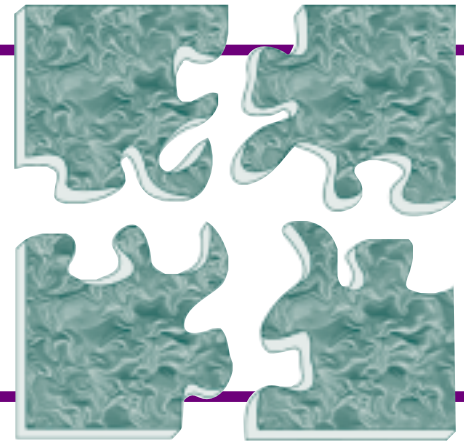


BEST PRACTICE BRIEFS



PUTTING THE PIECES TOGETHER

THE POPULATION p.1

THE PROGRAM p.2

The Vocabulary p.3

State Implementation p.4

Incentives, Supports p.4

AFDC and TANF p.11

DOES IT WORK? p.5

Number of Recipients p.6

Out of Poverty? p.7

Child Care p.7

School Performance p.8

Child Abuse/Neglect p.9

Relatives p.9

Community Agencies p.9

WHAT NEXT? p.10



OUTREACH
PARTNERSHIPS

MICHIGAN STATE
UNIVERSITY

IMPACT OF WELFARE REFORM

This BRIEF summarizes experience in welfare reform since 1996, with an emphasis on Michigan. Programming from an assets approach and those practices most related to self-sufficiency and family well-being will be explored in a subsequent BRIEF.

Assistance to poor children and their parents is intended to avoid the damaging consequences of severe deprivation to children. Initially designed to enable widows to stay home with their children, federally funded welfare came to be seen by the public as avoidance of work by predominantly unmarried parents. In 1996, Congress enacted Temporary Assistance to Needy Families (TANF) in an effort to change the administration of assistance. This BRIEF summarizes the impact of these changes on states, children and families, and the community.

THE POPULATION

Some 15 percent of Michigan’s children under the age of 18 are poor, based on the federal determination of the poverty line, i.e., \$14,363 for a family of three in 2002. An additional 22 percent live in families with incomes below 200 percent of poverty, i.e., \$27,454 for a family of three.¹

Not every poor child receives welfare payments. Less than one-fourth of the 150,000 poor families with children in Michigan had cash assistance as the majority of their income in the late 1990s.²

Although the stereotype is that of families who are dependent on long-term assistance, in fact the families on welfare comprise three distinct groups:

- **SHORT-TERM.** Some low-income parents turn to assistance following an illness, divorce, or unemployment and return relatively quickly to the workforce. For this group, assistance represents a safety net. Approximately one-fourth of the caseload falls in this category.
- **EPISODIC.** Other low-income families, struggling with low wage and erratic jobs, cycle on and off of welfare. For these families experiencing short-duration employment, assistance serves as a substitute for unemployment compensation. Approximately one-fifth of the caseload falls in this category.

1. National Center for Children in Poverty, (March 2002), *Child Poverty Fact Sheet*, New York: Columbia University. Available on line at www.nccp.org.

2. D. Tenny & B. Azhradnik, (August 2001), *The Poverty Despite Work Handbook*, Third Edition, Washington, DC: Center on Budget and Policy Priorities.

- **LONG-TERM.** Finally, a significant percentage of welfare recipients remain on welfare for an extended period of time (over two years). It is this final group that faces the greatest barriers to employment and poses the greatest challenges under federal time limits. Approximately 50 percent of the caseload falls in this category.³

In addition to families, a substantial number of children-only receive assistance. These are children who are living with adults who are not eligible for assistance under TANF, e.g., grandparents or other kin, SSI recipients, or non-citizen migrants. This category represents 29 percent nationwide of the TANF caseload.⁴

WELFARE RECIPIENTS IN MICHIGAN

- *Child population* receiving assistance: 5 percent
- *Average family size*: 3 people -1 adult and 2 children
- *Children under the age of 5*: almost 50 percent of recipients
- *Children under the age of 18*: 80 percent of recipients
- *Adult*: Average age - 34 years; 93 percent female
- *Work status*: (January 2002) nearly 28 percent of all families on welfare had earned income.⁵
- *Status of caseload*: (October 2002)
 - 37 percent (adults with children) were expected to work.
 - 30 percent (adults with children) were temporarily excused from work. (e.g., having an infant under three months of age or for health or disability)
 - 34 percent were children living with grandparents, other relatives, or parents ineligible for assistance.⁶

THE PROGRAM

Flexibility and devolution were the hallmarks of federal welfare reform initiated in 1996.⁷ Adopting a block grant to states for welfare services, Congress created TANF (Temporary Assistance for Needy Families) as a flexible funding source to replace the prescriptive AFDC (Aid to Families with Dependent Children) program. AFDC had been an entitlement program that provided states with open-ended federal matching funds for welfare services to individuals. Under TANF, assistance funds are defined as a block grant to the states in an amount consistent with their usage prior to 1996. TANF increased state control over the use of funds in exchange for a cap on the funding available to each state.

Four objectives were defined for TANF:

- to support needy families
- to reduce welfare dependency and increase work

- to reduce out-of-wedlock childbearing
- to promote the formation of two-parent families

3. The percentages of the caseload are derived from an analysis of an Urban Institute survey of the caseload in 1997 and 1999. P.I. Loprest, (September 2001), How Are Families Who Left Welfare Doing Over Time? A Comparison of Two Cohorts of Welfare Leavers, *Economic Policy Review*, New York: Federal Reserve Bank.

4. M.K. Shields & R.E. Behrman, (Winter/Spring 2000), Children and Welfare Reform: Analysis and Recommendations, *The Future of Children*, Vol. 12 (1), Los Altos, CA: David and Lucille Packard Foundation.

5. *Michigan FY 2003 Executive Budget*: Grants and Welfare-To-Work Programs, Family Independence Agency (February 20, 2002); Michigan League for Human Services, *Kids Count in Michigan*, 2001 Data Book, Lansing, MI.

6. Michigan Family Independence Agency. On the web at www.michigan.gov/fia.

7. Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PL 104-193). A comparison of AFDC and TANF is at the end of this **BRIEF**.

TANF specified certain parameters. Legal immigrants are no longer eligible for assistance. States are required to place 50 percent of welfare recipients in work activities. Families can only receive federally-funded assistance for a maximum of five years; this limit is now beginning to impact families.

Only three states—Michigan, California, and New York—have authorized the use of 100 percent state funds for continued assistance to those families who have hit the five year limit.⁸

The legislation also provided incentives to reduce adolescent out-of-wedlock births and grants to

increase the amount of child support from non-custodial parents.

TANF has resulted in tremendous variation among the states in the mix of welfare benefits, requirements, and incentives. With the option of using up to 30 percent of their allocation for uses other than cash assistance, states have used the flexibility to transfer funds to child care subsidies and social services expenditures. A handful of states have also pushed the outer limits of TANF's flexibility by counting state funds spent on other low-income programs against their TANF maintenance of effort—in effect freeing up state dollars for other purposes.⁹

THE VOCABULARY

AFDC	Aid to Families with Dependent Children. The federally funded welfare program that existed from 1939 to 1996.
Assistance	Cash payments, voucher, and other forms of benefits designed to meet a family's ongoing basic needs for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses. Does not include child care subsidies or Medicaid.
Entitlement	An unlimited right to benefits if one meets eligibility requirements.
Devolution	Shifting decision making from the federal to the state government (and presumably from the state to the localities).
Earned income disregard	A specified amount of income that a recipient of assistance can earn without having the assistance grant reduced.
Maintenance of effort	The federal requirement that the state expend as much of its state funds as in previous years.
Needy family	One that meets the income eligibility requirements for assistance established in the state's TANF plan.
Poverty	Defined by the U.S. Bureau of the Census annually according to minimum requirements for food, shelter, and other necessities.
Sanctions	Withdrawal of assistance from a family that has not met work or other requirements established by the state for receiving assistance.
Self-sufficiency	Ability to meet one's needs without outside assistance.
TANF	Temporary Assistance to Needy Families. Replaced AFDC in 1996.
Waiver	Authorization to a state to pilot changes from federal regulations.
Welfare assistance	All forms of cash and in-kind assistance available to those meeting income criteria, e.g., TANF, Social Security Supplement, and general assistance; Medicaid, child care subsidies, food stamps, and housing assistance.
Welfare reform	The shift to an emphasis on work for recipients of assistance. Also includes the intent to reduce out-of-wedlock pregnancies and encourage two-parent families.

8. B.B. Blum & J.F. Francis, (2002), *Welfare Research Perspectives: Past, Present and Future*, New York: Columbia University, National Center for Children in Poverty, Research Forum on Children, Families and the New Federalism. On the web at www.nccp.org/RFBrief4.pdf.

9. The Center for the Study of Social Policy and The Together We Can Initiative, (Summer 1997), *Focus on Welfare Reform: The Collaborative's Role, The Community Agenda*, Vol.1 (1), Washington, DC.

STATE IMPLEMENTATION

States overwhelmingly embraced the primary goals of the 1996 federal welfare reform by

- emphasizing work first
- increasing the frequency and intensity of sanctions
- developing incentives to make work pay, including strategies to help welfare recipients keep more of their earnings without losing welfare support

Michigan's employment and training program, known as Work First, strongly emphasizes employment.¹⁰ Welfare recipients, except for those specifically exempt by state law, are required to participate in the following "work" activities for up to 40 hours per week:

- employment
- school if under age 20 and haven't completed high school or its equivalent
(Children age 16+ who are not in school and either not permitted to return or with no expectation of graduating before age 20 can be required to work.)
- employment and school (10 hours of work combined with 10 hours of class and 10 hours of study time)
- vocational education for up to 12 months¹¹

The goal of Work First is to have the welfare recipient test the labor market through job-seeking activities prior to any participation in employment and training programs. Job search assistance is of the greatest benefit to welfare recipients who are most job-ready. **Under this scenario, welfare is viewed as transition funding, to provide support during the period of job search.**

In Michigan, state funds for employment and training services are allocated to 25 local Workforce Development Boards known as Michigan Works! Agencies, that in turn contract with local agencies for services. Contracting agencies include a range of private nonprofit agencies, for-profit firms, local schools, and colleges.

Each Michigan Works! Agency has developed a five-year plan that identifies the target groups and the services to be offered. The employment services provided by all Michigan Works! Agencies include

- overview of the basic skills and workplace competencies valued by employers
- pre-employment and work maturity skills
- resume writing, self-marketing and learning how to target employment opportunities¹²

Sixteen of the twenty-five Michigan Works! plans do

not address supportive services; many do not offer the continuum of services needed to ensure economic self-sufficiency. Others, like the plan for the City of Detroit, propose a broad range of supportive services including literacy training, substance abuse assessment and referral, child care and transportation assistance, computer training and entrepreneurship training.¹³

INCENTIVES AND SUPPORTS

To facilitate the transition to work—particularly for those who have been receiving welfare for a period of time—states to varying degrees have attempted to reduce the income barriers to work by providing incentives and supports.

- **Earned Income Disregard.** Most states, including Michigan, have taken some steps to avoid the disincentive when work income is merely a replacement for welfare dollars. Enhancing the income of working welfare recipients is accomplished by not including a specified amount of income earned by welfare recipients when determining the level of the monthly welfare grant. Studies of earned income disregards have shown that they increase employment.¹⁴
- **Federal Earned Income Tax Credit (EITC).** Under this provision of the tax code, a credit against the federal income tax or a direct payment supplements income for low-income working families. The EITC provides up to \$4,000 per year in supplemental income (for a family with two children) and provides a major incentive to work. A number of states, but not Michigan, have also adopted state-level EITCs.
- **Child Care Subsidies.** State expenditures for child care have risen dramatically under welfare reform with the increase in the amount of available federal funds through TANF and through the Child Care and Development Fund.¹⁵

10. Predating welfare reform, Work First in Michigan was launched in 1994.

11. Prior to October 1, 1999, fewer educational options were available in Michigan; opportunities were increased by the legislature in 2002 in anticipation of federal changes.

12. *Michigan FY 2003 Executive Budget*.

13. M. Schuring, (October 2000), *Access to Employment Services Under the Workforce Investment Act: How Will Low-Income Populations be Served in Michigan*, Lansing MI: Michigan League for Human Services.

14. M. Cohen, (1997), *Earned Income Disregards*, Washington, DC: Welfare Information Network.

15. The reduction in state general funds through tax cuts and recent reductions in revenue has meant that Michigan has not drawn down all of the federal child care funds for which it has been eligible. The 2003 budget for the Michigan Family Independence Agency begins to address this problem by shifting more state general funds into child care services (instead of TANF) to provide state match dollars to draw down additional federal Child Care and Development Fund dollars.

Because state child care reimbursements are well below market rates, it is difficult for low-income parents to compete for quality child care, particularly for the less available infant, evening, and weekend child care, as well as child care for young children with special needs. Low subsidy rates contribute to low wages for child care staff; low wages are associated with poor training and high turnover in caregivers. Untrained staff affects the quality of care, and discontinuity in caregivers disrupts the important relationship between caregiver and child.

- Families in Michigan receiving subsidies to purchase child care grew from 28,000 in 1996 to over 69,000 in 2002.¹⁶ Child care subsidies have been available both for families that are working but still receiving assistance and for the working poor whose incomes are within approximately 170 percent of the poverty level for a family of three. Families not receiving assistance are expected to provide a co-payment on a sliding fee scale, with a minimum co-payment of 5 percent of the state’s payment level and the maximum at 70 percent. Provider rates for state subsidized child care are currently set at the 75th percentile of the market rate in 1995-1996, with a minor bonus for providers that care for infants or toddlers.

- **Insurance.** Under federal law, former welfare recipients are eligible for transitional Medicaid for one year after they move from

welfare to work. In addition, many states, including Michigan, have expanded, or are currently expanding, health coverage for children in low-income families.

Other incentives and supports, developed at the option of individual states and communities, have provided for transportation, mentoring, training linkages, etc. These will be discussed more fully in the next **BRIEF** on building assets through welfare reform.

DOES WELFARE REFORM WORK?

While there is a substantial amount of anecdotal evidence and a plethora of studies, evaluative data primarily relate to the period prior to 1996—during a period of prosperity—when some states were authorized to experiment. The success of welfare reform can be judged on the basis of stated quantitative goals in the legislation: e.g., reduction in the welfare caseload, reduction in out-of-wedlock births to adolescents, increase in the amount of child support from non-custodial parents. All three of these areas have evidenced some success.

The success of welfare reform can also be judged on non-stated qualitative goals and unintended consequences: the extent to which TANF has achieved self-sufficiency for persons moving from welfare to work, the impact on children, and the shift of support to relatives and the community. In addition to the reduction in the welfare caseload, this **BRIEF** will focus on the qualitative consequences of TANF.

16. *Michigan FY 2003 Executive Budget.*

TABLE 1. REDUCTIONS IN WELFARE CASELOADS FOR MIDWESTERN STATES

State	Recessionary Period 1990 to 1993	Waiver Experiments: 1994 to August 1996	TANF: August 1996 to September 2001
Illinois	8.3%	-9.5%	-74.9%
Wisconsin	-0.2%	-35.4%	-71.1%
Ohio	13.7%	-20.5%	-65.3%
Michigan	5.0%	-25.3%	-59.8%
Iowa	3.1%	-22.1%	-35.0%
Minnesota	12.2%	-10.5%	-31.5%
Indiana	37.2%	-34.6%	-11.0%
U.S. Average	23.4%	-14.2%	-56.4%

Source: Joyce Foundation. (March 2002). *Welfare to Work: What Have We Learned: Findings from Welfare Reform in the Midwest.* Chicago, Ill.

NUMBER OF WELFARE RECIPIENTS

Most states have relied on reductions in welfare caseloads as evidence of the success of welfare reform efforts. Welfare caseloads have fallen dramatically in Michigan and nationwide. Caseloads began falling before the 1996 welfare reform act, but the drop in welfare cases accelerated after 1996 during that period of exceptional prosperity and job growth.¹⁷

There are three major contributors to increases or decreases in the welfare caseload include:

ECONOMIC FACTORS. Welfare caseloads are clearly related to the economy. Historically, a 1 percent increase in the unemployment rate has boosted welfare caseloads by between 9 and 17 percent.¹⁸ Similarly, good economic conditions result in a reduction in welfare caseloads.

CHANGING FAMILY STRUCTURES. Children in single parent families are more likely to be poor and in need of welfare assistance. Only 9 percent of children raised in two-parent families were poor in 1998, compared to 39 percent of children raised in single-parent families.¹⁹ The percentage of parents who are single as a result of divorce and out-of-wed lock births increased over the last half of the 20th century, but more recently the trend has been downward.

POLICY. Policy can reduce welfare caseloads in three ways: reducing the number of applications approved, establishing stringent work requirements, and imposing sanctions.

- **Reducing the number of applications approved** for assistance. Over 30 states adopted alternatives, diverting in some instances between 40 and 84 percent of welfare applicants to support services or one time cash assistance.²⁰

In Michigan, the number of applications denied has increased by 15 percent since 1995. One-fourth of the denials in 2001 represented failure to comply with employment-related requirements.²¹

- **Establishing stringent work requirements,** substituting work for welfare. Federal and state requirements have established the expectation for work activities and time limits for the receipt of assistance.

- **Imposing sanctions** for noncompliance with work requirements or other rules, thus denying continued assistance. States vary substantially in how they enforce sanctions, including whether the sanction applies to the whole family or only the individual failing to comply with work requirements. A federal General Accounting Office report found that 136,000 families (5 percent of the national TANF caseload) received reduced or no benefits due to sanctions in 1998.²²

In Michigan, 7,360 welfare cases were closed in fiscal year 2001 for employment-related sanctions—up from only 405 cases in fiscal year 1996. Michigan has strict economic sanctions for welfare recipients relative to other states, and they have become more stringent over time.²³

Welfare recipients with the greatest number of barriers to employment are more likely to be sanctioned, because the hard to serve parents may have more difficulties complying with work requirements. The children of the hard to serve are also more at risk developmentally and more likely to have had contacts with protective services, so sanctions pose a serious risk to children in these vulnerable families.²⁴

17. T.L. Gais, D.J. Boyd & E.L. Davis, (August 19, 1997), *The Relationship of the Decline in Welfare Cases to the New Welfare Law: How Will We Know If It Is Working?*, *Rockefeller Reports*, Albany, NY: Nelson A. Rockefeller Institute of Government, State University of New York.

18. Joyce Foundation, (March 2002), *Welfare to Work: What Have We Learned: Findings from Research on Welfare Reform in the Midwest*, Chicago, IL.

19. The Urban Institute, (January 2001), *Family Economic Well-being, New Federalism: Policy Research and Resources*, Issue 11, Washington DC.

20. U. S. Government Accounting Office (1998) quoted in Vicki Lens, (July 2002), TANF: What Went Wrong and What to Do Next, *Social Work*, Vol. 47 (3), p. 281.

21. Michigan Family Independence Agency, *TANF Caseload Reduction Report, FY 2001*. Lansing, MI.

22. D. Bloom & D. Winstead, (January 2002), *Sanctions and Welfare Reform, Welfare Reform and Beyond*, Policy Brief No. 12, Washington DC: The Brookings Institution.

23. K.S. Seefeldt, J. Leos-Urbel, P. McMahon & K. Snyder, (July 2001), Recent Changes in Michigan Welfare and Work, Child Care, and Child Welfare Systems, *Assessing the New Federalism*, State Update No. 4, Washington DC: The Urban Institute.

24. National Center for Children in Poverty, (July 1999), Children in Fragile Families Face Multiple Risks Under Welfare Reform, *The Forum*, Vol. 2 (2), Research Forum on Children, Families, and the New Federalism, New York: Columbia University.

MOVEMENT OUT OF POVERTY, TOWARD SELF-SUFFICIENCY

Although TANF has removed the disincentives to work that were operant under AFDC, many families that have left welfare for work are not significantly better off financially.

Although assistance grants in most states are well below the poverty level,²⁵ at least half of families moving from welfare to work have fewer economic resources than they had on welfare assistance.²⁶

- The low-income service jobs that are available to former welfare recipients typically provide insufficient income to cover child care costs.
- Health insurance, particularly for dependents, is generally not a benefit in low-income jobs.
- State subsidies for child care and health insurance coverage typically are for a limited time period after return to work.
- Many families moving from welfare do not receive supports for which they are eligible because of the disconnect under TANF between assistance and other benefits. Nationwide, 57 percent of families leaving welfare are not receiving food stamps. Thirty-four to 37 percent of families leaving welfare are not receiving Medicaid.²⁷

The focus on work first and immediate job search has moved welfare recipients into the workplace, but finding employment has not guaranteed economic self-sufficiency. Given the level of jobs available to most welfare recipients without additional training, moving off the welfare rolls does not lift many families out of poverty. **A woman with two children would need to earn more than \$7 an hour—over \$14,000 annually—in order to be above the poverty level.**

While job search programs have consistently helped low-income parents increase the number of hours they work, they have not been effective in helping them find high quality jobs that lead to long-term self-sufficiency.²⁸

- Most women are not finding jobs that lead to job retention and career growth.
- Job search programs do not typically address issues of job retention and advancement that are critical to long-term self-sufficiency.²⁹
- While education and training are the accepted route to better paying jobs, TANF work requirements and emphasis have limited the extent to which states can provide opportunities to complete high school or obtain vocational training. Post secondary education has not been defined as a work activity.

IMPACT ON DEVELOPMENT OF YOUNG CHILDREN: QUALITY CHILD CARE

While AFDC was designed to keep mothers at home with their young children, TANF has dramatically increased the number of infants, toddlers, and preschool children in out-of-home child care.

Sixteen states, including Michigan, require that parents with children under one year of age work. Under Michigan's statute—and 10 other states—new mothers are expected to go to work when their infants are three months old.

A high proportion of welfare recipients returning to work have utilized family and friends to care for their infants and toddlers.

- In December of 2001, 43,418 child care providers in Michigan received state subsidies for low-income children in their care. Of those, 82 percent were either relatives or aides providing care in the child's own home—types of care that are not licensed.³⁰ Reasons for using unlicensed care may include:
 - use of child care reimbursements to increase extended family income
 - preference for known providers
 - lack of capacity in licensed child care or regulated/registered home care in the community
 - reimbursements provided are too low to pay for available licensed child care
 - need for off-hour care during evening and weekend shifts

25. Michigan's assistance grant and earned income disregard have not been increased since 1993 despite inflation and increases in the income defined by the Bureau of the Census as the poverty threshold. Michigan's assistance grant plus food assistance comes to 66 percent of the poverty threshold. Michigan League for Human Services, (April 2002), *The Erosion of the Cash Assistance Safety Net in Michigan*, Lansing, MI.

26. M.K. Shields & R.E. Behrman.

27. S. R. Zedlewski, (2002), Family Economic Resources in the Post-Reform Era, *The Future of Children: Children and Welfare Reform* Vol. 12 (1), Los Altos, CA: The David and Lucile Packard Foundation.

28. J. Strawn & K. Martinson, (June 2000), Steady Work and Better Jobs: How to Help Low-Income Parents Sustain Employment and Advance in the Workforce, *Reworking Welfare: Technical Assistance for States and Localities*, New York: Manpower Demonstration Research Corporation.

29. B. Roberts & J.D. Padden, (August 1998), *Welfare to Wages: Strategies to Assist the Private Sector to Employ Welfare Recipients*, Flint, MI: Charles Stewart Mott Foundation.

30. To receive state payments, aides and relatives must enroll with the Michigan Family Independence Agency but are not formally licensed.



Standards required for licensing vary among the states, often are limited to center-based programs, and are no guarantee of overall quality. Many child care settings—both center-based and home-based—are of unknown quality, offering high child-to-caregiver ratios and untrained caregivers.

One study of child care settings in three cities (Boston, Chicago and San Antonio), found that the majority of center-based care were rated as good, but only about one-third of regulated home care were rated good, and a very small percentage of unregulated settings received a good rating.³¹

Under welfare reform, child care has been largely a support to enable parents to return to work, with a stronger emphasis on access to care than on the quality of care. Given the significant impact that high quality child care can have on the developmental outcomes and life course for young children in poverty,³² the absence of policy to incorporate high quality child care into welfare reform represents a major missed opportunity.

IMPACT ON SCHOOL PERFORMANCE

Although a rationale for stringent work requirements has been the role modeling of a working mother for children, data suggests that the key to positive effects for children is not parental employment per se but the increase in the mother's assets through enhanced resources and education.³³

SCHOOL READINESS

Based on a pilot study of welfare recipients and applicants in three cities in different states, even modest improvements in a mother's education can improve school readiness for young children and reduce later academic problems. Welfare recipients who participated in basic educational programs not only improved their own skills, but gave their children a head start in

school.³⁴ Unfortunately, the majority of welfare-to-work programs have de-emphasized education for parents who are not adolescents.

ELEMENTARY AGE CHILDREN

Where welfare to work does not increase economic resources, there is a negative effect on elementary age children.³⁵ Welfare reform programs that lead to increases in mother's employment and income specifically those with earnings supplements consistently improve the school performance of elementary school-age children (equivalent to raising their scores on a math or reading test from the 25th to the 30th percentile). However, children also show more behavioral problems.³⁶ The amount of additional resources that results in improved performance is relatively small—as little as an additional \$1400.³⁷

ADOLESCENTS

Increases in mothers' employment have been shown in three studies to lead to small negative effects on adolescents' school performance. Teens received less supervision, were more likely to work in excess of 20 hours per week, and were more often responsible for the care of younger siblings. Together, these experiences seem to have reduced teenagers' academic achievement.³⁸

Lack of supervision after school increases the risk for victimization, teen sex, other risky behavior, and delinquency. Concurrent with welfare reform has been an increase in interest and funding for after-school programs.

31. N. Cabrera, R. Hutchens & H.E. Peters, (March-April 2002), From Welfare to Child care, *Poverty Research News*, Vol. 6 (2), Chicago, IL: Joint Center for Poverty Research, Northwestern University/University of Chicago.

32. Quality child care is defined by a small number of children per caregiver and by the training of the caregivers. See examples of quality Child Care and positive outcomes in **BEST PRACTICE BRIEF 25**.

33. K. Magnuson & S. McGroder, (March-April, 2002), The Effects of a Mother's Education on Her Child's School-Readiness, *Poverty Research News*, Vol. 6 (2), Chicago, IL: Joint Center for Poverty Research, Northwestern University/University of Chicago.

34. Magnuson & S. McGroder.

35. Testimony of Gordon L. Berlin. Senior Vice President, Manpower Demonstration Research Corporation, On the Reauthorization of the Temporary Assistance to Needy Families Program before the Senate Finance Committee, March 12, 2002.

36. Testimony of Gordon L. Berlin.

37. Magnuson & McGroder.

38. L. A. Gennetian, G. J. Duncan, V. W. Knox, W. G. Vargas, E. C. Kauffman and A. S. London, (May 2000), *How Welfare to Work Policies Alter Parenting and Affect Adolescents: A Synthesis of Research*, New York: Manpower Development Research Corporation, summarized in *Teens Fare Poorly Under Welfare Reform Policies*, *Policy Research News*, Volume 6 (4), Northwestern University/University of Chicago, Joint Center for Poverty Research. On the web at www.jcpr.org/index.html.

IMPACT ON CHILD ABUSE AND NEGLECT

INCIDENCE

There is insufficient evidence to date to conclude that welfare reforms have increased or decreased the incidence of child abuse and neglect. Limited information does suggest that welfare reform, requiring substantial employment time for women with young children without sufficient attention to provisions for adequate child care (including after-school care) can increase child neglect.

- An evaluation of Delaware's A Better Chance (ABC) program found a 60 percent increase in substantiated child neglect for program participants, with the greatest increases for the most disadvantaged families.
- In one Michigan study, families that lost basic income assistance for failure to participate fully in welfare-related employment and training activities were 50 percent more likely to have substantiated abuse than those who remained on assistance.³⁹

With more mothers working in order to meet welfare requirements, more children are being left home alone without supervision.

In Wayne County, Michigan, there was a 150 percent increase in the number of substantiated cases of child neglect due to improper supervision between 1996 and 1999.⁴⁰

FAMILY REUNIFICATION

Welfare reform can increase the obstacles to family reunification. Families fulfilling welfare-related work requirements can find it difficult to comply with ordered services and court hearings when children have been removed from the home and placed in foster care.

In one study, working mothers who lost welfare benefits as a result of sanctions were reunified with their children nine times more slowly than those who steadily received welfare benefits.⁴¹

IMPACT ON RELATIVES

Welfare reform has clearly placed greater demands on other low-income families.

- As women move from welfare to work, grandparents and siblings are often relied on to provide child care.
- Families who lose welfare benefits must often turn to extended family members and friends for support.

- In families where sanctions result in extreme poverty and ultimately a finding of child neglect, children are increasingly placed outside the home with relatives.

In Michigan, over 7,000 grandparents and other relatives are caring for children receiving welfare payments, and many of these relatives are older (average age of 53) and low income themselves.⁴²

IMPACT ON COMMUNITY AGENCIES

Churches and providers of emergency services have reported increased need for their services as families supplement low earnings and as more families are sanctioned for failure to participate fully in welfare-to-work activities.

- A study of 266 congregations from all faiths in a metropolitan area found that churches were most likely to provide emergency food or financial aid, counseling, clothing, child care, and senior services. Forty percent reported that requests for services were increasing. Most congregations did not feel they had adequate resources to respond to an increase in need. Less than 5 percent of the congregations reported receiving any government funding for their services.⁴³
- A study of 90 human service nonprofit agencies from 1996 to 2000 found that many reported that they were unable to keep up with increases in client demands attributed to welfare reform. Smaller agencies that provide emergency services were under particular stress because they have less flexibility in developing alternative staffing patterns and fewer options to generate new resources. Almost half of the nonprofits surveyed said that as a result of welfare reform they had to increase staff workloads, use more volunteers, restructure through mergers or consolidations, or rely more on earned income.⁴⁴

39. Michigan Family Independence Agency, (July 25, 1997), *Child Well Being Program: Michigan Family Independence Agency's Response to Assessing the Well Being of Children in Sanctioned TANF Cases*, Lansing, MI.

40. K.S. Seefeldt, J. Leos-Urbel, P. McMahon & K. Snyder.

41. R.Q. Hutson, (October 2001), *Red Flags: Research Raises Concerns About the Impact of Welfare Reform on Child Maltreatment*, Washington, DC: Center for Law and Social Policy.

42. *Michigan FY 2003 Executive Budget*.

43. J. Yates, Partnerships with the Faith Community in Welfare Reform, *Issue Notes*, Vol. 2 (3), Welfare Information Network (undated).

44. The Aspen Institute, (Summer 2001), *The Impact of Welfare Reform on Nonprofits: How Welfare Policy May Be Transforming the Sector, Snapshots: Research Highlights from the Nonprofit Sector Research Fund*, No. 18, Washington DC.

- A 1997 Michigan study of 287 emergency service providers, many religiously affiliated, found that the needs of many of the clients were beyond the scope of what the providers had typically provided. The high level of demand often dictated the use of waiting lists, and most providers had difficulty meeting the emergency needs of their communities.⁴⁵

In Michigan and other states, the role of the private sector in providing emergency services has been formalized by public contracts to deliver emergency services.

- Michigan spent approximately \$47 million annually (2001) for emergency services for low-income families, including emergency shelter, relocation services, home repairs and energy-related services, with nearly half of those funds used for contracts with the Salvation Army and other non-profit organizations.⁴⁶

WHAT NEXT?

Welfare reform, during a time of economic growth, has exceeded expectations in the primary objective of moving families from welfare to work, but in the process has placed greater burdens on low-income relatives and friends and on community agencies. Welfare reform has been substantially rule-focused rather than concerned with increasing the strengths/assets of parents and chil-

dren. As a consequence, welfare reform has not increased resources for the majority of families and has placed the development of children in these families at risk. Although reduction in poverty was not an intended goal of the 1996 welfare reform law, many states are beginning to grapple with poverty reduction and child and family outcomes as the next stage of welfare reform. TANF required reauthorization late in 2002 but Congress deferred action until 2003. Initial drafts of proposed legislation increased the expected hours of work activity and tightened the work requirements to apply to a higher percentage of the caseload, despite the downturn in the economy that has increased the level of unemployment. Other changes under consideration would place greater emphasis on encouraging marriage, allow greater opportunity for education and training, restore benefits to legal immigrants, and authorize waivers to the states to coordinate the provision of Medicaid and child care subsidies with work and movement off of assistance.

The next **BRIEF** on welfare reform will consider approaches to the development of assets in parents and families moving from welfare to work.

45. M. Robotham & S. Parks, (1997), *Emergency Services Assessment Project*, Lansing, MI: Michigan League for Human Services.

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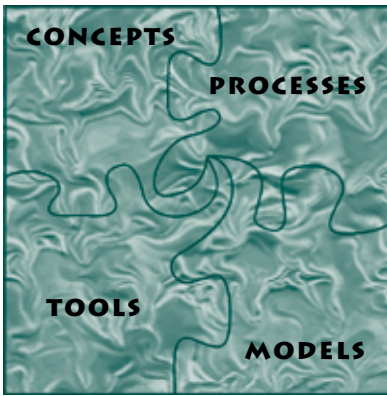
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TABLE 2. COMPARISON OF AFDC AND TANF

	AFDC <i>(prior to 1996)</i>	TANF <i>(1996 to 1996)</i>
GOALS	<p>To enable mothers without partners to stay at home with their children.</p> <p>To support needy 2-parent families with incapacitated or unemployed parents.</p>	<p>To support needy families.</p> <p>To reduce welfare dependency and increase work.</p> <p>To reduce out-of-wedlock childbearing.</p> <p>To promote the formation of two-parent families.</p>
FEDERAL FUNDING	<p>Open-ended federal funding reimbursing welfare expenditures.</p> <p>Requires state matching funds.</p>	<p>A capped block grant based on state expenditures on welfare in prior years.</p> <p>Requires state matching funds.</p> <p>Up to 30% of TANF funds could be transferred for purchase of child care and social services.</p>
ELIGIBILITY AND BENEFITS	<p>Federal requirements and state options determined eligibility for grants and benefits.</p> <p>Minimal flexibility.</p>	<p>States have wide latitude to determine eligibility and benefits within federal parameters.</p> <p>Federal funds cannot be used for legal migrants in U.S. less than 5 years.</p>
TIME LIMITS	<p>No time limits.</p> <p>Families could receive aid for an unlimited amount of time.</p>	<p>Five-year lifetime limit for federally paid benefits, but state may exempt up to 20% of caseload for hardship.</p>

Continued on page 12



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COMING—No. 27
Best Practices in Welfare Reform

TABLE 2. COMPARISON OF AFDC AND TANF CONTINUED

	AFDC <i>(prior to 1996)</i>	TANF <i>(1996 to 1996)</i>
WORK REQUIREMENTS	Federal JOBS programs did include a work requirement, but states could allow liberal exemptions.	Strong work requirements. States can define specific exemptions provided federally-mandated work participation rates are met (i.e., at least 30 hours per week for 50% of caseload).
TRAINING AND EDUCATION	Vocational training, community college, college underwritten as appropriate.	Vocational training optional, limited to 12 months. Community college, college not authorized.
MEDICAID	Families receiving welfare were automatically eligible.	No automatic eligibility; families must apply separately.

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