

November 26, 2001

TO: TANF Reauthorization Ideas
Office of Family Assistance
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Washington, DC 20447

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RE: COMMENTS ON TANF

Thank you for the opportunity to submit comments on the Temporary Assistance for Needy Families (TANF) program prior to its reauthorization by Congress next year. We are the authors of a study carried out by the Center for the Study of Women in Society (CSWS) at the University of Oregon.* This research has important implications for the reauthorization of TANF.

Our findings are based on telephone interviews with a random sample of Oregon families who left or were diverted from TANF or left Food Stamps during the first quarter of 1998; administrative data from Adult and Family Services (AFS) and the Oregon Employment Department; and in-depth interviews with 65 families between the two telephone surveys and, again, two years after program exit.

Our study reveals that the effects of Welfare-to-Work policies are neither simple nor uniform. Two years after leaving or being diverted

* Acker, Joan, Sandra Morgen, Terri Heath, Kate Barry, Lisa Gonzales, and Jill Weigt. 2001. *Oregon Families Who Left Temporary Assistance To Needy Families (TANF) or Food Stamps: A Study of Economic and Family Well-being from 1998 to 2000*. Two volumes. Eugene, Oregon: Center for the Study of Women in Society, University of Oregon. (This report can be downloaded from the Internet: <http://wnw.uoregon.edu/welfareind.shtml>.)

from TANF or Food Stamps, a substantial proportion of our respondents were employed. However, their earnings were low, and families were struggling mightily to make ends meet. Two years after exit, families were nearly evenly divided between those with household incomes just above and those below the federal poverty level.

Today, Oregon's status as a state officially in recession and the expected loss of jobs in all sectors puts low-income families at an even higher risk of hardship and increased poverty. Oregon currently has the second highest unemployment rate in the United States. With only 39% of unemployed workers receiving unemployment benefits, the majority of the labor force is left without a safety net. Many who are unemployed live in communities without enough jobs, have chronic health problems, or need more training or education. As Oregon's economy worsens, so will these problems.

Programs such as Food Stamps, the Oregon Health Plan, housing and childcare assistance, and earned income tax credits are still critical for many poor families. However, these resources often disappear before a family's need for them diminishes, because of income eligibility limits and unaffordable co-payments. Welfare reform policies must have the flexibility to help poor people meet their family's basic needs — whether or not the economy is flourishing.

The findings of our study shed light on some of the impacts of provisions in Title 1 of the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996* (PRWORA), which instituted the TANF Block Grant Program. Our recommendations for reauthorization focus on the following principles:

- I. **SECURE THE SAFETY NET — States must end programs that deny needy families immediate entry into TANF and must demonstrate a benefit level that meets families' minimum needs.**

In Oregon, a significant portion of caseload decline has occurred through the use of a diversion program that channels applicants for assistance into a 45-day up-front job search. During this period, families may receive the Oregon Health Plan (OHP), Employment Related Day Care (ERDC) subsidies, Food Stamps, money for immediate needs, and other services. This policy assumes families diverted from TANF are struggling

due to a temporary crisis, and that they are not likely to experience a recurring need once the issue is resolved.

In our study, we compared those who were diverted from TANF to two other groups — those who left TANF and those who left the Food Stamps Program. Under a significant number of variables, the TANF-diverted were suffering the most hardship. AFS administrative data indicate that 46% of those diverted during the project either applied for or went on TANF. By the time of our second survey (9-11 months into tracking), 49% of respondents who were diverted from TANF had returned to AFS in search of services. This suggests that the constellation of needs experienced by those diverted may be similar to TANF recipients, and that their poverty and level of hardship are not temporary.

For these reasons, we support reauthorization legislation that

- restricts states' ability to divert eligible applicants from needed services, especially TANF
- ensures that state TANF grants are sufficient to keep families from experiencing severe economic hardships
- monitors family wellbeing during the job search to ensure that their basic needs are being met
- increases flexibility to provide financial assistance during crises without requiring an intensive work search
- maintains strong support services for clients facing domestic violence.

In addition, we support specific amendments to *PRWORA* Section 408(a) with the addition of the following text⁺:

A State may not refuse to accept, at the time of application, an application for assistance from the State program funded under this part, or give an individual reason to believe that, at the time of application, the State will not unconditionally accept such an application from any individual.

Along with the insertion after paragraph (4):

(5) PROTECTION FOR CHILDREN- A State to which a grant is made under section 403 shall not deny or limit assistance to a child born into a family receiving assistance under the State program funded under this part.

⁺Suggested bill language is based, in part, on H.R. 3113, "TANF Reauthorization Act of 2001," introduced in the House on 10/12/2001 by Rep. Patsy T. Mink.

In addition, Part A of Title IV (42 U.S.C. 601-619) should be amended by inserting the following after Section 416:

SEC. 417. MINIMUM BENEFIT RULES.

(a) IN GENERAL- After taking into account all costs of living and family size in each State with a program funded under this part, the Secretary shall, by regulation, prescribe a minimum cash benefit, which shall be payable by the State to each recipient of assistance under the program.

(b) LIMITATION- The minimum cash benefit prescribed for a family under subsection (a) shall be an amount that is not less than the sum of the poverty line applicable to the family, plus the amount (if any) by which the housing costs of the family exceeds 30 percent of the poverty line applicable to the family.

II. PROTECT WORKING FAMILIES — Assistance for low-wage workers who lack benefits should be bolstered by expanding the umbrella of health care, childcare, and transportation subsidies, as well as Food Stamps.

Most of our study respondents work in the low-wage sector of the labor force. About half rated their family's wellbeing as "fair" or "poor". More than one quarter had no health insurance when they were interviewed. Eighteen to twenty-one months after leaving TANF, only 45% of the respondents had incomes above the federal poverty level. Less than 14% of the jobs they held included the following combined characteristics: wages at or above \$1,200/month; predictable and fulltime hours; employer-provider health insurance; and sick leave and vacation leave.

Low wages, accompanied by cycling in and out of paid work as job conditions and family demands change, leave most families in uncertain and sometimes disastrous financial situations. To survive under such circumstances, these families pull together earned income; other income such as child support payments and the Earned Income Tax Credit; supports such as food banks and housing subsidy programs; and public assistance benefits that they see as part of their safety net.

Administrative Record Data show that over 90% of former TANF clients used the Food Stamp program; 87% used the OHP; and about 25% used the ERDC program during the 21 months after leaving or being

diverted from TANF. During our first tracking period (12-15 months after leaving or being diverted from TANF), many families had experienced significant economic hardship — 80% paid bills late, 50% depended on money or gifts from family or friends to get by, 47% had eaten at a food kitchen or received a food box, and 25% had skipped meals because of lack of money.

The results of our in-depth study indicate that circumstances causing TANF leavers, TANF diverted, and Food Stamp leavers to return to AFS for support are often not temporary barriers, but a result of ongoing hardships. Respondents recommended the following changes to AFS policy most often:

- (1) increase the eligibility limits for Food Stamps, ERDC, and the state health plan; and
- (2) allow a more gradual phase-in of increased co-payments, so modest income gains are not offset by benefit reductions and overall family resources are not reduced.

In addition, reauthorization legislation should ensure:

- that state programs demonstrate enough flexibility so that caseloads changes in TANF, Food Stamps, and health care assistance match changing levels of poverty and unemployment in the state
- that state programs demonstrate outreach activities for Food Stamps and related programs
- that state programs are rewarded for decreasing the complexity of the application and re-certification process
- that federal block grants contain sufficient funds to allow states to lower the co-payment amounts for health plans and childcare subsidies
- that state programs reduce the sensitivity of safety-net programs to small, temporary changes in client incomes
- that state programs are rewarded for having refundable state earned income and childcare tax credit programs, so that families whose incomes are so low they do not reach the threshold to pay income tax can receive tax benefits.

Specifically, Section 408(a)(7) or PRWORA should be amended by adding at the end:

(I) SPECIAL RULES RELATING TO MONTH IN WHICH UNEMPLOYMENT IS HIGH OR HAS INCREASED SHARPLY OVER PRIOR 2 YEARS—

(i) CLOCK STOPPED FOR CURRENT RECIPIENTS- In determining the number of months for which an individual has received assistance under the State program funded under this part, the State shall disregard any month that is a trigger month.

(ii) TREATMENT OF FORMER RECIPIENTS WHO REACHED TIME LIMIT-

(I) NOTICE; DETERMINATION OF ELIGIBILITY- On the occurrence of a trigger month, the State shall--

(aa) issue a public notice that a trigger month has occurred; and

(bb) on request of an individual who had become ineligible for assistance under the State program funded under this part by reason of this paragraph, determine the eligibility of the individual for such assistance as if the individual had received such assistance for 59 months.

(II) ADDITIONAL MONTH OF ASSISTANCE FOR OTHERWISE ELIGIBLE FORMER RECIPIENTS- If the individual is so determined to be eligible for such assistance, the State shall,

notwithstanding subparagraph (A), provide such assistance to the individual for any month that is a trigger month, but shall not provide such assistance to the individual for any month that is not a trigger month.

(iii) TRIGGER MONTH- In this subparagraph, the term “trigger month” means, with respect to a State, any month for which the unemployment rate of the State--

(I) is at least 5.5 percent; or

(II) has increased by the lesser of 50 percent, or 1.5 percentage points, over the lesser of the average rate of total unemployment in the State (seasonally adjusted) for the preceding fiscal year or the average unemployment rate of the State for the 2nd preceding fiscal year.

III. ENCOURAGE POVERTY REDUCTION — TANF recipients should receive better support for education; higher education should count as a work activity (for up to four years); poor college students should be allowed to receive Food Stamps.

A “good job” has traditionally been defined as one that is fulltime, stable, pays a wage that can sustain a family, and has good benefits. For the purposes of our study, we defined a good job as one that was at least 35 hours per week, had take-home earnings over \$1,200 per month, had predictable shifts and sick leave, and that offered at least some paid vacation and health insurance. During our first contact with respondents, we found that only 11% of the TANF leavers 5.8% of the TANF diverted, and 9.4% of the Food Stamp leavers held a “good job.” At the second interview six months later, there was little change in these statistics. The reality of leaving the low-wage sector and climbing the ladder of economic mobility is slim without access to income supports and education or specialized training.

Our study found that higher levels of education were associated both with higher rates of employment and lower rates of poverty. Almost 20% of respondents did not have a high school degree or its equivalency after leaving or being diverted from cash assistance or Food Stamps, constituting a severe disadvantage in the job market. In terms of TANF leavers and those diverted from TANF, the proportion of our respondents who were employed climbed significantly with a high school degree and, again, with at least some college education.

Poverty rates fell as levels of education rose. More than 80% of those without a high school degree (or its equivalent) had incomes below the poverty line, compared with 47% of those with some college. Those with at least some college were significantly less likely than those with only a high school degree or GED to have household incomes below the poverty level.

For these reasons, we support legislation that

- requires states to count basic and higher education as a work activity
- expands the safety net program support (TANF, Food Stamps, health care and childcare assistance) for those pursuing higher education and “hard skills” job training

- rewards states that develop programs that successfully help clients move into higher-wage jobs
- extends the time limit for an education program to four years, so heads of households can complete degree programs.

Specifically, we support amending *PRWORA* Section 407(d) by striking paragraph (4) and inserting the following:

(4) transitional work experience leading to jobs that provide an income of not less than 250 percent of the poverty line;

and by striking paragraph (7) and inserting the following:

(7) voluntary participation in a community service program.

In paragraph (8), strike “(not to exceed 12 months with respect to any individual).” Strike paragraphs (10) through (12) and insert the following:

(10) participation in a State or Federal work-study program under part C of title IV of the Higher Education Act of 1965;

(11) education, including not more than 6 hours of home study per week, in the case of a recipient who is enrolled--

(A) at an elementary or secondary school (as defined in the Elementary and Secondary Education Act of 1965);

(B) in a course of study leading to adult literacy, English as a second language, or a certificate of high school equivalency; or

(C) at an institution of higher education (as defined in section 102 of the Higher Education Act of 1965), regardless of the content of the course of study;

IV. PUT CHILDREN FIRST — Subsidies and reimbursement rates for day care should increase; parents caring for young children should be supported.

Finding and arranging affordable and quality childcare is an issue for all working parents. About one-quarter of our sample reported serious problems with childcare. Meshing childcare, transportation, and work was a significant problem for approximately one-third of the parents with children under the age of 12. Many of those who were working described

childcare arrangements that were complex, sometimes precarious, and that took a fair amount of coordination.

A significant proportion of parents reported concerns that they do not have enough time with their children. Some of these working parents worry about the stress their children suffer from long days in day care, often of poor quality. Given the extraordinary difficulties many poor families face in combining work and family responsibilities, the wellbeing of children appears to suffer under the above circumstances.

Our study found that women with consistent access to resources such as financial assistance from a partner or reliable monthly child support reported greater family stability, primarily because they were able to spend more time with their children. Their kids were less angry, did better in school, and had healthier relationships with others because of time with their mothers.

The work of caring for children, should be supported in the following ways through changes to federal legislation that:

- requires states to support parents who are caring for children under the age of four
- ensures that parents of chronically ill children, or children with special needs, receive special consideration in the JOBS program
- encourages states to use resources, including TANF and Unemployment Insurance, to provide paid family leave for low-wage employees
- requires states to demonstrate with research that features of their programs do not undermine the wellbeing of poor children in the state
- provides states with the resources to support the efforts of parents to obtain high-quality childcare.

Specifically, we support legislation that amends *PRWORA* Section 418 (1) by striking subsection (b) and inserting the following:

(b) USE OF FUNDS TO PROVIDE INDIVIDUAL ENTITLEMENT TO CHILD CARE- A State to which a grant is made under this section shall use the grant, without fiscal year limitation, only to guarantee safe, appropriate, affordable, and quality care for any child of (or with respect to whom any of the following is acting as a caretaker relative--

(1) any recipient of assistance under the State program funded under this part who is employed or participating in a work activity

required pursuant to this part (except for full-time participation in a work activity described in section 407(d)(12)); and

(2) any other employed individual who is a member of a family whose income is less than 250 percent of the poverty line and who, during the past 24 months, ceased to receive assistance under any State program funded under this part.

In addition, we support legislation that amends Section 407(c)(1)(A) by adding the following text:

Notwithstanding the preceding sentence, the maximum average number of hours per week shall be 20 for any week in which the recipient is the parent or caretaker relative of a child who has attained 6 years of age and does not have meaningful access to safe, appropriate, affordable, and quality after-school or summer care for the child

Through our research, we have seen firsthand that, while former welfare recipients are working, welfare reform is not working for many former recipients who must struggle daily to feed and house their families, pull their families out of poverty, and keep their children safe. We believe that our recommended changes to the TANF Block Grant Program, and related legislation, are essential to insure that welfare reform acts as a positive change for low-income families and children born into poverty.

Sincerely,

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