Welfare to What

Early Findings
on Family Hardship and Well-Being

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Mission Statements

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The mission of the Children's Defense Fund is to *Leave No Child Behind* and to ensure every child a *Healthy Start*, a *Head Start*, a *Fair Start*, a *Safe Start*, and a *Moral Start* in life and successful passage to adulthood with the help of caring families and communities.

CDF provides a strong, effective voice for <u>all</u> the children of America who cannot vote, lobby, or speak for themselves. We pay particular attention to the needs of poor and minority children and those with disabilities. CDF educates the nation about the needs of children and encourages preventive investment before they get sick or into trouble, drop out of school, or suffer family breakdown.

CDF began in 1973 and is a private, nonprofit organization supported by foundations, corporation grants and individual donations. We have never taken government funds.

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The National Coalition for the Homeless (NCH) is a national advocacy network of homeless people, activists, service providers, and others committed to ending homelessness.

We take it as a first principle of practice that homeless and formerly homeless persons must be actively involved in all levels of our work.

We are committed to creating the systemic and attitudinal changes necessary prevent and end homelessness.

At the same time, we work to meet the urgent needs of persons who either are homeless or are at risk of becoming homeless.

Toward these ends, NCH concentrates on four program areas: Public Education, Policy Advocacy, Technical Assistance, and Grassroots Organizing.

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Executive Summary

The second anniversary of the 1996 federal welfare law was marked by reports showing large declines in the welfare rolls, an increase in recipients finding employment, and a slight decline in the overall child poverty rate. Political leaders of all parties declared America's two-year experiment with welfare reform (and similar state experiments that preceded it) a resounding success.

This report takes a deeper look at early evidence of family well-being, drawing on new national survey data, a review of studies by states and private research institutions, and a compilation of findings from informal community-based monitoring projects, among other sources.

This early evidence suggests a far more mixed and troubling picture. Some former recipients appear to be faring better off welfare. Work supports and wage supplements are making it easier for some parents to work, and evaluations suggest that a few especially supportive programs are both helping families to go to work and lifting them out of poverty. These successes deserve much attention and replication.

But less-well-known findings suggest another side of the picture: an increase in extreme childhood poverty nationwide; a proliferation of inadequately-paid employment; and signs of rising hardship for many families leaving welfare. Policy and implementation failures at the local, state, and federal level often appear to contribute to these hardships. Disturbing findings include:

Only a small fraction of welfare recipients' new jobs pay above-poverty wages; most of the new jobs pay far below the poverty line.

- By March 1998, only 8 percent of the previous year's recipients had jobs paying weekly wages above the three-person poverty line -- barely up from 6 percent in March 1990, according to this report's analyses of national survey data.
- But the proportion with weekly wages *below three-quarters of the poverty line* surged upward during the same period -- from 6 percent to 14.5 percent.
- Counting other household members' earnings does little to improve the trend. In March 1998, the proportion of recent recipients with combined household earnings above the three-person poverty line hit its lowest level in five years (22 percent).

Many families who leave welfare are losing income or not finding steady jobs at all.

- In Wisconsin's 1996 welfare experiment, nearly two out of three former recipients had lower income (counting employer-reported earnings plus AFDC and food stamps) than during the three months before they left welfare, researchers found.

- Nine state studies compiled by the National Governors' Association and other organizations found that 40 to 50 percent of families who left Temporary Assistance for Needy Families (TANF) did *not* have a job at the time of the study.

Extreme poverty is growing more common for children, especially those in female-headed and working families.

- The number of children living below one-half of the poverty line (or less than $6,401 for a three-person family in 1997) grew by 400,000 between 1995 and 1997.

- Although this increase was small, it is startling at a time of strong economic growth and a decline in overall child poverty, when extreme poverty should have been declining. It can be traced directly to the declining number of children lifted above one-half of the poverty line by government cash assistance for the poor.

- Extreme child poverty is a more appropriate indicator of welfare impacts than is overall child poverty because most children on welfare are already poor.

Many families leaving welfare report struggling to get food, shelter, or needed medical care; many are suffering even more hardships than before.

- In a South Carolina study, one in six former recipients (17 percent) was unable to pay for food after leaving welfare; one in four (29 percent) were unable to pay their rent or mortgage; one in three fell behind on utility bills (37 percent); and one in ten (9.7 percent) were unable to obtain needed medical care. Significantly fewer of the families had experienced these problems when they were still on welfare.

- Very-low-wage jobs give little protection from hardship. Among former recipients who were working in South Carolina, for example, 17 percent had been unable to pay for food sometime since leaving welfare, about the same as those not working.

- In informal surveys by human service providers in seven sites, clients who recently left welfare reported more hardships -- such as inability to buy food, pay rent, or provide medical care for children -- and sharper increases in hardship, when compared with families still receiving welfare.

- One in three former TANF recipients in an Idaho state mail-in survey described their present housing situation as “temporary.”

- There have been signs of increased homelessness in some communities. In Atlanta, nearly one-half of homeless families had recently lost TANF. In Los Angeles, 12 percent of homeless families surveyed attributed their homelessness directly to benefit cuts. In one Wisconsin county, homelessness increased by 50 percent for children but only 1 percent for adult men (a group relatively unaffected by TANF).

Many families are not getting basic help (such as child care, medical coverage, food, or transportation) that might enable them to sustain work and care for their children on very low wages.

- A large minority of former recipients are not made aware that they may continue to be eligible for child care, Medicaid, food stamps, or other assistance, according to several state studies.

- Nine states have no outreach efforts to inform parents that they may continue to get child care assistance after welfare.

- South Carolina found that 60 percent of former recipients did not know that a parent could get transitional Medicaid.

- New York City has come under federal scrutiny for improperly delaying families' applications for food stamps and Medicaid.

- Far from supporting education and training, states have cut back drastically on participation in education and training activities.

Many families are denied cash assistance through little or no fault of their own; states often penalize families without assessing their ability to complete required activities.

- For example, in a state-funded study of Utah families who were denied assistance because of failing to participate in required activities, 23 percent said they failed to participate due to lack of transportation, 18 percent due to lack of child care; 43 percent due to a health condition; and 20 percent due to mental health issues. A retired state official notes that half of penalized parents had participation barriers that should have been assessed but were not.

- In Iowa's PROMISE JOBS experiment, the majority of families punished for failure to meet welfare-to-work requirements told researchers they did not understand those requirements.

- In Minnesota, case managers found that penalized families were twice as likely to have serious mental health problems, three times as likely to be judged to have low intellectual ability, and five times more likely to have family violence problems, compared with other recipients.

- Even applying for cash assistance has become more difficult in many places. In one Alabama county, a professor found that intake workers gave public assistance applications to only 6 out of 27 undergraduate students who requested them -- a sharp change from the past -- although state policy said that anyone who asks for an application should get one.

Some states and communities have created innovative and supportive programs for helping families find stable above-poverty employment.

- A mother who works while on welfare still faces the federal five-year limit on getting TANF -- a dire threat for families who cannot survive on their low wages alone. Illinois resolves this problem by using state dollars to provide ongoing cash benefits to qualifying working families. In effect, the federal time limit clock doesn't tick for these families, because federal TANF dollars are not used.

- New York State's Child Assistance Program (CAP), a demonstration program that has operated for a decade, helps to make work pay by providing reduced cash aid when parents work at low wages and have a child support order for at least one child. A five-year evaluation of CAP showed increased numbers of working parents, substantial increased earnings, and reduced federal, state, and local government costs.

- To improve access to higher education, California included $65 million in its 1997-1998 budget for community college programs targeted to meet the needs of parents on welfare. Funds can be used for child care, more work/study job slots, redesign of curriculum, and job placement services.

- To better serve families with multiple barriers to employment, several communities have been following the lead of Chicago's highly individualized Project Match, which guides a parent steadily toward work. Steps along the way may include arranging for child support enforcement help, signing up for therapy, or helping out at her child's school. Project Match maintains ties with clients in and out of employment, helping them to regroup if a job is lost.

- Job Oasis operates a fleet of eight-passenger buses to transport low income residents of Chicago's West Side to suburban jobs. The U.S. Department of Transportation's Livable Communities program will help put child care at transportation facilities in a number of communities.

Conclusion

Work alone is not enough. This report answers ***Welfare to What?*** with abundant evidence that families moving to unstable and inadequately-paid jobs need far more support if they are to succeed. The old welfare law is gone. But many states and communities — perhaps most — have not yet replaced it with a reasonable alternative that enables families to obtain above-poverty employment, and to sustain themselves when work is not available or possible. This report highlights some of the actions that can be taken at the federal, state, and community levels to realize the goals of increased work and improved child and family well-being. Building to this end is the real work of welfare reform.

Introduction

> *"I'm doing better since I went to work."*
>
> *"I'm begging and borrowing to feed these kids. I can't buy them clothes or even socks. They don't have . . . beds; they're sleeping on milk crates and mattresses. I feel so bad about not being able to take better care of them . . ."*
>
> *— Respondents to a Tennessee survey about life after welfare*[1]

The second anniversary of the 1996 federal welfare law was marked by reports showing large declines in the welfare rolls, an increase in recipients finding employment, and a slight decline in the overall child poverty rate. From the White House to state houses across the country there issued optimistic declarations of welfare reform's success.

What's the reality behind the headlines? Some former recipients, like the first Tennessee woman quoted above, are genuinely doing better. That's always been true for some families who leave welfare. But others beg and borrow to feed their children. Life, the second Tennessee mother reported, was better on welfare.

An honest discussion about the impact of welfare reform requires a look at both positive and negative findings. It means looking, too, at the criteria for success. The well-being of children and families should be the foremost measure of success in welfare reform. Success should mean helping parents work and lift their children out of poverty — not just reducing the caseloads. If large numbers of families leave the welfare rolls but continue to be mired in poverty and even face deepening hardship, then welfare "reform" is no success.

Welfare to what? This report takes a close look at early results of research on families two years into the national welfare experiment (and several years after many states began major welfare overhauls). The **Findings** section draws information from official state and federal data sources, formal state studies, and less formal community-based monitoring projects to measure what is happening to families. The emerging evidence presents a mixed picture, at best. At worst — in the hardest-hit places and subgroups — the majority of former recipients appear to be suffering growing distress.

The reduction in caseload has been dramatic — down about one-third in two years. More welfare parents are finding jobs. Most surveys show that of those who have left welfare, about half or more found employment.

But up to half of the parents leaving welfare do ***not*** have jobs. And the vast majority of parents who ***do*** work earn below-poverty wages. Indeed, the number of children in ***extreme*** poverty has increased **—** particularly among female-headed and working families**.**

For some families, the movement off welfare has been positive, doubtless helped by the strong economy and aided by subsidized child care, transit vouchers and other services, and with newly expanded tax credits and cash supplements to augment below-poverty wages. ***But other***

families have gone from welfare to worse. They are leaving Temporary Assistance for Needy Families (TANF) for jobs that pay less than the federal poverty line. They are leaving for jobs that do not last. They are losing all TANF help because they are unable to comply with program rules. In these ways and others, some families lose income or suffer rising hardship when they leave the rolls.

Concrete measures of family well-being — such as access to food, health care, housing, and child care — show that a sizable portion of needy families are doing ***worse*** than they did on cash aid. These families are more precariously housed and more likely to run out of food than when they were on TANF. They have suffered the loss of Medicaid and food stamps as well as cash assistance. In a booming economy that could support maximum opportunities for families trying to leave welfare for work, these findings are deeply troubling.

Welfare reform is not yet succeeding for large numbers of families. Early evidence suggests that hundreds of thousands of former recipients and their families may be faring worse than they did on welfare, and need more help.

These early findings reveal an urgent need to examine which policies are helping families to succeed in the world of work, and which are hindering that success. Forthcoming multistate studies — together with uniform data that states can and should begin collecting now (see Appendix A) — may shed more light on this urgent question.

But it's not too early to begin the examination of state and federal policies. Faulty state practices contribute to growing hardship for families. In many states, for example, families are being denied cash assistance for missing appointments, regardless of grave illness, lack of transportation, or other serious obstacles. Families are expected to work even when they have no way of getting child care, transportation, or other needed services, or when they have not been made aware of the help that does exist. In the **Barriers to Success** and **Promising Practices** sections, the report looks at the role of state practices in promoting positive or negative outcomes. It is our hope that state and federal policy makers will build upon innovative approaches already being used by pioneering states and reject policies or implementation practices that undermine these families' efforts to rise out of poverty. The section on **Recommendations** highlights some of the actions that can be taken at the federal, state, and community levels to realize the goals of increased work, access to affordable housing, and improved child and family well-being.

This report is designed to be ***used*** — to suggest future directions for monitoring, and to pose important questions the states and the federal government still have to answer about how to help families as they change welfare. The work of welfare reform has just begun. It's essential to continuously assess how families are faring, and to constantly consider what can be done to tear down barriers to success, build on programs with promise, and adopt policies that improve family well-being. We look forward to ongoing work with policy makers and advocates in that effort.

Findings: Welfare to What?

❑ More Work, Deeper Poverty

More parents are working and the welfare rolls are down. Those were the headlines at the time of the second anniversary of the federal welfare law. Nationally, caseloads dropped 40 percent since 1994 and 31 percent since the federal law was passed in August, 1996.[2] Work activity by welfare recipients and former recipients has increased — not surprising in an unusually prolonged period of economic growth. Parents on welfare who sought jobs in the last two years have benefited not only from a strong economy, but also from increases in the minimum wage and expanded resources, including expansions in the Earned Income Tax Credit, child care, job placement help, and wage supplements. While these factors bolstered the new welfare law's push toward employment, the more punitive elements of the law contributed to the caseload decline — whether jobs were found or not.[3]

But what's happening to the families? Drawing on Census data, specialized household surveys and studies of agency records by state or private researchers, and informal surveys by human service providers, this report provides preliminary answers to the question, "welfare to what?" Are families able to escape poverty, find stable jobs, and improve their children's lives? Using disparate pieces of information, it is possible to begin piecing together the story of life after welfare reform for this country's poorest families. (See Appendix A for a discussion of the limitations and uses of existing studies.)

The news from these sources is mixed and troubling. While some former recipients are better off, others face deepening poverty. Many families have lost assistance only to find joblessness or below-poverty wages, hunger, unstable housing, lack of medical care, and higher levels of family stress. ***If successful reform is measured by family well-being, these are insistent early warning signals.*** More needs to be done to help families achieve economic viability.

More Work

More parents who recently received welfare are now either working and off the welfare rolls, or combining work with partial welfare help. Census Bureau surveys (in March of each year) track the employment and earnings of all Americans, including people who received any welfare income the previous year. Using this data, computer analyses by CDF show that 32.4 percent of those who received welfare in 1997 had a job in March 1998 — a large increase over the 20.7 percent of those who had received any welfare in 1989 and had a job in March 1990. (See Appendix B.)

This rise in employment for recent welfare recipients reflects at least two trends. In addition to more recipients finding jobs when they leave welfare (or soon after), more are combining work with welfare, thanks in part to new rules in many states designed to reward work.[4]

It's good news that more parents on welfare are finding work. As the numbers suggest, however, large numbers of them have ***always*** left welfare for work. Long before the new federal law, a study by LaDonna Pavetti found that about half the welfare caseload left the rolls each year — and between one-half and two-thirds of those who left had jobs.[5]

No Welfare, No Work

Even as more recipients are leaving welfare for work, a very large proportion do *not* have jobs, according to follow-up studies.

- Nine state studies compiled by the National Governors' Association (NGA) and other organizations found that 40 to 50 percent of families who left Temporary Assistance for Needy Families (TANF) did not have a job.[6]

- A **Washington State** telephone survey of 560 families who left TANF between December 1997 and March 1998 found that 32 percent were not employed.[7]

- A **New York State** study reported that 71 percent of former recipients who last received TANF in March 1997 did not have employer-reported earnings. The no-earnings rate was up from 61 percent the year before.[8] (Findings for New York City varied but also showed high rates of joblessness.[9])

Still Poor, Getting Poorer

Most Americans assume that families who leave welfare are better off than when they were on welfare. But the reality is not so clear-cut. Many welfare parents who leave the rolls do not have jobs that can support a family or lift them out of poverty. ***Even among parents who leave the welfare rolls for work, few earn enough to support a family, either because their wages are very low or their jobs are unstable:***

- The National Governors' Association (NGA) survey found that "most of the jobs [held by former recipients] pay between $5.50 and $7 an hour . . . not enough to raise a family out of poverty." In **Maryland**, employed former recipients earned an average of $2,439 in their second quarter of work — equivalent to less than $9,800 per year and well below the three-person poverty line ($12,802 in 1997).[10]

- A study of **Wisconsin** families who left welfare before the federal welfare law (but after the state began its welfare experiment) found that only one in four of those who left permanently (27 percent) had income above the poverty line. Although former recipients were employed about two-thirds of the time (one of the higher employment rates found in any state study), the study showed that employment alone does not guarantee adequate or steady income[11] (defined as employer-reported earnings plus AFDC and food stamps).

- An earlier study found similar results for **Milwaukee County**. Although 66 percent of single parents who left AFDC in 1996 were found to have any employer-reported earnings in the last three months of the year, fewer than one in six former Milwaukee recipients (16 percent) registered enough in earnings ($4,000 in the last quarter of 1996) to lift a four-person family near the federal poverty line, according to the University of Wisconsin's Employment and Training Institute. Five out of six showed ***lower*** earnings or none at all.[12] To make matters worse, job turnover for recipients who found jobs was extremely high. Three out of four newly hired recipients were no longer listed with the same employer nine months later.[13]

- Similarly, a Cuyahoga County (Cleveland) **Ohio** study found that only one in four former TANF recipients who left the rolls in the last quarter of 1996 showed as much as $3,000 in quarterly earnings a year later — equivalent to $12,000 a year, or just short of the three-person poverty threshold ($12,516 in 1996). Nearly half showed no quarterly earnings at all.[14]

These state and local findings suggest that, even when they leave welfare and find work, many recipients still earn wages far below the poverty line. This is confirmed by new Children's Defense Fund analyses of nationwide Census Bureau data. (See Appendix B for details.) These analyses show that:

- Among people who received any welfare last year and had earnings in March 1998, only 28.8 percent earned usual weekly wages above the equivalent of the three-person poverty line (about $250 a week in 1998 dollars). ***The remaining wage earners — more than two out of every three — had below-poverty wages***.

- More than half earned wages far below the poverty line: 51 percent of recent recipients who had earnings in March 1998 had weekly wages below three-quarters of the poverty line.

Taken together, the results show that just getting a job doesn't lift recent welfare recipients and their children out of poverty. Moreover, many families *lose* income when they leave the rolls. In fact, at least two statewide studies have found that more families lose income than gain income after leaving the rolls:

- In **Wisconsin**, the typical recipient *lost* income (employer-reported earnings plus AFDC and food stamps) during the year after leaving AFDC. Earnings went up, but not enough to make up for lost benefits. Only 35 percent of those who left welfare increased their economic resources.[15]

- In a thorough study of families leaving welfare due to sanctions under **Iowa's** Limited Benefit Plan experiment, 40 percent of all families losing cash assistance experienced an increase in income, averaging an extra $496 per month. However, nearly half (49 percent) of all families experienced a decrease, averaging a loss of $384 per month from their already-low incomes. As the U.S. Department of Health and Human Services dryly notes, "These families were not able to achieve self sufficiency."[16]

Moreover, these comparisons ignore the enormous cost of child care and other work expenses. If the studies accounted for these costs of going to work, the Wisconsin research team notes, the trends for families leaving welfare would look even worse.

Rapid Growth in Below-Poverty Jobs

How do these disturbing findings of low earnings square with reports that increasing proportions of recent welfare recipients are working? The answer is that only a small fraction of job growth for welfare recipients in the 1990s has been in above-poverty wage jobs.[17] Instead, ***most of the new jobs pay far below the poverty line for a three-person family:***

- From March 1990 to March 1998, the chances that previous-year recipients had any earnings increased substantially (from 16.4 percent to 28.6 percent).

- Two-thirds of this employment growth involved jobs paying far below poverty levels: the chances of previous-year recipients earning weekly wages below three-quarters of the poverty line doubled during the period (from 6.4 percent to 14.5 percent of all previous-year recipients).

- Above-poverty jobs accounted for only about one-sixth of the total growth in earners during the 1990s (rising from 6.1 percent to 8.2 percent of previous-year recipients).[18]

In other words, although parents on welfare are increasingly likely to work, this is mostly because they are taking below-poverty jobs, many of which will only last part of the year. Recent economic trends show that this phenomenon is likely to continue, since many of the fastest growing jobs in the nation pay below poverty-level wages.[19]

Household Earnings Getting Worse

Joblessness and lack of progress in achieving above-poverty earnings might pose less of a problem if other people in the household were earning more. Besides the TANF recipient herself (usually a mother), households might include others who could work more and add to the household's earnings when TANF payments stop.

But Census data for recent welfare recipients show that their household earning trends are dismal. The March 1998 data (on persons who had received any welfare in the previous year) found for the first time in ten years that their combined household weekly earnings were more likely to be *below* the three-person poverty line than *above* it. The proportion with household earnings *below* the three-person poverty line (but above zero) was the highest in at least ten years. The proportion with household earnings *above* poverty was the lowest in five years. (See Appendix B for details.) Thus, work by other household members is not making up for families' lost benefits.

More Deep Poverty

Work is up among welfare recipients, but for many former recipients, economic resources are not. How does this translate into child well-being? On one of the most basic measures — the number of children living below half the federal poverty line — the preliminary answer is not good.

Extreme poverty (below half the poverty line) is a particularly revealing measure of what is happening to welfare families. Welfare payments traditionally have been so low that they do not usually lift families out of poverty. Payments can, however, keep families from falling below one-half of the poverty line — $6,401 for a family of three in 1997. Yet at the same time that the overall child poverty rate is going down, extreme child poverty is increasing***. Increases in extreme child poverty were most severe among children whose families were most likely to be moving from welfare to work — female-headed families with some work experience during the year:***

- The number of extremely poor children in female-headed families with a family member working at least part of the year surged by 402,000 from 1995 to 1997 — an increase of more than one-fourth. In all, 2.0 million children in such families were extremely poor in 1997.

- The total number of American children in extreme poverty rose from about 6.0 million in 1995 to 6.3 million in 1996, and crept up to nearly 6.4 million in 1997, an increase of nearly 400,000 children.

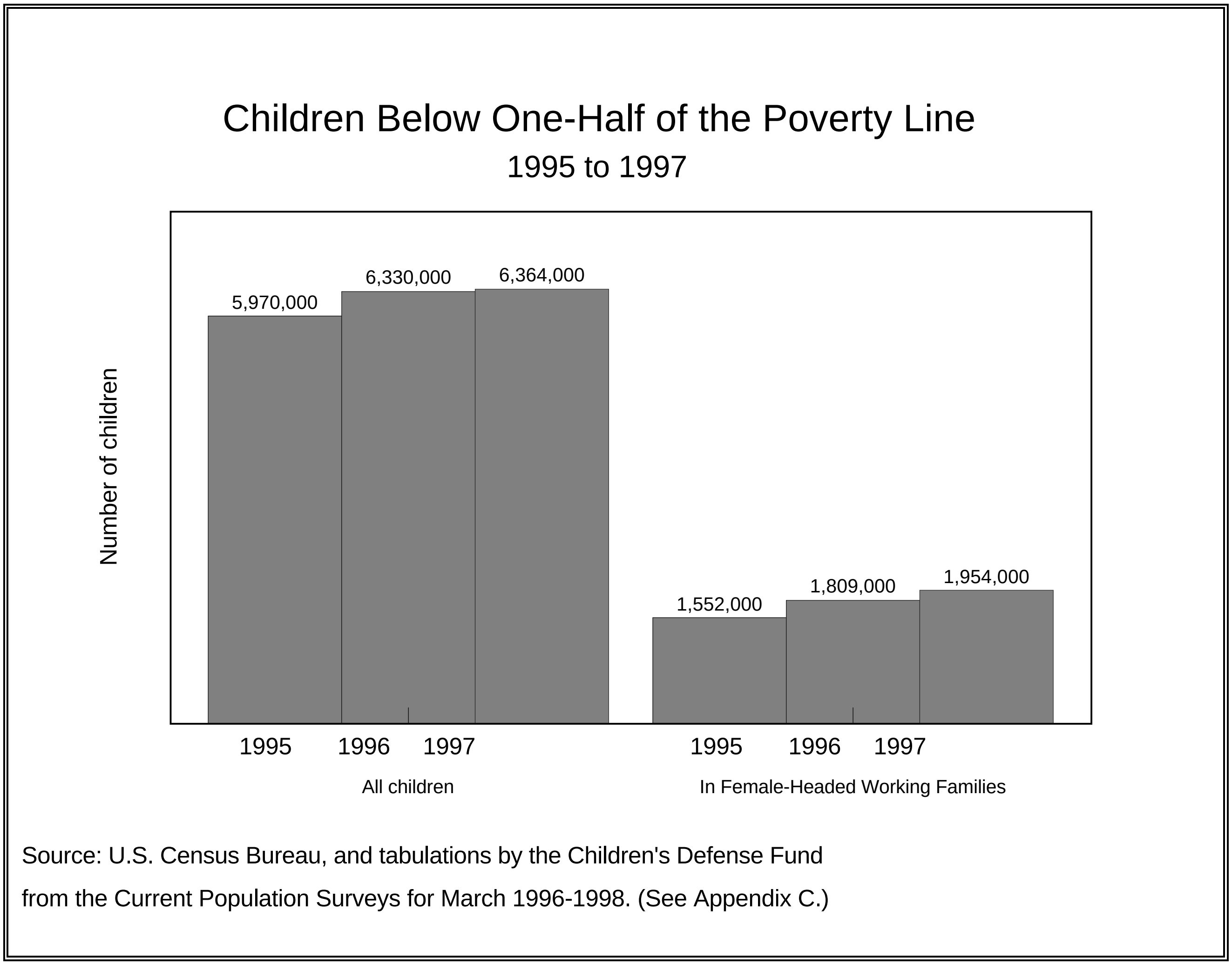
- Thus, all of the growth in extreme child poverty from 1995 to 1997 involved female-headed families who had some work experience during the year.

These recent increases in extreme poverty — while not large enough to be statistically significant— are surprising because they occurred at a time of strong economic growth, rising wages, and two consecutive years of declines in overall child poverty. These improvements should have been strong enough to ***reduce*** extreme childhood poverty in 1996 and 1997. The exact connection between the growth in extreme poverty and the new welfare law is not clear. But the fact that extreme child poverty edged up, rather than abated, as the new law took effect is troubling.

What is more clear is that the rise in extreme child poverty can be directly linked to falling welfare rolls. Census data show that fewer and fewer children are having their family incomes boosted above one-half of the poverty line by government means-tested cash benefits (a category chiefly comprised of public assistance and SSI). In 1995 these benefits spared 3 million children from extreme poverty who would have been extremely poor based on their non-benefit income alone. But from 1995 to 1997, the number of children who were lifted out of extreme poverty by these benefits shrank by more than 1 million as the welfare rolls fell. Some earned their way out of extreme poverty, but the total number of children left extremely poor grew by nearly 400,000. (See Appendices C and D for details.)

Worse yet, the Census data understate the severity of the problem because they ignore work expenses. Many families moving from welfare to work do not have child care and transportation subsidies. Subtracting the costs of child care and other work expenses from families' total income would show even larger numbers of extremely poor children in 1997, and even sharper growth in extreme childhood poverty since 1995.

Any poverty is bad for children. Poor children are twice as likely as nonpoor children to be born at low birth weight, repeat a grade in school, or receive welfare. They score lower on reading and math tests and suffer more mental and physical disabilities. And they earn 25 percent lower wages as young adults.[20] But deep poverty appears to be particularly harmful, experts have recently concluded. Deep poverty — especially during the earliest years of childhood — has particularly clear, long-lasting effects on children's academic learning and school completion.[21]



❑ Rising Hardship: Specific Measures Of Family Well-Being

Poverty and earnings numbers tell just part of the story. Concrete measures of how families are doing — housing stability, hunger, access to health care, and family stress — tell more. ***These specific measures of family well-being show that many families leaving welfare are not escaping deprivation.*** Increasing numbers of former welfare recipients struggle daily with lack of food, housing, or health care. Like the Tennessee mother who was begging and borrowing to feed her children, many who leave welfare for work find more hardship, not less.

The following chart suggests some of the hardships families encounter. In this sample of single-parent families seeking emergency services, *former* recipients whose welfare payments stopped in the last six months were more likely than *current* recipients to report having suffered serious hardships during the same six month period. This is especially disheartening because ***40 percent of these former recipients reported receiving a paycheck.***[22]

This study surveyed families seeking help, and therefore may not fully represent the experience of all former welfare families. Some former welfare families, as we discuss below, report

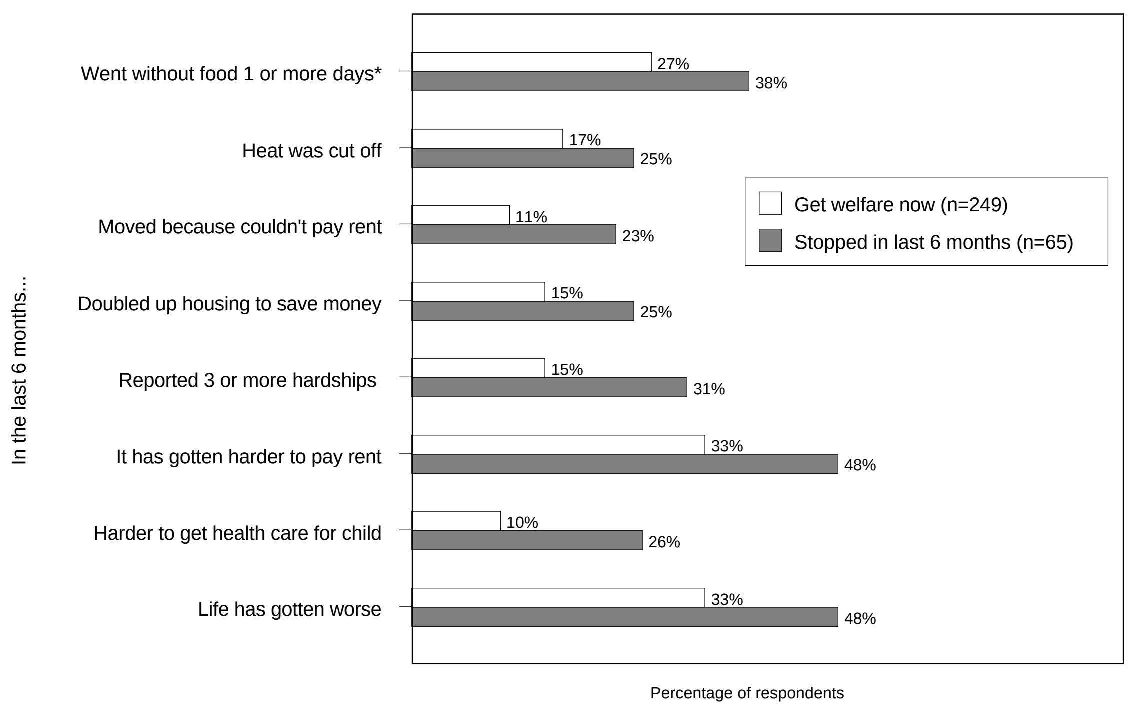
Agencies Find Hardships Are Worse For Clients Who Left TANF Than For Those Who Remain

Between February 1997 and March 1998, seven local not-for-profit organizations and welfare monitoring coalitions in six states informally surveyed clients seeking emergency food and other services, and sent these surveys to the Children's Defense Fund.

Within this group of struggling families, those who had left welfare in the last six months were consistently worse off than those who remained on welfare, even though they were more likely to be working. For example, they were more likely to report suffering deprivations (during the same six month period) such as having their heat shut off or having to move because they could not pay rent.

They also appeared to be taking a sharper turn for the worse than those still on welfare — they were more likely to report *growing* difficulty paying rent or getting health care for a child, and they were more likely to report that, in general, life was getting worse. The fact that these families' well-being declined so sharply in comparison during the six-month period when their benefits stopped is troubling. (See Appendix E for detailed findings and description of the survey.)

Hardships in a sample of single parent families seeking services in six states, 1997 and 1998



*In the last 30 days. (All other questions refer to last 6 months.)
Source: Children's Defense Fund Community Monitoring Project.

being ***better*** off after leaving welfare. The findings highlight the need for more systematic monitoring by states of what is happening to families when they leave the rolls, with states modifying their policy choices based on what they find. As the discussion of specific hardships underscores, however, the survey tells a crucial part of the story: large numbers of former welfare families across the country are struggling harder and harder to meet their most basic needs.

Food

Former recipients increasingly cannot buy sufficient food. Poor nutrition hurts children, not only by sending them to bed with empty stomachs but by causing long-term problems. It leads to iron deficiency, for example, which is associated with anemia and lifelong learning and behavior problems (such as problems with motor coordination, attention, problem-solving, concentration, and lower IQ scores).[23]

Across the country, there are indications that former recipients face large — and growing — problems feeding their families:

- One in six former recipients in **South Carolina** (17 percent) reported having had no way to buy food some of the time since leaving TANF, according to interviews by state social services workers with more than 300 families who left TANF between April and June of 1997 and stayed off the rolls. This represented a statistically significant jump in hardship for these families. Only half as many families (9 percent) had experienced this problem when they were still on public assistance.[24] Having a job was little help: being unable to afford food was about as common among former recipients who had a paid job (17 percent) as among those who were not employed (18 percent).[25]

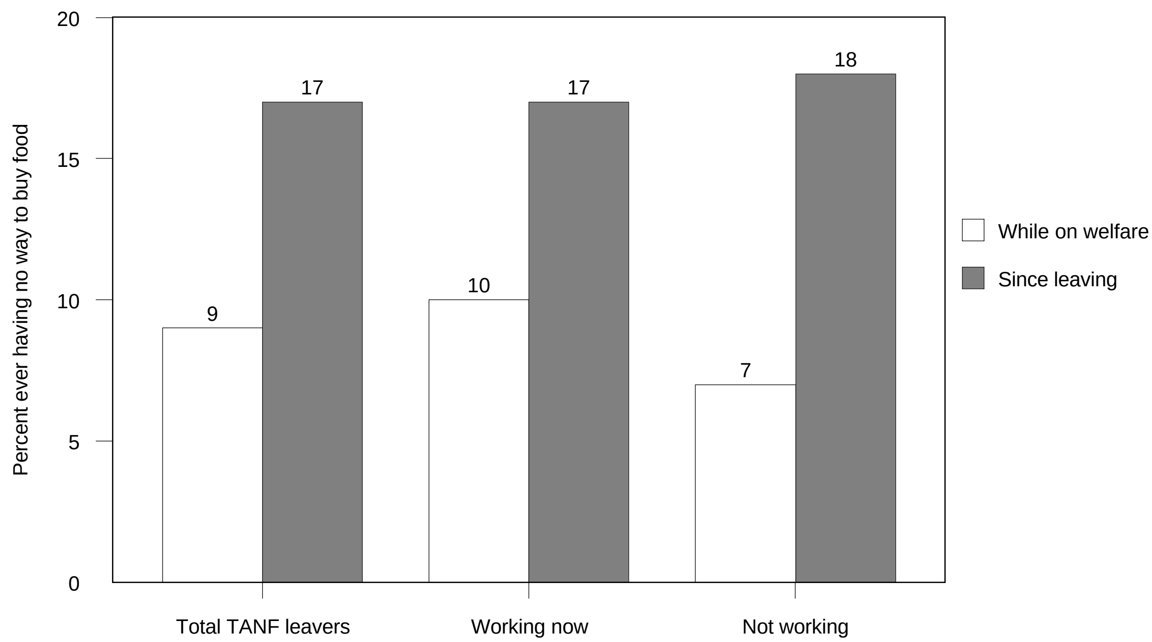
- Large numbers of former recipients (including families and single individuals) are turning to soup kitchens and food pantries. Out of 27,700 clients surveyed in emergency food programs nationwide, more than one in eight had been discontinued from welfare or general assistance in the previous two years, according to data gathered by the Second Harvest food bank network between January and May of 1997. Second Harvest estimates that its survey represents 21 million individual Americans who use its affiliated emergency food programs. If the sample represents an accurate cross section of Second Harvest clients, this suggests that more than two and a half million Americans are turning to food centers after losing some form of cash assistance.[26]

- One in three children (36 percent) in families who had recently lost TANF assistance were "eating less or skipping meals due to cost," according to a study of families served by 60 relief agencies during late 1997. This rate of food deprivation was significantly worse for former TANF families than for families still receiving TANF (20 percent). The study included 455 children in ten states (**California, Florida, Illinois, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania**, and **Texas**).[27]

- In a small state-sponsored study in **Michigan**, more than one in four respondents (27 percent) indicated a problem providing food for their family. The study located and interviewed 67 of the 168 families who had been dropped from AFDC in April 1996 for non-cooperation with state welfare-to-work requirements imposed before the federal law was passed. Only 22 percent reported no problem obtaining sufficient food. [28]

- A majority of the 34 cities that responded to a survey by the U.S. Conference of Mayors reported increases in demand for emergency food. Nine cities said the increase was "due mostly to welfare reform;" eight cities said welfare reform was equal to other factors; only three cities said it contributed less than other factors.[29]

Former recipients in South Carolina report more problems buying food after leaving TANF than before, even when the family works



Source: South Carolina Department of Social Services, cases closed January-March 1997, various reports

Housing

Families who leave welfare increasingly cannot pay their rent. Some experience eviction or utility cutoffs, while others report their housing situation is precarious. These families are typically *more* likely to experience these problems than when they were on welfare, and more likely than other families still receiving welfare:

- A seven-site survey of former and current welfare recipients seeking human services found that former recipients were more likely than current recipients to have doubled-up living arrangements to save money (25 percent compared to 15 percent), more than twice as likely to have moved because they could not pay the rent, and nearly twice as likely to report that a child had to change schools due to a family move.[30]

- Former welfare recipients in **South Carolina** frequently reported getting behind on rent or mortgage (29 percent of the former recipients experienced this problem since leaving TANF, up from 23 percent when these same families were receiving assistance). They are even more likely to have fallen behind on utilities (37 percent versus 30 percent while on welfare).[31]

- In **Michigan's** study of terminated recipients, more than one in 10 faced eviction: out of 67 families interviewed, one had been evicted and seven had received eviction notices.[32]

Housing instability, utility shutoffs, evictions and frequent moves hurt families in the short run. They also can result in long-term harm to children. Frequent moving and changing schools are associated with educational and behavior problems. A child who never moves is one-half as likely to drop out of high school, and nearly one-third less likely to become an unmarried teen mother, than a child who moves four times, other factors being equal.[33] Children who have to change schools frequently because they move tend to score lower on math and reading tests.[34] The increased housing instability reported among former TANF recipients is cause for real concern about the long-term impact of current welfare changes.

Former welfare families show signs of greater homelessness. Some researchers are finding spikes in homelessness among families — a surprising finding during economic boom times. In La Crosse County, **Wisconsin,** for example, advocates found that the number of children sleeping in Salvation Army homeless shelters shot up by 50 percent from 1994 to 1996. By contrast, the number of homeless men — a group largely unaffected by TANF changes — rose by only one percent during the same period.[35] Similarly:

- An **Atlanta** survey found that nearly one-half (46 percent) of the 161 homeless families with children interviewed in shelters or other facilities for the homeless had lost TANF benefits in the previous 12 months. In contrast, only one-fifth (20 percent) of families in public housing that had received TANF benefits during the previous year were no longer receiving these benefits. The pattern suggests that former recipients may be concentrated disproportionately among the homeless in Atlanta.[36]

- An informal **Idaho** study examined 476 single mothers who were homeless or seeking assistance to avoid homelessness, including 57 mothers who had stopped receiving TANF benefits in the preceding six months.[37] Twenty-six percent of former TANF recipients who were homeless or seeking housing assistance had spent more than one night sleeping in a car, a park, or similar place. Thirty-three percent were seeking aid because they had been evicted, and 28 percent had heat or electricity cut off.

- In **South Carolina's** survey of families who stopped receiving TANF between April and June of 1997, 2.0 percent said they had needed to go to a homeless shelter sometime between the time they lost benefits and the time they were surveyed. (A slightly smaller proportion, 1.3 percent, had been homeless while receiving TANF.)[38] If applied to the number of persons who have stopped receiving TANF nationwide, this finding of 2 percent would represent tens of thousands of former TANF parents and children becoming homeless.

- An even higher rate of recent homelessness among presently-housed former recipients was reported in a state-funded mail survey in **Idaho**: 8 percent of former TANF recipients had used emergency shelter, and 36 percent of former TANF recipients described their present housing situation as "temporary," suggesting a high rate of quasi- or near-homelessness.[39]

Many homeless families attribute their homelessness to loss of welfare benefits:[40]

- According to the La Crosse, **Wisconsin,** study, the most significant causes of homelessness or near homelessness were death in the family and having been sanctioned due to the new welfare rules.[41]

- In a study of 777 homeless families with children living in shelters in 10 cities in late 1997 and early 1998, nearly one out of ten said their homelessness had been caused by TANF reductions or elimination during the past six months.[42]

- Similarly, among 308 homeless families surveyed recently in **Los Angeles** family shelters, 12 percent said they had experienced benefit reductions or cuts that led directly to their homelessness. Other homeless families reported that benefit cuts had made it harder for them to pay rent or other bills, perhaps contributing to their homelessness.[43]

Homelessness during childhood is associated with higher infant mortality, asthma, chronic diarrhea, delayed immunizations, family separation, and missed school.[44]

Health

After leaving TANF, many families cannot get needed medical care. The President in his message on the second anniversary of welfare reform repeated his long-standing assurance that "we will leave [former recipients'] children with food stamps and guaranteed medical coverage." Doing so, he argued, is necessary so that their parents need not "choose between being a good worker and a good parent."[45]

In reality, many former recipients and their children are losing Medicaid at the same time they are losing cash assistance and failing to find adequately paid jobs. The Urban Institute cites falling welfare rolls as the "primary reason" some 500,000 fewer adults and children nationwide participated in Medicaid in 1996 than in 1995. When families lose Medicaid, they often lose all health coverage:

- In **Iowa**, 66 percent of former recipients of aid through the state's Limited Benefit Plan (a welfare experiment begun three years before the 1996 federal law) received Medicaid while only 11 percent of those fortunate enough to have a job had health insurance through work — leaving more than one-quarter with no health coverage at all, public or private.[46]

- In **Indiana**, 35 percent of the children of former recipients had no public or private health coverage.[47]

- Among those who were working about six months after leaving welfare in **New York City**, fully 46 percent reported having no health coverage. All of those who were uninsured were eligible for transitional Medicaid coverage, but did not receive it.[48]

Loss of Medicaid and the absence of replacement coverage make it harder for many former recipients to obtain health care for themselves and their children. For example:

- Nearly one in ten former recipients in a **South Carolina** study (9.7 percent) reported that someone in their home was sick or hurt and was unable to obtain medical care. This proportion going without needed medical care represents a large and statistically significant increase for these families: fewer than one in thirty of them (2.8 percent) reported having been faced with this problem while they received public assistance.[49]

- Similarly, in a study of 202 Catholic Community Services clients seeking emergency assistance in Johnson County, **Kansas,** two out of five former recipients said they had found it harder to get health care for their children during the past six months. Among current recipients, by contrast, only one in five — half as many — reported additional difficulty.[50]

- In **South Carolina**, 75 percent of former TANF recipients continued to receive Medicaid. In the **Kansas** study, fewer than 40 percent of former recipients surveyed got Medicaid.

These gaps in access to health care are serious because poor children are already at risk of poor health: They are twice as likely as non-poor children to have serious physical or mental disabilities, and far more likely to experience stunted growth, developmental delays, iron deficiency, and lead poisoning.[51]

Perceptions of Overall Well-Being

In state and local studies, some families report feeling that they are faring better — they have more money than when on welfare, they feel more motivated or feel better about themselves. And some of these specifically credit the welfare law. Yet even in the group that feels better off, many continue to experience serious hardships associated with deep poverty. ***And strikingly high proportions of former recipients — both those who found jobs and those who did not — reported that they were worse off than when they were on welfare:***

- In **South Carolina**, a slight majority (57 percent) of former recipients agreed with the statement “You have more money now than when you were getting welfare.” Yet a similar proportion (58 percent) felt they “are just barely making it from day to day.” There was some overlap: some families who felt they had more money than before still considered themselves “barely making it.”[52]

- Not surprisingly, perceived trends were bleaker for former recipients without jobs. In another **South Carolina** analysis, only one out of every three former recipients without a job (34 percent) said she had more money now than when on welfare. Two out of three jobless recipients (65 percent) felt they were "just barely making it from day to day." Even among those with jobs, a majority (55 percent) reported they were "barely making it."[53]

- In an informal 1997 study of low-income single mothers in eight **Wisconsin** counties, 167 welfare applicants, recipients, and former recipients were interviewed in supermarkets, housing projects, Head Start centers, battered women's shelters, and other locations. Some cited positive outcomes of the new welfare system, such as feeling better about themselves (24 percent), feeling more motivated (23 percent), learning a skill (14 percent), or finding a better job (7 percent).[54] However, higher proportions cited negative outcomes, such as economic difficulty (45 percent), being sanctioned unfairly (34 percent), difficulty feeding family (29 percent), children being confused (28 percent), being forced to leave higher education (15 percent), or being threatened with eviction (14 percent). Twice as many cited worsening family relations (27 percent) as cited better family relations (12 percent).

- Likewise, in an informal survey of human services clients in seven sites (among the worst-off families in the communities), the Children's Defense Fund found that single parents leaving welfare were losing ground. Compared with single parents who still received welfare, those who had left were more likely to report that their life was getting worse overall (48 percent versus 33 percent), and slightly less likely to say their life was getting better (12 percent versus 15 percent). Leaving welfare was associated with disruptions in children's lives. Compared with single parents who still received welfare, single parent families who had left were more likely to report moving because they couldn't pay rent, children changing schools because of moving, and children spending time living away from home. (See Appendix E for more data and a description of the survey.).[55]

- In a **Washington State** telephone survey, 60 percent of respondents said they were better off since leaving welfare, while 22 percent were worse off and 18 percent said they were doing about the same. But because the survey missed those without phone service and other hard-to-locate families, the results may not be representative of all former recipients.[56]

Increased family stress can lead to long-term harm. When families struggle financially, children suffer. Economic stress can trigger parental depression, family arguments about money, and other problems which are associated with less effective, less nurturing parent-child relationships.[57] Such family effects have been found to account for most of the association between low income and bad grades in school, according to one study of tenth-graders and their families.[58] Parental stress also has been linked to "poorer performance on developmental tests at eight months, lower IQ scores and impaired language development at four years, and poorer emotional adjustment and increased school problems at school age," according to a team of pediatricians.[59]

Some observers might ask whether families who left welfare were better off in terms of dignity, self-respect, or other non-material measures not examined by the surveys, such as the satisfaction that accompanies productive labor and a well-earned paycheck. If so, this has not stopped high proportions of former recipients from reporting an overall decrease in the quality of life.

It is especially troubling that even those recipients who left welfare for work reported “barely making it” and faced multiple crises. If one purpose of welfare reform was to support and reinforce work effort, these initial findings raise serious questions, suggesting a need for more in-depth monitoring, as well as a thorough assessment of the direction of welfare policy.

Barriers to Success

> *My name is Estella Lindsay. I am 53 years young and have one teenage daughter. Right now, I work for 25 or 30 hours per week as a salesperson at Target department store. Last January, I met with my case manager to discuss the new Families First program ... My case manager told me that [to keep getting help] I needed to work forty hours per week. I tried to explain to her that my doctor had diagnosed me with arthritis and, since my job requires a lot of standing and stooping, forty hours was just too much. My case manager gave me a choice between increasing my hours or losing my benefits. She never told me that other ways existed to fulfill the 40-hour work requirement. Since I knew I would be unable to work 40 hours per week, I just refused to sign the Personal Responsibility Plan and was cut from the program.*[60]

If the economy is flourishing, the welfare caseload is down, and more welfare parents are working, why are more children are in extreme poverty, and why do many former welfare families report they are just barely getting by? Why are they facing hunger, eviction, and lack of health care? The answers may lie, in part, in the many documented barriers to success. An examination of these barriers helps illuminate why many families leaving welfare are suffering rather than succeeding. It can also suggest directions for welfare reform that could help children and their families thrive.

❑ Administrative Barriers to Cash Assistance

Administrative barriers deny cash assistance to needy families. A key premise of the new Temporary Assistance for Needy Families program is that some families will need a period of cash aid, during which they can "get back of their feet" and prepare for work. Accordingly, forcing families off the rolls before they can fend for themselves is not necessarily a sign of success; in fact, it may undermine long-term employability at least as much as it hurts family well-being. If the precipitous caseload decline were accompanied by a drop in the rate of extreme child poverty, or by an increase in stable employment, that would be early evidence of a success story in the making. In fact, as the findings in this report show, many parents are leaving the rolls without steady employment, before they are "job ready," or before there is an employer ready to hire them. Some of the caseload decline can be explained by administrative policies or practices that leave families without help (or discourage them from getting it in the first place) even if they do not have another source of reliable income:

- ***Complex application policies and procedures discourage application*.** Some states make the process of applying for help so cumbersome that even needy families never make it through the eligibility door. In **Alabama**, a professor discovered that intake workers in a county welfare office refused to give out applications upon request to students posing as needy applicants. Contrary to official state policy, workers demanded up front documentation and refused to allow applications to be filled out off the premises. As a result of improper implementation procedures, only 6 out of the 27 students who sought welfare applications were able to obtain them.[61] In a recent visit to a welfare office in Santa Fe, Governor Gary E. Johnson of **New Mexico** was surprised to learn that, to complete an application, he would have to travel to four additional offices, each in different locations.[62] Many families may be unable to complete this application process, particularly if they lack transportation. Similarly, in **New York City,** clients are assigned to job search first, while applications for cash aid, food stamps, and Medicaid are deferred. The Welfare Law Center notes that "[i]nconsistent administration by workers unfamiliar with program rules coupled with intense pressure to reduce caseloads has resulted in dramatic decreases in applications approved and has forced thousands of needy families to reapply many times . . ."[63]

- ***Agency errors and poor communication trigger loss of aid.*** Milwaukee County, **Wisconsin** reversed 44 percent of the more than 5,000 sanctions it issued through August 1996, often because agency records had been inaccurate. The erroneous sanction rate rose as high as 70 percent while Milwaukee automated its sanction process. In Massachusetts, 47 percent of sanctions appealed through December 1996 had been decided, at least in part, in the family's favor.[64] An unknown number of additional clients may have been sanctioned improperly and never appealed.

  In **Tennessee**, following steep caseload declines, researchers found that many families sanctioned off welfare had not understood the rules they had violated; 25 percent did not even know they had to sign a "personal responsibility plan." Forty percent did not recall ever being notified of a chance to discuss their sanction.[65] In early 1998, the state began diligently reviewing more than 8,000 cases slated to be closed. As a result of the reviews, 2,473 were kept open. Case managers are now instructed to personally contact every case and "to be careful not to close cases for missed appointments if the family never received a notice." Other problems uncovered by the reviews included case managers recording incorrect information and basing their reports on feelings rather than "the facts of the case."[66]

> *Valerie's family has been on and off welfare for a number of years due to her husband's sporadic employment. When Valerie's husband thought he had a construction job lined up, he told the welfare office about it. The welfare office responded with a letter of congratulations and a notice that the family's benefits were cut off. Unfortunately, the job never came through. Valerie told her caseworker, who admitted that there had been a mistake, but said there was nothing she could do about it. Valerie and her younger children are now in a family shelter, while Valerie's husband and her older children are with her mother.*[67]

- ***Workers may fail to tell parents about protections that can keep them from being sanctioned.*** A five-state monitoring project **(California, Connecticut, Massachusetts, New Jersey,** and **Washington State**) found that many welfare recipients are not made aware that they may be exempt from work requirements if they cannot find child care for pre-school aged children.[68] One monitor wrote about a Massachusetts mother who could not find child care for a three-month old daughter: "The welfare office is telling [her] that because her daughter is three months old she must find a job or a community service position . . . Her worker told her that she will be sanctioned and eventually cut off altogether if she doesn't find work. They have not informed her that she has a right to an exemption if she can't find child care." Similarly, one monitor reported the experience of a pregnant woman who was not told that the threat of physical harm might be "good cause" to excuse her from child support requirements: "When the [father] learned that [she] planned to give birth to his child he became violent. At that time [she], then eight months pregnant, applied for benefits. The welfare office insisted that she provide the father's name for child support collection purposes. Terrified that he would come after her when notified, [she] left the office without filling out an application."

- In **Iowa's** PROMISE JOBS experiment, the majority of families punished for failure to meet welfare-to-work requirements told researchers they did not understand those requirements.[69]

- ***Sanctions often penalize families for circumstances beyond their control.*** A study commissioned by the **Utah** Department of Social Services, for example, found that of clients sanctioned between December 1995 and April 1997, 23 percent said they failed to participate due to lack of transportation; 18 percent failed to participate due to lack of child care; 43 percent failed to participate due to an individual or family health condition; and 20 percent failed to participate due to mental health issues.[70]

- ***Sanctioned families are disproportionately likely to face severe barriers to compliance, such as physical or mental health problems.*** A number of states report disproportionately high sanction rates among their most challenged populations. In **Montana,** for example, the overall sanction rate is very high — 31 percent of current or former recipients surveyed by the state in May 1998. The sanction rate is highest among the most disadvantaged: less than one-third of the state's welfare caseload is in WoRC — a program for recipients who need extra support and time to address severe barriers to employment. Yet these recipients accounted for 43 percent of the state's sanctions (as of April 1998).[71] **Minnesota** officials found that families sanctioned for failure to comply with program requirements in that state were more than twice as likely to have multiple barriers to employment than the overall welfare caseload. For example, parents sanctioned in August 1996 were twice as likely to have substantial mental or emotional problems (22.4 percent versus 9.6 percent of the overall caseload); more than three times as likely to be judged to have low intellectual ability (17.6 percent versus 4.7 percent); and five times more likely to have family violence problems (11.0 percent versus 2.1 percent), based on assessments by case managers.[72]

> *One Utah mother who was sanctioned for nonparticipation reported she could not participate because she had back problems, no transportation, and her four-year-old son had neurofibromatosis. Another reported the difficulties her family faced after sanction: "They wanted to take my children away because I have no place to live. My car was stolen with all our belongings in it — everything I owned is gone." When she was interviewed, she was in a homeless shelter and her children were staying with a friend.*[73]

- ***Sanctioned families are not thriving***. As previously noted, 49 percent of families leaving welfare due to sanctions under **Iowa's** Limited Benefit Plan experiment lost income, compared with 40 percent who experienced an increase.[74]

❑ Failing to Address Employability Barriers

Welfare parents who go to work often find the most marginal jobs: part-time, part-year, and low-pay. Many have low skill levels that make it difficult for them to find stable employment at a family-supporting wage. “The average literacy level of welfare recipients is below that of unskilled laborers and assemblers,” warns the Educational Testing Service. More than one-third have difficulty accomplishing such tasks as finding an intersection on a street map or interpreting a brochure on government benefits.[75] Other families face barriers such as no appropriate child care, transportation, chronic health problems, or domestic violence. The reasons families struggle are complex, but welfare policies often ignore these barriers — if they don’t make matters worse:

- ***Some states are placing parents in employment when they are not job-ready by even the most minimal standards.*** In **Wisconsin,** an examination of the intake forms of 191 callers to a Rapid Response Hotline demonstrated that individuals were being deemed “job ready,” and therefore losing cash benefits, without regard to potential barriers to employment. Of the 52 women identified as “job ready,” nearly one-third had less than an 8th-grade education and were not assisted financially while they sought to improve their skills.[76]

- ***Many states are not investing in education and training that can raise parents’ ability to earn a family-supporting wage.*** Though states *can* use TANF funds to pay for needed education and training, most have not made significant investments in improving parents’ ability to earn. Indeed, in states surveyed by the U.S. General Accounting Office there has been a precipitous drop in the percent of recipients assigned to education and training activities. In **Connecticut,** for example, the percentage of welfare work participants assigned to education or training dropped from 85 percent in 1994 to 31.7 percent in 1997; in **Maryland,** participation in education and training dropped from 65.1 percent in 1994 to 10.5 percent in 1997; and in **Wisconsin,** the rate dropped from 60.4 percent to 12.5 percent. Of seven states surveyed, only ***one*** had more than one percent of TANF work participants assigned to on-the-job training.[77] Moreover, though there is some flexibility under the 1996 federal welfare law for states to combine work and training so that the combination satisfies welfare work requirements, few states have picked up on the creative programming options discussed below.

- ***Many families face severe barriers to employment that are not identified or remedied through state welfare-to-work programs.*** As more skilled recipients move off the rolls into jobs available in a healthy economy, the ones who remain are increasingly those with multiple barriers to employment. A study of **Michigan** families on welfare in 1997 found they had “much higher rates of physical health problems, mental health problems, and domestic violence experiences than do women in national samples.” For example, more than a quarter of welfare women had experienced major depression in the last year — about twice the national rate. Many had not completed high school, had few job skills, and lacked access to transportation. Nearly half had three or more barriers. And, the study found, the more barriers a woman faced, the less likely she was to work twenty hours or more a week.[78] From a sample of case files, Johnson County, **Kansas,** caseworkers learned that only 17 percent of the families they worked with faced no apparent obstacles, while more than 80 percent were struggling to overcome at least one barrier to employment. A quarter experienced two or more barriers. Leading this list of barriers were transportation, physical or mental health problems, and educational deficiencies.[79]

- Some states are particularly conscientious about training workers to identify barriers to employment, and linking families with needed services. Preliminary results of a Children's Defense Fund survey of states, however, show that ***few have protocols for how to identify employment barriers, and few have systematic ways of linking families with needed services (or crediting them for pursuing them).*** Many of the barriers impeding success (for example, domestic violence and mental health problems) are not easily identified in casual communication. In the absence of an in-depth assessment, individuals with problems may be weeded from the rolls as a result of their inability, not their unwillingness, to comply with requirements**.** A former administrator of **Utah's** program noted that half of all cases where sanctions were imposed involved barriers to compliance that, under state policy, should have been identified and addressed so that sanctions could be avoided.[80]

❑ Failing To Support Work

Helping parents to get a job is an important first step. Helping them to keep the job ***and*** support their children is equally important. A Mathematica study of how to improve employment retention surveyed over 1,200 parents moving from welfare to work. Researchers found that 70 percent reported problems outside of work that made keeping a job difficult. Problems included child care (34 percent of those surveyed); transportation (25 percent); housing (19 percent); family finances (33 percent); and health/pregnancy (18 percent).[81]

In theory, there are a number of supports to help low-wage parents patch together a livable income package: the Earned Income Tax Credit, food stamps, Medicaid, child support, child care subsidies, transportation and housing assistance. If each parent with low earnings actually got this package of help, fewer parents would struggle to put food on the table and a roof over their children's heads.

In reality, many former recipients do not get the help they need to work*.* Many are not aware that the help exists. Others face procedural barriers, or are not served because state funds are low or waiting lists are too long.

Lack of Information

Many recipients and former recipients do not have a clear understanding of benefits that may help sustain them when they find work. When welfare workers carry too many cases to have the time to counsel recipients, when the caseworkers themselves are not trained about program benefits, or when they are discouraged from offering help in an effort to conserve resources, working parents often do not know about services that can help keep them working. Benefits that are available in theory are often not available in reality, since parents do not know about them and do not ask for help. Parents may leave the rolls in ways that make it difficult to get help even when it's supposed to continue automatically. A number of state studies flag parents' lack of information about help that should be available to them:

- The evaluation of **Delaware's** welfare waiver, for example, found that only a third of recipients were aware that the program's more generous disregard of earnings meant they could keep more of their income from work. By contrast, a majority of recipients understood more punitive policies such as family cap rules.[82]

- **South Carolina's** survey of former recipients found that 22 percent did not know that households with workers could still be eligible for food stamps and children's Medicaid.

- In a January 1998, 50-state survey of child care administrators, the Children's Defense Fund found that two-thirds of the states were not confident that all of the families eligible for child care subsidy knew they could get it. Nine states said they had ***no*** outreach efforts.[83]

- In **Wisconsin,** the caseworker manual for W-2 told the worker to offer services only if the recipient knew to ask for them: the "new system should provide only as much services as an eligible individual asks for or needs. Many individuals will do better with just a light touch."

Health Care Barriers

Families leaving welfare often lose Medicaid even though they remain eligible. As discussed above, state studies uniformly find that Medicaid coverage declines after families leave the welfare rolls , and not just a little. Most adults leaving the rolls lose Medicaid, and about a third of the children.[84] In most cases, Medicaid isn't replaced by family medical coverage through a former recipient's employer. Many families go without treatment: **Louisiana** surveyed families leaving welfare in New Orleans and found that 39 percent of those surveyed couldn't afford medical care or medication.

Something is wrong with this picture. By law, losing welfare should not automatically result in loss of Medicaid. Children can continue to be eligible in a number of different ways (for example, in all states children under age six are eligible if family income is up to 133 percent of the federal poverty line, while children age six to 14 are eligible in families with incomes up to 100 percent of poverty (states can expand coverage for children beyond these limits). Both children and their parents qualify for "transitional" Medicaid if families leave TANF due to a parent's employment. Children continue to be eligible for Medicaid even if the family loses some or all of its TANF benefits because the parent is sanctioned (states may choose to drop Medicaid for the *parent* if they have violated TANF rules, but not the child; at least 14 states have opted to drop Medicaid for sanctioned parents).[85]

Why aren't families getting the ongoing Medicaid help they are eligible for? There are many possible explanations:

- ***Recipients don't understand that they can keep getting Medicaid once they lose welfare***. **South Carolina's** survey found that 60 percent of former recipients did not know that a parent could get transitional Medicaid. If a parent who goes off welfare due to employment does not understand her family has a right to transitional Medicaid, she may just close her case without giving the worker the information needed to continue medical help.

- ***States don't properly identify families eligible for ongoing help.*** The Center for Law and Social Policy (CLASP) notes that, in **Maryland**, at least half the recipients leaving assistance were working, yet only 11.2 percent of closed cases were coded as being closed due to work.[86]

- ***States may close Medicaid cases improperly when they close welfare cases.*** For example, CLASP reports that **North Carolina** recently announced it would investigate whether welfare workers erroneously stopped Medicaid help for 24,000 children who were not receiving Medicaid coverage two months after their families lost welfare help.

Barriers to Food Stamps

Families who lose welfare often lose food stamps at the same time, even if they continue to qualify for help. At the same time that former welfare families are reporting greater food insecurity than when they were on the rolls, food stamp caseloads have plummeted, down more than 29 percent since 1994, and 21 percent since 1996. Since food stamps are available to the working poor as well as to welfare recipients, this decline cannot be explained by dropping welfare caseloads alone. Families who leave TANF continue to be eligible for food stamps unless their earnings are too high (130 percent of the federal poverty line). Since most families who leave TANF earn below-poverty wages, they should continue to get some food stamp help. Some part of the drop in food stamp receipt is due to restrictions in food stamp eligibility made in the 1996 federal law (for example, single able-bodied adults and immigrants are now ineligible). However, the drop in food stamps outstrips what would have been predicted based on these changes.[87] Many possible reasons for this drop are similar to the barriers to Medicaid:

- ***Families who are "diverted" from welfare may end up not having their food stamp applications processed.*** Many states now have families submit a single, joint application for food stamps, Medicaid and TANF. When families are "diverted" from TANF by being given a lump sum to meet emergency needs and get on their feet, or when they are sent for job search before their welfare application is approved, in theory the state is required to make a decision on their food stamp eligibility in advance of the welfare application. (Federal law requires states or localities to allow people to apply for food stamps or Medicaid without delay.) Some states or localities are not following this practice. **New York City** made the news recently by its explicit policy of withholding food stamp and Medicaid applications from families wishing to apply for benefits. Families coming in for assistance are directed to seek help from other sources, such as child support, unemployment insurance, or food pantries. Only if the family returns for a second appointment are food stamp or Medicaid applications provided. While the rate of successful application for Medicaid, food stamps, and cash assistance was 53 percent prior to the new law, the current rate has dropped to only 25 percent.[88] Federal authorities are now investigating New York City's procedures.

  Even when the state has a clear policy of promptly issuing the food stamp application, this procedure may not be clear to front line staff. And if a parent finds a job during job search and does not pursue the welfare application, staff may be unable to act on the food stamp application — the parent does not know she should provide the information, and the worker does not have enough information to proceed with processing the application.

- ***Families do not know that the way they close their welfare cases may jeopardize their eligibility for food stamps.*** If families call their worker and report earnings, their food stamps should continue. However, many parents do not know that *how* their case is closed makes a difference, and once they find work do not return for a recertification interview; their case is closed due to failure to meet administrative requirements, not due to employment. In at least one state, advocates report that it is common practice for workers to tell parents not to come for their checks or appear for redeterminations. The state computer then automatically closes the recipient's food stamp case as well as the welfare case.

Child Support Barriers

Families cannot count on child support to supplement low wages. Even if every parent paid the full amount of child support due, that alone would not lift a child out of poverty. If child support is regular and reliable, though, it is an invaluable addition to family income. Of those non-TANF families who *did* have child support collected by a state child support agency in 1996, the average collection was $3,600.[89] But many TANF families cannot count on child support, as the U.S. General Accounting Office recently found when it studied the first three states to enforce welfare time limits. Only 20 percent to 40 percent of families in **Connecticut, Florida,** and **Virginia** had *any* child support collected in the year before their welfare help ended. Half (or more) of the cases without support did not even have a child support order in place. And half to three-quarters could not get support because the state did not or could not locate the noncustodial parent.[90]

This disappointing child support enforcement record contrasts markedly with the best-performing states. In these states, more than 80 percent of cases received an order and most families received support payments, as described in the next chapter. (See page 37.)

Child Care Barriers

Parents need but often do not get child care help. Without child care subsidies, the cost of child care is a crushing burden for low-income workers, consuming over a quarter of their income. Yet across the country, the U.S. Department of Health and Human Services estimates that only one in ten potentially eligible low-income families actually gets the child care assistance it needs. While states give priority for child care subsidies to welfare families, and generally provide at least one year of transitional child care help to families who go off the rolls due to employment, there simply isn't enough help to go around.

- ***Many welfare recipients and former recipients do not get child care help because they do not know it is available.*** In **South Carolina,** for example, over half of former recipients surveyed by the state were unaware of child care assistance (though the numbers were somewhat better for currently employed respondents).[91]

> *Ta-Tanisha Powell had so much difficulty getting child care help approved that she finally had to quit her job to care for her son, and ended up back on welfare. "I'm just really frustrated now," she said. "I've been working for six years and I never had to deal with anything like this."*[92]

- ***In other states, administrative mix-ups keep parents from getting help***. In Milwaukee, **Wisconsin,** up to 60 percent of child care placements begun by one agency were canceled by a second agency due to bureaucratic snafus.

- ***Many low-income workers cannot get child care subsidies because there are long waiting lists for help or because child care eligibility levels are so low.*** As of January 1998, about half the states had to turn away eligible low-income working families or put them on waiting lists. In **Texas,** 30,000 families were waiting for help. In other states, eligibility limits are so low that even workers with very modest incomes do not qualify: as of January 1998, three out of five states would not have provided help to a family of three earning $25,000 (slightly over 185 percent of federal poverty levels).[93]

- ***Many families cannot get the help they need to locate reliable child care.*** In the first half of 1997, for example, the number of calls to the Child Care Support Center in Atlanta, **Georgia,** from parents leaving welfare for work was 61 percent greater than in the same period in 1996. The center could not handle the volume of calls: in one day alone, the agency's counselors answered 106 calls. Meanwhile, another 155 callers abandoned their calls after waiting fruitlessly on hold.[94]

> *When her **New York** caseworker threatened to reduce her benefits for not cooperating with work requirements, Wendy Virgos had to leave her toddler with a woman who kept her strapped in a dirty stroller all day to "protect" her from the older children. Digna Jimenez begged her caseworker to help her find child care because the only baby-sitter she knew had slapped her child. When the caseworker refused, Digna was left without child care and lost $50 out of her $260 in cash aid when she could not meet work requirements.*[95]

- ***Other parents are steered toward inadequate, low-cost care, or are left with no child care at all.*** In **Utah,** families are told they must seek free care before being offered a subsidy. In **Maryland,** child care eligibility workers were sent a state memo telling them to encourage use of cheaper, informal care. The policy was rescinded, but workers were never told.

- ***In many parts of the country, there are not enough licensed child care providers to meet the need generated by welfare work requirements.*** For example, in **Rhode Island,** a statewide study found that in Providence alone there are 5,708 children aged one to five whose parents are participating in welfare to work programs. But there are only 3,803 licensed child care slots in the city, most of which are filled.[96]

- ***There are especially acute shortages of child care providers willing to provide infant care, after-school care, and care at odd hours.*** Nearly three-quarters of women leaving welfare report work schedules that include nights, weekends, or rotating shifts, while only one-fifth of licensed child care programs in **Chicago** are open before 6:00 a.m. or after 6:30 p.m.[97] In **Washington State,** half of former recipients surveyed worked a combination of weekends and weekdays, while more than a third worked primarily non-day schedules.[98]

> *The challenges families face in finding child care are illustrated by the experience of a group of women in the* ***Mississippi Delta*** *region. They gather at 4:00 AM to travel by bus for two hours to their assigned work places, work their full days, and then return — another two hours — home each night. They are having trouble finding child care during these nontraditional hours, and for such extended days.*[99]

Transportation Barriers

Parents need but do not get transportation help. In many parts of the country, there is a mismatch between where welfare families live and where the jobs are. For example, in the **Cleveland** area, it takes 90 minutes each way to get to 40 percent of the entry-level jobs, and half the jobs cannot be reached by public transportation. In **Atlanta**, entry-level workers cannot get to almost 60 percent of available jobs by public transit.[100]

Housing Barriers

Stable housing helps stabilize work. Yet housing is rarely affordable for families leaving welfare for low wages. Nationally, fair market rent for a two-bedroom unit averages $585 a month, as of January 1998. A family living on a full-time minimum wage job makes $893 a month, which means the family would need to spend two-thirds (66 percent) of their income to pay the fair market rent.

Housing subsidies that allow a family to pay no more than 30 percent of their income for rent — the federal affordability standard — can make the difference between families having stable or precarious housing. ***However, subsidized housing is so limited that fewer than one in four TANF families nationwide lives in public housing or receives a housing voucher to help them rent a private unit. For most families leaving the rolls, housing subsidies are not an option.***

The lack of housing subsidies for current and former recipients is especially harmful because they face the worst shortage of affordable private rental housing on record. In 1995, the number of low-income renters in America outstripped the number of low-cost rental units that such renters could afford by 4.4 million rental units — the largest shortfall since comparable data have been gathered, since 1970 — according to the Center on Budget and Policy Priorities.

New federal law makes it even more difficult for families leaving the welfare rolls to get housing help. Federal housing legislation passed in October 1998 shifts priority away from serving the very poorest households, either through public housing or housing vouchers. The legislation aims to reduce concentrations of poverty in assisted housing by letting local housing authorities gradually fill vacant slots with higher-income renters. However, since Congress did not allocate any new money to serve these higher-income households, they can only be served by reducing help for very low income households.

Congress did provide funding for 50,000 new Section 8 vouchers targeted to families moving from welfare to work in its FY1999 budget, and eliminated a previous provision which delayed the reissuance of returned vouchers. The welfare-to-work vouchers represent the first new housing assistance vouchers since 1994. They do not, however, address the record 5.3 million households with “worst case housing needs” — households that pay over half their incomes for rent, live in severely substandard housing, or both. These households qualify for federal housing assistance but do not receive it because of the severe lack of funding.[101]

As a result of the new legislation, public housing authorities will only be required to reserve 40 percent of their public housing units, and 75 percent of housing vouchers, for households whose incomes are 30 percent of area median income or less. More than half of last year’s TANF recipients who earned a paycheck in March 1998 had combined household weekly earnings below the equivalent of this cutoff. Thus, the new legislation could mean loss of affordable assisted housing for thousands of families who are moving from welfare to work — not because they are successful and no longer need help, but because they are still too poor.

In addition, the new housing legislation has serious implications for families who are sanctioned due to noncompliance with state welfare or work requirements. Normally, when families living in public or assisted housing lose income, their rent is decreased accordingly, so that they pay no more than 30 percent of their income for rent. However, under the new legislation, if a family living in public or assisted housing loses income due to noncompliance with welfare or work requirements, the family’s rent may not be decreased. As a result, families living in public or assisted housing who are sanctioned will have to spend a greater proportion of their income on rent, leaving less money for other necessities.

Promising Practices

The findings cited in this report make it clear that families need more than job search and placement activities if they are to secure stable work and raise their children out of poverty. The stakes are high. When most parents leaving welfare earn below-poverty wages, and families sometimes lose food stamps and Medicaid as well as cash aid, we must do better. The good news is that we can. Federal TANF block grant funds as well as state dollars are now available for investments in the array of services that families need. Some states and localities are pioneering creative models that make a difference. Many of these are still in formative stages, or are still so small that they do not begin to reach all the families who need them. Others are both bold and proven. They are all promising first steps. The next section — **Recommendations** — describes policy changes and other actions that will be essential if families are to make long-term gains.

❑ Tearing Down Employment Barriers

While the federal welfare law emphasizes a "work first" philosophy, some programs have recognized that parents are unlikely to raise their children out of poverty if they cannot improve their skills and upgrade their educational credentials. Census data bear this out: in 1996, women with an associate degree earned $12.46 an hour, almost double the $6.69 earned by women who hadn't completed high school, and $3.34 more than women with a high school diploma.

> *Michelle Crawford was struggling with domestic violence and the break-up of her marriage. Her welfare-to-work program let her combine community service with several months of mental health counseling. Then it placed her in a training program to operate a plastics-molding machine. Within eight months, she had found a job at $7.40 an hour.*[102]

Improving Skills And Earning Capacity

When families face multiple and severe barriers to employment, helping them escape poverty is no easy task. But education and training can dramatically enhance opportunity. A Portland, **Oregon,** welfare-to-work program emphasized getting a "good job," not just any job, and allowed some skills training to improve the chances of getting that good job. The program showed real progress in its two-year evaluation. Earnings gains for participants with a high school diploma or GED were far higher than for those without: $8,403 over two years compared to $4,591 (or $2,912 for those who hadn't finished high school and did not have recent work experience).[103]

Providing on-the-job training

Some states combine work and training in creative ways that enable them to meet the work requirements of the 1996 federal welfare law, but at the same time to improve families' long-term earning prospects through education or training. For example, the federal law counts *on-the-job training (OJT)* as a work activity under the 1996 federal law. ***There is evidence that OJT is effective in skills-building and job placement, and there are some small but promising model programs:***

- A $1 million grant by **California**'s Employment and Training Panel to Los Angeles County provides 150 hours of vocational and basic skills training to 500 former TANF recipients working in food service, hotel, and general merchandising industries. This is a first step in a $20 million initiative contracting with employers, non-profit training agencies, and private industry councils to provide training that former welfare recipients need so they can keep their jobs and advance.[104]

- The **Center for Employment and Training (CET)** runs 26 centers around the country, with another 12 sites using the CET model, teaching math and literacy skills in a job setting.[105]

- The **Wildcat Service Corporation** in **New York City** provides training for the investment firm Salomon Smith Barney. After 16 weeks of training at Wildcat tailored to Salomon Smith Barney's needs (for example, training on the same computers in use at the company), most participants will be selected for a paid internship at the minimum wage at Smith Barney. Most succeed in the internship and are hired at salaries usually starting in the mid-$20,000's.

- **Michigan** established a pilot program in Pontiac to combine 20 hours of work with 15 hours of high-tech training. During the last four weeks of the training, corporate sponsors of the program provided paid internships for three days a week. Of 69 people in the program, 61 were placed in permanent jobs with the sponsors paying $18,000 to $25,000 a year.

Despite these good examples, on-the-job training so far exists only on a very small scale. A GAO survey of seven states showed California with a "high" of 1.3 percent of participants in TANF work activities engaged in OJT in 1997.[106] The promising results of these programs suggest the urgent need for expansion.

Using State Dollars for Creative Educational Programming

Under the federal welfare law, states are required to maintain state welfare-related spending at historical minimum levels. ***Some states are spending these state "maintenance of effort" dollars to meet families' education needs***:

- **California** included $65 million in its 1997-1998 budget for community college programs targeted to meet the needs of parents on welfare. Funds can be used for child care, more work/study job slots, redesign of curriculum, and job placement services.

- **Maine's Parents as Scholars** program uses state dollars to set up a work-study program enabling up to 2,000 students to go to college with a cash stipend, medical coverage, child care, and other services they would have received under TANF.

- **Wyoming** provides aid for 100 full-time college students in an approved program if they have completed an assessment and meet eligibility requirements.

- **Pennsylvania** is piloting **Individual Learning Accounts** (ILA's) in two counties. These are investment accounts consisting of contributions from the employee, matched by the employer, with an additional match of $500-$1,000 from the state (not to exceed one-third of the total). The funds may be used for an educational program of the employee's choice, although the program must meet criteria established by the contributing employer. ILA's are portable — the funds travel with the employee when she changes jobs.

Services For Families With Severe Barriers

Better education and training and help finding jobs can make a difference. But these services are unlikely to succeed if the family has extra problems that get in the way of work. More than half of women age 26-33 who received welfare in 1991 had a serious physical disability or health limitation, mental health problem, or lack of basic skills, according to an analysis of a long-term national study.[107] Some states have recognized that efforts to place mothers in employment will founder if no help is offered to overcome these barriers. ***Promising programs take a comprehensive approach in which trained staff assess the family's problems and offer case management and referrals to services , both before and after employment is found:***

- **Project Match** in **Chicago** has been a pioneer in offering services to families with multiple barriers to employment. Individualized plans are developed and modified on a monthly basis, as the parent carries out activities in the plan. These activities are selected to prepare the individual for work, but recognize that in some cases many steps may be necessary. These may include arranging for child support enforcement help, signing up for therapy, or helping out at a child's school. Project Match maintains its ties with clients through their transitions in and out of employment, helping them to regroup if a job is lost.

- **STRIVE** (Support Training Results in Valuable Employment) operates in **East Harlem**, with additional projects in **Boston, Chicago, Denver, Miami, and Pittsburgh**. Its clients would meet anyone's definition of "hard-to-place" — including young ex-offenders, individuals recovering from substance abuse, youth leaving foster care and former welfare recipients. STRIVE provides pre- and post-placement services, with 14,000 job placements as of 1997. Evaluations have found that 80 percent remained employed after two years.[108]

❑ Supporting Work

If we truly want to recognize and reward effort, in most cases former welfare families will need to supplement low wages with other kinds of help. As discussed earlier, some of these supports seem to be there on paper, but in fact don't reach families. Some states are leading the way in creating a package of help that supports work.

Ensuring Continued Medicaid And Food Stamps

To reverse the loss of Medicaid and food stamps cited in this report, states must implement policies that help low-income families retain these services even though they no longer receive cash aid:

- ***States must expand Medicaid eligibility for low-income families leaving TANF***. While children in families at or above the federal poverty level are eligible either for Medicaid or the new state Child Health Insurance Program (CHIP), parents typically lose eligibility even if their earnings are well below poverty. But federal law now allows states to provide Medicaid to parents with higher incomes by not counting all of their earnings when calculating eligibility. **Pennsylvania**, for example, disregards half the earnings of parents who find work while receiving Medicaid. States may also expand the use of transitional Medicaid beyond the federal one-year minimum for low-income families leaving TANF; 12 states have already done so.[109]

- ***States must work harder to inform families about their continuing eligibility for Medicaid and food stamps.*** **Georgia's** Right from the Start Medicaid Project placed 185 eligibility workers in clinics, hospitals, etc., to sign up children and/or families eligible for Medicaid.[110] States can take advantage of federal funding to improve food stamp outreach. Seven states **(Arizona, Connecticut, Massachusetts, New York, Tennessee, Vermont,** and **Washington State)** have done so.

- ***States can eliminate administrative glitches that deny food stamps and Medicaid to applicants***. **South Dakota**, like many other states, has focused on diverting families from cash assistance when they first come to the welfare office. Unlike some other states, the state first directs families to Medicaid and food stamps so that, if they do not receive TANF, they do receive the health coverage and food aid for which they are eligible. As a result, while the state TANF caseload drop has exceeded the national decline, South Dakota's food stamp caseload dropped less than the national average. (From 1994 to 1998, the TANF caseload in South Dakota dropped 48 percent, compared to 38 percent nationally, while food stamp households dropped 18 percent, compared to a national decline of 29 percent.)

Making Work Pay

If every dollar of earned income is counted, then parents on welfare who go to work are running to stay in place: their cash help will go down by one dollar for every dollar earned. States are free to set their own rules for how to count income and determine eligibility for TANF. A majority of states have made it at least somewhat easier than in the past for families to qualify for partial cash assistance in addition to their earnings by not counting (or disregarding) all or part of the earnings in calculating the level of assistance the family should receive. Earned income disregards can mean as much as several hundred dollars a month in additional income, or even more when the benefits of the Earned Income Tax Credit are taken into account. (For examples of how disregards can help families, see Appendix F.)

- The benefits of the earned income disregard for family income may be substantial, but under the new federal law they are short-lived, because of the time-limited nature of TANF. A mother who works every day of her family's stay on welfare will still lose the partial TANF assistance when the time limit is reached, a serious blow to families living just barely above the poverty line.

Illinois has responded to this problem by using state dollars to provide reduced assistance for those months when the family works at least 20 hours a week at a wage low enough to qualify. In effect, the federal time limit clock doesn't tick during those months, because federal TANF dollars are not used.[111]

A few states or communities have experimented with other approaches that eliminate some of the work disincentives in the old welfare system and replace them with mechanisms that make work pay.

- **New York State's Child Assistance Program** (CAP) helps single parents raise their children out of poverty through work, child support, and a cash supplement. As earnings and child support rise, the supplement is reduced, phasing out completely when the family's income reaches one and one-half times the poverty line. Operated as a multi-county demonstration project since 1988, CAP has paid off for families and the state. A five-year evaluation showed that CAP families raised their average monthly earnings to $679, from $93 in the month before they participated. Even though families in CAP could work and qualify for partial benefits more easily than other families, those that had the option to participate in CAP were less likely to return to welfare after leaving. CAP saved federal, state, and local government $50 million over five years because of reduced use of cash aid, food stamps, and Medicaid, and because of increased child support collections.[112]

- The **New Hope Project** in **Milwaukee** ensures that voluntary participants from two of the city's lowest income neighborhoods can get out of poverty if they work 30 hours a week. New Hope provides wage supplements if the family or individual still has below-poverty income after calculating the state and federal Earned Income Tax Credits. Subsidized child care and health coverage is offered as well. This demonstration project is now completing its third and final year; an extensive evaluation is forthcoming.

- The **Minnesota Family Investment Program** (MFIP) also provides a better formula for combining work and partial assistance than Aid to Families with Dependent Children (AFDC) did. An 18-month evaluation in 1996 showed that ***MFIP increased work and decreased poverty*** for participants as much or more than any U.S. welfare-to-work program studied to date. Two-thirds (66 percent) of MFIP participants had incomes above the federal poverty line.[113]

Improving Earnings by Raising The Minimum Wage

If parents leaving welfare have such low skills that they are likely to cluster in low wage employment, then one tactic for improving their ability to escape poverty is to raise the minimum wage. Seven states have taken steps in the right direction by raising their minimum wage beyond the federal level **(Alaska, California, Connecticut, Massachusetts, Oregon,** and **Vermont**).

Evidence from Oregon suggests that increasing the minimum wage is one of the most effective means of raising average starting wages among parents leaving welfare for work. From 1993 to 1996, before the minimum wage was raised in Oregon, the average hourly starting wage for welfare recipients finding jobs actually fell five percent, taking inflation into account. In the year after Oregon's initial minimum wage increase to $5.50 an hour (from fourth quarter 1996 to fourth quarter 1997), average starting wages for welfare recipients rose an inflation-adjusted 5.4 percent, to $6.65 an hour. In the first quarter after a second minimum wage increase to $6.00 an hour in January

1998, average starting wages for welfare recipients rose to $6.91. There was no evidence of any job loss after the two increases.[114]

Getting Workers The Earned Income Tax Credit

More than welfare policy changes, expansions in the Earned Income Tax Credit (EITC) have boosted single mothers' employment in recent years, researchers have found.[115] The EITC can add up to $3,800 per year to a low-wage earner's household income, and can make an extraordinary difference in whether the family thrives or struggles once cash assistance stops. When **Washington State** surveyed 560 families who left TANF in late 1997 and early 1998, 53 percent of those reporting they were better off leaving welfare had filed for the EITC; only 28 percent of those reporting they were worse off had done so.[116] Yet some families do not get it because they do not know it is available.

States can maximize access to the EITC in important ways:

- Improve outreach to educate low income working families to take advantage of the credit. **Kentucky, Maryland**, and **Georgia** have distributed flyers widely in an effort to spread the word about the EITC.[117]

- Encourage more use of advance payments of the EITC (instead of the usual annual payment as an income tax refund).

- Establish a refundable state Earned Income Tax Credit. Ten states have instituted their own credits: **Iowa, Kansas, Maryland, Massachusetts, Minnesota, New York, Oregon, Rhode Island, Vermont, and Wisconsin,** of which six are refundable (that is, available even to wage-earners with incomes too low to pay state taxes).

Improving Child Support Enforcement

Child support can't cure all poverty, but it can be a crucial supplement to the custodial parent's low wages. There is no one magical act that can raise a state's child support performance. But we know what makes a difference: additional state investments in the program, so that child support workers are not carrying impossible caseloads; computerization that allows automatic enforcement and frees up workers to concentrate on difficult cases; outreach to families to counsel them and ensure they work in tandem with workers to locate and keep track of child-support-paying parents; implementation of successful enforcement techniques pioneered by some states and required by the 1996 law; and worker training to make sure that stretched workers spend their time effectively, concentrating on the most appropriate enforcement strategies.

The difference between what a high-performing and a low-performing state can collect in child support for a family is tremendous. The U.S. General Accounting Office found that **Washington State** and **Minnesota** were especially successful in helping welfare families obtain child support: more than 80 percent of the cases in these states had a child support order and about two-thirds had received child support in the last year -- or three times more than in the lowest-performing state. Median collections ranged from $1,875 to $2,118 for the year.[118]

Making Sure Families Get Needed Child Care Help

Lack of child care is one of the steepest barriers to employment. States can take important steps to make sure that families are not locked out of child care help:

- ***Investing state dollars to expand the program's ability to reach families who need help.*** The current child care subsidy system is only reaching one in ten potentially eligible families. Some states take their obligation seriously to help families who are expected to work find child care. **Illinois,** for example, increased state funding for child care by $100 million in FY 1998. **Minnesota** increased state funding by $99.2 million over a two-year period; **North Carolina** increased state funding by $22 million; **Arizona** increased state funding by $10 million; and **Nebraska** increased funding by $19 million.[119]

- ***Ensuring that low-income families can get child care help regardless of welfare status.*** In many states, there is fierce competition for scarce child care resources between two needy groups: families on welfare trying to move off the welfare rolls, and low-income working families trying to stay in the workforce and off welfare. **Rhode Island** addressed this problem by investing more in child care and creating a guarantee for *all* families below 185 percent of poverty if they need child care in order to work, regardless of welfare status **Illinois** provides child care for all families up to 50 percent of state median income.

- ***Telling families that help is available.*** Some states make particular efforts to inform families about the availability of child care assistance, and to help them find appropriate providers. **California,** for example, contracts with child care resource and referral agencies to work with welfare families. Where possible, a resource and referral worker is stationed in the welfare office.

- ***Building the supply of providers who can care for children.*** States use a variety of techniques to try to recruit new providers for underserved populations, or to help them open for business in underserved areas. **Ohio** transferred $10 million from the child care agency to the state Department of Education to help develop after-school child care at school sites. **Ohio** also offers higher rates for weekend and odd-hour care, while **Tennessee** will pay up to 150 percent of its normal subsidy rate to providers that deliver extended-hour care.

Meeting Families' Transportation Needs

Transportation problems are another source of job instability. Many states have recognized the severity of the problem and tried to help out. A few examples:

- The **Suburban Job-Link Corporation in Chicago** operates a program called Job Oasis in suburban Bensenville. Transportation is provided for low income residents of Chicago's West Side to get to training, interviews with employers, and jobs. The program operates a fleet of eight-passenger buses, and picks up passengers at Chicago Transit Authority bus stops along selected corridors to deliver them to suburban jobs. The program also provides free shuttle service to the Job Oasis site and to interviews, and is developing a plan to provide vans to drivers who agree to drive a vanpool route in exchange for use of the van.[120]

- **Virginia's** Department of Social Services is disbursing $2.5 million this year to 17 communities for purposes like the purchase of minibuses, free cab rides, linking rural areas to public transit routes, and cooperative efforts with taxi companies and gasoline suppliers to subsidize rides to work.

- The U.S. Department of Transportation has addressed both child care and transportation through the **Livable Communities** program, providing funding for child care at transportation facilities in **Oakland, California, Ohio, Chicago, and Los Angeles**. **California, Maryland**, and **Minnesota** are some of the states with loan funds to pay for used cars, car insurance, or car repairs. All three utilize public/private partnerships with banks, other businesses or foundations.[121]

Although most of these transportation solutions do not approach the scale necessary to meet the need, these are positive steps. The new Federal Access to Jobs Welfare to Work transportation program (funded at $75 million in grants to localities in FY 1999) will help meet the transit needs of more parents trying to leave welfare.

Help With Housing

High rents consume a large portion of income and leave little left over for child care, transportation, and other supports that are needed to obtain and maintain employment. Families who are forced to move from apartment to apartment, families who double up with other families because they lack their own housing, and families who live in shelters or cars clearly face daunting obstacles to holding a job.

Some states are using state welfare dollars and/or other funds to help provide families with housing assistance.[122] While these efforts are very limited compared to the magnitude of housing needs of welfare recipients, they represent initiatives that could be replicated and expanded.

- In **New Jersey**, state welfare dollars are used to provide housing assistance to 350 families who have recently left welfare and are working. These families are provided three-year rental subsidies to help them afford private market housing.

- In **San Mateo, California,** current and recent welfare recipients are provided housing assistance with federal and state welfare dollars and HOME funds. In this high-rent area, service providers report that without such housing assistance many poor families crowd three or four people into a single room.

- In **Connecticut**, more than 2,000 working families who hit the state's 21-month time limit are being provided a rental subsidy to help them make the transition.

- In **San Francisco**, if a family living in public housing is sanctioned, the City will pay the difference in rent between the old benefit level and the new reduced level. In addition, families who are homeless may have their search for housing counted as an eligible work activity.

❑ Retaining a Safety Net

Sometimes disability, lack of jobs, or other reasons thwart families' best efforts to achieve economic viability. States can reduce families' risk of destitution by continuing aid to *children* if their families lose aid either through time limits or through penalties for noncompliance with program rules. Continued assistance beyond the federal maximum five-year lifetime limit requires use of state funds, unless the families fall within the 20 percent of the caseload that may be exempted from the federal time restriction. **California** and **Rhode Island** limit cash benefits to an amount intended for continued support of a family's children after the parent's time limit has been reached. **Maryland** and **New York** offer vouchers, not cash, to families who have reached the time limit. **Vermont**, operating under a waiver approved before the 1996 welfare law was enacted, has a work requirement but no time limit. Fifteen states reduce but do not terminate benefits as their most severe sanction for failure to comply with work requirements.[123]

The models cited here are just some of the approaches that can make a difference. The recommendations that follow build upon these promising practices, and suggest additional components. Individualized packages that help parents to tear down the barriers to employment they face; that support work through child care housing and transportation help; that build skills needed for "good jobs"; and that supplement earnings with child support, earnings disregards, and the Earned Income Tax Credit can result in movement not just off the caseload, but out of poverty.

❑ Conclusion

Caseload decline is not enough.

When we celebrate caseload decline but don't know why families are leaving, we allow some families to fall farther behind, and may fail to recognize and build on the steps that result in stable jobs and strengthened families.

When we tout increased numbers of working families without acknowledging that a growing economy, increased minimum wage and Earned Income Tax Credit, and available child care and transportation are at least as responsible for the declining caseload as work requirements and time limits, we may expand policies that hurt families and ignore policies that help.

When we ignore faulty application of existing rules, we may not recognize that eligible families far too often do not receive Medicaid, food stamps or child care when they lose cash benefits.

Nor is below-poverty work enough.

When families move from welfare to unstable and low-paid jobs, they need far more support in order to succeed. The need for these supports, already urgent, will become yet more urgent when federal time limits and the next economic recession take hold.

When we do not insist that the well-being of children and families is the foremost measure of success in welfare reform, we may instead promote policies that deepen poverty.

This report answers ***Welfare to What?*** with abundant evidence that families moving to unstable and inadequately-paid jobs need far more support if they are to succeed. The old welfare law is gone. But many states and communities — perhaps most — have not yet replaced it with a reasonable alternative that enables families to obtain above-poverty employment, and to sustain themselves when work is not available or possible. Building that alternative is the real work of welfare reform.

Recommendations:
Steps to Help Lift Families Out of Poverty

The findings in this report tell us two critically important facts about families leaving welfare:

First, the majority of parents whose families have received welfare help do not earn enough to lift their children out of poverty.

Second, some leave the caseload without finding any work at all; they are especially likely to struggle against multiple problems, including illiteracy, mental illness, physical disability and domestic violence.

These facts suggest that creating stable above-poverty employment must necessarily involve many steps. While not every poor family needs each of the items in the list below, all families need some of them in order to move out of poverty, not just off the welfare caseloads.

❑ First Steps

We will not make the long-term progress we need to alleviate child and family poverty without movement in all the areas listed. ***But we would make an important start if, within the next year:***

- States are given the flexibility to use federal TANF block grant funds to pay reduced benefits when parents work at least half-time, without those months counting towards the federal or state time limit;
- More state and federal funds are invested in child care to ensure that quality subsidized care is available for all low income working families on a sliding fee scale, as long as their incomes remain low enough to qualify;
- A broader range of activities can count toward the required hours of work participation, including education and training and other activities states judge to be appropriate parts of an individual's "personal responsibility plan" intended to enable parents to overcome barriers to employment, with a broad range of services funded and accessible to families; and
- Congress appropriates funds for the 100,000 Section 8 housing vouchers authorized by the new public housing legislation for FY 2000 and 2001. These are necessary first steps to address the housing needs of the record 5.3 million households with "worst case housing needs" — households that pay over half their incomes for rent, live in severely substandard housing, or both.

The nation will not achieve the goal of raising families with children out of poverty without an agenda that requires the commitment of the public and private sectors at all levels.

❑ Agenda for Action

Work Supports

Federal:

- Increase funding to states to improve the quality, supply, and affordability of child care and after-school activities.
- Federal government should allow the use of federal TANF block grant funds so that months during which TANF recipients work and yet remain eligible for reduced support do not count toward the time limit.
- Make postsecondary and vocational education open to everyone who wants it, expanding work-study and Pell grants, and offering special assistance to enable low-income parents to build their skills.
- Use federal funds to create livable wage jobs in areas of high unemployment.
- Federal law and regulations should maintain protections against displacing workers with workfare participants. In recognition of the need to protect workers' (including workfare participants') rights to organize for better wages, benefits, and working conditions, federal law (the National Labor Relations Act) should be amended to allow for simpler procedures to demonstrate majority support for union representation.
- Enact federal legislation to establish a Community Housing Investment Trust (ComHIT), which would develop (either though subsidies or increased housing stocks, as determined locally) one million units of housing for households whose incomes are less than 30 percent of median income. This public-private initiative proposed by the National Coalition for the Homeless would lessen the impact of recently passed federal legislation that reduces access to public housing by households at this income level, and would significantly increase opportunity for families to achieve the housing stability necessary for long-term employment and family health and well-being as they move from welfare to work.

States:

- Use state and federal dollars to the fullest extent to assure child care subsidies for all low-to-moderate income families who need them, whether or not they have been receiving TANF. States should make efforts to increase the quality and supply of child care, and should take into account the special needs of low-income working parents for sick-child care and care during non-traditional work hours.
- Promote employment and child well-being by allowing families to combine low-wage work and state-funded partial benefits, without counting months at such low-wage work against the time limit, as implemented in **Illinois**.
- Use TANF block grant funds and state dollars to provide rental assistance for families moving from welfare to work.

- Adopt a refundable Earned Income Tax Credit.
- Design comprehensive child health insurance plans serving children whose families have incomes up to twice the federal poverty line, and engage in an aggressive campaign to enroll eligible children.
- Invest in on-the-job training, postsecondary education, and expanded opportunities for work-study; and make training, parent education and job placement services available both to mothers and fathers, whether or not they are the custodial parent. Programs should be monitored for their effectiveness in helping parents secure and retain jobs at living wages.
- State and local offices serving working parents should maintain evening or weekend hours, so that parents do not have to lose income or risk jobs in order to seek cash or food aid, job training and placement help, child care referrals, or other services. Continuing eligibility for benefits should be established by mail or phone when possible.
- State agencies should make systematic efforts to identify families with severe barriers to employment, link them with needed help and, if families cannot hold down steady employment due to these barriers, give credit for family and community-strengthening activities.
- Caseworkers should be trained so that they are adequately prepared to identify barriers to employment, help parents obtain appropriate services and benefits, and avoid imposing erroneous sanctions.
- States should coordinate job retention strategies, and do outreach to former welfare recipients and other low-wage workers to inform them about appropriate services. Cash and in-kind supplements to earnings all serve as job retention strategies. In addition, states should increase the availability and affordability of transportation to work, using federal Access to Jobs funding in the recently-passed transportation bill (Transportation Efficiency Act for the 21st Century) and TANF funds, as well as state dollars. Case management, mentoring, and/or counseling services may also be important job retention services.
- States should maintain protections against displacing workers with workfare participants.

Community:

- Businesses should offer training and career ladders so that employees can move from entry-level to higher-paying jobs, and should provide services such as child care and van pools so that parents can work.
- Congregations and community groups should cooperate with service providers in providing mentoring and other supports for mothers who are struggling against barriers such as family violence, disability, illiteracy, etc.

Protecting Families from Poverty

Federal:

- Allow exemptions from time limits for more than 20 percent of families if they meet hardship definitions established by states, or if state TANF caseloads have dropped more than 20 percent since the law was enacted.
- Allow states to continue to provide TANF benefits to children after their parents have exhausted time-limited assistance.

- Increase the minimum wage until full-time work will lift a family of three above the poverty line, and index the minimum wage so that inflation no longer erodes its value, as **Washington State** has recently done.
- Restore food stamps to legal immigrants now denied this assistance, including parents of children, elderly between the ages of 60-65, and immigrants who enter the country legally on or after August 22, 1996. Food stamp cuts affecting families with high shelter costs should be rescinded.
- Enact the Community Housing Investment Trust (ComHIT) to develop one million units of housing across the country for households with incomes 30 percent or less of area median income. These funds would be used to expand housing vouchers or provide grants for capital costs to make housing affordable to households at these income levels, and make it possible for community housing developers to create and maintain such housing.

States:

- Eliminate provisions in state welfare laws that are more harsh than federal law requires, such as the family cap and eliminating the entire family's assistance for failure to comply with program rules.
- Extend food stamp and cash assistance to legal immigrants whose aid was not restored at the federal level.
- State or county agencies must develop vastly improved information and outreach so that families who are leaving TANF know of their likely eligibility for Medicaid, food stamps, child support help, child care, and the Earned Income Tax Credit.

Community:

- Community organizations, service providers, employers, and congregations should wage an aggressive outreach campaign to ensure that low income families take advantage of federal or state Earned Income Tax Credits, food stamps, Medicaid and/or CHIP, and child support enforcement assistance.

Committing the Necessary Resources

Federal:

- Reject budget and tax cuts that slash funding from services or benefits for low income children and families. No cuts should be made to the TANF block grant funding promised to states.

States:

- Invest the resources needed to improve child support collection, so that overburdened agencies can get the job done.
- Spend TANF block grant funds and their own state maintenance-of-effort dollars as appropriate to provide adequate benefits and services for families with children so they can acquire the skills and supports they need.

Accountability

Federal:

Collect information about the impact of state welfare implementation on children and families, tracking earnings, employment, food stamp and Medicaid receipt, and other indices over time to determine levels of family poverty and child well-being.

States:

- Allocate resources to track the well-being of families who leave welfare. Tracking efforts should (a) determine the proportion of former recipients who have employer-reported earnings above the poverty line, using existing wage data from the unemployment insurance system; (b) fund comprehensive follow-up surveys of former recipients' well-being, using **South Carolina**'s survey instrument as a model, (c) encourage food pantries and shelters to track the number of former TANF recipients seeking their services. (See Appendix A for details.)

Community:

- Advocates should know their local welfare plan, and work with low income groups to help families understand their rights and take advantage of all available opportunities.
- Service providers, advocacy groups, congregations, and other community groups should collaborate on grassroots monitoring efforts to determine how low income children and families are faring, and to educate the public and public officials about their findings.[124]
- Low income parents must be real (not token) participants in the design and oversight of the welfare plans that affect them and their children.
- Advocates from community groups should seek representation on state or local boards, committees, or commissions that advise or oversee services of importance to welfare participants and low-wage workers. State or local boards exist in the areas of welfare, child care, community development, transportation, and worker's rights (11 local worker's rights boards have been formed so far, made up of religious and community leaders, academics, and elected officials).[125]

Appendix A
Improving State Research on Family Well-Being

Much of the existing research on welfare reform and family well-being — including many of the studies cited in this report — has two major limitations. The first limitation is lack of comparability. Those states and communities that do measure the well-being of former recipients rarely use similar methods. As result, comparing outcomes across locales is nearly impossible.

A second problem is lack of representativeness. Because of technical limitations in how studies are designed and carried out, few current welfare studies can be said with confidence to represent all families leaving welfare. Key groups of recipients may be left out. Different methodologies may leave out very different types of families. For example, most of the state-funded surveys cited in this report probably leave out a disproportionate number of the hardest-hit families: those who are hard to reach by phone or mail because they have been forced to move frequently or are homeless. While some of the surveys track down more former recipients than others, even the best surveys tend to omit more than one out of seven targeted families. These families are likely to be disproportionately homeless or other hard-hit families -- precisely the most important families to know about. (Telephone and mail-in surveys are a particular problem: many reach only a fraction of the intended families and include little attempt to locate hard-to-reach families. A **New York City** study found that telephone survey respondents did not resemble other families leaving TANF.[126] The U.S. Department of Health and Human Services has chosen to exclude low-quality phone and mail surveys from its review of state welfare findings.[127])

Informal client surveys done by "community welfare monitoring projects" (see Appendix E for an example) are incomplete as well, but usually for the opposite reason. They tend to leave out the most successful families because they focus on harder-hit recipients: those who are seeking help from food pantries or other human service agencies.

This report relies on as wide a range of early studies as possible in order to paint a broad picture of family well-being after welfare. An array of forthcoming research — due out shortly from a large number of governmental and private research teams — is expected to add greatly to this knowledge. However, none of this new research is expected to provide a comprehensive, comparable, and representative picture of former recipients' well-being across every state.

To help fill the gaps in existing and ongoing research, we recommend that every state that wishes to know more about the well-being of families after welfare take at least the following three steps:

1. For every county in the state, ***determine the proportion of former recipients who have employer-reported earnings above the three-person poverty line.*** This basic measure of progress (pioneered by the Employment and Training Institute in Milwaukee, Wisconsin) is easily and cheaply accomplished using the same unemployment insurance wage records that states already use to compete for the federal welfare-to-work "high-performance bonus." Consider working with neighboring states to share data on recipients who move across state lines.

2. Consider conducting ***comprehensive follow-up surveys of former recipients*** such as **South Carolina's** regular quarterly surveys. These surveys allow states to identify both successes and weaknesses of state welfare-to-work efforts by asking former recipients a range of questions about their circumstances before and after leaving welfare. In South Carolina, for example, the results enabled state officials to quickly identify a problem with lost medical coverage for children and to confidently document their success in fixing the problem.

3. ***Encourage every homeless shelter, food pantry, and other emergency provider to track how many former recipients they serve***. Knowing how many former recipients in each state or community are turning to emergency services after leaving welfare is an important piece of the picture of family well-being. Tracking this population can help show what's happening to the hardest-hit families that are missed by other surveys. During the regular intake process, emergency service providers should ask every client a series of questions about whether they have received welfare payments, food stamps, and SSI in the past year; whether they get each benefit now; and their present work and parenting status.

Further details on these recommendations are available on the internet at http://www.nwmap.org or by calling Arloc Sherman at the Children's Defense Fund (202-662-3537).

Appendix B
Weekly Earnings of Recent Welfare Recipients

Persons Reporting AFDC (or TANF) Income in the Calendar Year Before the Survey: Percent Distribution by Employment Status and Earnings in the Week Before the Survey, United States, March 1989 to March 1998

Children's Defense Fund tabulations from the U. S. Census Bureau's March Current Population Survey

	March 1989	March 1990	March 1991	March 1992	March 1993	March 1994	March 1995	March 1996	March 1997	March 1998
Complete Survey Sample										
Total prior-year recipients	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Had a job last week	18.9	20.7	20.8	18.8	21.0	n/a	22.6	24.6	31.5	32.4
Worked any hours last week	17.8	19.9	19.5	18.3	20.0	20.9	21.4	23.3	30.4	30.5
Worked 30+ hours	11.2	12.8	11.9	10.6	12.5	12.3	12.8	13.7	17.8	18.0
Anyone in household worked	36.9	37.1	37.5	37.6	39.9	39.3	41.8	46.1	49.5	48.0
Sample size	*2,016*	*2,222*	*2,472*	*2,666*	*2,636*	*2,641*	*2,357*	*1,924*	*1,807*	*1,376*
Subsample Who Received Earnings Questions										
Total prior-year recipients	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Had a job last week	19.7	18.7	20.5	16.9	17.5	-	20.9	26.3	30.9	31.0
Worked any hours last week	18.4	17.8	19.8	17.1	16.1	24.9	19.3	25.0	30.5	29.6
Had weekly earnings	18.2	16.4	17.6	15.6	16.7	23.8	19.7	25.1	29.9	28.6
Earnings above poverty	5.7	6.1	6.5	6.1	5.4	8.9	4.9	7.2	7.1	8.2
Below poverty	12.5	10.3	11.2	9.5	11.3	15.0	14.8	17.8	22.8	20.4
75-99% of poverty	2.4	3.9	3.8	3.5	4.3	3.9	3.8	6.1	6.0	5.9
Below 75% of poverty	10.1	6.4	7.3	6.0	7.0	11.1	11.0	11.8	16.8	14.5
Below 50% of poverty	5.3	3.4	4.7	3.8	3.9	6.5	5.2	7.3	9.0	7.9
Anyone in household worked	38.4	32.7	35.8	33.4	33.7	40.2	42.2	48.6	48.2	45.1
Household has earnings	37.5	31.5	32.6	30.4	33.2	39.9	41.0	47.3	46.8	43.8
Earnings above poverty	19.1	19.6	18.8	17.5	18.6	24.2	22.8	25.7	25.7	21.7
Below poverty	18.4	11.9	13.7	12.8	14.6	15.6	18.2	21.5	21.0	22.0
75-99% of poverty	4.9	5.0	4.4	4.9	5.1	4.8	6.8	8.5	6.3	6.9
Below 75% of poverty	13.6	6.9	9.3	8.0	9.5	10.8	11.4	13.1	14.7	15.1
Below 50% of poverty	8.7	3.4	5.1	5.6	4.4	6.8	6.3	7.5	7.5	8.4
Sample Size	*496*	*492*	*529*	*560*	*568*	*502*	*471*	*404*	*418*	*305*
Of those with their own earnings, percent earning:										
Above poverty	31.5	37.4	36.7	39.4	32.4	37.1	24.9	28.9	23.9	28.8
Below 75% of poverty	55.2	38.8	41.6	38.4	41.9	46.7	55.6	46.9	56.1	50.7
Sample Size	*97*	*84*	*98*	*88*	*102*	*120*	*94*	*102*	*119*	*93*
Of those with household earnings, percent earning:										
Above poverty	50.8	62.1	57.9	57.7	56.0	60.7	55.6	54.5	55.0	49.7
Below 75% of poverty	36.2	21.9	28.5	26.3	28.5	27.2	27.8	27.6	31.4	34.5
Sample Size	*193*	*165*	*179*	*179*	*198*	*206*	*192*	*191*	*197*	*137*

Appendix B, Notes and Definitions:

"Earnings" are the usual weekly earnings of persons with a job in the week preceding the survey.

"Household earnings" are the sum of usual weekly earnings for all persons in the household.

"Poverty" in this table refers to the weighted average annual federal poverty threshold for a three person family, divided by 52 weeks. For 1998, the table uses a projected weekly poverty threshold of $250 (based on the 1997 threshold of $12,802 plus 1.7 percent annual inflation as projected by the Congressional Budget Office).

Persons with a job in the week preceding the survey may differ from persons who worked and persons with earnings, because someone with a job may not have taken or been assigned work hours in the survey week and because some jobs may not yield earnings. Persons describing themselves as having a job but not earnings might include, for example, persons working in a family business, or, potentially, welfare recipients in an unpaid workfare job or community service activity required by their welfare office.

The subsample who received earnings questions is known among researchers as the "outgoing rotation group" of the Current Population Survey.

Appendix C
Children in Extreme Poverty

Persons Younger Than 18 with Family Income Below the Poverty Line and Below 50 Percent of the Poverty Line — by Family Structure, Family Work Status, and Household Receipt of Food Stamps, 1995 to 1997.

Source: U.S. Census Bureau and tabulations from March Current Population Survey data by the Children’s Defense Fund.

	Below Official Poverty Line				Below **One-Half** of Poverty Line			
	1995	1996	1997	Change '95 to ‘97	1995	1996	1997	Change '95 to ‘97
Number of Children (in thousands)								
Total	14,665	14,463	14,113	-552	5,970	6,330	6,364	+394
In Female-Headed Families	8,364	7,990	7,928	-436	3,952	4,177	4,179	+227
Any Work	4,544	4,579	4,936	+392	1,552	1,809	1,954	+402
Received Food Stamps	6,359	5,780	5,407	-952	3,156	3,224	3,131	-25
Percentage of Children								
Total	20.8%	20.5%	19.9%	-0.9%	8.5%	9.0%	9.0%	+0.5%
In Female-Headed Families	50.3%	49.3%	49.0%	-1.3%	23.8%	25.8%	25.8%	+2.1%
Any Work	36.4%	36.6%	38.4%	+2.0%	12.4%	14.4%	15.2%	+2.8%
Received Food Stamps	81.1%	80.2%	81.6%	+0.5%	40.2%	44.7%	47.3%	+7.0%

Appendix D

Fewer and Fewer Children are Lifted Above One-Half of The Poverty Line by Means-Tested Cash Benefits

Persons Younger Than 18 Below 100% and 50% of Poverty Level, Based on Official Income Definition and Income Defined to Exclude Means-Tested Cash Assistance.

Source: U.S. Census Bureau tables and Children's Defense Fund calculations.
(Data available at http://www.census.gov/hhes/www/poverty.htm: "ferret" poverty tables 2, 2a.)

Number of children in thousands	1995	1996	1997	Change '95 to' 97
Total Children in United States	70,556	70,650	71,069	+419
By relationship of family's income to poverty line				
1. Total family income is less (= poor children)	14,665	14,463	14,113	-552
2. Income excluding benefits is less	15,717	15,426	14,890	-827
3. Lifted above by benefits (= line 2 minus line 1)	1,052	963	777	-275
4. Antipoverty effect of benefits (= line 3 divided by line 2)	7%	6%	5%	
By relationship of family's income to ONE-HALF of poverty line				
1. Total family income is less (= extremely poor children)	5,970	6,330	6,364	+394
2. Income excluding benefits is less	8,996	8,845	8,319	-677
3. Lifted above by benefits (= line 2 minus line 1)	3,026	2,515	1,955	-1,071
4. Antipoverty effect of benefits (= line 3 divided by line 2)	34%	28%	24%	

Bottom panel shows:

- In 1997, 6.364,000 children lived in extreme poverty (below one-half of the federal poverty line).
- In 1997, 8,319,000 children *would have* lived in extreme poverty based only on the family's non-benefit income (wages, salaries, child support, etc.).
- Thus, benefits lifted fewer than 2 million children out of extreme poverty in 1997.
- Benefits lifted more than 3 million children out of extreme poverty in 1995.
- Benefits lifted 1.1 million fewer children out of extreme poverty in 1997 than in 1995.
- Among children who would have been extremely poor in 1995, benefits lifted more than one in three (34 percent) above half the poverty line. By 1997, they lifted fewer than one in four (24 percent).

Notes: Income is total cash money income, including benefits. "Benefits" in this table are means-tested cash assistance: public assistance, SSI, and a small amount of veterans' payments.

Appendix E
Preliminary Analysis of an Informal Client Survey in Seven Sites

Between February 1997 and March 1998, local not-for-profit organizations around the country collected more than 1,500 surveys from clients and sent them to the Children's Defense Fund. The following analysis describes results from those surveys for single parents.

The analysis covers all 674 single parents surveyed by seven local agencies and community welfare monitoring coalitions in six states. (See table E-2.) Agencies were included in the analysis if they submitted surveys from at least 5 single parents who were current welfare recipients and 5 whose welfare payments stopped during the last six months. Clients of these agencies were generally seeking food, clothing, or other emergency services. In one smaller agency, participants were low-income Head Start parents. Most of the single parents (95 percent) were surveyed after the new TANF program became effective in their state, replacing the earlier AFDC program.

Surveys were generally completed during intake or while clients were waiting to be seen. Staff administered the survey differently in different agencies. Some read the survey questions aloud and wrote the clients' answers down; more often the survey was at least partly self-administered, although in general it appears that at least some staff help was available for clients who had difficulty reading or completing the survey. (In the Head Start agency, a number of parents received their surveys by mail.) Sample selection procedures also varied. Most often, agency staff report that forms were given to all clients appearing during a particular day or week, regardless of the number who appeared. In other agencies, clients were given forms until a set number of interviews were completed, while in one smaller agency, surveys were filled out at the convenience of the staff and client. The only local monitoring project to report a response rate (in Akron, Ohio) noted that 69 percent of the 170 surveys it distributed were returned complete.

All agencies used versions of the Coalition on Human Needs Client Survey. This short survey covers basic demographics; which benefits (from a list of benefits) a client receives now, has stopped receiving, or has been turned down for; and measures of hardship and recent changes in material well-being and overall quality of life. The time frame is the last six months and the unit of analysis includes not only the respondent but her or his spouse or partner and child in the home, if any. The survey does not ask about AFDC or TANF by name but refers generally to "welfare payments."

Two separate sections of the survey ask whether certain benefits have stopped in the last six months. Early analyses indicated that a sizable fraction of respondents did not answer the two sections consistently, suggesting that many clients were skipping over one set of questions or the other. A change in the layout of the survey appears to have reduced this problem.

In brief, the findings indicate that respondents whose welfare payments stopped during the last six months (either temporarily or permanently) appear to be faring worse than those who still receive welfare. They are more likely to report having suffered recent serious hardships such as going without food, or having to move because they could not pay rent, and, compared with six months before, were more likely to report growing difficulty meeting basic needs and an overall deterioration in quality of life. (See pages 13, 15 and 19 of the text for additional discussion of the findings.)

Table E-1.
Single parents served by seven not-for-profit agencies, 1997 and 1998

	Total	Get welfare now	Stopped getting welfare in last 6 months	Stopped getting welfare, SSI or food stamps in last 6 months
Number	674	249	65	142
Total	100%	100%	100%	100%
White	36%	35%	34%	35%
Not a high school graduate	30%	34%	29%	31%
Have earnings from a job	29%	16%	40%	46%
Get welfare now	37%	100%	11%	22%
Get food stamps	61%	93%	62%	55%
Get Medicaid	51%	82%	54%	49%
Get gov't. child care help	8%	9%	17%	15%
In last 30 days				
Went without food for a day or more for lack of money	34%	27%	38%	42%
In last 6 months				
Heat was cut off	19%	17%	25%	23%
Phone service was cut off	26%	25%	31%	35%
Moved because could not pay rent	12%	11%	23%	18%
Doubled up to save money	15%	15%	25%	22%
Went to a shelter	10%	7%	8%	13%
Child changed school because we moved	11%	13%	22%	15%
Child lived away or foster care	9%	8%	18%	13%
In last six months, it is harder to ...				
Pay rent	41%	33%	48%	47%
Pay bills	53%	51%	65%	63%
Buy food	45%	35%	55%	65%
Pay for child care	23%	23%	34%	35%
Pay for car, bus, train or taxi	37%	37%	42%	46%
Get child support payments	21%	23%	25%	21%
Get health care for child	16%	10%	26%	25%
Get health care for adult	20%	8%	34%	32%
Get substance abuse treatment	3%	1%	2%	4%
Compared with six months ago, my life is generally...				
Better	15%	15%	12%	15%
About the same	47%	49%	40%	37%
Worse	35%	33%	48%	45%

Table E-2:
Participating Agencies

Name of Agency or Community Monitoring Coalition	Location	Examples of Services or Clients	Survey Dates	Number of Single Mothers Respon-ding
Evangelical Lutheran Church in America, Southwest Pennsylvania Synod	Pittsburgh area, PA	Food, shelter	Feb-Nov 1997	33
Wayne-Metropolitan Community Services Agency	Suburban Wayne County, MI	Employability, youth training, homelessness prevention, food, weatherization	May, Aug 1997	64
Mahube Community Council	Detroit Lakes, MN	Head Start	Feb-Mar 1997	25
Citizens Advice Bureau	New York City	Referrals for food, shelter, other crises	Jun 9-13 1997	43
Episcopal Community Services	Philadelphia, PA	Medically needy children	Oct-Nov 1997	29
Community Action Agency and Metro Human Needs Alliance	Louisville area, KY	Food, shelter	Aug, Nov 1997	398
Summit County Council for Welfare Policy and Akron Catholic Commission	Akron, OH	Emergency assistance, housing, family services, probation, legal services	Mar 1998	82

In other analyses (results not shown), CDF found the conclusions were consistent across sites and were not driven by any one particular site.

Appendix F
State Work Incentives

Using the example of half-time employment at the minimum wage, a family of a mother and two children in a typical state would see a gain of $340 a month compared to receiving welfare benefits plus food stamps (but with no earnings). Specific examples follow, factoring in changes that occur in cash benefits, food stamps, and the Earned Income Tax Credit when the parent works half-time at the minimum wage.

Work Incentives in Sample States Using Different Earned Income Disregards[128]

State	TANF + Food Stamps; No Earnings	Half-time at Minimum Wage	Difference	% of Poverty with Earnings
California	$825	$1,226	+ $401	114%
Florida	$618	$1,036	+ $418	96%
Michigan	$743	$1,082	+ $339	100%
Texas	$503	$ 901	+ $398	84%

California disregards $225 in monthly earnings plus half of the remainder; Florida disregards $200 plus half the remainder of earnings; Michigan disregards $200 plus 20 percent of the remainder; Texas retains the old policy of $120 disregarded plus one-third of the remainder for the first four months, with the disregard reduced in two subsequent stages. The chart shows Texas with its initial disregard, before the reductions take place. Under current law, the partial TANF assistance available due to these disregards ends when the state's time limit is reached. Since the evidence indicates that families will continue to need some level of reduced aid beyond the arbitrary time limit, a good policy would continue partial TANF benefits for families working at low wages (in effect stopping the time limit clock for months with earnings).

Appendix G: Change in Welfare Caseloads Since Enactment of the 1996 Welfare Law

Total Temporary Assistance for Needy Families (TANF) Recipients (individuals, not families)

State	August 1996	June 1998	Percent Change
Alabama	100,662	54,751	-46%
Alaska	35,544	30,660	-14%
Arizona	169,442	100,425	-41%
Arkansas	56,343	32,073	-43%
California	2,581,948	2,019,702	-22%
Colorado	95,788	54,605	-43%
Connecticut	159,246	108,377	-32%
Delaware	23,654	17,191	-27%
District of Columbia	69,292	55,722	-20%
Florida	533,801	254,042	-52%
Georgia	330,302	180,195	-45%
Hawaii	66,482	75,889	+14%
Idaho	21,780	4,101	-81%
Illinois	642,644	482,650	-25%
Indiana	142,604	117,237	-18%
Iowa	86,146	65,809	-24%
Kansas	63,783	33,321	-48%
Kentucky	172,193	119,199	-31%
Louisiana	228,115	125,805	-45%
Maine	53,873	40,055	-26%
Maryland	194,127	120,806	-38%
Massachusetts	226,030	165,062	-27%
Michigan	502,354	334,844	-33%
Minnesota	169,744	146,529	-14%
Mississippi	123,828	51,261	-59%
Missouri	222,820	144,675	-35%
Montana	29,130	21,550	-26%
Nebraska	38,592	36,645	-5%
Nevada	34,261	25,515	-26%
New Hampshire	22,937	14,880	-35%
New Jersey	275,637	202,691	-26%
New Mexico	99,661	72,695	-27%
New York	1,143,962	888,725	-22%
North Carolina	267,326	162,149	-39%
North Dakota	13,146	8,486	-35%
Ohio	549,312	341,839	-38%
Oklahoma	96,201	59,744	-38%
Oregon	78,419	45,898	-41%
Pennsylvania	531,059	360,667	-32%
Rhode Island	56,560	53,712	-5%
South Carolina	114,273	59,955	-48%
South Dakota	15,896	9,791	-38%
Tennessee	254,818	147,171	-42%
Texas	649,018	363,809	-44%
Utah	39,073	28,320	-28%
Vermont	24,331	19,620	-19%
Virginia	152,845	98,409	-36%
Washington	268,927	207,647	-23%
West Virginia	89,039	36,958	-58%
Wisconsin	148,888	42,671	-71%
Wyoming	11,398	2,946	-74%
United States	12,241,489	8,380,449	-32%

Source: **U.S. Department of Health and Human Services, Administration for Children and Families**

Endnotes

[1] Huffman Bedford Consulting Group Inc., *About the Children: A Study of Families First,* prepared for the Tennessee Department of Human Services (Nashville, TN: 1997), pages 17 and 18.

[2] Data on AFDC/TANF families through June 1998, from US. Department of Health and Human Services, Administration for Children and Families. Data are available on the internet at http://www.acf.dhhs.gov/news/tables.htm.

[3] As much as 57 percent of the increase in single mothers' annual employment from 1992 to 1996 can be attributed to expansions in the Earned Income Tax Credit, researchers note, with smaller portions attributable to policy changes in the welfare system. Bruce D. Meyer and Dan T. Rosenbaum, "Welfare the Earned Income Tax Credit, and the Employment of Single Mothers," manuscript (Evanston, IL, Northwestern University Department of Economics, and Greensboro, NC, University of North Carolina Department of Economics, revised October 26, 1998).

[4] It is difficult to tell from the Census data how much of the increase in employment is due to more *current* welfare recipients finding work, and how much is due to *former* recipients finding work. Washington State found no change in its post-welfare reform employment rate for former recipients (which stood at 68 percent of single parents who left welfare, both before and after TANF was enacted). DSHS Economic Services Administration, *Washington's TANF Single Parent Families Shortly After Welfare* (Olympia, WA: July 1998), page 19.

[5] LaDonna Pavetti, *Time on Welfare and Welfare Dependency,* Testimony before House of Representatives Committee on Ways and Means Subcommittee on Human Resources (Washington, DC: May 23, 1996), page 2.

[6] National Governors' Association, National Council of State Legislatures, and American Public Welfare Association, *Tracking Recipients After They Leave Welfare* (Washington, DC: April 1998), available on the internet at www.nga.org. Hereafter cited as NGA, *Tracking Recipients....*

[7] DSHS Economic Service Administration, Division of Program Research and Evaluation, "Washington's TANF Single Parent Families Shortly After Welfare" (Olympia, WA: July 1998).

[8] New York State Office of Temporary and Disability Assistance, "Local District and State Performance Measures -- Quarterly Report, Volume 6" (January 1998), page 11.

[9] The New York State study included local findings showing that 78 percent of former recipients in New York City had no employer-reported earnings; 22 percent had employment during the quarter. A subsequent, much smaller telephone survey by the New York City Human Resources Administration of 126 families whose cases had closed in New York City found a higher rate of employment at the time of the survey (58 percent). Andrew Bush, Swati Desai and Lawrence Mead, "Leaving Welfare: Findings from a Survey of Former New York City Welfare Recipients," HRA Working Paper 98-01 (New York: Human Resources Administration, City of New York, September 1998).

The differences between the two New York City findings appear to be explained chiefly by a major weakness in the City's telephone survey. Because this survey only included former recipients who had telephones and could be located easily, the sample of respondents appears to have been far more likely to be working than the average family leaving the city's TANF rolls (for example, they were more than twice as likely to have had their case closed due to employment or increased earnings, according to data in the report). Thus, the telephone survey appears to greatly overstate former recipients' work rate.

In addition to flaws, the telephone survey methodology can sometimes have advantages: survey respondents report some types of work (such as self-employment, out-of-state jobs, and small odd jobs) that are missed in employer-reported earnings data. Researchers agree that employer-reported earnings data do understate former recipients' employment. However, research on employer-reported earnings data in other states has found that this problem -- the tendency to understate employment -- is generally insignificant or modest in size. (One recent study compared employment rates from a careful survey with employer-reported data on the survey respondents' earnings. Researchers concluded "there was little difference between quarterly employment rates" computed from the two sources. Robert Kornfeld and Howard S. Bloom, "Measuring Program Impacts on Earnings and Employment: Do UI Wage Reports from Employers Agree with Surveys of Individuals?" *Journal of Labor Economics* (January 1999, forthcoming).) While New York's employer records differ somewhat from those in other states, it appears likely that problems with New York City's telephone survey exceeded the problems with the employer reports.

Technical issues aside, however, both studies underscore findings from other states: at any given time, a very large proportion of families who have left welfare do not have employment.

10 University of Maryland School of Social Work, *Life After Welfare: Second Interim Report* (Baltimore, Maryland: March 1998).

11 Maria Cancian, *et al.*, "Post-Exit Earnings and Benefit Receipt Among Those Who Left AFDC in Wisconsin" (Madison, WI: Institute for Research on Poverty, October 1998), and personal communication with Sandra Barone, Institute for Research on Poverty, November 1998. The study examined the status (through December 1997) of women who left AFDC between August 1995 and July 1996. It is available on the internet at http://www.ssc.wisc.edu/irp/whatsnew.htm.

12 John Pawasarat, "Employment and Earnings of Milwaukee County Single Parent AFDC Families," Employment and Training Institute, University of Wisconsin, Milwaukee, available on the internet at www.uwm.edu/Dept/ETI/afdcearn.htm. Like many other state and county studies, this study used quarterly earnings data reported by employers to the state's unemployment insurance system. But whereas most such studies in the past have looked at average earnings, this study examined what proportion of former recipients had earnings above specified levels such as the four-person poverty line. This approach is better suited to show whether more families are achieving adequate earnings. While the period covered by the Milwaukee study is generally too early to show the effects of Wisconsin's major welfare changes under the new federal welfare law, the findings do reflect earlier work requirements that had been operating under Wisconsin's precursor Pay for Performance program. Ongoing studies will continue to provide up-to-date information about earnings levels for families in Wisconsin.

13 John Pawasarat, "The Employer Perspective," available at www.uwm.edu/Dept/ETI/employer.htm.

14 Claudia Coulton et al., "Work After Welfare: Employment in the 1996 Exit Cohort, Cuyahoga County," Briefing Report No. 9803 (Cleveland, OH: Center on Urban Poverty and Social Change: 1998).

15 Maria Cancian, *et al.*, "Post-Exit Earnings and Benefit Receipt of Among Those Who Left AFDC in Wisconsin" (Madison, WI: Institute for Research on Poverty, October 1998).

16 Thomas M. Fraker et al., *Iowa's Limited Benefit Plan* (Washington, DC: Mathematica Policy Research, May 1997); HHS, *TANF: First Annual Report to Congress*, (Washington, DC.: August 1998), Attachment 3.4. For full text of Annual Report, see www.acf.dhhs.gov/news/welfare/congress/index.htm.

17 More recently, below-poverty jobs have also appeared to dominate the growth in wage earners since March 1996, according to the Census figures. We have used the longer time period, rather than the 1996 base year, because it seemed more reliable due to the small sample size used for this particular Census Bureau survey. See Appendix B for complete details.

18 The chances that previous-year recipients had earnings above the three-person poverty line rose by just 2.1 percentage points during this period (from 4.7 percent to 6.8 percent). Thus, above-poverty earners accounted for less than one-sixth of the 12.2 percentage point rise in earners.

19 National Priorities Project and Jobs with Justice, economic analysis forthcoming December 8, 1998. Contact Pamela Schwartz at (413) 584-9556 or Simon Greer at (202) 434-1106.

20 Children's Defense Fund, *Poverty Matters: The Costs of Child Poverty in America* (Washington, DC: 1997).

21 Greg J. Duncan and Jeanne Brooks-Gunn, eds., *Consequences of Growing Up Poor* (New York: Russell Sage, 1997).

22 Forthcoming analysis from Children's Defense Fund based on surveys from clients in seven communities. These surveys used a form developed by the Coalition on Human Needs in Washington, DC. See Appendix E of this report for additional data and information about the survey.

23 Children's Defense Fund, *Poverty Matters* (Washington, DC: 1997), pages 22-23.

24 South Carolina Department of Social Services, *Survey of Former Family Independence Program Clients: Cases Closed During April Through June 1997* (June 1998). The state issued similar findings in earlier reports on cases closed during the two previous quarters. Contact Ann Wages at (803) 737-9020.

25 South Carolina Department of Social Services, *Comparison Between Working and Non-Working Clients Whose Cases Were Closed Between January and March, 1997* (March 1998).

26 Second Harvest, *Hunger 1997: The Faces and Facts* (Chicago: Second Harvest, 1997), page 172. It is not clear precisely which programs were included under "Public and General Assistance." Government surveys generally define "Public Assistance" to include two components: Aid to Families with Dependent Children (AFDC, now called TANF) and General Assistance (a state program typically for childless adults). The Second Harvest report (page 168) shows how many respondents receive Public or General Assistance (3,967) and, separately, how many receive AFDC or TANF (3,232), but does not say whether or not respondents were instructed to regard AFDC as a form of public assistance. Nor does the report show how many respondents lost AFDC specifically.

27 The effect of losing assistance was significant and independent of other observable differences among families, according to Dr. Douglas Porpora of Drexel University who oversaw the research. The study was conducted by NETWORK, a coalition of Catholic organizations, and included 455 children of respondents. Contact Sister Mary Elizabeth Clark, NETWORK, (202) 547-5556.

28 Data cited in U.S. General Accounting Office, *Welfare Reform, States' Early Experiences With Benefit Termination* GAO/HEHS-97-74 (Washington, DC: May 1997), page 47.

29 United States Conference of Mayors, *Implementing Welfare Reform in America's Cities: A 34-City Survey* (Washington, DC: November 1997), page 47. The cities attributing the increase in emergency food requests "mostly" to welfare reform were Detroit, Fort Wayne, Kansas City, Los Angeles, North Little Rock, Philadelphia, Rockford, Santa Monica, and Saint Louis. The cities attributing an equal share of the increase to welfare reform were Boston, Charleston, East Orange, Louisville, Nashville, New Orleans, Norfolk, and Portland. The cities attributing less of the increase to welfare reform were Abilene, Knoxville, and Saint Paul.

30 See Appendix E.

31 South Carolina Department of Social Services, *Survey of Former FIP Clients.*

[32] Data cited in U.S. General Accounting Office, *Welfare Reform, States' Early Experiences With Benefit Termination* GAO/HEHS-97-74 (Washington, DC: May 1997), page 47.

[33] Robert Haveman and Barbara Wolfe, *Succeeding Generations* (New York, NY: Russell Sage, 1994), pages 250-251.

[34] U.S. General Accounting Office, *Elementary School Children: Many Change Schools Frequently, Harming Their Education* (Washington, DC: 1994).

[35] Cited in Laura Wittmann, *In Our Own Words: Mothers' Needs for Successful Welfare Reform* (Parkside, WI: Women and Poverty Public Education Initiative, March 1998), page 38.

[36] Task Force for the Homeless, "The Impact of Welfare Reform on Homelessness in Metropolitan Atlanta"; and Task Force for the Homeless, "The Impact of Welfare Reform on Homelessness." Contact (404) 230-5000.

[37] Linda Anooshian and others, "Early Warnings II" (Boise, ID: United Vision for Idaho, July 1998). Contact United Vision for Idaho, (208) 331-7028, or Prof. Linda Anooshian, (208) 385-1960. Because this study was limited to the worst-off segment of Idaho's population -- people who were seeking services for the homeless or near-homeless -- the study cannot address whether former recipients as a whole were better off or worse off, compared with all current recipients. The findings do suggest, however, that those former recipients who reach the stage of homelessness or near-homelessness disproportionately tend to have suffered a recent deterioration in financial circumstances, a deterioration that appears to roughly coincide with their loss of TANF. This pattern of timing is consistent with the notion that TANF changes contributed to severe housing difficulties and homelessness for some of these TANF families. (For results from a similar client survey in seven sites, see Appendix E.)

[38] Issues particular to this survey may contribute to this being an underestimate. Not only did the survey leave out all presently-homeless families, but it covered only those families who had left the welfare rolls without returning. It thus ignored families who were forced back to welfare due to lack of job prospects or other resources -- families who presumably are among the most likely to experience homelessness.

[39] Idaho Division of Welfare, "Temporary Assistance for Needy Families in Idaho (TAFI) Closure Study" (Boise, Idaho: 1998). This study, too, contains a major methodological flaw in that families were only contacted by mail, generally the least effective way of reaching people for a survey. As a result, only 447 of 2,700 former recipients responded, suggesting that the respondents may not have been very representative of former recipients. Further, advocates note that 700 of the surveys were returned as "undeliverable" by the Postal Service, meaning that the survey ignored as many as 700 families who had left their prior address for any reason, including unaffordability, eviction, or homelessness.

[40] Unfortunately, so far no city or state has directly measured the total proportion of former recipients who become homeless or enter publicly-funded shelters. A few states have used phone and mail surveys to document completed spells of homelessness among former recipients. However, such surveys are generally seriously flawed as methods of measuring homelessness. They are limited to families who have moved back to their old address or can be tracked down and contacted based on agency records. Thus they greatly understate the problem by leaving out presently-homeless families, as well as families whose sporadic housing history makes them too hard to find. Still, while household surveys are not suitable for estimating the true incidence of homelessness, they do demonstrate that homelessness is occurring.

[41] Cited in Laura Wittmann, *In Our Own Words: Mothers' Needs for Successful Welfare Reform* (Parkside, WI: Women and Poverty Public Education Initiative, March 1998), page 38.

[42] Homes for the Homeless and the Institute for Children and Poverty, *Ten Cities: A Snapshot of Family Homelessness Across America, 1997-1998* (New York: 1998), page 29. The cities were Atlanta (Ga.),

Salem/Eugene (Or.), San Francisco (Ca.), Dallas/Fort Worth and San Antonio (Tx.), Norman (Ok.), Milwaukee (Wi.), Chicago (Il.), South Bend (In.), and New York City. Sixty-seven percent of the homeless families surveyed had received some TANF benefits in the last six months and nearly one-fifth (19 percent) had had their benefits reduced or suspended. About one out in ten of all homeless families surveyed -- or 49 percent of families whose benefits were stopped or reduced -- felt their homelessness was a result of these cuts.

43 Unpublished tabulations by the Community Welfare Monitoring Project of the Los Angeles Coalition to End Hunger and Homelessness, August 13, 1998. Contact (213) 746-6511. Of 308 families surveyed, the study found 110 families had had benefits stopped or reduced. Of those, 36 families said directly that these benefit cuts had led them to become homeless. Additional families said the cuts had made them unable to pay rent (53 families), unable to pay bills (58 families), unable to pay for child care (29 families), had led to eviction (19 families), or had other bad impacts. In total, 85 families -- more than one-fourth of all homeless families surveyed -- said they had experienced at least one bad impact as a result of benefit cuts.

44 Lisa Klee Mihaly, *Homeless Families: Failed Policies and Young Victims* (Washington, DC: Children's Defense Fund, 1991); David L. Wood et al., "Health of Homeless Children and Housed Poor Children," *Pediatrics* Vol. 86, no. 6 (1990), pages 858-866.

45 The White House, "Remarks by the President on Welfare Reform," August 4, 1998.

46 Thomas Fraker et al., *Iowa's Limited Benefit Plan* (Washington, DC: Mathematica Policy Research, May 1997), page 74.

47 David J. Fein, "The Indiana Welfare Reform Evaluation: Who Is On and Who Is Off?" (Cambridge, MA: Abt Associates, September 1997), page 9.

48 Andrew Bush, Swati Desai, and Lawrence Mead, "Leaving Welfare: Findings from a Survey of Former New York City Welfare Recipients."

49 South Carolina Department of Social Services, *Survey of Former Family Independence Program Clients: Cases Closed During April Through June 1997* (June 1998). The state issued similar findings in earlier reports on cases closed during the two previous quarters. Contact Ann Wages at (803) 737-9020. Hereafter cited as South Carolina, *Survey of Former FIP Clients.*

50 Carol Smith, "Monitoring Welfare Reform: A report to the community on the impact of welfare reform in Johnson County" (Overland Park, KS: United Community Services of Johnson County, December, 1997).

51 Children's Defense Fund, *Poverty Matters* (Washington, DC, 1997), pages 4-5.

52 South Carolina Department of Social Services, *Survey of Former Family Independence Program Clients: Cases Closed During April Through June 1997* (June 1998). The state issued similar findings in earlier reports on cases closed during the two previous quarters. Contact Ann Wages at (803) 737-9020.

53 South Carolina Department of Social Services, *Comparison Between Working and Non-Working Clients Whose Cases Were Closed Between January and March, 1997* (March 1998).

54 Women and Poverty Public Education Initiative, *In Our Own Words: Mothers' Needs for Successful Welfare Reform* (U-Wisconsin/Parkside, March 1998). Contact Laura Wittman, (414) 376-1427.

55 CDF surveyed 65 single parents who stopped receiving welfare during the six months prior to the survey and found that 12 of them (or 18 percent) reported that their children had lived away from them during this period. In addition, CDF found that 7 of these 12 had gone without food in the last month and 8 had lived in doubled up housing to save money during the last six months.

[56] State of Washington, DSHS Economic Services Administration, *Washington's TANF Single Parent Families Shortly After Welfare:Survey of Families Which Exited TANF between December 1997 and March 1998* (Olympia, WA: July 1998).

[57] For a review of studies, see Children's Defense Fund, *Wasting America's Future: The Children's Defense Fund Report on the Costs of Child Poverty* (Boston, MA: Beacon Press, 1994), pages 29-38.

[58] Rand Conger et al., "Family Economic Hardship and Adolescent Adjustment: Mediating and Moderating Processes," in Greg J. Duncan and Jeanne Brooks-Gunn, eds., *Consequences of Growing Up Poor* (New York, NY: Russell Sage, 1997).

[59] Steven Parker et al., "Double Jeopardy: The Impact of Poverty on Early Childhood Development," *Pediatric Clinics of North America,* Vol. 35 no. 6 (December 1988): pages 1227-39.

[60] Russ Overby and Hugh Mundy, Tennessee Justice Center, "Who's Off First?" (Nashville, Tennessee: 1998), page 10.

[61] Jo M. Dohoney, "Field Research on the Welfare Application Process in Two Alabama Counties," May 1998.

[62]*The Santa Fe New Mexican*, "Johnson on the Dole for the Day," April 2, 1998, page B-6.

[63] Welfare Law Center, *Welfare News*, Vol. 3, No. 4, ISSN 1091-4064, September 18, 1998.

[64] U.S. General Accounting Office, *Welfare Reform: States' Early Experiences With Benefit Termination,* GAO/HEHS-97-74 (Washington, DC: May 1997), pages 51-52.

[65] University of Memphis, Bureau of Business and Economic Research/Center for Manpower Studies, *Summary of Surveys of Welfare Recipients Employed or Sanctioned for Non-Compliance* (Memphis, TN: March 1998), page 15.

[66] Memorandum from Russ Overby, Tennessee Justice Center, August 10, 1998. Contact (615) 255-0331; Bonna M. De La Cruz, "Welfare Reviews Earn Praise: Recipients Get Second Chance To Stay With Families First," *The Tennessean*, June 15, 1998.

[67] Personal communication from Valerie to Barbara Duffield, September 1998.

[68] Unitarian Universalist Service Committee, *Is it Reform? The 1998 Report of the Welfare and Human Rights Monitoring Project* (Cambridge, MA: May 1998).

[69] Thomas M. Fraker et al., *Iowa's Limited Benefit Plan* (Washington, DC: Mathematica Policy Research, May 1997), page 107.

[70] Michelle K. Derr, "Welfare Reform: Grant Sanctioning of Utah's Public Assistance Clients for Nonparticipation in Self-Sufficiency Activities," Dissertation (Salt Lake City, UT: University of Utah Graduate School of Social Work, August 1998).

[71] Coping with Block Grants Project, "Sanctions in Montana" (Montana: October 1998), page 2.

[72] Minnesota Family Investment Program, Minnesota Department of Human Services, "Survey of Participant Barriers to Employment," 1995.

[73] Michelle K. Derr, "The Impact of Grant Sanctioning on Utah's TANF Families," presented at APPAM Annual Research Conference, New York, October 29-31, 1998, pages 2 and 14.

[74] Thomas M. Fraker et al., *Iowa's Limited Benefit Plan* (Washington, DC: Mathematica Policy Research, May 1997); HHS, *TANF: First Annual Report to Congress*, (Washington, DC: August 1998), Attachment 3.4. For full text of Annual Report, see www.acf.dhhs.gov/news/welfare/congress/index.htm.

[75] Paul E. Barton and Lynn Jenkins, *Literacy and Dependency: the Literacy Skills of Recipients in the United States* (Princeton, NJ: Educational Testing Service, 1995).

[76] Institute for Wisconsin's Future, "Transitions to W-2: The First Six Months of Welfare Replacement." (Milwaukee, WI: June 1998), pages 6-7.

[77] US General Accounting Office, *Welfare Reform: States Are Restructuring Programs to Reduce Welfare Dependence,* GAO/HEHS-98-109 (Washington, DC: 1998), page 32.

[78] Sandra Danziger et al., *Barriers to the Employment of Welfare Recipients,* Presented at Annual Meetings of the Association for Public Policy Analysis and Management (October 1998).

[79]Smith, Carol, "Monitoring Welfare Reform: A Report to The Community on The Impact of Welfare Reform in Johnson County" (Overland Park, Kansas: United Community Services of Johnson County, December, 1997).

[80] Personal communication, Bill Biggs, retired state coordinator, Single Parent Employment Demonstration Program, August 1998.

[81] Anu Rangarajan, "Keeping Welfare Recipients Employed" (Princeton, NJ: Mathematica Policy Research, 1998) page 11.

[82] HHS, *TANF: First Annual Report to Congress*, (Washington, DC: August 1998) at Attachment 3.7.

[83] Gina Adams, Karen Schulman and Nancy Ebb, "Locked Doors: States Struggling to Meet the Child Care Needs of Low-Income Working Families" (Washington, DC: Children's Defense Fund, 1998), page 16.

[84] Mark Greenberg, *Medicaid and the Uninsured,* (Washington, DC: Kaiser Family Foundation, 1998), page 5.

[85] The one exception is that a parent may lose Medicaid if the parent is sanctioned for failure to meet a work requirement.

[86] Mark Greenberg, *Medicaid and the Uninsured,* (Washington, DC: Kaiser Family Foundation, 1998).

[87] Abt Associates, *What Makes Caseloads Grow or Shrink in the Food Stamp Program?,* Testimony before the Senate Committee on Agriculture, Nutrition, and Forestry, April 23, 1998; Congressional Budget Office, T*he Economic and Budget Outlook: Fiscal Years 1999 - 2008,* Report to Senate and House Committees on the Budget, January 1998, page 74.

[88] Rachel Swarns, "Welfare Policies of the City Face Federal Scrutiny," *New York Times*, November 8, 1998.

[89] Committee on Ways and Means, U.S. House of Representatives, *1998 Green Book*, WMCP 105-7 (Washington, DC: May 19, 1998), page 601.

[90] GAO, *Welfare Reform: Child Support an Uncertain Income Supplement for Families Leaving Welfare* (Washington, DC: August 1998), pages 2-3.

91 South Carolina Department of Social Services, *Survey of Former Family Independence Program Clients: Cases Closed During April Through June 1997* (June 1998). The state issued similar findings in earlier reports on cases closed during the two previous quarters. Contact Ann Wages at (803) 737-9020.

92 "Welfare Experiment: Easy to Say, Difficult to Do," *New York Times,* October 18, 1998, page 24.

93 Gina Adams, Karen Schulman and Nancy Ebb, "Locked Doors: States Struggling to Meet the Child Care Needs of Low-Income Working Families," (Washington, DC: Children's Defense Fund, 1998).

94 Save the Children Child Care Support Center, *Reaching Out to Help Greater Metropolitan Atlanta Families Meet Their Child Care Needs: 1996-1997 Statistics, Programs, Trends and Issues* (Atlanta, GA: Save the Children Child Care Support Center, 1997), page 12.

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97 Day Care Action Council of Illinois, "Critical Facts," *Child Care in Illinois, Unfinished Business* (Chicago, IL: Day Care Action Council of Illinois, 1997), page 3.

98 State of Washington, DSHS Economic Services Administration, *Washington's TANF Single Parent Families Shortly After Welfare: Survey of Families Which Exited TANF between December 1997 and March 1998* (Olympia, WA: July 1998).

99 Personal communication with Carol Burnett of the Moore Community House, Biloxi, Mississippi, March 1998.

100 Iris Rothman, et al., *Getting to Work: An Organizer's Guide to Transportation Equity* (Washington, DC 1998: Center for Community Change), pages 42-43.

101 U.S. Department of Housing and Urban Development, Office of Policy Development and Research. *Rental Housing Assistance — The Crisis Continues: 1998 Report to Congress on Worst Case Housing Needs*, *1998.* Available at http://www.huduser.org, or from HUDUser at P.O.Box 6091, Rockville, MD, 20850, (800) 245-2691. 40 percent of households with worst case housing needs have at least one working person. This represents a 32 percent increase in working households with worst case housing needs from 1993 to 1995.

102 "Welfare Experiment: Easy to Say, Difficult to Do," *New York Times,* October 18, 1998, page 24.

103 The evaluation covered Portland's program for 1994-1996. Susan Scrivener et al., Executive Summary, "National Evaluation of Welfare-to-Work Strategies: Implementation, Participation Patterns, Costs, and Two-Year Impacts of the Portland (Oregon) Welfare-to-Work Program," Manpower Demonstration Research Corporation with support from U.S. Health and Human Services, Office of Children and Families and U.S. Department of Education, Office of Vocational and Adult Education, May 1998. Unfortunately, Oregon has since reduced its education component from 44.4 percent of those participating in work activities to only 27.5 percent. Mark Nadel, *Welfare Reform: States are Restructuring Programs to Reduce Welfare Dependence*, U.S. General Accounting Office, GAO/HEHS-98-109, June 1998.

104 Center on Budget and Policy Priorities, *Reinvesting Welfare Savings* (Washington, DC: March 1998). Contact: (202) 408-1080; website: www.cbpp.org.

105 For more information about CET, consult their website, http://www.best.com/~cfet/main.htm.

[106] Mark Nadel, *Welfare Reform: States are Restructuring Programs to Reduce Welfare Dependence,* GAO/HEHS-98-109 (Washington, DC: U.S. General Accounting Office, June 1998).

[107] LaDonna Pavetti, "Welfare Reform Options for Families Facing Personal or Family Challenges: Questions and Answers." (Washington, DC: Urban Institute, August 1997).

[108] Brown, Ganzglass, Golonka, Hyland and Simon, *Working Out of Poverty: Employment Retention and Career Advancement for Welfare Recipients,* (Washington, DC: Center for Best Practices, National Governors' Association, July 1998).

[109] Jocelyn Guyer and Cindy Mann, *Taking the Next Step: States Can Now Expand Health Coverage to Low-Income Working Parents Through Medicaid,* (Washington, DC: Center on Budget and Policy Priorities, July 1998).

[110] Welfare Information Network, *Issue Notes*, Vol. 1, No. 10 (December 1997). Also see the National Governors' Association, http://www.nga.org/Pubs/IssueBriefs/1997/970304HealthCare.asp. For a thoughtful discussion of ways states can ensure families continue to get Medicaid, see Liz Schott and Cindy Mann, *Assuring That Eligible Families Receive Medicaid When TANF Assistance Is Denied Or Terminated* (Washington, DC: Center on Budget and Policy Priorities, 1998).

[111] Children's Defense Fund, *The State of America's Children Yearbook 1998*, (Washington, DC: 1998). While Illinois' current approach is a model, a proposal now being considered by the state would significantly undermine its effectiveness by increasing the weekly work requirement to 25 and then 30 hours. A 20-hour work requirement allows families to make the transition to work while leaving time for training or services to overcome problems that would otherwise jeopardize work stability. While required work hours are rising to 25 hours a week as of October 1, 1998 for single parents under the 1996 federal law, no more than 20 hours of work is mandated for parents with children under six--about three-quarters of all parents. Most of Illinois' working parents would still count towards federal participation requirements without changing their current positive approach.

[112] Children's Defense Fund, *The State of America's Children Yearbook 1997*. (Washington, DC: 1997).

[113] Children's Defense Fund, *The State of America's Children Yearbook 1997*. (Washington, DC: 1997).

[114] Ed Lazere, Center on Budget and Policy Priorities, "New Findings from Oregon Suggest Minimum Wage Increases Can Boost Wages for Welfare Recipients Moving to Work," (Washington, DC: May 1998).

[115] Bruce D. Meyer and Dan T. Rosenbaum, "Welfare, the Earned Income Tax Credit, and the Employment of Single Mothers," manuscript (Evanston, IL, Northwestern University Department of Economics, and Greensboro, NC, University of North Carolina Department of Economics, revised October 26, 1998).

[116] State of Washington, DSHS Economic Services Administration, *Washington's TANF Single Parent Families Shortly After Welfare: Survey of Families Which Exited TANF between December 1997 and March 1998* (Olympia, WA: July 1998).

[117] Fredrica Kramer, *Issue Notes*, Volume 2, Number 5, Welfare Information Network, March 1998. Also Brown, Ganzglass, Golonka, Hyland and Simon, *Working Out of Poverty: Employment Retention and Career Advancement for Welfare Recipients, op. cit.*

[118] GAO, *Welfare Reform: Child Support an Uncertain Income Supplement for Families Leaving Welfare* (Washington, DC: August 1998), pages 2-3.

[119] Helen Blank and Gina Adams, *State Developments in Child Care and Early Education 1997* (Washington, DC: Children's Defense Fund, 1997) pages 14-15.

[120] Dorie Seavey, Center for Community Change, *New Avenues into Jobs: Early Lessons from Nonprofit Temp Agencies and Employment Brokers*, (Washington, DC: March 1998).

[121] For more information, see the Community Transportation Association of America website: http://www.ctaa.org/welfare.

[122] Daskal, Jennifer. *In Search of Shelter: The Growing Shortage of Affordable Rental Housing.* (Washington, DC: Center on Budget and Policy Priorities, June 1998), page 43. Contact: (202) 408-1080.

[123] States with partial rather than full family sanctions are Alaska, California, District of Columbia, Hawaii, Iowa, Minnesota, Missouri, Montana, New Hampshire, New York, North Dakota, Rhode Island, Texas, and Washington, as cited in Gallagher et al, *One Year After Federal Welfare Reform: A Description of State TANF Decisions as of October 1997* (Washington, DC: Urban Institute, June 1998.

[124] The National Welfare Monitoring and Advocacy Partnership (NWMAP) encourages local participation in organizing, monitoring, and advocacy to improve the lives of low income families. For more information on NWMAP, contact Barbara Duffield at the National Coalition for the Homeless, or Cheryl Amey, Children's Defense Fund.

[125] For more information about the eleven workers' rights boards, contact Jobs with Justice at (202) 434-0672.

[126] For example, 31.0 percent of telephone survey respondents in the New York City survey had had their cases closed due to employment and earnings increases, compared with 13.3 percent of all former recipients. Andrew Bush, Swati Desai, and Lawrence Mead, "Leaving Welfare: Findings from a Survey of Former New York City Welfare Recipients" (New York: City of New York, Human Resources Administration, September 1998), Appendix B, "Comparison of Sample, Respondents, and Universe."

[127] HHS, *TANF: First Annual Report to Congress*, (Washington, DC: August 1998), note to Appendix Table 3.1.

[128] Gregory Acs et al., *Does Work Pay? An Analysis of the Work Incentives Under TANF* (Washington, DC: Urban Institute, July 1998), available on internet at http://newfederalism.urban.org/html/occa9.html.