



Eye on Augusta: Welfare Dependency and the 2014 Campaign

by Andy O'Brien
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Last week, majority Democrats in the Legislature's Health and Human Services Committee rejected four proposals to add more restrictions on Temporary Assistance for Needy Families (TANF), a cash assistance program for low-income families. While critics of the latest round of the bills dismiss them as election-year "smoke and mirrors," the governor says he will not give up on scrutinizing every purchase in the program, which accounts for less than 0.5 percent (or \$30 million) of annual general fund spending.

"Welfare benefits are supposed to help families, children and our most vulnerable Mainers," repeated LePage in his March 26 radio address. "When liberal politicians refuse to do anything about wasteful spending on welfare, they are taking advantage of Maine taxpayers."

According to advocates for the poor, the Republican proposals are based more on anecdotes than evidence, and will make it more difficult for the truly needy to receive help.

"These are dead-end proposals that will lock people into low-wage jobs without benefits or hope for advancement," said Sara Gagné-Holmes of Maine Equal Justice Partners in a statement. "Policy should be driven by facts and the actual circumstances of these families. These bills fail that test."

TANF was created in 1996 after President Clinton signed the "welfare to work" law, which added lifetime limits on collecting benefits and came with work requirements for the "able-bodied." The program is only available for families with children, and nearly 90 percent of Maine TANF households are headed by women. The program currently serves nearly 8,000 families and 12,000 children, with a maximum monthly benefit of \$485 for a family of three.

TANF is loaded onto Electronic EBT cards, often along with Supplemental Nutrition Assistance Program (SNAP) vouchers, which can only be used for food items.

TANF is a cash benefit because needy families need to buy more than food. They pay rent and bills and buy other non-grocery items. However, once the money is withdrawn, it can be used to purchase anything. This has led many casual observers, including Gov. LePage, to conclude that a lot of that money is being spent improperly.

LePage has stepped up fraud investigation efforts in recent years, resulting in 31 fraud indictments, 12 pleas and convictions and about \$210,000 ordered in restitution in 2013. By comparison, there were eight indictments and six fraud convictions with \$90,000 ordered in restitution in 2010. Democrats have accused Republicans of politicizing small-time convictions for EBT card fraud while ignoring the "big fish," such as health care providers, which have the potential to defraud the government of millions of dollars compared to the average TANF mom. Over the past three years, the Attorney General's HealthCare Crimes Unit recovered over \$55 million in state and federal funds from companies in the health care industry, while tax fraud convictions yielded \$1.1 million and financial fraud cases totaled \$730,000.

Parents as Scholars Education Program Under Attack

Last week the HHS Committee voted 7-5 to defeat LD 1842, sponsored by Rep. James Gillway (R-Searsport), which would eliminate a popular education program for TANF recipients called Parents as Scholars. PaS allows recipients to attend college while receiving benefits. Although the program does not pay tuition, it assists with transportation costs and child care needs. However, according to the LePage administration, PaS has put the state out of compliance with federal welfare-to-work requirements, which could potentially cost the state \$13 million in federal penalties for non compliance between 2007 and 2010.

Under current law, TANF recipients who are not in school must work from 20 to 30 hours a week, depending on the age of their children. Two-parent families must work at least 55 hours a week, but according to DHHS, only 10 percent of Maine TANF couples are meeting that requirement, which has led to threats of fines from the feds. LD 1842 would also reduce the amount of time a TANF recipient would be exempt from work requirements while attending school from 24 months to only a year. But Gillway told the Health and Human Services Committee last week that his concerns ran deeper than just the threat of fines.

"Even worse than the numbers and facts is the culture of dependency that we have created," said Gillway. "I hear about this all the time when I speak to my friends, neighbors and constituents. They are tired of working long hours, extra jobs, only to see their neighbors overuse the system."

But for Parents as Scholars graduate and practicing attorney Heidi Hart the program was a lifeline out of poverty, welfare dependence and domestic violence after she became pregnant at age 15.

"From my earliest memories, poverty was a familiar state of affairs, and I still can recall the shame that I felt as a child because of my family's financial struggles," said Hart. "My father was an abusive man, so it was something of a relief when my parents separated when I was 12 years old. Unfortunately, this relief was short-lived, as my family plunged deeper and deeper into the hopelessness, degradation, and despair of poverty. I watched my now-single mother struggle to raise five emotionally scarred children on next to nothing."

After receiving her GED, Hart said the program helped her earn a degree from the University of Southern Maine.

"As a taxpaying citizen, my lifelong contribution to this state will far outweigh the short-term investment that was made in me through the [Parents as Scholars] program," she said. "The expected course of my daughter's life was also dramatically changed because of the wise decision that Maine made back in 1996 to create this program and provide a lifeline to people like me."

A 2008 study by University of Maine researcher Sandra Butler found that PaS participants' wages were on average more than \$2 per hour higher than wages of TANF beneficiaries who didn't take part in the program. Speaking before the committee, LePage health advisor Holly Lusk said that many states are having difficulty complying with federal TANF work requirements and that Maine has not paid any fines yet. She said the department has submitted corrective action plans, which could alleviate the fines. However, Gillway, who is also the Searsport town manager, said that limiting the amount of time students could take part in PaS could give them experience in other work environments and be a benefit to employers. He said the town of Searsport had hired many TANF volunteers who needed to comply with work requirements, which saved the town money on hiring more employees.

"I want to encourage other towns and cities and nonprofit organizations to offer positions for these recipients," said Gillway. "Our benefit is getting the job done. I have far less employees in my town than I had 10 years ago and it's just been the necessity to cut back and cut back and keep the tax base down."

But even if the PaS program isn't eliminated, other participants are finding their educations are being cut short due to the 60-month lifetime limit on receiving TANF that the governor passed in 2011. "Amy," a single mother from Belfast who The Free Press profiled in November's "Slashing the Safety in Lean Times," will run out of benefits next month after reaching her last extension. She still has 20 credits left to finish her degree in mental health and human services from the University of Maine.

"With all of the cuts in financial aid, nobody is going to be able to retrain and go back to work," said Amy. "Cutting it out is just going to make more people unable to get jobs. I've signed up for summer classes and I'm hoping that maybe if I can get some extra financial aid or work study or something, I'll be able to make it through one more semester, but I don't know."

Restricting Benefits with Further Work Requirements

Another one of Gov. LePage welfare bills, LD 1815, would require TANF applicants to submit three applications for employment before they start receiving benefits.

"LD 1815 simply requires TANF applicants to apply for jobs and to submit the names and contact information of the employers with whom they have applied," said the bill's sponsor, Rep. Ken Fredette (R-Newport). "This requirement is similar to the verifiable work search record that must be kept by those receiving unemployment insurance. Applicants may apply for work in any manner of ways, including online or in person."

However, opponents said that TANF recipients are often fleeing abusive relationships and face barriers to employment, including lack of transportation and child care needs. According to a 2011 study by researchers from the University of Maine and University of New England, 90 percent of TANF families reaching the 60-month limit had a work-limiting disability or were caring for a disabled family member. Of the more than 3,000 families who lost TANF benefits due to the 60-month limit, only 17 percent received a disability-related extension, according to DHHS. One percent of terminated families received an extension due to domestic violence, yet according to the study, nearly 25 percent of families applying for TANF were leaving abusive relationships.

Voting against the measure, committee chair Rep. Richard Farnsworth pointed to legislation passed last year that requires DHHS to contract staff from the Maine Medical Center Vocational Department to assess TANF recipients and figure out what work they qualify for so that officials can coordinate proper job training. Assessors would also decide whether recipients have a work-limiting disability that would qualify them for federal disability benefits. However, according to DHHS, the program was just put online in December and there is not yet data available on how effective the new program is. On a party-line vote, the committee voted 7-5 to request that DHHS report on the effectiveness of the new program and provide recommendations on what changes need to be made.

Banning Out-of-State TANF Purchases

The HHS Committee also rejected LD 1820, which would ban out-of-state purchases with TANF. For Republicans, the smoking gun that welfare abuse is rampant was the release of 36 months of EBT card transactions on the right-wing Maine Wire blog. Out of 1.8 million transactions, the blogger flagged 3,701 "questionable transactions" valued at \$250,000. The transactions occurred in 46 states, primarily in New Hampshire and Massachusetts, but there were also withdrawals made in the Virgin Islands and Puerto Rico. A few were made from ATMs at smoke shops, taverns and strip clubs. For context, the most transactions (586) from "smoke shops" occurred at Joe's Smoke Shop in Portland, which is actually a convenience store doing most of its businesses in food items. All of the potentially abusive transactions represented .2 percent of all EBT transactions between Jan. 1, 2011, through Nov. 15, 2013.

In a letter to the committee, Attorney General Janet Mills expressed constitutional concerns about LD 1820, which bans TANF from being used out of state. She said that the proposed law could be in violation of the Commerce Clause as it would restrict spending outside of the state and it also creates "a burden on the constitutional right to travel." Rep. Peter Stuckey (D-Portland) pointed out that the proposed law would ban purchases in other states even if the recipient had a good reason for being there, such as visiting a sick relative.

"Just two years ago I went down to New Hampshire to see my mother thinking I was going for the day. When I got down there, I ended up staying until she died," said Stuckey. "Would I be expected to come back into Maine? What would I have done in that instance if I had been dependent upon the [TANF] money?"

LePage health policy advisor Holly Lusk said she recognized the potential hardship it would cause, but "this is what we've come up with."

Critics also pointed out that while the governor had heavily politicized the 3,701 "questionable transactions," his administration had yet to investigate them as it is already against the law for non-residents to use Maine TANF benefits. According to DHHS Audit Division Director Herb Downs, his department has recently acquired a tool to track transactions and flag questionable TANF purchases. He said his organization is currently compiling a list to start investigating the data. If a violation is found, he said the benefits will be cut off.

Democrats on the committee voted to direct DHHS to return on November 1 with more information once it has completed its investigation. But Rep. Deb Sanderson (R-Chelsea) told Downs, the audit director, that she wanted to support a measure that would help his efforts and asked if he had any suggestions.

"Unfortunately as we sit here I don't have a good answer for you," said Downs. Sanderson voted to ban out-of-state purchases with TANF anyway.

On another Governor's bill, LD 1822, which would ban certain purchases like tobacco and alcohol, it was noted that this is already against federal law. The committee modified a version of the bill to simply require DHHS to notify TANF recipients that funds cannot be used to purchase those items. Beneficiaries would also be required to sign an understanding that listed where EBT cards can be used and DHHS was directed to send a notice to merchants about the restrictions. Nevertheless, it's impossible to track what a cash benefit is spent on once it's withdrawn.

Last year, Maine passed a law that banned EBT cards from being used in bars, liquor stores and strip clubs. Many of the infamous 3,701 transactions were made before that law went into effect. In 2012 the Government Accountability Office, an independent congressional watchdog agency, reviewed six states that had restrictions on the use of EBT cards at certain locations and found that they "do not have ways to track what items recipients buy with their cards, partially due to the lack of information in transaction data on specific goods or services purchased." The GAO also found that the states had difficulties with identifying which exact locations should be prohibited from accepting the cards.

Hunger, Poverty and "Welfare Reform"

Following the HHS Committee votes on his latest welfare reform bills, LePage fired off another campaign-style press release. "These liberal politicians would rather see welfare cash benefits, which are provided by struggling Maine taxpayers, go out of state than to keep that money in Maine."

But in spite of the rhetoric about overgenerous welfare benefits, the libertarian CATO Institute, which published an influential paper in the 1990s promoting welfare reform, has stated that Maine is one of the least generous of all states in the country in providing aid to the poor. A report released last August added up the cash value of all of the programs a welfare beneficiary could hypothetically receive in Maine - including TANF, SNAP, Medicaid and other programs -

and found that Maine ranked 41st in the country and last in New England.

The US Department of Agriculture estimates that 15 percent of Maine households, or more than 200,000 Mainers, are "food insecure," which means that they often don't have access to enough nourishment. Maine ranks 18th in the country and first in New England for food insecurity, with a child poverty rate of about 17.5 percent, according to the US Census.

Gov. LePage's Welfare Dependency

Although hunger is a mounting problem in Maine, policies to put up barriers and restrict access to anti-poverty programs will continue to play well to Gov. LePage's base during his re-election campaign. His latest round of bills may be dead, but voters can expect to see them return in the form of TV ads and colorful mailers decrying local legislators for voting to allow welfare queens to use TANF money on gambling, booze, at Disney World and the Vegas Strip. It's a tactic that plays well with a voting public still battered by the recession and resentful of those perceived to be getting a free ride at their expense.

It's deja vu all over again for 2010 contender and current gubernatorial candidate Eliot Cutler, who says, "The person most dependent on welfare in Maine is Paul LePage and his re-election campaign."