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Remarks
American Public Human Services Association
Summer Meeting
July 21, 2003

I'm honored to join you all today. Let me start by saying that there is much for you all to be pleased about regarding what you have accomplished since implementing the 1996 TANF law, and even before that under welfare waivers in the early 1990s.

But, my assignment today is to discuss the results of our research and that of others, which suggest that the success of TANF administrators and the families you assist would be seriously undermined if Congress passes something like the administration's proposal for reauthorization, or proposals under consideration in Congress today.

In the past year and a half my work has taken me to a number of states to discuss TANF implementation and reauthorization. In addition, at the Brookings urban center, we have conducted surveys of state and local officials regarding welfare and working family issues and policy.

Most everything I learned on my trips supports the research findings.

Last year, we conducted a survey of the states where the 50 largest cities are located. We asked about cash assistance caseloads in the counties

where those cities are located, and in particular about cases facing the time limit on receipt of federally funded assistance.

We learned that while only 33 percent of state residents live in the urban counties we surveyed, those counties were home to over half of their state's welfare cases facing a federal time limit, and an astounding 71 percent of their state's long-term cases facing the time limit. Many long-term recipients face significant barriers to work and need services to overcome these barriers. Others are working, but not earning enough to leave welfare. Those families need ongoing assistance to continue working, and to move up the job ladder.

In a second survey we conducted this spring, mayors responding reported:

- Welfare rolls in almost half of the cities increased last year, and two-thirds of cities saw an increase in the proportion of welfare recipients facing substantial barriers to work.
- Frequently reported barriers include lack of skills training and health problems, although **layoffs** due to the economy rank as the top reason that welfare recipients returned to the rolls.
- Work support services like child care are very important in helping recipients find and keep jobs, but current programs are inadequate to meet the needs of either working poor families or welfare recipients.
- State eligibility and funding level changes for child care assistance last year hurt working families, and two-thirds of mayors reported that their states are considering changes in child care programs for next year that hurt both working families and those still on welfare and looking for work.

- Over 20 percent of welfare recipients face substantial barriers to employment, and in roughly one-third of the cities, more than one in five recipients could hit a time limit this year.
- In addition, the vast majority of mayors reported that the lack of affordable housing in their city makes it harder for welfare recipients and other low income families to find and keep jobs.
- They anticipate their state will reduce benefits and services to both TANF recipients and poor working families in the coming year.

Unfortunately, the loss of services is occurring just as caseload decline stops or reverses in most cities, recidivism is significant, and cases with substantial barriers to work are increasing.

- The change in eligibility for legal immigrants has had a negative impact on legal immigrant families and the community organizations that help them.
- The administration's proposed changes to work requirements would be costly; funds are not available to cover program and child care changes that would be required; and mayors have an overwhelmingly negative reaction to the proposal.
- Almost all mayors said funding is inadequate to meet the increased costs of the proposed work program, so existing supports for working poor families would have to be eliminated.

The mayors' responses are consistent with other surveys and research – particularly as to the need for more assistance with child care and transportation, as well as concerns about the administration's proposal.

Finally, while one of the arguments often advanced for the increase in work requirements a week is that it will prepare recipients for the “real world” of work and that working full time reduces poverty – mayors reported that the biggest problem with meeting an increased work requirement would be the fact that there is a lack of jobs with a full-time work week.

These two reports, and research conducted by others, support the need to protect two very important outcomes of the welfare law in reauthorization.

First, it is important to maintain the ability of states to spend the TANF block grant on work support services. In 2002, states spent two-thirds of their block grant funds on services like child care, much of it for working families not on welfare. In fact, while TANF is often referred to as the “welfare” block grant, it has become a block grant for services to both low-income working families and those still on cash assistance.

This has happened - as you know - because the 1996 TANF law guaranteed the funding level for the block grants, and caseloads have dropped by more than half. So states have been able to invest the savings from the decline in services - like child care.

Keeping the promise not to cut the grants when caseloads decline has made it possible for states to make a downpayment on the social contract that pledges working families will not live in poverty.

By the time welfare reauthorization discussions started in early 2002, there was a real sense of pride in the fact that we had turned a corner and moved -not just in the direction of valuing and even requiring work - but spending a good portion of the funding on fulfilling that social contract.

The second outcome we need to protect is the flexibility states now have to design individualized programs for parents to prepare for work. The current flexibility is also the result of caseload decline because the decline is used in the formula to determine state participation rate requirements. While most agree that it would be desirable to measure employment outcomes rather than caseload decline – any change in the formula that determines state participation rates should recognize the importance maintaining flexibility.

TANF administrators I've talked with are proud of their ability to provide child care and transportation and training; proud of the work they've done to design programs that meet the needs of families, in large cities and small towns, rural and urban areas.

That's why there was enormous surprise when the administration unveiled its proposal. And why it continues to be a surprise that some policymakers are determined to increase work requirements.

There are two things I have concluded about these proposals to increase work requirements:

First: Flexibility will disappear. The only way for states to try to meet the proposed elements of the proposed participation rates would be to create one-size-fits-all unpaid work programs.

Second: Services to poor working families would be wiped out as states spend their block grants creating and administering these work programs.

State and local decisionmakers and managers have worked hard to transform a check-writing safety-net program into a flexible job preparation- placement -retention and advancement system.

There's still much to be done – and state budget problems won't help. However, the proposals to increase work requirements make it seem like the states have done something wrong and now need more direction from the federal government.

Of course, proposing more mandates and longer work weeks might make sense if there was research evidence to support the plan.

But, there is no such evidence.

Those who review closely the Senate Republican draft or the House proposal in order to assess whether states would be able to meet the new requirements are asking the wrong question.

The real questions are these:

Why would anyone propose to increase work requirements when there is no evidence that it will improve employment or family outcomes? And in particular, why make these changes when they will also require a withdrawal of support to working poor families – support like child care and transportation assistance that is proven to improve employment and family outcomes?

It would make sense to recognize the many work and work preparation activities states have developed and in which parents are participating. This suggests increasing state work participation rates, as most stakeholders have already agreed to do. However, the current state investment and flexibility offered by the participation rate formula should be acknowledged by counting additional activities.

Dictating work programs to states is unnecessary when so many parents are already participating in work-related activities.

And these proposals for changing individual requirements would force states to be unmindful of the needs of working families.

Other issues important to address are still on the table and subject to debate:

- Providing more child care block grant money: increasing work requirements in any form calls for additional child care funding, not to mention the huge gap between need and service that already exists, and is growing as a result of state fiscal distress.
- Extending transitional Medicaid: health coverage is a proven critical service for employment success.
- Permitting states to provide federally-funded services to legal immigrants.
- Expanding the definition of countable “core” work preparation activities, including more opportunities for education or training, and barrier removal services.
- Offering new options for transportation assistance – particularly subsidized car ownership programs for places where public transit is inadequate to meet the needs of working poor families – or those parents looking for work.

Last year’s Senate Finance Committee bill included all of these components and received bipartisan support. That bill was much more responsive to state and local administrators, as well as the families they serve, than proposals circulating in the Senate today.

It’s easy to get caught up in winning the debate of the moment - like this recent focus on increasing work hours for parents of young children - and forget that whatever TANF reauthorization bill the Senate passes will still be subject to negotiations for a conference bill with the House and the administration.

Under the circumstances, it's not hard for me to say that our research suggests an extension of current law would be preferable to any change that limits state options to meet the needs of a diverse caseload or further reduce funding now available for services to working poor families.

It didn't make sense before 1996 to help only welfare recipients with child care while leaving poor working families to struggle on their own.

It doesn't make sense now either.