

Welfare Waivers Give States a Choice

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Abstract

The Department of Health and Human Services' waiver policy allows states to rigorously test new welfare-to-work pathways. That's good news for the bipartisan goal of work. Learning from state innovation is just what the Temporary Assistance for Needy Families program needs, Institute fellow Olivia Golden explains in a commentary for *The Hill*.

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The airwaves in battleground states this campaign season are filled with static and noise about welfare waivers.

To understand why waivers are a good idea that could chart the next round of welfare-to-work reforms, consider how state welfare programs have changed since 1996's welfare overhaul.

As an assistant secretary in the Department of Health and Human Services (HHS) under former President Clinton, I oversaw the transition of the decades-old cash assistance Aid to Families with Dependent Children program into Temporary Assistance for Needy Families. At its birth, TANF gave states flexibility to design work-focused programs and held them accountable through results-oriented performance measures and bonuses for exemplary outcomes. Combined with a booming economy and other policy changes that helped mothers go to work, such as the earned income tax credit and more money for child care assistance, these reforms reduced poverty and increased employment.

Today's TANF is hard to recognize by comparison. Since 1996, half of states have shrunk or frozen benefits, and all have reduced the share of poor families they help. TANF now reaches fewer than 1 in 3 poor families — even as poverty rates have spiked. In almost half these families, TANF aids only the children.

The federal TANF grant to states hasn't grown — even for inflation — since 1996, except for a temporary increase in the 2009 stimulus. As federal dollars have stagnated, states have had to cut back. They now spend just 9 percent of federal and state TANF resources on work-related activities and 29 percent on cash assistance for families.

Instead, states use most of their TANF money to fill holes in other programs, such as child care assistance and foster care.

Less money for welfare-to-work might not matter if states were easily placing parents in private-sector jobs. But that's not today's economy, where parents on welfare — who typically contend with child care responsibilities, health problems and limited education — are last in line for the few jobs available.

Rules added in the 2005 Deficit Reduction Act make states' welfare-to-work task even harder. While intended to prod states to do more to promote work, in practice they saddled states with unproductive red tape, prescribing what activities to assign parents, for how many hours and how to document every hour.

That left states without good choices. Some states move TANF families into accounting categories where the rules are easier or discourage families from seeking help so they won't be on the books. Others create work-related activities just to fit TANF's paperwork requirements, such as requiring rural parents to travel hours to a distant welfare office to make job-search calls, which are easier to document than calls from home. But other states aren't satisfied with misguided measurements. To move parents into work, these states track results: the number of people who get jobs and increase their hours or wages. If a chronically ill recipient will join the labor force faster by getting medical treatment rather than sitting in a job club, they go with treatment.

Unfortunately, these work-focused states risk penalties, because they might not comply with the red tape. That brings us back to waivers.

HHS's waiver policy allows states to rigorously test new welfare-to-work pathways. But they have to bet their idea will lead to a 20 percent increase in jobs among TANF beneficiaries — and HHS will pull the plug if it doesn't.

That's good news for the bipartisan goal of work. Learning from state innovation is just what TANF needs.

The big principles that could spark new welfare-to-work success are clear: Keep the focus on work, improve federal funding and measures so states can do the right thing, and pay attention to the child care that families need to work. But we need waivers to draw a road map to get us there.

I've seen waivers help Congress and the administration attain another bipartisan goal: finding families for abused and neglected children. No one had all the answers, so we used waivers to promote state experiments. From those emerged subsidized guardianship, allowing relatives to take permanent responsibility for these children. New federal legislation followed, providing funding for states so more children could be in safe, secure homes.

To advance the bipartisan welfare-to-work vision of the 1990s in a new economic and fiscal climate, we need all the ideas we can get. That's what waivers are for.

Golden is an institute fellow at The Urban Institute and was the assistant secretary for children and families at the Department of Health and Human Services from 1997 to 2001.

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