



The Poverty Institute

at the Rhode Island College School of Social Work

ANALYSIS OF GOVERNOR'S PROPOSED CHANGES TO THE FAMILY INDEPENDENCE PROGRAM

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Introduction

Article 16 of the Governor's fiscal year 2009 budget (H-7390) repeals the Family Independence Act and replaces it with the "RI Work First Program". Article 9 of the Governor's revised fiscal year 2008 budget (H-7204) proposes to end benefits for children whose parents have received more than 60 months of assistance. There are 1,600 families who would be affected by this change, resulting in over 3,400 children losing benefits. Although included in the FY 08 supplemental budget proposal, this change would be effective July 2008, so no savings are anticipated for FY 2008.

The termination of benefits to 3,400 children is expected to save \$8 million in cash assistance in FY 09. From these "savings", RIPTA would receive \$5 million, the Department of Labor and Training would receive \$1.7 million to implement the "Work First" program and funds would be spent to make changes to the In Rhodes computer system required by the new law.

As of December 2007, the FIP caseload included 9,993 families, including 17,808 children and 6,242 adults. Three quarters of FIP recipients are children under age 18 and more than two out of five (44%) of children are under age 6. The FIP caseload has dropped by 47% since FIP was implemented in 1997 (from 18,750 to 9,993 families). Total (federal and state) spending for cash assistance for children and families has dropped to \$60 million in 2007 from \$117 million in 1997 with state spending at \$16.1 million in 2007 down from \$51.5 million in 1997.

The Work First Program maintains the \$50 child support pass through and protections for victims of domestic violence. The Department of Labor and Training is authorized to implement the new "intensive employment services" program with DHS. Other major changes to FIP are:

- Eliminate children's entitlement to benefits
- Reduce family life-time limit for cash benefits from 60 months to 24 months
- Replace work/training/education with "work first": the first employment plan activity for all parents must be job search
- Limit work readiness activities allowed after job search
- Limit exemptions from work activities to parents receiving federal disability benefits (SSI or SSDI), caring for a child under one (12 month cap), caring full time for a significantly disabled family member, or victim of domestic violence.
- Eliminate the supplemental cash payment for poverty-level working families. Authorize DHS to provide a time-limited incentive bonus.
- Eliminate 6-month graduated sanction and replace with immediate full-family sanction plus mandatory 30 day exclusion from benefits.
- Impose family cap, denying assistance to infants born 9 months after a family starts to receive assistance.
- Exclude legal permanent resident families from assistance for first 5 years in US.

Stop Benefits for Children Whose Parents Have “timed off” FIP

Proposal: There are currently 1,600 families including 3,400 children in which the parent has “timed off” of cash assistance. The Governor proposes to stop benefits to these families on July 1, 2008.

Response: Thousands of children will be dropped from cash assistance without any assessment of their parents’ ability to work or offering any assistance in getting a job. Before terminating benefits, DHS should work with community providers to determine whether the parent can work. Through the new work services to be offered by the Department of Labor and Training and community programs, including work programs at Housing Authorities, parents who are employable should be helped to get jobs. Parents who are identified as disabled should be referred to Office of Vocational Rehabilitation and/or assisted in getting federal disability benefits.

Family Time Limit

Proposal: Except for children living with relatives or with a parent who is receiving federal disability benefits (SSI or SSDI), the Governor proposes to time-limit children’s eligibility for cash assistance. The Governor proposes to reduce the lifetime limit on receipt of cash assistance from 60 months to 24 months for parents and children.¹

Response: Over 40% of children receiving FIP are under age 6. There can be many reasons the family may need cash assistance as the child is growing up. The entitlement for children protects them at minimal cost to the state (\$6/day) and can help keep a family intact during periods of economic crisis due to loss of job or a parent’s disability.

The 24 month family time limit would put RI in a tiny minority of states: only 2 have a lifetime limit of 24 months. The majority of states either have a 60 month limit (29 states and DC) or no time limit (3 states). Under federal law, cash assistance can be provided for a total of 60 months and extensions are allowed for hardship circumstances.

Once the 24 month time limit is implemented in July, 2009, over 5,500 families including over 10,000 children could be made permanently ineligible for assistance.

There are many reasons families need FIP cash assistance over the 18 years of raising a child: a family is fleeing domestic violence, a parent becomes disabled, a child has a serious disability. The majority of families that rely on FIP include a parent with limited literacy or English language ability, learning disabilities or other barriers to getting and keeping a good paying and stable job. Thus, parents cycle on and off FIP as they lose jobs and are not eligible for unemployment benefits. A 24 month lifetime limit does not provide sufficient protection for these vulnerable families.

Work First

Proposal: After being screened at DHS, all parents are referred to a One Stop Career Center operated by DLT and all parents (except those identified as disabled) must look for a job first. Only if a job search fails will the parent be able to access training, education or other services that can help them become job-ready.

Response: Rhode Island's caseload has dropped by almost 50 percent since 1997 and many parents who remain on FIP are not "work ready". Recent testing of 3,000 FIP parents showed that 40% had a 6th grade or lower reading level and for Spanish speaking parents 60% tested at 6th grade or lower in their native language. Fifty percent of parents report that they do not have a high school diploma.

RI's unemployment rate of 5.7% is the highest it has been since 1995 and exceeds the national unemployment rate of 4.9%. For adults without a high school education, the unemployment rate hovers at 11%. This is simply not an economy in which very-low skilled parents are going to easily find employment.

The requirement of immediate job search is far stricter than even the fairly restrictive federal rules which allow parents to participate in job-readiness activities for up to six weeks (or 180 hours) and would allow a program that combined job search with job preparation activities.

Research shows that programs that combine work and education have better outcomes for parents in obtaining and maintaining employment. Federal law allows parents to participate in "vocational training" for 12 months. Parents can also combine 20 hours of work with 10 hours of training to enhance their job skills and move up the job ladder. For parents with very limited English or literacy and no work experience programs that provide adult education in combination with unpaid work experience can help parents successfully move toward employment.

Allowable work readiness activities

Proposal: If a parent does not find work after a job search, the parent would be allowed to participate in work-readiness activities. The Governor proposes to limit allowable activities to those "countable" under federal rules enacted in 2006. Under federal rules, these activities are: Subsidized public or private sector employment, work experience, job search and job readiness (which includes barrier-removal activities such as mental health counseling but is limited to six weeks per year), community service, vocational education for up to 12 months, providing child care services to a parent who is participating in community service. A parent who engages in 20 hours of one of these activities can reach the 30 hours required through 10 additional hours of: job skills training related to employment, education related to employment, or GED for participants without a high school diploma. (A parent with a child under age 6 is only required to engage in activities for 20 hours/week. A parent whose youngest child is 6 or older must participate for 30 hours.)

Response: Federal law does not require RI to limit work-readiness activities to federal options. Only half of the families participating in FIP must be engaged in federal countable activities for the state to meet the mandated participation rate. ⁱⁱ

This proposal would take away work-readiness options for parents with very limited literacy and for parents who could significantly increase job opportunities and income by earning an associates degree. Under current law, parents with very limited literacy or English language skills are allowed to participate in adult basic education programs as their full-time required activity. These programs, regulated by the RI Department of Education, Office of Adult Education, must combine classroom work with vocational activities and assure that parents are making significant progress.

Current FIP law also allows a parent to participate in a 2-year post-secondary education program as long as classroom hours, supervised homework and work-study total 30 hours. While the number of parents who have taken advantage of this option has been very small, a

parent who earns an associates degree is much more likely to have a job that can support her family; average earnings with an associate's degree are \$35,000/year.

Cash incentive for working families

Proposal: The Governor's bill provides that a family that closes to FIP and is working at least 30 hours/week (35 hrs for a 2-parent family) may be eligible for an incentive bonus payment for up to 12 months.

Response: Under current FIP law, if the parent is working 30 hours/week but not earning wages sufficient to close to cash assistance, a supplemental payment is made to the family without time limits. For example, a parent of 2 children earning minimum wage receives a supplemental FIP payment of \$158/month bringing the family's income (with Food Stamps and EITC) to about \$21,003 per year or 120% of the federal poverty level. Keeping the FIP supplement helps families meet basic needs and keeping the families in the caseload, helps the state meet the federal work participation rate.

Sanctions

Proposal: The Governor proposes to immediately stop assistance to the entire family if a parent fails (without good cause) to comply with a work plan or attend a required meeting. The family would have to go without assistance for at least 30 days before regaining eligibility.ⁱⁱⁱ

Response: Under current rules, when a parent fails to cooperate, the benefit is immediately reduced by about 20% and a total of 6 months of penalty results in full case closure.

Research shows that many families that fall into sanction are those where parents have challenges to employment such as mental health problems or learning disabilities that may not have been evident at initial assessment. Many states use the sanction process as an opportunity to check for these barriers so they can be properly addressed and lead to successful employment outcomes.

The immediate full family sanction is much stricter than required by federal law: parents who are in sanction can be counted toward the federal participation rate for three months in a twelve month period.

Parents with Disabilities

Proposal: The Governor proposes to exempt from work readiness activities only those parents who are receiving federal disability benefits (SSI or SSDI). Other parents identified as having a disability would be required to participate in a "rehabilitation employment plan" leading to employment. Failure to participate in the plan would result in immediate sanction.

Response: Under current rules, parents who have a documented disability are exempt from work-readiness activities. Over 900 families have a parent who is exempt due to disability which temporarily or permanently prevents work. Some of these parents may have applications pending for SSI benefits. It can take a year or longer for the Social Security Administration to reach a final decision on an SSI application.

Parents with disabilities should certainly have the opportunity to work but will need assistance preparing for and finding employment and may need accommodations in the number of hours they can be working or the type of work they can do.

For parents who have serious and permanent disabilities, DHS should provide assistance in accessing SSI benefits since it can provide additional cash for the family and help the state meet the federal participation rate.

Family Cap

Proposal: A family's benefits will not be increased for a child born after nine calendar months following the initial month of receipt of cash assistance.

Response: After the 1996 welfare reform law, some states enacted a family cap in an effort to reduce the incidence of out-of-wedlock pregnancies. There is no evidence that this policy has been successful. A report from the GAO issued September 2001 (GAO-01-924) found that "Due to limitations of the existing research, we cannot conclude that family cap policies reduce the incidence of out-of-wedlock births, affect the number of abortions, or change the size of the TANF caseload."

Seventy-seven percent of families receiving FIP have only 1 or 2 children. The FIP payment has not been increased in almost twenty years and the current monthly benefit of \$554 for a family of 3 is 63% below the federal poverty level. The benefit level increases by \$80/month (or less than \$3/day) for a child born to a family with 2 or more children.

Legal Permanent Residents

Proposal: The Governor proposes to implement a 5 year bar on eligibility for legal permanent resident children and parents.

Response: Under current FIP law, legal permanent residents (LPR) are eligible for FIP cash assistance and work readiness services. For the first 3 years in country, the sponsor's income and resources are counted. While there is a bar on using federal TANF funds to provide cash assistance to LPR families for 5 years, there is no bar on using state funds and these funds count toward the amount the state is required to spend to receive the federal dollars. As long as parents are in countable activities, they can also be counted in the work participation rate. The Governor's proposal would cause 1,000 children and parents to lose FIP benefits. It is simply unfair to discriminate against these families.

ⁱ The 24 month time limit would apply to new applicants effective July 1, 2008. Months of assistance received prior to 7/1/08 would count and the family could receive no more than 24 months of assistance as of July 1, 2009. Similarly, families receiving benefits as of July 1, 2008 could remain eligible until July 1, 2009 (or for up to 24 months). Prior to July 1, 2009, families that received 60 months of benefits would still be terminated/ineligible for FIP.

ⁱⁱ In final TANF rules issued on February 5, 2008, HHS reminds states that in implementing work activities for parents who have disabilities or other limitations, parents can be engaged in activities that do not count toward the participation rate.

ⁱⁱⁱ The Governor also proposes to change the sanction if a parent is not cooperating with the Office of Child Support services in identifying and pursuing support against a non-custodial parent. The current sanction of 25% of the benefit would be replaced with termination of all assistance to the family.