

**Off Welfare...**  
**On To Independence**

**A Joint Study by:**

**United Way of MA Bay**

**And**

**MA Taxpayers Foundation**

**April 2001**

# EXECUTIVE SUMMARY

In 1995 Massachusetts undertook a major reform of its welfare program as part of a nationwide revamping of the former welfare system. The Commonwealth adopted one of the toughest laws in the nation with a 24-month time limit and a stringent work requirement.

Six years later the law must be judged a success in at least two major respects – a huge drop in the caseload and tens of thousands of former recipients who are fully employed.

However, with the thinning of the rolls there is now a larger concentration of recipients who face serious barriers to employment. And in recent months the caseload has begun to inch upward as the economy softens.

How should the state adapt its welfare policies in view of these changing circumstances? That is the central question addressed by this study.

In exploring this issue, we have been governed by one overriding principal: the goal of the state's welfare program should be to help recipients achieve long-term economic independence and self-sufficiency. This goal serves the interests of welfare families, employers and taxpayers:

- Families because they will realize all of the economic and social advantages of moving out of poverty and earning a living wage;

- Employers because they have a greater need than ever for skilled employees who can help compete in the global economy;
- Taxpayers because recipients who are economically self-sufficient no longer rely on the state for benefits and instead are contributing as taxpayers themselves.

The federal welfare reform law gives states broad flexibility to craft welfare programs tailored to their own priorities and circumstances, while making welfare work-focused and limited in duration. At one end of the spectrum are a few states, including Massachusetts, whose welfare programs focus on quick employment rather than education and training. In Massachusetts, for example, adult recipients must engage in either paid or unpaid work or community service within two months of receiving welfare benefits.

Massachusetts stands out as the state with the most restrictive definition of work by not counting toward the work requirement any education and training activities, including the three traditional skill-building areas of adult basic education, vocational education and on-the-job training. Only two states (Wyoming and Massachusetts) do not qualify adult basic education or English as a Second Language programs as part of the work requirement; only two states (Delaware and Massachusetts) do not permit vocational education to satisfy the work requirement; and only four states (Idaho, Mississippi, Wisconsin and Massachusetts) do not count on-the-job training.

Similarly, Massachusetts – which limits recipients to two years of benefits within a five-year period – is among a minority of states that terminate benefits after 24 months or less. About two-thirds of the states have adopted the federal 60-month time limit for receipt of cash benefits.

States with shorter time limits have varying policies allowing extensions for recipients who reach their time limits. Most allow largely "automatic" extensions for recipients who are making a good faith effort to comply with program requirements but are still unemployed or underemployed. However, the Massachusetts policy differs from the overwhelming majority of these states in requiring that all extension requests be evaluated on a case-by-case basis. Massachusetts regulations specifically prohibit extensions for education and training programs. Indeed, relatively few extensions are granted for any reason, and the typical length of those granted has recently been shortened from six months to two months.

This study makes a number of recommendations to adjust Massachusetts welfare policies to encourage long-term economic independence of recipients. However, we do not recommend retreating from the bedrock principles of the state's welfare reform program – the work requirement and the 24-month time limit.

The study suggests that the Commonwealth take a long-term view of the opportunities to enhance the knowledge and skills of recipients while they are on welfare. Placing recipients in jobs is certainly important, but in many cases that alone does not set them on the road to economic independence.

Specifically, the study makes a series of recommendations to help recipients address a variety of obstacles which limit their lifetime employment possibilities. The key recommendation is to include education and training programs as activities that satisfy the work requirement, as is the practice in almost every other state and allowed by federal law. While welfare recipients face many impediments to employment and career advancement, low basic skills is the most common and serious obstacle. Almost 50 percent of welfare recipients in Massachusetts lack a high school diploma or GED. Study after study has documented the close correlation between an individual's level of education and lifetime earnings.

According to a recent analysis, a family of three – a single mother and two children – requires approximately \$35,000 annually (in central Massachusetts) to achieve economic self-sufficiency, which encompasses the costs of food, housing, child care, health care, and taxes. However, former welfare recipients are earning on average about half the self-sufficiency standard, and thus typically remain eligible for a wide range of additional government-funded benefits, including food stamps, Medicaid, child care, and housing assistance. By investing in education and training programs, which would allow recipients to obtain better-paying jobs, the state would be relieved of the costs of providing them with such benefits and services. Furthermore, recipients would have a better chance at achieving self-sufficiency, and thus the ability to contribute as taxpayers themselves.

The study proposes two other significant changes in the work requirement:

- The state should increase the work requirement from 20 to 30 hours per week, provided that work is redefined to include education and training. A 30-hour requirement, including education and training, serves several important objectives. It opens additional training opportunities for recipients, more closely reflects the average work week for those recipients who are already employed, and places Massachusetts in line with the vast majority of other states that have adopted the federal work requirement of 30 hours (or more).
- A work requirement of 20 hours, provided that it includes education and training, should be applied to the mothers of children age two to six. Unlike in any other state, these recipients are currently subject to the time limit but not the work requirement. If work is a centerpiece of the state's welfare program, then a work requirement should apply to all recipients subject to the time limit, as is the practice in all other states. While this will mean an additional state investment for training and child care in the short term, it will likely lead to savings over the long term by assisting a larger number of recipients to obtain higher quality jobs and lessening their chances of returning to welfare and/or drawing upon other state benefits.

By limiting welfare benefits to two years in a five-year period, Massachusetts has taken a significant step toward ensuring that welfare is a limited duration program. As the declining caseload figures show, many welfare recipients have left the rolls well before reaching the 24-month time limit. Undoubtedly, the time limit has served as a motivating factor for many recipients to obtain

a job and leave the rolls. Nevertheless, there are thousands of families each year who remain on the welfare rolls until their time limit yet are unable to find employment.

To further the state's long-term interest in moving welfare recipients from dependence on public assistance to economic independence, the study recommends several modifications to the extension policy. The policy should be amended to provide uniform and consistent six-month extensions to those recipients who are in full compliance with program requirements and still within the income eligibility limits. The determination of compliance should be based on definitive criteria rather than evaluated on a case-by-case basis with unpredictable results. Such a policy would provide assurance to recipients who "play by the rules" that they will receive an extension if they need one. The costs of providing several months of additional benefits to those recipients will be well spent if it helps them find a job that supports their families. Massachusetts should limit the number of six-month extensions to two, barring unusual circumstances.

Many recipients who reach the time limit have little education and marginal work experience and will be unable to support their families once they leave the rolls. Recipients enrolled in an education or training program that extends beyond the two-year limit should be eligible for an extension to allow them to complete the program.

As a result, these recipients will be more likely to obtain the types of higher-paying jobs that will turn them into taxpayers instead of dependents on state assistance.

Finally, following the example of other states, DTA should utilize trained professionals to conduct comprehensive assessments of all recipients subject to the time limit within 90 days after they apply for benefits. If comprehensive and standardized assessments were done early, recipients would be more likely to obtain appropriate referrals and have essentially two years to address training and employment issues, making the most productive use of their time on welfare.

Many of the study's recommendations can be accomplished through regulatory or policy changes by the Department of Transitional Assistance. Others, such as amending the work requirement, must have legislative approval. We urge the Administration and Legislature to work together to adopt and implement these recommendations, which will carry the Commonwealth to the next stage of helping families off welfare and on to economic independence.

### **Summary of Recommendations:**

**(1) DTA should utilize trained professionals to conduct comprehensive assessments of all recipients subject to the time limit within 90 days after they apply for benefits. The Department should also implement orientation sessions for all new recipients to ensure uniformity and consistency of information.**

- (2) Massachusetts should expand the activities that satisfy the work requirement to include education and training programs.**
- (3) The state should increase the work requirement to 30 hours per week, provided that work is defined to include education and training.**
- (4) A work requirement of 20 hours, provided that it includes education and training, should be applied to mothers of children age two to six.**
- (5) Massachusetts should review its education/training provider reimbursement structure to introduce incentives for job retention and advancement in addition to job placement.**
- (6) The state should allow higher education to count toward the work requirement, provided that the recipient is meeting performance standards and progressing toward a degree.**
- (7) The extension policy should be amended to provide uniform and consistent six-month extensions to recipients who are in full compliance with program requirements. The determination of compliance should be based on definitive criteria rather than evaluated on a case-by-case basis. Recipients should also receive extensions in order to complete education and training programs. Absent special circumstances, the Department should grant no more than two six-month extensions.**

- (8) The state should improve recipients' access to DTA and other support services by:**
- (a) utilizing outstations in community-based locations with flexible hours and/or locating offices in other state or contracting agencies where recipients receive other support services;**
  - (b) making available nontraditional or staggered office hour locations to all recipients; and**
  - (c) making use of technology to better coordinate and integrate services for recipients.**
- (9) The Department should improve its data collection practices for current recipients and establish a better basis for assessing the effectiveness of its programs and policies. Furthermore, the state should provide stable funding to allow ongoing tracking of former welfare recipients by an independent research entity.**