National Campaign for Jobs and Income Support

STATES BEHAVING BADLY: AMERICA'S 10 WORST WELFARE STATES

AMERICA'S 10 STATES WITH THE WORST WELFARE POLICIES

1. IDAHO

2. WISCONSIN
OKLAHOMA

4. OREGON
WYOMING

6. ARIZONA
MISSISSIPPI
SOUTH DAKOTA
TEXAS
UTAH

DISHONORABLE MENTION: CONNECTICUT, GEORGIA, INDIANA, MASSACHUSETTS, and **NORTH CAROLINA.**

I. INTRODUCTION: DEVOLUTION CREATES NEW LOWS IN WELFARE POLICY

A key premise of the 1996 welfare law was that state governments, if given appropriate discretion, are best positioned to ensure the well being of poor families with children. This philosophy was reflected in the design of Temporary Assistance to Needy Families (TANF), which allows states broad flexibility in the expenditure of federal and state welfare funds, and in the design of cash assistance and related support programs. The Governors are extremely influential in the current debate about reauthorization of the federal welfare law, and are expected to unveil their agenda for TANF reauthorization during their upcoming winter meeting. It is therefore pertinent to ask the question: has state flexibility resulted in extreme practices or abuses that warrant a stronger federal role?

This analysis looks at state policies with respect to welfare in eleven different areas: 1) supplantation, or the misuse of welfare funds to pay for tax cuts or non-poverty related programs; 2) time limits; 3) access to benefits for immigrants; 4) work/family balance; 5) education and training; 6) the responsiveness of the welfare safety net to rising unemployment in the recession; 7) the percentage of poor families who receive help from TANF; 8) whether or not states have eliminated AFDC rules that discriminate against two-parent families; 9) benefit amounts; 10) sanctions policies; and 11) whether or not the state has adopted unpaid "workfare" programs. This study ranks states based on how many negative policies they have adopted. The 10 states listed above have the worst combinations of welfare policies on the books. The five states receiving a "dishonorable mention" narrowly missed the "worst ten" and are tied for eleventh.

It should be stressed that policy and practice are often worlds apart, so that for example, a state with generous good cause exemptions from work requirements on the books may not actually provide them to anyone, regardless of their circumstances.

The study finds that there are a number of states that have adopted extremely punitive policies that are well outside the mainstream, and that would not be broadly supported by the public. The prevalence of such policies indicates the need for a stronger federal role when Congress turns to TANF reauthorization.

LOWLIGHTS:

- A number of states, including Connecticut, Michigan, Oregon, Texas, and Wisconsin have engaged in "supplantation" –meaning that they have diverted welfare funds to pay for tax cuts or other programs not targeted to low-income families. There is nothing in federal law that prevents states from engaging in supplantation, even though it clearly contradicts the intent of the 1996 law.

- Sixteen states retain rules that discriminate against poor two-parent families. Even Oklahoma, which has a widely discussed "marriage promotion" initiative, has not taken the basic and sensible step of eliminating rules that discriminate against two-parent families.

- Ten states with significant immigrant populations have not created state replacement programs to provide benefits to immigrants who are ineligible for assistance under the federal law. Texas, which developed its policy under the watch of now-President George W. Bush, is the worst performer in this regard.

- Six states have policies that require parents to work when an infant is one day old. Another 11 states require parents to work when an infant reaches three months. New census data shows that 50 percent of all mothers stay home with a child under one year old. State policies have resulted in extreme requirements for low-income mothers that fly in the face of the lack of infant care and child development research that shows the benefits of parents being able stay at home with their infants.

- Fifteen states have "full family sanctions" that terminate assistance after the first instance of non-compliance with welfare rules. Three states will not allow any circumstance to count as a "good cause" for non-compliance, including illness, unavailable childcare, caring for a disabled family member or domestic violence.

- Seven states have lifetime limits shorter than the federal 60 months. Twenty states do not allow any exemptions to the lifetime limit.

- In 14 states, families receive benefits of $300 per month or less.

- In another 14 states, welfare caseloads have continued to decline even though unemployment has increased during the recession, a sharp contrast with the last recession when unemployment and welfare caseloads moved in tandem in nearly every state.

II. SUPPLANTATION

TANF's "Maintenance of Effort" requirements were intended to ensure that states maintained their expenditures on welfare programs. A number of states have found a legal way to subvert the intent of the law. States that have engaged in "supplantation" have reduced their own spending on anti-poverty programs, replaced them with TANF funds, and used the resulting savings to pay for tax cuts or other programs that do not benefit poor families.

States that have supplanted TANF funds since the welfare law was enacted include:

- **CONNECTICUT**: Since 1998, Connecticut has supplanted more than $170 million dollars. From 1998 to 2000, the state transferred $70 million to their Social Services Block Grant and then used the TANF money to fund programs previously funded with state dollars. In 1999 and 2000, the state used $100 million of TANF money to fund state programs that were previously funded with state dollars.[i]

- **MICHIGAN**: Michigan's FY 2001 budget included a plan to spend $27 million in TANF money for its property tax credit for families below 200 percent of poverty. While the plan was initially considered permissible by the United States Department of Health and Human Services, the federal government has since clarified its policy to disallow states from using TANF funds in this manner, or from counting such expenditures toward MOE requirements. In the future, TANF funds may only be used for credits that give people back *more* than they paid in taxes, not to simply free up state funds for other budget priorities.[iii] Including this amount, according to the Michigan League for Human Services, Michigan has supplanted a cumulative total of $125.84 million since FY1998, which equals 16.2 percent of their entire TANF block grant.[iv]

- **OREGON:** An August 1998 report from the General Accounting Office (GAO/AIMD-98-137) reported that Oregon had taken $55 million in state funds from the state welfare program and reallocated it to fund education and other programs. According to the Oregon Center for Public Policy, the state's foster care system has been a prime beneficiary of such supplantation since welfare reform. The child services division encompassing foster care saw an increase in TANF expenditures from $19.6 million in the 1993-95 biennium to an estimated $79.7 million in 1999-01. This dramatic increase is *not* due to an increase in demand for foster care services. It is evidence that the state is using TANF funds to free up state general operating funds for other purposes, and using the resulting windfall to pay for other priorities.[v]

- **TEXAS:** A budget analysis by the Center for Public Policy Priorities found that from 1998 through 2001, Texas used or plans to use $320 million in TANF funds to supplant state general revenue. The Center found that if Texas had used their TANF funds differently, the funds "could have doubled the total 1999 expenditures in child care or added $80 million a year to employment services for public assistance recipients."[vi]

- **WISCONSIN**: At least $112 million in TANF funds were diverted to pay for tax cuts or non-poverty related programs in FY 1998 and FY 1999. Another $170 million has been or will be diverted in FY 2000 and FY 2001. In effect, Wisconsin has used TANF money to help pay for a state tax cut, which is expected to cost the state $527 million in tax year 2000 and $642 million in tax year 2001.[vii]

WISCONSIN pioneered "supplantation," the practice of diverting TANF funds to pay for programs serving non-poor people and for tax cuts. Under then-governor Tommy Thompson, now Secretary of the Department of Health and Human Services, at least $112 million in TANF funds were diverted to pay for tax cuts or non-poverty related programs in FY 1998 and FY 1999. Another $170 million was diverted in FY 2000 and FY 2001. Wisconsin reduced its contribution to its welfare program, from $225.2 million prior to passage of welfare reform to $168.9 million in FY 1999, the bare minimum 75 percent "Maintenance of Effort" required by federal law.

In 1999, after the federal government published final TANF regulations, the Wisconsin Legislative Fiscal Bureau identified the potential for using TANF to replace state funding for the Earned Income Tax Credit (EITC) program. Accordingly, the legislature passed it's 1999-2001 budget bill with a provision that uses TANF funding to pay for the refundable portion of the EITC – estimated to be about $48 million per year – or 80 percent of the $60.4 million total cost of the credit. The net impact of this fund shuffle was to save the state about $48 million in general revenue per year.

POLICY RECOMMENDATIONS

✍✍ **Congress should prohibit supplantation.** There is simply no excuse for diverting federal funds earmarked for poverty reduction to pay for tax cuts or programs that don't benefit low-income families.

III. TIME LIMITS

The 1996 welfare law established a lifetime time limit on TANF assistance of five years, but gave states the flexibility to set shorter time limits. And that they did. Over 150,000 families have already been cut off or have had their benefits reduced. Studies now show that time-limited families in these states face severe hardship after losing assistance, especially in periods of economic recession. Low-wage workers rarely have jobs with benefits or that are covered by Unemployment Insurance. During an economic downturn, low-wage workers that have hit their time limits have literally no safety net.

CONNECTICUT has the shortest time limit of all states at **21 months out of the possible 60 allowed by federal law.** Since 1997, this restrictive policy has **cut off more than 45,000 low-income families permanently.**

Due to this policy, while **unemployment rose by 1.7 percent** in Connecticut over the past year, **caseloads continued to drop by 12 percent** during the same period of time.

The thousands who have lost benefits in **MASSACHUSETTS** because of their state's 24-month time limit are more likely than other welfare leavers to be single heads of household, have limited education, and have children with disabilities. Of those who left because of time limits, **27 percent** were not working 10 months after leaving welfare, **26 percent** reported having their gas, electricity, heat or telephone shut off since leaving, **24 percent** had lost a job or were unable to take a job because of the lack of childcare, **18 percent** have children with a severe physical, emotional, or mental health conditions, **32 percent** lack a high school diploma, and **18 percent** have limited English skills.[viii]

In **UTAH**, **48 percent** of time limit leavers suffer from depression**, 22 percent** experience post-traumatic stress disorder, **32 percent** have a learning disability, **45 percent** do not have a high school diploma or GED, **43 percent** have a limited work history, **42 percent** report physical health problems, and **17 percent** experienced severe domestic abuse in the previous 12 months.[ix]

STATES WITH SHORTER LIFETIME TANF TIME LIMITS	DURATION
CONNECTICUT	21 months
ARKANSAS	24 months
IDAHO	24 months
INDIANA	24 months
UTAH	36 months
FLORIDA	48 months
GEORGIA	48 months

SOURCE: Center on Budget and Policy Priorities' and Center on Law Social and Policy's State Policy and Documentation Project (SPDP), www.spdp.org.

States do have some flexibility in excusing certain populations from the federal 60 -month limit by granting exemptions. Exemptions, similar to "good cause" for noncompliance and sanctions, are granted by some states if the adult recipient is disabled or taking care of a disabled family member, caring for a young child up to a certain age, pregnant, a victim of domestic violence, or elderly. States may also grant assistance to families that are suffering undue financial hardship beyond their control or have made "good faith" efforts to comply with TANF work participation requirements but are still in need of assistance.

MODEL POLICY—MICHIGAN'S NO TIME LIMITS POLICY

Michigan is one of the only states that have opted *not* to impose a time limit on its welfare program, the Family Independence Program. Families in Michigan who reach the 60-month federal time limit and need help beyond that point will continue to receive assistance as long as they continue to meet the program requirements. Michigan continues to provide families that reach the federal time limit with assistance under the 20 percent exemption rule. Once the number of families meeting the federal time limit exceeds 20 percent of the total caseload, Michigan will continue to assist families through state funds. In addition, families do not need to reapply for cash assistance once they reach their federal time limit—they continue to receive benefits as if no change has occurred.

Twenty states have opted instead not to grant ANY exemptions to time limits: COLORADO, GEORGIA, IDAHO, IOWA, KANSAS, MONTANA, NEVADA, NEW HAMPSHIRE, NEW MEXICO, NORTH CAROLINA, NORTH DAKOTA, OHIO, OKLAHOMA, PENNSYLVANIA, SOUTH DAKOTA, TEXAS, UTAH, VIRGINIA, and WEST VIRGINIA.

POLICY RECOMMENDATIONS

1) **Stop the clock for families in compliance:** Families who are "playing by the rules," meeting all work and program requirements should not have their clocks ticking. Michigan, Maine, Vermont and other states have committed to provide assistance to families who are in compliance but have exhausted the five year limit. Illinois stops the clock for recipients who are working at least 30 hours per week and earning too little to get out of poverty, are in college and earning at least a 2.5 GPA, or are caring for a sick or disabled child or spouse.

2) **Stop the clock in periods and areas of high unemployment:** The "work first" culture of welfare reform made little sense in the best of times, because it failed to put families on a path out of poverty. It is absurd to impose time limits on families when the economy is in recession, especially when low-wage workers who recently got jobs may not qualify for Unemployment Insurance.

IV. IMMIGRANTS

Immigrants are the population most dramatically affected by the 1996 welfare reform law. Before 1996, legal immigrants were eligible for public benefits generally on the same basis as citizens. Only undocumented immigrants were denied federal assistance. However, the 1996 law linked eligibility to citizenship status, and left millions of taxpaying immigrants without any type of assistance.

This is a significant problem because one in five low-income children live in an immigrant-headed household, and 11.6 percent of poor people in America are non-citizens and yet, only 5.1 percent of TANF recipients and 2.6 percent of children receiving TANF are non-citizens. A recent estimate suggests that at least 116,000 immigrant families have incomes low enough to qualify for welfare and food stamps, but cannot receive any assistance because of their date of entry into the United States. [x] Recent Census Bureau reports reveal that 1 in 10 Americans are foreign-born, tripling the number of immigrants in the last three decades.[xi] As the population continues to grow, the number of families ineligible for help for this reason will increase over time.

Only 23 states have created state programs to make up for federal cuts, and the result has been a patchwork of unclear and uneven benefits that leave many immigrants ineligible and place an unfair financial burden on states.

The following states have a significant immigrant population (>3 percent), but no state -funded immigrant cash assistance program ["Immigrant 1" category on scorecard]**. Among these states are those with some of the highest immigrant populations in the country, including TEXAS, ARIZONA, FLORIDA, DC, and NEVADA.** Low-income immigrants living in these states have no safety net.

STATE	**IMMIGRANT POPULATION AS PERCENTAGE OF OVERALL, 2000**
TEXAS	9.8%
ARIZONA	9.8%
FLORIDA	9.6%
DISTRICT OF COLUMBIA	9.6%
NEVADA	9.6%
COLORADO	6.7%
VIRGINIA	4.7%
NORTH CAROLINA	4.3%
IDAHO	3.4%
DELAWARE	3.0%

SOURCE: US Census Bureau, www.census.gov.

There are also 5 states that have refused benefits to immigrants for an even longer period than required by federal law. The following states have not opted to provide TANF benefits for legal immigrants who entered the United States on or after August 22, 1996 and have resided here for at least 5 years, as allowed in the federal law: **IDAHO, INDIANA, MISSISSIPPI, SOUTH CAROLINA,** and **TEXAS** ["Immigrant 2" category on scorecard]. Even though these states are allowed to use federal TANF dollars for these immigrants, they chose not to.

Of these, TEXAS is the worst offender with the highest percent of immigrants denied access to benefits. President Bush, governor of Texas during welfare reform, denied access to benefits to legal immigrants through a separate state-funded program and even after the 5-year federal ban on benefits. Now as President, he is proposing to reinstate legal immigrants' access to Food Stamps.

POLICY RECOMMENDATIONS

1) **Congress should require states to provide TANF and Medicaid/SCHIP to immigrants who otherwise qualify, and should restore Food Stamps and SSI to all lawfully residing immigrants regardless of date of entry.**

2) **Congress should ensure cultural and linguistic access, including allowing English as a Second Language (ESL) to count as a work activity.**

V. WORK-FAMILY BALANCE

All parents have trouble managing the demands of their jobs and their care-giving responsibilities in the home. But these problems are most acute for low-income parents. With stringent work requirements and sanctions policies, welfare reform has sometimes forced parents to make an impossible choice between their job and the well being of their children.

Low-wage jobs do not provide the vacation, sick, and parental leave that would allow low-income parents to care for a sick child or a newborn, and many low-income parents are not covered by the Family and Medical Leave Act. **High quality childcare options for low -income parents are even more limited for low-income parents than for others, and infant and off -hour care is often not available.**

That is why the following states have the worst "work-family balance" policies on the books. These states all require mothers of infants under 6 months old to participate in work activities ["Work-Family 1" category on scorecard].

STATE	PARENTS REQUIRED TO PARTICIPATE IN WORK ACTIVITY ONCE CHILD IS:
ARIZONA	1 day old
IDAHO	1 day old
IOWA	1 day old
MASSACHUSETTS	1 day old
MONTANA	1 day old
UTAH	1 day old
FLORIDA	3 months*
ARKANSAS	3 months
INDIANA	3 months
MICHIGAN	3 months
NEBRASKA	3 months
NEW JERSEY	3 months
OKLAHOMA	3 months
OREGON	3 months
SOUTH DAKOTA	3 months
WASHINGTON	3 months
WISCONSIN	3 months

* Recipient may be required to attend classes or other activities before then
SOURCE: Urban Institute's Assessing the New Federalism (ANF) Welfare Rules Database, www.anfdata.urban.org.

Low-income parents typically have greater care-giving responsibilities, and they and their children are more likely to have health problems. Therefore, most states grant exemptions for work activities if the principal wage-earner is caring for a sick or disabled family member. However, the following states choose not to allow exemptions in these cases, putting further stress on low-income families: **ARIZONA, COLORADO, GEORGIA, IDAHO, ILLINOIS, IOWA, LOUISIANA, MASSACHUSETTS, NORTH CAROLINA, OKLAHOMA, OREGON, PENNSYLVANIA, UTAH, WASHINGTON, WISCONSIN,** and **WYOMING** ["Work-Family 2" category on scorecard].

MODEL POLICY—MONTANA'S AT-HOME INFANT CARE PROGRAM

As of December 2001, parents are no longer forced to choose between their children and a job when they apply for cash assistance in Montana, thanks to the At-Home Infant Care (AHIC) Pilot program. Funded by the state's Maintenance of Effort (MOE) money, the AHIC Pilot program provides stipends to parents with children up to age 2 so that they may stay home and care for their own children. Families with incomes up to 200 percent of the poverty line are eligible to participate. In addition, since the program is funded through Montana's MOE money, participants' five-year federal time clock does not tick while enrolled in the program. Prior to the creation of the AHIC Pilot program, some parents noted that they were forced to leave their children in often-dubious childcare arrangements, while working full-time, in order to keep their TANF grant. The lack of infant care, and research which shows the value to infants of being cared for by their parents, are additional reasons why AHIC-style programs make sense.

POLICY RECOMMENDATIONS

1) **Eliminate work requirements and stop the time limit clock for parents with very young, sick or disabled children, and reduce work requirements for parents with young children.**

2) **Ensure that all families with incomes below 200 percent of poverty have access to high-quality childcare.** In addition, states should be able to use federal child care dollars to follow the example of Montana and Minnesota, which allow parents to receive child care subsidies to care for their own children.

3) **Create a new federal fund, in addition to the TANF block grant, to encourage state efforts to provide paid vacation, sick and parental leave to low-wage parents.**

4) **Ensure that grandparent caregivers are not required to engage in work activities, but if they choose to do so that all supports and services are available to them.**

5) **Value *all* families and do not adopt punitive policies that punish single parent families, or coerce them into marriage.**

VI. EDUCATION AND TRAINING

Congress passed the welfare reform bill of 1996 with the intention of ending welfare "and creating a new ethic of personal responsibility among the welfare poor. What the rhetoric of the Personal Responsibility and Work Opportunity Act (PRWORA) of 1996 chose not to recognize were the thousands of welfare recipients already exercising responsibility for their own lives and preparing themselves for better opportunities through vocational training, adult basic education, and post-secondary education programs. In 1994, before the passage of welfare reform, roughly 350,000 AFDC recipients were engaged in education and training.[xii] New state and federal restrictions on who can participate and for how long have dramatically reduced the number of low-income parents receiving the education and skills they need to secure better jobs and higher wages.

Only 1 percent of TANF dollars nationally are invested in education and training. TANF creates strong disincentives for states to provide education and training in two ways. First, states currently may not count parents engaged in education and training for more than 12 months towards their work participation requirements. Second, no more than 30 percent of a state's caseload may be engaged in education and training activities.

States, however, have broad flexibility over whether or not to count participation in these programs as a work activity, and over how many people are allowed to participate by creating state-funded programs.

For example, federal law allows for **12 months of VOCATIONAL EDUCATION** for only 30 percent of welfare recipients involved in work activities, but most states have extended or eliminated this 12-month limit. **However, there are two states that refuse even the 12 months: DELAWARE and MASSACHUSETTS** ["Vocational Education" category on scorecard].

Other states have chosen to limit recipients' access to English as a Second Language (ESL) and Adult Basic Education (ABE) programs, programs that would significantly reduce these recipients' barriers to employment. **WYOMING fails to allow either of these activities as a "work activity"**, while **11 other states have limited the duration that these programs are considered an "allowable activity",** ranging from 6-36 months ["ESL/ABE" category on scorecard].

Parents engaging in education and training are likely to get better jobs with better initial wages and benefits, are more likely to hold their jobs and less likely to return to welfare, and are more likely to advance in their jobs over time. Studies have shown that roughly 85 percent of parents who complete college do not return to welfare. And there are generational benefits as well: the children of parents with higher education are more likely to pursue higher education than other children.

Despite the overwhelming evidence to support this, 8 states do not allow recipients to pursue a 2-year post-secondary education degree as an "allowable activity": Connecticut, Idaho, Mississippi, Oklahoma, Oregon, South Dakota, Washington, and Wisconsin [<u>"Post-Sec. Ed. 2" category on scorecard</u>].

Another 17 states do not allow recipients to pursue a 4-year degree: Connecticut, Idaho, Indiana, Kansas, Massachusetts, Minnesota, Mississippi, Nebraska, New Hampshire, New Jersey, New York, Oklahoma, Oregon, South Dakota, Washington, West Virginia, and Wisconsin [<u>"Post-Sec. Ed-4" category on scorecard</u>].

MODEL POLICY—MAINE'S PARENTS AS SCHOLARS PROGRAM

In 1997 the Maine Legislature took a big step in recognizing the important role education plays in moving low-income families out of poverty when it established the Parents as Scholars (PaS) program as part of its welfare reform plan. PaS is a state-funded program that helps low-income parents in two or four-year college programs. Only parents that qualify for, but are not necessarily receiving, TANF are eligible for the program. PaS achieves its purpose by distributing monthly cash assistance to parents, equal to the amount they would receive in the TANF program, and by offering them supportive services. One of the programs best attributes is that it does not penalize participants for the time they participate in the program. Since PaS is a state-funded program, time spent in the program does not count against the time limit on benefits that may be applied to families in the TANF program.

POLICY RECOMMENDATIONS

TANF should encourage education and training as a path for families to escape poverty.

1) **Education and training** including the full continuum of basic, secondary, and post-secondary education, English as a Second Language, and skills training**— should count as a work activity.**
2) **The time limit clock should stop** for parents while they are engaged in **education and training.**
3) **The 12-month limitation** on the length of time parents may be engaged in education and training **should be eliminated.**
4) **The 30 percent limitation on the portion of the** caseload that may engage in education and training **should be eliminated.**
5) **There should be accountability mechanisms in place that will track and reward improvements** in the following**:**
   - ?? Who is able to **access education and training**, **by race, educational level, and other demographic measures**;
   - ?? What **starting wage and benefits** are people getting through their initial employment, **how long do they stay** in that employment, and **what wage increases follow**.

VII. RECESSION

A recent study shows that the historic connection between rising unemployment and rising welfare caseloads is much weaker now compared to the same period in the last recession (1990-1991), raising red flags that the role of the welfare system as a safety net for low-wage workers has been weakened.[xiii]

There are 14 states in which caseloads have declined as unemployment has risen since March 2001, some by significant amounts [“Recession” category on scorecard]. In Oregon, the state with the highest unemployment rate in the country, unemployment has increased 2.8 percent while caseloads have decreased 4 percent. Likewise, with rising unemployment rates, caseloads have decreased by 29 percent in Wisconsin, 16 percent in Wyoming, and 12 percent in Connecticut. As a result, private charities have been left to meet the overwhelming surge in need. Many service providers attribute the overwhelming increases in requests for emergency food assistance and shelter in large part to the effects of welfare reform on the public safety net.[xiv]

Unemployment Rates and TANF Caseloads during Recession	Unemployment Rate, March 2001	Unemployment Rate, December 2001	Increase in Unemployment Rate, March – Dec 2001	% Change in TANF Caseloads, March – Dec 2001
Arkansas	4.1	5.0	0.9	-1%
California	4.7	6.0	1.3	-5%
Connecticut	1.9	3.6	1.7	-12%
Hawaii	4.3	5.4	1.1	-6%
Illinois	5.3	5.9	0.6	-8%
Kentucky	4.2	5.6	1.4	-10%
Louisiana	5.6	6.6	1.0	-4%
New Jersey	3.8	4.9	1.1	-10%
New York	4.0	5.8	1.8	-7%
Oregon	4.7	7.5	2.8	-4%
Rhode Island	4.0	4.8	0.8	-3%
Vermont	2.9	3.9	1.0	-3%
Wisconsin	4.1	4.7	0.6	-29%
Wyoming	3.4	3.9	0.5	-16%

Note: Welfare caseload data for California and Rhode Island is through September, 2001; for New York through October, 2001; and for Oregon and Vermont through November, 2001.
SOURCE: “The Weakening Link: Unemployment and Welfare Caseloads,” National Campaign for Jobs and Income Support. February 6, 2002.

POLICY RECOMMENDATIONS

✍ **Increase funding for the TANF block grant to keep pace with inflation and to meet rising needs, and change the rules for the “contingency fund” to make it easier for states to access additional funds when unemployment rises.**

VIII. HELPING LOW-WAGE FAMILIES

A large percentage of eligible families have been denied cash assistance due to policies enacted through welfare reform. Between 1996, the year welfare reform legislation was passed, and 1998, the population of low-income people eligible for TANF declined by only 5 percent, while participation in TANF dropped by 23.1 percent. In 1996,

IDAHO is the only state in the nation that counts income from the Supplemental Security Insurance (SSI) program, cash assistance provided to the disabled and elderly, when determining eligibility for TANF cash assistance. **As a result of this and other policies, only 1,385 families were enrolled in TANF as of December 2001, while more than 27,000 families are living below poverty.**

78.9 percent of eligible families received TANF, whereas only 55.8 percent of eligible families received TANF in 1998.[xv] A number of welfare reform policies, including active discouragement of applications for cash assistance, time limits, and sanctions, are responsible for this drop off in participation. The result is large numbers of families living in poverty that are not receiving the assistance they need.

Less than half of the total families in poverty received cash assistance in 33 states [“Caseloads” category on scorecard]. Such dismal TANF participation rates amidst steady poverty rates reinforce the argument for welfare reform that promotes poverty reduction, not caseload reduction.

MODEL POLICY—ILLINOIS WORK PAYS SUPPLEMENTAL INCOME PROGRAM

In Illinois a program, Work Pays, was established to provide financial incentives for parents receiving TANF to get a job and become self-sufficient. Work Pays allows parents to go to work and keep a reasonable amount of their TANF grant while adjusting to employment. Only one out of every 3 dollars of earned income for families receiving TANF is budgeted against their TANF cash assistance. Therefore, clients are eligible for cash assistance until their income reaches three times their TANF payment level. In addition to income supplements, clients also remain eligible for other benefits such as medical coverage, childcare payments and food stamp benefits, and may also be eligible for the federal and Illinois Earned Income Tax Credit (EITC). Most importantly, because families receiving income supplements are supported through state Maintenance of Effort (MOE) funds, their time limit clocks are not ticking.

POLICY RECOMMENDATIONS

Poverty reduction should be a key g oal of the TANF block grant and funding must be increased accordingly to expand the TANF block grant to include low -wage families.

Low-income families typically cycle in and out of low-wage jobs, and on and off TANF. This is because low-wage jobs are inherently fragile –they do not provide enough income, health insurance, or sick, vacation, or parental leave. So any childcare or transportation breakdown or a child’s illness often becomes a crisis for these parents. Requiring a parent to leave their job in order to qualify for income supplements or related supports that might have kept them employed is counter-productive.

OKLAHOMA has set aside $10 million of its TANF block grant to promote “marriage promotion” activities for low-income families. **ARIZONA** has set aside $1 million for the same. Yet both **OKLAHOMA** and **ARIZONA** continue to discriminate against two-parent families when determining TANF eligibility.

IX. TWO-PARENT FAMILIES

Sixteen states and the District of Columbia still retain TANF-eligibility rules that discriminate against poor two-parent families. The former AFDC program discriminated against these families and these policies were often used to justify proposed welfare reforms. Critics claimed that this discrimination caused families to break up so that they could receive much-need assistance. The 1996 TANF legislation removed all AFDC restrictions on two-parent families, and yet many states have still failed to change old rules, including: **ARIZONA, CALIFORNIA, DISTRICT OF COLUMBIA, GEORGIA, INDIANA, KENTUCKY, MAINE, MASSACHUSETTS, MISSISSIPPI, MISSOURI, NEW HAMPSHIRE, NORTH DAKOTA, OKLAHOMA, OREGON, PENNSYLVANIA, SOUTH DAKOTA, AND TENNESSEE** [“Two Parents” category on scorecard]. In fact, some federal TANF rules themselves, especially work participation rates, also create strong incentives for states to deny assistance to two-parent families.

Now, many conservatives want to fund marriage promotion activities under TANF. This debate has two great ironies. First, a significant number of states have not used the vaunted state flexibility provided by TANF to get rid of the AFDC rules that discriminated against two-parent families. **The percentage of two-parent families below poverty receiving welfare assistance has actually declined since 1997, from 19.4 percent receiving assistance to 15.4 percent receiving assistance in 2000.** Second, the portion of poor people living in two-parent families has actually increased since then, underlining the reality that marriage is no solution to poverty.[xvi]

The states that continue to discriminate against two-parent families when determining eligibility for TANF employ one or both of the following rules: the **100-hour rule,** which requires that the principal wage-earner be employed fewer than 100 hours per month to qualify for assistance; or the **work history requirement**, where an applicant has to have six or more quarters of work in the last 13 quarters. These rules hem in parents wanting to lift their families out of poverty. Families are required to work, but not too much.

POLICY RECOMMENDATIONS

1) **TANF should be a platform to lift *all* poor families out of poverty, by providing them the income and other supports they need to get ahead.**

2) **States should be required to provide TANF cash assistance and supports to two-parent families on a non-discriminatory basis.** Any policy that discriminates against families because of marital status is unjustified. There should be equal treatment of two-parent families, and no efforts to reduce benefits for single-parent families.

X. LOW BENEFIT LEVELS

The maximum cash benefit to a single-parent family of three with no earnings in 2001 is dreadfully low in 14 states, determined as less than $300 per month [“Low Benefit Levels” category on scorecard]. While purchasing power varies dependent upon geographic location, less than $300 per month for a family of 3 is inadequate by any standard. As welfare caseloads fell after the 1996 welfare law was enacted, all states had the opportunity to increase cash grant amounts. Since welfare was now a work-oriented, time limited program, what justification could there be for keeping benefits so low? Unfortunately, only a handful of states have chosen to increase benefit levels since 1996.

STATE	CASH ASSISTANCE PER MONTH FOR SINGLE-PARENT FAMILY OF 3 WITH NO EARNINGS, 2001
ALABAMA	$164
MISSISSIPPI	$170
TENNESSEE	$185
LOUISIANA	$190
TEXAS	$201
SOUTH CAROLINA	$203
ARKANSAS	$204
KENTUCKY	$262
NORTH CAROLINA	$272
GEORGIA	$280
MISSOURI	$292
OKLAHOMA	$292
IDAHO	$293

SOURCE: Center on Budget and Policy Priorities’ and Center on Law Social and Policy’s State Policy and Documentation Project (SPDP), www.spdp.org.

OREGON made it state policy to advise low-income families receiving cash assistance to **"check the dump and residential/business dumpsters" to help make ends meet during a mandatory workshop on budgeting skills.** These diversionary tactics are reflected in figures that show **unemployment has increased 2.8 percent since March 2001, the most in the nation, but TANF caseloads have continued to fall by 4 percent.**

Earlier this month, state officials revived another diversionary tactic — unannounced home visits. Some 120 caseworkers were sent out over two days to conduct surprise interviews with thousands of TANF families in their homes. Facing a budget crunch caused by the highest caseload increase in two years, state officials resorted to intimidating families receiving TANF to drop the program and preventing families that need assistance from applying in order to free up money to provide services and slow the caseload growth.

POLICY RECOMMENDATIONS

1) Congress should increase the federal TANF block grant to keep pace with inflation so that states are able to provide sufficient cash assistance and services for low-income families.

2) **Congress should reauthorize the TANF Supplemental Grants awarded to the 17 states with the highest caseload ratio per capita or rapidly increasing caseloads.** The states with the lowest benefits are the poorest states in the nation, with disproportionately high TANF caseloads. The TANF Supplemental Grants provide much needed funding for TANF services and assistance in states lacking local revenue.

3) **Congress should provide incentives for states to factor in the actual costs of housing, transportation, childcare, nutrition, education, and work in each locale when determining families' needs.** These costs should be reflected in TANF benefit levels to promote families' self-sufficiency.

XI. SANCTIONS

Since the Temporary Assistance for Needy Families (TANF) program replaced the Aid to Families with Dependent Children (AFDC) program, families face increased responsibilities in order to receive cash assistance, and more stringent consequences if these responsibilities are not met. These consequences often take the form of sanctions, or financial penalties that either reduce or suspend cash assistance and supportive services for one or all members of the family. Federal law outlines minimum sanctions for noncompliance, but gives states broad authority to increase and extend sanctions through established policies. Federal law doesn't specify upward limits on how punitive state sanction policies can be. Most state sanctions policies are more stringent and more extensive than the minimum required under TANF.

The most punitive sanctions possible are "full family" sanctions that suspend all benefits for not only the non-compliant adult, but children as well. **Fifteen states have "full family" sanctions for the *very first instance* of non-compliance for some or all groups of families: FLORIDA, HAWAII, IDAHO, IOWA, KANSAS, MARYLAND, MICHIGAN, MISSISSIPPI, NEBRASKA, OHIO, OKLAHOMA, SOUTH CAROLINA, TENNESSEE, VIRGINIA,** and **WYOMING** ["Sanctions 1" category on scorecard]. Since studies have shown that the majority of families who receive sanction do so because they failed to meet with their caseworker or provide required documents—not because they refused to work or look for work—it suggests that these families may have barriers or other circumstances such as lack of transportation or understanding of program requirements that should be affirmatively addressed, not sanctioned.[xviii]

Ten states have first-instance sanctions that endure beyond the time when the recipient comes into compliance ["Sanctions 2" category on scorecard]. These vary in amount reduced and length of time endured.

STATE	AMOUNT REDUCED/DURATION
ARIZONA	25%, 1 month
COLORADO	25%, 1-3 months
CONNECTICUT	20%, 1 month
LOUISIANA	Full adult portion, 3 months
MINNESOTA	10% transitional payment, 1 month
NEW HAMPSHIRE	Full adult portion, 1 payment period (at least 2 months
NORTH CAROLINA	25%, 3 months
SOUTH DAKOTA	50%, 1 month
WEST VIRGINIA	33%, 3 months
WYOMING	Full family portion, 1 month plus another month after compliance

SOURCE: Center on Budget and Policy Priorities' and Center on Law Social and Policy's State Policy and Documentation Project (SPDP), www.spdp.org.

In almost every state, sanction policies contain a list of "good cause" reasons for noncompliance with program rules. Examples of "good cause" for noncompliance include unavailable childcare, temporary illness or disability, caring for disabled family member, advanced age, and domestic violence. Federal law prohibits states from sanctioning single parents who are unable to comply because they cannot find childcare for children under 6. Beyond this, states determine their own definitions of good cause. **Or not. Nevada, Utah, and Wisconsin do not have any reasons that qualify as "good cause"** ["Sanctions 3" category on scorecard].

WISCONSIN keeps its state time limits clock ticking when families are sanctioned, even though they are not receiving benefits. Wisconsin is also only one of three states that has no "good cause" exemptions for failure to comply with a work requirement. Because Wisconsin does not consider lacking suitable childcare, caring for an ill or disabled family member, having a temporary illness or disability, pregnancy, or domestic violence as "good cause" reasons to fail to comply with welfare work requirements, families are often unfairly faced with sanctions and decreased time to access benefits.

POLICY RECOMMENDATIONS

- **TANF should create minimum federal standards to ensure fair treatment for low-income parents.** Low-income parents should have the right to apply for cash assistance, a thorough assessment of their needs and an appropriate response to identified needs, a formal grievance procedure to appeal decisions, and a conciliation process to ensure that families are not sanctioned inappropriately. Applicants and recipients should be informed of their rights verbally and in writing.

XII. WORKFARE

Welfare reform established a state mandate for transitioning welfare recipients into employment. If states fail to meet the federal work participation requirement by having less than the required percentage of welfare recipients engaged in work activities, they are penalized through a reduction in their federal TANF block grant. This mandate has paved the way for states to create “work experience programs”, also known as workfare, to ensure that recipients are fulfilling the state’s federal work requirement.

Welfare recipients who are assigned to "workfare" projects receive their regular welfare benefits in exchange for work or community service to satisfy their work requirement. They are not paid wages and are often not granted the full rights, or treated with the full measure of respect, as regular workers. In unpaid work experience, participants receive welfare payments instead of paychecks. These welfare checks are therefore not subject to payroll or income taxes and therefore cannot be used as a basis for the Earned Income Tax Credit eligibility. In this way, states and local jurisdictions keep welfare recipients poor, demoralized, and employed by the state.

Eleven states have implemented workfare programs. Several lawsuits have been filed, fought, and won to ensure that workfare participants are granted the same employment rights as regular employees, particularly in New York City, with one of the largest workfare programs.

MODEL POLICY—PHILADELPHIA’S PUBLIC JOBS PROGRAM

Philadelphia @ Work is a transitional work program, set up by the City of Philadelphia, in response to federal work requirements under welfare reform. The program is primarily funded by a welfare-to-work formula grant from the federal Department of Labor and an administrative grant from Pew Charitable Trusts. The intent of the program is to provide paid work experience to women transitioning off welfare and into the workforce. The program is designed to meet the needs of women with multiple barriers to employment, including (but not limited to) those with no high school diploma or GED, and those with a work history that is more than 30 months (2 ½ years) old. The work experience consists of 25 hours per week of paid employment, coupled with 10 hours per week of unpaid training. Workers are paid minimum wage, and their work experience lasts a maximum of six months.

POLICY RECOMMENDATIONS

- **Create a $500 million fund in addition to the TANF block grant to support state and local public jobs programs that provide valuable experience, benefits and real skills training to low-income adults.**

APPENDIX

GLOSSARY OF CATEGORIES

Supplantation: states that have diverted TANF funds to pay for programs serving non-poor people and for tax cuts.

Time Limits 1: states with time limits shorter than the 60-month federal lifetime limit

Time Limits 2: states with no exemptions from time limits.

Immigrant 1: states with significant immigrant populations (between 3-10%) that lack state-funded immigrant benefit programs.

Immigrant 2: states that do not provide TANF benefits for legal immigrants who enter the US on or after August 22, 1996, even after they have resided in the US for at least 5 years, as allowed by federal law.

Work/Family 1: states that require parents to participate in work activities when child is less than 1 year old.

Work/Family 2: states that require parents to participate in work activities even if caring for sick or disabled family members.

Vocational Education: states that do not count vocational education as an allowable work activity.

ESL/ABE: states that either do not count English as a Second Language (ESL) or Adult Basic Education (ABE) classes as an allowable work activity, or put restrictions on the duration of participation in these classes.

Post-Sec. Ed. 2: states that do not count 2 years of post-secondary education as an allowable work activity.

Post-Sec. Ed. 4: states that do not count 4 years of post-secondary education as an allowable work activity.

Caseloads: states with the lowest caseloads as a percentage of population living in poverty

Recession: states where caseloads have continued to decline although unemployment has increased during the same period of time (March-December 2001).

Two-parents: states that discriminate against two-parent families by not providing assistance, or requiring a work history test to determine eligibility, or consider applicants only if they are working less than 100 hours per month.

Low Benefit Levels: states with the lowest maximum monthly benefit levels for a single-parent family of three (> $300 per month).

Sanctions 1: states with "full family" sanctions for the 1st instance of non-compliance for some or all groups of families. Full family sanctions terminate *all* assistance to a family, including the children's share of the grant.

Sanctions 2: states with sanctions for the 1st instance of non-compliance that endure beyond the time when the recipient comes into compliance.

Sanctions 3: states that do not have any reasons that qualify as "good cause" for noncompliance with program rules.

Workfare: states that require some or all recipients to engage in unpaid "work experience" under certain circumstances that do not pay a wage, offer no education and training, and do not make parents eligible for the Earned Income Tax Credit, Unemployment Insurance, workman's compensation, or allow parents to earn social security credits.

TANF Reauthorization Scorecard: America's Worst Welfare States	Supplantation	Time Limits 1	Time Limits 2	Immigrant1	Immigrant2	Work-Family 1	Work-Family 2	Vocational Education	ESL/ABE	Post-Sec. Ed. 2	Post-Sec Ed. 4	Recession	Caseloads	Two-Parents	Low Benefit Levels	Sanctions 1	Sanctions 2	Sanctions 3	Workfare
Alabama																			
Alaska																			
Arkansas																			
Colorado																			
Delaware																			
District of Columbia																			
Florida																			
Georgia																			
Hawaii																			
Idaho																			
Illinois																			
Iowa																			
Kentucky																			
Maine														xxiv					
Massachusetts																			
Michigan																			
Minnesota																			
Mississippi																			
Missouri														xxv					
Nebraska																			
New Hampshire																			
New Jersey																			
New Mexico																			
New York																			*
North Carolina																			
North Dakota														xxvii					
Ohio																			
Oklahoma																			
Oregon																			
Pennsylvania																			
Rhode Island																			
South Dakota																			
Texas																			
Utah																			
Vermont																			
Virginia																			
Washington																			
West Virginia																			
Wisconsin																			
Wyoming									xxviii										

ENDNOTES

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[xxi] *Indicators of Welfare Dependence: Annual Report to Congress 2001.* US Department of Health and Human Services, August 2001.
[xxii] "The Weakening Link: Unemployment and Welfare Caseloads." National Campaign for Jobs and Income Support, February 6, 2002.
[xxiii] "Social Service Providers Fear Substantial Rise in Homelessness." *Associated Press,* January 20, 2002.
[xxiv] Maine allows the secondary wage-earner to work up to 130 hours.
[xxv] Missouri will exempt parents in a two-parent family from the work history and 100-hour rules if both parents are under age 21.
[xxvi] /* Montana and New York leave workfare requirements up to local jurisdictions.
[xxvii] North Dakota does not provide assistance to two-parent families.
[xxviii] Wyoming does not allow English as a Second Language or Adult Basic Education as allowable activities.