Fatherhood—Welfare-to-Work

PHOTOCOPY
PRESERVATION

FATHERHOOD -

WELFARE-TO-WORK

Welfare-to-Work Reauthorization/Fathers Bill
9/21/99

Outline of possible Johnson/Cardin fathers proposal

- WtW eligibility changes – $45 - $65 M. [#1, 2, and 5 on the attached side-by-side.]

- Fathers grants – about $200 M over 5 (mandatory money). Rs want broader focus – fatherhood, employment, marriage. Ds more targeted, work-focused to increase employment/child support/connection with kids. Competitive grants/demo projects – Rs current thinking is 8 person review board from DOL and HHS, with final decision by HHS, with no grants made until January 1, 2001. Ds open on jurisdiction.

- Pass-Through (Ds want for those in fatherhood demo program; Rs undecided).

- Lower priority, if funds available: national projects (maybe clearinghouse), paid media campaign [Cardin concerned about subsidizing broadcasters]

Possible Offsets:

- $135 M for using NDNH for student loans (in our budget at $1 B)
- $ 50 M from WTW HPB (50% cut in this one-time bonus to be awarded in FY 2000)
- $150 M clarify definition of "foster child" for EITC eligibility (in our budget)
- Cut EITC for childless worker ($$ unknown) (Rs may propose, Ds oppose)

Our Priorities:

- Enacting WtW technical
- Focusing fathers' grants on employment and child support (with personal responsibility contract if possible)
- DOL as lead agency, as in our budget
- Oppose cuts in EITC for childless workers
- Don't change TANF high performance bonus statute (leave definition to regulation)

Other things we may want:

- Give grantees more time to spend current funds (currently 3 years) – will score
- Allow unused state grants to be awarded to nonprofits and tribes in state – will score
- Simplify data reporting requirements

How President's proposal (introduced by Cardin) helps fathers work and support their children [see attached side by side]:

- Requires all states to use at least 20% of their WtW formula funds for low-income fathers ($150 M in a $1 B bill) – build on and expands the efforts of some states and communities.

- Strong emphasis on employment and child support through a personal responsibility contract.

- Expands and streamlines eligibility for a broader group of low-income dads -- basically any non-custodial father who is unemployed, underemployed or having difficulty meeting child support and whose child is poor (eligible for TANF or left TANF within the past year or eligible for food stamps or Medicaid/CHIP).

How current WTW funds are supporting fatherhood efforts:

- States and communities currently investing over $100 M in formula and competitive grants in fathers. This includes grants to local workforce boards, cities, national non-profits (including Charles Ballard's Institute for Responsible Fathers), local community-based groups, and Governor's 15% funds (in CO, IN, IA, KA, MD, NJ, TX). The Round 3 competitive grants to be released shortly target fathers as one of five priority groups so we're likely to see a number of additional innovative WTW-funded fathers programs soon.

Arguments for using current WTW structure:

- WtW is strengthening ties between welfare and workforce systems (confirmed by GAO, Mathematica and Urban). This means welfare recipients and noncustodial parents are more likely to get connected to and come back to the ongoing one-stop employment services of the Workforce Investment Act. There's also encouraging evidence that the workforce system is now beginning to pay attention to fathers and build closer ties with the child support system. Now is not the time to unravel this progress.
- If fathers bill has no new funds for state WtW formula grants, and only funds a few fatherhood grants, we lose the momentum that is building to get the state and local workforce systems throughout the country focusing on fathers.
- WtW funds flow to locals – this complements the TANF funds that go to Governors.

Mayors' priorities:

- They want our reauthorization proposal, including immediate eligibility changes, with $1 B over one year. They are not thrilled with our budget amendment to stretch $1 B over two years ($750 M in FY 2000, $250 M in FY 2001) which they perceive as weakening WH support. Other key themes in USCM resolutions: reinvest unused funds back in the program and extend time for which funds can be used.

Spending trends/Background:

- WtW Formula grant funds have been expended by States, and over 76,000 welfare recipients have been served (over 90,000 counting competitive grantees). These numbers represent substantial improvements over the preceding quarter, which was the first full quarter of WTW data. States have now spent about 15% of their formula funds compared with approximately 8% in March 1999. Expenditures have increased by over 76% and the number of participants has risen by 64% since March.

- States are still in an early stage of implementation and they have three years to spend their grant funds. Twenty-four states, including large states like CA, NY, and FL, didn't receive their FY 98 formula funds until the last quarter of FY 98. Once each state receives its grant, it allocates most of the funds to local workforce boards, who in turn contract with local service providers. It takes time to develop new partnerships between welfare and workforce agencies, enter into contracts with providers, recruit participants, deliver services, pay bills, and report expenses for these services. The first 12 states to get their formula grants have already spent 30% of their funds, which indicates spending is likely to continue to accelerate for the later states.

- Demand for Welfare-to-Work funds continues to be strong. In FY 1998, 48 states and territories (44 states) applied for formula funds and the Department of Labor received 1,400 applications for competitive grants totaling $5 billion and only had funds to award grants of $468 million. This year, 45 states and territories (42 states) have applied for formula funds.

- TANF spending: Not all states have unspent TANF funds -- 19 states have obligated all of their FY 1998 TANF dollars, including large states such as California, Illinois, Ohio and Texas and small states such as Connecticut and Delaware. Many states that have TANF reserves are prudently saving funds for a rainy day. States have spent or obligated 90% of their FY 97 and FY 98 funds.

- Child Care: there is still a great need for child care funds -- the Child Care and Development Block Grant serves only 1.25 million of the estimated 10 million children eligible for child care assistance under federal law and states have many more applicants than they can serve.

Non-Fatherhood Issues which may be added to Johnson/Cardin

- Non-supplantation – restriction on using federal TANF funds to supplant state spending. There's bipartisan interest in sending a signal to states but so far, no one has come up with an enforceable mechanism that doesn't have bad unintended consequences.
- Revise penalty for states not complying with child support single disbursement unit (SDU) (may put in separate bill)
- Ron: funds to collect marriage/divorce data (HHS estimates $750,000 to assess status in FY 2000, $4 - $10 M annually)
- $13-$15 M to improve response rates for Census data cohort
- $20 - $25 for Adoption bonuses
- High Performance Bonus: Rs want to put in family formation/2 parent family measure, Ds want FS/medicaid – we prefer to not change statute, handle in regulations
- OWL bonus: Ron wants to allow 5 states to get the bonus – so if a state is knocked out based on abortion increase, go to next state with largest OWL reduction.

SIDE-BY-SIDE

To ensure the success of welfare reform for individuals who face the greatest challenges, the Clinton/Gore Administration proposes to reauthorize the Welfare-to-Work program, with several program modifications including a stronger focus on increasing the employment of low income fathers so they can better meet their responsibilities to their children. The President's budget proposes to invest an additional $1 billion in the Welfare-to-Work initiative. These funds would be provided to grantees in FY 2000 in FY 2001; grantees would have up to three years to spend the funds received in any given year. The President has called on Congress to pass the Welfare-to-Work reauthorization saying "We can't finish the job of welfare reform without doing more to help people who have the hardest time moving from welfare to work -- those who live in the poorest neighborhoods and have the poorest job skills." The Administration's reauthorization proposal is included in H.R. 1482, *"The Welfare to Work Amendments of 1999"* introduced by Congressman Cardin.

ISSUE	PRESENT WELFARE TO WORK PROGRAM	H.R. 1482 "WELFARE TO WORK AMENDMENTS OF 1999"	RATIONALE
1. Eligibility for Hard to employ Long-Term Welfare Recipients	(a) An individual has been receiving assistance for at least 30 months or is within 12 months of reaching time limits; **AND** (b) meets 2 of 3 of the following characteristics: (1) lacks a high school diploma or GED AND has low math or reading skills; (2) has a poor work history; or (3) requires substance abuse treatment for employment.	(a) An individual has been receiving assistance for at least 30 months or is within 12 months of reaching time limits; **AND** (b) The individual meets at least 1 of the following characteristics: (1) lacks a high school diploma or GED; or (2) has English reading, writing or computing skills at or below the 8th grade level; or (3) has a poor work history; or (4) requires substance abuse treatment for employment; or (5) is homeless; or (6) has a disability; or (7) is a victim of domestic violence.	The eligibility criteria as originally written did not accurately reflect the characteristics of the hardest to employ. For example, many individuals who have a poor work history and who have low math or reading skills have been socially promoted and have a high school diploma and therefore cannot be served under the existing program.

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2. Eligibility for Noncustodial Parents	Presently, noncustodial parents are eligible under both the Hardest to Serve (70%) Category and those who have Characteristics Associated with Long-term Welfare Dependency (30%). Under the Hardest to Serve, 70% category, noncustodial parents must meet 2 of 3 of the following characteristics: (1) lacks a high school diploma or GED AND has low math or reading skills; (2) has a poor work history; or (3) requires substance abuse treatment for employment.	The noncustodial parent is eligible if the Noncustodial parent is: (1) unemployed, or underemployed or has difficulty in paying child support payments. **AND** (2) At least one of the following applies to the minor child of the noncustodial parent. (a) the minor child or custodial parent has been on public assistance for over 30 months, is within 12 months of becoming ineligible for TANF, or due to a time limit. (b) the minor child is receiving or eligible for TANF; or (c) the minor child has left TANF within the past year; or (d) the minor child is receiving or is eligible for food stamps, SSI, Medicaid, or CHIP. **Preference will be given to those noncustodial parents who have children under (a).**	The legislation provides a greater focus on service to noncustodial parents (primarily fathers) to better enable such parents to contribute child support payments and other assistance to their children. The majority of children on welfare live with a single custodial parent and only about 20% receive child support from a noncustodial parent. The vast majority of such noncustodial parents are either unemployed or only able to obtain intermittent, low wage employment. Assisting these noncustodial parents in find and keeping employment and increasing their earnings is therefore critical to enhancing child support payments.

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3. Personal Responsibility Contracts for Noncustodial Parents	Present law does not require a noncustodial parent to enter into a personal responsibility contract.	The noncustodial parent is required to enter into a individual responsibility contract with the service provider and state child support enforcement agency. The noncustodial parent commits to: (1) cooperate in the establishment of paternity and in the establishment or appropriate modification of a child support order; and (2) to make regular child support payments; and (3) to work.	This contract makes clear the expectations and responsibilities of the parties involved and provides a framework for attaining the program's objectives.
4. Funding for Noncustodial Parent	Present law does not require a certain percentage of formula funds be allotted to serve noncustodial parents.	The legislation provides that at least 20% of formula funds allotted to a State are to be used to serve noncustodial parents.	Some states are using their WtW funds to serve noncustodial parents and to strengthen their families. The Administration believes all states must dedicate resources to increase the employment of noncustodial parents to they can better support their children. The State may submit a waiver request and provide sufficient justification to the Secretary to reduce or eliminate the 20% threshold. However, it is expected that waivers would only be granted under unusual circumstances, with the elimination of any threshold unlikely to be approved.

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5. Hard to Employ Recipients with Characteristics of Long-term Dependency	Up to thirty percent of all funds are targeted to this group. Characteristics are those such as school dropouts, teen pregnancy, or poor work history. Noncustodial parents are also eligible.	Up to thirty percent of all funds are targeted to this group. Under this category, Congressman Cardin has proposed to focus on **foster care children who are aging out of the foster care system.** The legislation will target those between 18 and 25.	About 20,000 children leave foster care each year without having found another source of support. There have been a few studies on what happens to these children, but no comprehensive studies nationwide. The most recent study found that about 60% of the young women had a baby within two to four years of leaving foster care and that somewhere between 32% and 40% receive some kind of government assistance including: general assistance, food stamps or welfare within the first 18 months after leaving.

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6. Resources to Native Americans	Present law provides for a one percent set aside, which is $15 million in both FY 1998 and FY 1999.	The proposed legislation would increase the set aside from one percent to three percent. With a $1 Billion reauthorized program, the Native American set aside would be $30 million.	Several states that did not apply for formula WtW funds have large Native American populations that experience high poverty rates and high unemployment, particularly on reservations. Without the WtW Native American grants program, many of these individuals would not otherwise have been served. The goal of this provision is to enhance the access of competitive grant funds to local areas. An increase in funding specifically targeting this population could double the number of Native Americans served and make serious gains in the employment prospects of these individuals. Under the current funding, Native Americans receive only one percent of the total WtW funds while they constitute 3.2 percent (source: HHS WtW Evaluation) of the participants in the current WTW program.
7. Flexibility to Native Americans	The present law requires all competitive grantee applicants to submit applications in conjunction with the local private industry council.	The proposed legislation allows Indian and Native American tribes to submit competitive applications without sign off from the private industry council.	This provision recognizes and promotes the sovereignty of Indian and Native American tribes.

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8. Competitive Grants/Unallotted Formula Funds	Currently all unallotted formula funds revert back to the federal Treasury.	Under the proposed legislation, unallotted formula funds would move into the competitive pool with preference given to applicants from states that did not draw down their formula funds.	In FY 1998, six states (ID, SD, UT, WY, MS, and OH) did not come in for formula funds. However, in two rounds of competitive grants, more than 1,400 applications were submitted seeking $5 billion, more than 10 times the amount that was available for the grants.
9. Integration with the Workforce Investment Act	Under current law, a state's WTW plan is a supplement to the state's TANF plan.	The proposed legislation would have the WTW state plan become part of a state's 5 year strategic state workforce investment plan. It would still be part of the TANF plan	WTW is a mandatory partner under WIA. This will also enhance WTW's role as a bridge between the welfare system and workforce investment system.
10. Technical Assistance	Under current law, there is no funding available for technical assistance efforts.	The proposed legislation would established a 1% reserve of FY 2000 funds for technical assistance.	This technical assistance provision would include the sharing of innovative and promising practices for accomplishing the program's objectives, such as strategies for effectively serving noncustodial parents. The Secretary of Labor, in consultation with the Secretary of HHS, is to develop a technical assistance strategy that ensures coordination and promotes partnerships among States, local areas, TANF and child support agencies, and CBOs.

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11. Reporting Requirements	Under current law, responsibility for participant and financial reporting requirements is divided between the Department of Labor and HHS.	The proposed legislation would consolidate all reporting functions to the Department of Labor as well as simplify the reporting requirements.	The purpose of this provision is to streamline and simplify reporting requirements in response to feedback from States, local communities and service providers. The Secretary of Labor will examine ways to simplify these requirements, considering both the needs of the TANF program and consistency with the requirements under WIA.
12. Allowable Activities	Presently, stand alone training is not an allowable activity.	Congressman Cardin's legislation would permit job skills training, vocational educational training, and (in the case of recipients who have not completed secondary school or received a certificate of general equivalency) basic education.	Despite a 46% decline in welfare rolls over the past 6 years, those individuals that are left on the welfare rolls are those that will need the most intensive interventions. This provision is also consistent with the training activities that are allowed under TANF. These training activities, however, do not count towards TANF work participation rates.