Reforming Welfare Reform: What We Can Do

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What Causes Women’s Poverty?
Men and women experience poverty for some of the same reasons: unemployment, lack of education, lack of assets, poor mental or physical health, substance abuse, residential segregation and racism. However, women face additional barriers to economic self-sufficiency. They include educational and labor market gender segregation that drives many women into poorly paid and unstable service jobs, lack of access to family-friendly workplace policies such as sick leave, the gender wage gap, divorce, single motherhood and the abandonment of children by some divorced or unmarried fathers, and domestic violence. Here are some facts:

- The average Michigan family receiving welfare benefits consists of a mother with two children and receives aid for less than two years.¹
- One-fifth of all families with children are headed by single mothers. One of every eight single mothers is unemployed. Research indicates that between 28 and 37 percent of U. S. single mother-headed families live in poverty.²
- 90% of adult cash welfare recipients are single mothers.³
- Forty percent of U.S. welfare recipients lack a high school diploma.⁴
- “Women [are] 35 percent more likely to be poor than men.”⁵
- In 2008, U.S. women working full-time year-round earned 78 cents for every dollar earned by a similarly employed man.⁶
- Michigan women earned 72 cents.⁷
- “Studies show that 50-60% of welfare recipients report being recent or current victims of abuse.”⁸ Approximately half of domestic violence survivors need welfare benefits in order to leave their unsafe relationships.⁹

Reforming Welfare
Many impoverished families turn to the welfare system for assistance. In order to keep the welfare system operating, Congress must reauthorize the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) by September 30, 2010. As of August
2010, it appears likely that the Act will be extended through a continuing resolution with full consideration delayed until 2011.

Passed in 1996, PRWORA—popularly known as welfare reform—replaced Aid to Families with Dependent Children (AFDC), which had been an entitlement program, with Temporary Assistance to Needy Families (TANF), which provides block grants to the states for cash assistance to very low-income families as well as work supports including childcare and transportation assistance. Under TANF, states are required to adopt a “work first” approach that stresses immediate employment, with limited opportunities for education and training.

TANF has four purposes:

1) provide assistance to needy families to care for children in their own or relatives’ homes
2) end welfare dependence by promoting job preparation, work and marriage
3) prevent out-of-wedlock pregnancies
4) encourage the formation and maintenance of two-parent families.\(^{10}\)

During the spring of 2010, the U. S. House Ways and Means Committee, chaired by Michigan Rep. Sander Levin, held hearings on reauthorization through its Subcommittee on Income Security and Family Support, chaired by Rep. Jim McDermott. Policy experts and advocates recommended numerous improvements; their testimony and other informative reports are available through Legal Momentum, the Women’s Legal Defense and Education Fund, at [www.legalmomentum.org](http://www.legalmomentum.org). These deliberations have taken on extra urgency as the country experiences high unemployment, falling household income, and rising poverty.

**Reauthorization creates the opportunity to improve the law to make it more responsive to the needs of the poor, particularly in a difficult economy.**

With the creation of TANF, the number of parents receiving cash assistance has plummeted, even as use of
unemployment benefits and food assistance (formerly known as food stamps) have soared since 2000. In 1995, 62% of poor children received TANF benefits; in 2008, only 22% did so. While 84% of eligible families received benefits under AFDC in 1995, by 2005 the federal government estimated that only 40% of eligible families were being helped. A number of states reduced their welfare rolls by 90%.

There are many factors at play.

Welfare reform has moved many people off the welfare rolls but not reduced poverty, which has been increasing since 2000.

Under PRWORA, states are given block grants with wide discretion as to how they allocate them and strong incentives to reduce the number of cash assistance recipients. Aided by the boom economy of the late 1990s, states quickly reduced the number of families receiving cash benefits and diverted significant TANF funds away from cash assistance to child care, transportation assistance, expanded employment services, earned income disregards and other programs. As poverty grew during the 2000s and unemployment soared in the current recession, states were unable—and often unwilling—to move money back from those valuable and more politically palatable programs to cash assistance.

In addition, congressional appropriations for PRWORA have not increased since the law was passed in 1996, and the real value of block grants has declined by 27%. States are increasingly squeezed to fund both cash supports and other services necessary to help impoverished families. The American Recovery and Reinvestment Act of 2009 did provide new emergency TANF funds, which many states have used to fund services or create subsidized employment. Without reauthorization, those funds will expire at the end of 2010.

Most welfare recipients who succeed in finding work move into minimum wage, female-dominated and often unstable jobs without benefits or paid leave time and remain poor. Many cycle back onto welfare. Because of increased costs associated with working, most welfare leavers are no better off and some are poorer than they were while receiving benefits.
Although tax policies such as the Earned Income Tax Credit and the Child Tax Credit, and benefits such as Medicaid and the Children’s Health Insurance Program, food assistance, child care, housing and transportation assistance can combine with low-wage work to move families above the poverty line and toward self-sufficiency, many families do not or cannot get all the benefits for which they are eligible.

**Why Are Families Not Receiving Benefits?**

Welfare rolls appear to be restricted through a number of mechanisms. The first is tighter eligibility standards; for instance, reducing the amount of monthly income a family can have in order to qualify. Diversion strategies include waiting periods, requiring a prior job search, and providing one-time emergency payments instead of TANF enrollment. In addition, tough sanctioning policies in many states cause whole families to be dropped for sometimes minor or unavoidable infractions like missing an appointment or failing to file a document. In almost half of cash assistance cases, only children receive benefits, because parents are absent or ineligible.

Some families choose not to apply or drop out because of work requirements and onerous application requirements and processes. Women who have serious barriers to employment, such as poor physical and mental health, substance abuse, disability, a child with a disability, little education, limited work experience, lack of skills, low English proficiency, domestic violence, or lack of access to adequate housing, child care or transportation may also have barriers to applying for welfare and complying with participation requirements.

According to the U.S. Government Accountability Office, “A decline in average cash benefits may have contributed to the decline in participation.” The 2008 federal poverty line was $1,526 per month for a family of three. In July 2008, monthly cash assistance ranged from a low of $176 in Mississippi to a high of $734 in Alaska and equaled $425 in the median state. Average TANF cash benefits were 17% lower in 2005 than 1995.
Families receiving other benefits (food, child care, housing) may find that adding cash assistance causes those benefits to be reduced, resulting in little or no net gain.\textsuperscript{22}

Eligibility for federal cash assistance under TANF is limited to no more than five years during a recipient’s lifetime. Legal immigrants are eligible only after residing in the U.S. for five years. Some families appear to refrain from applying or withdraw while still eligible in order to reserve the option of future participation.\textsuperscript{23} Others fail to apply simply because they do not know about benefits or believe they could be eligible.\textsuperscript{24}

As a result of these factors, a rapidly growing class (20-25\% in 2007\textsuperscript{25}) of very poor single mothers neither works nor receives welfare or disability payments. “The number of people living in extreme poverty (with an income…below about $9,100 for a family of three) shot up by more than a third, from 12.6 million in 2000 to 17.1 million in 2008.”\textsuperscript{26} “Many of these women face multiple barriers to work.”\textsuperscript{27} About 6 million people—one of every 50 Americans—currently have no income other than food stamps.

\section*{Education Matters}

“[TANF] Work first policies ensured that those most qualified for career-enhancing postsecondary education and training were the least likely to receive it because they also were the most employable…. Work first policies moved people from public dependency to working poverty with no way out.”\textsuperscript{28}

Even though 40\% of TANF recipients lack a high school diploma, in 2008, only 2\% of adult recipients were enrolled in high school or GED preparation classes.\textsuperscript{29} TANF policy permits recipients to count postsecondary educational activities toward meeting their core work requirements for no more than twelve months. In 2008, only 4\% of recipients were enrolled in postsecondary vocational education.\textsuperscript{30}

“The poverty rate is now about 50\% for single mothers who lack a high school degree, compared with about 30\% for single mothers with a high school degree, about 20\% for single mothers
with an Associate’s degree, and about 10% for single mothers with a Bachelor’s degree.”

Education is particularly important in raising the incomes of women of color. “While a white woman with a four-year degree experiences an earnings increase of 77 percent over her high school graduate counterpart, Latinas experience an 88 percent increase in earnings with a college degree, while the earnings of African American women jump 92 percent when compared to high school graduates of their own racial/ethnic group. (U.S. Department of Commerce, Bureau of the Census 2003).”

People with more education have healthier children with better learning abilities, are much less likely to need welfare assistance and are more likely to make charitable contributions, engage in civic activities and vote.

**Child Care Counts**

Reliable child care is essential for low-income women to get and keep jobs. Even though federal support for child care has significantly increased, it has failed to adequately offset shrinking state budgets. In particular, states have cut child-care subsidies for the working poor, subverting the TANF “work first” mandate. Michigan is one of the states that has instituted cuts.

**Marriage Promotion Fails**

On average, children benefit economically and in other ways from living in married, two-parent households. Three of the four goals of the TANF legislation are tied to marriage promotion as a poverty reduction strategy, and the government is currently spending $150,000,000 per year in TANF funds to promote marriage and responsible fatherhood.

In May 2010, Mathematica Policy Research released an evaluation, commissioned by the U. S. Department of Health and Human Services, of Building Strong Families (BSF) marriage promotion programs involving 5,000 participants in eight cities. It found that “BSF did not make couples more likely to stay together or get married. In addition, it did not improve couples’ relationship quality.” Furthermore, “BSF did not … increase father involvement.”
Emphasis on marriage promotion overlooks key points:

- A significant and growing number of welfare applicants are married or living with a partner but experiencing deep poverty.\(^\text{37}\)
- Many low-income women, including those receiving welfare benefits, desire marriage but are unwilling to marry unless assured that a potential husband will provide financial and emotional security, share decision-making, help with child care and housework, and not be abusive.\(^\text{38}\)

**What About Michigan?**

**More than 25% of Michigan residents receive some form of welfare assistance— cash, food, medical care, disability or child care.**\(^\text{39}\)

As long-term unemployed workers lose their jobless benefits, Michigan is expected to face a surge of welfare applicants. However, Michigan has the some of strictest eligibility requirements for cash assistance in the country.\(^\text{40}\) It also has a tough sanctioning policy—termination of all benefits to the whole family with the first sanction for a rules infraction—combined with a narrow “good cause” exceptions process. Lifetime eligibility in Michigan is four years, with limited opportunities for one-year extensions.

Michigan has not adopted the TANF Family Violence Option offering protections for domestic violence survivors, although the state has made somewhat weaker commitments in its TANF state plan.

From 1997 to 2008, the Michigan TANF caseload declined by 43%.\(^\text{41}\) Between December 2007 and March 2009, as unemployment was skyrocketing, the TANF caseload declined by 15.2%.\(^\text{42}\) Though the number of cash assistance recipients is currently rising, it remains well below 2007 levels, and the rate of increase is dwarfed by increases in food assistance and unemployment insurance.\(^\text{43}\) According to Michigan Department of Human Services data, between February 2000 and February 2010 food assistance increased by 221%, medical assistance grew by 126%, but cash assistance grew by only 10%.\(^\text{44}\)
One in seven Michiganders now receives food stamps.

In Michigan, monthly TANF payments ($492 in July 2009 for a family of three) have barely risen in 20 years, while the cost of living has increased by over 70%.

While a maximum cash assistance grant for a Michigan family of three in 1980 was 23% below the poverty line, it was 66% below by 2008.45

Why Is Food Assistance Use Growing?

Unlike TANF, food assistance (SNAP—the Supplemental Nutrition Assistance Program) is a fully federally funded entitlement program with a higher income threshold (130% of the poverty line) and bonuses to states that have high or improved participation rates. Applicants are able to get benefits immediately, while some states, including Michigan, make TANF applicants wait. The more recipients states enroll, the more federal dollars they bring into their local economies. Since the beginning of the current recession, welfare recipients have increased nationally by 6% to slightly over 4 million46 (down from over 14 million in 1994), while food assistance recipients have increased by 30% to around 37 million, or approximately one in eight Americans.

What Can We Do?

This is the time to communicate with legislators, including the U. S. House Ways and Means Committee, about reforming welfare reform in order to truly put impoverished families on the path to self-sufficiency.


For information on how to contact your legislator, go to the CEW website at www.cew.umich.edu/cewaction/action.htm.
Here are some steps experts recommend:

**Invest in Education.**
End restrictions on education and training. Eliminate the TANF provision that prevents states from supporting more than 30% of their TANF caseload in pursuing higher education. **Count education and study time as work.** Support recipients in completing literacy training, GED preparation and testing, high school, English as Second Language (ESL) courses, vocational training, associate’s degrees and bachelor’s degrees. Ensure that students receiving cash assistance also receive child-care and transportation supports that are necessary for their success. Create mechanisms that encourage and enable women to train for higher-paying professions, including non-traditional employment. Maine and Kentucky offer college options to welfare recipients and can provide models for national policy. **Education is a proven path out of poverty for women and their children.**

**Redirect Marriage Promotion Funds.**
Invest funds currently designated for marriage promotion in education, job training and asset development, strategies with a proven record of success.

**Protect Children.**
Eliminate full family sanctions that remove benefits from children when parents are out of compliance with requirements. Increase child-care funding so that both recipients of cash assistance and working poor families can pursue education and employment without jeopardizing either their children or their jobs.

**Increase Protections for Survivors of Domestic and Sexual Violence.**
Make the TANF Family Violence Option mandatory, requiring states to screen all applicants for domestic and sexual abuse, refer those experiencing violence to counseling and services, and waive TANF requirements, like establishing paternity and participating in child support enforcement, that endanger women and children who are living with or fleeing violence.
**Take labor markets into account.**
Suspend welfare time limits and stop enforcing workforce participation rates during periods of high unemployment or in states with above-average unemployment. Create a permanent TANF emergency fund available to states with high unemployment.

**Increase Funding.**
Index block grant payments to inflation. Increased funding is needed so that states can continue, in times of high unemployment, to provide both a cash safety net and work supports for low-income working families.

**Redefine Success.**
Instead of evaluating states only by workforce participation rates, add other measures of family well being, like sustained employment, poverty reduction, participation in education and training, screening for domestic and sexual violence, referral to appropriate services, and ensuring recipients receive all benefits for which they are eligible. **Apply the SNAP model of rewarding states for meeting needs, not reducing rolls.**

**Resources:**
Endnotes


6 Hartmann et. al., Men’s and Women’s Employment, p. 9.


15 Legal Momentum. TANF “Work First” Policy.

16 Jones-DeWeever, and Gault, p. 3.

17 United States Government Accountability Office. Temporary Assistance for Needy Families: Fewer Eligible Families Have Received Cash Assistance Since the 1990s, and the Recession’s Impact on Caseloads Varies by


21 Brown, Kay E. “Temporary Assistance for Needy Families: Changes in Rates.”

22 GAO. TANF: Fewer Eligible Families, p. 20.


27 Blank, What We Know, p. 27.


39 Michigan DHS. “Welfare 101.”


