC payment. The South Dakota demonstration will disregard such earnings for children who are attending school at least part-time. Children will be permitted to have a savings account of up to \$1,000. Additionally, AFDC children 14 and over, who are employed part-time, will be permitted to own an automobile worth up to \$2,500.

The South Dakota demonstration will involve a rigorous evaluation that utilizes random assignment to experimental and control groups.

South Dakota's request was received August 6, 1993, and approved March 14, 1994.

## VERMONT

Vermont's "Family Independence Project" (FIP) promotes work by enabling AFDC recipients to retain more income and accumulate more assets than is normally allowed. FIP also requires AFDC recipients to participate in community or public service jobs after they have received AFDC for 30 months for most AFDC families or 15 months for families participating in the unemployed parent component of AFDC. Current child support payments will now go directly to families entitled to them. Vermont's request was received October 27, 1992, and granted April 12, 1993.

## VIRGINIA

Virginia's "Welfare Reform Project" will encourage employment by identifying employers who commit to hire AFDC recipients for jobs that pay between \$15,000 and \$18,000 a year and by providing additional months of transitional child care and health care benefits. A second statewide project will enable AFDC families to save for education or home purchases by allowing the accumulation of up to \$5,000 for such purposes, encourage family formation by changing the way a stepparent's income is counted, and allow full-time high school students to continue to receive AFDC benefits until age 21. Further, in up to four counties, AFDC recipients who successfully leave welfare for work may be eligible to receive transitional benefits for child and health care for an additional 24 months, for a total of 36 months. In one location, Virginia will offer a guaranteed child support "insurance" payment to AFDC families who leave welfare because of employment to assist the family in maintaining economic self-sufficiency. Virginia's request was received July 13, 1993, and granted November 23, 1993.

## WISCONSIN

Wisconsin's reform plan, "Work Not Welfare," will require that most AFDC recipients either work or look for jobs. The plan provides case management, employment activities, and work experience to facilitate employment. Receipt of AFDC benefits will be limited to 24 months in a 4-year period, except under certain conditions, such as an inability to find employment in the local area due to a lack of appropriate jobs. Upon exhaustion of benefits, recipients become ineligible for 36 months.

With exceptions, children born while a mother receives AFDC will not be counted in determining a family's AFDC grant. In addition, child support will now be paid directly to the AFDC custodial parent in cases where the funds are collected by the State. Wisconsin's request was received July 14, 1993, and granted November 1, 1993.

## WYOMING

Wyoming's reform plan will encourage AFDC recipients to enroll in school, undertake a training program, or enter the workforce. Wyoming's plan will allow AFDC families with an employed parent to accumulate \$2,500 in assets, rather than the current ceiling of \$1000.

Wyoming will promote compliance with work and school requirements with tough penalties: AFDC minor children who refuse to stay in school or accept suitable employment could have their monthly benefit reduced by \$40; and adult AFDC recipients who are required to work or perform community service, but refuse to do so, face a \$100 cut in their monthly benefit. Also, Wyoming will severely restrict eligibility for adults who have completed a postsecondary educational program while on welfare, and will deny payment to recipients who have confessed to or been convicted of program fraud until full restitution is made to the State.

Unemployed, non-custodial parents of AFDC children who are not paying child support can now be ordered, by the courts, into Wyoming's JOBS program. Wyoming's request was received May 20, 1993, and granted September 7, 1993.



## POLL RESULTS

# HHS FACT SHEET

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

January 1995

## FACTS RELATED TO WELFARE REFORM

### Public Support for President Clinton's Welfare Reform Plan

**Public views and values.** A recent survey by the Henry J. Kaiser Family Foundation explored public views on welfare reform in depth. The study identified the core beliefs and values shaping public opinion on welfare, and found most voters reject the *status quo* welfare system because they believe it does more harm than good by discouraging work and family stability. However, voters see individuals and government sharing responsibility in a reformed system, and they are concerned that welfare reform not leave people without basic support.<sup>1</sup>

**Widespread support for Clinton approach.** Given these findings, it is not surprising that Americans overwhelmingly support the Administration's approach to welfare reform. Public opinion surveys show that Americans of all races, all political persuasions, and all income levels support welfare reform that emphasizes work and responsibility.

A comprehensive *Los Angeles Times* survey demonstrates the depth of support.<sup>2</sup> In April 1994, pollsters asked 1,682 American adults whether they favored a welfare reform proposal that resembled the Clinton plan. The question was:

One proposal currently being discussed to reform welfare would require all able-bodied welfare recipients, including women with preschool children, to go to school for two years to learn a skill while receiving benefits. After that, they would be required to either get a job or take a job the government would give them and their welfare benefits would be discontinued. Child care would be provided for the children of working mothers. Do you favor or oppose this proposal?

An overwhelming 91% of those polled favored this approach to welfare reform. Sixty-five percent favored this proposal "strongly," and only 7% opposed it.

Allegiance to this approach--essentially the Clinton model--crossed all demographic lines. African Americans (96% support) and people of Hispanic descent (95% support) were even more positive than whites (90% support). Similarly, support spanned all income categories:

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<sup>1</sup>Kaiser Family Foundation survey of 1,200 adults in December of 1994. The margin of error was +/- 3%.

<sup>2</sup>*Los Angeles Times* survey of 1,682 adults in April, 1994. The margin of error was +/- 3%.

90% of those earning less than \$20,000 were supportive, and middle- and upper-income Americans were even more positive.

**Worth the price.** Americans are willing to pay substantially more for welfare reform than the estimated cost of the Clinton proposal. In a follow-up question, the *Los Angeles Times* survey assessed willingness to pay for reform:

Some estimate that this kind of comprehensive welfare reform—including job training and child care for working parents—could end up costing over \$50 billion in a ten-year period. If that's true, do you think the cost of this comprehensive welfare reform is worth the price or not worth the price?

More than two-thirds (69%) of respondents said that comprehensive welfare reform is worth this investment. (Again, the actual Administration proposal has a much lower price tag.) Support was strong across all demographic categories, with no less than 66% support from any subgroup.

Other surveys have uncovered a similar willingness to pay for reform. An April 1994 CNN/*USA Today*/Gallup poll found two-thirds (68%) of respondents favored "replacing the current welfare system with a completely new system to help poor people get off welfare [even] if that new system would cost the government more money in the next few years than the current system."<sup>3</sup> Only 27% opposed this proposal.

**Agreement on the problem and the solution.** These results are not a surprise. For many months, public opinion surveys have shown that Americans agree on both the problems of the welfare system *and* the necessary solutions. Americans believe that the current welfare system is failing and must be changed to emphasize work and responsibility. Respondents of different races, economic and educational levels, and regional backgrounds support time-limited benefits combined with work skills training and job assistance.

**Strong support for measures to enable and encourage work.** The April *Los Angeles Times* survey found nearly three in four (73%) people agreeing that the main goal of any welfare reform plan should be "to get people in the workforce." Only 6% said that the goal should be "to cut costs," and just 17% said the goal should be "to cut down on illegitimacy."

Americans recognize that supportive services can help recipients enter the workplace and attain self-sufficiency. The Kaiser Family Foundation survey found overwhelming majorities in support of the government providing:<sup>4</sup>

- job training for people on welfare (87% to 10%),
- public service jobs for people on welfare (74% to 21%), and

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<sup>3</sup>Gallup survey of 1,002 adults in April, 1994 for *USA Today* and CNN. The margin of error was +/- 3%.

<sup>4</sup>Kaiser Family Foundation survey of 1,200 adults in December of 1994. The margin of error was +/- 3%.

- child care to low income mothers on welfare who take jobs or are in job training (85% to 13%).

**Strong Support for time limits.** At the same time, Americans believe that welfare must be transitional assistance, and support time limits like those in the President's proposal.

A *U.S. News and World Report* survey found 69% of respondents favored "limiting the time families can stay on welfare or Aid to Families with Dependent Children."<sup>5</sup> Only 16% of respondents opposed such limits. Again, support for this aspect of reform spanned all demographic sub-groups. More than 60% of African Americans, whites, and members of all income categories supported limits. Time-limits also united differing political perspectives, gaining support from Democrats (65%), Republicans (74%), and ticket-splitters (68%).

In more recent surveys the questions have grown tougher but support for time-limited benefits has not diminished. The Kaiser Family Foundation survey found 68% in support of "ending welfare payments to able-bodied welfare recipients, including women with pre-school children, after two years, and requiring them to take a job."<sup>6</sup>

**Benefit cuts, group homes, and orphanages.** Recent surveys have demonstrated over and over again that there is little public support for extreme positions that threaten to leave people without basic means of support. Majorities reject "denying benefits to unmarried women on welfare under 18 who have children" (54% opposed, to 42% favor) and "denying or substantially reducing benefits to children when it is not possible to establish fatherhood" (67% to 27%).<sup>7</sup> Large majorities of voters say they would be "very upset" or "somewhat upset" if "many poor mothers have to send their kids to orphanages or foster homes" (78%), "limits on welfare cut off benefits to poor families even when no work is available" (73%), or if "cuts in benefits for illegal immigrants lead to discrimination against legal immigrants who work and pay taxes" (64%).<sup>8</sup>

The findings on group homes, foster homes, and orphanages have been remarkably steady in a large number of surveys. By huge majorities, voters oppose greater reliance on orphanages and they expect orphanages to cost them more as taxpayers. Even though time-limits on benefits are extremely popular by themselves, a proposal that requires mothers on welfare to "find a job and get off welfare within 2 years and if they can't take care of their children at that time, give them

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<sup>5</sup>Survey of 1,000 "likely voters" conducted in December, 1993 for *U.S. News and World Report* by The Tarrance Group and Mellman, Lazarus, Lake. The margin of error was +/- 3.1%.

<sup>6</sup>Kaiser Family Foundation survey of 1,200 adults in December of 1994. The margin of error was +/- 3%.

<sup>7</sup>Yankelovich Partners for *Time* and CNN telephone survey of 800 adults in December 1994. The margin of error was +/- 3.5%.

<sup>8</sup>*Newsweek* survey of 728 adults in December, 1994. The margin of error was +/- 4%.

to an orphanage" is rejected by voters by a three-to-one margin (72% opposed to 24% support). Even Republicans reject this proposal by a two-to-one margin (67% opposed to 28% favor).<sup>9</sup>

The public also rejects orphanages for children of young mothers. Again by a better than three-to-one margin (72% to 20%) voters believe it is better for children of unwed mothers under the age of 21 to live with their mothers than to go into foster care or an orphanage. They also believe (60% to 30%) that relying on the family will cost the government less money. Again these results hold for voters of all political persuasions.<sup>10</sup>

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<sup>9</sup>Yankelovich Partners for *Time* and CNN survey of 800 adults in December, 1994. The margin of error was +/- 3.5%.

<sup>10</sup>CBS/*New York Times* survey of 1,147 adults in December, 1994. The margin of error was +/- 3%.

## RESULTS FROM THE LOS ANGELES TIMES POLL OF JANUARY 21

- ▶ "Survey Finds Backing for Clinton on Crime, Welfare and Taxes"  
(The Los Angeles Times, 1/24/95).

### Time Limits

- ▶ Those surveyed were asked about which kind of approach to time limits they prefer: President Clinton's plan which would require "recipients to work after two years on the rolls but would provide public service jobs if none are available in the private sector," or the House Republicans' plan which would "let states cut off recipients after two years without guaranteeing a job."
- ▶ By 66 percent to 29 percent, those surveyed preferred the Clinton approach. According to The Times, "a majority of both Republicans and conservatives preferred Clinton's policy."

### Out-of-Wedlock Childbearing

- ▶ Those surveyed were also asked about their preferred approach to reducing out-of-wedlock childbearing. They were told that President Clinton wants to require that teen mothers live at home as a condition of receiving aid, and that House Republicans "want to cut off all welfare benefits to girls under 18 who bear children out-of-wedlock."
- ▶ By 58 percent to 28 percent, those surveyed preferred the Clinton approach.

POLL WATCH:

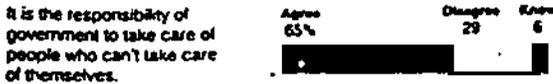
According to a CNN/USA/Gallup poll of 1,014 adults conducted December 2-5:

**On welfare reform:**

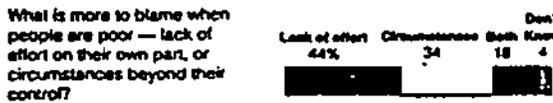
- 10% say "the amount of tax money now being spent for welfare programs to help low-income families should be ended altogether," 36% say it should be reduced, 34% say it should be kept at its present level and 14% say it should be increased.
- 56% favor a move to "cut all aid to immigrants who have entered the United States illegally until they have lived here at least five years," while 40% are opposed.
- 88% favor a move to "help provide child care so a parent on welfare can work or look for work," while 10% are opposed.
- A move to "provide job training to teach welfare recipients new skills" is favored by 92% and opposed by 7%.
- 54% favor a move to "provide a government-paid job to welfare recipients when there are not enough private sector jobs available" and 42% are opposed.
- 56% oppose "ending welfare payments to unmarried mothers who have children," while 40% favor ending the payments.
- 58% favor a move to "cut off all benefits to people who had not found a job or become self-sufficient after two years" and 37% are opposed.
- A move to "limit all adults to a total of five years of welfare benefits" is favored by 62% and opposed by 34%.
- 46% favor a move to "end increases in welfare payments to women who give birth to children while on welfare," while 52% are opposed.
- "If a new welfare system were passed in which the government cuts off welfare benefits to recipients after two years," 78% say "the government should provide separate benefits to children, even though their parents' benefits have been cut off" and 17% say the government should not provide separate benefits for children.

## The Public's Perceptions of Welfare And a Desire for Change

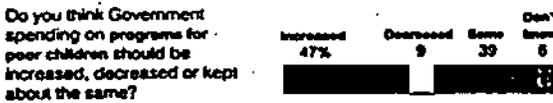
Most people say the Government has a responsibility to take care of the poor ...



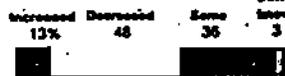
but many blame the poor for a lack of effort ...



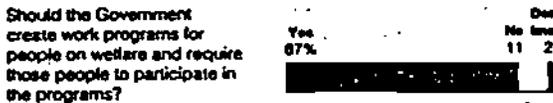
and when it comes to spending, a word makes a big difference.



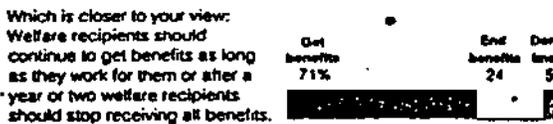
Do you think Government spending on welfare should be increased, decreased or kept about the same?



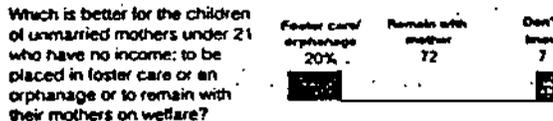
Most people want welfare recipients to be required to participate in Government work programs ...



and be able to receive benefits as long as they work ...



and a majority would rather have children of young mothers remain with their mothers on welfare than be placed in foster care or an orphanage.



Based on a nationwide telephone poll with 1,147 adults conducted Dec. 6-8. The questions about spending were each asked of half the sample.

## How the Poll Was Conducted

The latest New York Times/CBS News Poll is based on telephone interviews conducted Dec. 6 through 8 with 1,147 adults around the United States, excluding Alaska and Hawaii.

The sample of telephone exchanges called was selected by a computer from a complete list of exchanges in the country. The exchanges were chosen to insure that each region of the country was represented in proportion to its population. For each exchange, the telephone numbers were formed by random digits, thus permitting access to both listed and unlisted numbers. Within each household, one adult was designated by a random procedure to be the respondent for the survey.

The results have been weighted to take account of household size and number of telephone lines into the residence and to adjust for variations in the sample relating to region, race, sex, age, and education.

In theory, in 19 cases out of 100 the results based on each sample will differ by no more than three percentage points in either direction from what would have been obtained by polling all American adults.

For smaller subgroups the potential sampling error is larger. For example, for blacks it is plus or minus nine percentage points.

In addition to sampling error, the practical difficulties of conducting any survey of public opinion may introduce other sources of error into the poll. Variations in question wording or the order of questions, for instance, can lead to somewhat different results.

## EXECUTIVE SUMMARY

In light of the recent midterm elections, many Americans are wondering whether the electoral shift signifies a loss of support for government efforts to fight poverty, many of which began in the 1960s War on Poverty. A study of American public attitudes on fighting poverty was conducted by the Center for the Study of Policy Attitudes in consultation with the Americans Talk Issues Foundation. It included:

- a nationwide poll of 900 randomly chosen Americans conducted October 13-16 (margin of error plus or minus 3.5% - 4.0%)
- a comprehensive analysis of polls conducted by other organizations
- two focus groups with a demographically-balanced sample of Americans
- in-depth interviews with 23 Americans from across the country.

In traditional political terms the findings of the study are paradoxical. On one hand, among the American public there is a widespread and strongly felt frustration with government performance which extends to government poverty programs. At the same time, this does not signify a mandate to eliminate or even cut back such programs. Most Americans continue to embrace the values that have prompted such programs and do not want to reduce spending on them, a consensus that cuts across ideological demographic and political lines. Rather, such frustration leads Americans to want to see poverty programs conducted more effectively, especially to see the poor more effectively integrated into the work force.

More precisely the study found:

1. The American public strongly supports the effort to fight poverty. They think poverty is getting worse, and they are concerned about it. An overwhelming majority believes that society is morally obliged to try to eliminate poverty and that such efforts are a good economic investment. Support for fighting poverty does not appear to be any weaker than it was during the 1960s War on Poverty and may be stronger.

2. The majority has a very negative attitude toward the government's performance in poverty programs. This attitude seems to rest largely on the mistaken belief that wasteful bureaucracy and fraud are so rampant in government programs that only 31% of poverty program funds are ultimately used to help the poor. This negative attitude also extends to the War on Poverty which is incorrectly viewed as having failed to reduce poverty.

3. Despite negative impressions about government performance, the majority wants to maintain or increase spending on poverty programs overall and strongly favors increasing spending on some specific programs and some poor populations. Despite the negative view of the War on Poverty, programs that grew out of it are some of the most popular candidates for spending increases.

4. The public overwhelmingly supports programs that emphasize moving poor people into productive work. Welfare elicits strong negative feelings and there is much support for setting time limits. However, there is virtually no support for simply eliminating welfare and little support for cutting spending on it. Rather, there is very strong support for job training and large-scale jobs programs, not only for current welfare recipients but for all able-bodied Americans willing to work.

5. The majority is ready to give more support to the working poor through raising the minimum wage and indexing it to inflation, while a plurality is ready to give more benefits to the working poor.

6. In contrast to the low levels of confidence in government to fight poverty, the public has a high level of confidence in volunteer organizations, churches, charities and organizations of poor people working in their community. A majority also wants business to play a larger role in fighting poverty.

7. The majority feels that wealthy Americans should pay more in taxes for poverty programs. This view is driven more by a desire to reduce the number of Americans living in poverty than it is to reduce the gap between the rich and poor.

8. The majority has numerous misperceptions about the poor and about poverty programs. Some of these misperceptions correlate with negative attitudes about efforts to reduce poverty.

9. The public as a whole perceives the public (i.e. the public perceives itself) as more resistant to spending money on the poor than is actually the case



**POSSIBLE EXAMPLES OF PEOPLE  
WHO COULD BE AFFECTED BY  
ENACTMENT OF THE PERSONAL RESPONSIBILITY ACT**

## Possible Situations That Real Families May Face After Enactment of the House Republican Proposal H.R. 4 - Personal Responsibility Act (PRA)

### Section 101 - Paternity Establishment

*This provision denies AFDC benefits to any child for whom paternity is not established. (There is a limited set of exceptions in cases of rape or incest or when establishing paternity would endanger the mother.) If the mother has cooperated fully in helping identify and locate the father, she can be eligible for AFDC, even if paternity has not been established. The child, however, is denied aid until paternity is actually established. This provision applies to all persons who apply or reapply for welfare after the effective date of this act. Children and mothers denied aid under this provision would still be eligible for Medicaid.*

- ▶ **This provision would punish children and families and would discriminate against children based on their parents' behavior. Families would be punished due to the inability of states to process paternity claims. Families denied assistance might face severe hardship and family break-up.**

Kathy Green, age 35, supported herself and her 10 year-old daughter, Amy, for the past 15 years by working odd jobs and part-time employment. Since recession hit her town she has been unable to find work and has used up her meager savings. She and Amy's father never married, and he provides no support. Kathy applies for AFDC on Amy's behalf, and the state informs her that until paternity is actually established, her family can receive no aid. To help the state establish paternity, Kathy does everything she could and was expected to do. The state, however, fails to act for 9 months. When the hearing is finally scheduled, it is 12 months after Kathy applied for assistance. Although Kathy shows up to testify, the father doesn't. In the meantime, she and her child have received no aid. Although Kathy and Amy have endured hardship and may face eviction from their apartment, any future applications will also be denied until paternity is established.

### Section 105 - Denial of AFDC to Children Born Out-Of-Wedlock

*This section prohibits benefits to children and their parent when the child was born out-of-wedlock while the parent was under 18 (or under 21, at state option). The ban applies for the entire childhood of the child unless the mother marries the biological father or another man legally adopts the child. A portion of the federal money saved under this provision is returned to the states for use in pregnancy prevention programs and group care settings including orphanages. Children and mothers denied AFDC under this provision are still eligible for Medicaid.*

- ▶ **As above, this provision would punish children and families and would discriminate against children based on their parents' behavior. Families denied assistance might face severe hardship and family break-up.**

Karen had her daughter, Rebecca, when she was 15, and with the help of her parents, managed to finish school. She's worked for the past 10 years, but was laid off from her most recent job when her company was downsized. When her unemployment insurance runs out, she applies for AFDC. Karen is told that her child is ineligible for AFDC because she was not married at the time of the birth. For this reason, her daughter will remain ineligible for her entire childhood.

Mrs. Susan Grant is a 30 year old woman who recently applied for AFDC for her two sons after her husband of 13 years abandoned the family. She had her first child, Brian, when she was an unmarried teenager at age 16. After finishing high school, she married another man and had her second child, John. She has no work experience since she and her husband agreed that she would stay at home to raise their two children. Her ex-husband never adopted Brian, and he has refused to pay child support for John. Since she has no means of support, Mrs. Grant applies for AFDC for her two sons. While she and her son John are eligible, she discovers that Brian is not eligible for aid since he was born out-of-wedlock (after the date of enactment).

- ▶ As a result of these provisions the state would place parents in the position of having to make decisions no family should have to face. Also, no exceptions would be made for rape or incest.

Chrissy was 17 when she was raped in an ally near her home. As a result, she became pregnant and elected to have the child rather than have an abortion. Her low-wage job will not be sufficient to support both her and her expected child. She is only able to work part-time since she is currently attending high school. Under the Republican plan, she and her child are ineligible for AFDC assistance since she is not married, even though she has established paternity for the child and the pregnancy was the result of rape. This leaves her with several options. She can turn her child over to the state to live in a state-run orphanage and/or to be put up for adoption. Or, she can quit school and attempt to support her and her new child on her meager salary.

#### Section 107 - State Option to Deny AFDC to Children of Mothers aged 18-20

*The stipulations for denying AFDC benefits described under Section 105 may be extended to mothers through age 20, at the state's discretion. The state also has the discretion to deny housing benefits under the same provisions.*

- ▶ These provisions are punitive and would not affect behavior; they would merely punish vulnerable families.

Judith is 20 years old and her child, Samuel, is 6 months old. She has lived on her own for several years and receives rental assistance. The state in which she resides exercises its option under the Republican plan to deny AFDC and housing benefits to children born out-of-wedlock to individuals aged 18, 19, or 20, and to the parents of these children. Since Judith is only 20 years old, the state stopped her rental-assistance payments. She is unable to pay her rent from her low-wage salary and is forced to move into an unsafe, crime-infested tenement house with her young child. When she applies for AFDC to supplement her income, she is denied assistance due to her age.

#### Section 202 - Work Program

***JOBS** The state may not provide subsidized non-work activities -- such as education and training (i.e. JOBS) -- to an AFDC recipient for more than a total of 24 months (whether or not consecutive). There is no requirement for the state to operate a JOBS program and there are no participation requirements for the JOBS program.*

***WORK** States are required to establish a work program. A state may require any adult recipient, regardless of the length of time on assistance, to participate in the work program.*

monthly payments to parents who adopt low-income children, would not be available to anyone who adopts him.

- ▶ **State and local governments would face potentially large increases in public assistance costs for legal immigrants.**

Marta, who is pregnant, is a recent immigrant who has just lost her job and subsequently her health care. Under the Republican plan, she is neither eligible for Medicaid nor any services offered by her local community health center or the Special Supplemental Food Program for Women, Infants, and Children (WIC). With no medical services provided during her pregnancy, Marta gives birth prematurely to a low birth weight baby who requires a lengthy hospital stay, covered by Medicaid (since the child is a U.S. citizen). Marta's baby is subsequently diagnosed as having a learning disability and will require substantial state and local assistance.

- ▶ **These policies promote negative social effects.**

Timmy and Laura are citizens and receive free lunches at school, but Vong, who was born in Vietnam, does not. Timmy and Laura ask their parents why their classmate has to pay for his lunch. They are told that it's because he is different than they are – he isn't an American.

Eduardo legally immigrated to the U.S. and is currently living in a low-income farming community in Southern California. His community has formed a homeowner's association to promote self-help efforts to improve their housing and living environments. Since Eduardo is an immigrant, they had to exclude him from this group in order to be eligible for aid under such programs as the Rural Self-Help Housing Technical Assistance Program and the Rural Housing Site Loans Program.

#### Section 501 - Food Assistance Block Grant Program

*All food assistance programs would be replaced with a Food Assistance Block Grant Program. Funding for Fiscal Year (FY) 1996 is set at \$35.6 billion. Funding for subsequent years would be adjusted for food price inflation and population increases. Funding would be apportioned among states based on the proportion of the economically disadvantaged population living in each state. The proposal repeals all existing authority for food assistance programs, all authority to establish nutrition standards for these programs, and all authority to provide nutrition education to anyone other than women, infants and their young children.*

- ▶ **Families would be denied nutrition assistance due to a lack of resources; benefits would be poorly targeted. States would have no recourse since additional federal dollars would not be available without a special appropriation.**

The state of Florida is experiencing a mild recession. The state administers a nutritional assistance program that is funded primarily from federal block grant dollars with some state dollars. However, due to the recession and due to the federal government's desire to cut spending, this year's allocation is somewhat lower than the demands placed on the program.

Mr. Blankley is a retiree living in Florida. He and his wife live off a very meager pension that is barely enough to cover living expenses. Later in the year, when he applies for food stamp assistance, he is told that although he qualifies he will be unable to receive benefits since the state has exhausted its food assistance budget. In the meantime, the state is forced to turn away hundreds of needy families for the same reason, even though all these families are deserving and qualify for aid.

In Coral Gables, Johnny and his two sisters go to school every day and eat lunch in the cafeteria with all the other children. Their parents are employed as seasonal farmers and only make a small income. Because they qualify for school lunch assistance they are able to receive breakfast and lunch at a reduced cost. When the state exhausts its nutrition budget, the school lunch program in Johnny's school is terminated and the reduced cost lunch is no longer available. Since Johnny's parents cannot afford the full priced meal, Johnny and his sisters face ongoing hunger.

#### Section 503 - Authority to Sell Federal Surplus Commodities

*This provision would replace USDA's authority under current law to purchase commodities and donate them to states and institutions with the authority to sell surplus commodities to states.*

- ▶ **Other provisions would affect private charities that serve needy families. Under the PRA, the USDA would no longer be able to donate commodities for purposes of direct nutritional assistance.**

In downtown Miami, Julio Salazar, a priest, operates a food shelter program for homeless children, the elderly, and other needy families. Although it is funded primarily from private donations, it relies heavily on commodities donated by the USDA. When this portion of the nutrition assistance program is terminated, Father Salazar is forced to scale-back the operations of his food shelter. Many families that received assistance from Father Salazar are turned away.



**OTHER MATERIAL**

# THE STATE OF THE CHILD

Living Arrangements of Children				
Related Children under 18 (in thousands)	1960	1980	1990	1993
Total child population	63,727	63,427	64,137	66,893
Percent of all children:				
Living with one parent	9.1	19.7	24.7	26.7
Living with never-married parent	0.4	2.9	7.6	9.4

Teenage Pregnancy				
	1973	1980	1985	1992
Female Population (ages 15-19)	10,193,000	10,413,000	9,174,000	8,324,000
Births	604,098	552,161	467,485	505,415
Legal Abortions	232,440	444,760	399,200	NA
Estimated Miscarriages	144,060	149,000	114,000	NA
Pregnancies	960,596	1,145,941	980,685	NA
Rate per thousand	98.2	110.0	106.9	NA

Child Poverty					
(Number in thousands and rate)		1974	1979	1989	1993
Children below poverty					
Total		10,156 (15.4)	10,377 (16.4)	12,590 (19.8)	15,727 (22.7)
Black		3,755 (59.6)	3,833 (41.2)	4,375 (43.7)	5,125 (46.1)
White		6,223 (11.2)	6,193 (11.8)	7,599 (14.8)	9,752 (17.8)
Hispanic		NA --	1,535 (28.9)	2,603 (36.2)	3,873 (40.8)

### Child poverty rate by race and family type, 1993:

	Female Head	Married-Couple
Total	53.7	11.7
Black	65.9	18.0
White	45.6	10.8
Hispanic	66.1	30.1

Governmental Policy—Disposable Incomes of mother and 2 children (1993 \$)				Percent change
	1972	1980	1994	1972-94
Wages of \$0				
AFDC	8,531	6,275	4,530	-46.9
Food Stamps	2,150	2,350	2,896	34.7
Total	10,681	8,625	7,426	-30.5
Wages of \$7500				
Wages	7,500	7,500	7,500	--
AFDC	5,584	2,794	737	-86.8
Food Stamps	911	612	2,721	198.8
Federal (Taxes) Refunds	(390)	299	1,677	--
Total	13,605	11,204	12,634	-7.1

Child Support Enforcement				
	1978	1989	Divorced or Remarried	1989 Never Married
Families with children with an absent father (millions)	7.1	10.0	5.6	3.0
Percent with awards	59	58	78	24
Percent who received payment	35	37	51	14
Percent receiving full payment	24	26	NA	NA

## Benefits, Expenditures, Recipients & Child Poverty in 1993, By State

States	Monthly AFDC Benefit July 94	Monthly AFDC + Food Stamps	Total AFDC Benefits Paid	Percent Of All Children on AFDC	Child Poverty Rate (%) 5-17 Years
	Mother & 2 Children	Mother & 2 Children	(in millions)	(monthly avg recp)	
Alabama	\$174	\$469	\$95.9	9.3	22.1
Alaska	933	1,161	110.7	10.1	10.3
Arizona	357	615	269.6	11.8	23.1
Arkansas	214	509	59.5	8.3	23.2
California	617	797	5,897.4	19.4	24.2
Colorado	366	621	164.0	9.0	11.1
Connecticut	690	848	386.3	13.4	16.1
Delaware	348	608	39.7	12.0	12.8
District of Columbia	430	666	110.7	38.1	40.8
Florida	313	584	830.4	13.6	24.5
Georgia	290	568	433.9	14.6	22.9
Guam	340	770	9.2	2.3	-
Hawaii	722	1,097	143.5	12.1	14.8
Idaho	327	594	28.5	4.3	17.4
Illinois	387	641	699.5	15.4	19.8
Indiana	298	573	221.2	9.1	12.0
Iowa	436	670	163.4	9.5	13.0
Kansas	439	689	125.9	8.5	14.7
Kentucky	237	531	210.5	15.2	24.4
Louisiana	200	495	177.5	16.0	38.0
Maine	428	664	117.1	14.4	17.2
Maryland	383	646	318.5	11.8	14.8
Massachusetts	569	777	750.3	14.8	17.6
Michigan (Wayne Co.)	469	693	1,192.1	17.8	21.2
Minnesota	542	744	385.6	10.2	14.8
Mississippi	137	432	87.2	17.1	31.0
Missouri	302	576	286.1	12.4	19.5
Montana	426	663	47.0	8.9	14.7
Nebraska	374	627	65.9	7.6	14.0
Nevada	358	615	44.0	6.3	16.1
New Hampshire	560	757	56.0	6.4	11.6
New Jersey	209	504	533.6	13.1	14.9
New Mexico	391	639	118.5	11.8	23.6
New York (N.Y.C.)	587	792	2,837.4	16.5	24.3
North Carolina	282	562	357.0	12.4	20.9
North Dakota	441	674	28.1	7.2	11.5
Ohio	351	611	980.8	17.7	18.7
Oklahoma	334	599	172.6	10.7	21.5
Oregon	470	729	202.6	10.1	13.2
Pennsylvania	431	667	916.3	13.6	16.3
Puerto Rico	190	190	77.0	3.7	-
Rhode Island	564	798	135.0	17.1	20.3
South Carolina	210	505	118.0	10.7	27.4
South Dakota	440	673	25.0	6.4	16.7
Tennessee	194	489	220.6	13.9	23.9
Texas	198	493	533.6	10.4	23.4
Utah	424	662	78.0	5.3	13.4
Vermont	660	827	65.9	12.0	13.2
Virgin Islands	250	612	3.5	2.7	-
Virginia	364	620	231.7	8.1	13.0
Washington	556	780	602.4	12.9	13.4
West Virginia	263	549	122.2	17.6	31.6
Wisconsin	527	734	441.6	12.8	14.9
Wyoming	370	624	26.5	9.0	11.9

# HHS FACT SHEET

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

January 1995

Contact: ACF Press Office  
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## FACTS RELATED TO WELFARE REFORM Aid to Families with Dependent Children (AFDC)

*(Figures are for 1993, except where noted)*

### Benefits

- AFDC benefit levels range from \$120 per month for a family of three in Mississippi to \$950 per month in Alaska, with the median state paying \$365 in AFDC benefits. Food stamp benefits fall as AFDC benefits increase, however, offsetting to some degree the disparity in AFDC benefit levels among the different states.
- After accounting for inflation, the average monthly benefit for a mother and two children with no earnings has shrunk from \$690 in 1972 to \$395 in 1993, a 43 percent decline.
- This decline has been partly offset by an increase in food stamp benefits, such that the combination of AFDC and food stamps for a mother and two children with no earnings declined by 26 percent between 1972 and 1993.
- In all 50 states and the District of Columbia, AFDC benefits are below the Census Bureau's poverty threshold, varying from 12 percent of the threshold in Mississippi to 75 percent in Alaska (median of 38 percent).

### Case loads

- The number of persons receiving AFDC increased significantly between 1975 and 1993. In 1975, 11.1 million individuals received benefits, and in 1993, 14.2 million persons received AFDC (up from 12.6 million in 1991). Over the same period, the average size of AFDC families has fallen, from 3.3 persons in 1975 to 2.8 persons in 1993.
- Reciprocity rates, defined as the total number of AFDC recipients divided by the state population, have not followed a uniform trend among all states. While rates in some states increased substantially between 1975 and 1992, 22 states experienced a decline in monthly reciprocity rates over that time period.

- Two-thirds of AFDC recipients are children. During an average month in FY 1993, 9.7 million children received AFDC benefits.

### Expenditures

- Despite the increase in the number of recipients over the time period, total AFDC benefit expenditures have remained relatively constant in real terms between 1975 (\$22.6 billion) and 1993 (\$22.3 billion). Real spending on AFDC benefits apart from AFDC-UP (aid for certain poor two-parent families) has actually fallen since 1975, from \$21.6 billion in 1975 to \$20.0 billion in 1993. (Figures shown are constant 1993 dollars.)
- Contrary to the general conception, not all states have experienced an increase in total AFDC expenditures. While the national average between 1985 and 1993 was a 14 percent increase, state-by-state figures varied from an increase of 206 percent in Arizona to a decrease of 41 percent in Wisconsin.
- The share of federal spending devoted to AFDC has declined from 1.6 percent in 1975 to 1.0 percent in 1993.
- For FY 1995, it is estimated that AFDC spending will total \$22.8 billion, including \$10.3 billion by states and \$12.5 billion by the federal government.

### Recipient Characteristics

- Thirty-eight percent of AFDC parents in 1993 were white, 37 percent were black and 19 percent Hispanic, as compared to 1973, when 38 percent of AFDC parents were white, 46 percent black and 13 percent Hispanic.
- At any point in time, only 21 percent of AFDC families report any non-AFDC income; only 7 percent report earnings.
- Forty percent of female welfare recipients gave birth to their first child before the age of 19. Seven percent of children (about 650,000) now receiving AFDC were born to unmarried mothers under the age of 18; 21 percent (almost 2 million children) were born to unmarried mothers under 21.
- Fifty-five percent of children (5.3 million) receiving AFDC were born out-of-wedlock, and 33 percent (3.2 million) of AFDC child recipients do not have paternity established.
- Fifty-four percent of AFDC adult recipients have a high school degree, and 49 percent had not worked in the 12 months prior to receiving AFDC benefits.

The JOBS Program

- On an average monthly basis, 17 percent of adult non-exempt AFDC recipients nationwide were enrolled in the JOBS program in 1993. Only California, Hawaii, and Guam failed to reach the 11 percent participation rate mandated in the Family Support Act for fiscal year 1993.
- Fiscal year 1993 federal funding for the JOBS program was capped at \$1 billion. However, state spending was only sufficient to draw down about three-fourths of the available federal funding for fiscal year 1993, and only 17 states (plus the Virgin Islands) claimed their full allocation of federal JOBS funds.

**OTHER FACTS**

Living Arrangements of Children

- While the total child population in the United States was approximately the same in 1960 as in 1993, the percent of children living with a single parent increased from 9 percent to 27 percent. The majority of children born today will spend some time in a single-parent family.

Labor Force Participation of Women

- The percent of women who work in the wage labor market has increased dramatically in recent decades. Between 1950 and 1993, the labor force participation of women with children under age 6 increased from 14 percent to 58 percent.

Child Poverty

- In 1993, 23 percent of all children lived in poverty. Among children in female-headed families, the rate was 55 percent; among children in families with a male present, the rate was 13 percent.

Child Support Enforcement

- Of the 10 million families with children with an absent father in 1989, 58 percent had a child support order in place. Of those with child support payment due, 51 percent received full payment, an additional 24 percent received partial payment, and 25 percent did not receive any payment.

Federal Role. The Federal role will be expanded to ensure efficient location and enforcement, particularly in interstate cases. In order to coordinate activity at the Federal level, a National Clearinghouse (NC) will be established, consisting of three components: an expanded Federal Parent Locator Service (FPLS), the National Child Support Registry, and the National Directory of New Hires.

Interstate Enforcement. New provisions will be enacted to improve State efforts to work interstate child support cases and to make interstate procedures more uniform throughout the country. The fragmented system of State child support enforcement has caused tremendous problems in collecting support across State lines. Given the fact that 30 percent of the current caseload involves interstate cases, and the fact that we live in an increasingly mobile society, the need for a stronger Federal role in interstate location and enforcement has grown. Many of the recommendations of the U.S. Commission on Interstate Child Support will be included to improve the handling of interstate cases, such as the mandatory adoption of the Uniform Interstate Family Support Act (UIFSA) and other measures to make the handling of interstate cases more uniform.

License Suspension. States will be required to use the threat of revoking professional, occupational, and drivers' licenses to make delinquent parents pay child support. This threat has been extremely effective in Maine, California, and other States.

Other Tough Enforcement Measures. To insure that people do not escape their legal and moral obligation to support their children, States will be given the enforcement tools they need, especially to reach the self-employed and other individuals who have often been able to beat the system in the past. Some of these tools include universal wage withholding, improved use of income and asset information, easier reversal of fraudulent transfers of assets, interest and late penalties on arrearages, expanded use of credit reporting, easing bankruptcy-related obstacles, and authority to use the same wage garnishment procedures for Federal and non-Federal employees.

Training and Employment Programs for Noncustodial Parents. States will have the option of developing JOBS and/or work programs for noncustodial parents who have children receiving AFDC or who have child support arrearages owed to the State from prior periods of AFDC receipt by their children. A State could allocate a portion of its JOBS and WORK funding for training, work readiness, and work opportunities for noncustodial parents. Requiring noncustodial parents to train or work off the child support they owe appears to increase collections dramatically -- most noncustodial parents pay their support rather than perform court-ordered community service. For those without job skills or jobs, these programs provide the opportunity for noncustodial parents to fulfill their child support obligations.

Performance-Based System. The entire financing and incentive scheme will be reconstructed, offering States new performance-based incentive payments geared toward desired outcomes. Federal technical assistance will be expanded to prevent deficiencies before they occur. While penalties will still be available to ensure that States meet program requirements, the audit process will emphasize a performance-based, "State-friendly" approach. There is almost universal agreement that the current funding and incentive

structure fails to achieve the right objectives. These new tools can only be used effectively if States have the necessary funding and incentives to run good programs.

### **Child Support Enforcement and Assurance (CSEA) Demonstrations**

Children need and deserve support from both parents. Yet collections are often sporadic. Often no money is received for several months, sometimes followed by a large arrearage payment. In other cases, the father is unemployed and cannot pay that month. In still other cases, the State simply fails in its duties to collect money owed. The proposal calls for a limited number of time-limited Child Support Enforcement and Assurance demonstrations which will attempt to link expanded efforts at child support collections to some level of guarantee that a child will receive a child support payment on a consistent basis. Under this experiment, persons with an award in place would be guaranteed a minimum level of support -- for example, \$2,000 annually for one child and \$3,000 for two. This does not relieve the noncustodial parent of any obligations. It simply ensures that the child will get some money even if the State fails to collect it immediately.

Child support enforcement and assurance is meant to test ways to ease the difficult task of moving people from welfare to work. It is designed to allow single parents to count on some child support, usually from the noncustodial parent, but from the assured child support payment if the noncustodial parent becomes unemployed or cannot pay child support. States that try this demonstration will have the option to link it with programs that require the noncustodial parent to work off the amount owed.

CSEA protection will be provided only to custodial parents who have a child support award in place, so mothers should have more incentive to cooperate in the identification and location of the noncustodial father, since they will be able to count on receiving benefits. CSEA benefits will normally be subtracted dollar for dollar from welfare payments. In most States, a woman on welfare will be no better off with CSEA, but if she leaves welfare for work, she can still count on her child support payments. Thus, work should be much more feasible and attractive.

### **Enhance Responsibility and Opportunity for Noncustodial Parents**

There is considerable overlap between issues concerning child support enforcement and issues concerning noncustodial parents. The well-being of children who live with only one parent will be enhanced if emotional and financial support is provided by both of their parents. Yet, the current child support enforcement system is ill-equipped to handle cases in which noncustodial parents cite unemployment as the reason for their failure to make court-ordered support payments. It also pays scant attention to the needs and concerns of noncustodial parents -- instead of encouraging noncustodial parents to remain involved in their children's lives, the system often drives them away.

We need to make sure that all parents live up to their responsibilities. If we are going to expect more of mothers in welfare reform, we must not let fathers just walk away. A number of programs show considerable promise in helping noncustodial parents reconnect with their children and fulfill their financial responsibilities to support them. Some programs help parents do more by seeing that they get the skills they need to hold down a job and support their children. Other programs require noncustodial parents to work off the support they owe. It is also important to show parents who get involved in their children's lives again that when they pay child support, they restore a connection they and their children need.

This proposal will focus more attention on noncustodial parents and send a message that "fathers matter." The child support system, while getting tougher on those who can pay support but refuse to do so, will also be fair to those noncustodial parents who show responsibility toward their children.

Work and Training for Noncustodial Parents. States will have the option to use a portion of JOBS and WORK program funding for training, work readiness, educational remediation, and mandatory work programs for noncustodial parents of AFDC recipient children who cannot pay child support due to unemployment, underemployment or other employability problems. States will be able to choose to make participation by noncustodial parents mandatory or voluntary and will have considerable flexibility in designing their own programs.

Demonstration Grants for Paternity and Parenting Programs. Paternity and Parenting Demonstration grants will be made to States and/or community-based organizations to develop and implement noncustodial parent components in conjunction with existing programs for high-risk families (e.g., Head Start, Healthy Start, family preservation, teen pregnancy, and prevention). These grants will promote responsible parenting, emphasize the importance of paternity establishment and economic security for children, and develop parenting skills.

Access and Visitation Grants to States. Paternity actions will stress the importance of getting fathers involved earlier in their children's lives. These grants will be made to States for programs which reinforce the desirability of children having continued access to and visitation by both parents. These programs include mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement including monitoring, supervision and neutral drop-off and pick-up, and development of guidelines for visitation and alternative custody arrangements.

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## Ten Key Welfare Facts

### 1. Welfare benefits are small and declining.

In 1993, the average family on welfare (one parent, two children) received \$373/month in AFDC -- about \$4,500/year. If one includes Food Stamps, which are paid to over three-quarters of AFDC households, the average annual benefit increases to about \$6,900/year -- still only 60% of the Federal poverty guideline for a three-person household. Between 1970 and 1993, real AFDC benefits declined by 43%. State benefit levels vary widely. (The 1993 average benefit in California, for example, was \$568/month, while in Mississippi it was \$120/month.)

### 2. There is no evidence that welfare causes out-of-wedlock births.

Numerous studies have looked at a variety of factors that might have contributed to the rise in out-of-wedlock births and concluded that welfare benefits have either no or very small effects. Nonetheless, some experts (Charles Murray in particular) believe that the availability of welfare has made it easier for young women to become single parents.

### 3. Most welfare families stay less than two years.

Only about 9% of all AFDC recipients stay on the rolls continuously for eight or more years. The majority -- over 70% -- leave AFDC within two years. (Many of these may come back on, the rolls, stay awhile, then leave again.)

### 4. Training programs work.

A range of welfare-to-work programs have increased employment and earnings for single welfare parents. An evaluation of California's GAIN program, for example, found an average increase of 22% in the earnings of single parents and a reduction of welfare payments of 6% over three years. In one county (Riverside) the program produced a 50% increase in earnings and a 15% decline in welfare outlays.

### 5. Jobs are available.

The Bureau of Labor Statistics predicts rapid job growth over the next 20 years, with employment increasing by more than 25 million jobs by the year 2005. At least 10 of the 15 occupations expected to grow most quickly do not require advanced education.

In addition, because of normal turnover, there are at least 30 million job openings a year, a very large proportion of them in entry-level jobs. Under a two-year limit, welfare recipients would likely represent less than 5 percent of the women seeking new entry-level jobs every year.

6. The jobs that are available pay enough to support a family.

The expanded EITC, once fully implemented, will effectively make any minimum wage job pay \$6 an hour for a typical family with two children. A full-time working mother with two children who also receives Food Stamps will have income and benefits of almost \$15,000 if she works at a minimum wage. Since most AFDC mothers work at wages that are a dollar or two above the minimum, they will typically have incomes in the neighborhood of \$16,000 to \$18,000 a year. If Congress increases the minimum wage to \$5 an hour this would add another \$1,500.

7. A relatively small share of the Federal budget is spent on welfare recipients.

Welfare spending can be defined in many ways. Defining "welfare" to include AFDC and the portions of related subsistence programs that serve AFDC recipients (such as Food Stamps, Medicaid, housing assistance, and a few others) combined Federal and state welfare spending totalled \$72 billion in 1993. The Federal share of this amount was \$49 billion, or only approximately 3.5% of the \$1.5 trillion Federal budget. Some higher figures quoted as welfare spending include Federal and state funds for cash and medical assistance for the elderly and disabled, assistance for workers, such as through the Earned Income Tax Credit, and education programs for disadvantaged children.

8. Up to \$34 billion more could be collected if all deadbeat dads paid child support.

The Urban Institute estimates that an additional \$34 billion could potentially be collected in child support. (This includes all children, not just those receiving AFDC.) Of women living alone with their children, only 43% of them receive any payment. In the public child support enforcement system the figures are worse, with only 18% of the cases receiving any payment. The state-run child support enforcement system shows wide variance in effectiveness, however, with some states doing much better than others. In Minnesota, for example, 33% of the cases receive some payment, while in Illinois only 10% do.

9. Births to teenagers have declined over time, but fewer teenagers marry.

Birth rates among teenagers hit a post-World War II low around 1986, and have ticked up a little since. The key difference is that many more teens are having babies outside marriage. Single parents receiving AFDC do not have significantly larger families

than non-AFDC households.

10. Aliens do not use more welfare than citizens.

Illegal aliens currently cannot receive public assistance except in unusual circumstances (such as disasters, public health needs). In general, legal immigrants utilize public assistance at the same rate as the general population with two exceptions. There are high rates of welfare use among refugees and high rates of SSI use among elderly immigrants.