U.S. Senate
Republican Policy Committee

Legislative Notice

Jon Kyl, Chairman

No. 59 March 26, 2004

H.R. 4 – Personal Responsibility and Individual Development for Everyone (PRIDE) Act

Calendar No. 305

Reported by the Senate Finance Committee on October 3, 2003 (9-8); S. Rept. 108-162; minority views filed. The House passed its bill on February 13, 2003, by a vote of 230 to 192.

NOTEWORTHY

- H.R. 4 represents the first reauthorization of the Temporary Assistance for Needy Families (TANF) Act since it was enacted in 1996. The TANF Act, commonly known as welfare reform, has been extended five times. A sixth extension (to June 30, 2004) was approved by the Senate on March 24. H.R. 4 reauthorizes the program for five years.

- Although the number of TANF recipients has decreased by 58 percent since 1996, H.R. 4 maintains the same funding level of $16.5 billion annually for block grants to states. Total new mandatory spending under the bill will increase by $4.7 billion over the 2005-2009 period, and the bill will authorize $200 million in new discretionary spending.

- H.R. 4 increases the states' work participation rate by 5 percent each year, from 50 percent in 2005 to 70 percent in 2009.

- H.R. 4 establishes a capped employment credit that will return the TANF program's emphasis to moving recipients into good jobs. This credit takes the place of the current caseload-reduction credit. Due to the generosity of that credit and the states' success in moving recipients into work, 28 states no longer are obligated to require that any of their remaining TANF recipients be engaged in work or "work activities."

- The bill increases the "standard hour" – that is, the standard established to represent a beneficiary's full-time participation in work or "work activities" – and awards partial credit for welfare recipients who work less than full-time. It increases the number of activities that states can count toward meeting their work requirement.

- The bill increases childcare spending by $1 billion over five years, and allows billions of additional federal block-grant dollars – funds states no longer spend on cash benefits due to the drop in caseloads – to be used for childcare.

Highlights

The Senate bill achieves many of the President's goals for welfare reauthorization ("Working Toward Independence," February 2002). Like the President's plan, the bill:

- raises the standard hour, or what is counted as "full-time" participation in work or "work activities" by welfare beneficiaries;
- establishes partial credit for hours below the standard hour, and extra credit for hours above the standard (see discussion on page 4);
- raises the states' required participation rate for its welfare-dependent caseload;
- eliminates the higher participation rate for two-parent families by applying one rate to all families;
- increases state flexibility;
- increases the number of activities that can count toward work, to include many barrier-removing activities (e.g., English language training) for 3 out of 24 months;
- establishes a marriage-promotion grant program;
- continues the waiver of work requirements for mothers with infants under age one;
- continues bonuses for states that excel at moving people into employment;
- establishes universal engagement to ensure every TANF family has a plan to achieve independence;
- maintains the 60-month limitation on receiving TANF benefits and maintains the exemptions permitted for up to 20 percent of the caseload and domestic violence victims;
- increases the amount of child-support collections that is passed through to a family;
- replaces the caseload-reduction credit with an employment credit;
- maintains current funding levels for TANF block grant and the supplemental grant.

Key differences between the Senate bill and what the President proposed in 2002 are:

- H.R. 4 increases mandatory childcare spending by $1 billion over five years, as opposed to the President's request for level funding;
- H.R. 4 sets the standard hour at 34 hours for parents with children aged six or older, and 24 for parents with children under age six, as opposed to the President's request of 40 hours for all families (except mothers with infants);
- H.R. 4 spends $200 million in federal funding annually for the marriage promotion programs (plus $100 million in state-match funding), as opposed to the President's FY 2005 budget request of $240 million in federal funding (his 2002 request was $200 million);
- H.R. 4 allows education to count as a work activity for longer than three months, as opposed to the President's request that it count for not longer than three months; and
- H.R. 4 allows barrier-removal activities to count as work activities for up to six months, if combined with work, as opposed to the President's request of three months.

The House-passed version of H.R. 4 (February, 13, 2003, by a vote of 230-192) more closely reflects the President's original framework; however, the Administration has indicated it supports both bills.

Background

The Temporary Assistance for Needy Families (TANF) program, or "welfare," gives states a block grant to provide cash and other assistance to low-income individuals with dependent children. States determine eligibility standards and benefit amounts, but some federal rules apply as to the use of the federal dollars (and states are free to expand assistance with state funds, which several states have done). States may not keep individuals on government assistance for longer than five years using federal funds, and cannot pay cash benefits to legal aliens who have not been in the United States for at least five years. States must strive to engage individuals on welfare in work activities, and those that fail to engage the required percentage of their caseload in work activities can face financial penalties. The Maintenance of Effort (MOE) rule requires state welfare expenditures to equal 75 percent of the amount they spent on welfare programs in FY 2004 ($10.4 billion for all states).

Reform of the welfare program (known as Aid to Families with Dependent Children, or AFDC, prior to 1996) was a goal of the Republicans' Contract with America established during the 1994 election, and it was achieved in 1996 after two previous reform bills were vetoed by President Clinton. The 1996 law, the TANF Act, was opposed by half of Senate Democrats. They and many outside groups claimed that the reforms would push children into poverty. Instead, the success of welfare reform is evident: 2.4 million fewer U.S. children live in poverty today than in 1996, and the welfare caseload has fallen by more than half. Today, fewer children are born out of wedlock, more single mothers are employed, and more single mothers are seeing their incomes increase.[1]

The key to this success was the focus on moving adults into employment, encouraging stronger families, and giving states flexibility to provide the services that families needed to become self-sufficient. With the 1996 law expiring in 2002, President Bush early in the year sent Congress a plan to build on these core principals through the reauthorization. Under Democrat control, the Senate failed to reauthorize the law; instead, it has been extended six times. With enactment of S. 2231, which passed the Senate on March 24, it will be set to expire on June 30, 2004. The Senate Finance Committee amended and passed H.R. 4 on September 10, 2003, by a vote of 9 to 8.

As part of the 1996 welfare-reform effort, the Child Care and Development Block Grant (CCDBG) – the primary federal childcare funding stream for low-income families – was

[1]Temporary Assistance for Needy Families Program (TANF), Fifth Annual Report to Congress, February 2003, Department of Health and Human Services.

restructured as a federal block grant with both mandatory and discretionary spending. As a block grant, the program encourages states to provide childcare programs and subsidies not only for welfare recipients, but also for all low-income working families (defined as families with incomes of up to 85 percent of the state's median income). Since 1996, the two laws, TANF and CCDBG, have been linked together for reauthorization purposes. Through passage of H.R. 4, it is likely that both funding streams will be reauthorized. Currently, the bill reauthorizes the mandatory funding stream (which is under Finance Committee jurisdiction) at $2.9 billion annually, an increase of $1 billion over five years. Reauthorization of the discretionary spending stream of the CCDBG is likely to be offered as an amendment by Senator Gregg, as it is under the jurisdiction of the Health, Education, Labor and Pensions Committee. The reauthorization bill reported out of that committee last year, S. 880, would authorize appropriations of $13.5 billion over five years (starting at $2.3 billion in first year and increasing by $200 million annually, reaching $3.1 billion in the fifth year).

Bill Provisions

Title I – TANF

TANF Mandatory Spending – Section 102 maintains current funding levels of $16.5 billion annually for the TANF block grant. Section 104 maintains current funding levels of $319.5 million annually for Supplemental Grants to 17 states with high population growth and low welfare benefits. Section 106 maintains the funding level of the Contingency Fund at $2 billion for all five years, and reforms this Fund (which was created by the 1996 law) to make it easier for states to obtain additional funding when they are struck with an extreme decline in economic conditions.

Work Hours – Section 109 establishes the minimum hours TANF beneficiaries must work in a week in order to be counted toward the state's participation rate. It alters current law by granting partial credit for families which do not reach the standard hour, but work up to a basic threshold of 20 hours for single parents and 26 hours for two-parent families. It also allows extra credit for families that work over the minimum hour requirement in order to encourage states to continue to cultivate a person's work potential. Partial-credit levels are measured through multi-hour increments, which the committee bill identifies as "tiers." For example, for a single-parent family without a child under age six, work hours equal the following credit levels: 20-23 hours equals .675 of a family; 24-29 hours equals .75 of a family; 30-33 hours equals .875 of a family; 34 hours equals 1 family; 35-37 hours equals 1.05 of a family; and 38+ hours equals 1.08 of a family. The following chart depicts the work-hours difference between current law and H.R. 4:

	Single parent with child/children age 6 or older	Single parent with child under age 6	Two-parent family	Two-parent family, federally funded childcare
Current Law required hours per week	30 total, 20 in direct work activities	20 total, 20 in direct work activities	35 total, 30 in direct work activities	55 total, 50 in direct work activities
H.R. 4 required hours per week	34 total, 24 in direct work activities	24 total, 24 in direct work activities	39 hours, 34 in direct work activities	55 total, 50 in direct work activities

Allowable Work Activities – Section 109 establishes nine "direct" work activities (see chart below); establishes additional activities that states may count for up to three (and sometimes six) months within a 24-month activity as a work activity; and establishes that time spent searching for a job counts as work for six weeks, but can count for 12 weeks if the state's economy has declined enough to trigger eligibility for the Contingency Fund.

"Direct" work activities	Unsubsidized job; subsidized private job; subsidized public job; work experience; on-the-job training; job search and job readiness assistance; community service; vocational educational training; and providing childcare for TANF recipients in community service.
Can count as work for up to 3 months within a 24-month period. Can count for an additional 3 months if a state puts requirement in self-sufficiency plan and beneficiary averages 24 hours in work activities per week.	Post-secondary education; adult literacy programs or activities; substance abuse counseling or treatment; work-barrier-removal activities (defined by the state, but an example would be English language classes); and any activity that was authorized under a state's TANF waiver.
Counts as work for six weeks, but can count for 12 weeks if state's economy has declined enough to trigger onto the Contingency Fund.	Job search.

Education as a Work Activity – Section 107 explicitly authorizes ***Parents as Scholars***, a program that some states currently have in place. It uses TANF funds to establish an undergraduate two- or four-year degree post-secondary program or a vocational educational program for up to 10 percent of TANF families, under which the following services could be provided: childcare, transportation, payment for books and supplies; and other services provided under policies determined by the state to ensure coordination and lack of duplication. Hours of participation in these programs would count toward meeting state work requirements. To be eligible for these programs, recipients would be required to maintain satisfactory academic progress and complete the requirements of a degree or vocational educational training program within the normal time frame for full-time students.

Participation Rate – States are penalized if they fail to have a certain percentage of beneficiaries engaged in work or work activities. Although the current participation rate is 50-percent, it is offset by a caseload-reduction credit. Because of the success of reforms in encouraging work, a majority of the states have experienced drops in their caseloads by one-half or more, and so many states no longer have to require work of those who remain on their caseloads. Section 109 repeals the caseload-reduction credit and increases the participation rate from the current 50 percent level to the following levels: FY 2005, 50 percent; FY 2006, 55 percent; FY 2007, 60 percent; FY 2008, 65 percent; and FY 2009 and thereafter, 70 percent.[2] The separate rate for two-parent families (currently 95 percent) is eliminated.

Credits Against Participation Rate – In Section 109, the caseload-reduction credit is phased out and an employment credit is phased in to replace it. The employment credit equals the percentage of TANF families in a fiscal year who leave ongoing cash assistance with a job. Application of any credit is limited to 40 percent in the first year, declining by 5 percent each year of the reauthorization, and reaching 20 percent for fiscal year 2009 and thereafter. (As a result, credits could not cut effective work participation rates below these floors: 10 percent for the first year, increasing by 10 percent each year until it reaches 50 percent in fiscal year 2009).

Excluded from Being Counted towards Participation Rate – Section 109 establishes how a participation rate is calculated. The number of beneficiaries working the minimum hours makes up the numerator, and the total number of beneficiaries minus some designated groups make up the denominator. The groups excluded are families with a child under age 1 and families during their first month of TANF assistance. Additionally, a single parent who is providing substantial, ongoing care for a child or dependent adult with a physical or mental impairment (as determined by the state) may be counted as fulfilling the work requirement.

Marriage Promotion Program – This program is funded through two provisions. Section 108 appropriates $100 million annually for marriage promotion research, demonstration projects, and technical assistance to the states. In section 103, another $100 million is appropriated annually for competitive grants to the states, requiring a 50-percent match. The funds may be used to support any of the following: public advertising campaigns on the value of marriage and the skills needed to increase marital stability and health; education in high schools on the value of marriage, relationship skills, and budgeting; marriage education, marriage skills, and relationship skills

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[2]The fiscal years have been pushed forward one year to reflect changes that will be made by the manager's amendment.

programs (which may include parenting skills, financial management, conflict resolution, and job and career advancement) for non-married, expectant, and recent mothers and fathers; pre-marital education and marriage skills training for engaged couples and for couples or persons interested in marriage; marriage-enhancement and marriage-skills training programs for married couples; divorce-reduction programs that teach relationship skills; marriage-mentoring programs, that use married couples as role models and mentors; and programs to reduce the marriage disincentive in means-tested aid programs, if offered in conjunction with any activity described above. ***The bill requires grant applicants to consult with experts in domestic violence or with relevant community domestic violence coalitions, and to state how their program will deal with issues of domestic violence and how they will ensure that participation in the programs is clearly voluntary.***

State Flexibility – Section 107 allows states to carry over unexpended TANF funds to any future year and use them for any TANF purpose (current law prohibits carryover funds from being spent on anything but direct cash benefits). This section also restores transferability of TANF funds to Social Services Block Grant (SSBG) to 10 percent. Section 114 allows a 10-state pilot demonstration program permitting integration with the following federal public assistance programs, all of which are under the jurisdiction of the Senate Finance Committee: TANF; Title XX social services block grant; and mandatory childcare under Title IV of the Social Security Act. Some restrictions apply, including that childcare funding can only be spent on childcare.

Rewarding States for Fostering Employment – Section 105 establishes a $600-million fund for the Secretary of HHS to grant bonuses, averaging $100 million annually, for states or tribal organizations that excel at moving people into employment.

Childcare Spending – Section 116 of the bill reauthorizes the mandatory funding stream of the Child Care and Development Block Grant (CCDBG, which is under Finance Committee jurisdiction) at $2.9 billion annually, an increase of $1 billion over five years. Additionally, section 107 restores transferability of TANF funds to SSBG to 10 percent. This allows TANF funds, which may only be spent on families receiving assistance, to be spent on childcare or other social services for individuals with incomes that are 200 percent of the poverty level. Additionally, states may transfer up to 30 percent of their TANF block-grant funds to the CCDBG. In that case, funds that were intended to provide for welfare recipients may instead be spent on families with incomes of 85 percent of the state's median income.

[*Note also*: Reauthorization of the discretionary spending stream of the CCDBG is likely to be offered as an amendment by HELP Committee Chairman Gregg and included in the manager's amendment. The reauthorization bill reported out of that committee last year, S. 880, would authorize appropriations of $13.5 billion over five years (starting at $2.3 billion in first year and increasing by $200 million annually, reaching $3.1 billion in the fifth year).]

Fatherhood Program – Section 118 establishes a Responsible Fatherhood program and authorizes it at $75 million annually to promote responsible fatherhood through: (1) marriage promotion (including counseling, mentoring, disseminating information about the advantages of marriage and two-parent involvement for children, enhancing relationship skills, teaching how to control aggressive behavior, disseminating information on the causes of domestic violence and child abuse, marriage preparation programs, premarital counseling, skills-based marriage education, financial planning seminars, and divorce education and reduction programs, including mediation and counseling); (2) parenting activities (including counseling, mentoring, mediation, disseminating information about good parenting practices, skills-based parenting education, encouraging child support payments, and other methods); and (3) fostering economic stability of fathers (including work-first services, job search, job training, subsidized employment, education, including career-advancing education, job retention, job enhancement, dissemination of employment materials, coordination with existing employment services such as welfare-to-work programs, referrals to local employment-training initiatives, and other methods).

Making State Programs More Comparable and Measurable – Section 101 relates to the "state plan," which each state accepting TANF block-grant dollars is required to submit to HHS. The bill would require states to establish measurable performance objectives and establish a uniform form for state plans. Currently, there is no format, making it difficult to compare what states are doing with their TANF programs.

Universal Engagement – Section 110 repeals the rule that persons who have been on TANF for 24 months and have not worked are prohibited from receiving further financial aid. Instead, the bill gives states 60 days to assess the skills, work experience, and employability of each recipient age 18 or older or those who have not completed high school, and to form a self-sufficiency plan with each TANF family based on that assessment. This plan should identify necessary barrier-removing activities and potential work activities, and it must be updated continually.

Title II - Abstinence Education

Section 201 maintains the appropriation level of $50 million annually for abstinence programs. It also provides that the abstinence-education funds which states failed to draw down be reallocated among the states who have instituted abstinence-education programs instead of being returned to the U.S. Treasury.

Title III – Child Support

Child Support Pass-Through – Under current law, TANF recipients must assign their child-support rights to the state in order to receive benefits. Section 301 requires states to distribute to the family, or pass through, any child support collected after the family has achieved independence from TANF. It allows states the option of passing through child-support payments collected under legal assignments in place prior to the effective date of H.R. 4. This section also reduces the federal government share of child support collected from TANF recipients while they are receiving assistance and encourages the states to pass through child-support payments by allowing disregarded funds to count toward required "maintenance of effort" spending.

Mandatory Review of Child-Support Orders – Section 302 requires states to review and, if necessary, adjust child-support orders every three years. Currently, such review must be requested.

Increasing Detection of and Collection from "Dead Beat" Parents – Section 304 allows states to check a nationwide Directory of New Hires (instead of just a state-wide directory, as under current law) for noncustodial parents owing child support. Section 305 authorizes denial, revocation, or restriction of a passport for noncustodial parents owing $2,500 ($5,000 under current law). Section 306 allows the federal income tax offset program to recover past-due child support in cases when the child is not a minor and is not on TANF (current law requires that the child be a minor, disabled, and/or on TANF). Section 307 allows garnishment of veterans disability payment for past-due child support. Section 316 allows garnishment of Longshore and Harbor Workers' Compensation Act benefits for past-due child support.

Title IV – Child Welfare Demonstration Projects

Section 401 continues the current-law demonstration projects allowing states to seek improvements and efficiencies in child-protection and welfare programs.

Title V – Supplemental Security Income

Section 501 requires the Social Security Commissioner to review state agency blindness and disability determinations for Social Security Income. It calls for review of at least 20 percent of determinations made in FY 2005; 40 percent in FY 2006; and 50 percent in FY 2007 or thereafter.

Title VI – Transitional Medical Assistance

Section 601 continues current law requiring transitional medical assistance (TMA) for those losing Medicaid eligibility because of increased income arising from work. It extends permissible TMA coverage from the current authorization of 6 to 12 months, to up to 24 months.

Section 602 prohibits the use of State Children Health Insurance Program (SCHIP) funds for childless adults (in the past, HHS has approved waivers allowing SCHIP funds to be used for adults, although that was not the intent of the law).

Cost

According to the Congressional Budget Office, H.R. 4 will increase mandatory spending by $348 million in 2005, by $4.7 billion over the 2005-2009 period, and by $6.4 billion over the 2005-2014 period. It also would reduce revenues by $22 million over the 2005-2009 period, and by $128 million over the 2005-2014 period.

The bill authorizes additional discretionary spending of $200 million annually for three new grant programs: $75 million for the Fatherhood Initiative; $100 million for Tribal assistance grants; and $25 million for programs which promote car ownership for low-income families.

Administration Position

Although an official Statement of Administrative Policy (SAP) has not yet been issued for the Senate bill, upon Finance Committee passage of H.R. 4 HHS Secretary Tommy Thompson applauded the Committee for its work and stated “We look forward to working with all members of Congress in passing a welfare reform proposal that strengthens work requirements and helps millions of formerly dependent Americans begin and continue to climb the career ladder.” (Press Release, September 9, 2003).

The Administration strongly supports the House-passed bill and, upon its passage, stated “the Administration is pleased that H.R. 4 incorporates many of the components of the President's proposals to: (1) maximize self-sufficiency through work, job training, and education; (2) promote child well-being and healthy marriages; (3) encourage abstinence and prevent teen pregnancy; (4) enhance child support enforcement; (5) improve TANF program performance by States; and (6) facilitate the integration of public assistance and training programs through broadened waiver authority to States (SAP, February 13, 2003).

Possible Amendments

Increase Childcare Spending (Snowe) – The first amendment expected to be offered is an amendment by Senator Snowe to increase funding for the Child Care and Development Block Grant (CCDBG) by $6 billion dollars. The amendment is reportedly offset with increases in custom user fees.

Since its creation in 1996, CCDBG funding has increased by 150 percent. In 2004, a total of $4.8 billion went to states through CCDBG, $2.1 billion of which was discretionary and $2.7 billion of which was mandatory entitlement spending. As reported, H.R. 4 would increase mandatory childcare spending in the CCDBG by $1 billion over five years, and would increase states' flexibility to devote other federal funding to childcare. Additionally, through the manager's amendment, the discretionary portion of CCDBG will be reauthorized at $13.5 billion over five years (starting at $2.3 billion in first year and increasing by $200 million annually, reaching $3.1 billion in the fifth year).

Recall that the CCDBG does not encompass all childcare spending. Counting the various federal funding programs and tax credits which directly subsidize childcare, the federal government will spent an estimated $20 billion for childcare and pre-school programs in FY03, plus another $3.5 billion in tax credits. That represents a more than $23.7-billion annual cost.[3] That figure, for comparison's sake, is about the same amount as what Congress appropriated to fund the entire Department of Justice for Fiscal Year 2003.

Reauthorize Discretionary Childcare Spending (Gregg) – Reauthorization of the discretionary spending stream of the CCDBG is likely to be included in a manager's amendment. The reauthorization bill reported out of the HELP Committee last year, S. 880, would authorize appropriations of $13.5 billion over five years (starting at $2.3 billion in first year and increasing by $200 million annually).

Charitable Choice (Santorum) – Will expand Charitable Choice law, which prohibits discrimination against religious organizations in participation with regard to government-funded programs, to the Social Services Block Grant (SSBG).

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[3] See RPC paper: "A Look at Government's Role in Providing Childcare for Low-Income Families," June 4, 2003.

Increase Work Participation Rate (Talent) – Senator Talent plans to offer an amendment to require a minimum participation rate floor.

Raise Standard Work Hour (Talent) – Senator Talent plans to offer an amendment to raise the standard work hour to 40 hours per week and allow partial credit.

10-State Flexibility Demonstration Project (Alexander) – Would allow up to 10 states to test the premise that their welfare reform program can achieve better results, helping people achieve long-term, true self-sufficiency, if they are given greater flexibility to best meet individual needs, while also testing new approaches to coordination with employment programs. Each recipient will have an employment plan, but instead of being held accountable for a specific number of hours each recipient must work or what activities count as work, the states will be held accountable for real results, consistent with the purpose of the law. The state's results over 5 years will be measured in 5 categories: 1) employment, 2) removing barriers to stable employment (e.g. literacy, marketable skills, education, drug treatment), 3) job retention, 4) entry-level earnings and earnings gains, and 5) child well-being (e.g., prenatal care, immunization, accredited child care, education test results).

National Teen Pregnancy Prevention Resource Center (Alexander) – Establishes a national teen pregnancy prevention resource center within an existing national organization to provide advice and information and share "best practices" on effective ways to reduce teen pregnancy, targeted to healthcare providers and community leaders, the entertainment and media industries, and parents and teens. Cost: $5 million over 2 years.

Increase funding for Marriage Promotion Grants – An amendment may be offered to increase appropriations for the Marriage Promotion Grants to meet the President's FY05 budget request amount, which would require an additional $40 million annually.

Abstinence-Plus – Democrats may offer amendments to allow the Abstinence grants to be used for other purposes.

Marriage-Plus – Democrats may offer amendments to expand the Marriage Promotion grants to be used for other purposes.

Expanding Entitlements for Immigrants (Bob Graham) – Would repeal current law requirement that immigrants reside in the U.S. for five years before becoming eligible for TANF. The current-law requirement attempts to ensure that immigrants depend for assistance on the citizens who sponsored their immigration and made legally-binding promises to support them, not on the federal government, and that immigrants should strive to become U.S. citizens. Amendments may also seek to loosen restrictions on Medicaid and SCHIP eligibility for immigrants. Eliminating these restrictions will expand the cost and scope of federal welfare and unjustifiably release immigrant sponsors from their legally binding obligations.

Financial Literary Training (Corzine) – An amendment may be offered to allow financial literacy training to count as an allowable work activity, and perhaps to allow such training to count as an allowable work activity for all five years the individual could be on TANF.

Senator Enzi also wants to encourage financial literacy training, but in a more limited time frame.

State Waivers (G. Smith) – States were previously allowed to obtain waivers from many federal requirements through HHS. Although all current waivers have expired, an amendment may be offered to renew expired waivers.

State Sanctions (S. Amend. 2711) – An amendment has been filed by Senator Smiths, Rockefeller, Lincoln, and Wyden to ease sanctions on states which fail to meet the required participation rate. States which improve their participation rate by 5 points from the proceeding year would not be subject to sanctions.

Sanctions – An amendment may be offered to require states to take numerous steps before sanctioning a welfare beneficiary who is not engaging in any activity by reducing the amount of his benefit. CRS reports that under the current law, "states usually send warnings. Some seek to determine whether there was a good cause for the recipient's violation, and some have a "conciliation" procedure to resolve disputes about participation in a required activity."[4]

[4]RS210710, "TANF Sanctions, Brief Summary," February 19, 2004.