



Short Takes on Welfare Policy

Rethinking Work Requirements

Any changes to work standards must factor in the job challenges many recipients still face and consider the pitfalls of mandatory engagement.

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Federal and state policies endorse work as the surest path from welfare to self-sufficiency. The 1996 reforms mandated that welfare recipients begin work-related activities within 24 months, though almost all states imposed shorter time frames. In addition, the legislation required states to demonstrate that 50 percent of their adult welfare caseload works or participates in a defined set of work-related activities for at least 30 hours per week.

The availability of a caseload reduction credit, however, has resulted in

lower work participation targets. The federal government grants a 1 percentage point credit for every percentage point drop in a state's caseload since 1995. As a result, in 2000 (the most recent statistics available), only five states' federal work-participation requirements exceeded 15 percent. Most states far surpassed these requirements. In 2000, 34 percent of welfare recipients nationwide were engaged in federally defined work activities. Many more undertook work-related activities that fell outside the federal definition or put in fewer hours than the minimum counted. States' work participation rates ranged from a high of more than 70 percent to a low of less than 10 percent. More than half of all states reported participation in the 25 to 50 percent range (see table).

Current reform proposals have opened the particulars of work requirements to debate. Recent proposals include increasing states' work participation requirements, eliminating the caseload reduction credit, broadening the definition of countable activities, and upping the hours welfare recipients must engage in them.

MORE WORK FOR WELFARE RECIPIENTS?

Work's role in welfare policy is by now well established. Research shows that work-oriented programs lead to employment and earnings. In addition, basic education, post-secondary education, and vocational training, provided in a work-focused environment, can boost participants' employment, earnings, and job retention (Martinson and Strawn 2002).

Some proposals would increase the work standard from 30 to 40 hours per week but give states the flexibility to count a new set of engagement activities unrelated to work toward the higher standard. These activities could include community service, volunteering, or any tasks that further the welfare system's goals.

Despite the appeal of imposing tougher but more flexible standards, this strategy could prove counterproductive. Many families need temporary cash assistance to manage difficult transitions such as divorce or a child's birth; others use the welfare system to gain access to much-needed child care, health insurance, or transportation assistance. Requiring these adults to pursue additional, loosely defined activities could slow their return to the labor force or interfere with important family responsibilities. Among mothers of all types—single or married, poor or middle-class—the typical workweek is less than 40 hours (Lyter, Oh, and Lovell 2002).

Broad engagement requirements also risk devolving into purely bureaucratic exercises. County welfare workers could end up tracking and documenting client behavior instead of meeting clients' needs. Moreover, there is no evidence that these broad activities help families become self-sufficient.

Some proposals would increase the work participation requirement from 50 to 70 percent. Research reveals that a significant portion of the welfare caseload struggles with physical and mental health conditions, limited English proficiency, domestic violence, and substance abuse. Until 1996, welfare policy exempted many of these hard-to-serve individuals from work requirements. Only recently have states turned their attention to serving this complex population. Employment among welfare recipients with multiple barriers to work is up but still only reached 20 percent in 1999 (Zedlewski and Alderson 2001). Thus, to date, we know little about which policies best serve their needs, what employment rate they can attain, and how much programs to overcome their work barriers might cost.

Under pressure to meet higher requirements, states could end up steering individuals not yet capable of keeping a job into the labor force. Indeed, higher work participation standards could derail recent state efforts to offer more intensive help, worsening employment outcomes in the long run.

Together, these proposals to extend the workweek and require a larger majority of the caseload to work would dramatically increase the federal government's demands on states and families receiving welfare. States, counties, and many small non-profit organizations serving families on welfare would need to turn their attention to categorizing, classifying, and counting activities and hours. The benefit of flexibility in *what* states count cannot offset the burden of rigid quantitative standards that force states *to* count. If these new standards were built on proven pathways to self-sufficiency, or if they represented a marginal uptick in a system that had become complacent, they might be justified. But neither case can be made.

RECOMMENDATIONS

In considering modifications to work participation requirements, Congress should draw on existing evidence and identify

realistic improvements. Developments since the 1996 reforms suggest the following:

- *Phase out the caseload reduction credit, capping it at 30 percent in 2004, at 15 percent in 2005, and eliminating it in 2006.* This change would restore the original intent of the federal work participation requirement. It would also increase work participation requirements almost 50 percentage points in most states and give them time to adjust to these new standards.
- *Maintain the 30-hour workweek and 50 percent work-participation standards.* If the caseload reduction credit phases out, these standards will substantially challenge states, especially in the context of a weaker economy and tighter state budgets. These provisions would allow states to continue important new work helping families overcome barriers to employment, while also ensuring that families are moving toward self-sufficiency.
- *Restrict the definition of countable activities to work, education, and training, which all have been shown to improve employment and earnings.* Diverting resources to defining, administering, and monitoring unproven, non-work-oriented activities gambles with limited resources.

References

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PERCENTAGE OF EACH STATE'S CASELOAD THAT MET THE FEDERAL DEFINITION OF WORKING, FY 2000

WORK PARTICIPATION RATE	STATES
More than 50%	Illinois, Indiana , Kansas, Massachusetts, Montana , New Hampshire, Ohio, Oregon, South Carolina, Washington, Wisconsin, Wyoming
36% (national median) to 50%	Alabama , Alaska, Arizona , Colorado, Connecticut, Idaho , Iowa, Maine, Michigan, Nevada , New Jersey, New Mexico, South Dakota, Virginia
25% to 36%	California , Delaware, Florida, Hawaii , Kentucky, Louisiana, Minnesota , Missouri, New York, North Dakota , Oklahoma, Rhode Island, Tennessee, Texas , Utah
Less than 25%	Arkansas , District of Columbia, Georgia, Maryland, Mississippi, Nebraska, North Carolina, Pennsylvania, West Virginia

Source: U.S. Department of Health and Human Services.

Notes: States in bold received a high-performance bonus for job entry or success in the workforce in FY 2000. Vermont operates under a waiver and does not report a work participation rate.