

## REAUTHORIZATION OF THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT

### USING WORK SUPPORT PROGRAMS TO INCREASE SELF-SUFFICIENCY

#### OVERVIEW

The reauthorization of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) (P.L. 104-193) made clear that “work first” was the primary goal of welfare reform. Therefore, as caseloads decreased, states begin to invest some of their Temporary Assistance for Needy Families (TANF) funds in “work support” programs that would help families keep jobs and stay off the rolls. Work supports are part of an overall strategy to “make work pay.” Important work supports include child support payments, food stamps, Medicaid, childcare, and the Earned Income Tax Credit (EITC). However, many welfare leavers who qualify for these services are not receiving them because of misinformation, cumbersome application processes, unlawful practices, or administrative errors. Another concern is that as the country lingers in recession after the longest period of economic prosperity seen by the United States, states may be forced to redirect funds for work support programs back into cash assistance.

#### *DO YOU KNOW....*

- *Only 23 percent of applicants learned of a support program from their local welfare office or state welfare agency, even though about one-half were enrolled in an income support program.*
- *Seventy percent of women who have left welfare and are employed receive no childcare subsidies.*
- *One-third of women who have left welfare report severe difficulties in affording food*
- *One-third of women who leave welfare are without health insurance within the first six months of leaving.*

#### FOOD STAMPS

Although many families who leave welfare still fall below the poverty line, the number of families receiving food stamps has decreased since 1996. The decline in program participation is much greater than expected from changes in the law and the strong economy.

- Food Stamp participation declined 20 percent between 1996 and 1998.
- A study by the General Accounting Office found that the share of poor children receiving food stamps fell from 94 percent in 1994 to 84 percent in 1997.
- Sixty-five percent of former welfare families who left the food stamp program still had incomes below food stamp eligibility standards according to a study done by the Urban Institute in 1999.

#### MEDICAID

Continued access to Medicaid, the State Child Health Insurance Program (SCHIP), or other medical coverage is a key component of family self-sufficiency and is particularly important to families addressing on-going barriers to work, such as poor physical or mental health, disability, substance abuse, or domestic violence.

*...the Power of Social Work...*

- Medicaid enrollment for non-disabled and non-elderly people declined by 7.4 percent between 1995 and 1997; the majority of those who left Medicaid were children.
- Twenty-three percent of children in families below 200 percent of the poverty level were uninsured in 1999.
- Only 29 percent of women who were denied Medicaid were told about SCHIP.

### **CHILD CARE**

Families making under \$14,000 dollars a year use twenty-five percent of their income for childcare. Increased expenditures for childcare have resulted in more families and children receiving assistance. However, many families are still not receiving the assistance for which they are eligible.

- Only one in eight families who are eligible for federal childcare subsidies actually receives them, largely because of limited funding and long waiting lists.
- Fifty percent of applicants leaving TANF because of employment were not told about childcare benefits.
- Less than one-third of families who have left welfare for work are receiving childcare assistance.

### **CHILD SUPPORT**

Child support is a significant income source for low-income families that receive it—decreasing the number of poor children by half a million. However, 70 percent of poor children eligible for child support do not receive it. Thirty percent of non-resident fathers earn less than \$14,000 a year. So even if child support enforcement procedures were perfect, one-third to one-half of female-headed households would remain poor and financially insecure.

- Child support is the second largest component of family income after earnings for poor single-headed families, amounting to 25 percent of the family's budget.
- Less than 20 percent of child support caseloads involve families currently receiving TANF.
- Most families on TANF who are granted child support receive as little as \$50 a month. The states take the bulk of the support for repayment of welfare benefits.

### **RECOMMENDATIONS ON WORK SUPPORTS**

- Create a new federal incentive program to reward states who improve access to benefits and services through
  - systematic training of front-line workers about eligibility and available benefits
  - better administrative procedures, including simplified applications
  - evening and weekend office hours
  - improved outreach.
- Sanction states that continue to violate either the spirit or the letter of the law by providing inadequate, incomplete, or false information on available benefits and services.
- Require states to pass on a substantial share of all child support payments to the families—including monthly payments and arrearages—whether they are receiving TANF benefits or have left the rolls. In addition, a significant portion of child support payments received by a family should be disregarded in determining eligibility for other benefits.
- Require child support payments to be determined as a percentage of the non-custodial parent's income. Evidence suggests that percentage-based child support orders lead to substantially higher, not lower payments.

- Require states to revise guidelines so that obligations imposed on poor and near poor non-custodial parents can be no higher in percentage terms than those imposed on middle- and high-income non-custodial parents.
- Create a child support program that guarantees a minimum benefit for all families legally entitled to private child support. Such payments must be exempt from current TANF time limits and work participation requirements.

**March 2002**