

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Alabama,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Alabama more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Alabama's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Alabama receives:

- \$12.0 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 89 percent of eligible children in Alabama *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$4.7 million more in supplemental grants compared with the House bill (and current law).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Alabama the cost could be high because only 18 percent of TANF adults in Alabama participated more than 30 hours a week in fiscal year 2000.
- The Finance bill's 30 hour requirement makes more sense in Alabama, where many jobs offer less than 40 hours of work. The average clothing manufacturing job in Alabama, for example, is 36.0 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 51 percent of TANF families with children under six in Alabama by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Alabama is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 47 percent of TANF adults in Alabama lack a high school education and 89 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 4.5 percent to 5.5 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs.

More Likely to Help Alabama’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on

various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

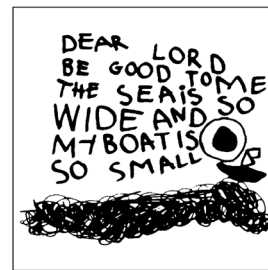
The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Alabama, 63,917 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 91,434 children and youth ages 5 to 20 have disabilities in Alabama according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Alaska,
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Children's Defense Fund[®]

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Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Alaska's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Alaska receives:

- \$2.2 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 87 percent of eligible children in Alaska *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House

version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Alaska the cost could be high because only 24 percent of TANF adults in Alaska participated more than 30 hours a week in fiscal year 2000.

- The Finance bill's 30 hour requirement makes more sense in Alaska, where many jobs offer less than 40 hours of work. The average wholesale and retail trade job in Alaska, for example, is 34.7 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 55 percent of TANF families with children under six in Alaska by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Alaska is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients' long-term work and earnings.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill's employment credit reduces the state's monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Alaska where TANF recipients (even those who had found relatively stable work) earned an average of only \$3,001 per calendar quarter in fiscal year 2000 – equivalent to \$1,000 a month or 32 percent below the three-person poverty line.

More Likely to Help Alaska's Children. President Bush's welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Alaska, 30,842 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 11,406 children and youth ages 5 to 20 have disabilities in Alaska according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Arizona,
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Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Arizona's children.

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Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Arizona receives:

- \$15.5 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 87 percent of eligible children in Arizona *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$11.1 million more in supplemental grants compared with the House bill (and current law).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Arizona the cost could be high because only 20 percent of TANF adults in Arizona participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 57 percent of TANF families with children under six in Arizona by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Arizona is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 44 percent of TANF adults in Arizona lack a high school education and 94 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.8 percent to 5.7 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Arizona where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,570 per calendar quarter in fiscal year 2000 – equivalent to \$857 a month or 27 percent below the three-person poverty line.

More Likely to Help Arizona's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Arizona, 539,937 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 95,958 children and youth ages 5 to 20 have disabilities in Arizona according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
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Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Arkansas's children.

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Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Arkansas receives:

- \$7.4 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 94 percent of eligible children in Arkansas *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
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- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 56 percent of TANF families with children under six in Arkansas by subjecting them to the same work requirements that apply to families with older children.

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- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Arkansas where TANF recipients (even those who had found relatively stable work) earned an average of only \$1,884 per calendar quarter in fiscal year 2000 – equivalent to \$628 a month or 47 percent below the three-person poverty line.

More Likely to Help Arkansas's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

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- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 57,733 children and youth ages 5 to 20 have disabilities in Arkansas according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
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Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers California more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for California's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill California receives:

- \$105.1 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 87 percent of eligible children in California *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$645 a month for a typical family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For California the cost could be high because only 25 percent of TANF adults in California participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 53 percent of TANF families with children under six in California by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. California is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 51 percent of TANF adults in California lack a high school education and 98 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 5.1 percent to 6.5 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in California where TANF recipients (even those who had found relatively stable work) earned an average of only \$3,046 per calendar quarter in fiscal year 2000 – equivalent to \$1,015 a month or 14 percent below the three-person poverty line.

More Likely to Help California's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

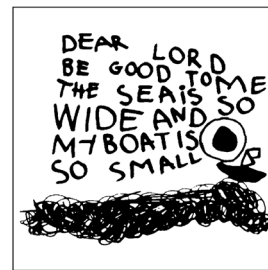
The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In California, 6,277,779 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 609,271 children and youth ages 5 to 20 have disabilities in California according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Colorado,
Should Be Improved and Passed This Year**



Children's Defense Fund®

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Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Colorado's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Colorado receives:

- \$12.0 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 89 percent of eligible children in Colorado *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House

version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Colorado the cost could be high because only 18 percent of TANF adults in Colorado participated more than 30 hours a week in fiscal year 2000.

- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 53 percent of TANF families with children under six in Colorado by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. About 38 percent of TANF adults in Colorado lack a high school education and 99 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 2.8 percent to 5.5 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Colorado where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,572 per calendar quarter in fiscal year 2000 – equivalent to \$857 a month or 27 percent below the three-person poverty line.

More Likely to Help Colorado’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on

various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Colorado, 267,504 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 72,623 children and youth ages 5 to 20 have disabilities in Colorado according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Connecticut,
Should Be Improved and Passed This Year**



Children's Defense Fund®

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Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Connecticut's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Connecticut receives:

- \$9.5 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 95 percent of eligible children in Connecticut *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
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resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Connecticut the cost could be high because only 13 percent of TANF adults in Connecticut participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 50 percent of TANF families with children under six in Connecticut by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

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- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Connecticut where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,690 per calendar quarter in fiscal year 2000 – equivalent to \$897 a month or 24 percent below the three-person poverty line.

More Likely to Help Connecticut's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Connecticut, 234,799 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 56,185 children and youth ages 5 to 20 have disabilities in Connecticut according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Delaware,
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Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Delaware receives:

- \$2.1 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 88 percent of eligible children in Delaware *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill’s massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
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- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
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- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 15,663 children and youth ages 5 to 20 have disabilities in Delaware according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Florida,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Florida more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states’ opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Florida’s children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Florida receives:

- \$40.8 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 92 percent of eligible children in Florida *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill’s massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House

version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Florida the cost could be high because only 12 percent of TANF adults in Florida participated more than 30 hours a week in fiscal year 2000.

- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 48 percent of TANF families with children under six in Florida by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. About 46 percent of TANF adults in Florida lack a high school education and 92 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.6 percent to 5.3 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Florida where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,451 per calendar quarter in fiscal year 2000 – equivalent to \$817 a month or 31 percent below the three-person poverty line.

More Likely to Help Florida’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on

various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

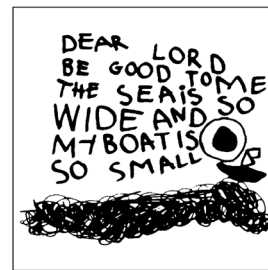
The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Florida, 1,554,865 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 284,514 children and youth ages 5 to 20 have disabilities in Florida according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Georgia,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Georgia more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Georgia's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Georgia receives:

- \$23.7 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 92 percent of eligible children in Georgia *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$280 a month for a family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Georgia the cost could be high because only 8 percent of TANF adults in Georgia participated more than 30 hours a week in fiscal year 2000.
- The Finance bill's 30 hour requirement makes more sense in Georgia, where many jobs offer less than 40 hours of work. The average clothing manufacturing job in Georgia, for example, is 33.8 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 51 percent of TANF families with children under six in Georgia by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Georgia is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 45 percent of TANF adults in Georgia lack a high school education and 98 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.7 percent to 4.6 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Georgia where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,172 per calendar quarter in fiscal year 2000 – equivalent to \$724 a month or 39 percent below the three-person poverty line.

More Likely to Help Georgia's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Georgia, 374,251 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 157,923 children and youth ages 5 to 20 have disabilities in Georgia according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Hawaii,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Hawaii more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Hawaii's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Hawaii receives:

- \$3.4 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 91 percent of eligible children in Hawaii *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$570 a month for a family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Hawaii the cost could be high because only 19 percent of TANF adults in Hawaii participated more than 30 hours a week in fiscal year 2000.
- The Finance bill's 30 hour requirement makes more sense in Hawaii, where many jobs offer less than 40 hours of work. The average hotel job in Hawaii, for example, is 32.5 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 54 percent of TANF families with children under six in Hawaii by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Hawaii is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 27 percent of TANF adults in Hawaii lack a high school education and 95 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Hawaii where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,117 per calendar quarter in fiscal year 2000 – equivalent to \$706 a month or 48 percent below the three-person poverty line.

More Likely to Help Hawaii’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on

various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Hawaii, 143,505 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 17,120 children and youth ages 5 to 20 have disabilities in Hawaii according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Idaho,
Should Be Improved and Passed This Year**



Children's Defense Fund®

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Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Idaho's children.

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Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Idaho receives:

- \$3.9 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 89 percent of eligible children in Idaho *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$1.6 million more in supplemental grants compared with the House bill (and current law).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Idaho the cost could be high because only 47 percent of TANF adults in Idaho participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 43 percent of TANF families with children under six in Idaho by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. About 40 percent of TANF adults in Idaho lack a high school education and 96 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Idaho where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,166 per calendar quarter in fiscal year 2000 – equivalent to \$722 a month or 39 percent below the three-person poverty line.

More Likely to Help Idaho’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Idaho, 46,539 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 23,755 children and youth ages 5 to 20 have disabilities in Idaho according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Illinois,
Should Be Improved and Passed This Year**



The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Illinois more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states’ opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Illinois's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Illinois receives:

- \$36.6 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 86 percent of eligible children in Illinois *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill’s massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House

version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Illinois the cost could be high because only 21 percent of TANF adults in Illinois participated more than 30 hours a week in fiscal year 2000.

- The Finance bill's 30 hour requirement makes more sense in Illinois, where many jobs offer less than 40 hours of work. The average hotel job in Illinois, for example, is 30.5 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 59 percent of TANF families with children under six in Illinois by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Illinois is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 52 percent of TANF adults in Illinois lack a high school education and 99 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients' long-term work and earnings. Moreover, the state's rising unemployment rate (which rose from 4.4 percent to 6.4 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill's employment credit reduces the state's monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Illinois where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,974 per calendar quarter in fiscal year 2000 – equivalent to \$991 a month or 16 percent below the three-person poverty line.

More Likely to Help Illinois's Children. President Bush's welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on

various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

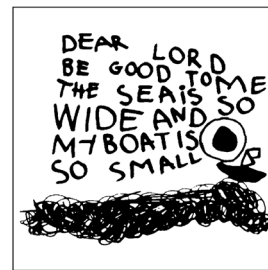
The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Illinois, 1,054,722 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 221,924 children and youth ages 5 to 20 have disabilities in Illinois according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Indiana,
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Children's Defense Fund®

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Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Indiana's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Indiana receives:

- \$17.2 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 93 percent of eligible children in Indiana *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House

version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Indiana the cost could be high because only 27 percent of TANF adults in Indiana participated more than 30 hours a week in fiscal year 2000.

- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 61 percent of TANF families with children under six in Indiana by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. About 45 percent of TANF adults in Indiana lack a high school education and 99.7 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.6 percent to 5.2 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Indiana where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,440 per calendar quarter in fiscal year 2000 – equivalent to \$813 a month or 31 percent below the three-person poverty line.

More Likely to Help Indiana’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on

various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Indiana, 143,427 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 117,507 children and youth ages 5 to 20 have disabilities in Indiana according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Iowa,
Should Be Improved and Passed This Year**



Children's Defense Fund[®]

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Iowa more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Iowa's children.

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Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Iowa receives:

- \$7.9 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 92 percent of eligible children in Iowa *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
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- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House

version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Iowa the cost could be high because only 34 percent of TANF adults in Iowa participated more than 30 hours a week in fiscal year 2000.

- The Finance bill's 30 hour requirement makes more sense in Iowa, where many jobs offer less than 40 hours of work. The average wholesale and retail trade job in Iowa, for example, is 30.2 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 58 percent of TANF families with children under six in Iowa by subjecting them to the same work requirements that apply to families with older children.

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- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill's employment credit reduces the state's monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Iowa where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,404 per calendar quarter in fiscal year 2000 – equivalent to \$801 a month or 32 percent below the three-person poverty line.

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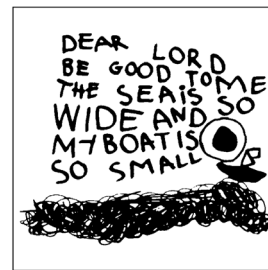
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- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 49,880 children and youth ages 5 to 20 have disabilities in Iowa according to the 2000 Census.

September 20, 2002

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- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Kansas, 98,207 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 46,507 children and youth ages 5 to 20 have disabilities in Kansas according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Kentucky,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Kentucky more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Kentucky's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Kentucky receives:

- \$10.8 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 85 percent of eligible children in Kentucky *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$9.1 million more in supplemental grants compared with the House bill (and current law).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Kentucky the cost could be high because only 6 percent of TANF adults in Kentucky participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 51 percent of TANF families with children under six in Kentucky by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Kentucky is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 45 percent of TANF adults in Kentucky lack a high school education and 99.6 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 4.2 percent to 5.6 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Kentucky where TANF recipients (even those who had found relatively stable work) earned an average of only \$1,136 per calendar quarter in fiscal year 2000 – equivalent to \$379 a month or 68 percent below the three-person poverty line.

More Likely to Help Kentucky's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

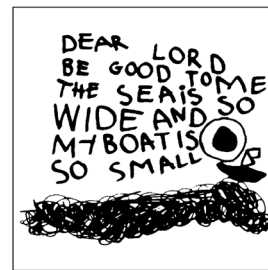
The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Kentucky, 58,871 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 81,136 children and youth ages 5 to 20 have disabilities in Kentucky according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Louisiana,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Louisiana more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states’ opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Louisiana’s children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Louisiana receives:

- \$13.2 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 82 percent of eligible children in Louisiana *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill’s massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$16.4 million more in supplemental grants compared with the House bill (and current law).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Louisiana the cost could be high because only 14 percent of TANF adults in Louisiana participated more than 30 hours a week in fiscal year 2000.
- The Finance bill's 30 hour requirement makes more sense in Louisiana, where many jobs offer less than 40 hours of work. The average clothing manufacturing job in Louisiana, for example, is 36.2 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 58 percent of TANF families with children under six in Louisiana by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Louisiana is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 53 percent of TANF adults in Louisiana lack a high school education and 99.7 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 5.4 percent to 6.1 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Louisiana where TANF recipients (even those who had found relatively stable work) earned an average of only \$1,637 per calendar quarter in fiscal year 2000 – equivalent to \$546 a month or 54 percent below the three-person poverty line.

More Likely to Help Louisiana’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’

employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Louisiana, 116,907 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 103,727 children and youth ages 5 to 20 have disabilities in Louisiana according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
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Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Maine more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Maine's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Maine receives:

- \$3.1 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 85 percent of eligible children in Maine *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$3.9 million more in supplemental grants compared with the House bill (and current law).
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$461 a month for a family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less

pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Maine the cost could be high because only 18 percent of TANF adults in Maine participated more than 30 hours a week in fiscal year 2000.
- The Finance bill's 30 hour requirement makes more sense in Maine, where many jobs offer less than 40 hours of work. The average clothing manufacturing job in Maine, for example, is 36.9 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 51 percent of TANF families with children under six in Maine by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs (modeled after Maine's Parents as Scholars Program) for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Maine is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 33 percent of TANF adults in Maine lack a high school education and 85 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients' long-term work and earnings.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill's employment credit reduces the state's monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Maine where TANF recipients (even those who had found relatively stable work) earned an average of only \$1,905 per calendar quarter in fiscal year 2000 – equivalent to \$635 a month or 46 percent below the three-person poverty line.

More Likely to Help Maine's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Maine, 24,063 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 24,991 children and youth ages 5 to 20 have disabilities in Maine according to the 2000 Census.

September 20, 2002

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Senate Finance Committee Bill
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Should Be Improved and Passed This Year**



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Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Maryland’s children.

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More Resources (But Still Not Enough). Under the Finance bill Maryland receives:

- \$15.0 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 92 percent of eligible children in Maryland *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill’s massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
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resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Maryland the cost could be high because only 4 percent of TANF adults in Maryland participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 52 percent of TANF families with children under six in Maryland by subjecting them to the same work requirements that apply to families with older children.

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- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Maryland where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,655 per calendar quarter in fiscal year 2000 – equivalent to \$885 a month or 25 percent below the three-person poverty line.

More Likely to Help Maryland's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

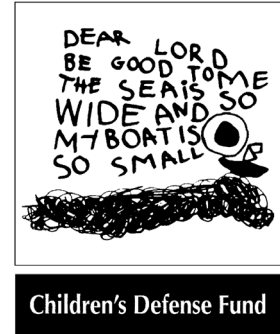
The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Maryland, 246,287 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 96,501 children and youth ages 5 to 20 have disabilities in Maryland according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Massachusetts,
Should Be Improved and Passed This Year**



The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Massachusetts more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states’ opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Massachusetts's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Massachusetts receives:

- \$16.9 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 87 percent of eligible children in Massachusetts *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill’s massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Massachusetts the cost could be high because only 5 percent of TANF adults in Massachusetts participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 57 percent of TANF families with children under six in Massachusetts by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. About 41 percent of TANF adults in Massachusetts lack a high school education and 94 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 2.9 percent to 4.7 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Massachusetts where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,815 per calendar quarter in fiscal year 2000 – equivalent to \$938 a month or 20 percent below the three-person poverty line.

More Likely to Help Massachusetts’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to

rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Massachusetts, 459,073 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 116,151 children and youth ages 5 to 20 have disabilities in Massachusetts according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Michigan,
Should Be Improved and Passed This Year**



Children's Defense Fund[®]

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Michigan more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Michigan's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Michigan receives:

- \$28.8 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 81 percent of eligible children in Michigan *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House

version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Michigan the cost could be high because only 13.5 percent of TANF adults in Michigan participated more than 30 hours a week in fiscal year 2000.

- The Finance bill's 30 hour requirement makes more sense in Michigan, where many jobs offer less than 40 hours of work. The average health services job in Michigan, for example, is 31.9 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 55 percent of TANF families with children under six in Michigan by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Michigan is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 44 percent of TANF adults in Michigan lack a high school education and 99 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients' long-term work and earnings. Moreover, the state's rising unemployment rate (which rose from 3.6 percent to 6.5 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill's employment credit reduces the state's monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Michigan where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,194 per calendar quarter in fiscal year 2000 – equivalent to \$731 a month or 38 percent below the three-person poverty line.

More Likely to Help Michigan's Children. President Bush's welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work

programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Michigan, 294,606 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 197,611 children and youth ages 5 to 20 have disabilities in Michigan according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Minnesota,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Minnesota more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Minnesota's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Minnesota receives:

- \$14.0 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 94 percent of eligible children in Minnesota *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$801 a month for a typical family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Minnesota the cost could be high because only 18 percent of TANF adults in Minnesota participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 57 percent of TANF families with children under six in Minnesota by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Minnesota is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 40 percent of TANF adults in Minnesota lack a high school education and 89 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.5 percent to 4.5 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Minnesota where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,708 per calendar quarter in fiscal year 2000 – equivalent to \$903 a month or 23 percent below the three-person poverty line.

More Likely to Help Minnesota's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Minnesota, 167,511 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 82,719 children and youth ages 5 to 20 have disabilities in Minnesota according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Mississippi,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Mississippi more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states’ opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Mississippi’s children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Mississippi receives:

- \$8.4 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 90 percent of eligible children in Mississippi *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill’s massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$8.7 million more in supplemental grants compared with the House bill (and current law).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Mississippi the cost could be high because only 11 percent of TANF adults in Mississippi participated more than 30 hours a week in fiscal year 2000.
- The Finance bill's 30 hour requirement makes more sense in Mississippi, where many jobs offer less than 40 hours of work. The average clothing manufacturing job in Mississippi, for example, is 35.8 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 54 percent of TANF families with children under six in Mississippi by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. About 48 percent of TANF adults in Mississippi lack a high school education and 87 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 6.0 percent to 6.9 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Mississippi where TANF recipients (even those who had found relatively stable work) earned an average of only \$1,928 per calendar quarter in fiscal year 2000 – equivalent to \$643 a month or 45 percent below the three-person poverty line.

More Likely to Help Mississippi’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work

programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Mississippi, 36,059 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 61,061 children and youth ages 5 to 20 have disabilities in Mississippi according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Missouri,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Missouri more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Missouri's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Missouri receives:

- \$15.6 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 81 percent of eligible children in Missouri *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$292 a month for a family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Missouri the cost could be high because only 13 percent of TANF adults in Missouri participated more than 30 hours a week in fiscal year 2000.
- The Finance bill's 30 hour requirement makes more sense in Missouri, where many jobs offer less than 40 hours of work. The average wholesale and retail trade job in Missouri, for example, is 30.7 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 59 percent of TANF families with children under six in Missouri by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Missouri is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 47 percent of TANF adults in Missouri lack a high school education and 95 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.2 percent to 5.2 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Missouri where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,268 per calendar quarter in fiscal year 2000 – equivalent to \$756 a month or 36 percent below the three-person poverty line.

More Likely to Help Missouri's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

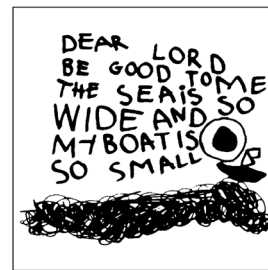
The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Missouri, 103,019 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 103,038 children and youth ages 5 to 20 have disabilities in Missouri according to the 2000 Census.

September 20, 2002

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Children's Defense Fund®

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Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Montana's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Montana receives:

- \$2.4 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 89 percent of eligible children in Montana *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$4.6 million more in supplemental grants compared with the House bill (and current law).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Montana the cost could be high because only 65 percent of TANF adults in Montana participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 55 percent of TANF families with children under six in Montana by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Montana is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 33 percent of TANF adults in Montana lack a high school education and 94 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Montana where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,312 per calendar quarter in fiscal year 2000 – equivalent to \$771 a month or 35 percent below the three-person poverty line.

More Likely to Help Montana’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on

various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Montana, 12,663 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 15,111 children and youth ages 5 to 20 have disabilities in Montana according to the 2000 Census.

September 20, 2002

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Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Nebraska's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Nebraska receives:

- \$4.9 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 89 percent of eligible children in Nebraska *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$364 a month for a family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Nebraska the cost could be high because only 16.5 percent of TANF adults in Nebraska participated more than 30 hours a week in fiscal year 2000.
- The Finance bill's 30 hour requirement makes more sense in Nebraska, where many jobs offer less than 40 hours of work. The average health services job in Nebraska, for example, is 33.5 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 61 percent of TANF families with children under six in Nebraska by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Nebraska is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.1 percent to 3.8 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Nebraska where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,298 per calendar quarter in fiscal year 2000 – equivalent to \$766 a month or 35 percent below the three-person poverty line.

More Likely to Help Nebraska’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’

employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

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The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

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- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Nebraska, 57,772 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 27,486 children and youth ages 5 to 20 have disabilities in Nebraska according to the 2000 Census.

September 20, 2002

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Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Nevada's children.

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Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Nevada receives:

- \$5.7 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 84 percent of eligible children in Nevada *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
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- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House

version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Nevada the cost could be high because only 29 percent of TANF adults in Nevada participated more than 30 hours a week in fiscal year 2000.

- The Finance bill's 30 hour requirement makes more sense in Nevada, where many jobs offer less than 40 hours of work. The average wholesale and retail trade job in Nevada, for example, is 32.3 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 54 percent of TANF families with children under six in Nevada by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Nevada is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 43 percent of TANF adults in Nevada lack a high school education and 98 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients' long-term work and earnings. Moreover, the state's rising unemployment rate (which rose from 4.0 percent to 5.9 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill's employment credit reduces the state's monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Nevada where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,473 per calendar quarter in fiscal year 2000 – equivalent to \$824 a month or 30 percent below the three-person poverty line.

More Likely to Help Nevada's Children. President Bush's welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work

programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Nevada, 207,687 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 33,466 children and youth ages 5 to 20 have disabilities in Nevada according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for New Hampshire,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers New Hampshire more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for New Hampshire's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill New Hampshire receives:

- \$3.4 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 81 percent of eligible children in New Hampshire *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House

version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For New Hampshire the cost could be high because only 12 percent of TANF adults in New Hampshire participated more than 30 hours a week in fiscal year 2000.

- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 56 percent of TANF families with children under six in New Hampshire by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. New Hampshire is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 22 percent of TANF adults in New Hampshire lack a high school education and 95 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.1 percent to 4.4 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in New Hampshire where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,644 per calendar quarter in fiscal year 2000 – equivalent to \$881 a month or 25 percent below the three-person poverty line.

More Likely to Help New Hampshire’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to

rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

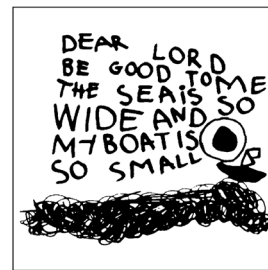
The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In New Hampshire, 28,073 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 23,641 children and youth ages 5 to 20 have disabilities in New Hampshire according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for New Jersey,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers New Jersey more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for New Jersey's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill New Jersey receives:

- \$23.2 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 90 percent of eligible children in New Jersey *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House

version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For New Jersey the cost could be high because only 25 percent of TANF adults in New Jersey participated more than 30 hours a week in fiscal year 2000.

- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 50 percent of TANF families with children under six in New Jersey by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. New Jersey is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according to the Center for Law and Social Policy. About 49 percent of TANF adults in New Jersey lack a high school education and 97 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.8 percent to 5.4 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in New Jersey where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,919 per calendar quarter in fiscal year 2000 – equivalent to \$973 a month or 17 percent below the three-person poverty line.

More Likely to Help New Jersey’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to

rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In New Jersey, 873,088 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 134,026 children and youth ages 5 to 20 have disabilities in New Jersey according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for New Mexico,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers New Mexico more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for New Mexico's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill New Mexico receives:

- \$5.6 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 87 percent of eligible children in New Mexico *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$12.6 million more in supplemental grants compared with the House bill (and current law).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For New Mexico the cost could be high because only 22 percent of TANF adults in New Mexico participated more than 30 hours a week in fiscal year 2000.
- The Finance bill's 30 hour requirement makes more sense in New Mexico, where many jobs offer less than 40 hours of work. The average wholesale and retail trade job in New Mexico, for example, is 30.1 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 59 percent of TANF families with children under six in New Mexico by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. New Mexico is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 37 percent of TANF adults in New Mexico lack a high school education and 95 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 5.1 percent to 6.2 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in New Mexico where TANF recipients (even those who had found relatively stable work) earned an average of only \$959 per calendar quarter in fiscal year 2000 – equivalent to \$320 a month or 73 percent below the three-person poverty line.

More Likely to Help New Mexico’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’

employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In New Mexico, 201,055 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 37,135 children and youth ages 5 to 20 have disabilities in New Mexico according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for New York,
Should Be Improved and Passed This Year**



The TANF and child care reauthorization bill approved by the Senate Finance Committee offers New York more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states’ opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for New York's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill New York receives:

- \$51.6 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 81 percent of eligible children in New York *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill’s massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House

version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For New York the cost could be high because only 15 percent of TANF adults in New York participated more than 30 hours a week in fiscal year 2000.

- The Finance bill's 30 hour requirement makes more sense in New York, where many jobs offer less than 40 hours of work. The average hotel and motel job in New York, for example, is 30.7 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 50 percent of TANF families with children under six in New York by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. About 47 percent of TANF adults in New York lack a high school education and 99 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 4.8 percent to 6.1 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs.

More Likely to Help New York’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In New York, 2,310,256 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 370,856 children and youth ages 5 to 20 have disabilities in New York according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for North Carolina,
Should Be Improved and Passed This Year**



The TANF and child care reauthorization bill approved by the Senate Finance Committee offers North Carolina more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states’ opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for North Carolina's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill North Carolina receives:

- \$22.4 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 84 percent of eligible children in North Carolina *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill’s massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For North Carolina the cost could be high because only 10 percent of TANF adults in North Carolina participated more than 30 hours a week in fiscal year 2000.
- The Finance bill's 30 hour requirement makes more sense in North Carolina, where many jobs offer less than 40 hours of work. The average hotel job in North Carolina, for example, is 32.0 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 50 percent of TANF families with children under six in North Carolina by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. North Carolina is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 77 percent of TANF adults in North Carolina lack a high school education and 98 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.5 percent to 6.8 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in North Carolina where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,116 per calendar quarter in fiscal year 2000 – equivalent to \$705 a month or 40 percent below the three-person poverty line.

More Likely to Help North Carolina’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’

employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In North Carolina, 297,858 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 147,883 children and youth ages 5 to 20 have disabilities in North Carolina according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for North Dakota,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers North Dakota more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for North Dakota's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill North Dakota receives:

- \$1.7 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 88 percent of eligible children in North Dakota *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$1.3 million more in supplemental grants compared with the House bill (and current law).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For North Dakota the cost could be high because only 12 percent of TANF adults in North Dakota participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 58 percent of TANF families with children under six in North Dakota by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. North Dakota is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 31 percent of TANF adults in North Dakota lack a high school education and 93 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in North Dakota where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,179 per calendar quarter in fiscal year 2000 – equivalent to \$726 a month or 38 percent below the three-person poverty line.

More Likely to Help North Dakota’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to

rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

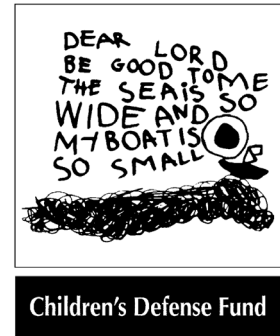
The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In North Dakota, 11,003 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 11,046 children and youth ages 5 to 20 have disabilities in North Dakota according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Ohio,
Should Be Improved and Passed This Year**



The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Ohio more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states’ opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Ohio's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Ohio receives:

- \$31.8 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 90 percent of eligible children in Ohio *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill’s massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House

version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Ohio the cost could be high because only 31 percent of TANF adults in Ohio participated more than 30 hours a week in fiscal year 2000.

- The Finance bill's 30 hour requirement makes more sense in Ohio, where many jobs offer less than 40 hours of work. The average health services job in Ohio, for example, is 31.9 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 54 percent of TANF families with children under six in Ohio by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. About 43 percent of TANF adults in Ohio lack a high school education and 95 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients' long-term work and earnings. Moreover, the state's rising unemployment rate (which rose from 4.3 percent to 5.8 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill's employment credit reduces the state's monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Ohio where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,099 per calendar quarter in fiscal year 2000 – equivalent to \$700 a month or 41 percent below the three-person poverty line.

More Likely to Help Ohio's Children. President Bush's welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on

various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Ohio, 234,459 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 205,844 children and youth ages 5 to 20 have disabilities in Ohio according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Oklahoma,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Oklahoma more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Oklahoma's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Oklahoma receives:

- \$9.8 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 16 percent of eligible children in Oklahoma *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$7.4 million more in supplemental grants compared with the House bill (and current law).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Oklahoma the cost could be high because only 23 percent of TANF adults in Oklahoma participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 51 percent of TANF families with children under six in Oklahoma by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. About 41 percent of TANF adults in Oklahoma lack a high school education and 94 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.1 percent to 4.5 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Oklahoma where TANF recipients (even those who had found relatively stable work) earned an average of only \$1,930 per calendar quarter in fiscal year 2000 – equivalent to \$643 a month or 45 percent below the three-person poverty line.

More Likely to Help Oklahoma’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to

rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

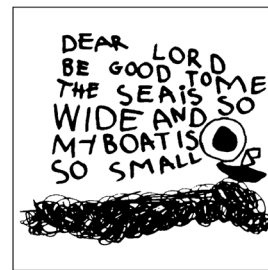
The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Oklahoma, 98,990 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 70,153 children and youth ages 5 to 20 have disabilities in Oklahoma according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Oregon,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Oregon more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Oregon's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Oregon receives:

- \$9.2 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 89 percent of eligible children in Oregon *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$460 a month for a family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Oregon the cost could be high because only 24.5 percent of TANF adults in Oregon participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 57 percent of TANF families with children under six in Oregon by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Oregon is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 40 percent of TANF adults in Oregon lack a high school education and 89 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 5.4 percent to 8.1 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Oregon where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,027 per calendar quarter in fiscal year 2000 – equivalent to \$676 a month or 43 percent below the three-person poverty line.

More Likely to Help Oregon's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

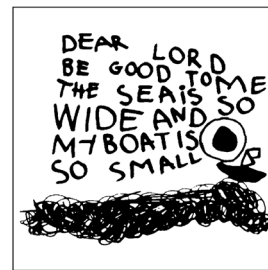
The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Oregon, 188,958 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 62,544 children and youth ages 5 to 20 have disabilities in Oregon according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Pennsylvania,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Pennsylvania more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Pennsylvania's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Pennsylvania receives:

- \$31.8 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 85 percent of eligible children in Pennsylvania *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$403 a month for a typical family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a

poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Pennsylvania the cost could be high because only 5 percent of TANF adults in Pennsylvania participated more than 30 hours a week in fiscal year 2000.
- The Finance bill's 30 hour requirement makes more sense in Pennsylvania, where many jobs offer less than 40 hours of work. The average clothing manufacturing job in Pennsylvania, for example, is 34.4 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 54 percent of TANF families with children under six in Pennsylvania by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Pennsylvania is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 43 percent of TANF adults in Pennsylvania lack a high school education and 96 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 4.4 percent to 5.7 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Pennsylvania where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,290 per calendar quarter in fiscal year 2000 – equivalent to \$763 a month or 35 percent below the three-person poverty line.

More Likely to Help Pennsylvania's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Pennsylvania, 368,257 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 202,259 children and youth ages 5 to 20 have disabilities in Pennsylvania according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Rhode Island,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Rhode Island more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Rhode Island's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Rhode Island receives:

- \$2.8 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 85 percent of eligible children in Rhode Island *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$554 a month for a family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Rhode Island the cost could be high because only 12 percent of TANF adults in Rhode Island participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 55 percent of TANF families with children under six in Rhode Island by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Rhode Island is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 42 percent of TANF adults in Rhode Island lack a high school education and 97 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Rhode Island where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,884 per calendar quarter in fiscal year 2000 – equivalent to \$961 a month or 18 percent below the three-person poverty line.

More Likely to Help Rhode Island’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to

rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Rhode Island, 83,624 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 21,713 children and youth ages 5 to 20 have disabilities in Rhode Island according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for South Carolina,
Should Be Improved and Passed This Year**



The TANF and child care reauthorization bill approved by the Senate Finance Committee offers South Carolina more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states’ opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for South Carolina's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill South Carolina receives:

- \$10.8 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 92 percent of eligible children in South Carolina *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill’s massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$5.0 million more in supplemental grants compared with the House bill (and current law).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For South Carolina the cost could be high because only 17 percent of TANF adults in South Carolina participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 45 percent of TANF families with children under six in South Carolina by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. South Carolina is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 44 percent of TANF adults in South Carolina lack a high school education and 99.9 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.9 percent to 5.7 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in South Carolina where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,227 per calendar quarter in fiscal year 2000 – equivalent to \$742 a month or 37 percent below the three-person poverty line.

More Likely to Help South Carolina's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In South Carolina, 82,279 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 82,446 children and youth ages 5 to 20 have disabilities in South Carolina according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for South Dakota,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers South Dakota more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for South Dakota's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill South Dakota receives:

- \$2.2 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 92 percent of eligible children in South Dakota *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$1.1 million more in supplemental grants compared with the House bill (and current law).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For South Dakota the cost could be high because only 11 percent of TANF adults in South Dakota participated more than 30 hours a week in fiscal year 2000.
- The Finance bill's 30 hour requirement makes more sense in South Dakota, where many jobs offer less than 40 hours of work. The average wholesale and retail trade job in South Dakota, for example, is 29.5 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 47 percent of TANF families with children under six in South Dakota by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. South Dakota is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 39 percent of TANF adults in South Dakota lack a high school education and 99 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients' long-term work and earnings. Moreover, the state's rising unemployment rate (which rose from 2.4 percent to 3.4 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill's employment credit reduces the state's monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in South Dakota where TANF recipients (even those who had found relatively stable work) earned an average of only \$1,939 per calendar quarter in fiscal year 2000 – equivalent to \$646 a month or 45 percent below the three-person poverty line.

More Likely to Help South Dakota's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In South Dakota, 16,376 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 12,653 children and youth ages 5 to 20 have disabilities in South Dakota according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Tennessee,
Should Be Improved and Passed This Year**



The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Tennessee more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states’ opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Tennessee's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Tennessee receives:

- \$15.2 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 82 percent of eligible children in Tennessee *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill’s massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$9.6 million more in supplemental grants compared with the House bill (and current law).
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$185 a month for a family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less

pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Tennessee the cost could be high because only 32 percent of TANF adults in Tennessee participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 52 percent of TANF families with children under six in Tennessee by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. About 50 percent of TANF adults in Tennessee lack a high school education and 99 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.9 percent to 5.4 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Tennessee where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,187 per calendar quarter in fiscal year 2000 – equivalent to \$729 a month or 38 percent below the three-person poverty line.

More Likely to Help Tennessee's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Tennessee, 108,265 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 110,457 children and youth ages 5 to 20 have disabilities in Tennessee according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Texas,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Texas more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Texas's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Texas receives:

- \$65.7 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 92 percent of eligible children in Texas *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House

version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Texas the cost could be high because only 7 percent of TANF adults in Texas participated more than 30 hours a week in fiscal year 2000.

- The Finance bill's 30 hour requirement makes more sense in Texas, where many jobs offer less than 40 hours of work. The average miscellaneous retail job in Texas, for example, is 31.2 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 61 percent of TANF families with children under six in Texas by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Texas is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 56 percent of TANF adults in Texas lack a high school education and 99 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 4.4 percent to 6.0 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Texas where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,228 per calendar quarter in fiscal year 2000 – equivalent to \$743 a month or 37 percent below the three-person poverty line.

More Likely to Help Texas’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work

programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Texas, 2,669,603 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 410,150 children and youth ages 5 to 20 have disabilities in Texas according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Utah,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Utah more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Utah's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Utah receives:

- \$8.1 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 90 percent of eligible children in Utah *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$7.7 million more in supplemental grants compared with the House bill (and current law).
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$451 a month for a family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less

pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Utah the cost could be high because only 29 percent of TANF adults in Utah participated more than 30 hours a week in fiscal year 2000.
- The Finance bill's 30 hour requirement makes more sense in Utah, where many jobs offer less than 40 hours of work. The average health services job in Utah, for example, is 31.7 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 52 percent of TANF families with children under six in Utah by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Utah is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 39 percent of TANF adults in Utah lack a high school education and 96 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.3 percent to 5.4 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Utah where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,288 per calendar quarter in fiscal year 2000 – equivalent to \$763 a month or 35 percent below the three-person poverty line.

More Likely to Help Utah's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

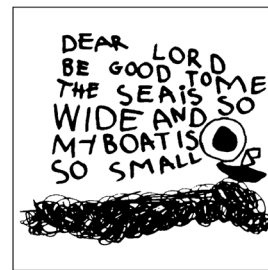
The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Utah, 105,691 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 44,010 children and youth ages 5 to 20 have disabilities in Utah according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Vermont,
Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Vermont more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Vermont's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Vermont receives:

- \$1.5 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 85 percent of eligible children in Vermont *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$631 a month for a typical family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Vermont the cost could be high because only 11 percent of TANF adults in Vermont participated more than 30 hours a week in fiscal year 2000.
- The Finance bill's 30 hour requirement makes more sense in Vermont, where many jobs offer less than 40 hours of work. The average health services job in Vermont, for example, is 31.7 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 54 percent of TANF families with children under six in Vermont by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. About 34 percent of TANF adults in Vermont lack a high school education and 94 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.1 percent to 4.2 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Vermont where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,418 per calendar quarter in fiscal year 2000 – equivalent to \$806 a month or 32 percent below the three-person poverty line.

More Likely to Help Vermont’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’

employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

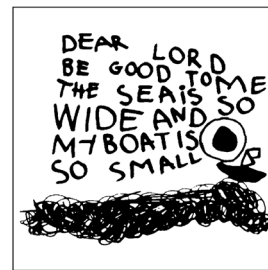
The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Vermont, 9,305 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 11,693 children and youth ages 5 to 20 have disabilities in Vermont according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
Is Better for Virginia,
Should Be Improved and Passed This Year**



Children's Defense Fund[®]

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Virginia more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Virginia's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Virginia receives:

- \$19.0 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 92 percent of eligible children in Virginia *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House

version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Virginia the cost could be high because only 11 percent of TANF adults in Virginia participated more than 30 hours a week in fiscal year 2000.

- The Finance bill's 30 hour requirement makes more sense in Virginia, where many jobs offer less than 40 hours of work. The average clothing manufacturing job in Virginia, for example, is 36.8 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 52 percent of TANF families with children under six in Virginia by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. Virginia is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 45 percent of TANF adults in Virginia lack a high school education and 99 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients' long-term work and earnings. Moreover, the state's rising unemployment rate (which rose from 2.3 percent to 4.2 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill's employment credit reduces the state's monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Virginia where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,208 per calendar quarter in fiscal year 2000 – equivalent to \$736 a month or 38 percent below the three-person poverty line.

More Likely to Help Virginia's Children. President Bush's welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work

programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Virginia, 303,729 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 125,668 children and youth ages 5 to 20 have disabilities in Virginia according to the 2000 Census.

September 20, 2002

**Pending Welfare and Child Care Bills:
Senate Finance Committee Bill
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Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers Washington more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Washington's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Washington receives:

- \$16.7 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 85 percent of eligible children in Washington *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$546 a month for a family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Washington the cost could be high because only 27 percent of TANF adults in Washington participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 56 percent of TANF families with children under six in Washington by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

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- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Washington where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,773 per calendar quarter in fiscal year 2000 – equivalent to \$924 a month or 22 percent below the three-person poverty line.

More Likely to Help Washington's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

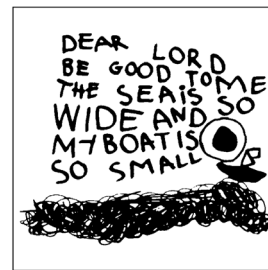
The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Washington, 350,914 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 103,962 children and youth ages 5 to 20 have disabilities in Washington according to the 2000 Census.

September 20, 2002

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Should Be Improved and Passed This Year**



Children's Defense Fund®

The TANF and child care reauthorization bill approved by the Senate Finance Committee offers West Virginia more resources and flexibility than the bill passed by the House earlier this year. Unlike the House bill, it expands – not shrinks – states' opportunities to help parents prepare for better jobs and improve the well-being of their children. While neither bill includes adequate funding, the Senate Finance bill includes billions of dollars more in TANF and child care funding than the House bill.

Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for West Virginia's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill West Virginia receives:

- \$4.4 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 75 percent of eligible children in West Virginia *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- \$11.0 million more in supplemental grants compared with the House bill (and current law).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For West Virginia the cost could be high because only 10 percent of TANF adults in West Virginia participated more than 30 hours a week in fiscal year 2000.
- The Finance bill's 30 hour requirement makes more sense in West Virginia, where many jobs offer less than 40 hours of work. The average hotel job in West Virginia, for example, is 31.6 hours a week.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 52 percent of TANF families with children under six in West Virginia by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. West Virginia is one of at least 40 states that would have to cut back on post-secondary training or education under the House bill, according the Center for Law and Social Policy. About 50 percent of TANF adults in West Virginia lack a high school education and 94 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs.

More Likely to Help West Virginia’s Children. President Bush’s welfare proposal would make improving child wellbeing the “overarching purpose” of TANF. However, merely increasing parents’ employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In West Virginia, 13,550 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 34,350 children and youth ages 5 to 20 have disabilities in West Virginia according to the 2000 Census.

For more information contact Deborah Weinstein, Family Income Division, dweinstein@childrensdefense.org, (202) 662-3565

September 20, 2002

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Senate Finance Committee Bill
Is Better for Wisconsin,
Should Be Improved and Passed This Year**



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Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Wisconsin's children.

Quick action by Congress is crucial. Completing TANF and child care reauthorization this year by building on the Senate Finance bill would give states access to increased funding. Delaying action until next year, when the federal budget is expected to be tighter, creates a danger that Congress will actually cut TANF funds during reauthorization.

Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Wisconsin receives:

- \$14.7 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 93 percent of eligible children in Wisconsin *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill's massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$673 a month for a typical family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Wisconsin the cost could be high because only 32 percent of TANF adults in Wisconsin participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 44 percent of TANF families with children under six in Wisconsin by subjecting them to the same work requirements that apply to families with older children.

Focus on Permanent Jobs and Better Pay. The Senate Finance bill takes a more flexible and promising approach to helping people get permanent jobs. While the overwhelming focus of the House bill is on immediate work (including unpaid make-work in return for a welfare check), the Finance bill allows and encourages states to focus more on helping parents increase their skills, earnings, and long-term employability. Unlike the House bill, the Finance bill:

- **Expands, not shrinks, state options to provide education and training.** The bills create drastically different “core” work requirements (the first 24 hours per week of required work activities). The Finance bill broadens state options by allowing two years of education and training to count toward core work requirements, up from one year in current law. It also effectively raises the cap on the proportion of families in education and training (by removing teen parents in high school from under that cap), and lets states create new college work-study programs for an additional 10 percent of the caseload. The House bill reduces state flexibility by allowing states to count no more than four months of education and training toward the core work requirements. About 57 percent of TANF adults in Wisconsin lack a high school education and 99.8 percent have no more than a high school degree. Research has shown that programs tailored to the individual – and that include upfront education where appropriate – have the most success at boosting TANF recipients’ long-term work and earnings. Moreover, the state’s rising unemployment rate (which rose from 3.8 percent to 5.7 percent between the first half of 2000 and the first half of 2002) suggests that TANF recipients will increasingly need preparation in order to succeed in the job market.
- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Wisconsin where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,392 per calendar quarter in fiscal year 2000 – equivalent to \$797 a month or 32 percent below the three-person poverty line.

More Likely to Help Wisconsin's Children. President Bush's welfare proposal would make improving child wellbeing the "overarching purpose" of TANF. However, merely increasing parents' employment rate – the focus of the House bill – does not by itself help children, according to rigorous research by Manpower Demonstration Research Corporation. The only welfare-to-work programs found to consistently help elementary-school-age children succeed (in school and on various measures of behavior and emotional health) were those that increase work *and* raise income by making work pay.

The Finance bill includes several measures that could help children by making work pay for their parents. These include features noted earlier, such as more funding than in the House bill as well as rewards for placing parents in better-paid jobs. Moreover, the bill increases state flexibility to address severe work barriers (described below); encourages states to avoid sanctioning families who have simply been unable to comply with program requirements. It also gives states a variety of options to provide ongoing benefits (longer than five years) for parents in work or job preparation.

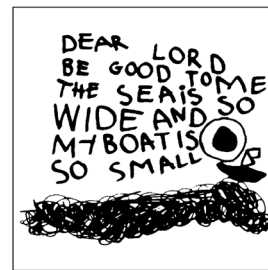
The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

More Flexibility to Address Severe Barriers to Employment. Beyond education and training, the Finance bill gives states additional options, not available under the House bill, to address work barriers such as mental health problems, illiteracy, or substance abuse. This approach is more likely to lead to permanent jobs. Nationwide only 9 percent of former TANF recipients with three or more work barriers are employed, compared with 80 percent of those with no work barriers. Compared with the House bill, the Finance bill allows states to:

- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Wisconsin, 148,910 individuals "do not speak English very well" according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states' limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 98,981 children and youth ages 5 to 20 have disabilities in Wisconsin according to the 2000 Census.

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Although the Senate Finance bill is a step up from the House bill, it must be improved further on the Senate floor. The full Senate should **1) increase new child care funding to \$11.25 billion, 2) give states more flexibility to supplement low earnings and address other serious work barriers, and 3) protect families from unfair treatment.** These improvements will add to the clear advantages of the Finance Committee bill for Wyoming’s children.

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Advantages of the Senate Finance bill include:

More Resources (But Still Not Enough). Under the Finance bill Wyoming receives:

- \$1.3 million more (five times more) than under the House bill in mandatory new child care funding. Nevertheless, the child care funding level in the Finance bill still does not address deep unmet child care needs for working poor families and should be substantially increased on the Senate floor. (Currently 89 percent of eligible children in Wyoming *do not* get federal child care assistance.) But the House bill provides even less. Under the House bill child care funding is so low – and so much would have to be redirected to child care needs created by the bill’s massive work mandates for current welfare recipients – that states would in effect lose billions of dollars in child care resources for working poor families with children.
- Federal help paying for legal immigrant families who have been in the United States less than five years. Currently, the state pays the full cost of these benefits (a maximum of \$340 a month for a family of three).
- Access to grants for transportation, transitional jobs, supportive housing, family formation and parenting support, and other services totaling nearly \$2 billion nationwide.

Less Pressure to Run Wasteful Make-Work Programs. The Finance bill and the House bill both strengthen work requirements. Compared with the House bill, however, the Senate Bill puts far less pressure on states to place participants in unpaid work experience programs. Such programs have a poor track record of preparing participants for real jobs, and would likely siphon limited state

resources away from more effective welfare-to-work services.

- The Finance bill requires states to engage 70 percent of TANF adults (with limited exemptions) in an average of 30 hours of activities a week. The House bill requires 40 hours. The House version would cost states as much as \$11 billion nationwide, according to the Congressional Budget Office, but provides no new TANF funding (and only \$1 billion in mandatory new child care funds). For Wyoming the cost could be high because only 29.5 percent of TANF adults in Wyoming participated more than 30 hours a week in fiscal year 2000.
- Moreover, family duties – such as taking a sick relative to the doctor or attending a parent-teacher conference – mean that parents cannot always work the 40 hours required in the House bill. Harvard physician Jody Heymann notes that one out of every three American workers regardless of gender must take time off in an average work week because of family duties.
- The Finance bill lets states continue to apply lower work requirements (20 hours a week) for families with young children under age 6. The House bill would increase the burden on the 41 percent of TANF families with children under six in Wyoming by subjecting them to the same work requirements that apply to families with older children.

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- **Rewards states when TANF recipients find well-paid jobs.** The Finance bill’s employment credit reduces the state’s monthly participation requirement for each recipient who leaves TANF for a job, up to a specified cap, with extra credit when families get better-paid jobs. Improving earnings is important in Wyoming where TANF recipients (even those who had found relatively stable work) earned an average of only \$2,078 per calendar quarter in fiscal year 2000 – equivalent to \$693 a month or 41 percent below the three-person poverty line.

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The House bill not only leaves out these measures; it would make it far harder than under current law for states to make work pay, in part because (as noted earlier) it siphons away limited state resources toward ineffective work experience programs. As a result, there is some danger that the House bill could actually *reduce* income among participating families and therefore harm children who had been helped by past welfare reforms.

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- **Count more rehabilitation or treatment** as satisfying work participation requirements. The House bill allows states to count only 3 months of rehabilitation and treatment services as satisfying the core federal work requirements. The Senate Finance bill allows, in addition, a further 3 months of these services as long as they are combined with work. The bill lists English as a Second Language as one example of an allowable service. In Wyoming, 8,919 individuals “do not speak English very well” according to the 2000 Census.
- **Count adults who care for children (or other family members) with chronic illnesses or disabilities** as satisfying core federal work requirements. The provision, which is capped at 10 percent of the caseload, eases pressure on states to require full-time work from parents who care for their chronically ill children. Because safe suitable child care for children with chronic illnesses and disabilities is rare, such a rigid requirement could be hazardous for children as well as waste states’ limited welfare-to-work resources. The exemption will help states tailor more flexible work requirements to these families and direct traditional welfare-to-work services toward more traditional recipients. Some 9,175 children and youth ages 5 to 20 have disabilities in Wyoming according to the 2000 Census.