Food Stamp Income Eligibility Set To Change for Noncustodial Parents

The Farm Security and Rural Investment Act of 2002 (FSRIA) changed the federal law regarding income accounting in the payment of food stamps for noncustodial parents. Food stamp eligibility is based on gross income; FSRIA changes the treatment of child support payments when determining the amount of gross income. Comments on the proposed federal regulations that will implement the law were accepted through June 15. Once submitted comments are taken into account, the regulations will become official federal policy. One provision of the new law will particularly affect noncustodial parent households:

- When determining eligibility for food stamp receipt for noncustodial parent households, gross income will be calculated after subtracting paid child support (considered an exclusion from income), rather than calculating gross income before taking into account paid child support (a deduction from gross income), as is done under current law.

FSRIA allows states the option of continuing to treat child support payments as an income deduction rather than an exclusion if a state includes a statement to that effect in their State plan. The law makes no change to the calculation of custodial household income, counting any child support received as income.

The commentary in the proposed rules makes clear that the intent of the law is to increase food security among low-income households: “State agencies should note that if they provide households an exclusion for legally obligated child support payments rather than a deduction, households reap the benefit of both. The exclusion would cause the household to have a lower gross income, making it more likely that the household would meet the program’s monthly gross income limit and, therefore, making it more likely that the household would be eligible for the program. In addition, the excluded payments would not be counted as part of the household’s net income, in effect deducting the payments from income.”

The Center for Law and Social Policy has prepared an analysis of the regulations that includes some important concerns and issues that are not directly addressed in the proposed regulations. These include:

- There is no clear provision allowing noncustodial parent households to challenge incorrect information.
• The treatment of families not using the state’s child support system needs clarification.

• Some families use the state child support system of another state to enforce their child support order and this is not addressed in the proposed regulations.

• The proposed regulations are silent on what happens if a noncustodial parent whose case is being enforced by the state child support enforcement system declines to authorize release of information to the food stamp agency.

• The treatment of large arrearage payments is not adequately addressed.

• The regulations do not address the treatment of child support payments for reunited families.

• Guidance is needed on what to do when a large, one-time support payment is received.


**Update on State Child Support Legislation**

The following are updates on the status of legislation related to child support for several states. Some of the bills have been summarized in previous policy briefings. Note that all original summaries are available on our website at www.cffpp.org under National Policy Briefing.

• In **Rhode Island**, advocates successfully fought off a proposed elimination of the state’s pass-through of $50 in child support payments to families who receive welfare benefits (see February 2004 Policy Briefing). The Rhode Island General Assembly restored the $50 payment to the budget, and the Senate passed the measure the following day. In advocating for retaining the pass-through, National Education Association Executive Director Robert Walsh stated, “Robbing $50 a month from children in 3,100 of the state’s poorest families will save a negligible amount of money for the state. It doesn't even register it's such a small amount. But it will take away up to 10 percent of the income from some of our state's poorest families with children.”

• **Louisiana** Senate Bill 633 was approved on June 21 by the House and Senate. The bill makes nonpayment of child support a felony if a parent is more than a year behind on child support payments or owes more than $5,000 in child support (see April 2004 Policy Briefing for details). State Representative Shirley Bowler (R-Harahan) is urging Louisiana Governor Kathleen Blanco to veto the bill because she feels that it will not help in the collection of overdue child support payments, but force the loss of a job and make it harder for that parent to get employment when released. According to Bowler, "No child's better off with a parent with a criminal record." The House had earlier passed a version of the bill with several amendments that would have allowed a convicted parent to avoid jail by paying the child support debt, and ensured that any fine that was paid by the parent would go towards the child support debt. Both of these amendments were removed by a House-Senate compromise committee, however.

• **Minnesota** began charging a fee of one percent of paid child support to parents who receive child support payments through the state. The fee will not apply to current welfare recipients. An expected 56,000 families will be affected by the new fee which is capped at $582 per case. It was established by the legislature in order to make up for
the governor’s budget cut of $370,000 to child support services. Non-TANF parents who are not willing to pay the fee will have their child support case closed. Twenty-five states currently charge a fee for child support services.

- HB 514 was signed into law by Alaska Governor Murkowski on June 29. (See March 2004 Policy Briefing). The new legislation will make nonpayment of child support a felony punishable by a sentence of up to five years. It also makes aiding the nonpayment of child support a felony subject to the same penalties as nonpayment. Alaska currently has more than 14,000 cases where a parent is more than $10,000 in arrears or has failed to make a payment for more than 24 months. The final bill includes a requirement that the child support agency create an arrears forgiveness program as an incentive for the noncustodial parent to make payments.

**House Passes Extension of TANF**

On June 22, the House passed another temporary extension of the TANF program that will leave current legislation in place through September, 2004. The extension is the seventh since the welfare reform law, the Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA), which was first enacted in 1996, expired in 2002.

**Low-Wage Employment Plagues Many Workers after Welfare Reform**

In a report prepared by Sheldon Danziger and Rucker C. Johnson for the Russell Sage Foundation Forum on the Future of Work last month, employment and wage rates of a large sample of 874 cash welfare recipients in Michigan were examined to assess the status of workers 6 years after welfare reform and its work requirements were first implemented. The sample was drawn from data from the Women’s Employment Study (WES) conducted by the Michigan Program on Poverty and Social Welfare Policy at the Gerald R. Ford School of Public Policy at the University of Michigan. Single mothers who received cash assistance in February 1997 were interviewed in their homes five times over the study period ending in Fall 2003 to ascertain their employment status. Among the findings:

- The typical respondent who worked at some point between 1997 and 2003 worked for 10 months before experiencing a month of unemployment. For women with a high school diploma, median employment lasted 12 months, but was only 7 months for a woman without a diploma.

- The percent of women in jobs that were characterized for the study as “good jobs” increased from 8% at the outset of welfare reform to 25% at the peak of the economic boom in 1999, at which point the increase slowed but still increased to 28.4% by 2003. However, the one-year probability of moving from a “low-wage” to a “good” job remains about 15%.

- Just under half (47%) of all working respondents worked in jobs that did not pay enough to keep a family of three out of poverty in spite of working an average of 54 months during the 6 years since welfare reform. Almost two-fifths of all respondents in the study had no job in Fall 2003.

The report, From Welfare to the Low-Wage Labor Market, is available at www.lowwagework.org.
Mid-Year Report on Prison And Jail Populations Released


- In the fiscal year ending June 2003, the prison population (prisoners in federal or state prisons or jails) increased by 40,983 to 2,078,570, the largest increase in 4 years.

- Louisiana had the highest incarceration rate at 803 per 100,000 residents, followed by Texas, Mississippi, Oklahoma and Alabama. Maine had the lowest incarceration rate at 148 per 100,000 residents. The other states with the lowest rates of incarceration were Minnesota, North Dakota, Rhode Island and New Hampshire.

- The national incarceration rate has grown steadily since 1995. In that year the rate was 601 per 100,000 residents. In 2003 the rate reached 715 per 100,000 residents.

- At mid-year 2003, the number of adult female jail inmates rose 6.3 percent while the number of adult male jail inmates increased 3.7 percent. Nearly 6 in 10 persons in local jails were racial or ethnic minorities.

- An estimated 12 percent of black males in their twenties were in prison or jail in 2003, compared to 3.7 percent of Hispanics and about 1.6 percent of whites. Among the more than 2 million inmates at mid-year 2003, an estimated 577,300 were black males between ages of 20 and 39.

The report is available at [www.ojp.usdoj.gov/bjs/](http://www.ojp.usdoj.gov/bjs/).

U.S. Has Highest Child Poverty Rate of Industrialized Countries

In a summary of data from the Organization for Economic Cooperation and Development (OECD) and the Luxembourg Income Study, the Economic Policy Institute compared 16 countries that belong to the OECD and face similar global economic conditions. The countries were compared for their expenditures on social programs as a percent of their Gross Domestic Product and their child poverty rates. Not surprisingly, there was a strong correlation between social expenditures and poverty rates. Among the 16 countries, the U.S. stands out as the country with the lowest expenditures and the highest child poverty rate among all of the countries studied. The U.S. spends the least on social programs and has a child poverty rate five times the rates of Sweden, Finland and Norway. The short analysis of the data is available as the June 23, 2004 *Economic Snapshot* at [www.epinet.org](http://www.epinet.org). The information will be incorporated in a forthcoming book from EPI, *The State of Working America 2004/2005*.

Faith-Based Initiative Subject of Legal Challenge But Continues to Grow

A lawsuit filed in federal court represents the first such legal challenge to President Bush's Office of Faith-Based Initiatives. The lawsuit has been brought by the Freedom From Religion Foundation, based in Madison, Wisconsin. The complaint names Jim Towey, Director of the White House Office of Faith-Based Initiatives and other federal department directors as defendants. It claims that their actions violate the Establishment Clause of the First Amendment by using federal taxpayer funds to support activities that endorse and give faith-based organizations preferred positions as political insiders. In addition, the lawsuit asserts that the
defendants’ claim to be leveling the playing field for access to federal funds by faith-based organizations is false, and that in fact the initiative gives preference to and endorsement of faith-based organizations as preferred providers of social services. The complaint is available at www.ffrf.org/legal/faithbased_complaint.pdf.

Other Faith-Based Initiative developments in the past month:

- President Bush created new Centers for Faith-Based and Community Initiatives in three federal agencies – the Department of Commerce, the Department of Veterans Affairs and the Small Business Administration, bringing to 10 the number of agencies with a designated center for encouraging federal funding of faith-based organizations.

- Final rules have been implemented that make the following changes:
  
  o Clarify that faith-based organizations are eligible to participate in programs funded through the Departments of Education, Justice, Health and Human Services and Veterans Affairs on the same basis as any other private organization.

  o Remove the regulatory prohibition on religious organizations that prevents them from making employment decisions on a religious basis if they receive federal funds to provide services. The rules lift the prohibition for the Departments of Veterans Affairs, Education, Housing and Urban Development and the U.S. Agency for International Development.

  o Amend Executive Order 11246, which prohibits government contractors from discriminating in employment, to exempt religious corporations, associations, educational institutions and societies from the order, allowing these entities to make employment decisions on a religious basis when contracting with the federal government. The amended executive order, Executive Order 13279, applies to Department of Labor contractors and subcontractors, and federally-assisted construction contractors and subcontractors.

  o Change Housing and Urban Development (HUD) regulations to lift the prohibition on participation in certain programs by primarily religious organizations and to lift a prohibition on “religious influences.”

- A proposed rule would revise the Department of Labor Workforce Investment Act to allow participants to use their individual training accounts, or similar training accounts created at the state or local level, for religious training.

In developments related to funding for faith-based services:

- The Department of Labor has awarded nearly $1.2 million in grants of about $25,000 each to 48 faith-based and community organizations to provide employment and training services to ex-offenders, immigrants, at-risk youth, single mothers, individuals with disabilities, foreign job seekers with language barriers, battered immigrant women, low-income workers and the economically disadvantaged. For a list of grantees, see http://www.dol.gov/opa/media/press/eta/ETA20041225.htm.

- The Departments of Health and Human Services (HHS) and Housing and Urban Development (HUD) have provided over $1 billion in competitive, non-formula grants to
faith-based organizations during the fiscal year 2003, an increase from previous years of $144 million.

• A Philadelphia church whose pastor has been a vocal supporter of President Bush’s faith-based initiative received nearly $1 million in federal funding through the initiative to support the establishment of individual development accounts for low-income Philadelphia families. The pastor, Herbert H. Lusk II, has stated openly that he hopes the administration’s grants to inner-city religious groups will win over black voters in the November presidential election.