

# CENTER ON FATHERS, FAMILIES, AND PUBLIC POLICY

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## POLICY BRIEFING

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**Please Note:** It is with extreme sadness that we report the death of Congresswoman Patsy Mink (D-HI), who died on September 29 after a short illness. Representative Mink was an outstanding advocate for women and families, and was the sponsor of a welfare reauthorization bill that represented a progressive and compassionate agenda for poor families.

### Increase in Poverty Rate Reported by Census Bureau

The poverty rate among all American families rose, from 11.3% in 2000 to 11.7% in 2001, according to a Census Bureau report, *Poverty in the United States: 2001 (P60-219)*. There were 6.8 million poor

families in 2001 compared to 6.4 million in 2000, and 1.3 million more individuals were in poverty in 2001. Other relevant findings include:

- The increase in the poverty rate primarily affected non-Hispanic White families. For Black, Hispanic, Asian and Pacific Islander families, the rate did not change. The rate for Hispanic families, 21.4%, and for Black families, 22.7%, while unchanged, remained almost triple the rate of poverty for White families.
- For a family of 4 with one adult and 3 children, the poverty threshold was \$18,022 in 2001. For a family of 3 with 1 child and two adults, the threshold was \$14,255. Poverty thresholds vary according to the number of adults and related children in a family.
- Median income declined among all racial groups by 2.2%, dropping by 6% for Asian families, 3% for Black families and 1% for White and Hispanic families, to \$42,228 in 2001. Median income is the point at which half of all families earned more and half less.
- For women working full-time and year-round, the rate of earning improved to 76 cents for every dollar earned by men, the narrowest gap ever recorded.

The report is available at [www.census.gov/hhes/www/poverty.html](http://www.census.gov/hhes/www/poverty.html).

### Impact of Extension on Passage of Welfare Reauthorization Uncertain

Last week, Congress passed stop-gap legislation to extend the current welfare program for an additional 3 months, until

December 31, 2002. The short-term funding will allow the program to continue in its current form until the end of this Congressional session. Reauthorization could now be considered by Congress at any time. Further continuing resolutions could delay its consideration indefinitely.

Although the House passed a bill earlier this year that would reauthorize welfare by adding yet more stringent work requirements on welfare families, and the Senate

Finance Committee passed its alternative legislation last summer, the full Senate has not yet debated welfare legislation. Senator Tom Daschle (D-SD) has stated that he does not expect the Senate to be able to take up the bill soon given its crowded agenda. Many advocates for the poor have been pushing for reauthorization this year in spite of the increased work requirements contained in both the Senate and House versions. This is in part because it is felt that by next year the federal budget will allow for even less spending on the poor, and the election results may lead to a more conservative Congress.

**Welfare Recipients' Need for Transitional Support Found Critical To Ability to Remain off of Welfare**

A recent study from the Urban Institute, *Who Returns to Welfare?* by Pamela Loprest, analyzed the welfare caseload after the passage of the Personal Responsibility and

Work Opportunity Reconciliation Act of 1996 (PRWORA), looking for patterns in the movement of families on and off of welfare. The study was based on an analysis of data from the National survey of America's Families (NSAF), and focused on families that left welfare for at least one month in the 1997-1999 period and were back on welfare at the time of the 1999 NSAF survey. Among the study's findings:

- On average, more than one fifth of families leaving welfare during the first two years of PRWORA returned to welfare by the time of the 1999 survey. This rate of return applied even to those families who left because of employment or an increase in earnings.
- Almost half of those who returned to welfare did so because of losing a job, leaving a job or earning too little to remain self-sufficient. Approximately ten percent of those returning to welfare after having been reported as leaving welfare for work never did end up employed, either because a job offer fell through or they never reported to work.
- Families who were the most vulnerable and in need of assistance were least able to maintain employment after leaving welfare. Those with low education levels, little work experience, and poor health were most likely to return to welfare.
- For black families, the rate of return to welfare was 39%, compared to 24% for Hispanic families and 13% for white families.
- Transitional supports such as child care subsidies, health insurance and support for necessary expenses were critical to the ability of families to remain off of welfare. Those who received these benefits were significantly less likely to return to welfare. The study was not able to track the receipt of housing assistance or food stamps, because the NSAF survey did not track them.
- Although transitional supports provide crucial assistance to families who leave welfare, only a small portion of families receive them. Only 20% of families in the survey reported getting child care assistance in the first three months after leaving welfare; 61% reported help with health insurance, and 8% received help with expenses.

The full report is available on-line at [www.urban.org](http://www.urban.org).

**Recoupment of Child Support Overpayments Addressed by OCSE**

The federal Office of Child Support Enforcement has released both a *Policy Information Question (PIQ)* and a *Dear*

*Colleague Letter* that could provide some useful information regarding child support enforcement policy. The PIQ provides guidance to states with regard to the recoupment of child support when a custodial parent receives an overpayment of support from the

state. The new policy tightens requirements on states in order to encourage fewer overpayments, while at the same time allowing for a mechanism to deduct overpayments from future child support payments made to the custodial parent.

All child support paid by noncustodial parents is processed by a state distribution center and then sent to the custodial parent. States sometimes erroneously send too much, and unless the child support is recovered from the custodial parent, lose the overpaid amount. Current law, however, prohibits states from collecting the overpayment directly from subsequent child support payments without written documentation of the custodial parent's permission to do so. Since custodial parents are understandably unlikely to provide such permission, OCSE has provided states with an option to require applicants to child support enforcement (IV-D) services, usually the custodial parent, to complete a permission document in the application process, checking a box to allow or not allow the state to withhold such recoupment from child support payments in the future should the need arise. While the PIQ provides for some restrictions before a state can do so, such as the state's adoption of processes to limit the amount of overpayments in the first place, the policy could lead to an increase in the amount of child support overpayments that are deducted from custodial parents' future child support income.

In the Dear Colleague letter, OCSE describes a "family-unfriendly" child support enforcement rule and seeks advice from state agencies on possible future directives to discourage the practice. According to the letter, a current child support rule allows IV-D agencies to distribute child support payments toward arrearages owed to the state, even when the payment was intended for current support. Such a situation can arise when a noncustodial parent's current support payment is based on a weekly or bi-weekly ordered amount. In a month that includes portions of 5 weeks or of 3 bi-weekly periods, an extra payment can occur. Extra payments can also occur when wages are garnished by an employer and sent to the child support agency before the first of the month. In both of these cases, the extra payment can be considered an extra payment for the month in which it was received (but not intended), and so distributed to assigned arrearages rather than to the custodial parent as current support.

The letter solicits any suggestions and solutions on any "family-unfriendly" child support rules, which must be submitted by October 31, 2002, to OCSE.

The documents are available on-line at [www.acf.dhhs.gov/programs/cse](http://www.acf.dhhs.gov/programs/cse), under Policy Documents. A more detailed analysis of the PIQ is available from the Center for Law and Social Policy at [www.clasp.org](http://www.clasp.org).

**Guide to Food Stamp  
Program Changes Is Available**

The Food Research and Action Center (FRAC) has published a report, *Get Ready for Food Stamp Reauthorization Changes in Your State*, that summarizes the changes to the Food Stamp Program that will be implemented as a result of Food Stamp Reauthorization legislation that was passed last May. The report also describes opportunities for advocacy at the state level to ensure that the most positive policies will be adopted. The changes will take effect beginning October 1, 2002, and almost all of the provisions could benefit low-income families. They include:

- A requirement that states restore eligibility for food stamp benefits to immigrants who have lived in the U.S. for at least five years. All refugees would be eligible from entry to the U.S. under this provision, since they are currently eligible for their first seven

years in the country. All qualified disabled immigrants and immigrant children would be eligible regardless of date of entry to the country.

- States will be required to replace the current \$134 standard deduction with one that varies by household size and increases with inflation. This will have the effect of increasing food stamp benefits for most families.
- A mandatory increase in the asset allowance for disabled applicants.
- A requirement that states lift the current cap of \$25 per month for reimbursement of expenses related to participating in qualified employment and training programs. Instead, participants would be reimbursed fully for these expenses.
- Improved access to and duration of transitional food stamp benefits for families leaving TANF.
- Less burdensome requirements to report changes in income or circumstances, and reform of the quality control system that could lead to shorter application forms, simplified verification rules and fewer required visits to the agency.
- States will have the option to exclude child support payment amounts in the calculation of the family's net income when determining eligibility, lift verification of child support payment rules for noncustodial parents, and to obtain payment information from the child support enforcement (IV-D) agency instead of requiring verification directly from families.

The report, as well as regular updates on implementation of the new law, are available from the Food Research and Action Council at [www.frac.org](http://www.frac.org).

#### **Briefing Paper Discusses Marriage and Poverty**

A recent briefing paper from the Institute for Women's Policy Research, *Marriage Promotion and Low-Income Communities: An Examination of Real Needs and Real Solutions*, by Avis Jones-DeWeever, summarizes recent research on government policy and marriage promotion among low-income families, and discredits many of the arguments in favor of using welfare funds to promote marriage. Some of the author's points include:

- Much of the income gains that are often cited as resulting from marriage are a function, not of marriage itself but of the different characteristics of married and unmarried individuals, such as employment status, educational attainment and access to employment opportunities. Those who have achieved higher levels of education and income are more likely to marry and to find mates who have compatible education and earnings.
- For low-income mothers, marriage can actually reduce well-being, since low-income partners are themselves less likely to contribute to household income and can constitute a threat to economic security. Declining employment opportunities mean that less than 1 in 10 of all "disadvantaged" women will marry spouses who have had sufficient education or enough earnings to adequately provide for a family.
- A certain means by which to improve the economic security of low-income women is to provide educational opportunities. The median earnings of women with a bachelor's degree are 3 times the earnings of women without a high school diploma. Even one year of post-secondary education has been shown to reduce the poverty rate for low-income mothers by half.
- A focus on improving access for women to nontraditional employment would also improve the well-being of low-income families.

- Draining TANF funds to promote marriage using methods that have not been shown to be effective will drain resources from proven strategies for reducing poverty and so improving family well-being.

The briefing paper is available at [www.iwpr.org](http://www.iwpr.org).