

## Proposed Changes In Welfare Reform

by Linda Ostreicher

Friday, October 24, 2003 12:00 AM -

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Â The federal welfare reform law of 1996 quietly expired on September 30, 2002, and has been repeatedly extended, most recently on September 30, 2003, for six months more. Major changes to the nation's public assistance system have been on the table for over a year, but little attention is being paid to them. The Senate version of a reauthorization bill is still in the Finance Committee; the House of Representatives' bill was passed last February.

If there was no violence in the Middle East, the proposed changes in welfare reform would still not headline the evening news. They are too technical for sound bites. Highlights include an increase in the required participation rate of beneficiaries, longer weekly hours in direct work activities, changes in the types of activities that count as work, and the possibility of "superwaivers."

### **HIGHER PARTICIPATION RATES CALL FOR MORE AVAILABLE JOBS**

Currently, New York State must have half of its welfare caseload engaged in work activities, minus a varying percentage based on how many households have left the welfare rolls since 1995. Both the House and the Senate are proposing to increase that to 70 percent of the caseload by 2008.

Meanwhile, the national unemployment rate for women heading single-parent families

was 8.4 percent in August 2003, according to the Census Bureau. This was up more than a third since March 2001, and is much higher than the unemployment rate for women in general, which was 5.2 percent in August.

If the 70 percent participation rate were in effect today, New York City would need to get more than 16,000 welfare recipients into work activities. In the absence of new private sector jobs, the city would have to create subsidized or public-sector jobs. These would divert funds from services welfare recipients need to prepare for real jobs, such as child care, education, substance abuse treatment.

### **LONGER WORK WEEKS INCREASE THE NEED FOR CHILD CARE**

The two major welfare reauthorization proposals put forth by the U.S. Congress provide an increase in child care funding of \$200 million a year, according to the analysis released in September 2003 by the Center on Budget and Policy Priorities, and the Center for Law and Social Policy. This represents a seven percent increase over the current level. However, this past year, the New York state and city government both proposed measures that would have reduced available child care. While advocates succeeded in maintaining funds for pre-kindergarten and other child care options this year, the expected future budget gaps threaten to cancel out federal gains with state and local cuts.

The bill under consideration in the Senate Finance Committee would increase the required workweek for single parents receiving welfare by four hours each week, to a total of 24 weekly hours for those with children under the age of six, and 34 hours for other parents. The bill passed by the House in February would double the need for child care for children under age

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six by single-parent households on welfare, by increasing the mandatory workweek from 20 to 40 hours. It would increase the amount of child care needed for older children by 33 percent, as their parents' workweek lengthened from 30 to 40 hours.

### **DEAD-END JOBS FAVORED OVER TRAINING AND EDUCATION**

Current welfare rules allow recipients to go to school for a year as their "work activity." After that, students must do 20 hours of other "core" work activities on top of their coursework in order to receive benefits. Both the House and Senate proposals would start adding work activities after three months of school, while increasing the number of hours required each week to 24. The Senate Finance Committee bill is slightly more lenient, allowing education to count toward some of the required 24 hours per week for an extra three months of every two-year period.

The City University of New York's institutional data show that in the first three years of welfare reform, about two-thirds of its students who received public assistance dropped out. There is no data on how many students stayed in school and lost public assistance benefits.

### **SUPERWAIVERS WOULD GIVE ALBANY CONTROL OF THE CITY'S WELFARE RULES**

Superwaivers are the wild cards in the reauthorization debate. The House bill would allow states to apply for waivers of almost every rule and law governing public benefits, including welfare payments, housing, food stamps, homeless services, child care, employment training, literacy services, and any service funded under the Social Services Block Grant. The Senate Finance bill would limit superwaivers to ten states, who could be granted permission to waive laws and rules governing child care, welfare payments, and the Social Services Block Grant.

The process of welfare reform is getting little public scrutiny in the national arena; it will get even less in Albany. The state would be free to design a program meeting the needs of government officials to trim social service budgets to fund items more popular upstate.

### **UNEMPLOYMENT BENEFITS UNDER DISPUTE**

In August 2001, after years during which trends in the city's welfare rolls closely matched those in the unemployment rate, the picture changed. Since then, unemployment has risen while the welfare rolls continue to drop. Either New York City has been experiencing a boom in the underground economy, with rapid expansion of unreported jobs, or a growing number of city residents are getting neither a paycheck nor a welfare check. The alternatives are to receive unemployment benefits, use up savings, live off somebody else's income, run up credit card bills and other debt, or turn to crime. Personal bankruptcies in the state are up 10 percent over last year. The increase in homelessness and bank robberies suggests that those two outcomes are also more prevalent.

Former welfare recipients, like other workers, are not eligible for unemployment benefits if they have worked for less than six months over a recent 12-month period, or if they never

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earned a salary of at least \$1,600 a month. Once they lose jobs, 58 percent of New Yorkers remain unemployed long enough to run out of benefits, compared to 42 percent nationwide.

Even if workers are eligible for unemployment benefits, they may not be able to receive them. According to reporter Bob Port of the New York Daily News, a federal judge recently ruled that the state did not give fair hearings to about a third of the 47,000 New Yorkers appealing denials of their claims for unemployment benefits. If they had been granted benefits, the state's unemployment insurance fund would have been stretched even farther. As it was, in December 2002, the fund ran dry and began borrowing from the United States Treasury.

### **LOSS OF PRIVACY CAN BE THE PRICE OF RECEIVING SOCIAL SERVICES**

Many Americans fear the loss of their privacy as electronic data banks and national security networks make personal information easier to obtain through both legal and illegal means. For clients receiving social services, like foster care and public assistance, this is old news. Between May and October, three journalists from two major New York City daily papers found confidential case records in the trash outside of several welfare offices, the city's child welfare agency, and the largest private children's service agency in the state. No high-tech expertise was required to gather information; the files were all on paper. They included photocopies or original copies of birth certificates, driver's licenses, income tax returns, child abuse reports, adoption records, and other sources of clients' names, addresses and Social Security numbers.

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