

# **TANF Reauthorization Summary and Policy Suggestions**

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**Includes Legislative Activity through 5/1/02**

## **Introduction**

The U.S. Federal Welfare Reform Act of 1996, known as Temporary Assistance for Needy Families (TANF), is currently up for renewal. This document summarizes key provisions in the president's plan for reauthorization, currently available legislative proposals, and the National Governors Association proposals for TANF reauthorization. This document also provides policy suggestions regarding these proposals using recent anthropological research on this topic. This summary is meant as a supplement to the policy analysis and policy research on these topics. As such, research discussion refers only to recent academic research that may not be easily available to the policy debate. This summary has two goals:

- # *To provide an outline of federal level policy proposals and a guide to policy analysis of these proposals.* This guide is designed primarily for scholars, practitioners and policy advocates who are not active in the Washington, DC-based policy discussions on TANF.
- # *To offer insights on policy initiatives from anthropological research.* These brief summaries are meant to introduce people active in the policy debate to research on the effects of welfare reform at the local level. Ethnographic research provides a holistic picture of issues through a combination of long term observations, qualitative interviews and analysis of other data like statistics and secondary source materials. Through holistic, in-depth analysis of policy implementation and its effects on people using public assistance systems, ethnography offers a grass roots perspective on policy initiatives.

## **Background and Key Issue Overview**

TANF replaced Aid to Families with Dependent Children (AFDC), the government entitlement program to provide income supports to poor families with children in effect in the United States since 1935, with a block grant system administered by the states.<sup>1</sup> TANF represented a radical shift from previous public assistance policy in three ways. First, it ended the federal entitlement to public assistance that had been in effect for 61 years. TANF sets a five-year lifetime time limit for receipt of government assistance. Families can be refused aid if they do not meet state eligibility criteria or do not fulfill work related activity obligations.

Second, the block grant system provided states with flexibility to design their own programs within federal guidelines. This meant that each state has developed a unique program based on its own philosophy. Some of these programs are based on waiver programs already piloted by state governments. On the positive side, the block grant system provides local level control and innovation in public assistance. On the negative side, devolution to the states means different rules for people living in various parts of the country.

Third, while AFDC focused primarily on providing income support, TANF is geared toward assisting program participants toward economic self-sufficiency through paid work. The 1996 legislation requires an increasing percentage of public assistance recipients to participate in work related activities and provides funding for supports like child care and transportation assistance to assist low income families toward this goal.

While TANF differs dramatically from AFDC's emphasis on providing income to families earning below a certain level, the 1996 program also represented the next step in an ongoing

process to change the goals of public assistance. Until the 1960s, AFDC was a small program with a social case work model. Many families who fit the eligibility criteria for aid were left out due to uneven enforcement of the law. Women of color were particularly likely to be denied assistance. Welfare rights and civil rights activities in the 1960s worked to correct these inequities, greatly expanding the welfare rolls and increasing the percentage of people of color on AFDC. Nevertheless, the majority of AFDC recipients before implementation of TANF were white. In response to this expansion in welfare receipts, state welfare offices changed the goals of front line workers from case work to income eligibility determination. Front line worker jobs were deskilled and routinized as a result.<sup>2</sup>

Public assistance quickly developed a reputation for providing aid to multi-generation welfare dependent households. Concerns that AFDC was creating a “culture of dependency” increased over the years, leading to various legislative efforts to reduce the welfare rolls. Efforts to “change welfare as we know it” through requiring activities of some AFDC recipients began in the 1970s but were small in scale until passage of the Family Support Act (FSA) in 1988. FSA maintained AFDC cash assistance, but required that an increasing percentage of the case load participate in 20 hours a week of mandatory activities designed to move them toward economic self-sufficiency. Most program activities involved job search or educational activities, with an emphasis on educational programs. Two-parent families on public assistance were required to participate in 16 hours of community service per week. FSA was never completely implemented due to the refocusing of welfare reform legislation toward work first initiatives under the Clinton administration.

FSA instituted two significant changes to AFDC that were continued in TANF. First, FSA began a requirement that a percentage of cash assistance recipients engage in educational, job search and work experience programs in order to receive benefits. TANF made participation in “work related activities” a primary feature of welfare receipt for most people accessing the system. While most state programs emphasize activities that lead to paid work, the 1996 TANF legislation definition of work activity included a wide array of possible options. As discussed in more detail below, time limited vocational or higher education was allowed in the federal legislation. Various states interpreted work related activities differently.

FSA also required participants to develop a plan to move them toward self-sufficiency. Welfare workers were supposed to develop these plans with participants. This policy change shifted the role of front line workers from determining income eligibility to case work. TANF expands this case worker role. However, ethnographic research suggests that caseworkers lacking social work training were expected change their job goals rapidly without additional training or orientation. High case loads also inhibited ability to work adequately with participants to develop individual plans. Ethnographic research reports that this mismatch between program goals, multiple expectations of workers and workforce characteristics has led to uneven service and case worker stress.<sup>3</sup> This issue affects TANF reauthorization because front line workers play a key role in policy outcomes. It will be addressed in sections on funding and case management below.

TANF also expands the ability of states to contract out welfare services to non-profits, for-profits and faith based organizations. U.S. federal social welfare policy has always relied heavily on contracts with private entities, so this legislation expands an already existing trend. Proponents of devolution of public assistance services assert that private sector initiatives provide more efficient, effective and sensitive service. Opponents claim that devolution creates uneven services focused on profit rather than people. Opponents also see contracting as eroding government responsibility for the poor through expanding private sector initiatives without direct

government accountability. This issue will be addressed under discussion of charitable choice and contracting.

In its first five years, TANF was declared a success for dramatically reducing welfare case loads across the country. The president's proposal reports that welfare case loads have declined by 56 percent since TANF was enacted. However, some analysts suggest that the booming economy contributed significantly to case load decline. State and local government officials, as well as advocates for the poor, express concerns that TANF funding levels and time limits will cause hardship for both local governments and poor families.

Members of the American Anthropological Association ad-hoc Committee on Welfare Reform, in a statement prepared for the association board on November 5, 2001 states that:

Welfare reform, to be effective, needs to be part of a national policy aimed at:

- # reducing poverty
- # reforming the conditions of low wage work
- # ensuring access of needy families to cash, food, housing, child care and health care assistance to meet their basic needs
- # supporting the socially necessary, but often unpaid, care-taking work done within families and communities
- # promoting safe, healthy families and communities
- # supporting access to basic and post-secondary education and meaningful job training
- # promoting race, ethnic and gender equity in employment, education and economic policies.

While the number of families under the federal poverty level decreased after implementation of TANF, an array of studies showed that families were experiencing hardships meeting basic needs for food, housing and so forth. Advocates monitoring food pantries and food stamp use found increased use of private resources, straining the existing system. TANF initially led to a rapid decline in food stamp use due to diversion tactics in many states and failure of front line workers to tell families finding employment that they were still eligible for food stamps. Similar problems were reported for Medicaid in some localities. The federal government has instituted new rules which have begun to alter these trends. However, many advocates remain concerned that working poor families are having a harder time since implementation of TANF.<sup>4</sup>

Despite this image of families using the public assistance system as long term public assistance users lacking work experience, studies of welfare use prior to TANF implementation show that only a small percentage of AFDC recipients stayed on the system for more than five years at one time. The majority of welfare recipients cycled on and off the system. This finding was echoed by a recent Congressional Research Service study, which showed that 70 percent of single mothers were working prior to implementation of TANF and approximately 50 percent of poor single mothers were working in 1995.<sup>5</sup>

This difference between the actual experience of low income families using AFDC and perceptions of welfare recipients is important because it speaks to TANF's goals and strategies. The 1996 TANF act was based on presumptions that the majority of welfare recipients lacked work experience. As a result, the goals of the initial program focused on moving people into the paid labor force, with the presumption that people would move toward long term self-sufficiency through advancement from "entry level" jobs. Studies of TANF outcomes reveal a mixed picture.

While more TANF heads of households have entered paid employment, many are in part time, low wage jobs with limited benefits. Job retention and advancement becomes an issue for these families. This population raises concerns regarding education benefits and related supports.<sup>6</sup>

The first five years of TANF experience also revealed a number of families with domestic violence, disability and substance abuse problems that inhibited their ability to fulfill TANF's stated goals. As some of these families approach time limits, advocates and local policy implementors worry about their fate if they become ineligible for public assistance. The policy consensus in Washington and among the governors supports keeping the five-year time limit with a 20 percent case load exemption as determined by each state. However, some policy makers suggest "stopping the clock" based on a variety of criteria.

Health insurance, child care and other supports have become a growing problem as working poor families earn enough to disqualify for Medicaid, food stamps and other public assistance programs. Other families that qualify for these programs, as noted above, fail to enroll due to diversion tactics by state TANF workers or because they think they no longer qualify for assistance.<sup>7</sup> If TANF intends to support work, how should government assistance change to provide adequate income, work supports and benefits to working families? Should supporting benefits be considered part of TANF? How can states best reach low income families who need these supports?

The remainder of this report outlines ways that key policy proposals address these and related issues. I also offer reflections on policy proposals based on ethnographic research.

## **Major TANF Reauthorization Proposals**

Federal legislation like TANF reauthorization comes from two sources: (1) presidential plans that are used as the basis for legislation, usually by members of the president's political party and (2) legislator initiatives. Presidential proposals receive significant attention in the policy making process. Various legislative proposals may be incorporated into the final bill sent to the president for signature or veto.

At the present time, the president's proposal, two house bills, a senate proposal and the National Governors Association proposals represent the major legislative propositions on TANF reauthorization currently under discussion. I compare these major initiatives. A number of advocacy groups have either responded to these initiatives or proposed alternative positions. I include a list of policy analyses and summaries at the conclusion of this document. In the remainder of this document, I refer to initiatives as follows:

1. President Bush's *Working Toward Independence* (president's proposal)

2. House bill HR 3657, "The Next Step in Reforming Welfare Act," Representative Cardin as lead sponsor (Cardin bill)
3. House bill HR 3113, "TANF Reauthorization Act of 2001," Representative Mink lead sponsor (Mink bill)
4. House bill HR 4090, "The Personal Responsibility, Work and Family Promotion Act of 2002", lead sponsor Representative Herger and HR 4092, lead sponsor Representative McKeon (Herger/McKeon)
5. Senate bill "Work and Family Act," Senators Bayh and Carper lead sponsors (Bayh/Carper bill)
6. National Governors Association Proposal (NGA proposal)

The Mink bill is by far the most liberal proposal currently under discussion. This proposal incorporates a number of suggestions by feminist scholars and liberal advocates. The Cardin bill also represents fairly liberal proposals. The Bayh/Carper proposal describes itself as "the centrist democratic alternative." The president's proposal is the basis for Republican initiatives. The Herger and McKeon bill are very similar and generally present the President's plan. The NGA proposal is a consensus of the governors association. It remains important because the NGA was a major player in developing TANF and the states will be responsible for implementing whatever legislation is passed.

### **TANF Goals**

The primary goals of legislation shape individual proposals. Analysts of the first five years of TANF raise concerns that the initial programs have reduced the number of people receiving public assistance without reducing poverty and want among low income families. For example, in Oregon, which has the highest minimum wage in the country, two years after initial exit from TANF or Food Stamps the mean monthly earnings of women were \$966/month, and for men it was \$1,348. The majority were in jobs that paid \$8.00/hour or less. In the Oregon study, 49.3% of employed TANF leavers, 43.5% of employed TANF diverted and 38.5% of employed Food Stamp leavers all had family incomes below the poverty level for their family size.<sup>8</sup>

Many of the analyses of families who left welfare note significant difficulties paying for basic needs like food, housing and transportation despite increased work activity. Food pantry providers, in particular, have seen a sharp increase in families needing help. While some analysts report that the number of families falling below U.S. federal poverty levels has declined since implementation of TANF, others argue that the U.S. poverty measure is too low for adequate fulfillment of basic needs.<sup>9</sup> Several of the legislative proposals change the goals of TANF to focus on poverty reduction rather than case load reduction.

**President's Proposal:** In several places, the president's plan states that "the fundamental goal of welfare reform since 1996 has always been to help each family achieve its highest degree of self sufficiency," a focus on public assistance case load reduction. However, given the president's new emphasis for TANF of promoting healthy marriages, he adds a goal to "increase the flexibility of states in operating a program designed to improve the well being of children."<sup>10</sup>

**Cardin Bill:** The bill's primary goals to "enhance program's focus on reducing poverty." It also intends to "make improvements in several related programs, including those providing child care and other social services."

**Mink Bill:** Refines purposes of TANF to focus on poverty reduction.

**Herger/McKeon Bill:** Similar to President's proposal

**Bayh/Carper Proposal:** While goals are not specifically mentioned in the material currently available, the bill does call for financial incentives for states to spend on "all four purposes of TANF." It also includes a measure to replace the case load reduction credit with credits aimed at moving people to work and avoiding assistance.

**NGA Proposal:** Not clearly stated, but urges Congress to continue on the current path.

### **Analysis and Policy Suggestions**

# **TANF goals should focus on poverty reduction through a combination of strategies to move families into stable jobs paying family supporting wages with benefits and providing income, benefits and related work supports for working families.**

While AFDC and related programs did not lift families out of poverty, they did provide basic income supports to families with limited income for an indefinite period of time. Given TANF time limits, it becomes more imperative that welfare families achieve the means to support themselves without government aid for the long term. National studies of poor families found that many working poor families consolidate income supports from work and welfare over time. One study of adults in training programs found that only 6 percent had never accessed welfare. The largest group of public assistance users--low skilled workers--moved between public assistance and unstable, low wage factory or service sector jobs for many years. Stable working class and middle class workers displaced by changes in the economy turned to welfare when they ran out of employment options and savings. Displaced workers accounted for between 15 and 25 percent of the population in several studies of welfare recipients conducted in Philadelphia prior to TANF implementation. Research on attitudes toward welfare stressed that the working class resented welfare because they did not qualify for benefits when they faced hard times due to low income eligibility and assets disqualifications for public assistance. Many working families lose critical support benefits (food stamps, child care subsidies, and health insurance because eligibility levels for these programs knock them off with very modest income increases, but they then are worse off because the modest wage increases in no way make up for the loss of supports.<sup>11</sup> As TANF moves the majority of poor families into work, it is even more essential that public assistance include long term strategies to adequately support working families.

### **TANF Funding**

TANF block grants were initially based on state welfare expenditures in 1992, a high year for welfare use because of a recent recession. In addition, 1996 TANF legislation provided supplemental grants to states with historically low welfare payments and a contingency fund for states experiencing unusual growth in population or high unemployment. Both of these supplemental provisions expired last year. States also were required to continue Maintenance of Effort (MOE) contributions toward welfare based on 80 percent of the amount they had spent on welfare under AFDC. This provision was meant to ensure that states did not replace their

programs with exclusive federal support for welfare. The initial legislation also included bonuses for states that reduced the number of out of wedlock births and high case load reduction.

While states generally have fewer people to support through welfare at the present time due to case load declines, many spend more money per case than under AFDC because they provide additional case management and other supports to families. States are also concerned that cuts or level funding for TANF would mean that they would need to limit benefits or programs if the welfare rolls increase due to economic declines. States have requested the ability to create “rainy day funds” and carry over funds from previous years.

**President’s Proposal:** The president’s proposal continues TANF block grant funding at its current levels. It reinstates supplemental grants and reauthorizes contingency funds. It also makes contingency funds easier to access. It allows for the creation of rainy day funds and increases flexibility to carry over funds from year to year. The MOE provisions would be continued.

**Cardin Bill:** The Cardin bill increases annual TANF allocations from their current levels based on inflation. It continues supplemental grants. It continues contingency fund provisions, improving triggers for the fund, changing the matching formula and eliminating the \$2 billion dollar cap on the fund. It continues the current employment bonus for promoting work, job retention and employment advancement at \$200 million per year.

**Mink Bill:** The Mink bill reauthorizes TANF funding at current levels, but provides a 50 percent match for states for expenditures above the MOE level. It renews supplemental grants at \$2 billion per year. It changes the high performance bonus to reward states that assist individuals in obtaining and maintaining jobs that pay enough to move people out of poverty and provide benefits. The performance bonus also rewards states that provide food stamps, medicaid and child care to families.

**Herger/McKeon Bill:** Same as President’s proposal

**Bayh/Carper Proposal:** The Bayh/Carper proposal continues TANF grants at current levels. It restores contingency funds and revises the triggers. It restores supplemental grants. It replaces current state bonuses with grants to reduce teen pregnancy and increase job placement. It includes special grants to improve coordination of support programs for low-income families and non-custodial parents.

**NGA Proposal:** The National Governors Association calls for an inflationary increase in the current TANF grant levels. They ask for continuation of contingency funds and supplemental funds. They ask for revision of triggers for the contingency fund. They also ask for the ability to create rainy day funds.

### ***Analysis and Policy Suggestions***

The Center on Budget and Policy Priorities has developed a budget analysis that suggests that block grant funding should be increased for inflation. It also calls for reinstatement of the supplemental grants at higher levels than in the president’s budget proposal. Their proposal calls for continuation and revision of the contingency fund.<sup>12</sup>

# **Ethnographic research supports indexing the TANF grants to inflation as in the Cardin and NGA proposals. Proposals related to contingency funds, supplemental funds, rainy day and carry-over provisions also deserve support.**

TANF funds are not simply used to pay benefits to recipients, but to provide assistance in job placement, training, and other related services. Inflationary costs in these programs include both potential increases in benefit levels for welfare recipients and increases in wages and benefits for people providing services. As both researchers and state/local government officials recognize the need for specialized screening and services for people with substance abuse problems, disabilities and other needs, TANF programs will need to spend more on training existing workers and hiring or contracting for additional specialized services. Case loads in some localities, particularly large cities, remain too high for case workers to adequately perform their jobs. Adequate funding would help alleviate these problems.<sup>13</sup>

Ethnographic examples support this position. For example, Kenosha, Wisconsin was one of the national forerunners for the work focused, one-stop-shop model of welfare reform promoted in the initial TANF legislation. Kenosha's program included a unique model with a team of case workers with different specialties for each family on public assistance. Caseworker teams led to more balanced decision making and off set the unevenness of caseworker abilities reported in most studies of front line government workers. The program also included supplemental programs like adult basic education and parenting classes on site for families needing these services. After a rapid decline in their case load during their first TANF contract, Kenosha funds for welfare were cut dramatically, causing restructuring of some of these services and a decrease in the number of caseworkers available to serve poor families. The agency also replaced the front line receptionist with volunteers for a period of time, making it more difficult for people to access government services. There were other staff cuts which impacted on services. Families were sent elsewhere for aid and the already overloaded private sector found themselves supporting more poor families unable to get needed services from government. Some funds were reinstated during the next contract when the state changed its formula to include families receiving support services but no cash assistance in case load figures.<sup>14</sup>

### **Time Limits**

Current law requires a lifetime five-year time limit for assistance and allows states to set shorter time limits. Twenty percent of the case load can be exempted from time limits. When TANF was first implemented, many advocates and local government officials predicted that time limits would not last long. However, the booming economy and success of case load reduction has meant that most policy analysts support time limits at the present time.

**President's Proposal:** The president's proposal continues TANF time limits. However, page 13 of *Working Toward Independence* states that "childcare and other work support services will not be defined as assistance." This may mean that families could access a range of support services other than cash assistance through public assistance after using up five years of cash assistance.

**Cardin Bill:** The bill continues time limits and stops the clock when families have earnings above a certain level.

**Mink Bill:** The Mink bill maintains the five-year time limit but does not allow states to set lower limits. It also stops the clock for families complying with welfare program requirements. The bill also would remove the 20 percent cap on families exempted for hardship.

**Herger/McKeon Bill:** Similar to President's proposal.

**Bayh/Carper Proposal:** The Bayh/Carper proposal continues current TANF law.

**NGA Proposal:** The NGA supports the continuation of time limits, but "believe that, at state option and under certain limited circumstances, individuals who are working in unsubsidized employment consistent with the purposes of the law should have the ability to earn additional months for eligibility for federally-funded assistance."

### *Analysis and Policy Suggestions*

# **Do not include TANF funded work supports as part of the five-year time limit, but include working poor families receiving such assistance in the state case load.**

The president's proposal to provide these kinds of supports to families who meet income eligibility requirements are a welcome change to TANF that would assist many working poor families. If anything, use of these supports should be expanded to a wider array of working poor and recently unemployed families, as suggested in a recent Center for Budget and Policy Priorities report.<sup>15</sup> However, these families should remain in the state TANF case load count in order to support adequate funding, case load compliance figures, and coherence of TANF programs.

# **Allow for a raise of the 20 percent exemption cap on a state by state basis depending on the percentage of the case load with significant barriers to employment and economic conditions.**

Given the current policy climate, favorable economic conditions in the past five years and the tendency of most poor families to work when they can, most policy research does not support elimination of the time limits at this time. However, some states have economic difficulties that put a larger percentage of families at risk. For example, in Oregon, which has the nation's highest unemployment rate (8% in January 2002, up from 4.9% one year earlier), TANF caseloads are rising: by 12.2% for single-headed households and by 79% for 2 parent households. As the economy slows, more families may use up their life time benefits before the next TANF reauthorization.

The 20 percent exemption may be enough at present for families currently at risk of losing their benefits in most states. This depends on two factors: (1) the percentage of the remaining case load with significant barriers to employment which will require long term assistance, for instance, no work history, disabilities, substance abuse, domestic violence, low literacy, limited English, mental health problems or specialized care giving responsibilities; and (2) whether families only receiving support services like child care are included in the case load count. If these families are included in state numbers, the percentage of truly at-risk families will go down. However, if working poor families are excluded from the case load count, states will have a greater percentage of harder to serve families on their rolls.

Unlike those of some researchers, my studies suggest that families with extreme barriers can move into stable situations with enough supports, appropriate assistance and time. For example, one woman with low literacy, suspected substance abuse problems, disabled children, no work history, and other related problems was able to make the transition into a stable job as an airport

disabilities assistant for \$8.00 an hour with benefits after approximately seven years of consistent case management, supportive services, and community service experiences. However, continued job retention for individuals like this will depend on availability of continued case management and support.

# **Stop the clock for working poor families receiving supplemental cash assistance. Give families credit toward continued assistance given an established work history.**

Low income families who cycle on and off welfare may reach these limits despite working as much as possible; they may begin to lose their benefits in 10 to 15 years given previous welfare cycling patterns. These families should not be penalized because they have been unable to move into more stable employment.

# **Standardize time limits across the states by eliminating state time limits of less than five years.**

Researchers in states with shorter time limits report increased hardship for families that have already lost their benefits.

### **Work Related Activity Requirements**

TANF currently requires 50 percent of each state's single parent case load and 90 percent of its two-parent case load participate in work related activities. However, this percentage could be reduced if the states had dramatic case load reductions. Single parents were required to participate in an activity for 20 hours per week if they had children under age 6 or 30 hours per week if their children were older. Two-parent families were required to be engaged in 35 hours of activity. "Work related activity" included a wide range of possibilities--including one year of vocational or technical training/education, adult basic education, and ESL in addition to various job seeking, paid work or work experience options. States had much flexibility in choosing priorities and defining which work related activities they would use.

**President's Proposal:** In an effort to reduce inequity between two-parent and single-parent households on public assistance, the president's proposal eliminates the different case load requirements for two-parent and single-parent families, requiring that the percentage of all families engaged in work related activities gradually increase from 50 percent to 70 percent by 2007. States could count families that left TANF for work in their case loads for 3 months after they left the system. States could opt to not include families with children under the age of 12 months in their participation rate.

The president's proposal increases the number of hours of participation in a work related activity to 40 hours per week. It also reduces the flexibility currently in TANF by specifying that 24 hours per week include employment or work-like activities (subsidized employment, on-the-job-training, supervised work experience or supervised community service). It allows families to count three months of substance abuse, rehabilitative services and work related training as their work requirement in 24 consecutive months.

**Cardin Bill:** The Cardin bill reduces the work requirements for two-parent families to 50 percent of the case load and continues at this current rate for single-parent families. The bill includes a number of measures to increase educational opportunities under TANF (discussed under

education below) and allows six months of substance abuse treatment, domestic violence counseling and physical rehabilitation to count as work related activities.

***Mink Bill:*** The Mink bill retains the current TANF work requirements, but expands activities counted as work in several ways. First, parents of children over age 6 who cannot find suitable after school or summer care are only required to work 20 hours per week. Providing child care for a child under age 6, disabled or has a serious health condition is considered a work activity for a parent or adult care giver. The bill also conforms the number of weeks that searching for work counts as a work related activity to the 12-week standard in unemployment compensation. The Mink bill also counts domestic violence counseling, substance abuse treatment and physical rehabilitation as work related activities.

***Herger/McKeon Bill:*** Similar to President’s proposals. The Herger bill also includes four weeks of sick leave and vacation for welfare recipients per year in order to simulate employment. The McKeon bill also allows 16 hours per week of involvement in children’s activities like scouting to count as a work related activity.

***Bayh/Carper Proposal:*** The Bayh/Carper proposal increases work participation to 70 percent by 2007, increases the number of required hours of work per week to 40 hours, and sets equal work rules for two-parent and single-parent families like the president’s proposal. The proposal allows 10 percent of the case load to participate in “barrier reduction activities” in lieu of work related activities and funds transitional jobs for 20 hours per week. It also includes funding for supported work programs that combine work and barrier reduction activities like substance abuse treatment and language skills.

***NGA Proposal:*** The National Governors Association stresses that the emphasis on work should remain paramount, but “believe that states should have greater flexibility to define what counts as a work related activity. As states work with families on a more individualized basis, many states are finding that a combination of activities on a limited basis, such as work, job training, education and substance abuse treatment, leads to the greatest success for some individuals.”

### ***Analysis and Policy Suggestions***

# **Ethnographic research supports the NGA call for flexibility to design plans that meet individual families’ needs.**

Research on poor families shows the diversity in the strategies and needs of the population using public assistance. Research in both Philadelphia and Kenosha reveal the same five types of families who use public assistance--limited work experience, low-skilled workers, stable working class displaced by economic circumstances, rising educated middle class, and immigrants/refugees. Each type of family needs a different mix of education, work experience, connections and other supports to succeed. States with large rural populations and poor economic conditions also need additional flexibility to accommodate local conditions. Other studies stress the special needs of families with disabled members, people with limited English skills, Native Americans, and other groups.<sup>16</sup>

# **Work related activities should include treatment for substance abuse, domestic violence counseling, and rehabilitation without time limits.**

# **Two-parent families and single-parent families should have the same requirements.**

Evaluation of work experience programs for two-parent families prior to TANF revealed the same diversity and sets of problems within families regardless of the number of adults in the home. Despite presumptions that two-parent households included an additional adult who could take care of children and household responsibilities, the program included a significant number of families where one parent was unable or unwilling to contribute to the household due to illness, substance abuse problems or tendencies toward domestic violence. Holding these families to a different standard than single parent families seems particularly unfair given these observations.<sup>17</sup>

# **Required work related activity hours per week should not be increased. Mink bill limits on participation based on availability of child care deserve consideration.**

TANF families by definition include children. Employment studies for families leaving the welfare rolls report long commute times for urban inner city families and difficulties managing commitments to children, household needs and work. TANF recipients attempting to move up in the workforce through education or training require additional flexibility in their schedules. The New Hope Project, an alternative work focused model to TANF found that low income working families--who often worked more than 40 hours per week, sometimes at multiple jobs, to make ends meet, found that participating families lowered the number of hours they worked once they had additional support. The additional time allowed them to spend more time with family and work on personal goals. Requiring families to complete 40 hours per week of work related activity would likely reduce participation quality in any activity and inhibit ability for retention and advancement. Current number of hours required given different family obligations maintain a balance between family, work and other goals.<sup>18</sup>

# **Count Travel to Work Time as a work related activity when regular commutes extend beyond 45 minutes one way.**

One of the challenges for low income families in localities with limited employment opportunities includes the amount of time required to get to a job. This becomes particularly difficult for individuals attempting to use public transportation to travel to the suburbs or other areas when transfers are required or where public transportation is infrequently available. In order to increase work activity participation for people in these communities, counting time beyond 45 minutes one way per commute as a work related activity would also contribute to retention, family balance issues, and opportunities for advancement.

# **Include child, disabled relative or elder care for another former welfare recipient or low wage earner as a work related activity. Encourage states to provide training and supports to people providing home day care as a source of income.**

Katherine Newman's analysis of poor families in "Hard Times on 125th Street" (2001) shows that low wage working families and welfare dependent families are often intertwined, with welfare dependent relatives offering necessary child care to their working family members and friends. Forcing these care givers to work could easily cause the low wage workers to lose their jobs and turn to welfare. Child care and care for the elderly are also rapidly expanding employment sectors. Furthermore, studies of child care have suggested that families want child care they trust--often from people they know--rather than formal day care from an unknown provider. The initial TANF legislation includes caring for someone else's children as one optional work related activity. This proposal suggests highlighting care giving as an alternative

work related activity, but also providing care givers with training and support so that they can provide quality care and potentially expand informal care giving into an income producing activity.<sup>19</sup>

#### # **Provide exemptions and flexibility for families with disabled children.**

A recent study of families with disabled children found that finding adequate child care and other supports was a significant limitation for these families. Disabled children may also require more flexible employment or other work related activity schedules. Ethnographic research with 42 families of young children with moderate or severe disabilities, conducted as part of the "Welfare, Children and Families: A Three-City Study," documents that working full-time or even part-time poses significant challenges to primary caregivers of children with moderate or severe disabilities. Lack of child care slots for children with significant disabilities and lack of flexibility in the workplace pose major barriers. Some states exempt caregivers of persons with disabilities from TANF work requirements, but not from time limits. It may not be feasible for some caregivers of children with disabilities to enter the workforce, and loss of TANF benefits may pose further hardships for them and their children. If they are to work, these families require a range of supports including quality child care and flexible workplaces. These families deserve more options and flexibility than other TANF families to meet their needs.<sup>20</sup>

#### **Education and Training**

As work focused legislation, TANF limited the amount of advanced education that welfare recipients could count as part of their work related activities to one year of employment related vocational or technical education. There was some limited flexibility allowed in the state plans for people finishing longer post-secondary degree programs. Teenagers who had not completed high school were expected to finish their degrees. There was a 30 percent cap on the percentage of the state case load which counted toward the work related activity requirements that could be in an educational program. While students could engage in educational activities funded through other government programs while on TANF, they were still required to complete their work related activity hours. In some states, advocates and researchers reported that public assistance policies that strongly discourage education resulted in many individuals having to curtail their educational progress, sometimes resulting in significant debt because of student loans.

As issues of retention and advancement have become more critical for public assistance recipients, researchers and advocates have called for a renewed focus on education and training for TANF recipients.

**President's Proposal:** The president's proposal continues TANF caps and limits on educational programs. However, it does allow for 3 months of intensive training which could add up to the 40 hour work related activity requirement. Education and training could also count toward 16 hours of work related activity.

**Cardin Bill:** The bill remove the 30 percent cap and allows two years of vocational education to count toward a work related activity.

**Mink Bill:** The Mink bill removes the 30 percent cap and allows education, including elementary, secondary, literacy, ESL, GED and higher education to count toward work related activities. Allows 6 hours of study time to be included as a work related activity.

**Herger/McKeon Bill:** Similar to President's proposal.

**Bayh/Carper Proposal:** The Bayh/Carper proposal allows up to half of the people participating in education and training to be in training for 24 months, provided that the person is working toward a certificate or degree. Only 30 percent of the state case load could be in training, as in current law. It adds competitive grants for states that provide community college access for "recipients who demonstrate a commitment to work."

**NGA Proposal:** The NGA proposal includes education as one of the options in its general call for flexibility. It also states that governors find coordinating TANF with the Workforce Reinvestment Act, the major source of government funded training, a challenge. They ask for ways to better coordinate these two programs.

### ***Analysis and Policy Suggestions***

# **Career oriented education should be allowed as a work related activity without time limits based on the individual's employment development plan. The number of hours allocated to training, study time, and work experience should remain flexible.**

In Oregon, higher educational attainment is strongly correlated with both greater likelihood of employment and reduced poverty. While 54% of those without a high school diploma were below the poverty line, only 23% of those with an associates degree and 40% of those with a college degree were below the poverty line. Similarly, while 64% of those without a high school diploma were employed, about ¾ of those with a high school degree, some college or associates degrees were employed and 94% of those with a BA were employed.<sup>21</sup>

# **However, education and training is most effective when combined with related work-like experience, which could include related employment, publicly funded jobs, on-the-job-training, internships or supervised community service in the field of study. Students in ABE/GED and ESL courses should be in similar work experience activities that allow them to practice newly acquired skills.**

While analysis of the relationships between education and income regularly show that people with bachelor's degrees or higher earn much more than people with lesser education, the results on sub-baccalaureate education are much more mixed. Many federally funded adult basic education and job training programs in particular have a mixed success rate. Retention rates at community colleges, the traditional gateway to higher education for many low income people, remain low. Research suggests that people who successfully use education as a step up have related work experience, high quality training and connections to help them get a job. Combining educational programs and related work experience provides low income people with the mentors, connections and real life connection between class room and work place that they will need to successfully turn training into advancement. Stable working class young people gained similar experience with union apprenticeships and the middle class use internships and volunteer experiences in the same way. Combining education with work experience provides the same advantages for low-skill workers who may not have similar opportunities.<sup>22</sup>

### **Case Management and Coordination**

TANF success depends on local government offices and contracted agencies providing quality service. While implementation is generally considered the province of federal and state regulating agencies, laws include the blueprint for regulatory activities. TANF individual development plans and expectations for service provision depend on activities at the local level. Advocates have expressed concern about families who have been sanctioned without adequate communication or review. Public assistance also involves coordinating benefits from several programs like food stamps and Medicaid with different rules. Funding is inextricably tied to quality of service: organizations with too little funding for staff and inadequate supervision are less likely to provide quality service. For example, early ethnographic evaluation of TANF in several states by MDRC found that case workers did not communicate some aspects of TANF clearly to participants and that new work roles were simply added onto old ones. The report also showed that agencies were able to implement the major goals of the program quickly, suggesting that implementation problems could be fixed with appropriate attention.<sup>23</sup> Reauthorization plans address implementation issues in various ways.

**President's Proposal:** The president's proposal addresses state and local performance in several ways. On the local level, it calls for all families to have an individual development plan developed within 60 days and be engaged in or assigned to the first activity. It also calls for regular monitoring of participation in activities. On the state level, states are required to develop goals and measures for their TANF plans and improve data collection. In order to enhance coordination across programs, the plan allows for "super waivers," experimental plans to integrate food stamps with Workforce Investment Act, housing and education programs for low income families.

**Cardin Bill:** The Cardin bill calls for each family to be assessed for employability, considering disabilities, limited English, child care needs and domestic violence. It requires a review and conciliation process before TANF benefits are sanctioned. It includes \$100 million per year for competitive grants to states and localities to improve access to food stamps, Medicaid and child care coverage for individuals leaving TANF for work.

**Mink Bill:** The Mink bill focuses on skills assessment, requiring states to allow individuals an opportunity for a skills assessment before placement in a work related activity, identification of barriers and outreach to families facing sanctions. It protects participants from sanctions for accepting work paying less than the minimum wage or refusing work for reasons related to assessment and treatment of domestic or sexual violence, mental illness, substance abuse or disability.

**Herger/McKeon Bill:** Similar to President's proposal. The Herger bill also includes "super waivers" to combine support programs.

**Bayh/Carper Proposal:** The Bayh/Carper proposal does not address this issue directly, but provides competitive grants for states that coordinate services to participating families and credits states for spending on all four purposes of TANF.

**NGA Proposal:** The NGA proposal calls for program alignment for a number of federally funded programs for the poor administered by the states. They ask for waivers and flexibility to coordinate programs that affect poor families holistically. The Workforce Investment Act, housing programs, food stamps and child welfare are specifically mentioned.

### ***Analysis and Policy Suggestions***

- # **Policies to improve service provision, appropriate assessment and screening based on individual circumstances, monitoring of program participation, outreach to eligible families for support services, coordination and simplification of program rules for related federal programs and improved data collection warrant support based on local level experience. However, state plans should include an outline of provisions to provide adequate staff, appropriate monitoring and supervision for front-line workers, liaison activities with contractors and other community based organization, upgrade staff skills, coordinate with contractors and reduce case loads in order to achieve these goals.**

Ethnography in government and contracting agencies involved in welfare reform and related services report a mixed picture for case workers. On a positive side, caseworkers enjoy the ability to work with participants in more depth. However, TANF implementation has resulted in mixed messages for case workers, too high case loads to adequately implement programs-- particularly in urban areas, uneven service as untrained and overworked case workers attempt to meet new goals on top of existing mandates. New information systems also created additional burdens for case workers.<sup>24</sup>

### **Support Services**

AFDC offered a package of benefits to low income families including Medicaid and food stamps in addition to cash assistance. Pre-TANF studies of welfare recipients suggested that some families chose public assistance over work because they needed medical care for themselves and their children. Working poor families also require assistance with child care, transportation and related services.

Medical assistance for families moving into jobs without health insurance benefits was handled through Transitional Medical Assistance, which allowed families to continue their medical insurance for year, and the Children's Health Insurance Program (CHIP and SCHIP), which provided health insurance to poor children. Some states experimented with waivers to provide health insurance to a larger pool of the working poor population, Wisconsin's Badgercare program, for instance. Some states attempted to hold down medical costs for the poor by contracting Medicaid to managed care providers.

Initial TANF legislation provides protection against sanctions for single parents who cannot comply with work requirements due to lack of child care for child under age 6.

In the early stages of TANF implementation, policy makers, government officials and advocates alike noted that low income families eligible for support programs were not getting these services due to conflicting eligibility rules and diversion tactics, causing hardship for families and straining private emergency services.<sup>25</sup> In recent years, TANF regulations have attempted to address some of these problems through requirements for outreach and other related proposals. Some TANF reauthorization proposals address these issues.

**President's Proposal:** The president's proposal includes detailed provisions to improve food stamps, including simplifying rules and standardizing deductions for medical care, dependent care, utilities and vehicles. It exempts one vehicle from food stamp assets and phases in a higher standard deduction for large households. It also reduces sanctions for error rates for food stamps in order to reduce administrative burdens to states. Child care proposals include funding the

Child Care Block Grant at its current levels and additional funding for discretionary funds. The proposal encourages states to improve the quality of child care. The president's budget calls for extension of the Transitional Medical Assistance program for one year and allows states to spend unspent CHIP funds. The budget provides level funding for the Social Services Block Grant, which funds a variety of supportive services to families at \$1.7 billion dollars, but gradually reinstates the ability of states to transfer up to 10 percent of their TANF funds to SSBG.

**Cardin Bill:** The Cardin bill restores the SSBG to its previous level of \$2.8 billion dollars. It increases the child care block grant to \$11.25 billion over five years. It doubles the quality set aside for CCDBG. Requires certification of institutions receiving federal money for child care.

**Mink Bill:** The Mink bill concentrates on child care, including extended exemptions from work related activity participation for TANF recipients who cannot find suitable child care, are caring for a child with a disability/health problem or who cannot find after-school/summer care for children over age 6. Requires states to guarantee access to safe, affordable, appropriate child care for families up to 250 percent of poverty.

**Herger/McKeon Bill:** The Herger bill includes \$4.8 billion for child care and allows transfers of funds from TANF and SSBG for child care. The McKeon bill calls for \$2.1 billion for child care.

**Bayh/Carper Proposal:** The Bayh/Carper proposal restores funding for SSBG to \$2.8 billion by 2007. It provides an additional \$8 billion per year to fund child care subsidies. It extends transitional medical assistance for one year, but acknowledges that Senator Clinton proposes expanding TMA for 5 years.

**NGA Proposal:** The NGA proposal calls for the expansion of the definition of qualified state expenditure. At the present time, states can only provide supports to working families if they meet a "needs assessment" test, which may hinder providing benefits to recently unemployed families or working families that earn above the low federal limits for many programs. Needs tests require additional administrative activity for local providers and burdens for families attempting to qualify for benefits. The NGA proposal notes an unmet need for child care in many states and asks for increased funding and flexibility for child care expenditures, including ability to transfer TANF child care funds to CCDBG. Medicaid proposals call for continuation of transitional medicaid assistance and funding for administrative support for all health and human services programs.

### ***Analysis and Policy Suggestions***

# **Initiatives to improve funding for support services through programs like SSBG, additional flexibility and changes in eligibility requirements to allow more working families to qualify for supports as in the Cardin, Bayh Carper, and NGA proposals would ease the burden on working families.**<sup>26</sup>

A recent study in Oregon found that as families leave welfare for work, many working families lose critical support benefits (food stamps, child care subsidies, and health insurance) because eligibility levels for these programs knock them off with very modest income increases, but they then are worse off because the modest wage increases in no way make up for the loss of supports.<sup>27</sup>

- # **Child care funding should be increased and expanded to include more working families as in the Mink proposals. While improving the quality of child care is an important goal, research with poor families suggests that many parents prefer family or friend providers than formal care. Improvements in child care need to include enhancing the abilities of these home providers.**<sup>28</sup>

One study found that child care problems were a very significant problem for many families. Over 1/3 of the sample reported one or more problems with childcare, including cost, quality and/or transportation to and from childcare. Of those with children under age 6, 51% reported one or more of these problems. Despite these many problems, only 16% of the sample received child care subsidies. This is because of the high co-payments required and the heavy bureaucratic requirements of maintaining the subsidy relative to the low financial benefit. Many families end up relying on family members because it is the only care they can afford. However, these arrangements are often unsatisfactory.<sup>29</sup>

- # **Simplifications of program rules and asset disregards (not counting assets like a car when determining family resources) for the food stamp program are welcome changes to current policy.**

Sandra Morgen's study of front line TANF workers in Oregon highlighted the tension between workers attempting to implement the more time consuming and subjective case management goals of TANF and maintain food stamp program strict eligibility requirements at the same time. Workers could not achieve both goals at the same time, causing stress and confusion.<sup>30</sup>

- # **The medical insurance system needs to be fixed for all working families. Interim proposals like extending TMA, CHIP and related programs and allowing states flexibility to experiment with other expanded benefits should be encouraged. As in NGA proposals this includes adequate funding for administration.**

Medical insurance loss is highly correlated with increased debt due to interruptions in or loss of Medicaid/Oregon Health Plan. This was a major finding in the in-depth portion of a recent Oregon study and speaks volumes about the need for expanded access to health insurance. Over ¼ of the sample had no health coverage at 2 years after initial program exit. Of those with coverage, more had Oregon Health Plan (Medicaid) than employer-provided health insurance. A recent study of Medicaid managed care in New Mexico showed that local community health providers had dramatic increases in uncompensated care due to TANF implementation and institution of a managed care system.<sup>31</sup>

## **Child Support**

Initial TANF legislation expanded and formalized the child support enforcement system. It also allowed states to keep money collected for child support of women on welfare as a way to pay for their welfare benefits. Women were required to name the fathers of their children in order to receive benefits.

**President's Proposal:** The president's proposal retains the current requirements to name the father of children for TANF recipients, but provides for federal matching grants to pass through up to \$100 of child support to families receiving aid. It gives states the option to provide people leaving the welfare system with all benefits collected on their behalf. It makes child support

collection systems stricter by lowering passport denial for non-custodial parents behind in their child support by \$2,500 and allows withholding of social security benefits. In order to fund the system, it establishes a \$25 fee for families who have never received welfare who receive child support through the system. It requires mandatory review of all child support orders every three years.

**Cardin Bill:** The Cardin bill allows pass through of child support to current and former welfare recipients and improves collection of past due support and pass through of support to families. It provides federal subsidies to states that choose to pass through child support to families who have been on TANF less than five years and allows passed through child support to count as a qualified state expenditure. Retains paternity establishment clauses.

**Mink Bill:** The Mink bill eliminates the paternity reporting requirements and reforms child support to ensure appropriate levels of obligation for non-custodial parents, prohibits assignment of benefits to the states, requires 100 percent pass through of benefits and disregards the first \$200 in support or \$400 for families with two children in determining TANF benefits.

**Herger/McKeon Bill:** Similar to President's proposal

**Bayh/Carper Proposal:** The Bayh/Carper proposal provides funds for programs that require non-custodial fathers to either go through court supervised employment program or go to jail.

**NGA Proposal:** The NGA proposal states that the governors support incentives for pass through systems, "bearing in mind that in many states, the financial stability of the child support enforcement system depends, in part, on retained benefits." NGA has extensive recommendations on child support separate from its TANF proposals.

### ***Analysis and Policy Suggestions***

#### **# Count in-kind supports from non-custodial parents as child support in cases where parents are unemployed, disabled or completing education programs.**

Advocates often raise concerns about requirements to disclose paternity based on privacy issues and potential safety concerns for women escaping violent partners. However, some low income parents do not report paternity because enforcing formal agreements might destroy in-kind support systems among low income non-custodial parents and their families. Carol Stack reported in-kind support through child care, food, clothing, diapers and other supports in low income communities in her classic study of welfare recipients in the 1960s.<sup>32</sup> Similar patterns continue today. If the president wants to promote marriage, causing friction between parents over aggressive formal child support enforcement measures will hinder this goal.

One example shows the importance of allowing flexibility in the paternity disclosure and child support enforcement systems. A low income single parent who was in college and working part-time applied for child care assistance in Kenosha. She did not receive any other government benefits. The father of her child was also a college student working part time. While unmarried, these parents were very much a couple; the father and his family contributed to child care, cash and in-kind supports as his limited income allowed. They intended to marry once both had finished school and found family supporting jobs.

The mother was required to disclose the name of the father because child care in this locality was funded exclusively by TANF. She chose to do without this benefit rather than name her partner because she was afraid that he would be required to work more hours to pay a formal child support order. She was concerned that he would not be able to finish college and would be consigned to low paying jobs for the long term if this happened. Not requiring her to name the father or allowing flexibility given his long term goals would have allowed both parents a better future, ultimately contributing more to the economy and federal tax system as a result.

### **Contracting and Charitable Choice**

Neither contracting to private entities nor involvement of faith based providers or churches is a new development in U.S. social service.<sup>33</sup> Social welfare services in the United States have been provided through partnerships between the non-profit sector and government since colonial times. This contracting relationship has grown over time. Many agencies providing services under government contract were founded by religious organizations, although they have been prohibited from using religious symbols, proselytizing or including explicitly religious elements in their programming. Federally funded assistance programs like refugee resettlement and some child welfare systems have sought churches as sponsors or foster parents for people served by federal government programs.

In contrast to some government programs, AFDC, Medicaid and food stamp benefits were always provided directly by government. TANF changed this trend in two ways. First, states could contract with non-profit or for-profit agencies to provide government services. Second, the charitable choice provisions of TANF allowed religious entities to provide services without taking down religious symbols or deleting aspects of existing programs based on faith. Localities were required to offer TANF recipients alternative to religious based providers. Both the Clinton and Bush administrations sought to expand the involvement of churches and faith based non-profits in social service provision.

Opponents of Charitable Choice and contracting have objected on four grounds. First, contracting is seen as replacing government accountability with uneven service and organizations focused on profits before people. Second, devolution is seen as slowly eroding the government's role in providing aid to poor families. Third, non-profit scholars raise concerns that contracting will inhibit the ability of non-profit organizations to provide community focused, mission based service as they become arms of government. The non-profits literature is full of accounts of government programs causing administrative nightmares for small non-profit organizations. Finally, advocates raise civil rights, civil liberties and separation of church and state concerns regarding the activities of faith based providers.

Some TANF proposals include reference to either contracting or charitable choice. Separate legislation to support faith based and community based providers is also currently under consideration by congress. The Charity Aid, Recovery and Empowerment ("Care") Act of 2002 (Lieberman-Santorum) includes clauses for equal treatment for non-governmental providers by (1) not allowing government entities to disqualify an applicant for government aid due to ties to religion; (2) providing technical assistance or enables cooperative agreements where more established entities serve as prime contractors for smaller organizations; and (3) creating a "compassionate capital fund" of \$150 million to be administered by the departments of Health and Human Services and Justice, Housing and Urban Development and the Corporation for National and Community Service to offer technical assistance to community-based

organizations. The Lieberman-Santorum bill specifically requires faith based providers to abide by other grant criteria and “address issues of preemption of civil rights laws.”

**President’s Proposal:** The president’s proposal retains Charitable Choice and includes use of faith based organizations as one of the performance criteria that states need to address in their state plans. One of the priorities in the federal budget involves evaluating programs for administrative activities that could be provided through competitive bid, an initiative that could encourage contracting.

**Cardin Bill:** The Cardin bill does not address Charitable Choice or contracting.

**Mink Bill:** The Mink bill repeals most of Charitable Choice, leaving sections about providing alternative providers for recipients who object to being served by a religious provider and sections that forbid discrimination by government in contracting with religious providers. It adds provisions that prohibit religious based employment discrimination by faith based providers and proselytizing or including religious content in services.

**Herger/McKeon Bill:** Not included in current analysis of these bills.

**Bayh/Carper Proposal:** The Bayh/Carper proposal does not address Charitable Choice.

**NGA Proposal:** The NGA proposal supports the continuation of their ability to work with faith based providers.

### ***Analysis and Policy Suggestions***

# **Evaluate the impact of devolution and for-profit service on community based providers as well as participants in TANF programs. Ensure support of long term successful community based contractors through increased technical assistance, reduction of duplicate paperwork, continued funding and encouragement of co-contracting with larger agencies and other similar strategies.**

Current research supports concerns that small agencies and newcomers to the government contracting process have trouble with government administrative requirements; however, so little research is currently available that it is too soon to tell the impact of increased contracting or for-profit providers on either the non-profit sector or program participants. Increased use of safety net programs is well documented, however, causing increasing concern that the government safety net system be reinforced.<sup>34</sup>

One recent study of the effects of Medicaid managed care on pre-existing community based providers suggests several problems with current contracting and government safety net provisions. State contracting to for-profit managed care organizations, which subcontracted with some pre-existing local providers, meant paper work nightmares, a dramatic increase in uncompensated care and the need to find new funding sources for many established community based providers. Despite these difficulties, community based agencies generally continued to provide quality service, buffering their clients from some of the problems of the new managed care system. Staff at the agencies in this studies experienced burn out and some committed staff people left these agencies due to increased burdens due to managed care.<sup>35</sup>

# **Continue Charitable Choice with the additional technical assistance and civil rights provisions in the Lieberman-Santorum proposal. Include long term evaluations of the unique role of churches and religious providers in social welfare service provision.**

Studies of Charitable Choice and contracting are just beginning to emerge now, making it too soon to evaluate the effects of these initiatives.

### **Immigrants**

While federal immigration laws have prohibited entry of people likely to become public charges since the nineteenth century and require sponsors who can support unemployed newcomers, legal immigrants and refugees were eligible for AFDC. TANF imposed a five-year ban on access to TANF for legal immigrants entering after 1996 and deems the sponsor's income as available to immigrants. This has caused great concern to local government and advocates for immigrants given potential harm to low income families and the fact that citizen children who are eligible for aid may not get assistance because their parents do not apply or are erroneously turned away from assistance.

**President's Proposal:** The president's proposal retains the five-year ban on welfare for legal immigrants, but allows access to food stamps after five years.

**Cardin Bill:** The Cardin bill allows supplemental security income for legal immigrants and repeals the ban on serving legal immigrants using public money.

**Mink Bill:** The Mink bill repeals TANF related restrictions on use of TANF benefits by legal immigrants.

**Herger/McKeon Bill:** Similar to President's proposal

**Bayh/Carper Proposal:** The Bayh/Carper proposal restores TANF funding for legal immigrants at the states' discretion. It also gives states the option to provide Medicaid and SCHIP to "otherwise legal immigrant children and pregnant women who entered the U.S. after August 22, 1996."

**NGA Proposal:** The NGA proposal supports restoration of benefits for legal immigrants.

### **Family Formation/Teenage and Unwed Pregnancy**

TANF originally included bonuses to states that reduced the number of births to unwed welfare recipients and allowed "family caps" on TANF recipient women who had additional children while on welfare. State initiatives were generally seen as having little impact on reproductive behavior. The current welfare policy debate focuses instead on promoting marriage. Proponents observe that two-parent families are less likely to be poor since both partners often work. They also cite research that indicates that children raised in married households do better on a number of indicators. Opponents raise concerns about forced marriages, domestic violence, privacy and equity issues. The marriage proposals are likely to draw significant attention as TANF reauthorization continues.

**President's Proposal:** The president's proposal stresses the importance of efforts to reduce teenage pregnancy through abstinence. It reauthorizes \$50 million in abstinence education and

provides increased funds through other programs for community based abstinence education. The proposal includes several initiatives to encourage healthy marriage through program goals and eliminating discrepancies in benefits to two-parent families. However, funding for this new initiative is only \$300 million per year to fund research, demonstrations, technical assistance and matching grants to states for family formation programs.

**Cardin Bill:** The Cardin bill provides grants to fund best practices in family formation, taking into account the impact of domestic violence.

**Mink Bill:** The Mink bill replaces current purposes with a poverty reduction focus and removes family formation policies from the law.

**Herger/McKeon Bill:** In addition to the President's proposals, the Herger bill includes \$20 million for responsible fatherhood proposals.

**Bayh/Carper Proposal:** The Bayh/Carper proposal supports efforts to promote responsible fatherhood and provides money for such initiatives.

**NGA Proposal:** The NGA proposal does not address family formation.

## **Resources on TANF Reauthorization Legislation**

A number of advocacy groups have positions on TANF related topics. Several organizations provide bill summaries and/or links to position papers and analysis on TANF reauthorization.

This report found the summaries and side by side comparisons of legislation from the following organizations particularly helpful:

California Budget Project [www.cbp.org](http://www.cbp.org)

Center on Budget and Policy Priorities: [www.cbpp.org](http://www.cbpp.org)

Coalition on Human Needs [www.chn.org](http://www.chn.org)

Center for Law and Social Policy (CLASP) [www.clasp.org](http://www.clasp.org).

*Employment and Training Reporter*, 33(27) 421-431 (available at [service@miipublications.com](mailto:service@miipublications.com))

National Governors Association [www.nga.org](http://www.nga.org)

NOW Legal Defense Fund [www.nowldef.org](http://www.nowldef.org)

## Notes

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1. The program initially focuses on aid for children without other income supports, usually single-parent female headed households. States gradually began providing assistance to two-parent families. The two-parent family initiative (AFDC-UP) became mandatory at the federal level in 1988. However, the bulk of the families served by AFDC and TANF remain single-parent, female headed households with children under the age of 18.
  
2. See Kingfisher (1996), *Women in the American Welfare Trap* (Philadelphia: University of Pennsylvania Press), and Morgen (2001), "The Agency of Welfare Agency Workers," *American Anthropologist*, 103(4): 747-761, for a good ethnographic discussion of caseworker skills and experience. In a July 27, 1998 *New York Times* article entitled "Shrinking Welfare Rolls Leave Record High Share of Minorities," Jason deParle reported that people of color are now a greater percentage of welfare recipients than whites.
  
3. See Morgen (2001) "The Agency of Welfare Agency Workers," *American Anthropologist*, 103(4): 747-761, for discussion of case worker experience. One local welfare system and participant experience with that system under TANF are described in Schneider (2001), *Kenosha Social Capital Study*, available at [www.nonprofitresearch.org/newsletter1531/newsletter\\_show.htm?doc\\_id=17368](http://www.nonprofitresearch.org/newsletter1531/newsletter_show.htm?doc_id=17368) chapter 8.
  
4. The Urban Institute's New Federalism project has released a series of reports documenting experience with food stamps, health insurance, and other indicators of family well being. Many state leavers studies also address this issue.
  
5. Bane and Ellwood (1994) *Welfare Realities: From Rhetoric to Reform*. Cambridge, MA: Harvard University Press Cambridge, MA: Harvard University Press, provides national comprehensive longitudinal data on welfare use. Schneider (1999) "And How are We Supposed to Pay for Health Care? Views of the Poor and the Near Poor on Welfare Reform," *American Anthropologist* 101(4) and Schneider (2000) "Pathways to Opportunity: The Role of Race, Social Networks, Institutions and Neighborhood in Career and Educational Paths for People on Welfare," *Human Organization* 59(1): 72-85 offers detailed analysis of families using public assistance in Philadelphia. The CRS report *Trends in Welfare, Work and the Economic Well-Being of Families with Children 1987-2000* analyzes data from the U.S. Census Current Population Survey (Gabe 2001). Statistics on employment rates come from figure 2 (CRS-9) and figure 7 (CRS-11). *Welfare Realities: From Rhetoric to Reform*.
  
6. For example, see Urban Institute Assessing the New Federalism Project Occasional Paper Number 10, *Job Prospects for Welfare Recipients* (Regenstein, Meyer and Hicks 1998) and Acker, Joan, Sandra Morgen and Lisa Gonzales (2002) *Welfare Restructuring, Work and Poverty: Policy Implications from Oregon*. Center for the Study of Women in Society, University of Oregon.

7. Food stamp and Medicaid declines are widely reported in the TANF evaluation literature. For example, see Urban Institute Assessing the New Federalism Project Discussion Paper 99-13, *Decline in Food Stamp and Welfare Participation: Is there a Connection?* (Zedlewski and Brauner) and Discussion Paper 01-05 *Former Welfare Families Continue to Leave the Food Stamp Program* (Zedlewski and Gruber).

8. Acker, Joan, Sandra Morgen and Lisa Gonzales (2002) *Welfare Restructuring, Work and Poverty: Policy Implications from Oregon*. Center for the Study of Women in Society, University of Oregon.

9. For example, Urban Institute New Federalism Project Discussion Paper 99-02 *Families Who Left Welfare: Who Are They and How are they Doing?* (Loprest, 1999) and 99-17 *Current and Former Welfare Recipients: How do they Differ?* (Loprest and Zedlewski, 1999). The Emergency Services Utilization Project and Policy Education Initiative, a joint project of Institute for Wisconsin's Future, Interfaith Conference of Greater Milwaukee, and University of Wisconsin-Milwaukee recently produced a report called *Passing the Buck: W-2 and Emergency Services in Milwaukee County* (Fendt, Mulligan-Hansel and White 2001) which documents basic needs insecurity related to TANF in one county. Many scholars and policy makers have expressed problems with the U.S. federal poverty measure. McFate, Smeeding and Rainwater (1995: 31) in a book chapter entitled *Markets and States: Poverty Trends and Transfer System Effectiveness in the 1980s*, note that the U.S. poverty measure is usually 40 percent of the median wage while most European countries consider 50 percent of the median wage as the cut off for poverty (in *Poverty, Inequality and the Future of Social Policy*, McFate, Lawson and Wilson, Russell Sage Foundation).

10. Overall goals from page 11 and "well being of children" from page 20, *Working Toward Independence*.

11. National Studies include Bane, Mary Jo and David Elwood. (1994) *Welfare Realities: From Rhetoric to Reform*. Cambridge, MA: Harvard University Press and Edin, Kathryn and Laura Lein. (1997) *Making Ends Meet: How Single Mothers Survive Welfare and Low-wage Work*. New York: Russell Sage Foundation, and several related chapters in Blank, Rebecca and Ron Haskins editors (2001) *The New World of Welfare*, Washington, DC: Brookings Institution Press.

For more information on Philadelphia research, see *The Social Network Study Technical Report*, available at [www.chss.iup.edu/jschneid](http://www.chss.iup.edu/jschneid). The Social Network Study is also available through the ERIC clearinghouse. Schneider (1999) "And How are We Supposed to Pay for Health Care? Views of the Poor and the Near Poor on Welfare Reform," *American Anthropologist* 101(4) and Schneider (2000) "Pathways to Opportunity: The Role of Race, Social Networks, Institutions and Neighborhood in Career and Educational Paths for People on Welfare," *Human Organization* 59(1): 72-85.

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See also Acker, Joan, Sandra Morgen and Lisa Gonzales (2002) *Welfare Restructuring, Work and Poverty: Policy Implications from Oregon*. Center for the Study of Women in Society, University of Oregon.

12. See [www.centeronbudget.org](http://www.centeronbudget.org)

13. See the Brookings Institution's Center on Urban and Metropolitan Policy Survey Series report *The State of Welfare Caseloads in America's Cities: 1999* for discussion of case load differences in large cities.

14. See the *Kenosha Social Capital Study* (Schneider 2001), available at [www.nonprofitresearch.org/newsletter1531/newsletter\\_show.htm?doc\\_id=17368](http://www.nonprofitresearch.org/newsletter1531/newsletter_show.htm?doc_id=17368), Chapters 8-10.

15. See *Relieving the Recession: Nineteen Ways States Can Assist Low income Families During the Downturn*. Available from the Center for Budget and Policy Priorities at [www.cbpp.org](http://www.cbpp.org).

16. See Schneider (2000), *The Social Network Study Technical Report, The Kenosha Social Capital Study* and *Rapid Attachment Study* are all available on line at [www.chss.iup.edu/jschneid](http://www.chss.iup.edu/jschneid). The Social Network Study is also available through the ERIC Clearinghouse. The Kenosha Social Capital Study is also available at [www.nonprofitresearch.org/newsletter1531/newsletter\\_show.htm?doc\\_id=17368](http://www.nonprofitresearch.org/newsletter1531/newsletter_show.htm?doc_id=17368). Katherine Newman describes the complexity of employment and welfare for low income families in *No Shame in Our Game* (1999 New York: Alfred A. Knopf and the Russell Sage Foundation) and *Hard Times on 125<sup>th</sup> Street* (2001, *American Anthropologist*, volume 103 (3) 762-778).

17. See the *Making Workfare a Success: the Alternative Work Experience Program Evaluation*. (Schneider 1997, available through the Institute for the Study of Civic Values, in Philadelphia).

18. New Hope participants who worked more than 40 hours per week were able to reduce hours with additional income and benefit supports from the program. See the MDRC report *New Hope for People with Low Incomes* (1999) by Bos et al.

19. Katherine Newman (2001), *Hard Times on 125<sup>th</sup> Street*, *American Anthropologist*, volume 103 (3) 762-778). See also *The Kenosha Conversation Project* (Schneider 1998).

20. See Barbara Le Roy (2000) *The Effects of Welfare Reform and Children's Health Insurance on Families Whose Children have Disabilities*. Detroit, Developmental Disabilities Institute, Wayne State University. Cherlin, A., Skinner, D., Lachicotte, W., & Fomby, P. (2002). *Welfare reform, SSI, and families with members with disabilities*. Final report to the Social Security Administration.

21. Acker, Joan, Sandra Morgen and Lisa Gonzales (2002) *Welfare Restructuring, Work and Poverty: Policy Implications from Oregon*. Center for the Study of Women in Society, University of Oregon.

22. The National Center for Research in Vocational Education at Berkeley released a number of reports on post-secondary education which are still available. For discussion of national data on the returns on education see Grubb, W. Norton.(1995) *The Returns to Education and Training in the Sub-Baccalaureate Labor Market: Evidence from the Survey of Income and Program Participation, 1984-1990*. Berkeley, CA: National Center for Research in Vocational Education, Hull, Glynda (1992) *"Their Chances? Slim and None": An Ethnographic Account of the Experiences of Low income People of Color in a Vocational Program and at Work*. Berkeley: National Center for Research in Vocational Education, and Romero, Carol J.(1994) *JTPA Programs and Adult Women on Welfare: Using Training to Raise AFDC Recipients Above Poverty*. Research Report No. 93-01. Washington, D.C.: National Commission for Employment Policy.

Ethnographic analysis of education and training in this report comes from Schneider (2000) *Pathways to Opportunity: The Role of Race, Social Networks, Institutions and Neighborhood in Career and Educational Paths for People on Welfare*. *Human Organization* 59(1): 72-85. Sandra Morgen and Jill Weigt (2001) describes historical experience with combining training and government supported paid work experience with the CETA program in "Poor Women, Fair Work, and Welfare to Work that Works" in *The New Poverty Studies* (edited by Judith Goode and Jeff Maskofsky), New York: New York University Press. Carol Stack (2001) presents a portrait of how unrelated work and schooling combined work against long term opportunities for poor teenagers in "Coming of Age in Oakland" in *The New Poverty Studies* (edited by Judith Goode and Jeff Maskofsky), New York: New York University Press.

23. See Quint et al (1999) *Big Cities and Welfare Reform: Early Implementation and Ethnographic Findings from the Project on Devolution and Urban Change*, MDRC.

24. Examples of ethnographic discussion of case worker experience include, Morgen (2001) *The Agency of Welfare Agency Workers*, *American Anthropologist*, 103(4): 747-761, Schneider (2001), *Kenosha Social Capital Study*, available at chapter 8, Quint et al (1999) [www.nonprofitresearch.org/newsletter1531/newsletter\\_show.htm?doc\\_id=17368](http://www.nonprofitresearch.org/newsletter1531/newsletter_show.htm?doc_id=17368)), *Big Cities and Welfare Reform: Early Implementation and Ethnographic Findings from the Project on Devolution and Urban Change*, MDRC.

25. For example, see Urban Institute *Assessing the New Federalism* discussion paper 99-13 *Decline in Food Stamp and Welfare Participation: Is there a Connection?* (Zedlewski and Brauner) and Discussion paper 01-05 *Former Welfare Families Continue to Leave the Food Stamp Program* (Zedlewski and Gruber). The Urban Institute *Assessing the New Federalism* project also includes several papers on health insurance and Medicaid. A recent Radcliffe Public Policy Center and 9 to 5 study (Dodson, Manuel and Bravo 2002) *Keeping Jobs and Raising Families in Low Income America: It Just Doesn't Work* shows the difficulties coordinating current systems of work, child care, medical care and other supports. The Emergency Services Utilization Project and Policy Education Initiative, a joint project of Institute for Wisconsin's Future, Interfaith Conference of Greater Milwaukee, and University of Wisconsin-Milwaukee recently produced a report called *Passing the Buck: W-2 and Emergency Services in Milwaukee County* (Fendt, Mulligan-Hansel and White 2001) which documents basic needs insecurity related to TANF in one county.

26. Numerous recommendations for expanding supports and safety net services to working families are detailed in *Relieving the Recession: Nineteen Ways States can Assist Low income Families During the Downturn*. Available from the Center for Budget and Policy Priorities at [www.cbpp.org](http://www.cbpp.org).

27. Acker, Joan, Sandra Morgen and Lisa Gonzales (2002) *Welfare Restructuring, Work and Poverty: Policy Implications from Oregon*. Center for the Study of Women in Society, University of Oregon.

28. The *Kenosha Conversation Project* (Schneider 1998) highlighted the importance of child care families can trust as providers. Katherine Newman's (2001), *Hard Times on 125<sup>th</sup> Street*, *American Anthropologist*, volume 103 (3) 762-778 describes family day care providers.

29. Acker, Joan, Sandra Morgen and Lisa Gonzales (2002) *Welfare Restructuring, Work and Poverty: Policy Implications from Oregon*. Center for the Study of Women in Society, University of Oregon.

30. See Morgen (2001) *The Agency of Welfare Agency Workers*, *American Anthropologist*, 103(4): 747-761.

31. Acker, Joan, Sandra Morgen and Lisa Gonzales (2002) *Welfare Restructuring, Work and Poverty: Policy Implications from Oregon*. Center for the Study of Women in Society, University of Oregon. See also Horten et al. (2001) *Transforming the Safety Net: Responses to Medicaid Managed Care in Rural and Urban New Mexico*, *American Anthropologist*, volume 103 (3), 733-736. Other recent studies on related issues include Radcliffe Public Policy Center and 9 to 5 study (Dodson, Manuel and Bravo 2002) *Keeping Jobs and Raising Families in Low Income America: It Just Doesn't Work* and the Emergency Services Utilization Project and Policy Education Initiative, a joint project of Institute for Wisconsin's Future, Interfaith Conference of Greater Milwaukee, and University of Wisconsin-Milwaukee recently produced a report called *Passing the Buck: W-2 and Emergency Services in Milwaukee County* (Fendt, Mulligan-Hansel and White 2001).

32. See Stack, Carol. (1974) *All Our Kin: Strategies for Survival in a Black Community*. New York: Harper and Row.

33. See Hall, Peter Dobkin (1992) *Inventing the Nonprofit Sector and Other Essays on Philanthropy, Voluntarism and Nonprofit Organizations*. Baltimore: Johns Hopkins Press and Cnaan, Ram (1999) *The Newer Deal: Social Work and Religion in Partnership*. New York: Columbia University Press.

34. See Hodgkinson, Virginia, Christine Ahn, Steven Farrell, Jeff Krehely and Kathryn Nelson, (2000) *Assessing the role of the Nonprofit Sector Following Welfare Reform: What Do We Know?* Working Paper, Center for the Study of Voluntary Organizations and Service, Georgetown Public Policy Center, Bischoff, Ursula and Michael Reisch (2000) *Welfare Reform*

and Community Based Organizations: Implications for Policy, Practice and Education, *Journal of Community Practice* 8(4): 69-91 and the Emergency Services Utilization Project and Policy Education Initiative, a joint project of Institute for Wisconsin's Future, Interfaith Conference of Greater Milwaukee, and University of Wisconsin-Milwaukee recently produced a report called *Passing the Buck: W-2 and Emergency Services in Milwaukee County* (Fendt, Mulligan-Hansel and White 2001). The *Kenosha Social Capital Study*, Schneider (2001) available at [www.nonprofitresearch.org/newsletter1531/newsletter\\_show.htm?doc\\_id=17368](http://www.nonprofitresearch.org/newsletter1531/newsletter_show.htm?doc_id=17368), chapter 9 also addresses the impact of government contracts of non-profits.

35. See Horten et al. (2001) Transforming the Safety Net: Responses to Medicaid Managed Care in Rural and Urban New Mexico, *American Anthropologist*, volume 103 (3), 733-736.