

Congressional Quarterly Weekly

February 14, 2010 Sunday

## Getting Welfare to Work When Work Is Scarce

**BYLINE:** By Clea Benson, CQ Staff**LENGTH:** 1750 words

Before Illinois residents can qualify to receive their first welfare checks, they must first spend up to 45 days searching for work at a state social services office. And when those monthly payments do arrive, they aren't much: \$434 for a family of three in Chicago. That's about 15 percent less purchasing power than the typical benefit back in 1996, the year Congress and the Clinton administration transformed welfare by setting time limits on cash assistance and requiring recipients to find jobs.

Tough policies such as these have enabled the state to cut its welfare caseload by 90 percent over the past 12 years. Though welfare was developed during the Great Depression as a form of cash aid to the most desperate, Illinois now spends only about 6 percent of its welfare block grant from the federal Temporary Assistance for Needy Families (TANF) program on payments to families. The rest of the money largely goes toward auxiliary services aimed at getting people into the job market and keeping them there.

Such policies may help explain why, even as millions have been thrust into poverty in the midst of the Great Recession, welfare rolls in Illinois and many other states have remained essentially flat. Advocates for the poor say the emphasis on cutting caseloads in good times has undermined welfare's original purpose as a safety net in bad times. Many are calling for an immediate re-examination of a federal policy that can make it financially difficult for states to respond when needs are increasing.

"We're kind of the poster boy," said Dan Lesser, a senior attorney at the Sargent Shriver National Center on Poverty Law in Chicago. "We're a state that's had unemployment claims go up 65 percent, and no perceptible change in our TANF caseload."

Across the country, as joblessness has exploded, many safety net programs have seen a similar surge in enrollment. Millions more are receiving unemployment checks and food stamps than before the recession began in December 2007. Medicaid coverage has ballooned. But the welfare rolls have been slow to absorb the rising tide of families with no source of income or support.

Nationally, the TANF caseload is up only 10 percent, and much of that increase has occurred in just the past year. In addition to Illinois, four other states have seen their caseloads inch up less than 3 percent. Ten states have posted declines.

"When states have a decline in the number of TANF cases when we have the greatest recession in 80 years, it is a very serious policy question that needs exploring," said Mike Herald, a legislative advocate at the California-based Western Center on Law and Poverty. "If I were a policy maker and I saw how little TANF was helping right now nationally, I would be asking some questions."

Congress amended the law governing TANF in 2006 with stricter work rules for recipients, less flexibility for states in determining what counts as work activity, and financial penalties for states that fail to enforce those requirements. The law is again due for reauthorization this year. But President Obama's fiscal 2011 budget request assumes that it will be delayed at least another year. And concern is mounting among both advocates for welfare recipients and the officials who run state welfare programs that re-examination of the law will be put off at a time when the need for change is increasingly pressing.

"A lot of the issues need to be aired to make sure the program focuses on work and can be responsive in a negative economic climate like we're in now," said Russell Sykes, chairman of the National Association of State TANF Administrators, which represents the directors of welfare programs in all 50 states.

of State TANF Administrators, which represents the directors of welfare programs in all 50 states.

Obama's budget does propose continuation of an emergency TANF program first authorized under last year's economic stimulus law. For the first time since the 1996 welfare overhaul, it offered states a new source of money to expand enrollment and even allowed states to pay companies to hire welfare recipients. The program is widely credited with creating tens of thousands of jobs in the past year and helping states start to accommodate the rise in welfare applicants. But its funding expires in September, and state officials say they can't afford to wait to find out if there will be an extension.

"Particularly for the subsidized employment programs, you can't sort of turn them on and off with a switch," said Elizabeth Lower-Basch, a senior policy analyst at the Center for Law and Social Policy, a liberal-leaning think tank. States "need to know that they're going to be able to continue them, or a lot of them conclude that it's not worth it to get started."

### State Flexibility Limited

Since the welfare overhaul, states have been allocated a fixed block grant every year to pay for their assistance programs along with state matching funds. The overall size of that federal grant, \$16.6 billion distributed among all the states, hasn't changed since 1996.

As states cut their caseloads, they've been able to use the money they are no longer spending on cash assistance for child care, transportation subsidies and other supports for welfare-to-work participants. But that means states have little financial leeway when poverty and need grow during a downturn.

"We're living in a fixed block grant environment, and we were already forced to make difficult choices for people who were on TANF," Sykes said.

It got harder for states to accommodate rising needs after the 2006 TANF reauthorization required that at least half of welfare recipients in each state had to be working at least 30 hours a week. It instituted new requirements for states to document work participation rates and required the inclusion of some tough cases -- such as people waiting to qualify for federal disability payments -- in the calculations. States also had to stop counting some activities, such as education, as work activity. States that failed to meet the 50 percent work requirement could lose up to 5 percent of their block grants.

Elements of the law haven't been popular with state officials. "It took back a lot of state flexibility," Sykes said. "Instead of focusing on employment outcomes, it restored us to a lot of these quality-control, improper payment issues and accounting."

This has created a culture, advocates for the poor say, that leads states to focus on reducing caseloads even when floods of new applicants are trying to sign up. "There are a lot of incentives to serve as few people as possible, frankly, and that's worrisome," Lower-Basch said.

Some experts take the view, though, that states should be doing a better job of targeting assistance to the truly needy instead of allowing caseloads to expand. The TANF law is working "pretty well," says Michael D. Tanner, senior fellow at the libertarian **Cato Institute**. "I don't think you address the success of welfare for how many people you can make dependent on the government."

### Emergency Assistance

Experts say the emergency fund in the stimulus law is a big reason there has been a slight rise in welfare caseloads nationally over the past year. Although the welfare overhaul created a contingency fund for states to use in tough times, only 19 states have actually tapped the money because stringent accounting requirements have made it difficult, according to Liz Schott, a senior fellow at the liberal-leaning Center on Budget and Policy Priorities.

Meanwhile, 38 states have made use of the stimulus program, using the money to create at least 80,000 subsidized jobs, expand cash assistance, and provide one-time aid payments to some needy families for specific purposes. In Illinois, officials are planning to use the money to create summer jobs for youth and to help banks restructure mortgages for needy families in danger of foreclosure.

In California, large counties such as Los Angeles, San Bernardino and San Francisco are putting welfare recipients to work in an otherwise terrible job market.

But those efforts will come to a halt by May if federal funds are not extended soon, advocates say. "There is this sort of looming red flag that counties are putting up that we won't be able to continue our subsidized employment programs if we don't get a response fairly soon," Herald said.

Neither the job-creation bill passed by the House in December nor the jobs bill the Senate plans to consider next week would extend TANF emergency funds. But advocates say they would be the ideal vehicles. "Obviously, those bills are very political and lots of people want different things in them, but that makes a lot of sense both as direct subsidized job creation and putting money into lower-income people's pockets that they will spend," Lower-Basch said.

But beyond the need for an immediate extension, advocates say, the stimulus emergency fund could serve as a valuable model for how to restructure welfare more broadly.

"Some folks, I think, wonder if the TANF emergency contingency fund is not really the TANF of the future," Herald said. "If you want money, show us you're increasing caseloads and spending it in the right way. We're going to have these three very explicit areas where you can spend money. And states that want to run the program and spend cash assistance, we're going to help them. But states that want to spend the money for other purposes, we're going to make it less attractive."

Whenever Congress does debate a welfare reauthorization, advocates and state officials have a list of additional suggestions for improving it. First of all, states want more money and more flexibility to determine how they spend it. "We don't have any problem with being measured by a work participation rate, but we should be able to define more broadly the kinds of reasonable activities that are countable on a regular basis," Sykes said.

That may mean allowing states to count education as a work activity, Schott said. "I do think we'd want to look at ways to make TANF a more effective safety net and a more effective work program," she said. The 2005 revision "didn't do anything to improve TANF in either of those directions. It made it worse."

**FOR FURTHER READING:** *Obama's fiscal 2011 budget*, *CQ Weekly*, p. 339; *economic stimulus (PL 111-5)*, p. 38; *adapting to welfare law, 2007 CQ Weekly*, p. 1907; *details of 2006 TANF changes (PL 109-171)*, *2005 Almanac*, p. 4-13; *1996 welfare overhaul (PL 104-193)*, *1996 Almanac*, p. 6-3.

Source: **CQ Weekly**

The definitive source for news about Congress.

©2010 Congressional Quarterly Inc. All Rights Reserved.