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POLICY BRIEFING

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Updated Summary of TANF Provisions Available

The Center for Law and Social Policy (CLASP) has recently created an updated

summary of the child support, fatherhood and marriage provisions in TANF reauthorization proposals currently before Congress. TANF is still awaiting reauthorization; in the meantime it is operating on continuing resolutions that maintain the program in its current form. It is expected, though not assured, that TANF will be reauthorized by the end of this fiscal year. The proposals of the House and Senate Finance Committee (referred to as the Senate version although, as of this writing, it had not been brought to the Senate floor and could be altered at that point) differ in many important ways, among them:

- The House version would maintain the current requirement that TANF families must turn their rights to child support over to the state ('assign' their rights), even for the period before they received TANF benefits. This allows the government to keep a noncustodial parent's child support payments in order to repay the government for welfare costs, even when the payments are for child support that was incurred before the family received TANF. The Senate version limits the child support assignment to the TANF assistance period.
- The House version provides for a federal incentive to states to pass-through either a \$50 increase in the state's pass-through or a \$100 pass-through. The Senate version would provide incentives for states to pass through up to \$400 per month of current child support collections for a family with one child and \$600 for a family with two or more children, if the family has received TANF benefits for less than 5 years.
- New funding for fatherhood programs would be authorized in both the Senate and House versions of TANF reauthorization. The Senate version authorizes \$75 million per year and the House version \$20 million per year for these purposes. Both the House and Senate versions of fatherhood provisions would be focused on marriage promotion, parenting and child support. Only the Senate version explicitly authorizes funding for programs to conduct employment and education services. Although funding is authorized in both bills, neither bill specifically provides funding.
- The House bill would implement a \$25 fee for non-TANF families who request the services of child support enforcement and receive more than \$500 in support per year. The Senate version does not include the fee.
- Both bills provide for up to \$1 billion over five years for marriage promotion, and in both bills, the allowable marriage promotion activities are similar.

A more complete CLASP summary of these provisions, as well as a chart of all of the key provisions in the TANF reauthorization bills, is available at: www.clasp.org.

Unemployment Benefits to End for Some

The 108th Congress adjourned for the year without extending the

federal Temporary Extended Unemployment Compensation (TEUC) program. The program was initiated in March 2002 to provide unemployed workers with additional federally funded benefits after they have exhausted their regular state unemployment benefits. Except for a small percentage of workers who have access to limited alternative benefits (e.g., a few states have state funded additional benefits programs), workers whose regular unemployment benefits expire after December 21st will no longer receive unemployment compensation. Nationally, approximately 80,000 – 90,000 workers per week use up their state benefits. The Center on Budget and Policy Priorities estimates that, even if the TEUC is extended by Congress when it returns in January, 2004, approximately 500,000 individuals will have used up their regular benefits by the end of January and received no TEUC assistance unless the benefits are restored retroactively. See the CBPP web site (www.cbpp.org) for analyses of the TEUC program under current labor market conditions and the implications for workers of the failure to extend the program.

Child Support Distribution Problems Affecting Many States

A provision in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) required each state to establish a

State Disbursement Unit (SDU) to receive and disburse child support payments from a single location in each state. The conversion to centralized systems has been positive for many states, but for others there are continuing difficulties with start-up and contracts.

- Michigan has been among the last states to convert to a centralized distribution system. The system was put into place under a deadline that would have meant \$147 million in federal fines were it not completed by September 2003. The rush to complete the system has resulted in multiple problems and complaints from clients. One of the system's difficulties is that arrearage payment arrangements ordered by a judge are not recognized by the system, leading to erroneous enforcement measures.
- In Iowa, a new electronic system distributes child support checks automatically to bank accounts of custodial parents. The system has been efficient and has the benefit of eliminating problems with lost or stolen checks and of saving parents check-cashing fees. For those parents without bank accounts, however, the child support is distributed through a state "reliacard" that allows parents to make one free withdrawal from an ATM. Every additional withdrawal using the reliacard, however, results in a \$1.50 fee. The fee is charged in spite of the fact that the state requires parents to use the card.
- South Carolina has yet to create its automated child support disbursement system, subjecting the state to approximately \$20 million in federal financial penalties. In 1994, the state entered a contract with a private corporation, Unisys, to create the system, but the contract ended in a lawsuit when Unisys failed to put the system in place. Since that time, the state has proposed a new system but is awaiting federal approval for it. If approved, the system is projected to be in operation by 2007, with additional penalties over the intervening years projected at \$49 million. The state is in a budget crisis, and the Department of Social Services was recently forced to reduce its staff by 1,300 employees.

- In Guam, two sole-source contracts led to the payment of \$10.5 million to Chase Global Services and Andersen Consulting for the development of a central disbursement system, but the system has not met federal certification requirements, leading to penalties for fiscal years 2001, 2002 and 2003 that total more than \$1 million.

New Child Care Funding Contained In TANF Bills Misrepresented By Bush Administration

An analysis from the Center for Law and Social Policy (CLASP) and the Center on Budget and Policy Priorities (CBPP) reveals that Bush administration officials have

misstated the costs and funding made available for child care in TANF reauthorization proposals. According to the analysis, the administration's claim that new funding for child care totals \$3.3 billion is wrong. The actual total should be \$1 billion, not nearly enough to cover the additional costs associated with the strict and increased work requirements contained in the bills. The administration has also misrepresented the Congressional Budget Office's (CBO) estimate of the costs of providing child care under the provisions of the bills. The CBO estimated that the actual costs of compliance with the House bill provisions would be \$3 to \$9 billion per year, but the administration represented the CBO estimate as \$1 billion.

New Federal Grants Web Site

A federal government website, www.grants.gov, has recently been launched that allows users to

access information on grant opportunities in all 26 federal grant-making agencies. The site is searchable by topic, and allows users to register to receive automatic email notifications of new grant opportunities as they are posted, obtain on-line application packages, become registered with grants.gov, and to submit grant applications through the site.

State Supreme Court Bars Application Of Family Cap Policy to Disabled

In a unanimous opinion issued on December 5, 2003 the Nebraska Supreme Court affirmed a trial court

ruling that the state's child exclusion or family cap law cannot be applied to disabled parents who are unable to become economically self-sufficient and leave public assistance. The child exclusion law applies to families receiving welfare and denies cash assistance to children who are born more than 10 months after the family begins receiving welfare. In its ruling, the state Supreme Court noted that the statute was not intended to apply to parents who are unable to leave public assistance because their disabilities prevent them from achieving economic self-sufficiency. The plaintiffs in the class action lawsuit, *Mason v. Nebraska, No. S-01-1265 (Neb. Sup. Ct., Dec. 5, 2003)*, were represented by the Nebraska Applesseed Center for Law in the Public Interest.

Please note: There will not be a January Policy Briefing. Look for us again in February 2004.