

BANGOR DAILY NEWS

DC think tank ranks Maine 41st for value of welfare benefits

Lindsay Tice Oct. 27, 2013

A poor, single mother of two contacts Maine's welfare offices looking for help. She qualifies for several of the state's most well-known aid programs, including those that help her buy food, receive medical care for her children and heat her home.

Her potential take-away: just under \$19,900 worth of help for the year.

If she lived in any one of 39 other states or the District of Columbia, a new national report shows, that single mother would receive more help — in some states, tens of thousands of dollars more.

The Cato Institute, a Washington, D.C.-based Libertarian think tank, ranks Maine 41st in the country for the value of its welfare benefits.

It's a new look at an old issue. But people on both sides of Maine's ever-present welfare debate say the Cato report doesn't tell the whole story.

Advocates for the poor say many Mainers wouldn't be eligible for even the \$19,900 worth of programs and the state should be doing more to help its neediest residents.

"There are people who are struggling," said Robyn Merrill, senior policy analyst for Maine Equal Justice Partners. "There are children who don't have enough to eat. There are people who don't have a home in our state. So we're not doing enough to make sure that doesn't happen. There's no excuse for that."

Supporters of tighter welfare restrictions say Maine is doing too much already.

"I don't know of any states where society's collapsed because they're less generous than we are," J. Scott Moody, CEO and chief economist for the Maine Heritage Policy Center, said. "Arguably, they're more prosperous in many other ways than Maine. That would strongly suggest that we've passed the point where welfare is a positive and it's become a drag on the economy."

Maine's welfare numbers show the answer is likely somewhere in between.

For years, Maine has wrestled with the sense that it's a welfare state.

It's not the only place whose residents feel that way.

"You know what's funny? Every city and state says that. I was in Los Angeles and they were saying that," David Wagner, professor of sociology and social work at the University of Southern Maine, said.

Maine, like other states, has a variety of assistance programs to help the poor. Most of those programs, such as Medicaid, or MaineCare, and Temporary Assistance for Needy Families, are a mix of federal and state money and rules. A few, including Supplemental Security Income, informally known as Social Security Disability, are paid for and overseen only by the federal government. A limited number, including General Assistance, are shared only by the state and municipalities.

The Cato Institute first published "The Work Versus Welfare Trade-Off" in 1995 in an effort to gauge how generous all states were with their welfare benefits. The think tank reasoned that recipients were less likely to leave welfare for work if assistance was too generous.

The study calculated how much a hypothetical single parent with two children would get if that family qualified for and received that day seven of the most popular federal and federal-state welfare programs. Not every program gives cash — Medicaid, for example, is health insurance that pays the doctor for patient care — but Cato converted all benefits into a cash-value equivalent.

General Assistance, which is a state-local partnership, was not considered.

In 1995, Maine's benefits ranked 13th highest in the country, with just over \$19,000 worth of benefits. Alaska came in first, with about \$27,700. Mississippi ranked last, with just over \$13,000. All of the New England states were in the top 15.

In its 2013 follow-up, Cato again considered a hypothetical single parent with two children receiving welfare. In Maine, the value of food assistance, heating assistance and Medicaid increased. The value of TANF dropped.

So few Maine TANF recipients — 6.7 percent, according to the study — receive dedicated housing assistance when they apply today that Cato didn't include housing in its calculation for Maine in 2013. Several other states also have very low participation and their housing assistance was also excluded.

Maine does provide housing assistance to people through Section 8 vouchers and subsidized housing programs. In 2013, the Maine State Housing Authority spent almost \$24 million to provide vouchers worth an average \$507 a month to 3,871 families. In 2011, the latest year figures are available, local housing authorities also maintained combined budgets of \$119 million and helped nearly 29,000 people with public housing or vouchers.

The Cato study, however, looked only at what a new applicant would likely receive if applying today, and it found that hypothetical single mother probably wouldn't get housing now.

In its 2013 follow-up, Cato ranked Maine 41st, with a single mother of two getting just under \$19,900.

That single mother would have gotten more than twice that in the top three places — \$49,175 in Hawaii, nearly \$43,100 in the District of Columbia and about \$42,500 in Massachusetts. Thousands of that would be dedicated to housing.

This time Maine was the only New England state not ranked in the top 10.

“Maine has done a much better job than other New England states in terms of restraining the growth of welfare,” said Michael Tanner, who co-authored both the 1995 and 2013 studies. “One of our concerns is that the value of welfare benefits has exceeded the value of a low-wage job, which means that in many states it’s a disincentive to work. We think Maine has actually done a pretty good job of avoiding that.”

Moody, at the conservative Maine Heritage Policy Center, isn’t so sure. He’s done his own study, “Fix the System.”

He said more than 400,000 Maine men, women and children currently use MaineCare, TANF or the Supplemental Nutrition Assistance Program, formerly known as food stamps. He pointed out that just over 16 percent of Maine households get SNAP, the highest usage in New England and one of the highest in the country.

He projects that by 2016, more Mainers could be receiving MaineCare, TANF or SNAP than working in private-sector jobs.

“That’s troubling from a number of perspectives,” Moody said. “We clearly have an issue where we need to get welfare under control to make it even sustainable under the long haul.”

Gov. Paul LePage, who recently told a conservative women’s group that 47 percent of able-bodied Mainers don’t work, agrees the state spends too much on welfare.

Official labor statistics don’t support that 47 percent figure. When asked about it later, the governor’s communications staff said his comment reflected his concern about the number of Mainers on welfare compared to those working.

In response to the Cato study, LePage’s spokeswoman, Adrienne Bennett, pointed out that MaineCare enrollment has grown 80 percent in the past 13 years, from 164,000 to 340,000 people, or about one in three Mainers. She said welfare spending accounts for 25 percent of state spending, up from 13 percent 15 years ago.

And within the Cato study, she pointed out that Maine is 25th in the country — not 41st — if housing is factored in. It’s 16th in the country when considering only the value of its TANF or SNAP benefits.

“Still on the high end of the national scale,” she wrote in an email.

But even considering Maine's spot at 41, Bennett said the governor believes Maine should be doing — and spending — less for welfare.

“While this study focuses on one hypothetical family, the LePage administration is focusing on how to help individuals receiving government-funded benefits gain economic independence,” she said.

Others say Maine should be doing more, not less, when it comes to welfare, especially with health care and job training.

And they have their own studies, including those that show families do better long term when they receive help.

“The Parents as Scholars program, for example, a study that we did with the university in 2002, shows that the folks who have been through that program leave welfare behind permanently,” said Chris Hastedt, public policy director for Maine Equal Justice Partners, a liberal group that advocates for Maine's poor. “It's an investment in their future and their kids' future.”

They say Maine was thoughtful in making welfare changes in the mid- to late-1990s, when welfare reform swept the country. That's when Maine created the Parents as Scholars program, which allowed TANF recipients to fulfill their work requirements by going to school. It's when Maine started giving transitional child care to TANF families after they left the program for work. And it's when the state started letting TANF recipients earn some money and still get benefits, a move that advocates say allowed people to start working without worrying about losing their health care.

They believe the state is less thoughtful now, with recent changes that place greater limits on TANF benefits, remove thousands of poor adults from MaineCare and prevent tens of thousands of others from being added to MaineCare.

“We're falling backward at a time when the country is moving forward,” said Merrill, of Maine Equal Justice Partners. “We have the Affordable Care Act and more people are gaining access [to health care]. Here in Maine, 23,000 people are going to be losing their health care insurance January 2014. It is tragic.”

They have their own statistics:

Nearly 21 percent of all Maine children live in poverty in Maine, and nearly 27 percent of children under 5 do.

The maximum TANF benefit for a family of three in Maine is \$485 per month, and it has not increased in 12 years.

Maine ranks 1st in New England and 3rd in the country for residents facing hunger.

They believe the welfare stereotype of an able-bodied adult sponging off the system has led to Maine's current stance on welfare, not true consideration of need in a state with both a significant poor and elderly population.

"Every day feels like a war in terms of the rhetoric that's flying around out there," Hastedt said. "And the rhetoric is so far from the reality. And it drives policy in this area, and it drives it in the wrong way. It drives it away from the very solutions that we need to really make a difference in people's lives and, in our view, really make real reform."

So is welfare in Maine ballooning or shrinking?

Experts say it's actually doing both, depending on the program.

Maine has seen a jump in spending for some programs in recent years, including SNAP, General Assistance and MaineCare. Part of that is because the federal government pumped a lot of money into assistance programs between about 2009 and 2012 in an effort to boost the economy. Part of that is because need increased during the recession. And part of that is because people moved from one program to another as eligibility requirements changed.

Spending on SNAP, for example, tripled in Maine from about \$116 million in 2003 to \$371 million in 2013. Completely funded by the federal government, SNAP money is expected to dip this year as the government starts pulling back the extra aid it distributed in the weak economy.

In recent years, the number of Maine SNAP families has jumped 60 percent, from about 83,150 in December 2005 to about 133,270 in December 2011. It held steady in 2012 and dipped slightly in recent months, with 131,500 cases this past September.

While those programs jumped in spending and participation in recent years, others, like TANF, have seen a reduction in Maine.

TANF spending, which includes a federal block grant and a state contribution, fell 16 percent between 2003 and 2013, from about \$55.3 million to about \$46.1 million.

Maine TANF cases peaked around 2010, about the same time the federal government provided extra money to supplement need and boost the economy. Maine saw about 14,800 cases that December. Two years later, in December 2012, the number dropped to just under 9,600. It's kept falling — to just under 8,300 cases in September 2013.

Part of that is because Maine strengthened its 60-month TANF time limit and provided stricter standards for who could get an extension. And part of it is because Maine started pulling TANF benefits from the whole family when an able-bodied parent wouldn't work, rather than keeping benefits in place for the children.

"Clients now know they're held to a higher level of accountability," said Bethany Hamm, director of programs and policies for the Department of Health and Human Service's Office for

Family Independence. “However people feel about it, to let families linger in poverty because they choose not to comply with us is not a good option.”

Officials hope a new “Ticket-to-Work” program will also reduce case numbers. That program, which kicks off this winter, will assess each recipient’s situation and help provide the training, child care, transportation and other needs that have prevented the recipient from getting a job. The program will be paid for with the savings from people leaving TANF because of the tighter 60-month limit.

Officials in the Office for Family Independence, which deals with some of the largest welfare programs in the state, believe that, overall, Maine is more generous with its General Assistance and has easier eligibility than other states for Medicaid, even with tightened standards that will start to affect adult recipients in 2014. They believe Maine’s TANF benefits are the lowest in New England, though probably about average for the rest of the country.

“The one thing I would add, though, is it’s really hard to do apples to apples,” said Director Dale Denno. “We honestly haven’t got a resource that we can say, ‘Go do research on all the states and comprehensively look at all their programs.’”

David Wagner, the University of Southern Maine professor, has studied the issue of welfare. He believes Maine is more generous with its welfare benefits in some respects, but not so much in cash or eligibility. He points to Maine’s unusual program allowing TANF recipients to go to school rather than work. That’s a generous benefit, he said, but one that also ultimately helps the state by getting people off welfare for good.

He believes Maine might have been more generous with benefits and eligibility, but that has changed in the past 10 years. So has something else.

“Because we’re a smaller state, there was a little more sense that these are our neighbors and they’re people who are going through hard times,” he said. “That may be changing.”

Common welfare programs in Maine:

— **General Assistance:** Given out by towns and cities to poor residents who apply. General Assistance is given in the form of a voucher for food, heat, rent or other necessity. If they aren’t disabled or caring for a family member, General Assistance recipients must work off the benefit. They can also pay it back. If they ask for General Assistance more than once, they must prove they spent their money on necessities. General Assistance is shared between municipalities and the state. Towns and cities administer the program. The state helps pay, reimbursing municipalities at least 50 percent for the money they hand out.

— **Housing assistance:** Maine provides housing assistance through Section 8 vouchers and subsidized housing programs. In 2013, the Maine State Housing Authority spent almost \$24 million to provide vouchers worth an average \$507 a month to 3,871 families. In 2011, the latest year figures are available, local housing authorities maintained combined budgets of \$119 million and helped nearly 29,000 people with public housing or vouchers. The Cato Institute

study, however, looked only at what a new applicant would likely receive if applying today. It found that a hypothetical single mother of two probably wouldn't get housing now.

— **LIHEAP:** Low-Income Home Energy Assistance Program. Used in Maine to help poor families pay for heat. Given in the form of a voucher. The average total assistance for a family of three is \$450.

— **Medicaid:** Called MaineCare in Maine, it provides health insurance to poor children and adults and people with disabilities. Recent changes will remove thousands of adults from the program.

— **SNAP:** Supplemental Nutrition Assistance Program. Formerly known as food stamps. Allows families to buy food in stores with a debit card. The average monthly benefit for a family of three is \$526.

— **TANF:** Temporary Assistance to Needy Families. Before the mid-1990s, it was known as Aid to Families with Dependent Children, or AFDC. TANF typically goes to families that include children, and the average TANF household in Maine has 2.4 people. TANF requires that adult recipients work or go to school. The average monthly benefit for a Maine family of three is \$485.

— **TEFAP:** The Emergency Food Assistance Program, it was once better known as the “government cheese program” because it distributed blocks of cheese and other food to poor families. Today, Maine gets federal money to buy food staples from the USDA and distribute them to families in need through food pantries and soup kitchens.

— **WIC:** The Women, Infants and Children program provides money for food to poor women who are pregnant, breastfeeding or had a baby in the past six months and to children up to age 5 who are “at nutritional risk.” Benefits can only be used on WIC-approved foods and in WIC-approved stores.

Frequently asked questions about welfare programs in Maine:

— **Do people get cash?:** It depends on the program. For some programs, including TANF and SNAP, recipients get money loaded on a debit card, though only TANF recipients can withdraw it as cash. For some programs, such as General Assistance and LIHEAP, recipients get a voucher for the items they need. And for other programs, recipients get a service. MaineCare, for example, provides insurance that allows people to get medical care.

— **How can recipients use TANF and SNAP money?:** TANF and SNAP benefits are electronically loaded onto a recipient's electronic benefits transfer card. SNAP money can only be used at specific stores and for certain items. It cannot be used at an ATM to draw out cash. TANF can be used at a wider array of stores, and benefits can be drawn out as cash. If a recipient gets both TANF and SNAP, the card will only allow SNAP's portion to be used under SNAP rules and TANF's portion to be used under TANF rules.

— **Who are the people getting TANF?:** According to the Department of Health and Human Services, 68 percent of TANF recipients are children and 32 percent are adults. Of the adults, 78 percent are women and 22 percent are men. The average TANF household has 2.4 people.

— **People get Section 8 in Maine. Why didn't the Cato study include that figure for housing assistance?:** Maine does provide housing assistance to people through Section 8 vouchers and subsidized housing programs. In 2013, the Maine State Housing Authority spent almost \$24 million to provide vouchers worth an average \$507 a month to 3,871 families. In 2011, the latest year figures are available, local housing authorities maintained combined budgets of \$119 million and helped nearly 29,000 people with public housing or vouchers. The Cato study, however, looked only at what a new applicant would likely receive if applying today and it found that a hypothetical single mother of two probably wouldn't get housing now. Several other states also have very low participation rates and their housing assistance was also excluded.

— **What happened to government cheese, anyway?** The Emergency Food Assistance Program, or TEFAP, once was known as the “government cheese program” because it distributed blocks of cheese, containers of peanut butter and food staples to poor families. Today, Maine gets federal money to purchase food staples from the USDA and distribute them to families in need through food pantries and soup kitchens.