Work requirements in welfare reform proposed by the George W. Bush administration would impose much tougher work requirements on welfare recipients. Seventy percent of all adults would be required to work 40 hours per week, versus the 50 percent who are required to work 30 hours per week currently. In addition, states would be given little leeway and less federal money, after inflation, to meet the requirements. Researchers have examined the effects of alternative welfare-to-work strategies such as job skills training and transitional jobs and found that they have a far greater impact on increasing subsequent employment than do workfare programs. An examination of welfare policy in New York City found that an over-reliance on workfare resulted in the following: crowding out of more effective programs that are more likely to lead to permanent, unsubsidized employment and higher future earnings; creating a cadre of second-class workers without good wages or benefits; raising union objections about the risks of displacing regular city workers; and failing to guarantee fundamental worker protections. Recommendations for federal welfare reauthorization, which would retain existing work requirements, but strengthen incentives, flexibility and resources available to the states, include the following: (1) maintain reasonable, flexible work requirements; (2) enhance state flexibility; (3) provide sufficient resources to strengthen supports that enable parents to succeed at home and at work; and (4) promote fairness for all taxpayers and strengthen accountability. (MO)
In the coming weeks, Congress has a critical choice to make about the future direction of welfare reform. It can enact needed improvements while continuing on the current course, which has already cut welfare rolls by half. Or Congress can take the route laid out by the Bush administration. The President would impose much tougher work requirements on welfare recipients, but give states little leeway and less federal money, after inflation, to achieve them.

In evaluating the Bush proposal, it is instructive to look at New York City's experience after welfare reform. New York is one of a handful of states that chose to adopt stiffer work hour requirements – 35 a week – and to use wide-scale mandatory workfare programs initially as the primary means of achieving them.

In this paper, we review how this approach has worked in New York City and what the implications are for welfare reauthorization. We explain why the proposed work requirements would be counter-productive to achieving what should be the ultimate goal of welfare policy: putting families on a path to good jobs that will lift them out of poverty. Finally, we conclude with a set of recommendations that would retain existing work requirements, but strengthen incentives, flexibility and resources available to the states. We believe this is by far the better route to take.

Employment Strategies Can Lead to Economic Independence
But Bush's Proposals Would Drive States to Less Effective Workfare

The historic welfare overhaul, begun in 1996, has been largely viewed as a success. But important challenges remain. First is helping low income working parents stay employed and move up the ladder to economic independence. For although millions have left the rolls and gone to work, many earn too little to rise above poverty. The second challenge is assisting parents still on the rolls, who are more likely to face multiple barriers to employment. For both groups – the newly employed and the hard-to-employ – a mix of work supports, training and education is needed to foster economic self-sufficiency. Such help includes job skills training, English literacy, drug treatment programs and transitional jobs as a bridge to permanent private employment. And it will certainly require more child care, which has proven to be critical in enabling single mothers to maintain steady employment.

State flexibility to provide this range of services to meet diverse needs is threatened by the dramatic increase in work hours and participation rates put forward by President Bush. Steep hikes in mandated work requirements would force states to redirect their resources to large scale, make-work programs and bureaucratic tracking systems. Under
current law, 50 percent of adults on public assistance are required to work in defined activities for 30 hours a week; mothers with children under six must work 20 hours. The President is proposing to ratchet up these levels, requiring 70 percent of all adults to put in 40 hours a week. Although proponents of this change argue it is simply mirroring work hours in the real world, 40 hours would actually be about 6 hours longer than the nationwide average for working mothers with young children (editorial, The New York Times, April 8, 2002). In addition, 24 of these hours would have to be in a more narrowly defined set of acceptable work-related activities that excludes education.

Current law provides a credit that reduces a state’s required work participation rate by one percentage point for each percentage point drop in its welfare caseload since 1995. Because welfare rolls have dramatically declined, the effective participation rates that states must meet are far below 50 percent. About 30 percent of the national caseload meets existing work activity requirements. The President has proposed eliminating the caseload reduction credit and replacing it with a more limited employment credit that counts employed welfare leavers for three months against the participation requirements. That would make an increase to 70 percent participation even steeper than it appears.

States striving to achieve such large increases in both hours and participation will be forced to take the least cost approach. That means assigning thousands of recipients to menial, workfare programs. States would have few other options, especially in distressed inner cities and rural areas, where job prospects for low-skilled workers are bleak. Even then, most states say that it will be difficult, if not impossible to meet the proposed stringent requirements according to a survey by the National Governor’s Association. States with low cash assistance benefits will not be able to meet the required hours without violating minimum wage laws. In rural areas it will be hard to find or create public work sites that can absorb so many more people for so many added hours.

Even if the diversion of efforts to workfare were desirable, it is not doable.

But workfare is not desirable. Researchers have examined the effects of alternative welfare-to-work strategies on both future employment and earnings. Their findings show that job skills training and transitional jobs have a far greater impact on increasing subsequent employment than workfare programs (Klawitter, “Effects of WorkFirst Activities on Employment and Earnings,” University of Washington, September 2001.) That same study found that pre-employment training, transitional jobs and job skills training all substantially increased future earnings, while workfare programs resulted in almost no gains. This confirms the findings of an earlier comprehensive study by the Manpower Demonstration Research Corporation. They found “little evidence that unpaid work experience leads to consistent employment or earnings effects,” (Brock, Butler, and Long, “Unpaid Work Experience for Welfare Recipients,” MDRC, p. 3.)

Despite empirical evidence on the shortcomings of workfare, proposals offered by the Bush administration and others would almost certainly push states away from more effective strategies and towards a greater reliance on large-scale, one-size-fits-all workfare programs. It is difficult to imagine states being able to raise participation levels to 70 percent without abandoning promising employment and skills training initiatives for much simpler, less expensive, mass work assignments.
Lessons from New York City’s Experience

Welfare Policy and The New York City Labor Market

The ability of TANF recipients to get and keep jobs depends on the local availability of openings for which they are qualified. After years of a booming economy, in 2001 New York City slid into recession, a condition severely exacerbated by the September 11th terrorist attacks. Between February 2001 and February 2002, New York City lost over 134,000 jobs (US BLS Payroll Employment Data); an estimated 60 percent of these were in the low wage sector.

The last year of the economic boom. The unemployment rate for women without a high school education was 11.9%, twice the average for all New Yorkers. Lack of educational preparation is a significant barrier to work and economic self-sufficiency, even in a very strong labor market. TANF recipients who lack skills need work options that will prepare them to participate in the labor market.

States have used a variety of welfare-to-work strategies to move people into the competitive low-wage labor market we have just described. Recognizing that welfare recipients have varied needs – depending on their work histories, skills,

![Unemployment Rates for Female NYC Residents 25 through 64, by Education, 2000](image)

Figure 1

Jobs in hotels, restaurants, retail and transportation were all hard hit by the drop in business travel and tourism. This left welfare recipients, displaced unemployed workers and young people entering the labor force all competing for the same disappearing low-skilled jobs. It is not surprising that finding jobs for welfare leavers remains difficult in this economic climate.

However, for low skilled women—the population most likely to be TANF eligible—finding work was a problem even in good times. Figure 1 indicates the unemployment rates for New York City women, ages 25 to 64 in 2000, and family circumstances – states have offered a mix of job search, training, and subsidized employment. In addition, a few states, most notably New York, have relied heavily on work experience programs (WEP), commonly known as workfare.

New York City’s Experience Shows Flaws in the Workfare Model

Welfare recipients assigned to work experience in New York City labor in exchange for their cash assistance and food stamps; they are not paid wages, given employee benefits or considered employees. The City’s public
assistance recipients are required to engage in work-related activities for 35 hours, simulating a workweek. For most, this means a 3 day-a-week assignment to a work experience program such as peeling stickers off street signs or washing down subway floors, and 2 days a week in other activities including documented job search, training and substance abuse treatment.

The scale of the program in New York results in perfunctory assessments and haphazard work assignments – a problem likely to occur in other major cities where a large number of the nation’s welfare recipients live. Overworked and under-trained frontline caseworkers can hardly focus on building job skills; the approach ends up being “here’s what’s available today, that’s where you go.” The City’s Human Resources Administration (HRA) has not released data or been subject to an evaluation assessing whether WEP is an effective path to permanent employment or another spin in the revolving door of intermittent low-skilled work and stints on welfare. While quantitative data is thus lacking, qualitative findings from Community Service Society’s interviews with a representative cross-section of welfare recipients (see boxes), widespread anecdotal evidence and research from other states paint a clear picture: the work experience program has major limitations.

“I wish that they would just stop saying “go work for your check.” I don’t think that’s going to get anything accomplished. What they need to do is train us... I know they tried before, but I don’t think they went about it the right way... The way I see it is if they can get people to work cleaning the trains, give them a salary! Get them off welfare, give them a salary...Give them benefits. Get them off Medicaid.... The thing isn’t that I would like to stay on welfare... It’s just that I would like to have something more, ...opportunities to train myself... and at the same time I want to make sure that the kids are okay while I do it, you know?”
- 35 year-old Hispanic mother of three, New York City

“I have been in WEP for over one year, sweeping city streets. Because I view this “job training” as worthless to potential employers, I have made some effort to secure other job training One such effort was a free Saturday class on computer hardware that was offered at a church. ...Since I now do WEP on Saturdays, I cannot attend these classes... Until I had my schedule changed to work on Saturdays, having to do WEP made it more difficult to attend job interviews. Indeed, I have stopped scheduling job interviews on days when I do WEP because my interviewers started refusing to give me attendance notes.”
- 48 year-old African American father of one child, New York City

“I have been sanctioned numerous times by public assistance even though I go to school 18 hours a week, 20 hours student teaching and 20 hours work-study. Public Assistance states “Refuse to comply” when in fact due to my schedule and medical restrictions they are not able to place me in a WEP assignment.

I am not yet certified as a teacher, so I cannot obtain a job yet... However, this is not one of the things that Public Assistance considers when assessing the person’s needs or qualifications as far as WEP is concerned. Everyone must do a WEP assignment.”
- 42 year-old African-American mother of one, survivor of domestic abuse, child abuse, rape and 2 ½ years of homelessness, East New York, Brooklyn

Source: These quotes are drawn from first person accounts of experiences on welfare in New York City. The stories were collected between April and June, 2000 from a representative cross-section of individuals who sought services from the Community Service Society of New York. They were part of a larger national study. See Faces of Change: Personal Experiences of Welfare Reform in America, Alliance for Children and Families, Milwaukee, WI, 2001. The full archive of stories is available at www.alliance1.org.
Over-reliance on workfare:

- Crowds out more effective welfare to work programs, such as transitional jobs, training, education and job search, that are more likely to lead to permanent, unsubsidized employment and higher future earnings,

- Creates a cadre of second-class workers, without the dignity of a wage and benefits, laboring alongside better paid public employees,

- Raises union objections about the risks of displacing regular city workers, and

- Fails to guarantee fundamental worker protections, such as rights against sexual harassment and civil rights violations (On March 8, 2002, U.S. District Court Judge Richard Conway Casey ruled in U.S. v. City of New York and Colon v. City of New York that the federal law that prohibits sex and race discrimination in the workplace does not apply to poor women and men who work in the City’s workfare program.)

In fact, the strongest evidence for the limits of workfare is that even New York City, which was so strongly committed to this approach, moved away from it during the last years of the Giuliani administration. In December 2001 only 9% of the city’s adult caseload was in WEP, down from 15% in December 1999 (in absolute numbers it dropped from 35,559 to 17,718.) This change has been explicitly acknowledged by the new head of New York’s Human Resources Administration, Verna Eggleston. In her words, “HRA needs maximum flexibility from federal and state levels to allow us to tailor our programs to meet the needs of our clients, where our clients are... It is clear that the ‘one-size-fits-all’ approach to service delivery will not work,” (speech delivered March 14, 2002.)

<table>
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<th>New York City’s Welfare Caseload and Percent of Population Living Below Poverty</th>
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<td>Caseload</td>
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<td>Poverty rate</td>
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Source: Caseload data from New York State Office of Temporary and Disability Assistance and poverty data are CSS tabulations using the Current Population Survey

**Implications for the Nation**

The combination of raising participation rates, phasing out caseload reduction credits, narrowing the definition of what counts as work, and increasing weekly hours to 40 will make it difficult, if not impossible for states to achieve the federal mandates without turning to workfare as the predominant model. But even then, achieving these proposed mandates would be hard.

As caseloads have declined under welfare reform, those remaining on the rolls tend to be families with multiple barriers to employment: little education, sporadic work experience, disabilities, problems linked to domestic violence and substance abuse and limited English. Adding to their challenges, children in poor families are more likely to suffer from chronic problems. In a recent study, “Keeping Jobs and Raising Families in Low-Income America,” more than two-thirds of poor parents reported they had at least one child with chronic illness or learning disabilities. (Dodson, Manuel and Bravo, Report of the Radcliffe Public Policy Center, 2002.)

The poor have more frequent housing crises, less dependable transportation, unreliable child care and lack resources for back-up systems when these supports fall through. These are often the very problems that made it hard for low-wage working mothers to hold onto jobs in the first place and led them to welfare. With longer hours and virtually no time off or flexibility to meet family needs, parents will face gut-wrenching choices between jeopardizing their children’s
well-being or their public assistance checks and jobs. It is not a choice we should force them to make.

In summary, the proposed requirements are unworkable. They will consume resources better spent on job training, education, child care and other work supports. They will undermine state flexibility in tailoring approaches to family needs and force thousands into make-work assignments that will offer little in the way of marketable skills.

For all these reasons, as we move to the next stage of welfare reform, Congress should:

- Maintain reasonable, flexible work requirements,
- Enhance state flexibility in developing programs that move welfare recipients into jobs and out of poverty,
- Provide sufficient resources to strengthen supports that enable parents to succeed at home and at work, and
- Promote fairness for all taxpayers and strengthen accountability.

Recommendations for Federal Welfare Reauthorization

Maintain reasonable, flexible work requirements

- Maintain the existing all-family participation requirement of 30 hours for fifty percent of the caseload and count all work effort of participants. The current work participation requirements that states must meet strike the right balance between sending a signal that work effort is important, while leaving states with flexibility to design programs. In addition, states should get partial credit for engaging recipients in part-time work. The higher work requirement for two-parent families penalizes them and should be discontinued.
- Count all participants complying with an employability plan toward state participation rates. All effort to work should be credited toward the state’s participation rate requirements (set at 50 percent of the caseload in 2002). This should include participants working part-time, and those in welfare to work programs that lead to a job, but do not meet the current definition of work activities. Excused absences from work should be counted as work participation (like sick leave for unsubsidized workers).

- Replace caseload reduction credit with employment credit. Welfare policy should reward moving families from welfare to work. Currently there is no recognition in the participation rates for families that leave welfare and go to work, instead states get credit for anyone who leaves the welfare rolls regardless of their employment status. Giving states credit for all recipients who leave welfare for work or are diverted from welfare and are able to continue working with emergency help would restore the right incentives. Finally, states should get extra credit for families who leave welfare for better paying jobs. Instead of reducing a state’s participation rate requirement, working families should be counted towards fulfilling a state’s work participation requirement to reflect the true rate of success at moving families to independence through work.

- Require work experience program participants to be covered by employee protections established under other federal workplace laws. It should be made clear that workfare participants are not exempt from The Fair Labor Standards Act (including minimum wage provisions), Occupational Safety and Health Administration rules, the Civil Rights Act and other federal labor protections.
**Enhance state flexibility**

- Give state and local administrators flexibility to develop effective approaches for success at work. Administrators are finding that they need additional flexibility in the permitted uses of the TANF grant to design welfare to work plans for a diverse caseload. Some of those recipients remaining on the caseload would benefit from employability plans that require more options than permitted under current law. State and local administrators should be authorized to decide on appropriate activities, and the number of hours required for these activities, in ways that meet the needs of individual participants and the goals of welfare policy.

- Permit flexible use of prior years’ TANF funds for work support programs. Under current federal regulations the use of prior years’ funds for supports, like child care, to working families counts against a family’s federal 5-year time limit. This rule discourages states from using the block grant to provide child care and transportation help to working poor families who have left welfare.

- Allow states to exempt wage subsidies, housing assistance and other work supports provided to poor working families from the five year TANF time limit. Helping families stay off welfare and move toward independence by investing in this kind of assistance for working poor families makes sense and is consistent with welfare policy goals. States want to treat working parents fairly by making sure they get the support they need to stay off welfare without penalizing them.

**Provide sufficient resources to strengthen supports that enable parents to succeed at home and at work**

- Maintain TANF block grant funding; index to inflation. The federal block grant has not been increased since 1997, eroding the value of the grant by more than 11 percent. If the grant remains at its 2002 level for the next five years, the inflation-adjusted values will erode by more than one-fifth of the total grant. If the grant is not adjusted, states will likely cut welfare to work supports that help people get jobs and stay off welfare.

- Provide funds to maintain and create transitional jobs programs. Transitional jobs are short-term, wage-paying publicly created jobs in public agencies or nonprofits for welfare recipients who are unable to find jobs in the unsubsidized market. Since 1997, a number of states and local communities have created such programs, often using welfare-to-work block grant funds. Evaluation of the largest program in Washington State shows that participants have better retention rates and higher wages than recipients do in other welfare to work activities. Since the Welfare-to-Work block grant was not reauthorized, programs are beginning to run out of funding for this successful model.

- Increase funding for child care to ensure choice and access. The federal Department of Health and Human Services estimated in 1999 that New York State policy and funding decisions meant that only 18% of children eligible under federal law for child care subsidies were receiving them. Increased funding in the Child Care and Development Fund would increase coverage and access. Increasing flexibility in the TANF block grant would also improve child care choice and access.
• **Create new funding for projects that improve access to work supports.** Families that leave welfare for work and other low-income working families benefit from work support programs like health insurance, child care, food stamps, and earned income tax credits. Unfortunately, many families that are eligible for these benefits do not receive them. A new funding stream should be created to provide competitive grants for states to pilot approaches to improving access to transitional benefits, for example by simplifying applications or using eligibility screening tools.

• **Prohibit supplantation.** States are prohibited from counting state dollars spent on a pre-existing state program toward the state's "maintenance of effort" (MOE) requirement except to the extent the overall spending increases. The reauthorization legislation should create a similar prohibition on the use of federal TANF block grant funds. In this way, the goal of increasing overall spending toward TANF goals is ensured.

**Promote fairness for all taxpayers and strengthen accountability**

• **Restore eligibility for legal immigrants.** The 1996 welfare reform legislation placed restrictions on public benefits and work supports for legal immigrants. Some states have attempted to replace benefits for this population with state dollars. However, the limitation on use of federal TANF funds for this purpose reduces state flexibility significantly. Restoration of SSI, health insurance, and food stamps would relieve state and local budgets currently covering some of those expenses. More than one in five poor children live in non-citizen families, yet their parents are usually married and working. These families should be eligible for work supports like other tax-paying workers. In addition, working immigrant parents should be eligible for work support programs like other low-income taxpayers.

• **Require states to use a pre-sanction reconciliation process and restore assistance after compliance.** A pre-sanction review can assess for barriers that may be inhibiting compliance. If the goal is to encourage compliance with a plan designed to move the recipient from welfare to work, then it is in the interest of achieving that goal to ensure that there is no misunderstanding or error. In addition, the sanction has achieved its purpose when the recipient comes into compliance. A sanction period that extends beyond the time of compliance creates a disincentive to comply, possibly lengthening the time when the recipient is not working, and may create hardship for children and others in the household.

• **Improve data reporting; ensure county level data is available to the public.** Welfare caseloads are often disproportionately higher in cities than other parts of states. It is critical that local service providers have information about funding and policy decisions affecting those recipients, as well as welfare outcomes in their community. New York City officials resisted sharing such information for many years. While states must report some data to the federal government, even counties with welfare policy-making authority granted by a state sometimes do not share data with other public and private officials. The obligation to do so should be clarified in welfare reauthorization legislation. In addition, data on services to low-income families that is not currently reported ("non-assistance") should be available. These services now account for more than 50 percent of federal TANF spending nationally.

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Title: The Choice Before Congress on Welfare Reauthorization: Real Jobs or Make Work?

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Corporate Source: Community Service Society of New York

Publication Date: April 2002

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