Eliminating the Silos

Or, It’s Not Just Welfare Anymore

Perspectives of the WELPAN Network

Illinois  Indiana  Iowa  Michigan  Minnesota  Ohio  Wisconsin
Eliminating the Silos

For several years, the Midwest Welfare Peer Assistance Network (WELPAN) has struggled with the meaning and consequences of welfare reform. An important part of this dialogue has focused on the tension between the way social assistance in the United States is structured at the federal level with the way state and local entities strive to deliver services at the operational level.

Arguably, the federal government thinks about policy in terms of specific programs and categorical funding streams (each, as it were, an independent “silo”). States, on the other hand, increasingly think about how a coherent and seamless service delivery system might better assist disadvantaged families. In this report, we touch upon how the federal approach to managing social welfare programs conflicts with emerging state and local reform strategies and suggest general ways to improve inter-program connections. We then append a set of brief position statements that suggest how Temporary Assistance for Needy Families (TANF) might better connect with workforce development and other components of the social safety net, and suggest specific outcomes that should be used to measure the success of these connections.

A Vision of Reform

Welfare in the United States has been transformed since 1996. First, the underlying goal of social assistance has shifted from partially remedying income shortfalls to effecting behavioral change at the individual, family, agency, and community levels. And second, contemporary reform encourages the reallocation of program and policy authority to levels closer to where families are actually helped.

These two dimensions of reform have substantially recast the dialogue about the purpose and character of social assistance. Over the past several years, state and local officials have been quite successful in moving low-income adults into the labor market. But this was quickly recognized as only the beginning step in the reform agenda.

New workers must be nurtured in the labor market through a variety of work supports; functioning two-parent families must be promoted and strengthened; and the communities in which low-income families reside must be made stronger. For example, in the seven states that participate in WELPAN, spending on what is called family formation and stability functions increased from about 6 percent of all TANF expenditures in 1996 to 18 percent in 2000.

Emerging paradigms of social assistance demand that we adopt new concepts of social assistance, including innovative ways to organize, deliver, and measure the success of such help.

Despite these shifts, the federal government continues to structure social assistance efforts within narrow funding and regulatory silos organized around specific problem areas and target groups—lack of food, housing problems, at-risk children, etc. Real families functioning in real communities often need help from multiple public and private systems, many located outside the traditional welfare concept, and in ways that transcend the boundaries between federal programs.

The Structural Challenge

The prevailing patchwork approach to helping distressed families and communities is attributable, in part, to the structure of federal social welfare programs and how they evolve. Influential constituencies identify problems to be solved. The conventional political response is to create a new program, or new set-asides and regulations within existing programs. New programs solidify over time, embedding themselves within a confusing complex of congressional committees and executive agencies. At that point, the regulatory and oversight process often proceeds as if the program operates in a vacuum.

Under contemporary reform, real decision-making has moved closer to where families and agencies intersect. In consequence, the contradictions and redundancies among programs are more
The Old Paradigms of Social Assistance

*Traditional welfare programs focused on the provision of specific benefits or services, e.g., issuing a welfare check*

*Old ways of thinking typically focused on a case—often the adult in the household*

*Old ways of thinking considered the situation today, or for this month—what we might term a “point-in-time” perspective*

*Old ways of approaching social assistance depended on autonomous workers in very isolated agencies carrying out a limited set of tasks using bureaucratic methods*

*Old welfare strategies tended to respond after problems became severe enough to warrant public attention*

*Old ways of thinking offered Band-Aids for specific problems*

The New Paradigms of Social Assistance

*Emerging perspectives now push us in the direction of thinking about “preventing” counterproductive behaviors and achieving positive outcomes*

*Emerging strategies now have us considering entire families and the environments in which they work and live*

*New ways of thinking consider issues and challenges over time and across generations—a “point-in-process” perspective*

*New ways see collaborative workers operating in networks of service systems, employing professional models of intervention*

*Now, some programs try to anticipate and prevent individual, family, and community dysfunction*

*Newer strategies work toward comprehensive solutions that cut across traditional program and service technology boundaries*

apparent, and so is the need to integrate categorical programs into a coherent and comprehensible network that might make sense to consumers and service providers alike. Not surprisingly, we have an explosion of experimentation in one-stop centers, complex community networking, radical secondary devolution, and even virtual agencies. But as local officials introduce new forms of service delivery systems, they keep an anxious eye on the regulators and accountants who might well second-guess even the most innovative and effective of undertakings.

Low-income families are now being helped by an array of programs delivered through various means, ranging from state tax systems to service programs based in community and for-profit agencies. Yet those engaged in the reauthorization debate often behave as if TANF were the sole and independent guarantor of the well-being of these families. The business-as-usual approach to reauthorization is easy to understand, given the many stakeholders organized around established programs. It is all too easy to justify existing institutional and programmatic boundaries. But the cost of thinking narrowly about reauthorization all too often thwarts state efforts to realize the full potential of reform.

Recognizing that systemic change is slow and the prospects always uncertain, the WELPAN members also propose a number of modest and feasible changes that might be considered during the upcoming reauthorization debate. Interim recommendations are discussed in a set of policy briefs that examine the intersection of TANF with Workforce Development, Child Support, Child and Family Services, Food Stamps, Housing, and the Supplemental Security Income (SSI) system.
Since the 1930s U.S. employment policy has evolved into a patchwork quilt of small funding streams focused on a large array of objectives. Responsibility for these programs and funding streams is distributed primarily among four federal agencies and eight congressional committees. Instead of a coherent, integrated employment policy, we have small programs pursuing lofty goals with inadequate resources. The multiplicity of competing programs generates duplicative bureaucracies and services, funding and regulatory silos, and boundary wars. More money is spent for fewer results.

Furthermore, only 37 percent of the nation’s workforce is currently covered by the Unemployment Insurance (UI) system. The reality is that many low-wage and part-time workers do not qualify for UI and are faced with an ever-evolving array of workforce programs designed to address workforce development and thereby increase family income.

Despite the good intentions of the Workforce Investment Act (WIA) of 1998 (PL 105-220), program boundaries within Department of Labor jurisdiction were reorganized but not eliminated. In addition, there are employment programs embedded in the Food Stamp program, the TANF program, the Child Support program, and the SSI program. Federal policies and investments in secondary and postsecondary education, vocational education, small business support, and trade also affect workforce strategies. Certainly, some of these problems can be addressed by thinking differently at the state and local level, but others are an unintended consequence of federal legislation. To promote a more coherent and comprehensive workforce development system, we make the following recommendations to change federal and state policy.

**Recommendations**

1. Consolidate the funding to states for the employment and training programs housed within the Department of Labor into a block grant that will be organized by functional areas. The block grant should include a set-aside amount to support employment services related to UI. Barriers should be removed and incentives created to encourage stronger partnerships between TANF and workforce systems so that services can be integrated and transparent to families. Federal workforce and TANF rules should be aligned and simplified to reduce redundant and conflicting services, reporting, and eligibility requirements. In addition, federal reform legislation directed at meaningful reform of the unemployment insurance system should be supported.

An employment and training block grant to states would define key results expected in each of the structural categories that we discuss below. In the block grant, a base amount would be dedicated to each program area. Each state would be provided a discretionary fund that could be moved between functional areas depending upon their needs, as determined by objective criteria, identified by each state’s governor. States would set performance measures within federal parameters. If the performance is above average in one area and low in another, states could move the money to improve the low performance areas. If demand shifted from one functional area to another, then resources could be shifted.

The current patchwork system of federal workforce development programs should be organized into a coherent set of functional categories and services with compatible definitions and eligibility criteria. Some examples that need correction include:
• The different methodologies for calculating economic need in program definitions;
• NAFTA, Trade Adjustment Assistance, and Dislocated Worker programs define eligibility differently, among other things;
• It is impossible to reach WIA program goals using funding from other sources.

A functional structure might include the following:

Training: Emerging worker, incumbent worker, dislocated worker, disabled worker;

Personal/social barriers to employment: Child care, transportation, medical services, addiction services, social emotional assistance, legal assistance, rehabilitation services;

Income supports: Loss of job, loss of relationship, disability, periods of training/retraining;

Labor market exchange: Assistance to the individual, assistance to the corporation;

Corporate services: Human resources support, employee retention and development, economic expansion, economic transition, tax incentives for public purposes;

Youth services: Vocational education, apprenticeships, work experience.

2. Recognizing that many newly employed welfare recipients and other low-income workers may not meet UI eligibility requirements because of their frequent job changes, part-time work, and low pay, states and the federal government should examine the extent of the problem. Their assessment would determine the extent of the need for a continuum of income support for unemployed workers to eliminate the current gap between TANF cash assistance and UI. It would also determine the need for states to use TANF flexibility to allow extensions to the time limit for those not eligible for UI. Revised federal policy could allow states to: (a) establish a capped “subminimum” category of unemployment compensation for those individuals who did not meet the minimum UI requirements; this could be funded out of TANF but administered through UI; and (b) simplify application and job search requirements.

3. Federal agencies should be required to develop joint guidelines for state Unified Workforce Development Plans that include rehabilitation services, veterans’ services, vocational education, economic development, secondary education, postsecondary education, TANF, Food Stamps, and child support to facilitate the development of a single “one-stop system.” The planning guidelines should address the following:

• One-stop vision, mission, and operating criteria;
• A state-level Workforce Development Allocation with cost allocation methodology for supporting funding streams to implement the vision;
• Training and technical assistance;
• Clear, consistent, and measurable outcomes;
• An information system to support the concept;
• A market analysis process to determine the needs and preferences of customers;
• Experimentation with continuous improvement strategies such as Internet and worksite-based delivery systems as a part of the one-stop centers.
The successes in welfare reform through the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) have primarily focused on single-parent households. It is imperative now to examine new policies that will benefit the whole family and will improve the lives of children. Although we need to develop supports that enable custodial parents to retain employment and advance economically, we must also begin to include programs for noncustodial parents.

In this regard, changes in the child support program need to be promoted. Since its inception, the child support program’s mission has been strongly identified with enforcement and revenue generation for the states. Funds collected have been used to offset expenditures of the cash welfare program.

Historically, noncustodial parents were not part of the family policy equation for welfare families, but were chiefly viewed as providers of financial support. Little heed was given to the ability to pay and very little support was offered to augment that ability. Studies have shown that children’s well-being—financial, behavioral, educational, and emotional—is adversely affected if both parents are not involved in their lives. It is time to broaden the scope of the child support program and to reconnect parents and their children. Recognizing the importance of strong families and keeping families together, where possible, the IV-D program should have added flexibility that promotes family reunification and encourages the financial and emotional responsibility of both parent towards their children.

Recommendations

The following recommendations are made for PRWORA reauthorization:

1. Continue the current block grant levels that would allow enhancements in programs for noncustodial parents to help them meet their child support obligations.

2. Allow states to establish eligibility guidelines for noncustodial parent services through TANF that are based on income levels rather than the TANF status of their children. Services and supports are needed which would enhance the ability of noncustodial parents to provide both financially and emotionally for their children. Although the self-sufficiency of noncustodial parents is a long-term goal, in the short term we should support noncustodial parents in securing steady and well-paid employment so that they can meet their child support obligations. States should build on recent welfare-to-work programs for noncustodial parents.

3. Allow states to use IV-D matching funds and TANF funds to incorporate visitation and custody in hearings to determine child support. Noncustodial parents have little say in the matter of child support obligations. If they do not appear for a child support hearing, a default order can be issued, establishing a payment obligation without their input. When visitation and custody are not part of the hearing, noncustodial parents are even more likely to believe that the system is biased against them. The best interests of the children may also be compromised. Noncustodial parents may be more willing to pay the ordered amount if
visitation and custody are addressed at the same time.

4. Allow TANF funds to be used for mediation services. The adversarial relationship that develops in a court setting can be lessened by the use of mediation in which both parents can agree to issues of support payment, custody, and visitation, as well as childrearing practices, education, and health care.

5. Allow states to pass through all child support collected on children’s behalf without requiring repayment of the federal share collected.

Since child support was originally aimed at recovering welfare expenditures, current rules require TANF applicants to assign the child support collected to the state IV-D agency. Today, child support efforts are increasingly spent supporting families who never received welfare. In the future, as we focus on the whole family and take a more intergenerational perspective, recouping costs may be less important than providing the services needed by low-income parents and children.

There is growing anecdotal evidence that when states keep the child support, noncustodial parents have little incentive to pay. Preliminary data from states that have previously received waivers indicate that full pass-throughs and disregards of current support may have a positive impact on paternity establishment and collections.

States may not elect to pass through any amount of child support to the TANF client. But for any amount collected, a state must pay the federal government a share of the support collected, at a rate that ranges from 50 percent to 83 percent. If states elect to pass through all child support collected, but consider that amount to be budgetable income when determining a parent’s TANF eligibility, states should not have to pay the federal government its share. States should, further, be credited with the collections passed through to the TANF family, as a maintenance of effort amount.

6. Simplify the calculation of arrearages owed by nonresident parents of children in TANF cases to eliminate complex payback formulas to reimburse state and federal governments for welfare and Medicaid expenditures. Arrearage amounts received should be given to the family, and policies established that tie current and consistent payments to forgiveness of state-owed arrears.

7. Toughen work requirements for noncustodial parents who are unemployed. Participation in employment-related services could help a parent meet a child support payment obligation and/or affect forgiveness of arrearages.

8. Allocate resources to support low-income families with cohabiting parents who support their children. Many children born out of wedlock are born to cohabiting parents. Enlightened family support policies for these fragile families could improve permanence for children and promote family formation. Best practices should be researched and replicated, and the appropriate role of community-based organizations should be explored.

We recognize that many of these recommendations would increase state costs, but bold and innovative programs are clearly needed. Targeted short-term research should be conducted to assess the effectiveness of these strategies. States facing immediate budget shortfalls can adopt limited interventions with clear paybacks, whereas other states may experiment with costlier approaches that have a longer-term benefit.
The TANF–Child and Family Services Connection

Titles IV-A, IV-B and IV-E of the Social Security Act authorize the states to implement public assistance (to promote self-sufficiency) and child welfare services (to protect children from abuse and neglect). The financial self-sufficiency of a family and the well-being of its children are interrelated such that states cannot separate one from the other. For either to be effective, families need be assisted in a holistic manner.

The child welfare system serves some of our nation’s most vulnerable and troubled families. The public child welfare system incorporates a broad array of core services to assure that “reasonable efforts shall be made to preserve and reunify families—

1. prior to the placement of a child in foster care, to prevent or eliminate the need for removing the child from the child’s home; and
2. to make it possible for a child to safely return to the child’s home.”

Current Title IV-E and IV-A (TANF) regulations do not allow for seamless delivery of service to families whose children are removed from their homes. Requirements of the defunct AFDC program continue to determine eligibility for Title IV-E benefits. Many children from families receiving TANF assistance in states that have increased benefits above the previous AFDC standards are ineligible for IV-E if they are in need of placement.

Families served by the child welfare system frequently also receive TANF assistance and/or services. When children are removed from these homes because of abuse or neglect, TANF grants and services are terminated, including basic grants allowing the parents to maintain their home. Additionally, many of the TANF-funded services could be of benefit in reaching the goal of returning the children to the home.

Non-needy caretaker relatives frequently intercede in a family crisis before Child Protective Services (CPS) becomes involved. Should CPS intervention become necessary, should the relative become licensed as the best long-term placement for the child, or should the child then be moved into other licensed foster care, these children are not eligible for IV-E services, as they did not come from needy families before placement. This places an increasing burden on the states to provide placement costs for these children.

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Recommendations

1. Allow states to base eligibility on the current living arrangement of the child, by eliminating income eligibility (that is, was the child AFDC-eligible as of July 16, 1996) as a criterion for determining Title IV-E eligibility. This is the policy recommended in *Crossroads.*

8  Eliminating the Silos  A WELPAN Report  |  January 2002
Food stamp utilization has declined much more rapidly than would be expected from the changes in policies and the reduction in poverty over the last five years. The number eligible for food stamps declined from 37 million in 1994 to 30.5 million in 1998, but actual enrollment in the program declined from 26 million to 18 million during the same period—in other words, the number eligible declined by 17 percent whereas the number actually participating declined by 31 percent, and the participation rate fell from 70.8 percent to 59.4 percent. In 1994 the program cost $24.5 billion, in 2000 it cost $17.1 billion, a reduction in average yearly expenditures of over $7 billion dollars in food stamp benefits. Savings totaled $22.9 billion over this time period.

The United States Department of Agriculture is responsible for the Food Stamp program, which was designed in the 1970s as a farm support as well as a food supplement benefit when most poor people also received cash public assistance. It was built on a one-size-fits-all model, but in the 21st century the needs of low-income working families are very different from those of households composed of the elderly, disabled, and unemployed. One important reason for the decline in participation is the failure of the Food Stamp program design to meet the needs of poor working families. To serve those who need food supports but whose circumstances are different than in the 1970s, major changes to the eligibility and delivery systems are necessary. An exclusive focus on cost containment has resulted in a program that poorly serves the needy and undermines workforce attachment.

Recommendations

1. Goals for a new food support program.
   States can envision a more responsive program that would better serve customers and taxpayers, one that:
   - Meets nutritional needs;
   - Rewards work;
   - Treats customers humanely;
   - Is tailored to the needs of its customers;
   - Is coordinated with other assistance programs;
   - Improves a transition benefit for those moving from welfare to work; and
   - Is less bureaucratic and costly to administer.

Reaching these goals requires changing a number of specific provisions of the Food Stamp program. At the least, we believe, the program should:

- Increase the minimum benefit and adjust it annually for inflation. APHSA recommends $25.
  Rationale—It will increase participation. If the minimum benefit of $10, set in 1977, were adjusted for inflation, it would exceed $50.

- Certify eligibility yearly for working families and the elderly. Increases in income should not be considered for the purposes of certification.
  Rationale—Repeated verifications and short benefit periods must be eliminated to assure participation by low-income working families

- Provide a six-month transitional benefit for those who become ineligible for TANF cash assistance due to employment.
Rationale—The reduction of benefits immediately a customer finds work discourages work attachment. Support in the first six months is critical to promote labor force attachment and prevent a return to welfare dependency.

- Replace the error-focused quality control system with one that balances customer service with financial accountability. The program should measure outcomes for customers within reasonable financial error ranges.

Rationale—The current error rate system is aimed exclusively at cost control, with small tolerance for error. The system rewards detailed record keeping and frequent face-to-face visits, which discourage use of the food stamp benefit. Small changes in income can create errors for state agencies and overpayments for families.

- Develop simple income tests with standardized housing, medical, and utility costs for determining eligibility and benefits.

Rationale—Simplify eligibility calculation.

- Provide greater flexibility and more resources for employment and training services.

Rationale—Increase coordination with employment provisions of TANF, WIA, UI, and SSI. Sufficient funds are needed to promote employment.

2. New delivery models.

The food support program should be redesigned to address the specific needs of the target group, and benefits should be delivered in a manner that requires less bureaucracy. Aligning food supports with other systems already in place will reduce the stigma felt by many recipients and will assure that many more eligible households receive nutritional supports. Suggested alliances include:

- EITC programs for low-income families: A nutrition benefit might be added to the monthly income support benefit or might be administered through an electronic benefit transfer (EBT) card account, but no separate application or reporting of circumstances would be required.

- Senior and disabled: Supplemental Security Income and/or Social Security.

- Families receiving assistance and in transition: Continue to coordinate with TANF.

- Able-bodied adults without dependents (ages 21–65): Residual food support grant for states to use either through the TANF agency or through their employment services (Workforce Development) agencies

- Within the food support grant, states would have the authority to make grants to food pantries to assure services to those in transition from one service category to another

A revised food support program should be targeted to consumer segments rather than attempting to meet the needs of groups in a single program. The program cannot attempt to react to all changes in a family’s circumstances of daily living, such as the weekly income fluctuations of low-income families working in service jobs. The current detailed eligibility rules and error rate calculations should be replaced with understandable service targets and formula funding to assure efficient administration, spending within budget, and effective service delivery. A stable food supplement amount would enable families to manage the constant changes better. Treatment of assets under Food Stamps should be made parallel to the other national program with which the Food Stamp benefit is aligned. Integrating the food support calculation into the existing systems (TANF, SSI, EITC) and providing the food benefit through EBT is relatively easy and inexpensive, compared to today’s eligibility and delivery systems.

Reinvestment of savings will assure increased participation and improved food stamp employment programs. Some of the $7 billion in annual savings would be needed to pay for increased participation and employment supports. Simplification should reduce some administrative costs but will expand utilization.

WELPAN strongly supports the APHSA recommendations on Food Stamp program reform in its Crossroads document at the following website: http://www.aphsa.org/reauthor/fs.asp
The TANF–Housing Connection

There is a growing shortage of affordable housing. Nationally, a record 5.4 million renters are in need of housing assistance because the rise in housing costs has outpaced the incomes of poor and low-income families. Studies indicate that as many as 3 out of 5 poor families are paying more than 50 percent of their income on housing—significantly higher than the 30 percent threshold established by the Department of Housing and Urban Development (HUD) in their definition of housing affordability. In most large cities, a minimum-wage earner must work more than 90 hours per week to afford a two-bedroom apartment at the area’s fair market rent.

The cost of housing is the biggest financial burden for families receiving and leaving welfare. High housing costs leave low-income families attempting to move into the workforce with little money for the costs that often accompany employment, such as clothing, transportation, and child care. High housing costs leave families more vulnerable to everyday emergencies and increase the risk of instability, homelessness, and job loss. Many of the families who are housed but unable consistently to meet the high cost of housing move frequently to avoid paying rent or because they are evicted for being unable to pay rent. Some families move in with friends and relatives; this often leads to other problems.

High costs are not the only factor limiting the access of TANF participants to safe, affordable housing. Many families remaining on the public assistance caseloads face barriers resulting from current behavioral issues, criminal histories, past evictions, and poor work histories. Federal financial assistance through HUD is limited and is unavailable for families experiencing some of these conditions. The tightening of the housing market has allowed landlords to be more demanding in selecting tenants. Many who live in substandard housing are reluctant to raise problems with landlords for fear of losing even the poor housing they have.

WELPAN members recognize that safe, stable housing is one of the most significant factors in the employment success of a family, the treatment of domestic violence and addictions, the social and educational development of children, and family safety. Yet unstable housing is reported to be one of the most common barriers to attaining and maintaining employment and achieving positive health and treatment outcomes. Many states have used funds received under the TANF block grant to fund housing. Though these states are committed to supporting housing, they have found it difficult to locate safe, affordable housing for which they can provide support. It is very clear that without the availability of housing, the purposes of TANF cannot be realized.

Recommendations

1. Maintain the funding level and flexibility of the TANF block grant.

The funding and flexibility of the TANF block grant allows states to support affordable housing. It has allowed states to create programs which support the Housing Choice Vouchers, such as skill-building programs on fair housing rights, tenant responsibilities, good neighbor practices, homeless prevention services, financial literacy, housing search assistance, outreach to landlords, loan programs to pay for security deposits and/or the costs of moving, training, and Individual Development Accounts that can help families link jobs with home ownership.
2. Develop policies which are responsive to the needs of all those who are not housed safely or who are at risk of losing housing, without regard to current or past problems.

Policies that deny housing assistance based on criminal history, domestic violence, or substance abuse should be eliminated and replaced with policies that provide housing and social services to support client strengths and address needs. Certain groups of people have been excluded from housing assistance to protect other housing residents, property or landlords. More is understood about the needs of special populations and successful housing solutions. Currently there are successful housing models, which address the housing needs of special populations including those who are known to actively use alcohol and other substances.

3. Reevaluate the manner in which HUD funds housing, and streamline policies addressing the administration and funding of housing programs.

The housing problem is multifaceted and requires a community response that is comprehensive and addresses the continuum of housing needs from the “homeless to the homeowner.” Grants that address only pieces of this continuum serve to encourage a fragmented approach to the solution. Additionally, the funding acquisition process is frequently reported to be cumbersome and time-consuming.

4. Allow funding to support best practice.

Programs typically follow funding requirements even when the program design required for funding is inconsistent with client need or best practice. An example would be transitional housing, which can be funded for an individual or family for a period of 24 months. Survivors of domestic violence are reported by service providers to require more time than this, with services, before moving into more permanent housing. The unavailability of housing funds has resulted in victims moving back in with the perpetrator because of the limited options for housing. Conversely, because 24 months will be funded, people who could transition before then do not because of the lack of affordable housing, lack of subsidized housing, or lack of subsidized services.

4. Restructure the manner in which funding for housing units is distributed.

Housing subsidies and tax credits have been negotiated between local entities and the federal agency, resulting in vast funding discrepancies across states. The decrease of safe, affordable housing units and the increase of homelessness are problems that are growing across the nation. It does seem that these problems could benefit from a consistent and universal national response.

6. Reevaluate the manner in which tax credits for building new housing units is determined.

Many new housing structures built in low-income neighborhoods for which the builder received tax credits are not affordable to those with low incomes without further subsidy. Some locales are able to provide subsidies to those renting in this situation. Where subsidies are not available there may be high potential for the new units to remain vacant because the people who could afford the rent choose not to live in a low-income neighborhood.

7. Increase the funding available to support housing.

It is clear that there are not enough funds to address current housing needs. It is also evident that the problem continues to grow. There is an urgent need for additional financial resources to address housing problems. The welfare-to-work housing vouchers program should be refunded. The limits on multifamily loans insured by the Federal Housing Administration should be increased to keep pace with the cost of building new rental housing and to stimulate the construction of affordable housing. Federal assistance is also necessary to preserve existing housing.
The TANF–SSI Connection

The TANF program is designed to provide short-term assistance to families with a caretaker capable of employment. The primary goal of the program is to help families gain and maintain employment so that they achieve economic self-sufficiency and do not exhaust their 5-year lifetime limit of TANF benefits. The program employs a work-first model, with few exemptions. Because of the work participation requirements, states have limited flexibility to exempt people from work activities, with the exception of child-only cases and families with children under a year old. TANF is not intended to be a program for families where long-term, disabling conditions of parents or children prevent work.

Supplemental Security Income (SSI) is a federal program that provides maintenance and other costs for families in which one or more members have a disabling condition. Unfortunately TANF and SSI do not intersect very well or very efficiently. The disconnect occurs in three main ways.

1. SSI policies create inappropriate expectations for families and shift costs to states.

2. The SSI eligibility criteria and application process place an undue hardship on families.

3. TANF and SSI policies are uncoordinated and may work at cross-purposes.

1. The delay in approving SSI applications burdens individuals unfairly because they must remain in the TANF workforce program even though their personal circumstances prevent them from meeting the TANF work expectations. States are obliged to treat the family as if it were a work-first family, even though family members cannot work full time or consistently enough to become self-sufficient. In Wisconsin, for example, 68 percent of W-2 participants with first-time extensions to the state’s 24-month time limit—and over 84 percent of those who have needed more than one extension—are in the process of completing an SSI/SSDI application or appeal. Wisconsin does not delay in assisting W-2 participants to apply for SSI/SSDI, often starting the process within one or two months after the family has been approved for TANF assistance.

States risk being penalized because they have a person receiving TANF assistance who cannot meet the federal work requirements. These individuals continue to have work obligations even though they are exempt from the 5-year time limit. When states exempt these individuals from work they are penalized in the federal work participation requirements. When individuals who might eventually be eligible for SSI are placed on TANF, states, by subsidizing these families, are in effect subjected to an unfunded mandate. We question whether it is in the family’s best interest to make TANF essentially the “holding tank” for SSI applications. Many of these families have significant barriers to employment.

On average, participants with an extension to the W-2 time limit were somewhat older and three times as likely to have a disabled person in their assistance group than participants without an extension.

Of the 206 clients with an extension, most faced multiple barriers to self-sufficiency. The most common barrier facing people receiving W-2 extensions while awaiting the result of the SSI application is depression (38 percent), followed by various physical barriers (37 percent). Back problems were cited by 26 percent, and caring for a family member by 20 percent.

2. The SSI application process is very cumbersome. The vast majority of applications are denied at the initial application and first appeal, but more than 70 percent are approved at the
administrative appeal level. Montgomery County, Ohio, is an example of one of the less successful experiences with the system. At the initial application and reconsideration, the county has approval rates of less than 1 percent. The Administrative Law Judge, however, approves around 40 percent of appealed cases. For appeals that are approved at this level, the total average processing time is over two years. Families in which the adult or adult caretaker cannot work because of a family disability are placed on TANF (a work-first program) during the years it takes to resolve eligibility for SSI.

The appeal and denial process for SSI is keeping many public-interest attorneys and advocates employed. It is almost impossible for these families to navigate the SSI bureaucracy, and be successful, without professional assistance, as is clear from their characteristics. We urge congressional representatives to examine the denial decisions and related correspondence of their constituents. It seems likely that the application process alone discourages many eligible families, especially if they are injured and are depressed, have a learning disability, or have mobility difficulties.

The cumulative effect on these applicants is to encourage hopelessness for many families.

3. Much has changed in the world of public assistance in the last few years. It is especially important now that SSI and TANF be coordinated. In a “work-first” environment, the SSI eligibility criteria and the TANF requirements often conflict.

Under TANF, families receiving cash assistance and benefits often have to be assessed and deemed “incapable” of work before they can participate in nonemployment activities. But if the family is deemed unemployed and eligible for SSI, at that point the Social Security Administration will make attempts to get families into education and training to try to make them employable. It would make much sense to build more of a continuum between the two programs.

The lack of coordination between TANF and SSI extends to eligibility assessments. For example, Wisconsin has a flat grant (as opposed to one prorated for each family member). Because SSA was counting the whole W-2 benefit as income for each family member, and as a consequence was finding all W-2 applicants financially ineligible for SSI, Wisconsin was obliged to create a separate state program for W-2 families applying for SSI. SSA has now reversed itself; it plans to split the W-2 benefit equally among the family members in the household when determining income. Because family members do not make equal demands on family resources, these calculations may then have the effect of arbitrarily decreasing the SSI grant for which the person becomes eligible.

Now more than ever, with state TANF caseloads increasingly populated with the “hardest to serve,” there need to be innovative approaches to assisting families in which someone can work, but not enough for the family to become self-sufficient. Ideally, states would be afforded greater flexibility to merge SSI with state TANF programs.

Recommendations

States are having a difficult time reconciling the disconnection between TANF and SSI. States have little choice but to work with families while they are participating in TANF even though the SSI program is probably most appropriate for some of our hardest-to-serve families. Meanwhile, SSA will likely provide families with a “Ticket to Work” as soon as they are determined eligible for SSI, creating a philosophical and financial conundrum for states. WELPAN hopes Congress will give serious consideration to the recommendations for resolving the three main problem areas that we discuss.

1. SSI policies create inappropriate services for clients and shift costs to states.

In an effort to serve families more appropriately and to avoid unfunded mandates to the states, we propose that delayed decisions on SSI applications have financial consequences. Any family found eligible for SSI six months after
initial application should either have their federal TANF “ticks” restored, or, at state option, the SSI delay should be an acceptable argument in the state’s corrective compliance plan. States would be allowed to recalculate their participation rates with such families removed from the denominator. SSA should reimburse states for the TANF/Maintenance of Effort payments made while the family is awaiting a final SSI decision.

2. The SSI eligibility criteria and application process create an undue burden upon families.

Congress should explore the application process, examining most closely the rate of appeals and denials, and mandate better reporting of outcomes. We recommend that improved and more consistent screening criteria be developed, and that workers and health professionals who help this population receive better medical documentation training. Those who determine eligibility for SSI need better training and support and should be empowered to advocate on behalf of their clients. At a minimum, Congress should establish specific time frames for making decisions regarding SSI and should streamline the process so that it is no longer necessary for a successful applicant to be represented by an attorney or advocate whose fees sometimes effectively reduce the retroactive SSI benefit.

3. There is a disconnect between TANF and SSI policies and policymakers.

We encourage a reexamination of the interface between SSA and TANF. More interaction and resource sharing would serve families better. States have the flexibility under TANF to incorporate these compromises, but it seems that SSA has lesser flexibility. With the right policy changes, states and SSA should work on a more collegial rather than an adversarial basis. For example, states might be willing to provide work supports to SSI clients needing employment in exchange for more timely and favorable reviews of SSI applications by disabled individuals receiving TANF assistance.

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1 The members of WELPAN who assisted in the development of the report as a whole include Marilyn Okon and Carla Shepard from Illinois, Char Burkett-Sims and Thurl Snell from Indiana, Deb Bingaman from Iowa, Lynda Crandall and Janet Strope from Michigan, Ila Schneibel, Ann Sessoms, and Kate Wulf from Minnesota, Joel Rabb and Stan Sells from Ohio, and Eric Baker and Shawn Smith from Wisconsin.

2 The state of Ohio, for example, has spent almost $700 million dollars on its Prevention, Retention, and Contingency initiative over the past several years. This is seen by state officials as a “new system” that is “proactive, looking forward to prevent and strategically intervene when the investment can forestall long-term dependency.” In the 2000–2001 biennium, Ohio invested $92 million TANF dollars into child welfare and protection, $89 million in youth educational support services (birth to 18), $41 million in early childhood development and parenting services, $34 million in community development initiatives, $11 million in pregnancy prevention, and $7 million to reduce domestic violence. These are just a few examples of direct investments in children and families.

3 A “virtual” agency is a way of organizing services in ways that are less tied to a specific physical location. For example, managers of TANF and related programs may seek to reach the working poor by locating staff in areas where the target population works rather than a central office, locate service providers in places of business, make more home visits, and develop ways that potential consumers can access help through the Internet.

4 Including WIA, Wagner-Peyser, Vets, State Employment Securities and trade adjustment assistance programs, but not Unemployment Insurance (UI).

5 See the Child Welfare section of Crossroads, the policy statement of the American Public Human Services Association for more details regarding how to fund this change, on the World Wide Web at <http://www.aphsa.org/reauthor/cw.asp >


7 See Food Stamp participation costs at http://www.fns.usda.gov/pd/fssummar.htm
CROSSCUTTING POLICY PURPOSES

Economic stability for children in vulnerable families
Permanent and safe home environments for at-risk children
Optimal involvement of noncustodial parents in their children’s lives
Early intervention and prevention for challenged families
Comprehensive, integrated support for low-income working families
Effective, timely, and simple application process
Coordinated, seamless service delivery
Effective and efficient program administration
Authority to demonstrate cross-program and funding stream initiatives

A focus on results rather than process

The Midwest Welfare Peer Assistance Network (WELPAN) is a group of senior welfare officials from seven states located in the upper Midwest—Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, and Wisconsin. With support from the Joyce Foundation, Chicago IL, this network has explored the evolution and development of welfare reform since 1996. The premise of WELPAN is that horizontal communications, sharing among peers, will replace vertical communications, top-down command and control patterns, as the source of innovation and improvement in welfare policy. The views expressed in this report are those of WELPAN members and may not necessarily reflect the official positions of the states they represent.