Devolution and Welfare Reform: Re-evaluating “Success”
Agenda

- Author’s Background
- Define Key Terms and Concepts
- History and evolution of welfare devolution
- Proponents and Opponents of Devolution
- Findings
- Class Discussion
About the Author...

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Devolution: the process through which upper levels of government transfer powers or functions to lower levels of government.

Personal Responsibility and Work Opportunity Act of 1996 (PRWORA) is an example of devolution.

Devolved responsibility of cash aid from Federal to State governments to allow for the creation of innovative programs that would end welfare dependency among recipients.

Are state and local governments administering welfare in ways that reduces dependency?

How are states exercising their new discretionary powers?
Sheely asks...

- Has devolution prompted states to use program flexibility granted in PRWORA to create effective, innovative programs that could be diffused to other localities?
- Are states using their powers to enact the most restrictive programs in order to reduce caseloads and avoid attracting recipients from other localities?
- Has there been a return in discriminatory practices in welfare programs that were common before the 1960’s?
PRWORA Explained

- Aid to Families with Dependent Children (AFDC) was replaced with Temporary Assistance for Needy Families (TANF)
- AFDC: Federal program that provided states with matching funds for welfare
- TANF: Block grant that puts a cap on federal funds given to states regardless of state input or case-load; States must also comply with three requirements:
  - State programs must emphasize recipients return to workforce
  - State program must implement *Sanctions* against recipients who fail to work
  - Five-year lifetime cap on receipt and benefits
TANF as Devolution of Welfare

- Gives states broad discretion to determine policies, both carrots and sticks
- For example, states may:
  - Impose stricter work requirements
  - Create shorter time limits than five years
  - Change eligibility requirements for cash assistance, including disregard assets and earnings
  - Define who is eligible for services
  - Determine what services will be available
  - Determine who the service providers will be (private, secular, religious, etc.)
  - The ability to transfer authority for TANF to local jurisdictions (20 states have)
- High variability amongst states
Proponents of Devolution

- Eliminate the culture of “eligibility and compliance that existed under federal control of welfare
- States could create innovative programs tailored to the specific needs of local recipients
- Innovative programs shown to be effective would be adopted by other states
Opponents of Devolution

- Primary influence of state’s welfare provisions was the behavior of neighboring states; fear of becoming welfare magnets if they are more generous, therefore devolution would lead to inadequate services.
- And granting states more authority would lead to punitive eligibility restrictions.
- Race to the bottom as states and localities constantly readjust to become more stringent than their neighbors.
- States more likely to feel pressure to decrease benefits because they must maintain balanced budgets.
- Devolution will lead to discriminatory welfare distribution requirements, based on historical experience, potentially excluding people from benefits based on race/ethnicity.
Historical Discrimination in Welfare

• “Mother’s pension programs” of the early 1900’s primarily offered assistance to white, morally deserving widows;
  o excluded: abandoned, divorced, never-married women, and those without “suitable homes,” or acceptable childrearing methods.
  o Southern states excluded women who were physically able to work in fields – African American women
Historical Discrimination in Welfare cont.

- Social Security Act of 1935
- Created Federal Aid to Dependent Children program to replace the various state run mother’s pension programs
- States responded by implementing cash aid programs for poor families
  - These programs were still discriminatory, excluding non-whites
- Civil Rights Era 1960’s
- Courts overturned discriminatory eligibility restrictions used by states
- Introduced federal oversight
Three ways PRWORA prevents states from drastically cutting services:

- Includes *Maintenance of Effort* provision, requires states to maintain at least 80% of 1994 AFDC spending levels.
- Performance requirements do not allow for states to be rewarded for caseload declines caused by changes in eligibility requirements.
- TANF Contingency Fund: provides additional federal funding to states during recessions to deter states from restricting access to welfare programs during economic downturns.
- (American Recovery and Reinvestment Act, 2009, created a TANF Emergency Fund; the recession caused both the emergency and contingency funds to be depleted.)
Three factors influencing innovation under PRWORA

- Federal government implemented a waiver program in the 1980’s, allowing states to alter their welfare programs (devolution already in effect); By 1996, 452 program waivers had been granted in 42 states, including:
  - Work requirements
  - Sanctions for non-compliance

- Federal provisions limiting state’s program flexibility:
  - Minimum spending amounts on TANF related activities
  - Ban on use of federal funds for benefits to undocumented immigrants or anyone meeting the cumulative five-year benefit cap
  - Required compliance with federal rules for establishing paternity and enforcing child-support laws for those receiving welfare
  - Spending limits for program administration

- Organizational restructuring requirements:
  - Work requirements created added workloads for social workers already tasked with ensuring eligibility and compliance, without providing additional resources to do so
States adopted a range of philosophies to explain recipients seeking welfare:
- Lack of motivation to find or keep a job
- Lack of job-related skills

Primary goal of a states welfare system, either:
- Work participation, or
- Case load reduction

Program Strategies, and treatment of families, determined by the primary goal or philosophy of the state:
- If state values work participation, may have earnings disregards, allowing families to keep benefits regardless of earnings
- States who value case-load reduction, on the other hand, restrict access to benefits
Variability of State Programs (cont.) - Eligibility

- Some states implemented application requirements and procedural rules that were more stringent than federal requirements.
- Some states broadened eligibility: extending use of State funds to legal noncitizens and felons, and exempting domestic violence survivors from paternity requirements.
- Regardless of these variations – all State and Federal requirements are more stringent than those that existed prior to PRWORA.
Variability of State Programs (cont.) – Behavior

- All states have adopted a mixture of sanctions, for bad behavior:
  - Shorter time limits than Federal 5 yr cap
  - Deny aid for children born to mothers already receiving aid
  - Entire household loses cash aid if mother does not comply with program requirements
  - Sanctions may be imposed for up to three months and may include a reduction in other benefits such as Medicaid and Supplemental Nutrition Assistance Program (SNAP)

- And rewards, for positive behavior:
  - Earned income tax credit – allows families with higher incomes to stay on welfare longer
  - Shift funding from cash to child care and transportation
Welfare to work

- Focus on supporting working recipients of welfare reform has lead to an overall decrease in the amount of cash aid. From 76% of state welfare spending in 1996 to 41% in 2000.
- Work First – attempts to change culture – offices still focus on eligibility and compliance rather than skills and getting people jobs.
Proponents of Devolution – revisiting these arguments

- Eliminate the culture of “eligibility and compliance that existed under federal control of welfare
- States could create innovative programs tailored to the specific needs of local recipients
- Innovative programs shown to be effective would be adopted by other states
- What research does exist shows that there is no evidence that the culture of eligibility and compliance has been eliminated
- There is substantial variation in programs – which means that the welfare program experienced by the recipient is intricately linked to the state and locality in which they reside.
- There is no evidence that shows that innovative policies with the best outcomes have been adopted by other states or localities; what little evidence there is points to variation increasing.
Have State and Local Governments Engaged in Race to the Bottom?

- Opponents of devolution were concerned that states and local Governments would use their new discretion to engage in a race to the bottom in welfare services.

- Research was conducted to test this assertion: pre-PRWORA primary determinant of a state's welfare benefit levels is determined by the cash aid offered by surrounding states. Pre-1996 Waiver program allowed states to modify their welfare programs - it was found that states were more likely to submit a waiver if neighboring states had done so.

- Post PRWORA - the concern was that states would race to the bottom by other imposing more stringent eligibility criteria and work requirements than that of their surrounding states.
  - research show that state lawmakers still use benefit levels of programs in surrounding states to determine the amount of money to give poor families.

- States were more likely to adopt stringent behavioral requirements if their neighboring states had done so however, influence on policies related to eligibility exemptions and requirements.
  - Insert ex: from Fellows and Rowe

- Overall, research did not support that devolution would create a race to the bottom.
Have State and Local Governments Returned to Discriminatory Welfare Practices?

- Opponents were in favor of federal control of the welfare system
  - Protect poor families against unpredictable political climate and/or actions
    - Studies show that more liberal states have higher benefit levels and more lenient policies; in addition counties with more liberal voters have lower rates of sanctioning welfare recipients
  - Welfare support would be available in each state
  - Prevent discriminatory practices
    - Researched showed linkage states with higher African Americans on their caseloads have more stringent policies
Proponents of Devolution

- Welfare systems should be shaped by the political climate
  - Tailor programs to local politics
    - create a government structure where citizens who value providing welfare to the poor
Conclusion: Policy Implications

1. modify current federal performance requirements to make state programs more responsive to the needs of poor families
2. focus on outcomes rather than caseload reduction to shift the focus of states
   - Create poverty reduction programs
     - Create programs to link them to other federal benefits such as SNAP (food stamps)
3. Advocate for additional federal resources such as the TANF Contingency Fund
4. Social workers must work collectively to educate themselves on welfare policies of their states, monitor their states performance and advocate at the local, state and national levels
Discussion Questions