

National Campaign for Jobs and Income Support

THE BUSH WELFARE PLAN: Welfare in Wonderland

The President's welfare reform plan is a breathtaking, extreme proposal that makes it harder for states to invest in families *and* harder for families to escape poverty. It is out of step with public opinion, and the positions of the National Governors Association and many moderates in both houses of Congress.

SUMMARY

It would among other things:

✂✂ **Mandate More Unpaid Workfare “Jobs”.** The proposal will force states to create massive unpaid “workfare” programs in order to meet the increased work requirements. The largest workfare program in New York has been an abysmal failure – resulting in few real jobs for participants, displacing other workers, and failing to offer workers basic protections or access to education and training. While the Administration recently backed off a plan to repeal Fair Labor Standards Act protections that guarantee a minimum wage for welfare recipients, it is not clear how states with low benefit levels will be able to meet increased requirements without paying sub-minimum wages for workfare.

✂✂ **Cut TANF Spending by 22%.** The Bush plan provides not one red cent of new money for income support, childcare, transportation or job training to go with the massive increase in work requirements. Tommy Thompson used to say that you couldn't do “welfare on the cheap” – without major investments in support services. The failure to increase funding for the TANF block grant to keep pace with inflation means a real cut of 22% by 2007. There are already thousands of families on the waiting list for child care in many states. But the only new money in the Bush plan is for “marriage promotion.”

✂✂ **Deny Benefits to Legal Immigrants.** Immigrants work hard, pay taxes, and serve in the U.S. military – but would not be eligible for health insurance or the safety net when they need it under the Bush plan.

✂✂ **Make Parents With Infants Work.** Despite his rhetoric of making “accommodations” for parents with infants, the President would modify the state option to eliminate work requirements for parents with infants and require them to work “at some level.” The proposal also appears to repeal the state option to reduce work hour requirements for parents with kids under six years old.

☞ **Reduce Access to Education and Training.** Despite his rhetoric of investing in parents' skills, the proposal rolls back existing education and training programs created by some states, and forces low-income parents out of education or other programs that offer them the chance at a decent living. Research shows that education and training is the surest path out of poverty. The Administration's complex and prescriptive work rules for states and families represent a retreat from the already inadequate status quo.

☞ **Do Nothing About Time Limits.** The Bush proposal makes no changes to the five-year lifetime limit on assistance. More than 150,000 families nationwide have already lost assistance or had their benefits reduced due to time limits, and many of those families are experiencing extreme hardship. Time limits are taking effect in many more states this year, while unemployment is rising. For families doing everything they can to comply with program rules, there is no good reason to run their time limit clocks.

WORKFARE

The Bush proposal calls for an increase in the work participation rate for states, from 50% this year to 70% in 2007. It also eliminates the caseload reduction credit, which has lowered the effective work rate for many states. It's important to understand that a 70% rate is really a 100% rate –because to achieve 70% participation at 40 hours per week, a state would have to impose the requirement on everyone, since some parents would lose jobs or not make the 40 hour requirement in any given week.

The Bush plan increases the work requirement for parents from 30 to 40 hours per week, and creates a “one size fits all” definition of what counts as work. The first 24 hours would be limited to unsubsidized employment, subsidized private or public jobs, work experience, community service or on-the job training (job search and vocational education, which count toward the current 30 hour requirement, are not allowable under the Bush plan).

Given that many of the parents now receiving welfare have multiple barriers to address, this one size fits all approach – especially given the lack of new funds and the slack labor markets in this recession – is welfare in wonderland.

The Bush proposal will require states to implement unpaid work programs – or “workfare programs” – under which parents work off their welfare checks. Workfare workers are not eligible for unemployment insurance or workers compensation, get paid far less than other workers doing the same work or displace workers earning wages, and do not have access to training or other opportunities.

While the Bush Administration recently backed off a proposal to eliminate coverage for workfare workers under the Fair Labor Standards Act, which guarantees the minimum wage and other basic worker protections, it is not clear how states with low average

benefit levels will be able to meet the increased work requirements without paying sub-minimum wages for workfare. For example, a poor parent in Mississippi could spend 160 hours a month working off a \$120 monthly check. That works out to an hourly wage of 75 cents per hour.¹

FUNDING

The Bush proposal creates massive new work requirements for states and parents, but provides not a single new red cent for childcare, transportation, job training or other services. In fact, elsewhere in the Bush budget, massive cuts to job training programs are proposed. The effect of not providing an inflation adjustment to TANF is to cut its real value in FY 2007 by 22%. A fraction of eligible families receive childcare subsidies, and there are long waiting lists in many states – what happens to children when more parents need childcare?

IMMIGRANTS

The Bush proposal would not require or even allow states to restore TANF or Medicaid benefits to legal immigrants. This contradicts the earlier Administration proposal to restore food stamps benefits to immigrants, and the Administration's rhetoric about "state flexibility."

One in five poor children in America lives in an immigrant-headed household. Immigrants work hard, pay taxes and are eligible to serve in the military, but they will continue to be ineligible for the safety net.

WORK REQUIREMENTS FOR PARENTS WITH YOUNG CHILDREN AND INFANTS

The Bush proposal promises to make "accommodations" in work requirements for families with infants. In fact, the proposal would amend the existing state option to eliminate the work requirement for parents with infants to require work "at some level." It also appears to eliminate the state option to reduce work requirements for parents with children under six. New Census data shows that a majority of all mothers with infants stay home or reduce their work hours. Child development studies show the value of parents spending time with their young children. Low-wage jobs provide no sick, vacation or parental leave – and high quality child care, particularly infant care, is often unavailable or unaffordable – forcing parents to make impossible choices between their jobs and their children. The President's proposal will make this crisis worse.

EDUCATION AND TRAINING

Under current law, the caseload reduction has given many states the option of providing real education and training to parents. The "work first" orientation of welfare reform has meant in practice that parents are pushed to take any job quickly, rather than enhance their skills. There are important exceptions to the rule. For example, about 15 states allow at least some parents to attend college. Other states have adopted a wide range

of programs that allow parents to participate in English as a Second Language classes, job training, and other programs. Many of these programs have shown impressive outcomes in boosting family incomes and child well-being.

By rigidly defining what counts towards the 40-hour work requirement, the Bush plan ties the hands of states and parents. Most research has demonstrated that parents do best when they engage in activities that make sense given their needs. The Bush “one size fits all” policy eliminates flexibility for parents and for states.

TIME LIMITS

The Bush plan would make no changes in existing policy in this area. More than 150,000 families have lost benefits or had their benefits reduced by time limits, and they are experiencing severe hardship. Families in most states will hit time limits this year, while unemployment is rising, and the numbers will swell over time as more and more families exhaust their 60 month limit. Families who are doing their part and “playing by the rules” should not be subject to time limits.

ⁱ “TANF payments to families participating in supervised work experience or supervised community service are not considered compensation for work performed. Thus, these payments do not entitle an individual to a salary or to

benefits provided under any other provision of law.” *Working Towards Independence: The President’s Plan to Strengthen Welfare Reform*. February, 2002.