



Assessing the New Federalism

An Urban Institute Project

Issues in TANF Reauthorization What Does *Assessing the New Federalism* Have to Say About Welfare and Work

- **Work and work activities are common among welfare recipients.** There is a lot more work activity among adults on TANF than there was before welfare reform. Two out of three welfare recipients report a work activity (which includes job training and job search) and 32 percent are working. [[Before and After Reform: How Have Families on Welfare Changed, Policy Brief B-32](#)] Nearly four out of five working welfare recipients report working more than 20 hours a week. [Fast Facts "[40-Hour Work Rule](#)"]
- **Work decreases as the number of barriers to employment increases.** 80 percent of welfare recipients have one or more serious barriers to work including mental or physical health conditions, lack of a high school education, no work experience in three or more years, caring for an infant or disabled child, or not speaking English. While over half of welfare recipients with none of these barriers are working, only one in five of those with two or more barriers are working. [[Before and After Reform: How Have Families on Welfare Changed, Policy Brief B-32](#)] Welfare leavers with barriers to employment are much more likely to return to the welfare rolls. [[Who Returns to Welfare?, Policy Brief B-49](#)]
- **Most welfare leavers are working — at jobs with low wages and few benefits.** 57 percent of former TANF recipients are working at least 20 hours a week. Their median wage in 1999 was \$7.15. ["Making the Transition from Welfare to Work: Successes but Continuing Concerns" in [Welfare Reform: The Next Act](#)] Only about 1/3 of these leavers' employers offer health insurance, and a slightly larger share offer paid sick leave. ["[Synthesis Report of the Findings from ASPE's Leavers Grants](#)," U.S. Department of Health and Human Services]
- **Transitional supports help welfare recipients make the transition to work.** Families receiving transitional supports such as child care, health insurance, and emergency help with expenses were less likely to return to welfare. [[Who Returns to Welfare?, Policy Brief B-49](#)]

The movement of so many families from welfare to work yielded increased use of **child care supports**. However, in many sites the administration of child care subsidies places time and documentation demands on applicants that are inconsistent with the needs of someone holding a job and raising children. [[Getting and Retaining Child Care Assistance: How Policy and Practice Influence Parents' Experiences, Occasional Paper 55](#)]

Food stamps is not providing an effective transition benefit for many welfare leaver families. Only 43 percent of eligible families who left welfare between 1997 and 1999 — and only 50 percent of those with incomes below 50 percent of the poverty line — participated in the Food Stamp program. [[Former Welfare Families and the Food Stamp Program: The Exodus Continues, Policy Brief B-33](#)]

Health Insurance coverage among former welfare recipients is low due to low take-up rates for Medicaid and low rates of employer-sponsored coverage. About 1/3 of women who leave welfare are uninsured within six months of leaving; after a year, nearly half are uninsured. [[Welfare Leavers, Medicaid Coverage, and Private Health Insurance, Policy Brief B-13](#)]

- **Without the caseload reduction credit, work participation rates for welfare recipients are well below 50 percent in most states.** 26 states have participation rates above 30 percent when you eliminate the caseload reduction credit. Only five states reached 50 percent. [[Fast Facts "40-Hour Work Rule"](#)]

- **Welfare recipients were no more disadvantaged in 1999 than they were before welfare reform.** About ¼ of welfare recipients in 1999 and 1997 were new entrants; nearly 1/5 were “cyclers” (they received cash assistance intermittently); almost half were long-term recipients. Cyclers generally faced as many barriers to employment as long-term recipients. [[Before and After Reform: How Have Families on Welfare Changed?, Policy Brief B-32](#)]
- **Work-related time limit exemptions would help many.** Programs that “stop the clock” when recipients work at least 30 hours per week could benefit many families. Approximately 613,000 families who receive TANF would automatically qualify because they already work more than 30 hours a week. Another 192,000 would qualify if they increased their hours of work from 20 – 29 hours per week to 30 hours per week. [For each of these groups, [Earning Back Time: Who Would Benefit from Work-Related Time Limit Exemptions?, Policy Brief B-50](#)]
- **Deep hardship has increased.** The post-PRWORA safety net is less effective at supporting the neediest families than AFDC was. The 1.3 million single-parent families with incomes below 70 percent of the poverty level experienced an average net decline in financial resources of \$630 or 8 percent. [[“Family Incomes: Rising, Falling, or Holding Steady?” Welfare Reform: The Next Act](#)] Many of these families have significant barriers to employment. Hispanic families are significantly less likely to participate in TANF than black and white families. [[Left Behind or Staying Away? Eligible Parents Who Remain Off TANF, Policy Brief B-51](#)]

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The Urban Institute is a nonprofit, nonpartisan policy research and education organization that examines the social, economic, and governance problems facing the nation. Assessing the New Federalism is a multiyear Urban Institute project designed to analyze the devolution of responsibility for social programs from the federal government to the states.