



Issue Brief

204 N. First St., Suite C • PO Box 7 • Silverton, OR 97381 • www.ocpp.org • 503-873-1201 • fax 503-873-1947

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TANF Reauthorization: Why the Administration's Welfare Proposal would Hurt Oregon

This year, Congress is reauthorizing the Temporary Assistance for Needy Families (TANF) program, commonly known as welfare. The Bush Administration has proposed to limit state control over how TANF operates in the states. This "issue brief" describes why the Administration's proposals would hurt Oregon.

Oregon would lose authority over how to run its program

The most immediate and significant impact for Oregon is the Bush Administration's plan to end state TANF initiatives operating under waivers to the federal rules. Implemented prior to federal welfare reform in 1996, Oregon's waivers allow flexibility in defining how recipients spend their time as they work to stabilize their families and move toward self-sufficiency. The Administration would replace this flexibility with a one-size-fits-all program overseen by prescriptive federal rules. Under the Administration's proposal, Oregon would lose its waiver this fall, almost one year before it is set to expire in July 2003.

Oregon's current waiver allows Oregon's TANF program to adjust to changing circumstances and experience. For instance, in economic downturns, the job market changes. Oregon should be allowed to continue to have the flexibility to alter its work requirements accordingly. As experience suggests new approaches, Oregon should be able to improve its program quickly, without being hamstrung by prescriptive federal rules.

Why keeping the waivers is so important for Oregon

The Administration's one-size-fits all approach is a recipe for failure in Oregon for the following reasons:

Oregon could not meet the Administration's misguided goals.

The Administration's proposal would only allow states to count recipients toward the work requirement if they are in paid or unpaid work for 24 hours per week. Oregon cannot meet this requirement because:

1. The Administration's proposal creates a Catch-22 for recipients. A single mother with two children in Oregon who works for minimum wage for 24 hours a week makes too much money to be eligible for assistance. At minimum wage, she reaches the income limit when she is working less than 22 hours per week. Hence, the Administration's proposal is simply unworkable. Oregon has always had very few TANF families working in regular jobs because the income eligibility level for TANF is low (\$616/month for a three-person family).
2. It is not clear how Oregon could meet the 24 hours per week requirement even for recipients in unpaid "work experience" or community service projects. Even though these recipients are not receiving an hourly wage, their "pay," the amount of cash assistance they receive, must be at least equivalent to minimum wage. Oregon's TANF grant for a three person family is \$460, and the self-sufficiency supplemental payment is \$43, making the total TANF benefit for a three-person family \$503. Because Oregon's minimum wage is \$6.50 per hour and the state welfare program cannot violate the minimum wage law, an unemployed single mother with two children cannot be made to spend more than 17.9 hours per week (77.4 hours per month) in unpaid work projects at Oregon's current grant levels.

These problems could be resolved if the state increases its grant and income eligibility levels, a needed but expensive proposition.

Implementing and running the new system would be expensive and inefficient.

Oregon would need to restructure its welfare system in fundamental ways in order to adopt the Administration's one-size-fits-all approach. Creating work programs for so many recipients would be expensive, and operating a system focused on pushing all recipients into a narrow set of work activities would be inefficient. In response to a recent survey conducted by the National Governor's Association and the American Public Human Services Association about the impact of the Administration's proposal on the states, Oregon's Department of Human Services wrote that

present level funding would not be sufficient to finance a program with the features and scale as that outlined in Administration's proposal The cost of operating a program with a work experience component capable of serving all TANF families with adults in the grant would require us to completely redesign our program around a work experience component and then determine what we could afford to provide beyond that. This would likely drive up the costs of the program and support services significantly.

Oregon would have to end programs that have proven effective.

Under Oregon's current rules, caseworkers have the flexibility to create case plans that help disabled recipients and others with serious barriers to employment to make progress toward family stability and job readiness.

Recipients struggling to overcome disabilities, domestic violence, and mental health and substance abuse problems need case plans that allow them time to improve their immediate situations. Under the Administration's proposal, Oregon would need to abandon individualized case plans in favor of pushing recipients who don't find private sector jobs quickly into "work experience" positions or community service slots. Recipients who are not yet ready for these sorts of activities would either abandon public assistance or face time limits and sanctions.

In addition, because the one-size-fits-all approach would be so expensive to implement, Oregon would have to eliminate or scale back some effective programs. Child care subsidies for families who have left TANF for employment, for example, might be threatened with cuts.

Oregon would need to institute lifetime limits on all recipients even though we have proven we do not need them.

Prior to federal welfare reform, the Oregon Legislative Assembly designed a time limit that meets Oregon's goals. Rather than impose lifetime limits, Oregon's time limit requires that recipients develop and follow case plans, and imposes sanctions on recipients who do not comply. As long as case plans are being followed, families do not run afoul of the limit (two years of assistance in any seven year period). Under Oregon's waivers, Oregon does not impose a lifetime limit. Oregon should be allowed the flexibility to continue a policy that is working.

The new system would be too focused on what current recipients are doing with their time, not on how the lives of recipients improve with public support.

The state welfare agency should be concerned with how well their program stabilizes families and helps recipients improve their lives over time. Focusing predominantly on how current recipients spend their time (by imposing work requirements with specific numbers of hours) does little to assure that families who leave welfare are doing better, or that the lives of current recipients are improving.

The Administration and its allies claim that a significant number of families are not meeting work requirements, based on federal data on how many recipients are spending time in work-related activities in an average month.

The Administration's argument is misleading. In a given month, many families are temporarily unable to engage in work-related activities. Some have a child with a serious medical problem. Others are taking important steps to stabilize their families and move toward self-sufficiency by, for example, escaping from domestic violence or attending disability rehabilitation appointments. Still others are temporarily unable to engage in work because the welfare agency is 1) assessing their situation to determine the best path to success, or 2) is in the process of arranging for a work site. Because the monthly data obscure these realities, they are inappropriate for analyzing the work effort of TANF

recipients. In Oregon, virtually all families are responsible for meeting the requirements of case plans designed to help them move as efficiently as possible to self-sufficiency.

Other reasons why the Administration's proposal would hurt Oregon

As costs increase with inflation, the size of the block grant would not keep up.

The Administration proposal does not increase the amount of money states receive to run TANF programs. Over time, as inflation increases costs, the federal outlay will decline in value. Because TANF has not been adjusted for inflation since 1997, it has lost 11 percent of its value. By 2007, unless adjusted for inflation, the size of the block grant will have declined by 22 percent since 1997. Oregon spent its TANF outlays from past years, and so does not have reserves to draw on in the future.

Legal immigrants could not access federal aid, even though they pay federal and state taxes.

Under welfare reform, legal immigrants in the U.S. less than five years are ineligible to receive federal TANF. Legal immigrants, who pay taxes and are eligible to serve in the military, should be allowed to receive the federal services which they help fund. While Oregon uses state funds to provide benefits, all states, including Oregon, should be allowed to use federal TANF money for this purpose.

Oregon's efforts to end child poverty increasingly depend on whether legal immigrant families climb the economic ladder. Approximately 18 percent of all Oregon children under 150 percent of poverty are not citizens or are living with relatives who are not citizens. As the number of immigrants in Oregon continues to grow, the state costs of providing TANF benefits to immigrants will grow accordingly. Oregon's foreign-born population increased 79 percent in the 1990s. Given Oregon's tight budget environment, advocates fear that state policy makers may decide to end benefits for legal immigrants to counter rising program costs.

The proposed "super waiver" would run roughshod over Congress

The Administration and their Congressional supporters would reject limited TANF waivers like Oregon's in favor of overly broad "super waivers." States would submit waiver proposals involving two or more programs (e.g. TANF and Unemployment Insurance) to the Administration. With approval from the Administration and no Congressional action, states could disregard many of the guidelines Congress sets to assure that the block grants are spent appropriately. For instance, states could shift money from programs helping to stabilize poor families to other programs. States would only be subject to weak accountability mechanisms for assuring that their waivers would improve the lives of poor families.

Alternative proposals that are better for Oregon

Oregon's poor families are working, but too many are still unable to meet their family's basic needs. The poverty rate among working families with children doubled from the late 1970s to the late 1990s, growing most quickly after welfare reform.

The TANF program currently offers few educational and training opportunities leading to higher paying jobs. Instead, the current program is satisfied with helping recipients find poverty-wage employment. Although welfare caseloads declined precipitously following welfare reform, there were about 80,000 more poor people in Oregon in the late 1990s than there were ten years earlier.

The best Congressional proposals recognize that the TANF program should help families find stable work that pays enough to put food on the table and cover basic necessities. For instance, legislation introduced in the U.S. House of Representatives by Representative Patsy Mink (H.R. 3113) would focus TANF on helping families with children escape poverty. The bill includes a five-year time limit and retains the program's current emphasis on work, but allows more education and training opportunities and moves recipients into more stable jobs with higher wages and better benefits. The Mink bill also restores federal TANF benefits to legal immigrants living in the U.S. less than five years. Senators Paul Wellstone and John Corzine are expected to submit a similar bill in the Senate.

Representative Benjamin Cardin introduced legislation in the House (H.R. 3625) that, like the Mink bill, maintains the basic work-oriented structure of TANF. It provides just six months of support for parents struggling with serious barriers to employment such as mental health problems. On the other hand, the bill focuses TANF on poverty reduction, allows the funding level to grow over time, and offers a state option to provide federal TANF benefits to legal immigrants. Representative Marge Roukema's bill (H.R. 4210) also makes poverty reduction a goal of TANF, increases the block grant amount, and allows more education and training.

Senator John D. Rockefeller's bill (S. 2052) similarly would focus TANF on reducing child poverty. It would increase the federal outlay for TANF, but not by as much as the Cardin bill. Rockefeller's bill would increase the block grant gradually to \$17.4 billion by 2007, while Cardin's bill would increase the grant to \$18.7 billion over the same period. The Administration proposes holding current funding flat at \$16.5 billion.

Other proposals that would hurt Oregon

A bill submitted by Representative Wally Herger (H.R. 4090) closely mirrors the Administration's proposal, as does a brief proposal revealed by Senators Evan Bayh and Thomas Carper.

Summary

Congressional reauthorization of the Temporary Assistance for Needy Families (TANF) program, commonly called “welfare,” may have significant ramifications for Oregon. The Bush Administration’s proposal would prematurely end the waiver under which Oregon currently operates, imposing a “one-size-fits-all” approach to welfare in the state. This would require significant changes to Oregon’s welfare system that would be both expensive and inefficient. Because of its waiver Oregon currently has the flexibility to design welfare services to meet the needs of clients with variable situations and histories. Without the waiver, successful programs would disappear.

The Administration’s proposal does not increase the cost of the welfare block grant to account for inflation. It also ignores the need for more educational and training opportunities, and threatens Oregon’s ability to provide TANF services to legal immigrants.

Oregon deserves better. There are alternative proposals in Congress which would maintain the work-oriented focus of the original 1996 welfare reform while also increasing the size of the block grant, allowing more education and training, offering benefits to legal immigrants, and placing more emphasis on poverty reduction.

Oregon’s poor families are working. Congress should design a Temporary Assistance for Needy Families program that works for Oregon.