

Welfare money at risk in R.I.

The state could lose \$4.75 million unless half of its 12,000 welfare recipients meet federal work requirements.

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PROVIDENCE -- Rhode Island must get more of its welfare recipients working within the next year, or risk losing millions of dollars a year in federal money.

Recent changes to federal welfare law, fleshed out by new regulations issued last week in Washington, leave state officials facing difficult decisions about how to increase the percentage of recipients who work.

The degree of change required is dramatic: Of the state's 12,000 welfare recipients, barely more than 25 percent are working the required 30 hours per week, or participating in an education or training program that counts toward the work requirement.

The state must bring that percentage up to 50 percent, or lose \$4.75 million in the first year of penalties -- a relatively small amount of money compared with the \$95-million total grant amount, but still a significant number in a year when the General Assembly and the governor fought bitterly over program changes costing \$1 million or less.

Officials are still digesting what the new regulations mean, but it's clear they're stricter in three areas. Reducing the size of the welfare rolls will no longer count for as much. States will no longer have as much latitude to define the activities that count toward the work requirement. And states will no longer have as much freedom to pull groups of people into separate programs, and avoid counting them in calculating the employment rate.

Some states are even worse off than Rhode Island. In February, Pennsylvania's work-participation rate was just 7 percent, although the state has since brought its rate up to 21 percent.

But even though Rhode Island's caseload has dropped by more than a third in the last decade, the work-participation rate has hovered stubbornly around 25

percent, indicating it will take a major policy shift to bring that rate up to the required 50 percent.

"This is a big, big change," says Scott W. Allard, an assistant professor of political science and public policy at Brown University and an expert on welfare policy.

ONE BIG DIFFERENCE in the new rules is that states will have to count so-called "child-only cases" -- cases in which a parent receives payments on behalf of a child or children, but not on his or her own behalf. That would happen if, for example, a parent has reached the 60-month federal time limit for receiving payments, or in the case of a noncitizen parent of a citizen child.

Rhode Island historically has not required adults to work if they are receiving benefits on their children's behalf, and not their own. Consequently, of the welfare recipients who are required to work, a full 80 percent are meeting the requirement, largely because the child-only cases are exempt. There are more than 4,000 such cases in Rhode Island's welfare system -- a full third of all cases.

Another reason for the difference between the state's 80-percent number and the 26-percent rate Rhode Island reports to the federal government: The state's list of activities approved under the work requirement is broader than the federal list.

For instance, the federal government does not allow a state to count hours spent in a GED program toward a person's weekly 30-hour work requirement, but Rhode Island law does count a GED class as a work activity during a person's first two years on welfare.

Rhode Island also counts basic literacy and English classes as approved work activities, even though the federal government does not.

The state could boost its work-participation rate by aligning its definition of work activities with the federal definition, and requiring welfare recipients to find jobs -- regardless of whether they have a high-school diploma, speak English or know how to read -- and ending benefits to those who don't have jobs by the end of a designated job-search period.

That's not the approach social-services advocates prefer.

"We need to make sure the parents have access to jobs with futures for them, and not do things simply to avoid fiscal penalties," says Linda Katz, policy director for the Poverty Institute at Rhode Island College.

Katz points to a Poverty Institute survey that found less than half of Rhode Island's welfare recipients have finished high school. The same survey found that 32 percent of adults receiving welfare payments had a reading level below grade 6, and another 43 percent read below a 12th-grade level.

Katz says this may be the time to expand, rather than narrow, the menu of options for welfare recipients, to include things such as post-secondary education. An associate's degree would lead to a higher-paying job that would provide health-insurance benefits and enable the parent to pay for her own childcare. "In the long term, that saves money," Katz said.

Allard says part of the solution could be as simple as conducting a detailed analysis of welfare recipients who aren't working to find out what the state might do to get them working. He says it would help to know if an individual's problem is a disability, the need to care for a disabled or elderly family member, or lack of access to childcare or transportation.

"In many cases," Allard says, "it may be something we can help with."

WHEN PRESIDENT Bill Clinton signed into law the Temporary Assistance for Needy Families (TANF) program 10 years ago, the program was expected to shrink the welfare rolls -- which happened -- and get more welfare recipients working -- which didn't.

States got credit toward the work-participation rate for reducing their caseloads, and 19 met the entire 50-percent requirement that way, The New York Times reported last week. Nationwide, the caseload for the \$16.5-billion-a-year program dropped from 12.2 million people to 4.4 million.

When Congress reauthorized TANF earlier this year, it reset the base year for computing caseload reduction as 2005, so states will now get credit only for reductions in the rolls since last year.

Ronald A. Lebel, Rhode Island's director of human services, estimates that the state will still get credit for a reduction of around 7 percent, but it must make up the difference -- more than 15 percent -- somewhere.

Changes the General Assembly made to welfare laws in the session just ended should help. For instance, the Assembly reduced, from 18 months to 6, the amount of time a person can collect welfare benefits while not complying with an employment plan or not having an approved employment plan on file. That means benefits will end sooner for people who don't find jobs as required.

Advocates suggest the state could offer a small "continued employment incentive," technically still a welfare payment, to recipients whose benefits would otherwise end because they got jobs that pay more than the income ceiling -- an option they say would encourage employment and boost the work-participation rate by keeping people in the program even after they start working.

Because state law sets the program structure, that kind of change would require action by the General Assembly when it reconvenes in January.

Still, Lebel said he is "optimistic" the state can attain a 50-percent average in the federal fiscal year that begins Oct. 1. "It's going to be tough," he said, "but we think we can do it."

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