

Opportunities in the Recovery Act for Income Support for Low-Income Women and Children

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CLASP

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For the Women's Philanthropy and Poverty Cluster

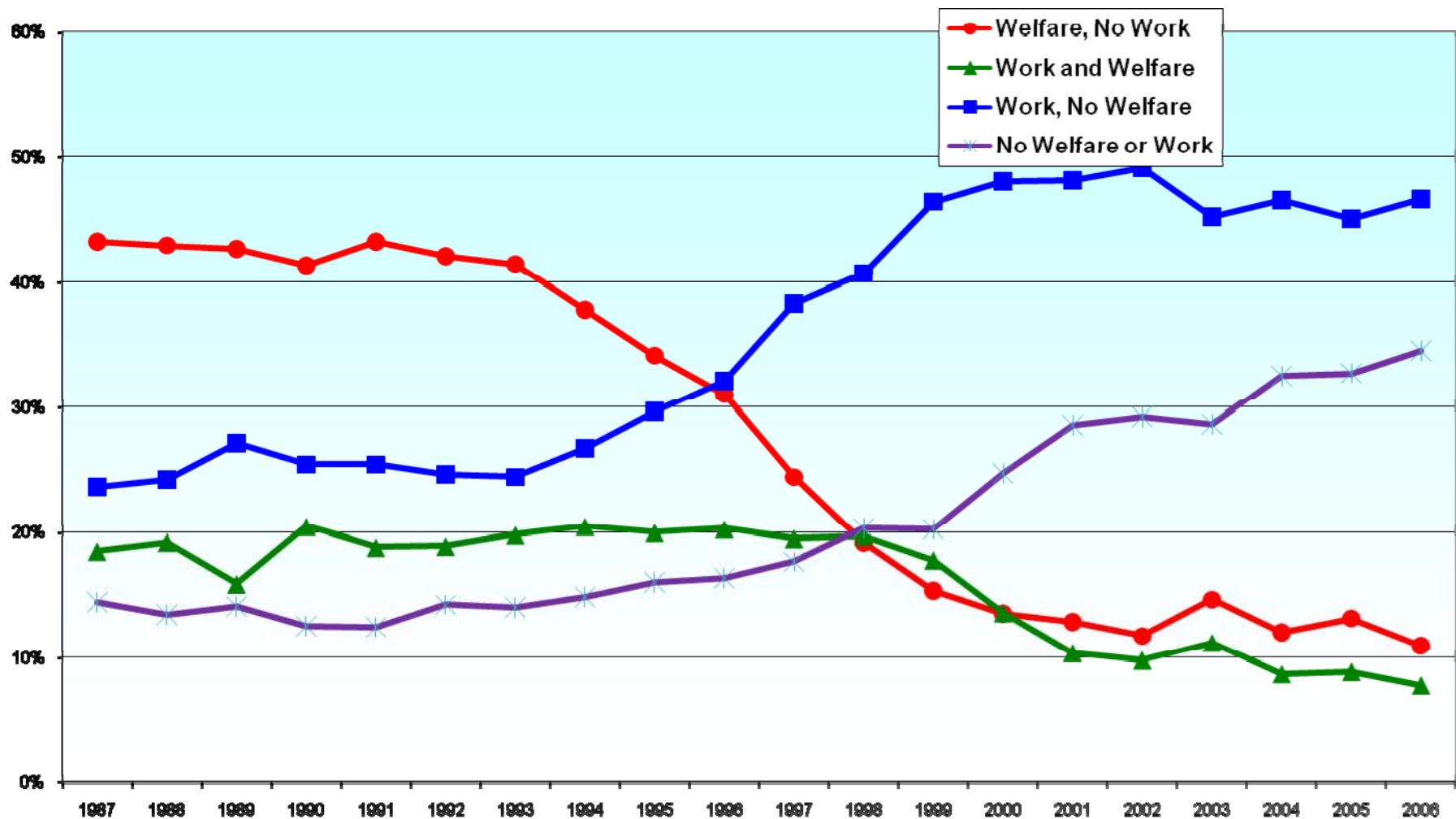
Focus on State and Local Options

- TANF Emergency Contingency Fund
- Unemployment Insurance Modernization Act
- Not going to talk about Food Stamp benefit increase, or Child Tax Credit, EITC expansions, Making Work Pay Tax Credit, even though those will provide critical income support.

A Short History of TANF

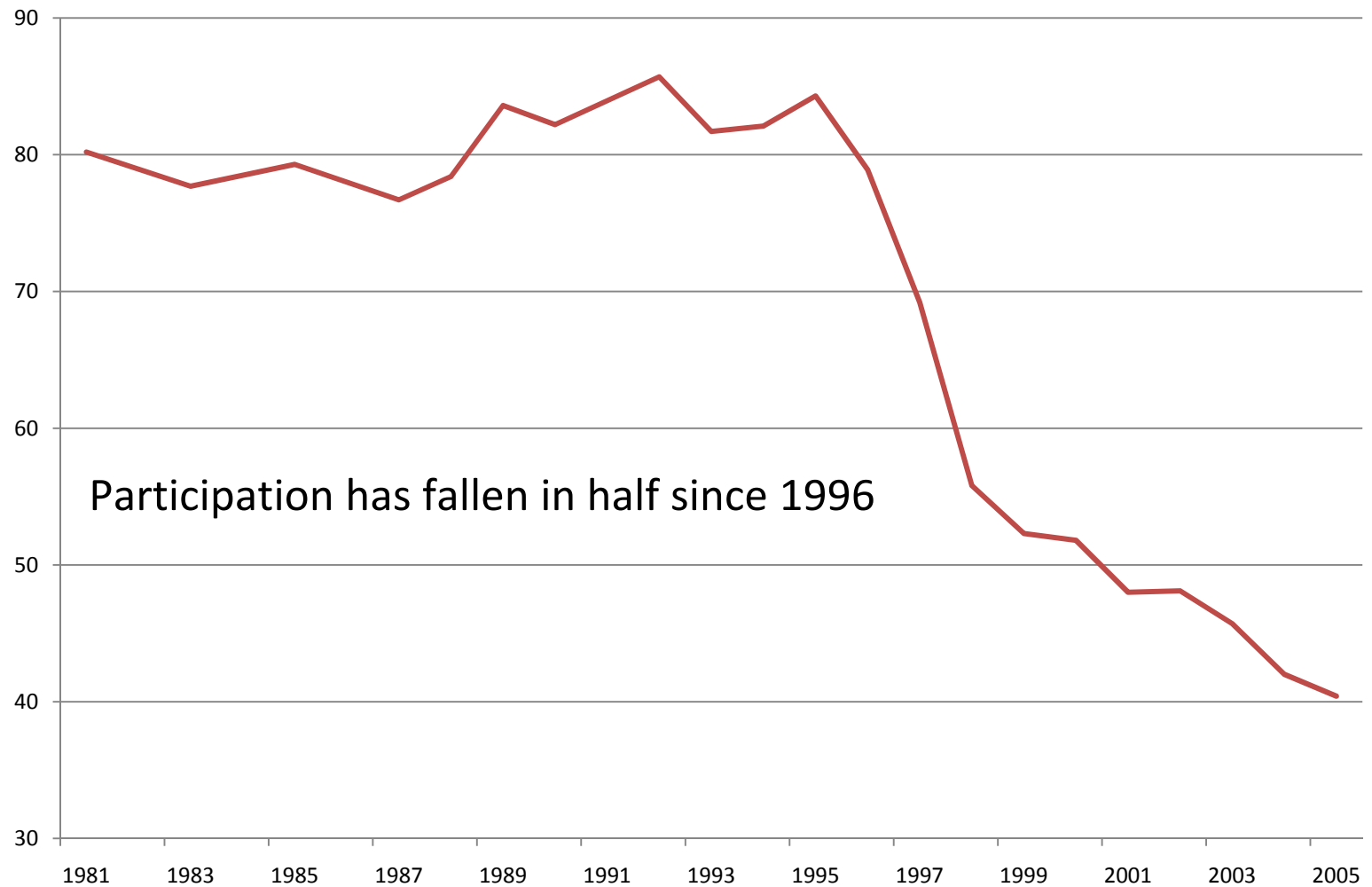
- 1996 Personal Responsibility and Work Opportunity Reconciliation Act replaced AFDC with TANF – “welfare reform”
- Welfare caseloads dropped dramatically.
- More low-income single mothers working, but also increasing share not working, not receiving welfare.
- Block grants fixed at \$16.5 billion a year – purchasing power has eroded by ~30 % since 1996.
- Share of TANF block grant spent on cash assistance declined sharply.

Work and Welfare Among Poor Single Mothers, 1987-200



Source: Congressional Research Service, Trends in Welfare, Work, and the Economic Well-Being of Female-Headed Families with Children: 1987-2006 (January 29, 2008).

Only 40% of Eligible Families Receive TANF

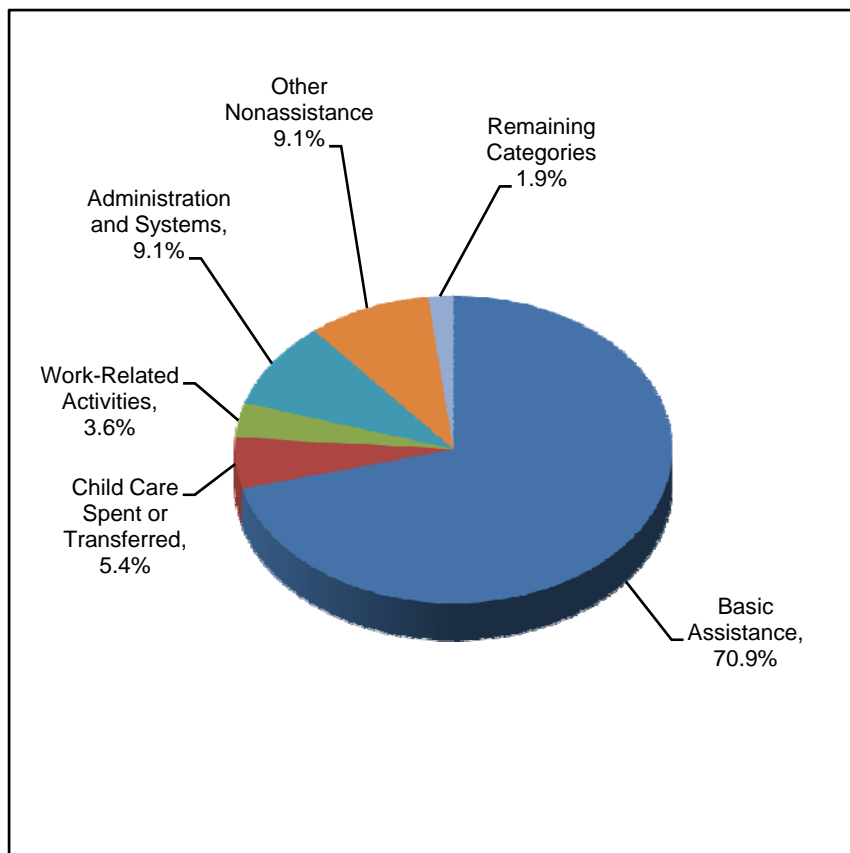


Source: 2008 Indicators of Welfare Dependence, HHS

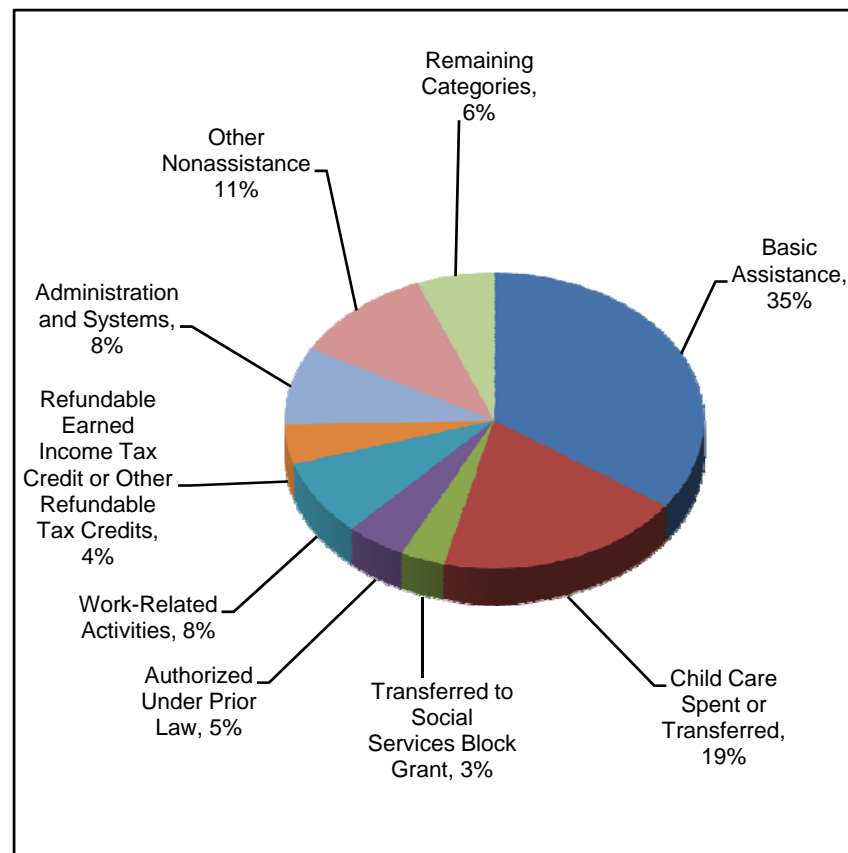


Less Spending on Basic Assistance

1997 Spending – TANF and MOE



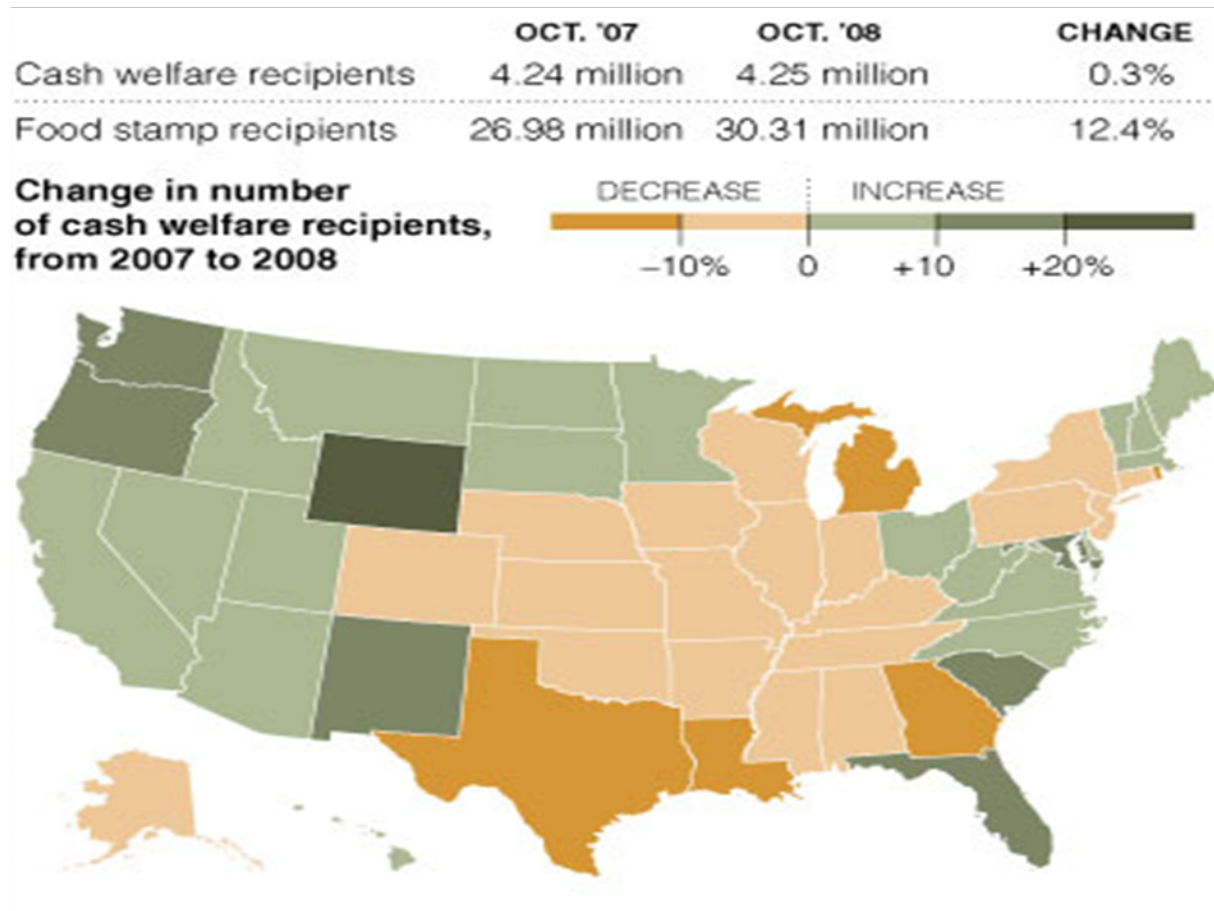
2006 Spending – TANF and MOE



TANF Emergency Contingency Fund

- States will receive 80 percent of increases in spending in one or more of three areas:
 - Assistance
 - Non-recurrent, short-term benefits
 - Subsidized employment
- States can receive up to 50% of block grant over two years.
- Total pool of \$5 billion

Can only qualify under assistance if caseload has risen vs. 07 or 08



Source: New York Times, February 2, 2009,
<http://www.nytimes.com/2009/02/02/us/02welfare.html>

TANF assistance

- Worrisome that TANF caseloads have not risen in many states given rising need.
- Should consider outreach to food stamp households that appear to be eligible for TANF, former TANF households – especially those that left due to time limits.
- Assuming a state qualifies based on caseload increases, ECF will pay for 80 percent of benefit increase for TANF recipients.

Non-recurrent short-term benefits

- Energy assistance – prevent utility shutoffs.
- Homelessness prevention – first and last month's rent, security deposit, moving costs.
- Could provide short-term housing assistance – let kids finish out the school year.
- Can be to families that are receiving ongoing assistance – could give everyone a back to school clothing allowance.

Subsidized employment

- Likely to cover supervisory, training costs as well as the wages paid to participants.
- Can be Transitional Jobs for individuals with barriers to employment.
 - combines real work, skill development, and supportive services, to transition participants rapidly and successfully in the labor market.
 - <http://www.transitionaljobs.net/>
- Broader subsidized jobs in areas of high unemployment

Subsidized jobs are better than workfare

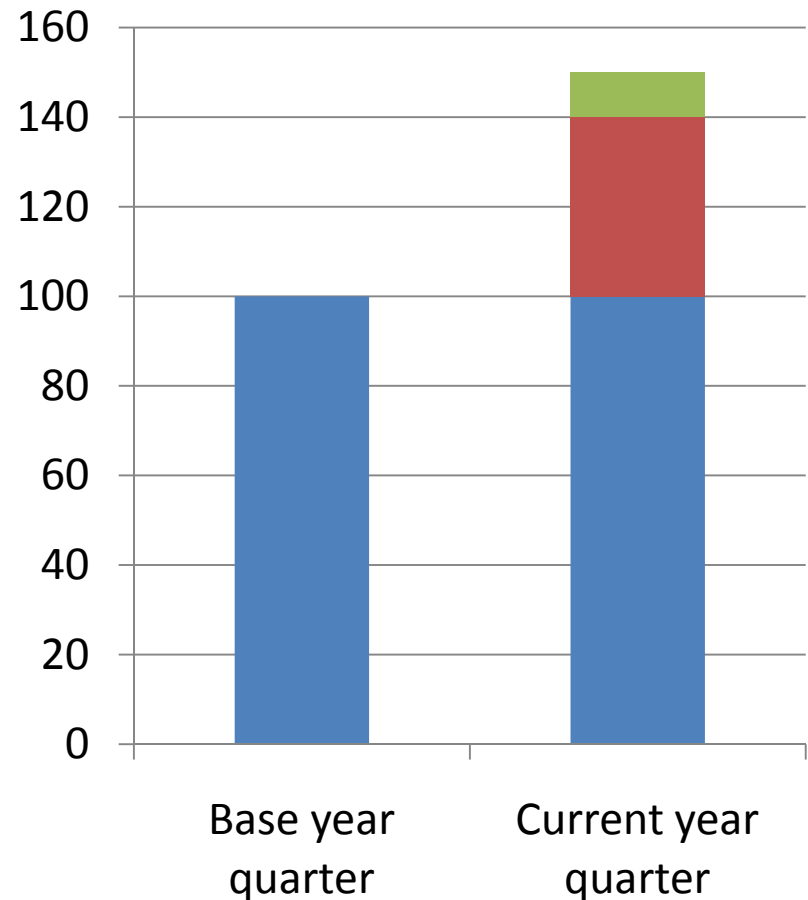
- Can deem hours of participation for 6 months, rather than having to document them every week – less paperwork for states.
- Much better financially for the participant – earnings count towards tax credits.
- Generally, more like real work situations – need to be timely, deal with supervisors and coworkers, can learn skills. Not pushing a broom in the park.

TANF Work Participation Rates

- Work participation rates only apply to recipients of “assistance.”
- Nonrecurrent short-term benefits and work subsidies are not “assistance.”
- Recovery act included a “hold harmless” – states can use previous caseload reduction credit if caseloads increase.
- Existing regulations allow for “reasonable cause” for failure to meet rates in recession.

What counts for ECF reimbursement?

- Combined MOE/TANF spending
- Must be an increase over comparable quarter in FY 07 or 08
- Can be spending from Contingency Fund
- Can be redirected from other TANF categories
- Can be third-party spending claimed as MOE



Impact so far

- California no longer considering reduction in basic CalWorks grant.
- New York considering expanding Transitional Jobs program.
- States are waiting for guidance from HHS before committing to programs.

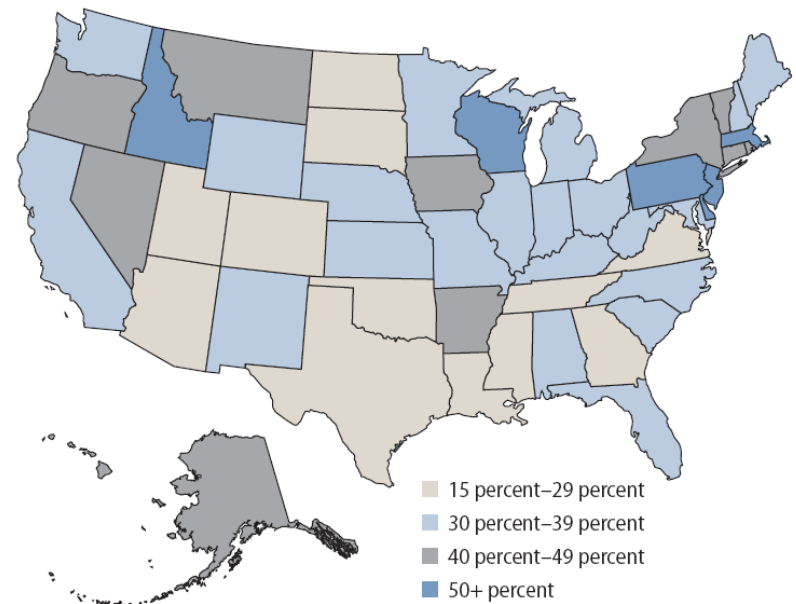
Unemployment Insurance

Nationally, only 37 percent of unemployed workers receive unemployment benefits.

- Low-wage and part-time workers less likely to receive benefits.
- Women less likely to receive benefits than men.

Percent of the unemployed collecting jobless benefits

Unemployment insurance data summary, 2nd quarter 2008
(12 months ending June 2008)



Unemployment Insurance Modernization Act

- Provides \$7 billion in incentive funding to states that adopt UI reforms.
- States can get 1/3 of allocation if they adopt alternative base period (ABP).
- States can get remaining 2/3 if they adopt ABP plus 2 of 4 possible reforms.

Alternative Base Period

- Many states ignore most recently completed quarter of employment in determining UI eligibility
- Was necessary when records were tracked by hand, but not in today's computer age.
- Penalizes workers with irregular work histories – more likely to be women than men.



To get full allotment, states must have ABP plus 2 of these 4 reforms

- Weekly \$15 allowance per dependent
- Coverage of workers seeking part-time employment
- Eligibility for workers who leave jobs for 3 compelling family reasons: domestic violence, illness or disability, and spouse relocation
- Extended UI benefits while recipient is in training

Unemployment Insurance for Part-Time Workers

- Under current law, can't receive UI benefits if you are not available for full-time work – even if you earned enough working part-time hours to otherwise qualify for benefits.
- Employers still have to pay UI taxes for part-time workers.
- Disproportionately affects women and children.

Compelling Family Reasons

- Unemployment Insurance has always been aimed at workers who lose job for no fault of their own.
- Compelling Family Reasons recognizes that “no fault” can include illness, domestic violence, or spouse relocation as well as job-related reasons.
- Individuals can still only receive UI when they are again available for work.

Impact so far

- 19 states already had ABP – automatically qualify for some or all of their funds.
- Iowa and South Dakota are first states to pass UI reform laws to qualify for funds.
- Georgia UI reform bill has passed House of Representatives.
- Governors in Arkansas, California, Connecticut, Florida, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, and Utah have expressed support.

Thank you

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Q and As on the TANF Emergency Contingency Fund:

http://www.clasp.org/publications/tanf_etc_qanda030909final.pdf

NELP resources on Unemployment Insurance Modernization Act

http://www.nelp.org/index.php/site/issues/category/modernizing_unemployment_insurance