

# CENTER ON URBAN & METROPOLITAN POLICY

## Timing Out: Long-Term Welfare Caseloads in Large Cities and Counties

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### Findings

A survey of 26 states regarding the size, nature, and large-city location of adult-headed welfare caseloads reveals that:

■ **Adult-headed welfare cases subject to time limits are concentrated in urban counties with large cities.** In December 2001, 47 of the urban counties containing the nation's largest cities were home to 52 percent of their states' adult-headed cases, compared to just 33 percent of their states' total population.

■ **Most urban counties have a disproportionate share of their states' adult-headed welfare caseloads.** In 32 of 47 urban counties, the county's share of statewide welfare recipients exceeds its share of the state's general population.

■ **Long-term adult-headed cases are even more concentrated in urban counties with large cities than welfare caseloads generally.** In

December 2001, the 47 urban counties contained over 70 percent of their state's adult-headed cases with a long-term history of welfare receipt. Many of the nation's largest urban areas—including New York, Chicago, Philadelphia, and Baltimore—are home to the vast majority of their states' long-term cases.

■ **Over one-fourth (27.5 percent) of all adult-headed welfare cases nationwide live in just ten urban counties.** The ten counties where these welfare recipients were living in December 2001 were: Los Angeles, New York City (all five boroughs), Philadelphia, Cook (Chicago), Sacramento, Shelby (Memphis), San Diego, Fresno, Baltimore City, and the District of Columbia.

### I. Introduction

**S**ix years after the adoption of landmark welfare reform legislation in 1996, public and political attention has turned from the dramatic caseload decline of the early years to the law's impact on families and the places where they live. The expiration of the legislation in the

fall of 2002, and the obligation to reauthorize or extend the law by September 30, has inspired a deeper look at the results for people and places. Additionally, the recent economic downturn, and the corresponding slowing of national caseload decline and increases in most state caseloads, have motivated researchers, policymakers and administrators to examine anew the effects of



the law's work requirements and time limits. In particular, interest has grown in the impact of the five-year time limit on receipt of federal welfare benefits, producing a corresponding need to know more about long-term welfare cases.

For these reasons, the Brookings Institution Center on Urban and Metropolitan Policy this year surveyed states with large urban centers to explore the impact of long-term cases on cities and the states where they are located. Since passage of federal welfare reform and nationwide implementation of the new law by states and localities, the center has monitored and evaluated the particular impacts of welfare reform on the nation's cities and their residents. Previous "State of Welfare Caseloads" reports established that welfare cases were concentrated in cities and urban counties.<sup>1</sup>

This report analyzing caseload data as of the end of 2001 establishes for the first time that long-term welfare cases are located disproportionately in urban areas, in some places to a tremendous degree. 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. These findings require policy responses that address the needs of welfare recipients in the places where they live, and that promote the role of local decisionmakers in serving those families. We conclude this report with a set of national policy recommendations for welfare reauthorization.

## II. Background and Methodology

From 1998 to 2000, Brookings published reports detailing the fact that welfare caseloads were declining more slowly in

the nation's large urban counties than elsewhere. Those reports confirmed that the share of all cases located in urban areas was on the rise. With welfare decline slowing and caseloads increasing in most states in the twelve months after March 2001, and with time limits beginning to take effect in many states, this survey takes a somewhat different approach than previous analyses in assessing the state of caseloads in America's urban centers.

### The Survey

We surveyed state human services administrators in February 2002, and asked them for two basic data items: the number of adult-headed welfare cases, and the number of adult-headed cases that had accumulated at least 48 months of assistance, as of December 2001. We asked for information on adult-headed cases because child-only cases (in which the assistance unit contains only children) are exempt from time limits on receipt of federally-funded assistance. The survey asked administrators to provide these totals at the state level, and for any of the urban counties in their state that contained one of the 50 largest cities in the nation. Since states are not currently required to report information on long-term welfare cases, some provided us with the most comparable data available. Additionally, the survey asked states for some specific information about their time-limit policies regarding assistance.

We received responses from 26 of 27 states surveyed (Michigan declined to respond). Those states contain 47 urban counties, which in turn contain 48 of the nation's 50 largest cities.<sup>2</sup> Survey responses are summarized in Appendix Table A.

### Background on Time Limits

The responses we received reflect the fact that a number of states have periodic or lifetime limits on receipt of assistance of less than five years. For example, Ohio limits receipt to 36

months, followed by a 24-month period of ineligibility. Nebraska limits receipt to 24 months within a 48-month period; the clock begins to run again at the end of the 48-month period. Thus, in places with a state time limit shorter than the 60-month limit on receipt of federally funded assistance, there are no or few cases near the time limit at this time because they would hit the state limit before receiving 48 months of assistance. In the future, recipients in states with shorter periodic limits will reach the federal time limit, however.

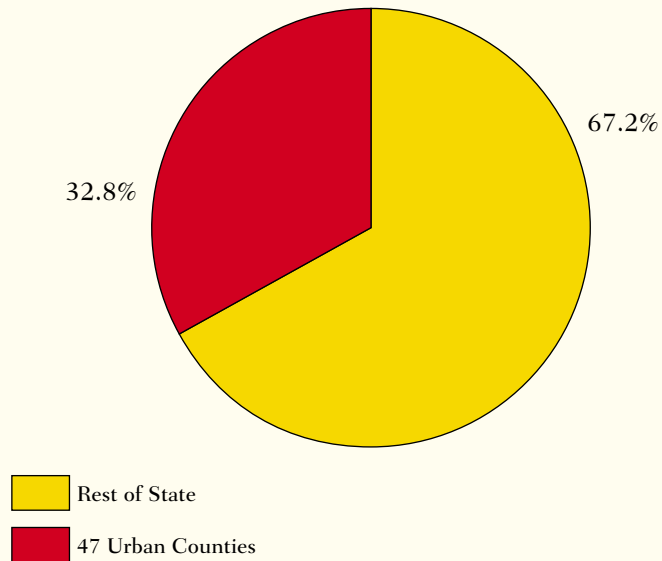
The presence of long-term cases on the rolls has very different implications in different states. Depending on state policy decisions, adults nearing their lifetime limit on federally-funded Temporary Assistance for Needy Families (TANF) assistance may need different services, and may be eligible for varying levels of assistance. In some states, a large number of cases that reach the time limit are working. In California, more than half of adults expected to reach the state time limit in January 2003 are working.<sup>3</sup> However, their earnings are low enough that, with the state's larger-than-average benefit and earnings disregard, they remain eligible for some cash assistance. In effect, the cash assistance acts as a "wage subsidy" for working welfare participants. In other places, particularly where the cash assistance grant is quite small, those nearing time limits probably have not been able to find a job. Long-term recipients who are not working are likely to face several barriers to work, such as domestic violence, mental or physical health problems, lack of transportation, illiteracy, language difficulties, or lack of job experience.<sup>4</sup>

Some states recognize the inherent tension in programs that have both a time limit and a wage subsidy that counts against months of assistance. In states like Illinois and Pennsylvania, wage subsidies for working recipients are paid with state dollars, and do not

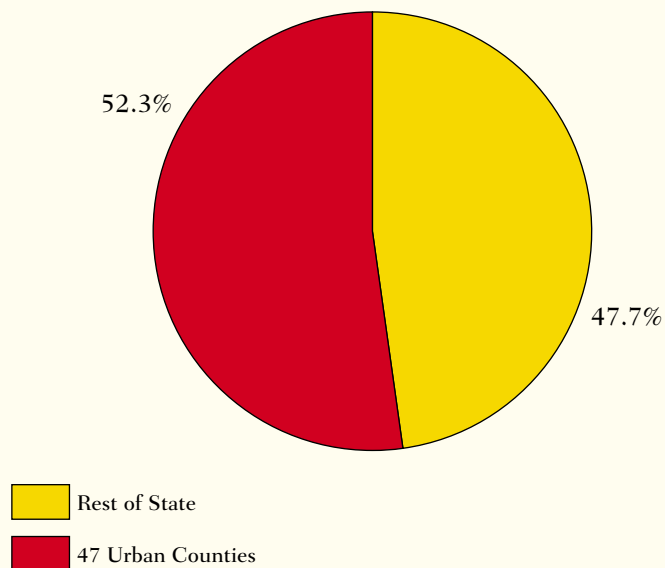
count against the time limit on receipt of benefits. This approach allows states to support low-income working families without forcing them to use up months of assistance they may want to “bank” for the possibility of later job loss. In addition, recent research finds that programs combining wage subsidies and work requirements have positive impacts on income, child well-being, and employment outcomes.<sup>5</sup> However, the many demands on state-funded programs, especially in the current fiscal climate, make it difficult for some states to commit to this approach.

States also differ greatly in their policies toward adults who reach time limits on cash assistance. In some places, states provide extensions of full or partial benefits beyond the state or federal time limit. Of the states that we surveyed, Ohio, Tennessee, and Virginia report terminating most families’ benefits without an extension. Since each of these states has a periodic state time limit of less than 60 months, it is not surprising that so few long-term welfare recipients live there. In contrast, some states provide ongoing state-funded assistance to families that reach the 60-month limit on receipt of federally funded assistance. In New York, adult-headed cases that reach the 60-month federal time limit in December 2001 or thereafter can apply for ongoing state-funded assistance; their numbers are reflected in the state-reported totals for cases with 48 or more months of assistance. California chose to provide up to 13 months of state-funded assistance to certain families reaching the federal 60-month limit, and will provide ongoing state-funded assistance to the children in eligible households.<sup>6</sup> Hawaii provides assistance in the form of cash and vouchers, and an employment subsidy to certain working families, after 60 months. Colorado and Maryland also provide some benefits to families who reach the 60-month limit, while Arizona and Texas

**Figure 1a. Urban Counties’ Share of State Population, 2001**



**Figure 1b. Urban Counties’ Share of State Adult-Headed Caseload, December 2001**



provide partial benefits to families reaching shorter state time limits.<sup>7</sup>

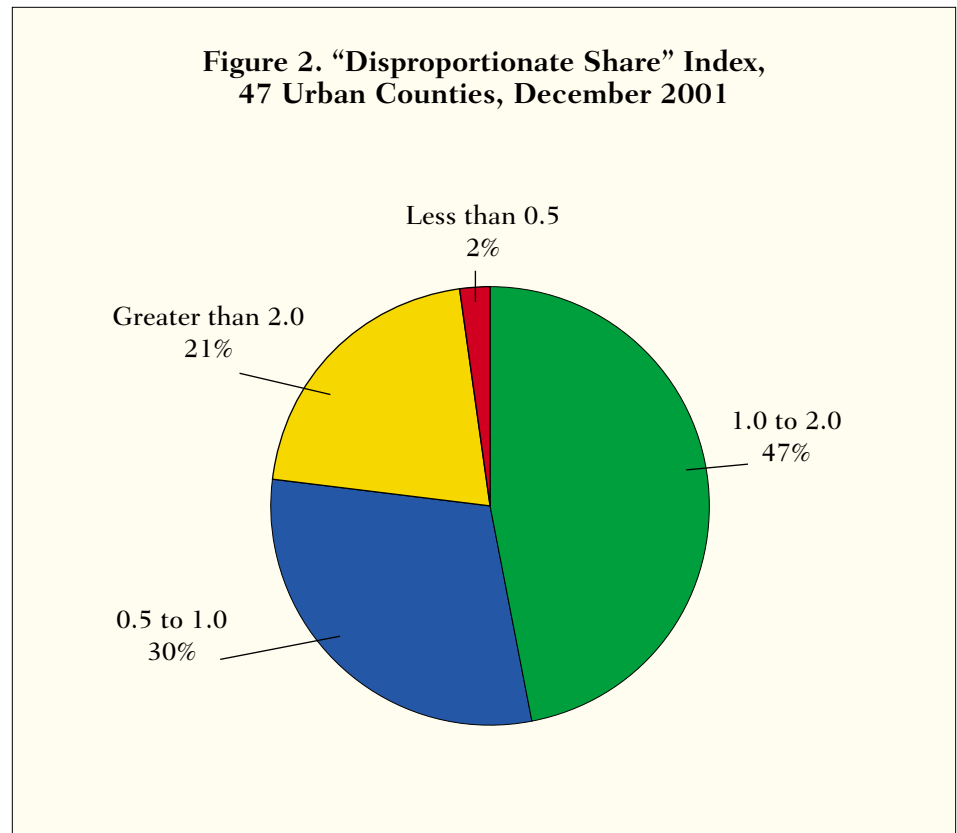
Still, having a disproportionate share of welfare cases does not mean a state or county program is performing poorly, or that the caseload is too high. In fact, a disproportionate caseload may be evidence that the state has adopted policies to ensure that families in need receive help getting and keeping work. In particular, it seems that having a small number of long-term cases may be an indication that the state policy does not provide adequate support to these families. However, providing help to families who have exceeded their 60 months of federal assistance may require an investment of state and local funds.

This summary of state policies regarding time limits, extensions, and state-funded benefits illustrates how variation in policy decisions across states can create substantially different impacts on families and local budgets. Depending upon state policy decisions, for example, some communities face greater demand for locally funded services than others. In view of that, the strong concentration of welfare cases generally, and long-term cases in particular, in urban areas suggests that local, state, and federal policymakers should design programs, services, and funding mechanisms that address this disproportionate impact.

### III. Findings

#### *A. Adult-headed welfare cases subject to time limits are concentrated in urban counties with large cities.*

As in prior Brookings surveys, urban counties continue to have a disproportionate share of their states' welfare caseloads. In December 2001, the 47 large urban counties we surveyed (excluding DC) contained 52 percent of their states' adult-headed cases, compared to just 33 percent of their states' total population.<sup>8</sup> Of the nearly



1.2 million adult-headed cases in the 26 states surveyed, about 620,000 were located in the large urban counties. That is, these counties were home to over half of statewide welfare cases subject to federal time limits (including those with a temporary extension or exemption), even though they housed only one-third of their states' residents (Figure 1).

This finding is consistent with the pattern identified in the last urban-caseload survey. In 1999, these same urban counties were home to 51 percent of their states' overall TANF caseloads, including child-only cases. Although the two surveys use different definitions of caseload, the impact in urban areas is disproportionate in both years. However, welfare policy is not the only factor in caseload concentration. Prior urban center surveys found a diverse set of social, economic, and regional factors contributes to the overall concentration of caseloads in urban areas.

#### *B. Most urban counties have a disproportionate share of their states' adult-headed welfare caseloads.*

The overall concentration of adult-headed cases in urban counties is reflected in the experiences of individual counties and states. The majority of urban counties—32 of 47—contain a greater percentage of their state's cases generally subject to time limits than of their state's population.

We calculated a "disproportionate share" index to reflect the degree to which state cases are concentrated in each urban county. The index is a simple ratio of two figures: the county's percentage of the state adult-headed caseload in December 2001 divided by the county's percentage of the state's total population. Where the index exceeds one, the county bears a disproportionate share of its state's adult-headed cases. Where the index is less than one, the county contains fewer cases than would be expected based on its share of state population.

**Table 1. Urban Counties with Ten Highest and Ten Lowest Disproportionate Share Indices, December 2001**

	<b>County Caseload</b>	<b>State Caseload</b>	<b>County Share of State Caseload</b>	<b>County Share of State Population</b>	<b>Disproportionate Share Index</b>
<b>COUNTIES WITH TEN HIGHEST INDICES</b>					
Baltimore City, MD	13,376	20,769	64.4%	11.8%	5.45
Milwaukee County, WI	6,257	7,481	83.6%	17.3%	4.85
St. Louis City, MO	9,218	34,902	26.4%	6.0%	4.38
Philadelphia County, PA	29,161	59,893	48.7%	12.1%	4.01
Orleans Parish, LA (New Orleans)	5,088	14,236	35.7%	10.7%	3.35
Oklahoma County, OK (Oklahoma City)	3,739	8,161	45.8%	19.1%	2.39
Marion County, IN (Indianapolis)	9,225	27,488	33.6%	14.0%	2.39
Shelby County, TN (Memphis)	16,533	45,973	36.0%	15.6%	2.30
Miami-Dade County, FL	9,281	30,069	30.9%	14.0%	2.21
Honolulu CDP, HI	10,029	15,153	66.2%	30.7%	2.16
<b>COUNTIES WITH TEN LOWEST INDICES</b>					
Santa Clara County, CA (San Jose)	7,499	366,124	2.0%	4.8%	0.42
Tulsa County, OK	800	8,161	9.8%	16.3%	0.60
San Diego County, CA	18,244	366,124	5.0%	8.3%	0.60
San Francisco County, CA	5,041	366,124	1.4%	2.2%	0.62
Travis County, TX (Austin)	2,325	92,192	2.5%	3.9%	0.64
Duval County, FL (Jacksonville)	955	30,069	3.2%	4.8%	0.66
Virginia Beach City, VA	833	20,820	4.0%	5.9%	0.67
Harris County, TX (Houston)	11,221	92,192	12.2%	16.2%	0.75
King County, WA (Seattle)	8,547	37,643	22.7%	29.1%	0.78
Tarrant County, TX (Ft. Worth-Arlington)	5,046	92,192	5.5%	7.0%	0.79

There was wide variation in disproportionate-share indices in December 2001 among the urban counties surveyed. Table 1 shows that indices ranged from a low of 0.42 in Santa Clara County, CA, to a high of 5.45 in Baltimore, MD. In general, counties with the highest indices contained the largest cities in their states. Many of the counties with the lowest indices, on the other hand, were located in states where other urban counties had disproportionate caseload shares. For instance, while California and Texas each posted three counties on the list of those with the lowest disproportionate share index, those states were also home to counties like Fresno and El Paso, each of which bore far more than its proportional share of adult-

headed cases. (Appendix A presents share indices for all urban counties surveyed.)

The diverse experiences of states in the degree to which their welfare caseloads are concentrated in urban areas suggest that local factors influence caseload size. Indeed, a review of welfare caseloads in 1998 confirmed that counties containing cities with higher levels of concentrated poverty and higher unemployment tend to have larger shares of their states' caseloads. Many of the urban counties with high disproportionate share indices in December 2001—including Philadelphia, Milwaukee, Baltimore, and New Orleans—have among the highest concentrated poverty and unemployment rates in their central cities. Conversely,

counties with the lowest indices—including Santa Clara, San Francisco and San Diego—generally enjoy low unemployment, and have very few neighborhoods of extremely high poverty.<sup>9</sup>

The top ten and bottom ten counties, of course, represent the extremes on this measure. Nearly half (47 percent) of counties surveyed had a disproportionate share index of between one and two (Figure 2). The overall share index for all 47 counties—1.60—was also in this range. This implies that the largest urban areas are home to about 60 percent more adult-headed cases than would be expected based on population alone. While we find significant diversity in the indices of individual



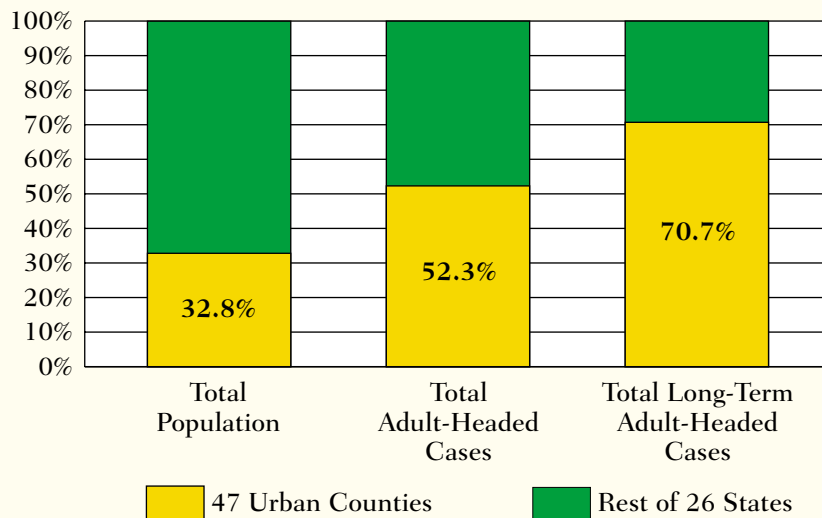
counties, concentrations of adult-headed cases in urban areas appear to be the norm, rather than the exception. As such, states' ability to tailor programs to the specific needs of their urban caseloads, and the commitment that states make to provide urban areas with resources that reflect their caseload concentrations, deserve attention in the welfare reauthorization context.

***C. Long-term adult-headed cases are even more concentrated in urban counties with large cities than welfare caseloads generally.***

Until now, there has been little information available about the location of long-term welfare cases. Anecdotal reports from a handful of large urban areas indicated that cities were home to a number of individuals with a long history of TANF receipt. But it was unclear whether this was a nationwide phenomenon, or one that affected a few big places. With federal time limits already having hit in a number of states, and approaching in many others, determining the location of families who may be affected is a priority for administrators and policymakers.

Our survey revealed that, in most states, long-term adult-headed welfare cases are even more highly concentrated in urban areas than are caseloads generally. Across the 26 states surveyed, about 263,000 out of 1.2 million adult-headed cases (22 percent) had, as of December 2001, accumulated at least 48 months (four years) of assistance. Of these 263,000 cases, fully 186,000 were located in the 47 large urban counties. Thus, as Figure 3 shows, while the urban counties account for about one-third of their states' combined population, they account for 71 percent of their states' long-term adult-headed cases. Put another way, a long-term welfare case in these states is more than twice as likely as any other state resident to be located in one of the large urban

**Figure 3. Share of Population, Adult-Headed Cases, and Long-Term Cases in Urban Counties versus Rest of States, December 2001**



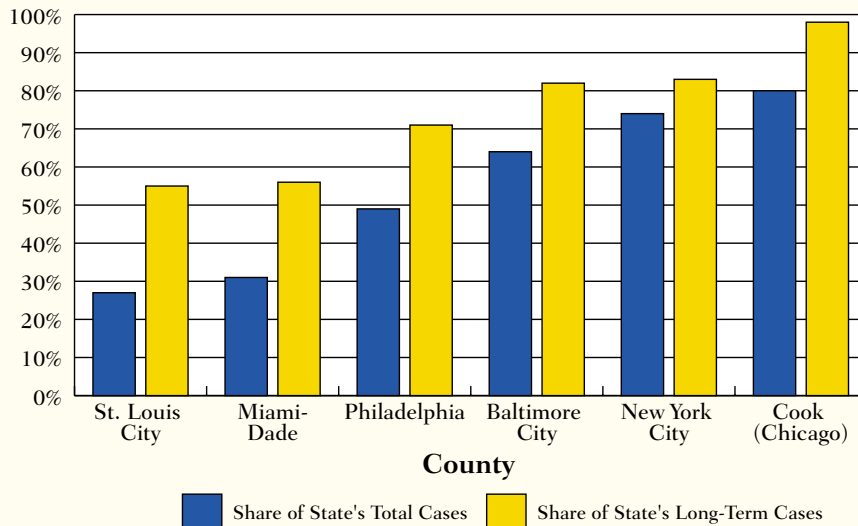
counties. Moreover, a long-term case is about 40 percent more likely than any given adult-headed case to be from one of these counties.

This finding should not obscure the fact that a number of states have few long-term cases. Many recipients leave welfare for work, or as a result of a sanction imposed by the state. Where there are few or no long-term cases, however, this is generally attributable to the imposition of shorter time limits by the state, either on continuous assistance or lifetime assistance. For instance, as noted earlier, adult-headed TANF recipients in Ohio are ineligible for assistance for a period of 24 months after being on the rolls for 36 months. The first families eligible for their 37<sup>th</sup> month of assistance may return to the caseload in October 2002. (Only 935 families have been granted extensions since they reached the 36-month limit, and the state did not tell us whether any of those cases had reached or exceeded 48 months of assistance in December 2001.) Indiana imposes a 24-month lifetime limit

on the receipt of benefits, so no cases in that state met the 48-month threshold either. Of the 26 states, 14 had fewer than 1,000 long-term adult-headed cases.

Nevertheless, most urban counties stand out as having highly disproportionate shares of their states' long-term cases. Figure 4 displays some of the places with significant numbers of families in this circumstance. In December 2001, Cook County contained about 80 percent of Illinois' total adult-headed cases, but nearly 97 percent of its long-term cases. Philadelphia had a little under half of Pennsylvania's TANF cases subject to time limits, but over 70 percent of its cases with 48 or more months of assistance. New York City dominated on this measure, with over 65,000 long-term adult-headed cases in December 2001—83 percent of its state total, compared to 74 percent of all adult-headed cases. Not surprisingly, a number of the urban counties pictured in Figure 4 were near the top of the disproportionate share index list. Yet in

**Figure 4. Share of Total State Adult-Headed Welfare Cases, and Share of State Long-Term Cases, Selected Large Urban Counties, December 2001**



many instances, their share of long-term cases far exceeded their share of overall adult-headed cases.

We also note that even in states where relatively few cases had yet to approach the federal 60-month lifetime limit at the time of our survey, urban counties were clearly the locus of long-term welfare receipt. Although New Orleans contains only 11 percent of Louisiana's population, more than half of the state's 110 long-term cases were located in the city.<sup>11</sup> Similarly, over half of Oklahoma's 763 long-term cases were in Oklahoma County, though less than one-fifth of the state's residents live there. Thus, as time goes on and more families accumulate months toward their federal lifetime limit, additional states can expect to see concentrations of long-term cases in their largest urban areas.

***D. Over one-fourth (27.5 percent) of all adult-headed welfare cases nationwide live in just ten urban counties.***

The degree to which the nation's cash assistance caseload is located in just a

few places is of interest for a few reasons. First, because these urban counties contain such a large share of the overall urban caseload, they provide a geographic lens through which researchers and policymakers can look at the impacts of welfare reform thus far on urban areas. Second, their large caseloads indicate the importance of understanding the common challenges that people in these places face in making a successful transition from welfare to work. Third, these places represent a "proving ground" for the next stage of welfare policymaking. Whether new policies succeed or fail will depend in large part on how they are implemented in these areas.<sup>12</sup>

The ten counties in our survey with the largest caseloads were: Los Angeles, New York City (all five boroughs), Philadelphia, Cook (Chicago), Sacramento, Shelby (Memphis), San Diego, Fresno, Baltimore City, and the District of Columbia. Together, they accounted for 377,000 TANF cases in December 2001. We estimate that this represented 27.4 percent of adult-headed cases nationwide.<sup>13</sup> By

contrast, these counties contained only 11.2 percent of U.S. population.

It is also noteworthy that in these ten counties, about 157,000 cases, or 39 percent of the caseload, had accumulated 48 or more months of assistance. A significantly lower share (30 percent) of all 47 urban counties' adult-headed cases were long-term. The concentration of the nation's time-limited caseload in this handful of urban areas, then, may be related to the fact that a greater share of those urban cases have a long-term history of welfare receipt, and may thus face greater barriers to finding work and achieving self-sufficiency.

Since one out of every four cases in the nation that are subject to time limits live in these counties, and a large share of the cases are near or beyond the federal time limit, these ten counties and their cities have much at stake in the welfare reauthorization debate and state implementation decisions.

#### **IV. Policy Implications**

**A**s in previous years, the caseload survey shows that the success of welfare reform depends in large part on what happens in some of the nation's largest urban counties. These results reveal the importance of policies that address the needs of those leaving the caseload, as well as those who have not been able to get an unsubsidized job and may now be facing a state or federal time limit.<sup>14</sup>

Depending on the employment status of adults reaching the time limit, service needs vary. In places where large numbers of cases reaching time limits include an adult working in an unsubsidized job, the greatest need for timed-out families may be work supports. Many states provide ongoing child care and transportation services to these families under current law. Other work supports could include housing assistance and wage subsidies, which currently must be paid with

state dollars to timed-out families unless the family receives a federally-funded extension. In places where large numbers of unemployed welfare recipients reach time limits, these households will need income assistance, as well as services to overcome the barriers that have prevented them from working thus far.

Each of these situations also creates a need for locally funded assistance. In some places, the state requires a local financial match for TANF-funded services and assistance. Where state-allocated federal TANF funds are not available, local governments may offer temporary or emergency help to sanctioned cases, timed-out cases, and unassisted but eligible workers. Sometimes, a direct burden falls on the budgets of local governments or service providers from increased demand for shelter, food, and other emergency-assistance programs. However, it is difficult for local governments—especially those of cities that do not administer the welfare program—to plan for these needs since no uniform mechanism exists for state tracking of sanctioned or timed-out cases, and since there is no obligation to enumerate eligible working families. Armed with such information, local leaders could better press states for policy and funding to meet needs of local residents, as well as design locally funded responses.

This report shows that urban areas are home to disproportionate percentages of state welfare caseloads. Welfare caseloads, however, are not static. Many families need only temporary assistance, and leave the caseload quickly—often because the adult in the household finds work. In other cases, families leave the caseload because the TANF agency terminates their benefits for “noncompliance.” In both situations, the family is likely to need ongoing support. Nationally, former welfare recipients who are now working earn about \$7 an hour.<sup>15</sup> These families struggle to meet costs

of living, including new expenses for transportation and child care that come with a job. They need the ongoing support of services like child care and transportation subsidies, as well as health coverage, nutrition assistance, and training to improve their earnings prospects. Families leaving the caseload as the result of a sanction are likely to be especially disadvantaged and in need of assessment and services to address barriers to work.

At the same time, this report does confirm that a significant portion of urban welfare cases has been receiving cash assistance for an extended period of time. Adults still on the rolls and unable to get a job may need individualized services to help them get a job. Adults working yet not earning enough to leave the rolls may need ongoing wage subsidies to provide for themselves and their children. As more and more cases in cities and urban counties reach time limits, local leaders should focus on how the federal government and states are prepared to address the ongoing needs of these families.

### Recommendations for Federal Policy

This year, Congress is considering legislation to reauthorize the 1996 welfare bill, including TANF and child care block grants, and issues related to work supports for low-income families. In advance of the debate, many academics and advocates developed recommendations for changes and improvements to the existing law. Indeed, the Brookings Institution Center on Urban and Metropolitan Policy reported earlier this year on the results of interviews and a roundtable discussion with local, state and national experts on the welfare reauthorization policy agenda for cities.<sup>16</sup> Since then, the issues under consideration by Congress as part of the reauthorization debate have narrowed. However, many of the proposals made earlier on behalf of cities remain under consider-

ation at this time. Critical recommendations include:

#### *1. Provide adequate resources for welfare-to-work services, including child care.*

In order to continue providing services to low-income working families that help them retain jobs and improve earnings, while also meeting the challenge of serving long-term recipients with significant barriers, states will need additional resources in the TANF and child care block grants, as well as funding for targeted proven initiatives.

Although welfare caseloads nationally have dropped dramatically and millions of welfare recipients have gone to work since implementation of the 1996 welfare bill, state and local governments have an ongoing need for the full federal TANF block grant funding of \$16.5 billion, adjusted for inflation. In 2001, states spent above the amount of their annual federal grant by more than \$2 billion, using carryover funds. In the early years after implementation of work-based welfare, states spent less while they were making the transition to a new set of programs designed to meet new goals. In recent years, as a result of caseload decline, states have been able to commit more than half of the block grant to work supports like child care and transportation for low-income families struggling in low-wage jobs.<sup>17</sup>

However, in the current state fiscal environment, with nearly every state facing both a deficit and the obligation to maintain a balanced budget, funding for state welfare initiatives is growing scarce. States are increasingly unable to continue financing programs they initially paid for with carryover TANF federal funds. In order to continue funding these work supports, states would need to use state dollars above the minimum state “maintenance of effort” requirement. But in fact, states have been reducing their investments in child care and other programs in the effort to balance their



budgets.<sup>18</sup> Meanwhile, while no prominent legislative proposal proposes increasing the basic TANF block grant, inflation will erode the value of the grants in 2007 by 22 percent, compared to 1997 values. Compounding this scenario, most states began experiencing caseload increases in 2001. As caseloads go up, states spend a larger part of the block grant on cash assistance, forcing officials to reduce spending on other programs for low-income families if they cannot identify state dollars to replace the federal TANF funds.

At the same time, local authorities want to design new programs that address the needs of long-term welfare recipients with multiple barriers, and they expect these programs to be more costly than existing services. In order to meet this need, states will have to expend more resources targeted to long-term cases. Thus, without overall increases, states will have to choose between providing targeted services to long-term recipients with barriers and existing programs important to helping low-income working families keep their jobs.

In addition, child care services are currently severely underfunded. Nationally, only 15 percent of federally-eligible children receive subsidized child care services.<sup>19</sup> The many families with children who have left welfare for work in cities desperately need this ongoing assistance to keep their jobs. Employers report that the lack of reliable child care contributes to absenteeism at work for former welfare recipients.<sup>20</sup>

Other funding needs that are important to cities include housing assistance (especially new welfare-to-work housing vouchers), full restoration of the Social Services Block Grant, transportation assistance, and transitional jobs for welfare recipients with barriers to work (see below).

## **2. Preserve and extend flexibility to develop individual plans.**

Local officials interviewed by Brookings stated that preserving existing flexibility is critical to success. A number of the officials recommended additional flexibility to support the education and training needs of welfare recipients, as well. TANF administrators, governors, and state legislators also recommend expanded flexibility.

In order to count a welfare recipient toward the state work participation rate, the recipient must participate in a federally defined work activity. Under current law, while job search and certain educational activities meet this definition, federal rules limit the ability of states to count adults participating in these activities toward the work rates. State policymakers have not used education or work/study activities as assigned work-related activities to a large degree.

However, states have received credit against their work participation rates for the dramatic caseload decline since 1996. This had made it possible for policymakers to design individualized case plans for adults with barriers to work even though the plan's activities do not meet the federal requirements (type of activity or number of hours) for a countable activity.

The leading welfare reauthorization proposals move in the direction of increasing work requirements on states, and reducing state flexibility. Some proposals simultaneously narrow the list of countable activities, which would put enormous pressure on TANF administrators to create one-size-fits-all unpaid work experience programs. Unfortunately, such programs have not proven effective in the past, and no state has implemented a program like those proposed by the current administration and the bill passed by the U.S. House of Representatives. While the Senate Finance Committee bill also increases work rates for states, it simultaneously

increases state flexibility in program design.

As more and more recipients face time limits, the need to develop plans that address individual barriers requires that local administrators have the means and flexibility to design such programs. Meeting new state work rates, while failing to help families move from welfare to unsubsidized work, is not a desirable outcome. Reauthorization legislation should motivate states to help welfare recipients get and keep unsubsidized jobs. While it may be useful to encourage states to engage most welfare recipients in an activity designed to improve work and income outcomes, state and local officials should have more flexibility in deciding what those activities are than the current proposals provide.

## **3. Expand and improve access to benefits and work supports.**

Many families leaving welfare for work, and other low-income households, are eligible for work supports like child care, food stamps, health coverage, and earned income tax credits. The value of these benefits can significantly increase household resources. Unfortunately, the participation rate in some of these programs is quite low, and has dropped since states implemented welfare reform.<sup>21</sup> While not enough is known about all of the reasons for the low rates of participation, changes in federal rules to reduce paperwork and hurdles to enrollment for working families should be implemented. For example, work-support programs should: eliminate interviews and new applications at the time of the closing the cash assistance case; exempt one vehicle from asset tests for each adult in the household; and permit online applications and recertifications. In addition, Congress should appropriate dedicated funding for demonstrations designed to increase participation in work-support programs as part of welfare reauthorization legislation.

#### 4. *Improve job access and retention.*

A variety of additional initiatives will be necessary to advance welfare policy, particularly to help long-term recipients succeed in getting and keeping work. Federal policy should make it easier—not harder—for state and local governments to design programs that respond to individual and local needs.

##### ■ *Address the transportation barrier.*

Transportation remains a serious barrier to work for low-income urban residents, as well as rural households, and yet there is little federal policy or funding to address this problem. Congress should increase funding for the Job Access and Reverse Commute (JARC) program, and members of Congress should discontinue the practice of earmarking local projects for these funds in lieu of entrusting the national awards to the competitive process. Projects that require employer participation and do not reduce services in other parts of the local transit system serving low-income workers should get priority in the national JARC competition. Car ownership programs should be encouraged with a national demonstration as part of TANF reauthorization. Federal funds for Individual Development Accounts (including Assets for Independence Act awards and TANF block grants) should be available to match savings for car purchases, as the federal refugee IDA program does already.

##### ■ *Require assessments.* Individual assessment of welfare recipients should be required at the time of enrollment and before sanctions or time limits are applied. Aggregated data developed from the assessments should be published to allow local governments and nonprofits to better plan for meeting needs of these families.

##### ■ *Allow states to provide wage subsidies to low-income workers from federal TANF funds without counting months of such assistance against the federal lifetime limits of workers.*

Many of those facing time limits in some states are currently working and using up months of assistance because their low income makes them eligible for some cash assistance. While it is possible for states to provide such wage subsidies in a separate program funded with state dollars not subject to time limits, it reduces flexibility to require states to manage the accounting of two separate programs. Instead, federal welfare-to-work policy should ensure that states have the option to use federal funds to support families who are working but poor. Federal policy should signal states that providing a wage subsidy to working families does not have to count against time limits.

##### ■ *Create a new work program for places with long-term recipients and recipients facing time limits.* In 1997, Congress created Welfare-to-Work grants largely in response to the needs of urban areas where many long-term welfare recipients faced multiple barriers to work. These grants were used to create programs to address the needs of this population, but the law authorizing the grants has since expired and Congress has never reauthorized it. One of the most successful initiatives funded with the grants was transitional jobs programs, temporary wage-paying jobs in public agencies or nonprofits combined with support services and training. Participants with multiple barriers who complete a transitional job have a very high success rate at finding permanent employment.<sup>22</sup> Since many cities created these programs with Welfare-to-Work funds, they are now running out of operating money. A new funding stream specifically for

transitional jobs would allow existing successful programs to continue, and new programs could be seeded in other distressed areas.<sup>23</sup>

##### ■ *Increase access to housing assistance.*

There is a growing body of evidence that suggests stable, affordable housing contributes to success at work for former welfare recipients.<sup>24</sup> However, federal resources are very limited and some states have been using TANF funds to provide housing subsidies. Congress should permit states to provide TANF-funded housing assistance as a work support—like child care and transportation—without counting such aid against federal time limits.

##### ■ *Reinstate public benefits to legal immigrants.* The 1996 welfare law barred recent legal immigrants from receipt of TANF-funded assistance and services, as well as Medicaid. This bar on benefits for recent immigrants disproportionately impacts cities, as they are home to nearly half of all immigrants in the United States. Many states use state dollars to provide some benefits to legal immigrants. In some places, local governments are required to share the cost of providing these benefits. In other places, local governments finance some services without help from the state. While immigrants are likely to work, they often earn low wages for jobs that do not come with benefits. Many of these working immigrants would benefit from the work supports that other low-wage workers may receive like health coverage and child care, as well as TANF-funded training and education like English-as-a-second-language classes. When new immigrants are temporarily unemployed, they should be able to access the same safety net as other taxpayers. States should be able to use federal funds to support these working families.

■ *Make state plans more transparent.* States should be required to include information in state TANF and child care plans about the process and criteria for allocation of federal and state TANF-funded resources and services, including a description of any cost sharing arrangements with local government. Policymakers know very little about intra-state allocation of the \$16.5 billion in federal TANF funds, the \$10 billion in required “maintenance of effort” state funds, or the \$4.8 billion in federal child care dollars. Other, much-smaller federal block grants like the Social Services Block Grant, Community Development Block Grant, and Community Services Block Grant have carefully negotiated funding formulas that reflect policymakers’ assessment of local need. In contrast, TANF and child care block grants are based on state formulas that reflect policies and caseload levels that are nearly as much as a decade old, and quite different from current state realities. Although it will prove contentious, Congress should reconsider the funding formulas for these programs. Short of that, states should consider such factors as poverty levels, number of long-term cases with barriers, and local service delivery infrastructure needs, in allocating TANF and child care dollars. Information about state criteria and any formula developed after such consideration should be available to other stakeholders in the plans that states publish for comment and file with the federal government.

These policies can serve to ensure that state and local governments have the tools and flexibility to design programs that respond to particular community needs. Because long-term welfare cases are concentrated in cities, these policies will be of particular use to policymakers and providers in urban areas. However, the solutions

are not terribly different for those less concentrated caseloads in other places. Consequently, many rural stakeholders addressing the needs of long-term welfare recipients also support these recommendations. Federal policymakers should heed the word of experienced state and local administrators as they take the next steps in welfare-to-work policymaking.

### Technical Note

This year’s urban-caseload report, and its corresponding survey, differs from previous urban-center caseload analyses in a few fundamental ways. First, this report focuses on cases generally subject to lifetime limits on assistance, particularly long-term cases that have 48 months or more of accumulated assistance since implementation of a state program under the 1996 welfare law. The law limits receipt of assistance funded with Temporary Assistance for Needy Families (TANF) block grants to 60 months. A state may extend federally-funded benefits for up to 20 percent of its caseload beyond that limit, and some places provide ongoing assistance with state or local funds. Thus, we asked states for data on their adult-headed caseloads, excluding child-only cases. Previous Brookings surveys measured all welfare cases, including child-only cases. Child-only cases are households in which only children, and not adult(s), are in the assistance unit. These cases are exempt from the time limit on receipt of federally-funded assistance. Since we were interested in assessing the concentration of long-term cases facing the federal time limit (because of the possible impact on local funding and human service needs), we did not include child-only cases in these data. Since child-only cases now represent about a third of all cases nationally, this report does not make year-to-year comparisons of the December 2001 results with those of previous years.

Second, to capture information on the spatial distribution of long-term cases, we asked states to provide us with information about cases with 48 months or more of assistance, regardless of the funding source, at the state and county levels. Previous analyses did not include information on long-term cases.

Third, we focused on a different set of places than previous reports. We sought information for 48 counties containing 50 of the largest cities in the nation, including the District of Columbia. Previous reports looked at both larger and smaller groups of urban counties. The 1999 report presented data from the counties containing the 30 largest cities; the 2000 report presented data on the 89 counties containing the 100 largest cities.

Appendix Table A. Adult-Headed Welfare Caseload Trends for Large Urban Counties

State/County	Adult-headed Cases Dec. 2001	% State Total Caseload 1994	% State Total Caseload 1999	% State Adult-headed Caseload Dec. 2001	% State Population 2001	"Disproportionate Share" Index 2001	Long-term cases <sup>a</sup>	County share of statewide long-term cases	Shorter state Time Limit <sup>b</sup>
Arizona	21,252						0		24 in 60 months; no lifetime
Maricopa (Phoenix)	10,618	50.0%	43.8%	53.6%	60.2%	0.83	0		
Pima (Tucson)	4,271	20.1%	17.8%	16.3%	16.3%	1.24	0		
California <sup>c</sup>	366,124						130,161		
Alameda (Oakland)	13,979	4.1%	4.0%	3.8%	4.2%	0.90	5,909	4.5%	
Fresno	17,156	4.0%	4.1%	4.7%	2.4%	1.98	5,467	4.2%	
Los Angeles	136,399	34.4%	36.7%	37.3%	27.9%	1.33	51,283	39.4%	
Sacramento	23,727	5.1%	5.7%	6.5%	3.7%	1.76	14,031	10.8%	
San Diego	18,244	7.4%	6.3%	5.0%	8.3%	0.60	7,367	5.7%	
San Francisco	5,041	1.5%	1.2%	1.4%	2.2%	0.62	2,304	1.8%	
Santa Clara	7,499	3.5%	2.4%	2.0%	4.8%	0.42	3,892	3.0%	
Colorado	6,659						340		
Denver	1,522	27.3%	25.2%	22.9%	12.6%	1.82	121	35.6%	
District of Columbia <sup>d</sup>	13,280						1,419		
Florida	30,069						1,103		24 in 60 months or 36 in 72 months; 48 months lifetime
Miami-Dade	9,281	21.6%	31.7%	30.9%	14.0%	2.21	614	55.7%	
Duval (Jacksonville)	955	7.2%	4.2%	3.2%	4.8%	0.66	21	3.4%	
Georgia	31,120						1,634		48 months lifetime
Fulton (Atlanta)	5,921	16.6%	16.6%	19.0%	9.7%	1.95	545	33.4%	
Hawaii	15,153						2,722		
Honolulu (CDP)	10,029	13.7%	22.4%	66.2%	30.7%	2.16	1,774	65.2%	
Illinois	36,045						1,439		
Cook (Chicago)	28,787	64.6%	73.1%	79.9%	42.9%	1.86	1,392	96.7%	24 months lifetime
Indiana	27,488						0		
Marion (Indianapolis)	9,225	21.4%	21.7%	33.6%	14.0%	2.39	0		
Louisiana <sup>e</sup>	14,236						110		24 in 60 months
Orleans Parish (New Orleans)	5,088	26.6%	28.2%	35.7%	10.7%	3.35	54	49.1%	
Maryland	20,769						2,347		Benefits continue after 60 months to compliant families
Baltimore City	13,376	48.3%	58.4%	64.4%	11.8%	5.45	1,930	82.2%	

State/County	Adult-headed Cases Dec. 2001	% State Total Caseload 1994	% State Total Caseload 1999	% State Adult-headed Caseload Dec. 2001	% State Population 2001	"Disproportionate Share" Index 2001	Long-term cases <sup>a</sup>	County share of statewide long-term cases	Shorter state Time Limit <sup>b</sup>
Massachusetts <sup>f</sup>	25,512						56		24 in 60 months; no lifetime
Suffolk (Boston)	4,363	18.2%	13.6%	17.1%	10.7%	1.60	13	23.2%	
Michigan <sup>g</sup>									
Wayne (Detroit)	Declined to respond	42.4%	47.6%						
Minnesota	35,367						3,927		
Hennepin (Minneapolis)	10,752	29.5%	32.4%	30.4%	22.4%	1.36	1,569	40.0%	
Missouri	34,902						4,302		
Jackson (Kansas City)	6,036	17.0%	17.1%	17.3%	11.6%	1.48	647	15.0%	
St. Louis City	9,218	22.8%	27.6%	26.4%	6.0%	4.38	2,343	54.5%	
Nebraska	7,678						0		24 in 48 months
Douglas (Omaha)	3,877	44.4%	44.4%	50.5%	27.2%	1.86	0		
New Mexico	14,683						1,383		
Bernalillo (Albuquerque)	3,835	27.5%	25.7%	26.1%	30.7%	0.85	322	23.3%	
New York	146,008						78,749		
Erie (Buffalo)	5,501	4.6%	5.5%	3.8%	5.0%	0.76	2,336	3.0%	
New York City	108,439	68.0%	77.8%	74.3%	42.2%	1.76	65,391	83.0%	
North Carolina	22,688						423		36 months of ineligibility after 24 months
Mecklenburg (Charlotte)	3,225	8.5%	9.7%	14.2%	8.8%	1.62	55	13.0%	
Ohio	52,327						0		24 months of ineligibility after 36 months
Cuyahoga (Cleveland)	9,568	19.2%	24.5%	18.3%	12.1%	1.51	0		
Franklin (Columbus)	6,304	10.4%	10.6%	12.0%	9.4%	1.28	0		
Hamilton (Cincinnati)	5,042	8.9%	8.2%	9.6%	7.3%	1.31	0		
Lucas (Toledo)	4,013	6.3%	7.6%	7.7%	4.0%	1.92	0		
Oklahoma	8,161						763		
Oklahoma (Oklahoma City)	3,739	25.2%	33.4%	45.8%	19.1%	2.39	433	56.7%	
Tulsa	800	14.5%	12.4%	9.8%	16.3%	0.60	76	10.0%	
Oregon	11,470						0		24 in 84 months; no lifetime
Multnomah (Portland)	3,124	24.3%	26.1%	27.2%	19.2%	1.42	0		
Pennsylvania	59,893						12,377		
Allegheny (Pittsburgh)	6,951	11.6%	10.7%	11.6%	10.3%	1.12	1,446	11.7%	
Philadelphia	29,161	38.9%	49.1%	48.7%	12.1%	4.01	8,733	70.6%	
Tennessee	45,968						6		3 months of ineligibility after 18 months
Davidson (Nashville)	6,807	13.2%	14.9%	14.8%	9.8%	1.50	0		
Shelby (Memphis)	16,529	28.4%	34.6%	36.0%	15.6%	2.30	2	33.3%	



State/County	Adult-headed Cases Dec. 2001	% State Total Caseload 1994	% State Total Caseload 1999	% State Adult-headed Caseload Dec. 2001	% State Population 2001	"Disproportionate Share" Index 2001	Long-term cases <sup>a</sup>	County share of statewide long-term cases	Shorter state time limit <sup>b</sup>
Texas	92,192						12,361		60 months of ineligibility after 12, 24, or 36 months
Bexar (San Antonio)	6,862	8.0%	8.2%	7.4%	6.6%	1.12	1,154	9.3%	
Dallas	8,378	10.8%	9.0%	9.1%	10.5%	0.86	765	6.2%	
El Paso	5,276	5.2%	6.8%	5.7%	3.2%	1.77	956	7.7%	
Harris (Houston)	11,221	19.3%	11.9%	12.2%	16.2%	0.75	1,337	10.8%	
Tarrant (Ft. Worth-Arlington)	5,046	4.9%	4.2%	5.5%	7.0%	0.79	376	3.0%	
Travis (Austin)	2,325	2.5%	2.4%	2.5%	3.9%	0.64	167	1.4%	
Virginia	20,820						331		24 months of ineligibility after 24 months
Virginia Beach City	833	4.6%	3.6%	4.0%	5.9%	0.67	14	4.2%	
Washington	37,643						9,266		
King (Seattle)	8,547	23.8%	21.2%	22.7%	29.1%	0.78	1,030	11.1%	
Wisconsin	7,481						455		24 months in assigned activity
Milwaukee	6,257	48.7%	82.8%	83.6%	17.3%	4.85	440	96.7%	
State Total	1,191,713						262,803		
County total	623,153	46.6%	51.4%	52.3%	32.8%	1.60	185,809	70.7%	

State and county totals do not include District of Columbia. Source: Brookings Institution Center on Urban and Metropolitan Policy Survey of state TANF agencies, 2002.

#### Notes

<sup>a</sup> Long-term cases reflect current/active adult-headed cases with at least 48 months of assistance accumulated, except where otherwise indicated in these footnotes. Some states provide assistance after 60 months with state funds and those cases are included in these data.

<sup>b</sup> Source: Dan Bloom et al. "Welfare Time Limits, State Policies, Implementation and Effects on Families." MDRC, 2002. In some cases, states provided updated information about time limit policy to us. Unless otherwise noted, each state has a 60 month lifetime limit running concurrently with any other state limit.

<sup>c</sup> California data on long-term cases as of September 2001. State figure reflects adult-headed cases with at least 48 months of cash assistance under TANF and/or CalWORKS since December 1996. County figures based on proportion of state total with 58 months of consecutive assistance in September 2001.

<sup>d</sup> District of Columbia long-term cases reflect those cases receiving assistance for 58 months consecutively. Data on cases with 48 or more months accumulated were not available for December 2001.

<sup>e</sup> Louisiana long-term cases reflect those cases with 40 or more months accumulated. Data on cases with 48 or more months accumulated were not available for December 2001.

<sup>f</sup> Massachusetts long-term cases reflect those cases with 48 months or more in July 2001. Data on cases with 48 or more months accumulated were not available for December 2001.

<sup>g</sup> Michigan does not collect these data routinely, and did not conclude that it would benefit state administrators to have them.

## Endnotes

- 1 Bruce Katz and Katherine Allen, "The State of Welfare Caseloads in America's Cities," Washington, D.C.: Brookings Institution, 1998; Katz and Allen, "The State of Welfare Caseloads in America's Cities," Washington, D.C.: Brookings Institution, 1999; Allen and Maria Kirby, "Unfinished Business: Why Cities Matter to Welfare Reform," Washington, D.C.: Brookings Institution, 2000.
- 2 The 48 counties surveyed for this report contain 49 of the 50 largest cities as of 1990. Los Angeles County, CA, contains Los Angeles and Long Beach, which both ranked in the top 50. Washington, D.C. was also surveyed, as it is among the 50 largest cities.
- 3 Miguel Bustillo, "Time is Running Out for Thousands on Welfare." *Los Angeles Times*, April 20, 2002.
- 4 Sandra Danziger et al., "Barriers to the Employment of Welfare Recipients," University of Michigan Poverty Research and Training Center, 2000.
- 5 Gayle Hamilton, "Moving People from Welfare to Work: Lessons from the National Evaluation of Welfare-to-Work Strategies." New York: Manpower Demonstration Research Corporation, 2002.
- 6 California began providing TANF-funded assistance in December 1996, 13 months before a California state law limited assistance to 60 months, effective January 1, 1998. Thus, some recipients began to reach the federal TANF 60-month time limit before they had used their 60 months of assistance in the California program, CalWORKS. All recipients are entitled to the full 60 months of CalWORKS assistance, so families exceeding the TANF limit with months remaining under CalWORKS continue to receive state-funded aid (or a federally funded extension) for up to 13 additional months. When the CalWORKS limit is reached, the recipient family's grant will be lowered because the adult's eligibility will end while aid to eligible children will continue.
- 7 Dan Bloom, Mary Farrell, Barbara Fink, with Diana Adams-Ciardullo, "Welfare Time Limits: State Policies, Implementation, and Effects on Families," New York: Manpower Demonstration Research Program, 2002.
- 8 The District of Columbia is excluded from many of our calculations because the "county" and "state" are functionally the same jurisdiction. DC totals are included in comparisons of urban county caseloads to the national caseload.
- 9 Katz and Allen, 1999.
- 10 Paul Leonard and Maureen Kennedy, "What Cities Need from Welfare Reform Reauthorization." Washington, D.C.: Brookings Institution, 2001.
- 11 New Orleans and nine other cities in this survey (Baltimore, Denver, Honolulu, Nashville, New York City, Philadelphia, San Francisco, St. Louis, and Virginia Beach) are contiguous with their urban counties.
- 12 The last Urban Center survey on urban welfare caseloads reported that ten urban counties contained nearly one-third of the nation's entire caseload. As noted previously, comparisons between our December 2001 figures and the 1999 caseload figures are complicated by the fact that this survey focuses only on adult-headed cases, while the previous report included child-only cases. Additionally, two of the counties that were part of the "Top Ten" in 1999—San Bernardino County, CA, and Wayne County, MI—are not included in our December 2001 data. San Bernardino County is not included in the 2001 data because the city of San Bernardino does not rank among the 50 largest cities in the US. Wayne County is not included because the state of Michigan did not respond to the survey.
- 13 To derive this figure, we needed to estimate the total national adult-headed caseload in December 2001. To do that, we took the total number of families on TANF that month (available from HHS at <http://www.acf.dhhs.gov/news/stats/tanf.htm>) and multiplied it by the share of TANF families in FY2000 that contained an adult (65 percent—see <http://www.acf.dhhs.gov/programs/opre/characteristics/fy2000/103.htm>). For purposes of this calculation, the New York City caseload excludes families that transferred from TANF to the state's Safety Net program in December 2001 after reaching the 60-month time limit, because families on state-funded assistance are not reflected in the national figure reported by HHS.
- 14 Of course, there are other spatial issues related to TANF expenditures and assistance that we did not address in this survey and analysis. For example, related information of interest to urban county leaders and others planning welfare-to-work strategies would include the number and share of cases in urban counties that: are child-only cases; have been sanctioned; are working families receiving assistance not subject to time limits (also called "non-assistance," usually help with child care or transportation); and are eligible families not receiving non-assistance services.
- 15 Pamela Loprest, "How Are Families That Left Welfare Doing? A Comparison of Early and Recent Welfare Leavers." Washington, D.C.: The Urban Institute, 2001. Available at: [http://newfederalism.urban.org/pdf/anf\\_b36.pdf](http://newfederalism.urban.org/pdf/anf_b36.pdf)
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- 21 Michael O'Connor, "Using the Internet to Make Work Pay for Low-Income Families." Washington, D.C.: The Brookings Institution, 2002. Alan Weil, "Ten Things Everyone Should Know About Welfare Reform." Washington, D.C.: The Urban Institute, 2002.
- 22 Gretchen Kirby et al., "Transitional Jobs: Stepping Stones to Unsubsidized Employment." Mathematica Policy Research, Inc., 2002.
- 23 Margy Waller, "Transitional Jobs: A Next Step in Welfare to Work Policy." Washington, D.C.: The Brookings Institution, 2002.
- 24 For a summary of this research, see Barbara Sard and Margy Waller, "Housing Strategies to Strengthen Welfare Policy and Support Working Families." Washington, D.C.: Brookings Institution and Center on Budget and Policy Priorities, 2002.

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