A case study on the impact of welfare reform on Georgia's TANF recipients labor force entry and self-sufficiency

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ABSTRACT

POLITICAL SCIENCE

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A CASE STUDY ON THE IMPACT OF WELFARE REFORM ON GEORGIA'S TANF RECIPIENTS LABOR FORCE ENTRY AND SELF-SUFFICIENCY

Committee Chair: Abi Awomolo, Ph.D

Dissertation dated May 2011

This study examines the impact of welfare reform on Georgia Temporary Assistance to Needy Family (TANF) recipients' labor force entry and self-sufficiency following passage of the Personal Responsibility Work Opportunity Reconciliation Act (PRWORA) of 1996. The study was based on the premise that the use of the cultural explanations of poverty theoretical framework was deficient in explaining the impact of welfare reform on Georgia TANF recipients' and based on a review of the existing literature and the experiences of Georgia leaver cohorts at multiple time points. A longitudinal case study analysis approach was used to analyze data gathered from Georgia leaver studies from 1997 to 2007 to provide a secondary analysis of the impact of welfare reform on Georgia’s welfare recipients' entry into the labor force, workforce attachment, household earnings and the ability to lift their families above the poverty level.

The researcher found that the political-economic structure of poverty theories should be the theoretical framework used to explain how welfare reform has impacted Georgia’s
TANF leavers following the passage of the PRWORA. This study’s findings and the researcher’s review of the literature reveal that in order for Georgia’s TANF population to maintain an acceptable standard of living, they will need access to job opportunities, expanded safety net programs, and increased wages which are strategies that are purported by political economic structural theorist. In turn, this information should be used to inform programmatic and policy changes that will best meet the needs of those transitioning into the labor force and self-sufficiency.
CASE STUDY ON THE IMPACT OF WELFARE REFORM ON GEORGIA'S TANF RECIPIENTS LABOR FORCE ENTRY AND SELF-SUFFICIENCY

A DISSERTATION

SUBMITTED TO THE FACULTY OF CLARK ATLANTA UNIVERSITY
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY

BY

CATHERINE ESTELLE FOSTER ROWELL

DEPARTMENT OF POLITICAL SCIENCE

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CHAPTER 1

INTRODUCTION

Converting entitlement programs into block grants and shifting the administrative responsibility from the federal government to the states is not new in the economic and political life of our nation. In the 1940s, federal officials, commissions and scholars began to suggest that local governments receive their federal funds in the form of block grants.¹ Federal categorical funding increased for a variety of targeted needy populations and communities in the 1960s. In response to the growing complexity and size of the federal government, there was increasing local government support for consolidation and devolution of funding because it was believed the administrative and reporting burden for these programs would be reduced. Under President Lyndon Johnson, the first block grant (health) was enacted in 1966. The creation of other block grants followed under the administrations of Richard Nixon (job training, housing and social services); Ronald Reagan (health services, low-income energy assistance, substance abuse, mental health, social services and others); and George H. W. Bush, Sr. (child care).²

Despite the wide variety of programs that have been block granted, there are some common characteristics that can be observed. The Advisory Commission on Intergovernmental Relations (ACIR) developed a list of characteristics of block grants in

² Ibid, 2.
1970.1 ACIR defined a block grant as "a program by which funds are provided chiefly to
general purpose governmental units in accordance with a statutory formula for use in a
broad functional area, largely at the recipient’s discretion."2 This is a contrast from the
categorical funding that the federal government makes available to states and localities
that are generally limited to narrowly defined purposes and targeted populations, and
typically comes with reporting obligations designed to ensure accountability to the
federal oversight agency. Entitlement programs guarantee benefits to individuals who
meet a set of defined qualifications and the federal government would guarantee funding
to provide services to those persons regardless of the growth in the program. Whereas,
under a block grant there is a fixed funding amount and when those funds are exhausted
services are no longer offered regardless of whether they are eligible for benefits.

Current block grant proposals do not all take the same form, but still generally meet
the ACIR definition established 26 years ago.3 Some proposals consolidate categorical
programs, others transform a national competition for funds into a formula grant to states;
some retain the existing funding level while others increase funds, or merely change the
level of government responsible for program administration.4 This fact notwithstanding,
there are four key components of the new federalism which include: 1) removal of federal
regulations relating to state and local governments (sometimes referred to as dual
federalism); 2) transfer of some federal functions to states (also referred to as

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1 Ibid, 1.
2 Ibid.
3 Ibid, 5.
4 Ibid.
devolution); 3) reduced federal grants; and 4) replacement of specific categorical grants with block grants.

Based on experiences since the first block grants were created, certain patterns have been observed among states as they have been given the authority to design and administer their own programs. The most striking of which is the shrinkage of funds for these programs which have caused states to employ various methods to compensate for cuts in federal funding. These include using state revenues to offset federal funding losses, allocating funds carried over from former categorical programs, and transferring dollars among block grants. This demonstrates that while block grants can create the opportunity to design innovative service delivery models to improve program efficiency and effectiveness, there are both threats and challenges posed when states take on the responsibility to use their discretionary power. The reality is that not all states will act in a responsible manner, particularly as program costs escalate and are perceived to be too costly to manage. This is a clear indication that block grants will not solve all problems or eliminate the inequity experienced by poor needy mothers and their children. Yet, the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996, which had bi-partisan support, touted the newly created Temporary Assistance to Needy Families Program (TANF) as the solution to address chronic dependence on government benefits by promoting personal responsibility and mandating work participation as a condition for receipt of cash benefits.

With the creation of the TANF block grant, states were allowed to develop their own program guidelines and eligibility criteria and given greater flexibility in the use of funds
and allocation of resources. The primary goal of the federal reform effort was to link personal responsibility with moving into the workforce and ultimately self-sufficiency. In response, administrators and bureaucrats designed welfare programs that offer education, job training and parental skills for young mothers and penalize those participants that do not avail themselves of the program opportunities (e.g., job training, education, etc.) that are available. Federal requirements subject all welfare recipients to: work or participation in education and/or training programs; mandates mothers to cooperate with establishing the paternity of their children; penalizes women who birth children out-of-wedlock by capping the cash grant and limits the amount of time they can receive benefits.

Since 1996, states have had access to $16.5 billion in capped federal TANF block grant funds annually to run their own programs. On an annual basis, states must also spend a certain amount of its money to help eligible families in ways that are consistent with one of the four purposes of the TANF program which are as follows:

1. Provide assistance to needy families so children can be cared for in their parent’s home or the home of a caretaker relative;
2. End the dependence of needy parents by promoting job preparation, work and marriage;
3. Prevent and reduce out-of-wedlock pregnancies; and

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The program gives wide latitude in spending both Federal TANF funds and the state’s annual cost-sharing requirement, referred to as maintenance of effort (MOE),” which is based on the state’s 1994 expenditures on AFDC and its attendant programs that were merged under the block grant.\(^6\) Highlights of the TANF program’s eligibility and program requirements are presented below:

**Eligibility**

- Must be either pregnant or responsible for a child under 19 years of age.
- Must be a U.S. citizen, national, legal alien or permanent resident with very low income, and be underemployed, unemployed or about to be unemployed.
- Provide a federal five-year lifetime limit on receipt of benefits.
- States may extend assistance beyond 60 months for up to 20% of their caseload and elect to provide this assistance with state-only funds, or through the Social Service Block Grant (SSBG) funds.

**Program Requirements**

- Unmarried minor parents must participate in education and training activities and live with a responsible adult or in an adult-supervised setting in order to receive assistance. For teens that cannot live at home, states are responsible for assisting in locating adult-supervised settings.

**Work Activities and Administration**

- If a state meets its minimum work participation requirements, it is only required to spend at least 75% of the amount it spent in 1994. A state that fails to meet

\(^6\) Ibid.
the required minimum work participation rate must spend at least 80% of the amount it spent in 2005.

- When PRWORA originally passed in 1997, 25% of single-parent TANF recipients were required to be engaged in work activities for 20 hours per week and by 2002 and thereafter as recapulated in the Deficit Reduction Act of 2005, 50% of single-parent TANF recipients are required to be engaged at least 30 hours per week. Also, 90% of two-parent families must be engaged in work an average of 35 hours per week or 55 hours if child care is provided.

- There are certain work activities that count towards a state’s participation rate: unsubsidized or subsidized employment, on-the-job training, work experience, community service, job search, vocational training, job skills training related to work, or education directly related to work; secondary school attendance; and the provision of child care services to individuals who are participating in community service.

- States must make an initial assessment of a recipient’s skills to identify the education, training and job placement services needed to move into the workforce.

- States are allowed to use TANF funds to create community service jobs, provide income subsidies or offer hiring incentives for potential employers.

- States are required to provide data to monitor and evaluate welfare reform.

*Due Process and Equal Protection*

- Guarantees fair hearings before benefits are stopped.
• Allows for “good cause” exceptions.

• Allows sanctions only for “material” violations.

**Economic Security**

• Allows creation of Individual Development Accounts to fund education, purchase of a home, or establishment of a micro enterprise.

**Sanctionable Activities and Financial Penalties**

• Failure to satisfy work requirements can result in a 5% penalty in the first year and increases by 2% per year for each consecutive failure with a maximum penalty of 21%.

• Failure to comply with the federally imposed five-year lifetime limit on the provision of assistance can result in a 5% penalty.

• The penalty for a state under spending on MOE is the loss of their Welfare-to-Work funds and the mandate that they expend the amount that was under spent.

• Reduction in a recipients grant for failure to participate in work activities without good cause results in a penalty between 1% and 5% based on the degree of noncompliance.

• A penalty of 4% accrues for failure to submit required data reports.

• Failure to comply with paternity establishment and child support enforcement requirements results in a penalty of up to 5%.

• Failure to participate in the Income and Eligibility Verification System (IEVS) accrues an annual 2% penalty.
• Failure to repay a federal loan as stipulated results in a penalty based on the unpaid amount.

• Misuse of funds can result in a state being penalized if it was determined to be intentional, an additional 5% can be assessed.

In any given year, the total penalty that can be assessed against a state cannot exceed 25% of the State’s Family Assistance Grant (SFAG) allotment. Penalties can be avoided, if a state can demonstrate that they had a reasonable cause for failing to meet the program requirements; or if they develop and receive approval of their corrective compliance plan and correct or discontinue the violation.

Background

The nation’s earliest social service programs were premised on the basic principle that destitute persons or families must be protected against starvation or deprivation and that this is a public responsibility. In 1935, the first federal welfare program, Aid to Dependent Children (ADC) was created under the Social Security Act of 1931 as a direct result of the need to address the vast unemployment, poverty and destitution that escalated during the depression of the 1920s. The signs of a collapsed economy was evident by a 20% national unemployment rate, joblessness among black Americans close to 50%; the automobile industry operating at only 20% of its capacity and private construction investment plummeting from $6.6 billion in 1929 to $1.3 billion in 1932.7

At the height of the Great Depression, states were no longer able to afford their state aid programs, thus responsibility for their funding began to shift to the federal government.

Despite the signs of economic recovery during the 1940s, welfare rolls continued to expand and the percentage of nonwhite welfare recipients increased from 21% in 1942 to 30% in 1948. The proportion of widows and orphans on the rolls declined while the number of families whose need resulted from divorce, separation, and desertion; as well as, the number of mothers with illegitimate children increased. These trends brought the AFDC program under attack and compelled states to reduce the size of grants and resulted in the adoption of more stringent standards for eligibility.

There were no major federal changes to the ADC program between 1935 and 1950. However, during the 1960s, a number of changes in federal welfare policy were adopted in response to the growing perception that the system was broken. In 1962, the ADC program was changed to the Aid to Families with Dependent Children (AFDC) program to counter the criticism that the primary beneficiaries of the program were women and their children, rather than families, by allowing states to cover two-parent families. For the first time, in 1964, special attention was given to the need to provide work training for welfare clients with the introduction of the Work Experience Training Program (WETP). The need to expand access to work or training programs for clients resulted in the creation of the Work Incentive Program (WIP) in 1967, to provide universal access. Welfare amendments were also enacted to insist that mothers disclose

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the identity of their children's fathers. As a result, the thrust of reform became less focused less on making welfare an entitlement and more of a reciprocal obligation by associating non-compliance with lose of benefits. In the 10-year period from 1965 to 1975, welfare spending soared from $38.3 billion to $119.4 billion accounting for an increase from 1.3% to 3.8% of the nation's Gross Domestic Product (GDP).

By the mid-90s, both Democrats and Republicans had concluded that the welfare system needed to be fixed although there was no consensus on the most effective way to solve the problem of poverty or promote economic self-sufficiency among the poor. Generally speaking, policymakers shared the sentiment that the responsibility for taking care of today's children must rest at home with parents not with government welfare programs. This view is driven by the belief that federal spending for social welfare programs should be reduced, while family values and personal responsibility are promoted. Efforts to reform or “fix” the nation's welfare system have focused on fraud, tightening eligibility requirements, benefit reductions, and imposing traditional family values on welfare recipients in order to appease political constituencies. Conservatives believe that the underlying cause of social breakdown are government policies that promote entitlement, breed racial tensions, and expand the welfare state that is believed to encourage pathological behavior and destruction of the nuclear family.

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While society has always been willing to provide assistance to the less fortunate, a line is drawn based on whether those in "need" are deemed worthy versus non-deserving. Scholars have acknowledged that many of the nation’s major anti-poverty initiatives have focused on improving the individual faults of poor people in receiving government benefits. This approach has ascribed certain behaviors to the poor (e.g. defective/immoral character, sexual promiscuity, too many children) and led to their stigmatization. In turn, these different sets of behavior have been blamed for poverty and touted as the basis and justification for conservative social policies that are rooted in cultural explanations of poverty theories. These theories embrace the belief that transfer payments to the “needy” engender a mentality of dependence which undercuts the value of self-reliance.

The focus of conservative welfare policy has been directed toward molding the behavior of the poor through coercion based on the long-held view that the recipients’ problems stem primarily from some alleged lack of motivation or effort. Human capital development theories are philosophically embedded in U.S. welfare-to-work programs which suggest that self-sufficiency is promoted through employability, literacy, and life skill enhancement. This viewpoint reverberated and laid the theoretical framework that would dismantle and reform the 60 plus year-old, Aid to Families with Dependent Children (AFDC) entitlement program.

In 1994, when the Republican Party gained control of the U.S. Congress for the first time in 40 years, they implemented sweeping changes to the welfare system when federal control of resources shifted to the states. The end result was the passage of the 1996 welfare law, the PRWORA, which unraveled 60 years of welfare programs. PRWORA created the TANF, a single block grant, which replaced three separate programs: the AFDC (primary cash aid program for families); Emergency Assistance to Families with Children (program that provided emergency help to families with children for a maximum of one month per year); and JOBS (work and training program for welfare recipients). The specific provisions of the new welfare bill ended federal entitlement to welfare benefits; limits lifetime cash assistance for five years; requires work-eligible adults to work after two years (some hardship exemptions are allowed but are not to exceed 20% of the states AFDC caseloads); eliminated three child care programs and replaced them with a single child care block grant; limits receipt of food stamps for unemployed work-eligible adults (without dependents) to three months in a 36 month period; tightened restrictions on children's eligibility for Supplemental Security Income (SSI) disability benefits; reduced funding for the Title XX Social Service Block Grant by 15% and severely limits benefits and services to legal immigrants.14

Purpose

One view of the purpose of the welfare reform legislation was that it was intended to reflect the paradigm shift from how government should deliver assistance to the poor. No longer would aid be given unconditionally with little required of the recipient,

reflecting a philosophical departure from a formerly held belief that aid was an "entitlement" that should be given unconditionally. As such, welfare reform, replaced AFDC with TANF, and aid became conditional by imposing requirements that able-bodied adults (now referred to as work-eligible individuals) participate in certain types of activities (e.g., job readiness, job training, GED preparation) leading to self-sufficiency as a condition of receiving assistance.

Federal requirements now subject every welfare recipient to work or participate in education and/or training programs; requires cooperation with establishing the paternity of their children; penalize women who birth children out-of-wedlock by capping the cash grant; and limits the amount of time they can receive benefits. The underlying premise behind the reform is that workforce entry will ultimately move persons from public benefit dependence to self-sufficiency. Thus, social reformers have designed policies that offer education, job training, and parenting skills for young mothers while penalizing participants who did not avail themselves of program opportunities (e.g., job training, education, etc.). To that end, the author will implore the use of a case study methodology to determine what lessons have been learned from welfare reform related to assisting families making the transition from government subsidy to work and self-sufficiency.

**Problem Statement**

Following the passage of Georgia Senate Bill 104, on November 15, 1996, Governor Zell Miller submitted Georgia's welfare reform plan to the U.S. Department of Health and Human Services to comply with the federal mandates outlined in PRWORA. Georgia was one of the first states to submit their welfare plans to the federal government. In
January 1997, the state began to operate its TANF program. Since the passage of this reform legislation, Georgia’s TANF program has not undergone any major legislative changes; however, the state plan has been amended in recent years to expand eligibility for support services and to comply with mandates of its reauthorization legislation, the Deficit Reduction Act. DHR entered into contracts and/or interagency agreements; developed education, training and employment programs; established an IDA program; and designed elaborate data tracking systems to track welfare leavers and comply with federal reporting mandates for TANF program. To that end, since 1997, the state has been conducting leaver studies to track the outcomes of Georgia’s welfare program. The Georgia Department of Human Resources (DHR) has touted the success of the state’s welfare reform efforts primarily associated with the decline in the TANF caseload. In the two-year period immediately following the passage of the PRWORA, between 1997 and 1998, the TANF program also experienced a significant decrease in both program participation (12.3%) and spending (13.1%).

Nationwide there has been a significant decrease in the welfare caseload. Georgia’s leaver studies reveal this same trend. However, leaver data, augmented by descriptive program data, reveal that many individuals have faced multiple barriers when trying to transition from dependence on government subsidy to self-sufficiency. Georgia’s welfare data under both AFDC and TANF paints a different picture and further counters cultural explanations of poverty. In 1996, the Budgetary Responsibility Oversight Committee (BROC) of the Georgia State Legislature issued an evaluation of

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15 Georgia Division of Family & Children Services Descriptive Data: State Fiscal Year 1999, (Georgia: Georgia Department of Human Resources, 1999), 50.
the state’s “Work First” employment program for welfare recipients which would be a
panacea for offering insight on the barriers likely to be faced by Georgia welfare clients,
following the passage of TANF, as they transition into the labor force.

A random sample of 5,000 recipients who left the Work First program during the
15-month period from July 1, 1995 to December 31, 1995 were the subjects of the BROC
Work First study. The study examined how many welfare recipients left the rolls for
employment; and of those employed, how many reached an economically viable wage,
which is defined as being paid more than minimum wage for full-time employment for at
least nine months. BROC’s findings reveal that more than half of those exiting “Work
First” (55.7%) were employed during the quarter in which they left the program at an
annual median income of $8,218; and only 39.2% were employed for three consecutive
quarters; and only 14% of those who were employed full-time yielded earnings above the
minimum wage. Similar outcomes have been validated from the findings of a series of
State of Georgia leaver studies entitled “Employment, Earnings and Recidivism Among
Georgia TANF Leavers: Findings from the TANF Follow-Up System” that were based

Georgia’s leaver studies offer more in-depth insight into the experiences of
persons with low levels of education attainment and limited job skills as they try to
secure and retain employment. The findings from this study will further challenge the
theoretical propositions embedded in cultural explanations of poverty that have served as
the framework for reforming U.S. welfare programs over the last few decades.
Generally, embraced by conservatives, policies premised on these beliefs tend to blame
the poor for their situations, and argue that with "better choices" and "harder work" they can remedy their own circumstances. Implicit in this theory is the belief that people who do not succeed are responsible for their own failure. Yet the data reveals that a number of the barriers they encounter are not premised on the choices they have made but the availability of jobs which counter cultural explanation of poverty which are the theoretical frameworks which have influenced both national and local welfare policies.

In *Welfare Reform Should Not Punish Women for Having Children*, Abramovitz suggests that mandatory work requirements only have modest results due to the shortage of jobs available to meet the demand and skill sets of those who are willing and able to work. Furthermore, the low paying part-time jobs that are available do not provide benefits or enough income to raise these families out of poverty. This suggests that the political-economic structure of poverty theory may offer better insight into the experiences of welfare leavers transitioning to self-sufficiency. Thus, a critical analysis of Georgia's program and leaver data can provide even further insight on the impact of local welfare policies on work participation and self-sufficiency following the passage of the PRWORA. As such, there is an opportunity to revise existing policies to increase the likelihood of producing positive long-term outcomes for families transitioning from welfare to work.

**Research Question**

The research in this dissertation builds upon data contained in the TANF Follow-Up System maintained by the Georgia Department of Human Resources, Division of Family and Children Services Data Analysis Section. This study will employ the data set
developed from a series of leaver studies titled *Employment, Earnings, and Recidivism Among Georgia’s TANF Leavers: Findings from the TANF Follow-Up System* in order to study the impact of welfare reform on self-sufficiency. To this end, the following research question will be explored in this case study:

**What impact did welfare reform have on Georgia’s welfare recipients’ entry into the labor force, workforce attachment, household earnings and the ability to lift their families above the poverty level?**

The researcher will employ the use of a case study methodology to answer the research question. The study’s findings will also assist with program design and evaluation and formulation of state welfare policies and TANF state plan amendments.

**Methodology**

Case studies are designed to bring out the details from the viewpoint of the participants by using multiple sources of data. A case study is particularly useful in depicting a holistic portrayal of a client’s experiences and results regarding a program. Used to organize a wide range of information, a case study seeks to analyze content by identifying patterns and themes in the data. This research study is a longitudinal case study focused on the experiences of Georgia leaver cohorts at multiple time points. Thus, this study will be able to examine what has happened over time by using multiple sources of data, in this particular instance, a series of Georgia leaver studies. It will set the context for answering the evaluative research question outlined above in the purpose section.
The rationale for using a single-case study design is based on the fact that the research is solely focused based on the experiences of Georgia’s TANF population after leaving the welfare rolls. Thus, a single-case study is in order to challenge the theoretical propositions embedded in both the individual deficiencies and cultural explanations of poverty theories that have served as the framework for reforming U.S. welfare programs over the last few decades. The researcher will also explore some alternate set of theoretical explanations that are more relevant to actually explain the experiences of Georgia TANF leavers following the passage of the Personal Responsibility Work Opportunity Reconciliation Act (PRWORA). Finally, this study will make use of a secondary data analysis.

**Significance of the Study**

The Georgia Department of Human Resources, Division of Family and Children Services (DFCS), is the state agency responsible for operating welfare programs and has extensive experience in formulating and overseeing work programs under the Temporary Assistance to Needy Families program, and its predecessor the “Work First” program. Since the passage of PRWORA, the Georgia Department of Human Resources Division of Family and Children Services has required its adult clients to participate in work activity as a condition of receiving benefits. Welfare policies aim to modify behavior and promote personal responsibility by focusing on the employability of the adult TANF population. The underlying premises behind these policies are rooted in the cultural explanation of poverty theoretical framework the purport women have to be coerced into the labor market.
January 1997, the state began to operate its TANF program. Since the passage of this reform legislation, Georgia’s TANF program has not undergone any major legislative changes; however, the state plan has been amended in recent years to expand eligibility for support services and to comply with mandates of its reauthorization legislation, the Deficit Reduction Act. DHR entered into contracts and/or interagency agreements; developed education, training and employment programs; established an IDA program; and designed elaborate data tracking systems to track welfare leavers and comply with federal reporting mandates for TANF program. To that end, since 1997, the state has been conducting leaver studies to track the outcomes of Georgia’s welfare program. The Georgia Department of Human Resources (DHR) has touted the success of the state’s welfare reform efforts primarily associated with the decline in the TANF caseload. In the two-year period immediately following the passage of the PRWORA, between 1997 and 1998, the TANF program also experienced a significant decrease in both program participation (12.3%) and spending (13.1%).

Nationwide there has been a significant decrease in the welfare caseload. Georgia’s leaver studies reveal this same trend. However, leaver data, augmented by descriptive program data, reveal that many individuals have faced multiple barriers when trying to transition from dependence on government subsidy to self-sufficiency. Georgia’s welfare data under both AFDC and TANF paints a different picture and further counters cultural explanations of poverty. In 1996, the Budgetary Responsibility Oversight Committee (BROC) of the Georgia State Legislature issued an evaluation of

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15 Georgia Division of Family & Children Services Descriptive Data: State Fiscal Year 1999, (Georgia: Georgia Department of Human Resources, 1999), 50.
the state’s “Work First” employment program for welfare recipients which would be a panacea for offering insight on the barriers likely to be faced by Georgia welfare clients, following the passage of TANF, as they transition into the labor force.

A random sample of 5,000 recipients who left the Work First program during the 15-month period from July 1, 1995 to December 31, 1995 were the subjects of the BROC Work First study. The study examined how many welfare recipients left the rolls for employment; and of those employed, how many reached an economically viable wage, which is defined as being paid more than minimum wage for full-time employment for at least nine months. BROC’s findings reveal that more than half of those exiting “Work First” (55.7%) were employed during the quarter in which they left the program at an annual median income of $8,218; and only 39.2% were employed for three consecutive quarters; and only 14% of those who were employed full-time yielded earnings above the minimum wage. Similar outcomes have been validated from the findings of a series of State of Georgia leaver studies entitled “Employment, Earnings and Recidivism Among Georgia TANF Leavers: Findings from the TANF Follow-Up System” that were based on the experience of welfare leaver cohorts between 1997 and 2007.

Georgia’s leaver studies offer more in-depth insight into the experiences of persons with low levels of education attainment and limited job skills as they try to secure and retain employment. The findings from this study will further challenge the theoretical propositions embedded in cultural explanations of poverty that have served as the framework for reforming U.S. welfare programs over the last few decades. Generally, embraced by conservatives, policies premised on these beliefs tend to blame
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This research study seeks to expand the discourse and body of research that currently exists concerning the experiences of TANF recipients and leavers in the state of Georgia following the adoption of state policies to comply with provision of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Specifically, this research seeks to explore: What impact mandatory work participation requirements had on Georgia’s welfare recipients’ entry into the workforce, workforce attachment, household earnings and the ability to lift their families above the poverty level?

The Georgia Department of Human Resources can build upon the findings of this study to change policy and design more effective programs to help support families making the transition into the labor force and on the road to self-sufficiency. This study will also counter cultural explanations of poverty and examine if other theoretical frameworks may be more effective at explaining the experiencing of Georgia leavers who are transitioning from welfare dependence to self-sufficiency. It will also challenge the use of increased work participation rates and declining caseloads as an indicator to measure the success of welfare reform.

**Definition of Terms**

This section provides definitions of terminologies that are commonly used within the context of this study.

**Economically viable wage** – a set minimum that an individual is paid that is more than minimum wage for full-time employment for at least nine months as presented in the BROC research.
Minimum wage – the U.S. federal minimum wage stands at $7.25 effective as of July 24, 2009.

Self-Sufficiency – the ability of an individual or a family to earn enough income to meet basic sustenance needs (e.g., food, shelter, health care and transportation) and lift a family above the federal poverty level without the receipt of government benefits.

Subsidized Employment – diverts the TANF recipient’s cash assistance grant to the employer, for up to nine months, in exchange for training the TANF recipient for a position that can lead to full-time employment.

Support services – the services provided by the Georgia Department of Human Resources or contracted service providers to assist recipients in transitioning from or reducing their dependence on the respective benefits they offer. These services include transportation; job training; child care; child support; healthcare; educational opportunities; and job readiness, training and retention services.

Unsubsidized Employment – employment at the federal minimum wage of $7.25 or higher, paid without a government subsidy to the employer.

Work-Eligible Individual – an individual whose participation in federally mandated work activities is required as a condition of receipt of welfare cash assistance benefits. It includes (1) an adult (or minor head of household) receiving assistance under TANF or a separate state program; or (2) a non-recipient parent living with a child receiving assistance.

Limitations and Delimitations of the Study

In general, the undertaking of case study research is a process that often confronts
limitations. There are several notable limitations in this research study. First, there is, in general, a limitation associated with use of documents as a data source. There is the potential to over rely on documents and view them as unmitigated truth. However, due to privacy issues, the researcher was not able to gain access to individual archival records and therefore must rely on the data within Agency reports and Georgia’s leaver studies; as such secondary data analysis is in order. The data on welfare leavers consists of a sample of former TANF recipients in the state of Georgia who exited the rolls between 1999 and 2007 and tracked in the TANF Follow-Up System.

The data from the leaver studies is limited in a number of ways. If a TANF recipient experienced recidivism more than once in a year, they are only tracked on the first occurrence. Therefore, multiple cycling in and out of the system in a year is not tracked. Moreover, the information from the unemployment insurance (UI) wage record does not include information on wage levels, number of hours worked or if employment was continuous. However, it provides the total quarterly earnings and the employers’ standard industrial classification code. The UI earnings data does not include data on federal jobs, self-employment or informal work arrangement (i.e., earnings reported to the IRS such as occasional child care) or earnings generated from working in adjoining states. Furthermore, complete data on UI earnings for any given quarter are not available until the third quarter following the initial reporting quarter. Another limitation of the leaver study database is the inflexibility of the database to pursue more expansive statistical analysis, such as a multiple regression or multivariate analysis to determine the relationship of several variables on length of employment.
A delimitation of the study is that it is intended to solely focus on the experiences of Georgia leaver’s and therefore these findings should not be generalized to other states. The state of Georgia has several unique characteristics in terms of welfare reform (i.e. less than the five-year lifetime limit on receipt of benefits) and therefore caution should be taken when drawing correlations between the findings from this study to other states. However, the demographic profile of recipients in the state of Georgia is consistent with other states. Therefore, these findings may be utilized to assist other states in developing public policies as they relate to welfare reform efforts with the understanding that the issues identified in this study reflect the demographic population, economic, political, and social factors of the state of Georgia.

Organization of the Study

This dissertation is organized in five chapters, as follows:

Chapter One contains the introduction and problem statement for the study, research question, the significance of the study, limitations of the study, definition of terms and the organization of the study.

Chapter Two contains the review of literature. It also highlights the experiences of welfare recipients moving from public assistance to self-sufficiency, in addition to identifying common barriers to employment.

Chapter Three includes a review of various theoretical frameworks that have been used to explain poverty and shape U.S welfare policies.

Chapter Four presents the non-experimental research design and the methodology that will be used. The chapter also includes the details of the case study design to include
the purpose, research question, a description of the data set, data collection procedures, the population sample and the model of analysis.

Chapter Five presents the data analysis and findings that will address the research question as well as highlight key lessons learned that can be used to inform programmatic- and policy changes. There is also a discussion of the political-economic structure of poverty theory discussed in Chapter Three and the rationale for why it should serve as the theoretical framework used to explain how welfare reform has impacted Georgia’s TANF leaver following the passage of the PRWORA.
CHAPTER 2
LITERATURE REVIEW

There has been extensive research on the Temporary Assistance to Needy Families Program (TANF), as well as a plethora of information on welfare dependency from its predecessor the Aid to Families with Dependent Children (AFDC) program. As such, the impact of welfare reform’s mandatory work participation requirements on workforce entry and job retention and its effect on a families’ ability to become self-sufficient have been well documented. The existing research is philosophically rooted in two social welfare theoretical approaches – human capital development and social support. Human capital development theory is premised on investing in individuals through skills and educational attainment, on-the-job training, and job search activities as an approach to increase labor market participation; job retention; and economic stability. Whereas, the social support approach focuses on providing individuals a combination of assistance (e.g., child care, transportation, EITC, etc.) to gain economic independence.

Within the context of these two approaches, this Literature Review will summarize studies that identify the factors, which may influence workforce entry and a person’s ability to attain self-sufficiency. For purposes of this research, self-sufficiency is defined as the ability to lift one’s family above the federal poverty level without the receipt of government benefits. The review of the literature will offer insight on the evaluative research question of this study: What impact has welfare reform had on
Georgia leavers labor force entry, workforce attachment, household earnings and the ability to lift their families above the poverty level? This will be accomplished by reviewing studies and articles that highlight the experiences of welfare agencies, primarily, as they identify the underlying factors that contribute to long-term dependence; as well as those that promote workforce entry and self-sufficiency. The review of the literature is divided into the following four subtopics: 1) Investing in Training, Education and Job Readiness; 2) Findings from Welfare Leaver Studies; 3) Work Supports and Income Transfer Payments; and 4) Studies on Welfare Dependence.

Investing in Training, Education and Job Readiness

The National Commission for Employment Policy’s Report, “Increasing the Earnings for Disadvantaged Women” examined the quality of job placement services rendered under the Comprehensive Employment and Training (CETA) program that was authorized in 1973. The evaluation of the CETA program reveals that the earnings of “disadvantaged women” were considerably below those of men, and occupation segregation was a key factor in accounting for women’s lower earnings.

Lessons learned under AFDC and through evaluation of the CETA program illustrate that while a quick, low-cost placement in a traditionally female job will immediately address unemployment status, or result in removal from the welfare rolls, the long-term benefits of this type of placement is questionable. However, federal welfare policies do not provide states with an incentive to provide quality training designed to prepare women to overcome long-term employment barriers and/or attain...
better paying jobs. Also, many job-training programs have short-term funding cycles that do not allow sufficient time for effective program planning and design.¹ In too many instances, this precludes accurate data collection and reporting that impedes the ability to track the quality of the placement. Oftentimes, performance standards (e.g., job retention, employer-sponsored benefits, compensation, etc.) are not established and more emphasis is placed on short-term measures of success such as the number or cost of unsubsidized job placements rather than the earnings at the time of placement.² Thus, the quality of the placement becomes second to the short-term measurement of immediate job placement. Moreover, this would suggest that solely focusing on placing people in jobs and subsidized employment without regard to the quality of the placement is shortsighted. This fact notwithstanding, state welfare agencies have opted to provide quick, short-term job readiness training (e.g., word processing and data entry) programs in order to quickly move recipients into the labor force and to decrease caseloads to meet the work requirements under the PRWORA.

PRWORA limited the time a recipient can participate in certain types of educational and work activities and count towards a states work participation rate. The federal regulations stipulate that, unless the recipient is a teen parent, there are three categories of employment that cannot count toward meeting the first 20 hours of work participation for single-parent households or 30 hours for two-parent families which are: 1) job skill training related to employment; 2) education related to employment; and 3)

² Ibid.
satisfactory attendance at a secondary school or in a course of study leading to a GED. Furthermore, states can only have up to 30% of their TANF caseload in vocational education at any given time, and that training can only be counted for up to 12 months. The PRWORA limits job search and readiness assistance to six weeks per year and up to 12 weeks if the state’s unemployment rate is 50% greater than the nation as a whole. The definition of qualifying work activities, as previously discussed, does not allow or offer an incentive for states to develop more comprehensive education and employment-training programs that in the long run will increase the number of higher paying and non-traditional job placements available to TANF recipients. Yet, the development of comprehensive education and training programs will yield a more significant return on investment over the long haul in terms of less dependence on transfer payments and increased employability.

PRWORA outlined a comprehensive welfare reform plan designed to overhaul the nation’s welfare system into one that requires work in exchange for time-limited assistance. The underlying tone of these reform policies is that women have to be coerced to enter the workforce. However, survey data reveals that the poor prefer work to welfare, the Census Bureau’s Current Population Survey data shows that the proportion of individuals who reported AFDC or TANF receipt in one year and earned income in the next, has steadily increased from 19% in 1992 to 25% in 1996, up to 32%

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4 Ibid.  
5 Ibid., 133.
in 1997.\textsuperscript{6} Despite the fact that welfare recipients are entering the workforce, there exists the reality that most of the jobs are low paying and likely to be minimum wage. This attests to the fact that earned income alone will not lift their families out of poverty. Also, a significant number of TANF recipients have personal barriers that make workforce entry a challenge. This has led many to question the prospect of success for welfare recipients as they move off the rolls. A myriad of reasons have been brought forth to validate their concerns, to include the substantial portion (25-40%) who have personal barriers (e.g., physical disabilities, chronic illnesses, learning disabilities, alcohol or drug abuse) that preclude them from obtaining or maintaining a full-time job. There are also a significant number of long-term recipients who have no work experience or less than a high school education which is especially true for female head of household who represent a significant portion of the nation's poor.

The receipt of TANF benefits in conjunction with receipt of Medicaid benefits, has led many to conclude that dependence on transfer payments and benefits may be a better alternative than employment in a low-paying job. Poor families often receive multiple forms of social welfare services simultaneously. A family in receipt of TANF cash assistance is also eligible for Medicaid and food stamps, and in all likelihood is eligible for a number of other social service programs (i.e., free or reduced lunch, child care and subsidized housing). Nationwide, in 1992, nearly 86\% of those receiving AFDC also received food stamps, about 55.5\% received free or reduced school meals, and

29.5% lived in public or subsidized housing and almost all (96%) were on Medicaid.\(^7\) The value of these benefits individually and collectively is significant not only to those who receive them but also to the working class who in many instances struggle to pay for these same services out of their own pockets. This fact notwithstanding, the pros of leaving welfare do not outweigh the cons even with the stigmatization associated with receipt of the benefits. The ability for a low-skilled worker to secure a well-paying job that will allow them to maintain the same level of economic stability offered as a result of their receiving various public subsidies and transfer payment is unlikely.

A study that explored the dynamics of the welfare to work transition based on evaluation of the Project Match program to assist residents of Chicago’s Cabrini-Green public housing project. The Project Match program model is designed around the concept of an “Incremental Ladder to Economic Independence” in which, the top rung of the ladder consists of unsubsidized employment paying a sustainable wage with benefits, intermediate rungs of the ladder consist of unsubsidized employment at a lower wage and for shorter periods, and the bottom rungs of the ladder consist of a variety of activities that lead to worker readiness (e.g., self-improvement activities, volunteering on advisory boards, educational attainment and training).

A long-term evaluation of Project Match provides empirical evidence that debunks conventionally held beliefs about welfare-to-work oriented employment and training programs. The research found that the path to economic self-sufficiency does not follow a linear path. Collectively, half of program participants were able to make the transition to self-sufficiency within five years, over a third (36%) reach steady

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employment within two years and another 14% over a longer period which may take up to five years. The other half have a different story, more than a fourth (27%) experience unsteady employment, characterized by the ability to secure employment but unable to hold on to the job for a long period. These individuals are referred to as welfare cyclers and they bounce back and forth between welfare, education and training programs unable to attain a period of sustained employment. The remaining 23% follow the low or no employment path and are unable to secure a full-time job.

Statistics show that job stability is most difficult during the first 10 years in the workforce; in fact, the average person holds about 8 different jobs. There is also evidence that for every quarter a person is employed in the first three quarters of employment in a specific job, there is an increased probability that they will remain employed in that job for two or more years. Job turnover rates are especially high for 16 to 24 year-olds and in the industries (e.g., construction; retail; entertainment and recreation; and personal services) that supply the most jobs for welfare recipients. These industries tend to pay below average wages, and are likely to layoff in large numbers during recessions. The Bureau of Labor Statistics predicts that more than 70% of all new jobs created between 1992 and 2005 will be in the retail trade and service industries. These two sectors in particular offer a volatile work environment for welfare recipients because they experience high job turnover, job elimination, and stretches of

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9 Ibid.
10 Ibid.
12 Ibid., 3.
unemployment during recession. Moreover, beyond having basic skills, there is an increasing demand for soft skills among entry-level workers that will make it even more difficult for a low-skilled person with a minimal level of education to earn their way out of poverty.

A recent study, "The Spatial Distribution of Economic Opportunities: Access and Accessibility Issues for Welfare Households in Metro Atlanta" reveals that while it is possible to move people from welfare to economic self-sufficiency, there is evidence that many families are worse off working than they are remaining on public assistance. Rich and Coughlin specifically focus on providing a spatial portrait of the welfare-to-work challenge in metro Atlanta by illustrating the distribution of welfare households, job opportunities; support services and government jurisdictions; and how collectively they form a complex set of problems that metropolitan areas lack the capacity to address. The research findings illustrate the challenge faced by welfare recipients as they enter a labor force that will offer limited or no opportunities to become self-sufficient even if they are able to attain full-time employment.

The research findings on training, education and job readiness have relevance for my research in that it clearly reveals the need to offer a holistic response to the workforce development needs of persons who have limited education and skills training. The challenges faced by persons with multiple employment barriers coupled with no or limited job skills and/or low levels of educational attainment can be significant, but can be overcome. There exists the need to further amend federal welfare policy and to redirect existing federal and local resources to extended vocational training (up to 24
months) and post-secondary education. In the case of federal welfare policies, vocational training should not be limited to 12 months, and post-secondary education should be defined as an allowable work participation activity that can count toward the first 20 hours of the state’s work participation rates. Federal and state investments in job training programs should be revamped to focus on local and regional growth industries that yield higher wages and are less susceptible to market conditions.

Findings from Welfare Leaver Studies

"Not a Way of Life: The Impact of the Implementation of TANF on Mississippi Families" examines the impact of PRWORA on Mississippi’s needy families. From October 1999 through January 2000, a statewide survey was conducted of current and former TANF recipients (N = 1688) and community forums were held with some of the respondents in each of the State’s Congressional districts (Jackson, Starkville, Cleveland, Tupelo and Gulfport) between May and August 2000. An analysis of the survey data and information obtained from the forums reveals the following about the availability and use of key family supports:

Workforce Entry – Mississippi, like most states, experienced dramatic (72%) reduction in their welfare caseloads from 1993 to 1999; however, those who remain in the system are less employable and need more intense support services to facilitate job placement. The survey findings reveal that workforce attachment does not correlate to long-term employment and the length of time on the job does not necessarily result in pay increases. Those persons who entered the workforce were stagnate due in large part

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to their inability to advance in pay. In turn, recipients experienced lateral movement from one low wage job to another.

**Education** – The average survey respondents (34.7%) had between a ninth and tenth grade education and another (32%) indicated that they had a high school diploma. Approximately, 18% indicated that they were engaged in some form of education and training to further their skills. There is a strong correlation between a low level of education and receipt of benefits. Statistics show that adults who did not graduate from high school (29.6%) are more likely to be dependent on government assistance; whereas, those who are high school graduates (11.7%) and college graduates (3.2%) are less likely to receive assistance.

**Transportation** – The inability to get to work was ranked as the second highest reason for not working. The lack of transportation in general has an adverse impact on self-sufficiency because it also impacts access to child care, health care, education, training and employment. Yet, 52% of survey respondents indicated that they were not offered assistance with transportation from DHS workers. The lack of transportation is a major barrier to job placement in both urban and rural areas because there is a spatial mismatch between recipients and jobs, as two-thirds of all the nation’s new jobs are in the suburbs. Oftentimes, families are forced to remain in the central city and rural areas because of the need for affordable housing, while low-skill jobs are being created in the suburbs. This is critical given the fact that public transportation may not be

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14 Ibid., 34.
17 Ibid., 80.
available in rural areas and in urban areas, and 75% of all welfare recipients live in central cities or rural areas and 94% of them do not own cars.\textsuperscript{18}

\textbf{Child Support} – Approximately, 21.3\% of the respondents were currently receiving child support and 37.8\% indicated that the DHS staff did not offer assistance with getting child support. As a consequence, most Mississippi children are not receiving financial support from both parents and the state is not realizing reduced spending on welfare benefits as a result of PRWORA child support enforcement provisions. A thorough review of current child support enforcement policies and procedures is warranted to ensure children receive the financial support to which they are entitled.

\textbf{Child Care} – There is a limited supply of affordable, flexible child care especially in rural areas to address the demand as well as the need to accommodate those working during non-traditional hours and shift schedules. In addition to parents expressing the need for safe and clean child care arrangements, the issue of affordability was another major concern. Respondents indicated that there is little help available to assist with paying child care costs. In 1999, it was estimated that 185,000 children in Mississippi were eligible for federally funded subsidized child care and only 17,870 (less than 10\%) were served\textsuperscript{19} Nearly, half of TANF recipients surveyed indicated that they were not offered child care assistance by their caseworker.\textsuperscript{20} Consequently, child care has become an expensive out-of-pocket cost for families and they are also responsible for paying for child care when a child is not in attendance; there is no consideration of subsidy if a child

\textsuperscript{18} Ibid.
\textsuperscript{19} Ibid., 75.
\textsuperscript{20} Ibid.
is over the age of 13; and inadequate subsidies do not necessarily cover the full amount of the child care.

**Health Care** – In recent years, the percentage of the uninsured has decreased primarily due to the expansion of the Medicaid eligibility guidelines and the creation of the State Child Health Insurance Program (SCHIP). Over 60% of Mississippi’s current and former welfare recipients had health coverage through Medicaid or the child health insurance program. However, only 26.5% of respondents were receiving employer sponsored health insurance coverage and 12.6% were unable to use their coverage for family members. This reveals that placement of welfare recipients in jobs has a limited effect on access to health insurance or a recipient’s ability to pay for the health benefits that might be offered by their employers.

**Housing** – Lower income families have experienced a decline or stagnation in income, which proportionately increases the amount of their income that must be used to cover their housing costs. Only 17.8% of Mississippi’s TANF recipients indicated that they owned their homes and 65.7% reside in rental housing and are subject to the fluctuation in the housing market.  

21 Ibid., 94.

22 Ibid., 91.
ability to become self-sufficient. Nationally, the majority of families (75%) who are receiving TANF assistance were not in receipt of federal housing assistance. 23

Disability – Statewide, a quarter of all TANF recipients (26.4%) have applied for disability services. 24 There were no job or employment program options available to accommodate disabled TANF recipients. This subgroup of harder to serve recipients could be better served by conducting appropriate screenings and individual assessments to identify their rehabilitation and special social service needs.

The Children’s Defense Fund launched the Community Monitoring Project with the help of 180 local providers; they collected information from families seeking services at homeless shelters, food banks, or other community agencies to learn more about the challenges faced by poor families affected by the 1996 welfare law. The findings are detailed in the “Families Struggling to Make It in the Workforce: A Post Welfare Report” that gathered information on over 5,200 working poor families that were interviewed and asked a series of questions about their family composition, demographic information, recent hardships, employment status and their receipt of welfare and other support services. However, the primary focus of the study were the 506 families who stopped receiving welfare after 1996 that were not faring well and turned to emergency service providers for assistance. A significant number of these families (44%) were headed by a parent who was working but still experiencing severe hardships. This study revealed that education is the single most significant factor in determining how families fare

Those individuals with at least a high school diploma are far more likely (52%) to be employed than those who lacked a basic level of education (30%).

Meanwhile, those with at least two years of post-secondary or a vocational degree were able to lift their families out of poverty by employment alone. Individuals without a high school diploma had substantially fewer earnings, and were more likely to have family earnings below the poverty level. This suggests that employment alone does not fend off hardship.

An analysis of preliminary data on 600 individuals who left Georgia welfare rolls starting in Summer 1999 are documented in the “Findings from Georgia Welfare Leavers Initial Results Study”. The data reveals that federal welfare reform laws have resulted in a dramatic decline in Georgia’s welfare caseload, representing a 53% decline from the four year time interval between 1995 and 1999. Most welfare leavers are single and have never been married (69%); and the vast majority of them (72%) have finished high school and some (19%) have at least some college. While most welfare leavers are working (59%), most have incomes that fall well below the federal poverty level for their family size. Although most of these families remain off welfare, recidivism is high. Administrative data shows that 35% of closed cases return to cash assistance within 12 months. The top three reasons for returning to the rolls are: 1) 54% reported loss of employment or decreased wages; 2) 11% reported divorce, separation, moving from

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25 Ibid.
26 Ibid.
28 Ibid.
29 E. Michael Foster and D. Rickman. Georgia Welfare Leavers Initial Results. Georgia: Georgia State University, Andrew Young School of Policy Studies, Applied Research Center, 1999), 2.
partners, or family members; and 3) 10% reported a change in household circumstances to include an eligible child moving in their home or having a certified disability.

Georgia’s initial welfare leaver data reveals that, at one year-post exiting the roll, individuals still receive ongoing services: 14% were receiving child care services; 13% to 15% were receiving child support; 51% were receiving the Earned Income Tax Credit; and 44% were in receipt of food stamps. However, receipt of these work and income supports do not necessarily reflect the substantial needs of welfare leavers or their struggle to make ends meet. Respondents indicated that they were more likely to go without needed medical attention once they were no longer receiving cash assistance. Of approximately 40% of adults, 26% had no insurance at the time of the survey. These statistics are consistent with survey respondent answers to questions raised about health coverage which revealed that 36% of welfare leavers mistakenly believe Medicaid ends when TANF does. Most welfare leavers also report they often or sometimes do not have enough to eat and 21% reported receiving food from shelter or food banks. In addition, 37% indicated they had got behind on rent or housing payments and few owned their own homes.

The findings from welfare leaver studies have relevance for this study because they affirm that there are a host of support services that need to be readily available to help low-skilled workers enter and remain attached to the workforce. The experiences of low-skilled workers reveal that early entry into the workforce will likely be low-paying.

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30 Ibid.
31 Ibid.
32 Ibid.
33 Ibid.
This is particularly true for the estimated that 50% of long-term welfare recipients have no work experience. Also, there are a substantial number of welfare recipients with handicaps, physical disabilities, chronic illnesses, learning disabilities, alcohol or drug abuse problems that preclude them from holding a full-time job.\textsuperscript{34} Research has shown that investing in counseling, education, job training and soft skills can move low-skilled workers to productive employment, and increased earnings over time. Therefore, to avoid the pitfalls of previous workforce development strategies devised to address the individuals needs of the “hard to serve” requires a long-term investment strategy. Welfare leaver data suggests that the continued provision of child care, medical and housing benefits, for up to five years, to support families as they gradually increase their earnings and their ability to attain self-sufficiency is critical. For example, post-employment assistance could be made to welfare recipients, who manage to stay employed in their initial job for at least 9- to 12-months, who might otherwise voluntarily quit. Thus, welfare to work programs should be redesigned to provide an array of support services proven to support labor force entry, job retention and career advancement.

Despite the nationwide decrease in the TANF caseload, the number of hard to serve cases has increased and many of them have personal barriers that may not be immediately apparent and make job placement problematic. As welfare agencies are faced with helping women with multiple barriers enter the workforce, one strategy is to focus on the characteristics that are associated with limited labor force participation which includes having less than a high school education, few concrete job skills, physical health problems of the mother or child, mental health problems, substance abuse and

\textsuperscript{34} Ibid.
transportation problems. This suggests that a variety of job readiness services (e.g.,
training, job search, work experience and life skills), intervention (i.e., substance abuse)
and intense work supports (e.g., transportation assistance and child care) need to be
offered to the "hard to employ" to remove the barriers to become employed and advance
in the labor market.

This literature on welfare dependence suggests that if long-term self-sufficiency is
the goal of welfare reform, a more likely condition for receipt of benefits should be tied
to addressing low-educational attainment rather than labor force entry. Persons with
limited literacy at a minimum should attain a GED or diploma during a specified period
(i.e. within three years); recipients who have some degree of post-secondary education
should attain a skilled trade or an Associate degree within this same time interval. This is
based on the data which shows that individuals who have at least two years of college are
able to lift their families above the federal poverty level with employment alone.

Work Supports and Income-Maintenance Payments

"Is There a System Supporting Low-Income Families" notes that states that offer
a package of supports (health insurance, child care and wage supplements) can increase
work effort, decrease poverty and increase the well-being of younger children. The
article reveals that between 1996 and 2002 spending on work supports (Medicaid, the
State Children's Health Insurance Program, child care subsidies and the Earned Income
Tax Credit) increased following federal welfare reform.\footnote{Shelia Zedlewski and others. Is There A System Supporting Low-Income Families. (Washington, D.C: Urban Institute, 2006), v.} A total of $131 billion was
spent by the federal government in 2002 representing a 27% increase over 1996.
However, only a small percentage of low-income working families receive all the services even though they are eligible.

Only 5% of all low-income working families with children under 18 receive all three benefits (health insurance, child care and wage supplements) to which they are eligible, most families receive only one support or none.\(^{36}\) The most utilized work support is the Earned Income Tax Credit which reaches a large share (23%) of low-income families.\(^{37}\) The article also identifies the characteristics that explain below-average participation which include: non-citizen status, low education level and lack of knowledge about program rules. Single mothers and citizens are more likely to receive support than married parents and non-citizens. Local office procedures and enrollment processes can positively impact participation, programs that have simplified eligibility, waive requirements for face-to-face interview, offer non-traditional work hours, and provide translators experience increased program participation.

Since the passage of the PRWORA, both the federal and state governments have devoted considerable resources to strengthening the child support enforcement system. Despite those efforts, the portion of single mothers who receive child support has remained largely unchanged. Using 1997 figures as a baseline for analysis, only 31% of single mother families received child support, a number that has only slightly increased over the preceding 20 years.\(^{38}\) Despite the slight change in receipt, for single mothers, progress has been made on increased collections for certain subgroups of single mothers.

\(^{36}\) Ibid.

\(^{37}\) Ibid.

never-married mothers. The statistics mask the progress due in part to the largely unchanged rate of collections for single divorced and separated mothers. The article affirms the need to continue to devise effective child support enforcement tools so single mothers’ become more reliant on private sources of income and avoid exhausting their eligibility to receive cash assistance benefits due to the capped time limit. Sorensen and Halpern attribute increased child support receipt rates to 56% for never-married mothers and 33% for previously married mothers—enforcement tools that have been developed over the last two decades. The six enforcement tools discussed are the state intercept programs to collect past due child support; wage withholdings; new hire directories; requiring state child support guidelines be binding by judges; new hire reporting within 20 days to child support authorities; and in-hospital paternity programs.

Sorensen and Halpern found that tax intercept programs and presumptive child support guidelines significantly increase the likelihood of receiving child support for never-married and previously married mothers. In contrast, the voluntary in-hospital paternity establishment program significantly increased the child support receipt rate of never-married mothers but did not have a comparable result for previously married mothers. Immediate wage withholding had a significantly positive impact on previously married mothers’ child support receipt rate, but not on that of never-married mothers. If federal policies in combination with enforcement tools had not been enacted, it is estimated that the child support receipt rate for never-married mothers would have only increased by 6% rather than 14%, and for previously married mothers’ the increase would

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39 Ibid.
only have been 4% instead of 6%.40 Thus, it is critical that the child support enforcement
program be further improved to increase the receipt of child support for single-headed
households. The receipt of child support will move more of America's poor families
toward self-sufficiency.

In "Individual Development Accounts and Banks: A Solid Match," Miller describes
how IDA programs work and help low- and moderate-income earners accumulate
savings. IDAs are designed to help low-income people move toward self-sufficiency by
accumulating savings and purchasing long-term assets – home, higher education and
business – to provide financial stability that may provide an opportunity for America’s
working-poor families to save, acquire assets, participate more fully in the economy, and
lift their families out of poverty.

An account holder can deposit money in a savings account and those funds are
matched to pay for college; buy a home; or start or expand a business. The match can
range from $1 up to $8 for every dollar saved by the IDA account holder. The match
depends on the rules of the particular program and state, but typically a "ceiling" of
dollars and timeframes are established for the match amount. The match range is
commonly $2 to $3 dollars per $1 saved by the IDA account holder. IDA match funds
are provided through a variety of public and private sources. Public sources have include
the U.S. Departments of Labor and Housing and Urban Development; the U.S.
Department of Health and Human Services Assets for Independence Program and
Temporary Assistance to Needy Families program; the Office of Refugee Resettlement;
State and local discretionary funds, state tax credits and the Community Service Block

40 Ibid.
Grant. Private sources have included foundations, financial institutions, the Federal Home Loan Bank, businesses and corporations, United Way, faith-based organizations, individuals, and earned income.

Common features associated with qualifying to participate in an IDA program are:

- **Maximum Income Levels** – Eligibility is based on income eligibility and usually an individual’s income cannot exceed that maximum income threshold that is typically based on the U.S. Department of Agriculture’s federal poverty level or the U.S. Department of Housing and Urban Development’s area median income.

- **Net Worth** – Some programs limit the level of household assets (such as a car, equity in a home or other savings) an applicant can own, and if their assets exceed $5,000 (or some other pre-determined amount) they are ineligible to participate in the program.

- **Earnings** – IDA programs often require that all or a part of an applicant’s savings come from earned income. Unemployment checks and certain types of government transfer payments (TANF funds, disability payments and Social Security) are also considered earnings.

- **Credit History** – Under some IDA programs, an applicant may be disqualified from participating in the program due to poor credit or heavy debt levels.

- **Use of Funds and Withdrawal Limitations** – Generally, there are restrictions on the purpose or use of the funds and withdrawals are typically restricted for use to buy a home; pay for education; or start or expand a business. However, other eligible uses of IDA funds include home repairs and automobile purchases.
Generally, there are also prohibition periods for withdrawal of match funds, usually one to three years.

- Financial education or counseling requirement – participants are often required to attend financial education or counseling classes.

The framework for developing this asset-based policy first emerged in 1991, when Professor Michael Sherraden in his book titled *Assets and the Poor: A New American Welfare Policy* proposed Individual Development Accounts (IDAs). He argued that current welfare policy and programs focus on providing income maintenance which is a critical component of the social safety net, but contends that simply increasing a person’s income is shortsighted, and fails to recognize the value of owning assets as a strategy for increasing economic stability.

Sherraden notes that asset-based programs are not new. Examples of how government has helped American families acquire assets include the Homestead Act, Government Issued (GI) Bill, Individual Retirement Account (IRA)s, 401k(s) and the home-mortgage interest deduction. Since the introduction of the IDA program, a number of asset building tools have been introduced and those that are commonly used include:

- College Savings Accounts – These special savings accounts (e.g., 529 Accounts and Coverdell accounts) are designed to enable families to save for the costs of college.

- Children’s Savings Accounts – These special savings accounts allow savings to be accumulated on behalf of children so they can accumulate long-term assets for their future.
- Earned Income Tax Credit (EITC) – This is a federal refundable income tax credit for low-income workers who can receive a cash payment whether or not they pay income taxes. Many states, including Georgia, have adopted low-income tax credits for low-income working families.

- Financial Literacy – This type of training focuses on equipping low- and moderate-income individuals with the skills and knowledge that will enable them to successfully manage their finances and save for their IDA asset goals.

In 1993, Iowa became the first state to enact a law establishing IDAs. Since that time, particularly after the passage of the PRWORA, state governments began to establish IDA programs. According to the Center for Social Development, there are now 33 states, as well as Puerto Rico and the District of Columbia that have laws or polices that govern the operation of IDAs. Over half of these (19) are currently operating programs that are supported with state funds. According to the Corporation for Enterprise Development (CFED) in Individual Accounts Providing Opportunities to Build Assets, a fourth of Americans are asset poor and if faced with living only on their net worth – savings, home equity, and other assets they could not survive at the poverty level for three months if they faced an income suspension. Research has shown that IDAs offer one viable strategy to help persons who are asset poor and the unbanked – 30% of Americans – who do not maintain deposit accounts with traditional banking institutions to enter the financial mainstream. This number coupled with the 20% of

Americans (and one-third 1/3 of minorities) who have zero or negative net financial assets show that most Americans are asset poor.

Over the last decade, research has shown that the effects of asset attainment on low-income, low-asset families is positive and extends beyond simply acquiring the tangible asset. There is evidence from IDA initiatives that poor people, with proper incentives and supports, will save regularly and acquire productive assets. For example, 2,128 low-income families participated in the American Dream Demonstration and saved on average, $602.18. Studies have concluded that families with assets experience a psychological orientation toward the future, a decrease in marriage dissolution and improved housing stability. In addition, they tend to experience improved health, are more engaged in community and civic activities, and are able to decrease generational poverty. A pilot program of Doorways to Dreams, during the 2004 tax season, allowed tax filers to split their refunds and open an IDA account. The pilot involved 516 tax filers, 27% accepted the offer to open an IDA account, and 15% were able to participate after meeting the account-opening criteria. The 15% of filers who participated chose to save 47% of their refunds, or an average of $606 (reflecting a 90% increase over their existing savings). A follow-up four months later revealed that two-thirds continued to save a portion of their refund.

The authors of "Effects of Welfare and IDA Program Rules on the Asset Holdings of Low-Income Families," suggest that various state program rules adopted since the mid-1990s, especially those aimed at asset building, are positively related to low-education single mothers' and families' asset holdings. The analysis shows that more
lenient asset limits in means-tested programs and more generous IDA program rules may have positive effects on asset holdings. However, not all asset-building program rules have the same effect. Thus, different incentive structures and program operations may produce distinct outcomes. Therefore, asset-building program rules should be designed carefully to achieve policy goals. Their findings show a positive relationship between more generous IDA rules for asset holdings and net worth; and more lenient limits on restricted accounts are positively related to liquid assets, while relaxed asset limits on unrestricted accounts have no significant relationship with any type of asset holdings.

There is a wealth of literature that suggests housing stability can also impact employment outcomes which is theoretically premised on the social support approach which focuses on providing a combination of assistance (e.g., child care, transportation, EITC, etc.) to assist individuals in their efforts to gain economic independence. An evaluation of the Minnesota Family Investment Program (MFIP) suggests that receipt of housing assistance helps welfare recipients obtain and retain jobs. Researchers also discuss the impact of public housing rules that adjusts the rent paid by the resident as income rise and fall, which allow housing costs to adjust with income. The study found that families receiving housing assistance in the form of public housing or subsidized private housing made the greatest gains toward self-sufficiency. Three years after implementing the MFIP policies, employment rates increased by 17.9% for those in public housing versus 7.9% for those in private subsidized housing. While the provision of housing alone cannot address the problem of poverty, the provision of housing

assistance as a potential work support for low-income families, especially for those transitioning from welfare to work, is worth closely examining and can serve as an incentive to become or remain employed.

The research is conclusive that there is a positive correlation between workforce entry and the availability of income transfer payments and work supports for the hard to employ. It is critically important that low-income families be linked to work supports, and safety net programs, preferably neighborhood-based, that will assist with providing for their families as they make the transition to self-support. These income maintenance programs are required to lift families out of poverty.

Studies on Welfare Dependence

There is also a body of research that contends that the principle cause of child poverty is the collapse of marriage. Consequently, one of the goals of the PRWORA is to promote the formation and maintenance of two-parent families. One-third of all American children are born out-of-wedlock, one child every 35 seconds, and those who are born, and reared by a never-married mother are:\(^{43}\)

- nearly seven times more likely to live in poverty than a child raised by his biological parent in an intact marriage;

- nearly 1700% more likely to become dependent on welfare than a child raised by an intact couple;

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• nearly 24 to 78% more likely to suffer from emotional and behavioral problems;
• more likely to abuse drugs and end up in jail;
• more likely to perform poorly in reading, spelling and math;
• more likely to repeat grades and eventually dropout of school; and
• nearly 33 times more likely to suffer from serious physical child abuse than a child from an intact family.

In fact, research findings indicate that a change in family composition such as divorce, separation or a birth of a child is the most frequent predictor of welfare receipt. Studies show that families who are described as “long-term” welfare recipients are larger in size and in need of assistance in most instances due to desertion of the father. These families require greater income earnings and need more costly family supports (e.g., day care) to meet the family’s sustenance needs, especially when there are young children in the household. In fact, as children get older, their parents’ leave the welfare rolls on their own volition, and most are on welfare for less than three years.44

According to the Income Dynamics study panel, long-term dependence as a child does not cause long-term dependence as an adult, at least among Blacks.45 This counters the commonly held belief that children from dependent families are more likely to become welfare dependent. Moreover, an examination of the per capita welfare payment in relation to family size would seemingly refute the commonly held stereotype that

44 Ibid.
women have more babies to increase their cash assistance grant. In 1990, the average monthly per capita welfare payment for a household of one was $326.94, for two people $185.38, for three people $150.23 and $128.06 for 4 persons. These benefit levels challenge the widely held belief that women continue to have illegitimate children for the purpose of getting increased welfare benefits. In fact, one study revealed that the percentage of illegitimate births increased less rapidly among AFDC mothers than the population at large throughout the 1970s. This statistic predated the passage of PRWORA and indicates that federal policies imposing family caps, likely had little effect on reducing TANF rolls. Thus, revealing that for the majority of welfare recipients, having babies out-of-wedlock is not valued as a normative way of life, nor a recently acquired belief. In fact in 1990, the common family unit on welfare was a mother and one child, 73% of all AFDC households had two, or fewer children.

In Assessing the New Federalism, Olivia Golden provides insightful, detailed information on families that stayed on welfare. Many recipients (2 out of 5) have multiple (at least two) barriers to employment to include limited education, little to no work experience, severe mental and physical disabilities, language challenges and the need to take care of a child with a disability. A small percentage (15%) participated in TANF funded education and training activities. Most states offered the equivalent of wage supplements, increasing the amount of earnings that recipients can keep while still receiving benefits. In turn, a significantly higher share of recipients worked at paid jobs

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46 Ibid., 59.
in 1998, and 2000 than in 1996. Most families that leave welfare have at least one working adult, many of which work in low paying jobs, and a third have employer-sponsored health coverage. The availability of transitional Medicaid and SCHIP provide coverage for their children, but rarely are parents covered. Oftentimes, families’ juggle to make ends meet. More than half of these families reported that they had their utilities (electric or telephone service) shutoff, or have been unable to pay rent, buy groceries, or afford health care. More than 30% of these families had at least one person in the household without health insurance, and less than 30% were receiving subsidized child care, and only about 50% were receiving food stamps.

In “Factors Contributing to Longer Stays on Welfare,” Donald Hirasuna summarizes studies on the amount of time spent on welfare and the factors which may influence a persons’ length of stay on welfare. The influencing factors that are identified and discussed are geography, race, age, number of children and level of education. Parents from urban areas have a greater probability of exiting AFDC rolls than rural parents. Older parents have a higher probability of exiting the AFDC rolls than young parents. Human Capital theorists suggest that this is due in part to them having more experience and skills, which would lead to a higher probability of workforce entry. Hispanics are the only race that has a higher probability of exiting the rolls than Whites. African-Americans, Asian-Americans and Native Americans all experience a lower

49 Ibid., 4.
probability of exiting the rolls than Whites. Parents with older children are more likely to exit the rolls than parents with younger children. This has been correlated with the fact that younger children require child care which can pose a barrier to workforce entry, particularly if the job is low-paying and subsidized care is not available. Families with more children have less probability of exiting the rolls. This may be attributed to parents having to spend more of their earnings on child- and healthcare which will require them to attain a job that pays higher wages. Female single parents have a lower probability of exiting AFDC in comparison to male parents. There are a number of hypothesis regarding why, but none well documented; it is probable that male-female pay differentials may play a role in men receiving higher wages. It has also been found that persons with less than a high school diploma experience longer stays on welfare. Finally, good market conditions may contribute toward a higher probability of exiting the rolls.

In “Employing Welfare Recipients with Significant Barriers to Work: Lessons from the Disability Field,” notes that there is no common definition of what constitutes “hard to employ” recipients, and thus suggests that the duration of welfare receipt could serve as the key defining characteristic. In support of this stance, the report highlights the fact that women with no recent work experience when they began receiving welfare assistance were likely to stay on the welfare rolls for longer periods of time (e.g., more than five years). According to one study, the probability of employment for 20+ hours per week declines from about 82% for welfare clients with one or more of these barriers to 42% for those with four to six barriers and 6% for those with seven or more barriers.51

Effects of Community Conditions on Low-Income Households

In “TANF Participation Rates: Do Community Conditions Matter?”, researchers examine the extent to which variations in community conditions account for differences in TANF participation rates based on 1997 data from the Mississippi Department of Human Services. The study estimated OLS regression models of local TANF participation rates across 100 non-metro communities. The findings indicate that TANF participation rates tend to be higher in communities with high concentrations of minorities (African-Americans, Hispanics, and Native Americans); less faith-based activeness (decreased church attendance), low educational attainment; more employment in retail employment; and the spatial concentration of the poor and those located in the Delta.52

The prevalence of higher rates of welfare participation among minority groups, such as African Americans, Hispanics and Native Americans is well documented. This is attributed to racial and ethnic minorities experiencing higher unemployment and underemployment rates; in addition to having lower rates of labor force participation. These disadvantages are even greater in non-metro areas and the explanations that have been given for these persistent differences include racial and ethnic minorities receiving a less quality education, compared to their white counterparts. Large concentrations of racial and ethnic minorities have also been associated with lower-level of capital investment in the area that is reflected in poorer job quality, fewer jobs, lower wages, and the underfunding of schools and public services. It was also found that low-income

people are less likely to be welfare dependent when they are integrated into the larger community and interact regularly and positively with members of middle-class and affluent community members.\textsuperscript{53} Rural and non-metro populations have higher percentages of people living in poverty, but are less likely than the urban poor to be on welfare and the rural poor attach a higher stigma to welfare than the urban poor.

"Welfare to What?: An Analysis of Reform," poses the question and El-Amin and Awomolo attempt to answer it by highlighting several issues associated with the availability of employment opportunities for TANF recipients in the metro Atlanta area, specifically focusing on those residing in zip codes 30313, 30314 and 30318; and nationally. The data set for this study was generated from surveys, interviews and observations afforded as a result of a partnership developed between Clark Atlanta University’s Neighborhood Initiatives Program and the Antioch Urban Ministries, Inc. who was responsible for providing job readiness and placement services to a group of women in the designated zip codes. The research reveals that the availability of job opportunities for TANF recipients in the metro Atlanta area has been adversely impacted by: gentrification, the current economic recession, the limited number of jobs readily available to TANF participants who are seeking jobs, the negative images associated with welfare recipients that deter potential employers from hiring participants, and the approach and capabilities of sponsoring job placement organizations that result in dead-end job placements.

Survey data collected at the “Addressing Mental Health Concerns of TANF and Low Income Women” Forum was obtained from WtW participants and placement

\textsuperscript{53} Ibid.
workers. Among those surveyed, only 1 of the 16 WtW participants had a college degree and 14 had received AFDC (pre-TANF) benefits. While, the length of tenure on AFDC ranged from 1 to 4 years, WtW participants on average had between 3 and 4 children; and the majority (85%) of the participants earned less than $10,000 annually.\textsuperscript{54} The top three barriers to employment identified were education, child care and transportation. And, the top six work supports identified were ranked in order of importance: 1) education, 2) transportation, 3) food and clothing, 4) housing, 5) funds, and 6) child care. Interestingly, the work supports ranked in order of importance did not align with the top three barriers identified.

This study also examines data obtained from a Life Skills Training Seminar that involved 11 participants. Only 1 out 11 women who participated in the Life Skills Training Seminar had a college degree.\textsuperscript{55} The majority of the women had worked several jobs throughout their employment history, which suggests they had either temporary or sporadic employment. Many of these women had previously been employed as bartenders, dishwashers, line workers, housekeepers, tellers, clerical support staff, nursing assistants and in the fast-food industry. Based on the findings of this study, the work opportunities available to former and current welfare recipients in the metro Atlanta area are consistent with national findings that point to the limited educational attainment and job skills of recipients being linked to cyclical unemployment.\textsuperscript{56} The study concludes that these welfare recipients were dropped off the rolls and their subsidies

\textsuperscript{55} Ibid.
\textsuperscript{56} Ibid.
stopped because they found jobs, but they did not necessarily obtain gainful employment. Moreover, obstacles to employment faced by the women who participated in this study are consistent with a review of the existing literature on employment barriers encountered by welfare-to-work populations. The study points to the fact that in the post 9/11 economy, opportunities for WtW participants were not as plentiful as when federal welfare policies were first initiated, and the Atlanta economy was stronger.

In “Exploring Welfare to Work Challenges in Five Metro Regions,” Turner, Rubin and Delair present findings from the Neighborhood National Indicators Partnership (NNIP) cross-site analysis project which was designed to provide new information and insights on the challenges and impact of welfare reform in urban neighborhoods and regions. Research teams were deployed to five metro areas (Atlanta, Denver, Oakland, Providence and Washington) to assemble data and conduct analysis to address two broad sets of questions about the local challenges of welfare reform. 1) Where do the people live who are at greatest risk under welfare reform? and 2) Where are the job openings that welfare recipients are qualified to fill? The general findings are as follows:

- Minorities and children represent a disproportionate share of the central city welfare population.
- City welfare recipients tend to be clustered with a large proportion concentrated in minority neighborhoods (Black and Hispanic) with moderate to high poverty rates. In Washington, Providence and Oakland the number of recipients exceed 300 per square mile.57

- Fewer than 1 in 5 jobs in the regional economy match the entry-level qualifications of most welfare recipients. In Atlanta, the top three areas that jobs will be created by occupation are administration/clerical (18.2%), executive and administration (16.4%) and sales (14.7%).

- The number of central city welfare recipients entering the labor market is less likely to absorb at least a half of the new entry-level jobs created regionwide.

- The majority of new jobs are located in areas that are a distance from central city residents. In the Atlanta region, job growth is far more decentralized with most entry-level jobs being created at least 10 miles from the primary neighborhoods that welfare recipients are clustered.

- Trade is the biggest source of new entry-level jobs in all five metro areas—Atlanta (34.4%), Denver (34.1%), Oakland (38.8%), Providence (53.3%) and Washington (22.2%).

The study’s overall findings suggest that most families will need reliable and affordable child care, which may not be available in their neighborhoods, and transportation will also be an important factor in obtaining and retaining these jobs. However, this phenomenon is not exclusive to these cities. A survey of urban welfare leavers from Boston, Chicago and San Antonio, that were also receiving housing assistance, identified a number of problems affecting their neighborhoods to include unemployment, unsafe streets, unsupervised children and abandoned properties.  

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58 Ibid., 25.
59 Ibid., 8.
60 Ibid.
“Welfare Reform: Should Housing Have a Role?” poses the question and shares the responses of three public policy professionals – Basgal, Newman, and Nightingale – who are versed in both public housing and welfare reform practices. Basgal, Newman, and Nightingale conclude that housing assistance is extremely hard to get; very valuable when received and at present there are no or few requirements imposed by PHAs to maintain the subsidy. The only self-sufficiency requirement imposed requires a family to perform eight hours per month of community service; however, they are exempt if they are working or engaged in welfare reform programs or self-sufficiency efforts. It has been argued that housing professionals need to have expectations for their clients and they need to believe that self-sufficiency programs are in their best interest. Hence, it has been suggested that housing policymakers support creative ways to build assets, accumulate wealth, and assure equal housing and homeownership opportunities in order to, complement welfare reform’s objective of increasing economic independence.

The rational for the discourse is the overlap in the population served (approximately one million families; 20% of the HUD and HHS’ respective client base) through the receipt of welfare-cash assistance and housing assistance. For the remaining 80% of TANF recipients who are not receiving housing assistance, most are doing their best to fend for themselves in the private market – paying as much as 60% of their income for their housing costs. Approximately, one-fourth of them are living in physically substandard housing.

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The article points to the inconsistency between federal housing and TANF program provisions and the need for the two programs to complement one another. For example, the federal TANF policy places a time limit on the receipt of assistance; however, this type of provision generally does not exist with housing programs. Recent amendments to the housing program have attempted to reinforce welfare goals so that a family is sanctioned with a reduction or loss of cash assistance benefits due to noncompliance with TANF regulations will not receive an increase in the housing assistance paid by the PHA to offset the portion they may no longer be able to pay due to lost income. In aligning these program provisions, it raises the question of whether housing assistance helps or hinders families in their self-sufficiency efforts when securing and retaining a job. One perspective is that affordable housing propels families into the economic mainstream because the receipt of subsidy provides the family with housing security, and allows them to maintain more discretionary income that can be used for savings or spent on goods and services that might help them get ahead. The alternate belief is that housing assistance is a “crutch” that saps families of initiative and motivation if they feel that they do not have to work as hard because their housing is secure. Moreover, the discourse among policymakers reiterates the need to build a solid base of information to assess the effects, both positive and negative, of housing assistance on self-sufficiency outcomes.

The article acknowledges that most local public housing authorities (PHAs) view themselves as housers first and as reluctant service providers/brokers second. In order to shift that paradigm, financial incentives should be provided to local welfare departments
and housing authorities who offer coordinated service delivery systems. There is also a need for training and monitoring for welfare departments and housing authorities for noncompliance with agreed upon goals and requirements; the need to align asset limits and earned income disregard policies; and the need to share information regarding program fraud. In many states, there are several welfare-to-work programs, for example, the Department of Labor’s Welfare to Work Grant program serves not only TANF recipients but non-custodial fathers as well, and focuses on more than simply placing people into jobs but also providing post-employment education and training services.

In “Family Self-Sufficiency and Housing,” Anne Shlay reviews a number of initiatives that have become available since the 1980s that attempts to link housing to achieving family economic self-sufficiency. Shay describes the “housing bundle” as a composite of four major characteristics that have been identified which can thwart economic achievement. These characteristics include: 1) neighborhood profile, 2) location, 3) housing tenure, and 4) the provision of housing subsidies. Shay contends that in order to counter poverty and support economic achievement, the housing bundle characteristics have to be altered to align as follows:

1) Neighborhood profiles will be improved as the housing stock is physically improved. To alter the socioeconomic mix of the neighborhood by diversifying the household income levels, the spatial concentration of poverty can be countered with additional resources and services in the community;

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2) Location focuses on moving families to better locales that provide access to amenities (e.g., schools, shopping and employment) that could make economic independence possible;

3) Housing tenure focus on promoting homeownership within the community and reducing high renter occupancy rates; and

4) Housing subsidies focuses on leveraging housing costs and inducing localities to develop programs to subsidize rental housing (e.g., Section 8 public housing) and homeownership (e.g., loan guarantees and mortgage assistance).

The study defines family economic self-sufficiency as the process of reducing welfare assistance, increasing employment, diverging greater human capital and increasing family income. Shay further contends that families become economically self-sufficient by having access to life sustaining resources to include education, employment, housing and a personal network of relatives and friends. The article further suggests that the centrality of housing impedes economic mobility that must be dealt with to address the acute existence of poverty.

The author concludes that residence in a neighborhood with concentrated poverty has significant effects on both Blacks and Whites. The article cites research conducted over the past decade that compared middle-class and working-class neighborhoods to concentrated-poverty neighborhoods, characterized by high-levels of unemployment, welfare dependence and poor government services. The existing research illustrates that social isolation “inhibits exposure to role models who maintain stable families, are regularly employed, and involved in community issues.” Moreover, social isolation
limits access to job networks; marriage partners; employment opportunities and disconnects individuals from the political process. This research builds upon studies of inner city residents that demonstrate there is a weak association with social and religious organizations and levels of social ties.

In an effort to counter the effect of the housing crisis and respond to the diminishing supply of affordable units, Section 8 vouchers; rental subsidies; and loans and grants have been provided to eligible families to promote homeownership. Some states have also used accumulated surplus TANF funds to subsidize housing for low-income renters, primarily targeting poor families with children with high housing costs who are not receiving federal housing assistance. The flexibility available under the TANF block grant has been used to provide housing assistance to low-income and displaced persons. Welfare diversion grants have also been issued to provide emergency assistance; prevent utilities from being shut-off; and pay current or rent arrearages in order to prevent eviction and avert low-income families from becoming homeless.

**Conclusion**

This chapter highlights some of the existing literature and research on welfare in order to determine the barriers to self-sufficiency. Based on a review of the literature, the economic picture for families who left welfare is mixed. Although a number of former recipients are connected to the labor market, others are not. Those who are employed have low wages although comparable to those of low-skilled workers who have not been on welfare. Furthermore, many of these individuals face multiple barriers when entering the workforce that holistically need to be addressed (e.g., limited educational attainment,
child care, transportation) in order to end welfare recipients dependence on government benefits. Consequently, welfare agencies must continue to re-engineer their policies to devise the most effective strategies to address those persons who have multiple employment barriers who are transitioning to self-sufficiency. Chapter 3 will highlight various theories of poverty that have been used to shape contemporary welfare reform policies adopted over the last two decades. It will also outline the rationale for why they are or are not appropriate to use in addressing poverty and promoting self-sufficiency among its welfare beneficiaries.
CHAPTER 3
THEORETICAL FRAMEWORK

Defining the Problem of Poverty

In the most basic sense, poverty is the lack of necessities – food, shelter, medical care and safety. In relative terms, poverty may be defined as having significantly less access to income, and wealth than other members of society. This form of relative deprivation allows flexibility in defining poverty. In that, what is defined as a necessity to one person, is not necessarily the same for another; therefore it can be directly linked to income inequality. The differences between basic and relative poverty changes, speaks to the complexity of the issue, and inarguably determines the lens through which one views poverty and influences the type of interventions designed to reduce or counter the cause of poverty.

In order to understand the complexity of the problem, it is important to understand its magnitude. An analysis of the data presented in the Poverty 2007 and 2008 American Community Survey, an ongoing survey of about three million households selected from across the nation every year to provide up-to-date information throughout the decade about the U.S. population, reveals that nearly 39.1 million people are living in poverty.¹

The U.S. Census Bureau Current Population Survey reported, in 2008, there were 19 million people (nearly 9% of all American families) living below 100% of poverty has at least one family member working. They hold low-wage jobs, often minimum wage, that provide no benefits and have limited prospects for career advancement and live with the reality of struggling from one paycheck to the next just to make ends meet.”

Safety net programs have had a profound effect on reducing child poverty, it is estimated that government transfer payments reduce the number of poor Americans by nearly half or 31 million. The value of these public supports are such that social security alone lifted 22 million Americans above the poverty threshold and means-tested programs like the child care tax credit lifted 2 million people, EITC lifted 5.1 million, and food stamps and additional 1.7 million people out of poverty. If housing assistance were counted as income for poverty purposes, of the 10 million people would receive assistance 44% would be considered poor without the receipt of housing assistance.

A report produced by the Women’s Policy Center entitled the “Self Sufficiency Standard Report of Georgia,” offers county-specific data on the actual cost of meeting a family’s basic needs for each of the State’s 159 counties. In Fulton County, a single-parent with one infant and one preschooler needs to earn 227% of the federal poverty

\[\text{References:}\]
\[\text{4 Ibid.}\]
\[\text{5 Ibid.}\]
level or $39,913 annually to cover her family’s basic needs.7 The report reveals the vital role that public and private supports play in narrowing the gap between actual income and self-sufficiency. The term self-sufficiency contextually is not intended to suggest that families live entirely without public or private subsidy. For example, the use of public supports like the mortgage interest tax deduction and federal and state tax subsidies for employer-paid health insurance benefits are available to persons at all income levels and therefore, their use or receipt would not be considered for purposes of determining if a family is defined as self-sufficient. Whereas, the receipt of other types of public supports (e.g., Section 8 rental assistance, childcare subsidies, food stamps and public health insurance) allow many families with limited incomes to satisfy basic needs. The value of public supports is notable for a family who may be in receipt of housing assistance, childcare subsidies, food stamps and PeachCare for Kids health coverage for the children. Even for families who may have earnings struggling to meet basic necessities still remains a challenge; the U.S. Census Health Insurance Data reveals that in 2006, 8.2% of Georgia’s families with children with incomes at or below 200% of the Federal Poverty Level did not have insurance.8

Types of Theoretical Frameworks

This chapter highlights federal and local welfare policies implemented during the twenty-first century, with particular focus placed on the last half of the century, in order to offer insight into the theoretical framework that has shaped the formation of U.S. welfare policy. These policies are examined in relation to various theories of poverty as

7 Ibid.
8 Ibid, 21.
described by Ted Bradshaw in “Theories of Poverty and Anti-Poverty Programs in Community Development” to offer insight into the theoretical paradigm shift that has occurred over the last half century and offers a context for the rationale behind their implementation.9 Theories of poverty generally can be grouped into two major categories: cultural and structural. The philosophical tenets behind cultural explanations of poverty are premised on the belief that individuals make choices that often restrict their own opportunities; these theories tend to fault the poor for their situation. Structural explanations of poverty seek to examine issues and respond to problems within our social and economic system rather than placing focus on individuals. This chapter reveals that historically welfare programs were rooted in structural explanations of poverty, and over the last two decades have experienced a theoretical paradigm shift toward cultural explanations of poverty.

**Structural Explanations for Poverty**

Welfare policies will be examined in the context of three types of structural explanations for poverty: 1) political-economic structure; 2) geographic; and 3) cumulative and cyclical interdependencies.

The “political-economic structure theory of poverty” is considered to be a progressive social theory because the issue is examined through economic, political and social systems that cause people to have limited opportunities rather than the individual. One of the most renowned political-economic structure theorists is Karl Marx; his work shows how the economic system of capitalism created the “reserve army of the

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unemployed” as a conscious strategy to keep wages low. The basic premise behind political economic structural theory is the belief that the poor are denied or prevented access to key social institutions – jobs, education, housing, health care, safety, and political representation – that would allow them to maintain an acceptable standard of living. Poverty researchers who use this theoretical framework focus on segregation, sexism, racism and how each can limit or deny certain categories or groups (e.g., non-metro residents, minorities, female-headed households) access to resources causing poverty. An example of a strategy that embraces this theoretical framework would support adjusting federal and social policies to reduce poverty. Such examples include enacting legislation to expand access and job opportunities to disenfranchised populations (e.g., The American with Disabilities Act); efforts to raise wages (e.g., Livable wage policies or federal increases to the federal poverty level); or the expansion of safety net programs (e.g., Child Health Insurance programs that provide health coverage to working families with incomes above the federal poverty level).

The “geographic theory of poverty” contends that rather than focusing on government, the welfare system, cultural processes, businesses or individuals, any strategy to address poverty must leverage community assets to address the dynamic(s) that leads to the areas decline. Thus, resources are directed to places while heavy emphasis is placed on helping communities identify and address their condition. Examples of programs that respond to the “geographic theory of poverty” are tax-based incentives to promote economic development and channel private investment in distressed areas such as renewal communities, enterprise zones and empowerment
zones. Other examples are programs that place conditions on development such as exclusionary zoning, or a Community Improvement District to promote downtown revitalization by improving amenities and infrastructure (e.g., roads, parks, schools, public facilities, etc.) in order to attract and stimulate employment and tax revenues.

The "cumulative and cyclical interdependencies theory" also referred to as the "cycle of poverty" examines an individual's situation and community resources as mutually dependent and interlocking. The theory has its origins in economics and the "interlocking" interdependence theory that uses a process of cumulative causation to help explain economic development and underdevelopment.\(^{10}\) Personal and community well-being are closely linked and interact in complex ways. A faltering economy can cause poverty by creating a situation where individuals lack the resources to participate in the economy. For example, if a factory closes, it can have a cascading effect that causes personal and community problems—i.e., unemployment of workers and/or possible outmigration from the community—which spirals into community disinvestment. Therefore, in order to break the spiral of poverty, a comprehensive program is necessary to address individual and community issues. Anti-poverty programs influenced by the "cycle of poverty" perspective often embrace broad-based community development initiatives. A comprehensive neighborhood revitalization project launched by a community development corporation focusing on developing affordable housing while promoting self-sufficiency amongst residents and connecting them to community (i.e.,

\(^{10}\) Ibid.
job training programs) and asset-based resources (e.g., Individual Development Accounts).

**Cultural Explanations on Poverty**

Welfare programs will be examined in the context of two types of cultural explanations for poverty – the “individual deficiencies theory” and the “culture of poverty theory.” An overview of both theories is presented herein:

The “individual deficiencies theory” is based on the belief that any individual can succeed by skill and hard work with motivation and persistence. These values are deeply rooted in individualism and American values. Inherent in this belief is the notion that if a person does not succeed, they are somehow responsible for their own failure. This view tends to be espoused by “conservative thinkers” and focuses on rewarding individuals who align with mainstream ethics and values and punishes those who make “bad choices” or do not work hard. Many contemporary, social welfare anti-poverty programs are designed to use the threat of punishment to change behavior and get people off assistance (e.g., TANF). Other examples of programs designed to avoid and counter individual poverty by providing a safety net to respond to the individual deficiencies theory are drug rehabilitation and second chance programs.

The “culture of poverty theory” is based on the philosophical premise that the poor have a distinct way of life – low aspirations or impulsive need for gratification, etc. – that is “deficient” and explains the occurrence and perpetuation of poverty. It assumes that the subculture of the poor adopts values that are non-productive and contrary to the norms of success. Theories embrace a culturally liberal view and belief that community
and community-building strategies should be used to the advantage of the poor; in addition, value is placed on diverse cultures and acculturation. Examples of programs directed at countering the “culture of poverty” focus on alternative socialization through forming new peer groups – i.e., Head Start, mentoring programs and youth leadership development programs.

Welfare anti-poverty programs in the U.S. have been formulated on multiple theories of poverty. However, an examination of the welfare system from its inception to the present reveals that the “War on Poverty” has evolved to the “War on Welfare” and been shaped by conservatives who are philosophically influenced and rooted in the “individual deficiencies theory of poverty.” In order to fully understand the dynamics, contextually the U.S. welfare system offers a more linear projection of the interplay between Bradshaw’s five theories and respective anti-poverty strategies that overlap in some instances.

The basic principle underlying the U.S. public welfare system, at its inception, was to protect destitute persons or families against starvation or deprivation. This basic tenant was affirmed in “Work or Welfare?: Factors in the Choice of AFDC Mothers,” but Rein maintains that while society has always been willing to acknowledge it as a public responsibility to provide assistance to the less fortunate, a line has been drawn based on, if those in “need,” are deemed worthy versus non-deserving. A view commonly held by others, in “Urban in Justice: How Ghetto Happens,” Hilfiker accurately acknowledges that many of the nation’s major anti-poverty initiatives have focused on “improving the individual faults of poor people.” This approach has ascribed certain behaviors to the
poor (e.g., defective and immoral character and sexual promiscuity resulting in too many children) and led to stigmatization of the poor. In turn, these different sets of behavior have been blamed for poverty and help justify the need for punitive legislation to address such issues. Consequently, the administration of the U.S. public welfare system provides insight on the dictum between well-intentioned program objectives and prescriptive guidelines directed at modifying certain behaviors.

Ted Bradshaw in his work entitled "Theories of Poverty and Anti-Poverty Programs in Community Development," explores five competing theories of poverty that shape anti-poverty programs and strategies in the United States. According to Bradshaw, a theory is defined as an explanation that links several concepts thought to cause or perpetuate poverty through distinctive social processes.

The theories of poverty emanate from one of five tenants which are: 1) individual deficiency; 2) cultural belief systems that support a subculture of poverty; 3) political-economic distortions; 4) geographical distortions; and/or 5) cumulative and circumstantial origins. As such, poverty theories attempt to address individuals, their culture, the social systems in which they are embedded, the place in which they live, and the interconnection among different factors. The various theories are divergent, and each result in different types of community development intervention strategies examining different perspectives on how to address the problem.

Scholars have focused attention on the fact that the definition of poverty and the policies addressing it are shaped by political biases and values. Alice O’Conner in her work entitled Poverty Knowledge states that "it is the disparity of status and interest that
makes poverty research an inescapably political act; it is an exercise of poverty in the
case of an educated elite to categorize, stigmatize...but above all to neutralize the poor
and disadvantaged through analysis that obscures the political nature of social and
economic inequality." This premise, validated by Bradshaw contends political agendas
are the overriding factor influencing the theory of poverty and the definition of poverty
that is used to explain each theory. Thus, special interests are responsible for the
politicization of theories of poverty and manage how poverty is discussed and what is
being done about it. The main thesis of the research is that anti-poverty programs are
"designed, selected and implemented in response to different theories about the cause of
poverty that justify the community development intervention." Bradshaw further
contends that such theories are deeply rooted in research traditions, and political values
reinforced by political, social and economic institutions that have stake in the issue.
Thus, a pure and objective explanation of poverty cannot be offered due to the
proliferation of socially defined issues set forth by both liberal and conservatives to
define the issue, and poverty itself.

Theories are commonly expounded in welfare policy discussions that aim to
address the causes of poverty. Bradshaw acknowledges that no single-theory explains an
instance of poverty but suggests that the impact of gaining more understanding of these
competing policies can offer a comprehensive approach to address the complex and
overlapping sources of poverty. Current anti-poverty programs and strategies tend to be

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11 Alice O'Connor, "Poverty Knowledge: Social Science, Social Policy and the Poor in Twentieth Century
12 Ted K. Bradshaw, "Theories of Poverty and Anti-poverty programs in Community Development,
designed around and rely primarily on a single theory of poverty. As such, theoreticians continue to espouse a range of explanations for poverty.

In an effort to respond effectively to the complexities of addressing poverty, theoreticians are embracing multiple poverty theories to more holistically respond to the needs of the poor. The premises that undergird these theories are commonly expounded in welfare policy discussions. However, Bradshaw acknowledges and correctly asserts that no single theory explains each instance of poverty but suggests that the impact of gaining more understanding of these competing policies can offer a comprehensive approach to address the complex and overlapping sources of poverty. Thus, anti-poverty programs and strategies designed around and relying primarily on a single theory of poverty are flawed. As such, theoreticians continue to espouse a range of explanations for poverty. In essence, Bradshaw suggests that more effective anti-poverty strategies can be formulated and designed if the theories that underlie dominant practices are addressed and holistically examined.

Typically, liberals focus on addressing the subculture of poverty and try to acculturate the poor into mainstream values. This theoretical framework focuses on the “culture of poverty” and is premised on values and beliefs being transmitted and reinforced in subcultures of disadvantaged persons while interventions are designed to help change the culture. Examples of programs that embrace the “culture of poverty theory” are programs that relocate the poor from ghetto housing projects to suburbs or after-school programs that keep youth away from gangs and detrimental behavior. Whereas, the “individual deficiency theory” is premised on, offering a multifaceted set of
explanations focusing on individuals being responsible for their own poverty situation. Generally, this viewpoint is embraced by conservatives who tend to blame the poor for their situations, and argue that with "better choices" and "harder work" they can remedy their own circumstances. Implicit in this theory is the belief that people who do not succeed are responsible for their own failure.

The "individual deficiency theoretical framework" is reinforced by neoclassic economics premised on the belief that individuals seek to maximize their own well-being by making choices and investments. This economic theory holds that when people make short-term decisions such as opting to not pursue post-secondary education, they have decided to forego better jobs and pay. A recurrent theme found in economic theory is that the poor lack incentive for improving their own condition. Anti-poverty programs embracing these principles are designed to modify behavior and punish program participants for failure to comply, by imposing program sanctions, or restricting public assistance. A major anti-poverty initiative that embodies the "individual deficiencies theoretical framework" is the – Personal Responsibility and Work Opportunity Act of 1996 (PRWORA) – legislation that revamped the U.S. welfare program.

In an effort to respond effectively to the complexities of addressing poverty, theoreticians are embracing multiple poverty theories to more holistically respond to the needs of the poor. The "geographic theories of poverty" is rooted in the belief that people, institutions and cultures in geographic areas lack the objective resources supporting their well-being or ability to generate income to claim redistribution. Thus,
strategies aimed at addressing regional or geographic concentrations of poverty focus on the provision’s spatially targeted benefits.

**Historical Overview of Welfare Policies**

Dating back to the Elizabethan poor laws, it was a generally held belief that society should assume some degree of responsibility for the relief of the poor. However, private organizations and churches continued to play the leading role in providing benefits for this population. Standards of poor relief were harshly restrictive and meager to avoid discouraging able-bodied persons from working.\(^{13}\) The prevailing “social view” regarded poverty as being largely the result of individual shiftlessness, except in the case of the aged, disabled, needy children, who were classified as impotent or dependent. From 1921 to 1930, also referred to as the period of normative entrenchment, local units of governments were in a quandary and incapable of coping with the massive unemployment that surfaced at the onset of the Great Depression in 1929. States were forced to give assistance to the needy, yet by the early 1930s many states had exhausted their resources and the federal government which had previously been the agency of last resort had to provide some relief to the states. The federal government stepped up to assume a primary role in setting basic public welfare policy, a legislative response leading to the establishment of social security, unemployment compensation, categorical aids, and other types of assistance.\(^{14}\)

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\(^{14}\) Ibid.
The crisis-oriented period of government spanned from 1931 to 1945 and led to the passage of the Social Security Act in 1931, and was followed by the first federal welfare program Aid to Dependent Children (ADC) that was created in 1935 under the Social Security Act of 1931. ADC was created as a direct result of the need to address the vast unemployment, poverty and destitution that escalated during the Depression of the 1920s. The signs of a collapsed economy was evident by a 20% national unemployment rate, joblessness among black Americans close to 50%; the automobile industry operating at only 20% of its capacity and private construction investment plummeted from $6.6 billion in 1929 to $1.3 billion in 1932. At the height of the Great Depression, states were no longer able to afford their state aid programs, thus responsibility for their funding began to shift to the federal government. The ADC program was modeled after the Mother's Pension Program (MPP), first adopted in Missouri in 1911 and replicated across the country, and in existence for all but two states by 1932. The MPP was advanced mainly by white middle class reformers emphasizing the importance of maternal supervision on child development and pushed for greater government responsibility in the lives of poor widows, who constituted the majority of female-headed families at that time, and their children. In 1939, 89% of welfare recipients were white, and 61% of ADC mothers were widows. These women were deemed socially "worthy" or "suitable" to receive public support and they received a

pension to help maintain their families as a reward for staying at home to care for their children.

In *Under Attack, Fighting Back: Women and Welfare in the United States*, Abramovitz acknowledges that the Mother’s Pension Program primarily benefited white mothers because it glorified Anglo-American motherhood, reinforcing the idea that an acceptable single mother is a widow, and the condemnation of other mothers who did not fall into this category as “immoral” and “unworthy of aid.” In effect, the program reinforced gender roles, the ideology that childrearing is a women’s duty and marginalized the presence of women in the labor market. The Social Security Act of 1935 incorporated the Mother’s Pension into the Aid to Dependent Children (ADC) program, creating racial division in the distribution of benefits to women. Southern congressman insisted that states retain welfare authorities and the right to establish eligibility criteria and determine who would receive benefits. Consequently, most of the initial ADC beneficiaries were White, widowed women with young children.\(^\text{17}\)

**Non-Centrist Restoration (1945-1961)**

Despite, signs of economic recovery in the 1940s, welfare rolls continued to expand and the percentage of Non-white welfare recipients increased from 21% in 1942 to 30% in 1948. The proportion of widows and orphans on the rolls declined while the number of families whose need resulted from divorce, separation, and desertion; as well

as, the number of mothers with illegitimate children increased.\textsuperscript{18} These trends brought the AFDC program under attack and compelled states to reduce the size of grants, resulting in the adoption of more stringent standards for eligibility. In order to keep divorced, single and deserted African-American women from receiving benefits, many southern states tightened their eligibility criteria. The adoption of seasonal employment policies cut ADC benefits during cotton-picking season or the “man in the house” rule that allowed social workers to conduct unannounced visits and eliminate women from its rolls, if they were found to be living with a man were commonly instituted during the 1940s and 50s.\textsuperscript{19}

The Aid to Dependent Children (ADC) program was designed to authorize matching grants to states to provide cash welfare payments. Categorical eligibility requirements had to be met to qualify for AFDC, which means the applicant family had to include a child under the age 18 who was living with a “specified relative” and deprived for parental support of care due to absence, death or incapacitation. This entitlement program allowed all persons in classes eligible under federal law with income and resources within state-set limits to receive program benefits. Originally, the program only provided support for children who were under the age of 16 and deprived of care due to abandonment or death. There were no major federal changes to the ADC program from 1935 to 1950. It was not until 1950, that the caretaker relative was added to the


beneficiary unit, and the age limit for eligible children was raised. The program broadened the definition of "deprivation of parental support" to amend the list of possible caretaker relatives to extend beyond biological parents to include grandparents, siblings, stepparents, stepsiblings, uncles and aunts. Now, children under the age of 18 could be provided assistance if deprived of support as a result of a parent being deceased or physically or mentally incapacitated.

Concentrated Cooperation (1961-1969)

The nation's welfare system did not undergo any major changes from 1950 until the 1960s that witnessed the launch of three workfare demonstration projects. During the period of concentrated cooperation between 1961 to 1969, the nation witnessed the passage of the 1962 Public Welfare Amendments (PL.87-543), the nation's first workfare program – the Community Work & Training Program (CWTP). With its authorization, states were given the option to determine if they wanted to enroll adult AFDC recipients in the program. During its existence, from 1962 to 1968, the program operated in 13 states and served approximately 27,000 participants who worked in public service jobs. The CWTP program, established minimum health and safety standards at the work sites and set minimum wages paid as welfare benefits. Program participants were trained and childcare and work expenses were covered. As a part of President Lyndon Johnson's declaring a "War on Poverty," the second work experience demonstration project came under Title V of the Economic Opportunity Act (EOA) of 1964, allowing federal funds to

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supplement welfare benefits for those AFDC program participants enrolled in CWTP. As many as 72,000 people were served in 1967, but the program expired in June 1969.²² Despite the fact that each program operated nearly five years, and the limited availability of data to adequately evaluate the program 36% to 46% of participants found employment after they completed the work experience project and job training.²³ The third workfare program was authorized in 1967 with the enactment of the Work Incentive Program (WIN) in response to an increasing number of female-headed families eligible for AFDC and their need for job training. The program provided a variety of education, counseling and skills training to overcome specific impediments to employment among recipients and low-income persons. The program required that an employability plan be developed for each recipient in addition to the provision of regular counseling, referral and assistance in obtaining basic education and job skills.

A number of changes in federal welfare policy were adopted during the 1960s in response to the growing perception that the system was broken. In 1962, the ADC program was changed to the Aid to Families with Dependent Children (AFDC) program to counter the criticism that the primary beneficiaries of the program were women and their children, rather than families, by allowing states to cover two-parent families. For the first time, in 1964, special attention was given to the need to provide work training for welfare clients with the introduction of the Work Experience Training Program (WETP). In an effort to expand the job-training program, the Work Incentive Program was created in 1967 to provide universal access for all AFDC participants to have access to work or

²² Ibid.
²³ Ibid.
training programs. Welfare amendments were also enacted and the “$30 and a third” welfare work incentive was instituted and Congress also insisted that mothers disclose the identity of their children’s fathers. Thus, the thrust of reform began making welfare less of an entitlement and more of a reciprocal obligation by associating non-compliance with loss of benefits. In the 10-year period from 1965 to 1975, welfare spending soared from $38.3 billion to $119.4 billion accounting for an increase from 1.3% to 3.8% of the nation’s Gross Domestic Product (GDP).

New Federalism (1970s – Present)

During the period of New Federalism, spanning from the 1970s to present day, a number of training and employment programs were revamped. These programs consolidated in 1973, with the passage of the Comprehensive Employment and Training Act (CETA). In 1974, maternal cooperation in the establishment of paternity became a condition of receiving benefits by codifying the expectation that biological fathers should economically provide for their children not the government. The Family Support Act of 1988, established the Job Opportunities and Basic Skills Training (JOBS) program, revamping the requirements for state-operated welfare-to-work programs by requiring AFDC recipients to participate as a condition of eligibility, unless otherwise exempt. The original framers of the AFDC program had not considered families in which the male was present in the household but did not have sufficient means to support a

family. In October 1990, the AFDC legislation was further amended to expand the pool of eligible families, to allow support for deprivation, due to unemployment of one or both parents – also referred to as AFDC-UP (unemployed parent program). The AFDC-UP program, limited eligibility to families in which the principal wage earner was unemployed but had prior work history. It was designed to address one of the major criticisms of the AFDC program that previous recipients were only eligible to receive benefits when the father was absent from the home. The eligibility and program guidelines forced many poor fathers out of the home to permit their families to get welfare support. Despite adopting the AFDC-UP program, historic policies that had been in operation, further solidified the practice and reality of single, unmarried mothers and their children being the primary beneficiaries of social welfare programs.

Each state was responsible for overseeing the administration of the AFDC program, subject to federal guidelines to include establishing their own program eligibility criteria that outlined a “need standard.” Financial eligibility had to also be established, requiring an income and resource test be satisfied. The income test is satisfied if a family’s countable income is below the state’s standard of need (SON). The SON reflects what the state has determined, as the amount of money needed to meet the basic and essential needs of applicants. There are no enforceable federal standards used for setting a SON. In addition, a family must have less than $1,000 in countable resources and any equity in an automobile in excess of $1,500 is counted against the resource limit.
Under federal law, each state sets its own benefit level and there is no requirement to adjust benefit levels based on inflation. States are provided federal funds for reimbursement of benefit payments, at “matching” rates in determining AFDC payment costs and taking into account, a state’s per capita income relative to national per capita income. The federal matching rate for AFDC benefits ranged from 50% for states with the highest per capita income to 83% with the lowest per capita income. In order to receive AFDC assistance, a family had to pass two tests — the state’s standard of need and the payment standard. The program eligibility was reformed to be based on financial need, along with the nature of the family unit; and the amount of the AFDC payment would be calculated based on the number of people in the assistance unit and the amount of the family’s resources.\(^{27}\) The family’s gross income cannot exceed 185% of the need standard (the amount of income a family needs to survive) set by the state.\(^{28}\) In Georgia, the monthly TANF gross income ceiling is $784 per month for a three-person family. This means that the family’s household income cannot exceed this amount and the family’s assets cannot exceed $1,000 in order to remain eligible for welfare cash assistance benefits.\(^{29}\) Once the family meets the needs standard, it has to be determined that its net income is below the state’s payment standard.

Several amendments were made to the Social Security Act between 1971 and 1984 to improve the WIN program that demonstrated limited success in helping

participants find jobs. The WIN program proved to not be effective primarily due to inadequate funding and enforcement that eventually phased out and replaced the program with the Job Opportunities and Basic Skills Training program (JOBS) with the passage of the Family Support Act of 1988. The JOBS program, like its predecessors, focused on helping welfare families become self-sufficient by offering education and training programs. There were targeted groups for the program that included 1) long-term AFDC recipients who received benefits for at least 36 months; 2) parents under 24 years of age with little or no work experience in the 12 months prior to entering the program; and 3) family members of AFDC households.

The federal government, under Section 1115 of the Social Security Act, began to waive portions of the federal AFDC requirements during the 1990s. The Reagan Administration had repeatedly introduced and supported workfare proposals requiring recipients to work off their grants, leading to the passage of the Omnibus Budget Reconciliation Act of 1981. This gave states the option to establish mandatory or voluntary AFDC workfare programs. The legislation also had a number of limiting provisions substantially lowering AFDC benefits for families with earned income; changing the basis of calculating the amount of earnings that was excluded in calculating the level of AFDC benefits from net to gross income (the 30 and 1/3 earned income disregard). The impact of this change, was to raise the earnings that determine the amount of cash assistance having the effect of reducing benefits; earned income disregard

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could not be applied for a full year but rather only four months; restricted benefits to families with gross incomes equal to 150% of the state need standard and placed a $75 cap on work expense deductions for full-time employment.\textsuperscript{32} Workfare policies were adopted that imposed work requirements on AFDC recipients as a condition of receiving benefits. In turn, states were required to conduct rigorous evaluations of the impacts of these changes on welfare receipt, employment and earnings of participants.\textsuperscript{33} In turn, states began to expand earned income disregards, increase work requirements and adopt sanction policies for failure to comply, establishment of state time limits on receipt of benefits, and expand eligibility for transitional benefits such as childcare and medical assistance.

As a result of the growing number of African-American women receiving welfare benefits, by 1990, they were being over-represented on the AFDC program when compared to the percentages they reflect in the general population. This trend reinforced existing stereotypes and bred racial tensions that led to diminished support for the program. Anti-welfare policies have tied illegitimacy and welfare dependence to Black unmarried mothers. For example, states in which Blacks constituted the majority of AFDC recipients had the lowest benefit levels. In states in which Whites represented the majority of recipients, and Blacks composed less than 25% of the AFDC population, the average benefit for a family was almost twice the average family benefit in states where

\textsuperscript{32} Ibid, 100.
\textsuperscript{33} Ibid.
Blacks comprise 75% or more of the AFDC population. The increase in the welfare rolls and the influx of women into the labor market made it politically difficult to justify poor women being allowed to stay at home with their children when millions of non-poor women were entering the workforce. According to the *1991 Green Book*, the majority of AFDC recipients were women and their children with over 92% of the families had no father (including a stepfather in the home). In 1992, the federal government began to grant states the authority to waive federal requirements in order to promote welfare reform activities. States applied for federal "waivers" that allowed them to operate and adopt policies inconsistent with federal requirements or with significant exceptions to the program rules.

Efforts to reform or "fix" the nation's welfare system have focused on fraud, tightened eligibility requirements, benefit reductions and imposing traditional family values on welfare recipients in order to appease political constituencies. Many believe, that transfer payments to the "needy" engender a mentality of dependence which undercuts the value of self-reliance. Conservatives believe that the underlying cause of social breakdown are government policies that promote entitlement, breed racial tensions, and expand the welfare state that is believed to encourage pathological behavior and destruction of the nuclear family. The focus of conservative welfare policy has been directed toward molding the behavior of the poor through coercion based on the long held

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view that the recipients' problems stem primarily from some alleged lack of motivation or effort. Welfare-to-work programs have embraced some of the human capital development theories that suggest that self-sufficiency is promoted through employability, literacy, and life skill enhancement. This viewpoint has reverberated in the new welfare law that imposes work requirements as a condition of receiving benefits, while simultaneously eliminating entitlements for social programs and capping federal spending.

By the mid-90s, both Democrats and Republicans had concluded that the welfare system needed to be fixed, although there was no consensus as to the most effective way to solve the problem of poverty or promote economic self-sufficiency among the poor. Generally speaking, policymakers share the sentiment that the responsibility for taking care of today’s children must rest at home with parents not with government welfare programs. This view is driven by the belief that federal spending for social welfare programs should be reduced, while family values and personal responsibility are promoted. In 1994, when the Republican Party gained control of the U.S. Congress for the first time in 40 years, they implemented sweeping changes to the welfare system when federal control of resources shifted to the states. The end result, was the passage of the 1996 welfare law, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which unraveled 60 years of welfare programs.

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PRWORA created the Temporary Assistance to Needy Families (TANF), a single block grant, which replaced three separate programs: the AFDC (primary cash aid program for families), Emergency Assistance to Families with Children (program that provided emergency help to families with children for a maximum of one month per year), and JOBS (work and training program for welfare recipients). The specific provisions of the new welfare bill ended federal entitlement to welfare benefits; limits lifetime cash assistance for five years; requires able-bodied adults to work after two years (some hardship exemptions are allowed but are not to exceed 20% of the states AFDC caseloads); eliminated three childcare programs and replaced them with a single childcare block grant; limits receipt of food stamps for unemployed able-bodied adults (without dependents) to three months in a 36 month period; tightened restrictions on children's eligibility for Supplemental Security Income (SSI) disability benefits; reduced funding for the Title XX Social Service Block Grant by 15% and severely limits benefits and services to legal immigrants.39 Prior to passage of TANF, AFDC was the major source of government assistance for low-income children, who constituted about 67.5% of the AFDC caseload and their families.40

Annually, $16.5 billion in capped federal TANF block grant funds have been made available to states to run their own programs.41 Each state must spend a certain minimum amount of its own money to help eligible families in ways that are consistent with one of the four purposes of the TANF program. This annual cost-sharing

41 Ibid.
requirement, referred to as maintenance of effort (MOE),” is based on the state’s 1994 expenditures on AFDC and its attendant programs that were merged under the block grant. The program gives wide latitude in spending both Federal TANF funds and MOE funds so long as they support one of the four stated purposes of the program to:

1. Provide assistance to needy families so children can be cared for in their parent’s home or the home of a caretaker relative;
2. End the dependence of needy parents by promoting job preparation, work and marriage;
3. Prevent and reduce out-of-wedlock pregnancies; and

**Highlights of Federal TANF Program Guidelines**

The key provisions of the Federal TANF program’s eligibility criteria and guidelines are presented below:

**Eligibility**

- Must be either pregnant or responsible for a child under 19 years of age.
- Must be a U.S. citizen, national, legal alien or permanent resident with low or very low income, and be underemployed, unemployed or about to be unemployed.
- Provide a five-year lifetime limit on receipt of benefits.

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- States may extend assistance beyond 60 months for up to 20% of their caseload and elect to provide this assistance with state-only funds or through the Social Service Block Grant (SSBG) funds.

**Program Requirements**

- Unmarried minor parents must participate in education and training activities and live with a responsible adult or in an adult-supervised setting in order to receive assistance.

- For teens that cannot live at home, states are responsible for assisting in locating adult-supervised settings.

**Sanctionable Activities and Financial Penalties**

- Failure to satisfy work requirements can result in a 5% penalty in the first year and increases by 2% per year for each consecutive failure with a maximum penalty of 21%.

- Failure to comply with the federally imposed five-year lifetime limit on the provision of assistance can result in a 5% penalty.

- The penalty for a state’s under spending on MOE is the loss of their Welfare-to-Work funds and the mandate that they expend the amount that was under spent.

- Reduction in a recipients grant for failure to participate in work activities without good cause results in a penalty between 1% and 5% based on the degree of noncompliance.

- A state penalty of 4% accrues for failure to submit required data reports.
- Failure to comply with paternity establishment and child support enforcement requirements results in a penalty of up to 5%.

- Failure to participate in the Income and Eligibility Verification System (IEVS) accrues an annual 2% penalty.

- Failure to repay a federal loan as stipulated results in a penalty based on the unpaid amount.

- Misuse of funds can result in a state being penalized if it was determined to be intentional, an additional 5% can be assessed.

In any given year, the total penalty that can be assessed against a state cannot exceed 25% of the state’s block grant allotment. Penalties can be avoided, if a state can demonstrate that they had a reasonable cause for failing to meet the program requirements; or if they develop and receive approval of their corrective compliance plan and correct or discontinue the violation.

*Work Activities and Administration*

- If a state meets its minimum work participation requirements, it is only required to spend at least 75% of the amount it spent in 1994. A state that fails to meet the required minimum work participation rate must spend at least 80% of the amount it spent in 1994.

- In 1997, 25% of single-parent TANF recipients were required to be engaged in work activities for 20 hours per week and by 2002 and thereafter 50% of single-parent TANF recipients are required to be engaged at least 30 hours per week.
Also, 90% of two-parent families must be engaged in work for a minimum of 30 hours per week.

- There are certain work activities that count toward a state's participation rate: unsubsidized or subsidized employment, on-the-job training, work experience, community service, job search, vocational training, job skills training related to work, or education directly related to work; secondary school attendance; and the provision of child care services to individuals who are participating in community service.

- States must make an initial assessment of a recipient's skills to identify the education, training and job placement services needed to move into the workforce.

- States are allowed to use TANF funds to create community service jobs, provide income subsidies or offer hiring incentives for potential employers.

- Requires states to provide data to monitor and evaluate welfare reform.

**Due Process and Equal Protection**

- Guarantees fair hearings before benefits are stopped.
- Allows for "good cause" exceptions.
- Allows sanctions only for "material" violations.

**Economic Security**

- Allows creation of Individual Development Accounts to fund education, purchase of a home, or establishment of a micro enterprise.
Under the Balanced Budget Act of 1997, the Welfare-to-Work (WtW) grant program was established to target services to welfare recipients who were facing significant barriers to employment. From FY 1998 and 1999, WtW grant funds were made available for job creation; placement and retention or other work related services to support unsubsidized employment placements; support services for non-custodial parents of TANF recipients who have multiple employment barriers; and those who are approaching their lifetime time limit on receipt of benefits.

Overview of the Georgia TANF Program

At the time of passage of the federal welfare law, the AFDC program served an average of 139,265 Georgia families containing 383,178 individuals with benefits totaling $417,426,024 in fiscal year 1995. According to the Administration on Children and Families (ACF), prior to the new law, Georgia was spending approximately $538 million annually (federal funds and MOE spending combined) on welfare. The federal government used spending calculations based on past years to determine the amount of the state's federal block grant and MOE requirement. The average monthly cash benefit for a TANF household is $225. Prior to TANF, the Division of Family and Children Services (DFACS) spent $74.3 million on subsidized childcare and served 38,000 children in fiscal year 1995. These childcare funds were used primarily to support employment of AFDC recipients or the working poor at-risk of going on welfare.

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44 Ibid.
Nationwide there has been a decrease in the welfare caseloads; Georgia experienced a 49% decline in the AFDC caseload from January 1997 to August 2003.\textsuperscript{45} However, there have been increased spending and program participation in a number of social service programs that have traditionally provided categorical eligibility to welfare recipients. Between fiscal years 1988 through 1998, there was a steady increase in the number of working poor families in the state’s food stamp program that provided food coupons, primarily through electronic benefits transfer (EBT), to low income families and individuals. In fact, between 1985 and 1998, there was a 23.5% increase in the number of food stamps households that translated to an 82.8% increase in spending during this same time interval. However, in the two-year period between 1997 and 1998, the program also experienced a significant decrease in both program participation (12.3%) and spending (13.1%).\textsuperscript{46}

In Georgia, throughout the course of the prior decade that led up to the Welfare Reform Act of 1996, there had been attempts to legislatively institute punitive initiatives that have tied the receipt of public assistance to voter registration requirements and learnfare that would dock the AFDC grant of a family whose child(ren) had a specified number of unexcused absences from school. These policies reinforced stereotypes by conjuring up sentiments that welfare families had no control over their children who display or engage in destructive and pathological behavior that is passed on from one


\textsuperscript{46} Georgia Division of Family & Children Services Descriptive Data: State Fiscal Year 1999. (Georgia: Georgia Department of Human Resources, 1999), 50.
generation to the next. It has been suggested by advocates that policies targeting family
values ignore or fail to acknowledge the complexities of human behavior and social
conditions in influencing work ethic. In turn, these initiatives have been unsuccessful in
the Georgia General Assembly, although each year the support for them increased.\textsuperscript{47}

During the 1993 legislative session, the Georgia General Assembly passed
Governor Zell Miller’s welfare reform package attached to Senate Bill 26 that required
unmarried teen parents receiving AFDC to reside with their parents unless there are
compelling reasons why they should not remain with a parent or guardian. The bill
placed Georgia Department of Labor’s personnel in DFACS offices to provide
employment services offices and terminated benefits to able-bodied welfare recipients
who refused to accept employment. Former Georgia House Representative Georganna
Sinkfield introduced a substitute to this provision that included an exemption for
recipients who are offered a job that would compromise the health and safety of their
children. The penalties for job refusal were a 90-day benefit cutoff for the first job
refusal and a six-month cut-off for subsequent refusals. The legislation imposed a family
cap which stipulated that, effective January 1994, families that received benefits for a
total of 24 months would not be extended additional monetary benefits ($45 per month) if
they give birth to a child.\textsuperscript{48}

The following year, in 1994, Governor Zell Miller passed a 10 county pilot work
for welfare program, also referred to as Work First that required AFDC recipients to

\textsuperscript{47} Senate Bill 66 and Senate Bill 407 are learnfare bills that were introduced in 1994 and Senate Bill 119
was introduced in 1995.

\textsuperscript{48} "Legislative Update." Georgia: Georgians For Children, 30 March, 1996, p 2.
complete 20 hours of community service in exchange for cash assistance benefits. The penalty for not participating in the Workfare program was termination of benefits for up to two years. Georgia's "Work First" program also required non-working custodial parents who are not paying child support to also perform community service. Other components of the legislation required the Department of Labor and Department of Human Resources (DHR) to increase awareness and use of the federal Earned Income Tax Credit; remove the $1,500 limit on vehicles owned and used by AFDC recipients to get to work or training; allow 18 year olds who are in school to keep their AFDC benefits and allowed full-time students who worked part-time to keep their earnings without impacting their family's AFDC eligibility; and eliminated cumbersome and income-reducing administrative procedures called monthly reporting and retrospective budgeting.

Georgia's TANF State Plan

On November 15, 1996, Governor Miller submitted Georgia's welfare reform plan to the U.S. Department of Health and Human Services to comply with the provisions outlined in the PRWORA. In January 1997, the State began to operate its TANF program. The highlights of the plan related to eligibility, sanctionable activities, work activities and administration, due process and equal protection and economic security are presented below:

Eligibility

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• Ends the entitlement to benefits and creates a cash assistance program called the Georgia Temporary Support Grant (GTSG).

• Provides a four-year lifetime limit on receipt of TANF benefits.

• Guarantees legal immigrants arriving after August 22, 1996, benefits until July 1, 1998, but requires the issue to be revisited and decided during the next session whether benefits should be extended beyond the year.

Sanctionable Activities

• The 10-county learnfare pilot program reduces benefits to families in which the children drop out of school.

• Imposes a family cap by denying additional benefits for a child born to families within 10 months or more of applying for welfare.

• Requires teenage recipients to receive passing grades.

Work Activities and Administration

• Required most able-bodied adults to begin work or a permissible work activity by the end of 24 months or earlier if the state decides they are ready.

• Required recipients to sign personal responsibility and work participation agreements which may include requirements to attend parent-teacher conferences, family planning counseling, participate in life skill classes, receive prenatal or substance abuse treatment, not voluntarily quit a job and cooperate with child support enforcement efforts.

• Required DFACS to keep a registry of charity and nonprofit groups that are willing to help individual’s transition off welfare.
• Required the DHR to promulgate rules by July 1, 1997, in compliance with the Georgia Administrative Procedures Act.

• Required DHR to develop a plan by January 1, 1998, to provide incentives for employers to hire TANF recipients.

• Required DHR to provide data to monitor and evaluate welfare reform.

**Due Process and Equal Protection**

• Guaranteed fair hearings before benefits are stopped.

• Allowed for “good cause” exceptions.

• Allowed sanctions only for “material” violations.

**Economic Security**

• Allowed creation of Individual Development Accounts to fund education, purchase of a home, or a micro enterprise.

With the passage of Senate Bill 104, there was also a requirement that the state’s welfare legislation be reviewed annually regarding legal immigrants eligibility to receive welfare benefits, the outcome has been that eligibility has been extended to them each year. Currently, legal immigrants make up about .9 percent of those receiving cash assistance.\(^{51}\) Since the passage of this reform legislation, Georgia’s TANF program has not undergone any major legislative changes; however, the state plan has been amended in recent years to expand eligibility for non-assistance benefits.

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Since that passage of Georgia's original welfare bill to comply with the provisions of the PRWORA, a number of changes have been made to the program. According to the Fiscal Year 2009-2010 Georgia TANF State Plan, there are a number of services being covered with TANF or MOE funds that serve clients who have income or resources above the basic cash assistance grants, some of which are highlighted below, which include:

- **The Grandparents Raising Grandchildren Monthly Subsidy Payment (MSP)** is a cash payment of $50 per child, per month that provides supplemental support so that children can be cared for in their homes or in the homes of relatives. The payment is ongoing and can be offered to a grandparent or his/her spouse who is 60 years of age and older; any age if disabled and not participating in an existing foster care program and receiving per diem payments; and a caretaker of his/her grandchild; and has a household income of less than 160% of the federal poverty level (FPL).

- **The Ready-for-Work (RFW) program**, a gender-specific treatment program the offer substance abuse outpatient and or residential treatment designed to address the needs of women who abuse alcohol and other drugs. Participation in the program is available to individuals who meet one of three non-financial criteria: has an active TANF cases; cash assistance has been terminated within the previous twelve months because of employment, or they have an active DFCS child protective services cases. These services are provided through contracts or referrals to partner state or community agencies. The income limit for the RFW
program is set at 235% of the FPL for individuals not eligible for TANF cash assistance.

- The Early Intervention Services program funds pregnancy tests, intensive in-home case management and other services for families with incomes less than or equal to 235% of the FPL. There is no resource limit. TANF funding will be utilized for outreach activities to increase public awareness of the program and for case management services that will inform individual women about particular services.

- The Second Chance Homes program provides alternative living arrangements for minor parents who currently receive cash assistance and minor parents who are not receiving cash assistance whose income does not exceed 100% of the FPL and their children by providing 24-hour adult-supervision and a structured program and support services that include childcare, education services, training in parenting skills, and family planning services. There is no resource limit for this program.

- The Micro-enterprise program is designed to create jobs, build personal assets, and move persons to the attainment of economic self-sufficiency through the provision of business development training and self-employment services such as life skills management, financial literacy, and entrepreneurial skills and strategies. These services are provided through contracts or referrals to partner state or community agencies that target current and former TANF recipients and persons who are at risk of receiving TANF benefits. The income limit for the micro-
enterprise program is set at 235% of the FPL for individuals not eligible for TANF cash assistance. There is no resource limit.

- In order to increase economic stability and greater levels of economic self-sufficiency, DFCS staff provides needy families at or below 130% of the Federal Poverty Level, with literature designed to inform them of various support services offered by federal, state and other public or private agencies in their communities. These services include such things as cash assistance opportunities, EITC, Financial Literacy Services, Medical Insurance opportunities, Food assistance, Housing assistance, etc.

While the availability of these non-assistance benefits are critically needed to support families transitioning from the TANF rolls, the impact and success of the State’s welfare programs since the passage of PRWORA, are best examined based on program outcomes. To that end, this study will use quantitative data that is available through Georgia’s TANF Leaver Studies and Descriptive Data Reports to measure the impact of welfare reform on Georgia’s TANF population. Combined, these data sources offer rich descriptive information that set the context for determining whether the premises behind cultural explanation of poverty are valid for explaining the experiences of Georgia’s TANF population following the passage of PRWORA. Cultural explanations of poverty theory as previously discussed are designed to offer a multifaceted set of explanations that focus on individuals being responsible for their own poverty situation. As such, anti-poverty programs that are based in this framework are designed to modify behavior and punish program participants by restricting their receipt of public assistance or impose
sanctions for failure to comply with program rules. This theoretical framework shaped the passage of the Personal Responsibility and Work Opportunity Act of 1996 (PRWORA) and Georgia's welfare policies.

Chapter Four will outline the research methodology that will be used to explore the question: What impact have mandatory work participation requirements had on Georgia's welfare recipients' entry into the labor force, workforce attachment, household earnings and ability to lift their families above the poverty level? The findings from the study will challenge whether the cultural explanations of poverty offer an appropriate explanation for their experiences which will be discussed in Chapter Five.
CHAPTER 4

RESEARCH DESIGN AND METHODOLOGY

The research design is the logical sequence that connects the empirical data to a study's initial research question(s) and ultimately to its conclusions. It is an action plan that guides the researcher through the process of collecting, analyzing and interpreting observations. While there are any number of research methods that can be used by a researcher, the case study method has been used by many disciplines to either produce, build upon, or to challenge a theoretical proposition. It has also been used to provide a basis to offer solutions, or to explore or describe a phenomenon. Social scientists have made wide use of this qualitative research method, especially when the research object is a program, an entity, a person or a group of people.

Case studies investigates the subjects of the study using a variety of data gathering methods to produce evidence that leads to a more in-depth understanding in order to answer the research question(s). In order to establish the focus of the study, first, the researcher forms questions about the situation or problem to be studied and then defines the purpose for the study. To assist in targeting and formulating the questions, researchers conduct a literature review to establish what research has been previously conducted and leads to more refined and astute questions about the problem. The researcher determines in advance what evidence or data (usually qualitative, but it may be quantitative) will be gathered and what analysis techniques will be used to answer the
research questions. Tools to collect data can include surveys, interviews, documentation review, observation, and even the collection of physical artifacts. The case study method, with its use of multiple data collection methods and analysis techniques, provides researchers with opportunities to triangulate data in order to strengthen the research findings and conclusions. The use of multiple sources and techniques in the data gathering process is a key strength of the case study method.

Specifically, a case study research design should include a study’s question(s); its proposition(s), if applicable; its unit(s) of analysis; the logic linking the data to the propositions, and the criteria for interpreting the findings. In other words, a case study should not be thought of as either a data collection tactic or merely a design feature but as a comprehensive research strategy. Case study research asks questions in a controlled context of what, why and how, rather than questions of who; as such, there is no reliance on a controlled and somehow artificial environment.

This Chapter outlines the non-experimental case study research methods used to synthesize findings from a series of state commissioned TANF Leaver Studies and Descriptive Data from 1997 to 2007 compiled by the Georgia Department of Human Resources, Data and Reporting Section. The rationale for using a single case study design is that it is commonly used to test well-formulated theory that has a clear set of specified propositions that are believed to be true. In this instance, it will be used to

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2 Ibid. 38.
determine whether the tenets within the individual deficiencies theory are correct, or whether some alternative explanation would be more relevant.\(^3\)

The case study is a way of investigating an empirical topic by following a set of prescribed procedures.\(^4\) As such, this Chapter includes the details of the case study design that features the research question, description of the data set, data collection procedures, population sample and model of analysis.

**Statement of Research Question**

The purpose of this research study is to expand the body of research that currently exists concerning the experiences of TANF recipients and leavers in the State of Georgia following the adoption of State policy to comply with provision of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Specifically, this research seeks to explore: What impact did welfare reform have on Georgia’s TANF populations’ entry into the labor force, workforce attachment, household earnings and ability to lift their families above the poverty level? If the experiences of Georgia welfare leavers following the passage of the mandatory work requirements imposed under the PRWORA are validated by the “individual deficiencies” theoretical framework, the following propositions would be affirmed:

- Rates of employment would increase among the Georgia welfare population;
- There would be an increased rates of labor force attachment;
- The earnings of Georgia TANF households would increase; and

\(^3\) Ibid.
\(^4\) Ibid, 15.
The poverty rate would decrease among current and former Georgia TANF households.

Chapter Five will explore answering the broader research question and examine the above propositions.

**Unit of Analysis**

The unit of analysis to assess workforce attachment and other employment trends is leaver cohorts. The unit of analysis for self-sufficiency will be earnings (i.e. quarterly and annually) based on data found in wage records maintained by the Georgia Department of Labor.

**Data Set**

The primary source of evidence for data collection used in this study is archival records prepared by the Georgia Department of Human Resources, Division of Family and Children Services Descriptive Data Reports from 1997 to 2005 and leaver study data compiled from a series of annual Georgia Welfare Leaver studies from 1997 to 2007 titled *Employment, Earnings and Recidivism Among Georgia TANF Leavers: Findings from the TANF Follow-Up System*. The TANF Follow-Up System tracks adults leaving TANF for employment, earnings and recidivism. The inclusion of this historical data set for this study is important because it offers the opportunity to identify trends among a portion of the population of TANF Leavers in the State of Georgia. Hence, this study utilized the data in the Georgia leaver studies to identify what impact, if any, PWRORA had on workforce entry among TANF recipients and the experience of the TANF
population as they transition to self-sufficiency and economic independence from the welfare system. The researcher opted to use multiple sources of evidence during the data collection phase as a tactic to address construct validity.

This is a non-experimental descriptive research study designed to use numbers, percentages and characteristics of several cohort groups of Georgia welfare leavers in an attempt to gain a better understanding of the impact of select variables on workforce entry and attachment and earnings on self-sufficiency. The researcher employed a case study methodology to offer a rich source of descriptive data that is particularly useful in depicting a holistic portrayal of a client's experiences within a real life context. The use of the case study methodology afforded the researcher to direct the scope and objectives of this study and sets the context for interpreting findings.

TANF leaver data was analyzed for the purpose of gaining a better understanding of which employment opportunities provided the best opportunity to lift families out of poverty so they can transition to self-sufficiency. The Georgia Department of Human Resources can use this information to develop non-assistance support programs; identify potential strategic alliances with employment industries that compensate above the federal poverty level; and assist the State in identifying the types of support services being offered to its welfare clients.

Data Collection Procedures

The researcher obtained copies of TANF Leaver studies and Descriptive Data Reports from the Georgia Department of Human Resources, Department of Children and Family Services Statistical Reporting Section. The data variables presented below were
entered into Excel spreadsheets to facilitate further analysis of the data as presented in Chapter 5. The data collection procedures for each data variable presented in this study are presented below:

Georgia’s Work Participation Rate – This data was gathered by compiling the work participation rates reported in the U.S. Department of Health and Human Services, Administration on Children and Families Description Reports prepared on an annual basis. This data was contained in Table(s) 1-A for fiscal years 1997 through 2007 titled Temporary Assistance to Needy Families, Work Participation Rates and are available at www.acf.hhs.gov/programs/ofa/particip/indexparticip.htm.

Percentage of Leavers Employed in Their Post-Exit Quarter – This data was obtained by compiling data from a series of charts presented in TANF leaver studies titled Employment, Earnings and Recidivism Among Georgia’s TANF Leavers: Findings from the TANF Follow-Up System. The original source data for this information was the Georgia Department of Labor’s Unemployment Insurance (UI) wage report which was analyzed to determine the percentage of leavers who had any reported earnings in their post-exit quarter. However, in order to obtain longitudinal data for each of the consecutive years, the researcher compiled data contained in “Table 7: Outcomes in First Year Following Exit” from 1997 to 2000 in the leaver study for 2003 (12); “Table 5: Employment Rate in the Exit Quarter by Lifetime Limit Status” for 2001 to 2004 in the leaver study for 2006 (12); and “Table 1: Leaver Characteristics by Annual Leaver Cohort” for 2005 in the leaver study for 2007 (9); as reported in the Employment,
Earnings and Recidivism Among Georgia’s TANF Leavers: Findings from the TANF Follow-Up System reports for 2003, 2006 and 2007 respectively.

Number of Adults Receiving TANF Benefits – This data was compiled from a series of tables titled “TANF Recipients and Benefits” that can be found in the Georgia Department of Human Resources, Division of Family Services, Evaluation and Reporting Section database available online at www.dfcsdata.dhr.state.ga.us.

Top 10 Employment Groups by Leaver Cohort – This data was compiled from three separate leaver reports and presented in “Table 18: Top 10 Industries of Employment for 2000 Leavers”; “Table 19: 2002 Leavers’ Top 10 Industries of Employment;” and “Table 1: Employment Earnings, and Recidivism by Annual Leaver Cohort and Post Exit Year” as reported in the Employment, Earnings and Recidivism Among Georgia’s TANF Leavers: Findings from the TANF Follow-Up System reports for 2003, 2005 and 2007 respectively.

Earnings Data on Welfare Leavers – The data was obtained and compiled from a series of charts titled “Leavers’ Average Above the Federal Poverty Guidelines by Number of Quarters Worked” that reported data by leaver cohort from 2000 to 2002 as reflected in a series of leaver studies titled Employment, Earnings and Recidivism Among Georgia’s TANF Leavers: Findings from the TANF Follow-Up System reports from 2005 to 2007. Data on earnings contained in the Georgia Department of Labor’s Unemployment Insurance (UI) wage report files can be used to determine the percentage of leavers from each annual leaver who were continuously employed and track their quarterly earnings up to three years post-exit.
Household Earnings in Excess of Federal Poverty Level – This data was collected by examining earnings across leaver cohorts to determine the percentage of each leaver cohort with household earnings in excess of the federal poverty level from quarter-to-quarter up to three years post-exit. There was only data available for the 2000 to 2002 leaver cohorts as reported in the Employment, Earnings and Recidivism Among Georgia's TANF Leavers: Findings from the TANF Follow-Up System reports for 2005-2007.

Earnings, Recidivism and Workforce Detachment by Annual Leaver Cohort – This data was compiled by the researcher from data contained in Table 17: Employment, Earnings and Recidivism by Annual Leaver Cohort and Post-Exit Year in the Employment, Earnings and Recidivism Among Georgia's TANF Leavers: Findings from the TANF Follow-Up System report for 2007.


Percentage of Leavers By Cohort with Earnings Above the Federal Poverty Level – By comparing Georgia’s gross income ceiling to the federal poverty level, the researcher can determine the percentage of leavers from any given cohort that have an annual household income that falls below the State’s gross income ceiling which is substantially less than the federal poverty. The researcher compiled this data from a series of tables titled “Leavers’ Average Earnings Above the Federal Poverty Guidelines by Number of Quarters Worked” for the 2000 to 2002 leaver cohorts as presented in the
Receipt of TANF, Child Care, Food Stamps and Medical Assistance – The researcher also seeks to determine the receipt of benefits used by TANF clients post-exit to index where their household income falls in relations to eligibility for other benefits. The researcher compiled this data from a series of tables titled “Receipt of Public Assistance in June (of each of the respective years) by TANF Leaver Cohort” included in the *Employment, Earnings and Recidivism Among Georgia’s TANF Leavers: Findings From the TANF Follow-Up System* reports for 2004-2007. Eligibility for other health and human service programs will allow the researcher to determine the level of self-sufficiency attained by leavers (e.g., post-exit income based on their eligibility/receipt of other public benefits) and index this relative to their ability to lift their families above the federal poverty level.

Characteristics of Leavers by Exit Cohort – The researcher compiled data contained in charts titled “Leaver Characteristics by Annual Leaver Cohort” included in the *Employment, Earnings and Recidivism Among Georgia's TANF Leavers: Findings From the TANF Follow-Up System* reports for 2004 and 2006.

**Population Sample**

The population of the sample for this study consists of two groups: 1) a sample of former TANF recipients (also referred to as welfare leavers) from the State of Georgia who exited the program between 1999 and 2005 that have been tracked in the TANF Follow-Up System; and 2) adult welfare clients receiving cash assistance benefits between 1999 and 2005. Both groups include cases from each county in the State; as such, they reflect a representative sample of Georgia’s entire TANF population of current and former clients. This increased the ability of the researcher to make accurate generalizations and depictions of the experiences of Georgia’s welfare population post-PRWORA because of the representative characteristics of the sample.

There are several notable limitations in this research study as it relates to the adult welfare leaver population sample. Between January 1997 and December 2005, there were over 334,037 duplicated adult welfare clients who left the program who were included in Georgia’s welfare leaver studies; the sample population for the leavers by annual cohort is presented in Table 1.
TABLE 1

NUMBER OF LEAVERS BY ANNUAL LEAVER COHORT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
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<tr>
<td># of</td>
<td>42,094</td>
<td>42,963</td>
<td>38,244</td>
<td>32,761</td>
<td>32,359</td>
<td>35,566</td>
<td>39,836</td>
<td>43,804</td>
<td>26,996</td>
</tr>
<tr>
<td>Leavers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Limitations of the Study

The data from the leaver studies is limited in that the number of leavers in each of the cohort includes duplicated counts. For instance, if a TANF recipient experiences multiple cycling in and out of the system in a year, this is not tracked. As such, leaver data does not allow for recidivism more than once in a year.

Moreover, the information from the unemployment insurance (UI) wage record that is the primary source for tracking employment outcomes among Georgia’s welfare leavers does not include information on wage levels, number of hours worked or whether employment was continuous.

While the wage record provides the total quarterly earnings for a worker; as well as the standard industrial classification code for the employer, it is limited by the fact that it does not identify the specific type of occupations that have employed TANF leavers, or include data on federal jobs, self-employment or informal work arrangement (earnings reported to the IRS such as occasional child care) or earnings generated from working in adjoining states.
There is also a lag in the reporting of the data, the complete data on UI earnings for any given quarter are not available until three quarters following the end of each quarter. Another limitation is posed by the inflexibility of the database in pursuing more expansive statistical analysis, such as a multiple regression or multivariate analysis to determine the relationship of several variables on length of employment.

Model of Analysis

The longitudinal case study research methodology offers a method of learning about a complex instance through extensive description and contextual analysis. In this instance, archival administrative program data, a literature review, along with leaver studies were analyzed and form the basis for this study's secondary analysis. The researcher analyzed these pre-existing data sources in order to answer the research question posed in this study which is distinct from the original work. Additionally, the researcher integrates the analysis of research on human capital development, employment, workforce attachment, asset accumulation and self-sufficiency that were highlighted in Chapter 3. The findings from other research studies were also examined and include, but were not limited to, the U.S. Department of Health and Human Services, the National Welfare Monitoring Project, and the Georgia Department of Human Resources. As such, the researcher has selected and relied upon explanatory variables to understanding human capital development activities on earnings, income and job retention; consequently, the variables selected for use in this study are commonly accepted in analysis and are discussed at greater length in the data collection section of this Chapter.
CHAPTER 5
DATA ANALYSIS AND FINDINGS

The longitudinal case study methodology used for this study was outlined in the prior chapter and centers around addressing one broad research question. What impact did mandatory work participation requirements have on Georgia’s welfare recipients’ entry into the labor force, workforce attachment, household earnings and the ability to lift their families above the federal poverty guidelines? The researcher organizes and synthesizes quantitative data in graphs and tables that provide descriptive statistics about the variables being examined.

In order to determine the impact of mandatory work requirements on Georgia’s TANF population, the researcher examined the State’s work participation rates and rate of employment among Georgia welfare leavers following the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 and its successor reauthorization legislation the Deficit Reduction Act (DRA). The federal TANF work participation rate (WPR) measures the percentage of a states’ active TANF caseload engaged in a specified set of work activities for a minimum number of hours. This definition is broader and offers more options than simply classifying a person as being “employed.” There are a total of twelve work activities that can count toward meeting the WPR which are classified as either core or non-core work activities. Core work activities can count toward all hours of work participation. Whereas, non-core
activities only count toward work participation hours after a minimum number of core activities are worked based on the composition of the household. For example, a single-parent headed household must work 20 hours of core activities before their non-core activities can count toward meeting the work participation rate. Whereas, a two-parent headed household must work 30 hours of core activities before any non-core activities can count toward meeting the work participation rate.

Seven of the nine core work activities have no limitation on how they count toward meeting the work participation requirement. These core activities include: 1) part- and full-time employment in the public sector that is not subsidized by TANF or any other public program; 2) the provision of a TANF subsidy or other public funds to private sector employers to offset some or all of the wages and costs of employing a recipient; 3) the provision of a TANF subsidy or other public funds to public sector employers to offset some or all of the wages and costs of employing a recipient; 4) work experience is available for individuals to acquire the general skills, training, knowledge and work habits necessary to obtain employment (including refurbishing public assisted housing if insufficient private sector employment is available; 5) on-the-job training supervised by an employer, work site sponsor or other responsible party designed to equip an individual with the knowledge and requisite skills to allow for full and adequate performance on the job; 6) community service programs; and 7) the provision of child care assistance to enable another TANF recipient to participate in a community service program.
There are two core activities: 1) job-search & readiness assistance; and 2) vocational educational training that impose limitations on how they count towards meeting the state’s work participation rate. Job search- and readiness assistance involves preparing to obtain employment including life skills training and activities designed to address employment barriers such as substance abuse treatment, mental health treatment or rehab activities – when determined by a certified qualified medical or mental health professional as necessary for those who are otherwise employable. These activities must be supervised daily by the TANF agency or a responsible party and are limited to six weeks per fiscal year or 12 weeks in states that are defined as needy for purposes of the contingency fund. The federal needy states definition requires a state’s current food stamp caseload to be 10% higher than its food stamp caseload (with some adjustments) in 1994 and 1995. The other core activity is vocational educational training that is limited to- and only counts toward the participation rate for up to 12 months.

The final regulations for the Deficit Reduction Act narrowly defined non-core activities and imposed significant limitations on education and training. The three non-core activities include: 1) job skills training directly related to employment; 2) education directly related to employment (for recipients who have not received a high school diploma or its equivalent); and 3) satisfactory attendance at a secondary school (for those who have not completed high school). Postsecondary education that leads to a baccalaureate or advanced degree; basic education and English as a Second Language (ESL) programs when not part of employment; or a vocational educational training; cannot count toward the work participation rate.
As previously stated, an examination of the state’s work participation rate analyzed over time is one measure of the impact of mandatory work requirements on workforce entry and attachment. Figure 1: Georgia TANF Work Participation Rates from 1997 to 2007 graphs the percentage of the state’s active TANF caseload engaged in federal countable work activities by federal fiscal year over the course of a decade.

**FIGURE 1**

**GEORGIA TANF WORK PARTICIPATION RATES FROM 1997 TO 2007**

![Graph showing Georgia TANF work participation rates from 1997 to 2007.](image)

Source: prepared by the author based on data contained in Table(s) 1-A for fiscal years 1997 through 2007 titled 'Temporary Assistance to Needy Families, Work Participation Rates at [www.acf.hhs.gov/programs/ofa/particip/indexexparticip.htm](http://www.acf.hhs.gov/programs/ofa/particip/indexexparticip.htm)

Georgia implemented its TANF program on January 1, 1997 which for this study serves as the baseline year for this analysis. The graph illustrates that Georgia’s work participation rates have experienced significant percentage variability between federal
fiscal years 1997 and 2007. Work participation rates ranged from a low of 8.2% in 2002 to a high of 68.1% in 2007. Between 1997 and 2005, not more than 29.3% (in 1998) of the state’s active TANF caseload was engaged in countable work activities. In 2005, the State of Georgia experienced the most significant increase in the work participation rate over the prior year’s rate; the rate of employment among the active TANF caseload increased by 32.4%. In contrast, the rate of employment among adult leavers in the post-exit year ranged from a low of 52% (in 2004) to a high of 65% (in 1997). Over the last four years, the rate of employment in the post-exit quarter has remained relatively stable averaging 54%.

This fact notwithstanding, during this same time period, there was a decline in the number of adult TANF recipients that were included in the assistance unit along with their dependent(s) child(ren); when there is no adult in the assistance unit this is categorized as a child only case. Child-only cases involve children who receive welfare benefits and not living with their parents but living with an adult caregiver who may be a relative. In those situations, neither the caregiver nor child, were subject to the work requirements. Figure 2: Number of Adults Receiving TANF Benefits from 1998 to 2007 graphs the number of adult TANF recipients receiving cash assistance for each of the respective years. Over the nine year time interval, there was a 92.6% decrease in the number of adults who received benefits. During the four year time interval, between 2004 and 2007, there was an eight fold decline (caseload reduced from 32,756 to 4,080) in the number of adults receiving TANF benefits.
The data in Figure 2: Number of Adults Receiving TANF Benefits from 1998 to 2007 shows there has been a steady decline in the number of adults receiving TANF benefits. In 1998, the Georgia adult TANF population stood at 55,468 and declined to a mere 4,080 in 2007.

**FIGURE 2**

**NUMBER OF ADULTS RECEIVING TANF BENEFITS FROM 1998 to 2007**

Source: report prepared by the author from data contained in the Georgia Department of Human Resources, Division of Family Services, Evaluation and Reporting Section database from tables titled *TANF Recipients and Benefits* for fiscal years 1998 to 2007 that are available online at [www.dfcsedata.dhr.state.ga.us](http://www.dfcsedata.dhr.state.ga.us)

It should be noted that the State of Georgia also experienced its most significant increase in the work participation rate during this same time span, particularly between 2004 and 2007. Georgia’s work participation rates, from 2004 to 2005 alone, increased
by 32.4% going from 24.8% to 57.2% in one year. Thus, the researcher concludes that Georgia's increased work participation rate in recent years can be attributed to two main factors: 1) a decrease in the number of adults applying for and receiving cash benefits or being counted in the assistance unit; and 2) an increase in the number of adults exiting the program (e.g. reach lifetime limit, secured employment, sanctioned, etc). This led the researcher to conclude that more in depth research is required to determine how much of the work participation rate can be attributed to increased rates of employment among adults, especially given that significant variability in the work participation rate over time and from year to year between 2004 and 2007.

The impact of mandatory work participation requirements can also be measured by examining rates of employment among 1) the active adult TANF caseload and 2) adult TANF welfare leavers. An adult welfare recipients whose case has been coded as not having received TANF benefits for two successive months is classified as a welfare leaver which triggers their inclusion in the TANF Follow-Up System. The researcher compared Georgia’s federal TANF Work Participation Rates to the percentage of adult TANF leavers, by leaver cohort that were employed in the quarter they exited the TANF program. This comparison allowed the researcher to determine if employment is more prevalent among the active adult TANF caseload than among those who have left or exited the TANF program. Figure 3 Percentage of Leavers Employed in Exit Quarter Compared to Georgia’s TANF Work Participation Rates allows for a comparison of leavers employed in the exit quarter and rates of employment among the state's active TANF recipients who receive benefits who are subject to the TANF work requirements.
FIGURE 3
PERCENTAGE OF LEAVERS EMPLOYED IN EXIT QUARTER COMPARED TO GEORGIA'S TANF WORK PARTICIPATION RATES

Source: table prepared by the author from data contained in “Table 4: Outcomes in First Year Following Exit” for 1997 to 2000 in the leaver study for 2003 (12); “Table 5: Employment Rate in the Exit Quarter by Lifetime Limit Status” for 2001 to 2004 in the leaver study for 2006 (12); and “Table 1: Leaver Characteristics by Annual Leaver Cohort” for 2005 in the leaver study for 2007 (9); as reported in the Employment, Earnings and Recidivism Among Georgia's TANF Leavers: Findings from the TANF Follow-Up System reports for 2003, 2006 and 2007 respectively.

The data in Figure 3 shows that there is a significant difference in the rates of employment among the active adult TANF recipients and the percentage of adult leavers with any reported earnings in the post-exit quarter. The graph shows that the proportion of adult TANF leavers who are employed is substantially greater than the States' active adult TANF population receiving cash assistance benefits. Traditionally, there has been a sizeable disparity between the work participation rate among current TANF recipients
and the percentage of TANF leavers employed in the exit quarter. The disparity in the work participation rate between these two groups (active adult caseload and adult leavers) ranged from a low of 33.7% in 1998 to a high of 51.3% in 2001. However, by 2004, the percentages were almost aligned and reflected less than a 3.2% variance. This was the first time the work participation rate (57.2%) exceeded the percentage of adult welfare leavers employed in the exit quarter (54%). Despite the mandatory work requirement that could subject an adult TANF recipient to sanctions and termination of welfare benefits for failure to comply, the percentage of employed adult TANF recipients is significantly lower (38%) than the percentage of welfare leavers (59%) with reported earnings in the post-exit quarter. The researcher concludes that although the work participation rate allow for participation in activities broader than the status of being “employed” to be counted; the comparison is valid and relevant because the federal definition still requires a minimum number of hours to be met based on the traditional definition of “work” based on the composition of the household before non-core activities are counted.

In order to gain better insight into what employment sectors offer the best prospects for yielding incomes that will lift a family out of poverty, the researcher examined the jobs or employment industries which have employed welfare recipients. Georgia’s leaver studies show that ten employment industries absorbed the majority of adult leavers and these industry groups remained stable across leaver cohorts. Table 2: Top Ten Industry Employment Groups by Leaver Cohort identifies the top ten industry groups that employed welfare leavers, the percentage of total employment that each of
the respective industries represented, and the average quarterly earnings for the industry.

The top three employment sectors employing welfare leavers are classified as service industries - eating and drinking establishments, followed by personal supply services (temporary agencies and contract workers) and nursing and personal care facilities.

**TABLE 2**

<table>
<thead>
<tr>
<th>Industry</th>
<th>% of Total Employment 2000</th>
<th>Average Quarterly Earnings 2000</th>
<th>% of Total Employment 2002</th>
<th>Average Quarterly Earnings 2002</th>
<th>% of Total Employment 2004</th>
<th>Average Quarterly Earnings 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eating &amp; Drinking Places</td>
<td>18%</td>
<td>$1,627</td>
<td>19%</td>
<td>$1,676</td>
<td>21%</td>
<td>$1,770</td>
</tr>
<tr>
<td>Personnel Supply Services</td>
<td>10%</td>
<td>$1,848</td>
<td>9%</td>
<td>$2,091</td>
<td>10%</td>
<td>$2,209</td>
</tr>
<tr>
<td>Nursing &amp; Personal Care Facilities</td>
<td>6%</td>
<td>$2,456</td>
<td>5%</td>
<td>$2,597</td>
<td>4%</td>
<td>$2,780</td>
</tr>
<tr>
<td>Grocery Stores</td>
<td>4%</td>
<td>$2,008</td>
<td>4%</td>
<td>$2,092</td>
<td>4%</td>
<td>$2,207</td>
</tr>
<tr>
<td>Child Care Services</td>
<td>3%</td>
<td>$2,192</td>
<td>3%</td>
<td>$2,143</td>
<td>3%</td>
<td>$2,410</td>
</tr>
<tr>
<td>Hotels &amp; Motels Hospitals</td>
<td>4%</td>
<td>$1,786</td>
<td>3%</td>
<td>$1,954</td>
<td>3%</td>
<td>$2,169</td>
</tr>
<tr>
<td>Misc. Business Services</td>
<td>3%</td>
<td>$3,751</td>
<td>3%</td>
<td>$4,183</td>
<td>3%</td>
<td>$4,646</td>
</tr>
<tr>
<td>Elementary &amp; Secondary Schools</td>
<td>3%</td>
<td>$2,271</td>
<td>3%</td>
<td>$2,573</td>
<td>2%</td>
<td>$2,882</td>
</tr>
</tbody>
</table>


The researcher found that three industry groups consistently produce the highest average quarterly earnings for leavers and yield annual household incomes in excess of the federal poverty level. Those industries are: 1) Nursing & Personal Care Facilities, 2) Child Care Services and 3) Elementary and Secondary Schools. However, not more than 6% of any leaver cohort has been employed in these industries in any given year. This is
likely attributed to the fact that these are skilled vocations. This led the researcher to conclude the federal TANF funds and MOE should be directed to providing training in these sectors and other job growth industries which yield wages that would exceed the federal poverty level.

The data in Table 2 is also consistent with national and state data reported by the Georgia Housing and Demographic Research Center which reveals that the service sector dominates employment growth in the state and the country which is increasingly generating low paying jobs. The Georgia Department of Labor Workforce trends projections for 2006 through 2016 reveal that three of the five occupations projected to have an annual job growth rate over 2.5% do not require a higher education, but are in the service industry and do not pay high wages. There are six occupations with projected annual growth rates over 2.5% which include: 1) Registered nurses (2.8%); 2) Elementary school teachers, excluding Special Education (2.7%); 3) Combined Food Prep and Service workers, including fast food (2.7%); 4) Child Care Workers; 5) Cooks, Restaurants; and 6) Waiters and Waitresses. Four of the six occupations that will experience the greatest growth over the next six years will require a high school diploma or less and the earning will either fall below or only marginally surpass the poverty level. Thus, it can be concluded that even if a welfare leavers is currently able to secure full-time employment, it is probable that it will be in the service sector and not pay enough to lift an individual or their family out of poverty. This is consistent with the data in Table 9 which shows those welfare leavers with quarterly earnings in excess of the federal poverty level yielded annual household earnings that only marginally exceeded the
federal poverty level. This suggests that the earnings for certain industries or job sectors are not keeping pace with inflation and the top ten industries that employ exit leavers have stayed flat.

In an effort to understand how the TANF program has lifted families out of poverty, the researcher examined the average earnings for employed welfare leavers to determine how prevalent it was to have reported earnings in excess of the federal poverty level. Table 3: Average Earnings in Quarters Worked Compared to Three Year Post-Exit Earnings in Excess of the Federal Poverty Guidelines shows the average quarterly earnings for the 2000-2002 leaver cohorts in quarters worked for three leaver cohort groups; their earnings three years post-exit; and the percentage of leavers with earnings that exceed the federal poverty guidelines.
### Table 3

**AVERAGE EARNINGS IN QUARTERS WORKED COMPARED TO LEAVERS' THREE YEAR POST-EXIT EARNINGS IN EXCESS OF FEDERAL POVERTY GUIDELINES**

<table>
<thead>
<tr>
<th>Quarters Worked</th>
<th>Average Quarterly Earnings in Quarters Worked</th>
<th>Average Annual Earnings Three Years Post-Exit</th>
<th>Average Quarterly Earnings in Quarters Worked</th>
<th>Average Annual Earnings Three Years Post-Exit</th>
<th>Average Quarterly Earnings in Quarters Worked</th>
<th>Average Annual Earnings Three Years Post-Exit</th>
<th>Average Quarterly Earnings in Quarters Worked</th>
<th>Average Annual Earnings Three Years Post-Exit</th>
<th>Average Quarterly Earnings in Quarters Worked</th>
<th>Average Annual Earnings Three Years Post-Exit</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>$937</td>
<td>$937</td>
<td>$903</td>
<td>$903</td>
<td>0%</td>
<td>$903</td>
<td>0%</td>
<td>$903</td>
<td>0%</td>
<td>$903</td>
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<tr>
<td>2</td>
<td>$1,129</td>
<td>$2,257</td>
<td>$1,203</td>
<td>$2,206</td>
<td>-</td>
<td>$1,176</td>
<td>-</td>
<td>$253</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>$1,307</td>
<td>$3,921</td>
<td>$1,312</td>
<td>$3,937</td>
<td>-</td>
<td>$1,301</td>
<td>-</td>
<td>$3,902</td>
<td>1%</td>
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<tr>
<td>4</td>
<td>$1,404</td>
<td>$5,616</td>
<td>$1,467</td>
<td>$5,869</td>
<td>1%</td>
<td>$1,531</td>
<td>4%</td>
<td>$6,123</td>
<td>4%</td>
<td></td>
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<tr>
<td>5</td>
<td>$1,534</td>
<td>$7,669</td>
<td>$1,614</td>
<td>$8,071</td>
<td>2%</td>
<td>$1,679</td>
<td>5%</td>
<td>$8,398</td>
<td>5%</td>
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<tr>
<td>6</td>
<td>$1,646</td>
<td>$8,978</td>
<td>$1,729</td>
<td>$10,371</td>
<td>3%</td>
<td>$1,781</td>
<td>5%</td>
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<td></td>
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<tr>
<td>7</td>
<td>$1,799</td>
<td>$12,593</td>
<td>$1,854</td>
<td>$12,978</td>
<td>4%</td>
<td>$2,013</td>
<td>6%</td>
<td>$14,093</td>
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<tr>
<td>8</td>
<td>$1,981</td>
<td>$15,844</td>
<td>$2,046</td>
<td>$16,371</td>
<td>7%</td>
<td>$2,113</td>
<td>9%</td>
<td>$16,902</td>
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<td></td>
</tr>
<tr>
<td>9</td>
<td>$2,177</td>
<td>$19,597</td>
<td>$2,299</td>
<td>$20,693</td>
<td>11%</td>
<td>$2,275</td>
<td>11%</td>
<td>$20,478</td>
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<tr>
<td>10</td>
<td>$2,392</td>
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<td>$2,535</td>
<td>$25,348</td>
<td>16%</td>
<td>$2,609</td>
<td>16%</td>
<td>$26,093</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>$2,746</td>
<td>$30,205</td>
<td>$2,858</td>
<td>$31,437</td>
<td>24%</td>
<td>$2,901</td>
<td>23%</td>
<td>$31,907</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>$3,552</td>
<td>$42,620</td>
<td>$3,604</td>
<td>$43,248</td>
<td>44%</td>
<td>$3,718</td>
<td>45%</td>
<td>$44,812</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>All Leavers</td>
<td>$1,801</td>
<td>$16,102</td>
<td>$2,178</td>
<td>$19,153</td>
<td>14%</td>
<td>$2,234</td>
<td>18%</td>
<td>$19,593</td>
<td>18%</td>
<td></td>
</tr>
</tbody>
</table>


The data presented in Table 3 reveals that leavers who experience continuous employment from quarter to quarter have the greatest average quarterly earnings. Thus, the leaver data clearly reveals that there is a direct correlation between continuous employment and a gradual increase in earnings over time. Across all three exit cohorts, over 43% of leavers with reported earnings over twelve consecutive quarters (after three years of exiting the program) had earnings that exceeded the federal poverty guidelines compared to 12-18% for all leavers. An examination of the 2000 leaver cohort reveals
that welfare leavers who had earnings in all 12 quarters (or worked continuously over a three year period) had over two times their first year post-exit earnings based on annual earning three years post-exit. In comparison, the average quarterly earnings three years post-exit for all leavers stood at $1,801 compared to $3,552 per quarter for those leavers with earnings in 12 quarters. This is significant given that fact the collectively, only 12% of all welfare leavers had earnings that exceeded the federal poverty level three years post-exit. The researcher determined that the mandated work requirement had no significant impact on the ability to lift a family’s household income above the poverty level. As such, the factor that had the greatest impact on the ability to lift a family’s household above the poverty level was successive continuous workforce attachment. This in part, accounts for the small percentage of leavers who have been able to lift themselves above the federal poverty level or attain self-sufficiency.

The job industries that employ adult TANF clients are more prone to experience sporadic employment (e.g. tourism's peak period, season retail employment, etc). This led the researcher to conclude that the State of Georgia needs to conduct a critical examination of the vocational and skills training investments being made on behalf of the TANF population. Targeted investment for vocational training in high demand areas that pay higher wages; as well as programs focused on education – from GED attainment through completion of post-secondary education – should been the long-term strategy to break the cycle of poverty. The State of Georgia must creatively structure its post-secondary education, basic education, and English as a Second Language (ESL) programs so that these activities help address the broader employment training needs of
the welfare population, and concurrently meet the federal requirements to count towards meeting the work participation rate.

The researcher also sought to determine the degree of workforce attachment experienced by the TANF population. The researcher attempted to gain insight into this phenomenon by examining the percentage of leavers who returned to TANF rolls post-exit and the length of time spent in the program when they returned. Table 4: Earnings, Recidivism and Workforce Detachment by Annual Leaver Cohort Up to Three Years Post-Exit shows the percentage of each leaver cohort that returned to dependence on TANF benefits up to three years post-exit; and the average length of time reflected in months that the leavers spent on TANF once they returned to the caseload. The data in Table 4 shows the rate of recidivism up to three years after exiting the TANF program by leaver cohort; the average annual earnings for employed welfare leavers; and the percentage of adults from each leaver cohort that are classified as not employed nor returned to TANF.
### TABLE 4

**EARNINGS, RECIDIVISM AND WORKFORCE DETACHMENT**

**BY LEAVER COHORT UP TO THREE YEARS POST-EXIT**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% Returned to TANF</td>
<td>28%</td>
<td>28%</td>
<td>18%</td>
<td>25%</td>
<td>22%</td>
<td>10%</td>
<td>20%</td>
<td>12%</td>
<td>Not Available</td>
</tr>
<tr>
<td>Average Months on TANF (Returned Only)</td>
<td>5.4</td>
<td>5.9</td>
<td>5.3</td>
<td>5.1</td>
<td>5.2</td>
<td>4.7</td>
<td>4.8</td>
<td>4.9</td>
<td>Not Available</td>
</tr>
<tr>
<td>Average Annual Earnings (Employed Only)</td>
<td>$7,083</td>
<td>$8,081</td>
<td>$8,827</td>
<td>$7,317</td>
<td>$8,174</td>
<td>$9,345</td>
<td>$7,374</td>
<td>$8,749</td>
<td>Not Available</td>
</tr>
<tr>
<td>Neither Employed Nor Returned</td>
<td>22%</td>
<td>26%</td>
<td>25%</td>
<td>23%</td>
<td>27%</td>
<td>29%</td>
<td>25%</td>
<td>29%</td>
<td>Not Available</td>
</tr>
</tbody>
</table>

Source: report prepared by the author from data contained in Table 17: Employment, Earnings and Recidivism by Annual Leaver Cohort and Post-Exit Year in the *Employment, Earnings and Recidivism Among Georgia’s TANF Leavers: Findings from the TANF Follow-Up System (August 2007)*

The average percentage rate of recidivism (percentage of adult welfare leavers who return to the TANF caseload) across the three exit cohorts stood at 24.3% the first year post-exit. Thus, recidivism among leavers is most prevalent the post-exit year. The percentage of recidivism decreased the second year post-exit by 3.7% to 20.6%. The third year rate of recidivism stood at 14% on average which represented a 10.3% decrease over the first year average and 6.6% decrease over the second year average. Thus, the risk of recidivism also reduces over time. The data reveals that on average,
across the three leaver cohorts, the average length of time spent on TANF upon returning to the caseload is 5.1 months. Additionally, almost a fourth (23.3%) of each leaver cohort was classified as neither employed or did not return to the TANF rolls in the first year post-exit. This indicator reflects the inability of the state to track welfare leavers post-exit because they are not employed (no reported wages in the Georgia Department of Labor system), or have not returned to the TANF caseload.

The percentages of leavers that are classified as not employed or not returned to the TANF caseload can be classified as those who have fallen through the cracks. Over time, the percentages of leavers that fell under this classification have continued to increase. On average, The second year post-exit the combined rate for these two categories of leavers increased to 27.3% and for the third year post-exit (even with adjustments for the unavailability of data for the third year post-exit for the 2004 leaver cohort) the percentage is 27%. The researcher concluded that these subgroups of leavers are likely to experience multiple employment barriers and represent upwards of a third (1/3) of all leavers. Moreover, the Georgia Department of Human Resources should focus on surveying or tracking this population if they want to gain more insight on the plight of leavers who may have depleted their lifetime limit for receipt of TANF benefits.

Table 4 shows that earnings gradually increase over time; on average, the initial year post-exit, Georgia welfare leavers had annual household earnings of $7,258. The second year post-exit average annual earnings were $8,002 and the third year post-exit annual earnings (adjusting for the three year post-exit earnings for the 2004 exit cohort) stood at $9,086. A family of two with annual household earnings that fall below $9,086
would have annual household earnings falls below the current TANF gross income ceiling. This fact coupled with the reality that the average TANF household (which contains three people) had annual earnings that fell below the basic income eligibility criteria for the TANF program at two years’ post-exit.

The researcher attempted to gain insight into the challenges faced by TANF leavers post-exit to meet their basic needs. Thus, an examination of the use of other support programs was examined by determining the prevalence of receipt of other support program benefits among TANF leavers. By comparing the state’s gross income ceiling to the federal poverty level, it was determined that Georgia’s gross income ceiling is substantially less than the federal poverty level. Moreover, the eligibility criteria for various forms of assistance can also be used as a benchmark to measure where a household’s post-exit annual earnings fall in relation to the federal poverty guidelines. This information is valuable in that it can be used to serve as an indicator of how TANF clients are faring over time as they make the transition from dependence to self-sufficiency. The researcher determined that, in 1998, the Georgia TANF Gross Income Ceiling only represented 68.8% of the Federal Poverty Guidelines for a family of three. Since that time, the Georgia TANF Gross Income Ceiling has remained unchanged and not kept up with inflation. By 2005, the latest year available to examine leaver cohort data across multiple program eligibility criteria, the TANF gross income ceiling only represented 58.4% of the Federal Poverty Guidelines for a family of three.
### TABLE 5

**GEORGIA'S TANF GROSS INCOME CEILING COMPARED TO THE FEDERAL POVERTY GUIDELINES**

<table>
<thead>
<tr>
<th>Monthly Gross Income Ceiling</th>
<th>Annual Federal Poverty Guidelines by Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>1999</td>
</tr>
<tr>
<td>1</td>
<td>1,435</td>
</tr>
<tr>
<td>2</td>
<td>1,569</td>
</tr>
<tr>
<td>3</td>
<td>1,650</td>
</tr>
<tr>
<td>4</td>
<td>1,725</td>
</tr>
<tr>
<td>5</td>
<td>1,860</td>
</tr>
<tr>
<td>6</td>
<td>1,949</td>
</tr>
<tr>
<td>7</td>
<td>2,043</td>
</tr>
<tr>
<td>8</td>
<td>2,139</td>
</tr>
<tr>
<td>9</td>
<td>2,238</td>
</tr>
<tr>
<td>10</td>
<td>2,487</td>
</tr>
</tbody>
</table>


Table 5: Georgia’s TANF Gross Income Ceiling (GICC) compared to the Federal Poverty Guidelines are presented for the same time interval based on family size in order to provide a comparison of how the income thresholds fall in relation to each other. It should be noted that the GICC set by the Georgia General Assembly has remained unchanged for the entire time interval (1998 to 2005) as presented in Table 5.

The data in Table 5 also reveals that Georgia’s gross income ceiling which is used to determine eligibility for TANF benefits is more restrictive than the federal poverty guidelines established by the U.S. Department of Agriculture. In order to be income eligible for TANF cash assistance in the State of Georgia, one of the basic eligibility...
criteria requires a family's monthly income to fall below Georgia's gross income ceiling adjusted for family size. Georgia's gross monthly income when annualized represents only 54.5% of the 2005 federal poverty guidelines for a family of one. It reveals that the State of Georgia is more restrictive than other states with issuing cash assistance benefit. The threshold for determining who will be eligible to receive benefits is such that only those with the little to no means will qualify.

The data in Table 6: Receipt of TANF Assistance by Leaver Cohort identifies the percentage of each leaver cohort from 1997 to 2005 who were in receipt of TANF assistance in the month of June during the time span from 2003 to 2006.

### TABLE 6

<table>
<thead>
<tr>
<th>Cohort</th>
<th>as of June-03</th>
<th>June-04</th>
<th>June-05</th>
<th>June-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>8%</td>
<td>4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>10%</td>
<td>5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>12%</td>
<td>6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>14%</td>
<td>8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>16%</td>
<td>9%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>15%</td>
<td>11%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>2003</td>
<td>11%</td>
<td></td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>2004</td>
<td>7%</td>
<td></td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: prepared by the author based on data contained in charts titled "Receipt of Public Assistance in by TANF Leaver Cohort" included in the Employment, Earnings and Recidivism Among Georgia's TANF Leavers: Findings From the TANF Follow-Up System reports for 2004-2007.

The data shows the percentages of leavers from multiple cohorts who have received TANF cash assistance benefits after their initial exit from the TANF program. Moreover, the data reveals that a relatively small percentage of each leaver cohort received TANF cash assistance benefits post-exit; the percentages range from a low of
2% (in 2003) to a high of 16% (in 2001). Additionally, data shows that recidivism or dependence on TANF cash benefits decreases over time. There is a correlation between the length of time since a leavers’ initial TANF post-exit year and decreased rates of TANF recidivism or a recurrence in receipt of benefit. It appears that the 2002 cohort experienced the least amount of recidivism three years post-exit. Approximately, 9% of the 2001 leaver cohort was in receipt of TANF benefits three years post-exit compared to only 5% of the 2002 leaver cohort. The researcher notes that despite the fact that the date shows low rates of recidivism this does not take into account the fact that a person may meet the eligibility criteria and decide to not access the benefits. It also does not address or take into account if a family would be ineligible to return because they have exhausted their five year lifetime limit on receipt of benefits. In any given year, the recidivism rate the initial post-exit year, among the 2002 through 2005 leaver cohorts, ranged from a low of 4% for the 2005 leaver cohort to a high of 15% among the 2002 leaver cohort.

Table 7: Receipt of Child Care by Leaver Cohort captures the percentage of each leaver cohort from 1997 to 2005 in receipt of childcare assistance in the month of June from 2003 to 2006.
TABLE 7

RECEIPT OF CHILD CARE BY LEAVER COHORT

<table>
<thead>
<tr>
<th>Cohort</th>
<th>June-03</th>
<th>June-04</th>
<th>June-05</th>
<th>June-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>6%</td>
<td>4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>7%</td>
<td>6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>9%</td>
<td>7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>12%</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>14%</td>
<td>11%</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>16%</td>
<td>12%</td>
<td>11%</td>
<td>8%</td>
</tr>
<tr>
<td>2003</td>
<td>14%</td>
<td>12%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>15%</td>
<td>12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: prepared by the author based on data contained in charts titled "Receipt of Public Assistance in June (insert respective year) by TANF Leaver Cohort" included in the Employment, Earnings and Recidivism Among Georgia's TANF Leavers: Findings From the TANF Follow-Up System reports for 2004-2007.

For the three leaver cohorts (2001 to 2003) for which there were at least three years of post-exit data available to analyze, the percentage of leavers receiving child care assistance has remained stable. On average, three years post-exit approximately 9% of welfare leavers were receiving child care assistance. The researcher notes that despite the low percentages of leavers receiving child care assistance this does not take into account that a person may meet the eligibility criteria but not access the benefits. It also does not address the fact that leaver children are getting older and may no longer require child care assistance. Thus, the researcher concludes that more research may be needed to determine the types of child care arrangements that leavers have made to allow them to work. In any given year, the receipt of child care in the initial post-exit year ranged from 14-17% based on the 2002 through 2005 leaver cohort.
Table 8 Receipt of Food Stamps by Leaver Cohort captures the percentage of leavers from the 1997 to 2005 cohort in receipt of food stamp benefits in the month of June from 2003 to 2006.

**TABLE 8**

**RECEIPT OF FOOD STAMPS BY LEAVER COHORT**

<table>
<thead>
<tr>
<th>Cohort</th>
<th>as of June-03</th>
<th>June-04</th>
<th>June-05</th>
<th>June-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>35%</td>
<td>39%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>43%</td>
<td>47%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>48%</td>
<td>53%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>52%</td>
<td>57%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>55%</td>
<td>59%</td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>57%</td>
<td>61%</td>
<td>55%</td>
<td>53%</td>
</tr>
<tr>
<td>2003</td>
<td>65%</td>
<td></td>
<td>57%</td>
<td>55%</td>
</tr>
<tr>
<td>2004</td>
<td>63%</td>
<td></td>
<td></td>
<td>60%</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
<td>68%</td>
</tr>
</tbody>
</table>

Source: prepared by the author based on data contained in charts titled "Receipt of Public Assistance in June (insert year) by TANF Leaver Cohort" included in the Employment, Earnings and Recidivism Among Georgia's TANF Leavers: Findings From the TANF Follow-Up System reports for 2004-2007.

In order to be income eligible for food stamps, a family's annual household income must be at or below 130% of the federal poverty level. Analysis of the data presented in Table 8 shows that the dependence on food stamps remains relatively constant across leaver cohorts. On average, 63% of TANF leavers received food stamp benefits for their families during the post-exit year. The 2005 leaver cohort had the highest rate of dependence during the post-exit year at 68%. In comparison, 57% of the 2002 leaver cohort received food stamp benefits the post-exit year. On average 48% of the 1998 and 1999 leaver cohorts were in receipt of food stamps benefits five years post-
exit. Data from earlier leaver cohorts also show double digit rates of dependence on food stamps up to seven years post-exit; 39% of the 1997 leaver cohort was in receipt of benefits.

Table 9: Receipt of Medical Assistance by Leaver Cohort captures the percentage of each leaver cohort from 1997 to 2005 in receipt of Medicaid in the month of June between 2003 and 2006. Medicaid's income eligibility criteria for families with children, between 6 and 18 years of age, requires their annual household income fall below 100% of the federal poverty level.

### TABLE 9

<table>
<thead>
<tr>
<th>Cohort</th>
<th>as of June-03</th>
<th>June-04</th>
<th>June-05</th>
<th>June-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>35%</td>
<td>39%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>43%</td>
<td>47%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>48%</td>
<td>53%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>54%</td>
<td>58%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>59%</td>
<td>62%</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>63%</td>
<td>65%</td>
<td>60%</td>
<td>53%</td>
</tr>
<tr>
<td>2003</td>
<td>63%</td>
<td>65%</td>
<td>64%</td>
<td>55%</td>
</tr>
<tr>
<td>2004</td>
<td>63%</td>
<td></td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>63%</td>
<td></td>
<td></td>
<td>68%</td>
</tr>
</tbody>
</table>

Source: prepared by the author based on data contained in charts titled "Receipt of Public Assistance in June (insert year) by TANF Leaver Cohort" included in the Employment, Earnings and Recidivism Among Georgia's TANF Leavers: Findings From the TANF Follow-Up System reports for 2004-2007.

The data in Table 9 shows that the lowest percentage of dependence on Medicaid among welfare leavers in the post-exit was 63% for the 2002 leaver cohort. The highest percentage of leavers receiving Medicaid benefits the initial post-exit year stood at 71% for both 2003 and 2004 leaver cohorts. On average, for the 2002 leaver cohort for which there was four years of post-exist data to analyze, 68% were receiving Medical
Assistance in any of the four post-exit years. As such, medical assistance benefits are the most commonly used benefit among Georgia leavers. This is not surprising given the high cost of health insurance. The data shows that double-digit figures for receipt of medical assistance benefits remain steady across leaver cohorts up to seven years post-exit. The 1997 leaver cohorts showed that, as of June 2004, up to seven years post-exit, almost forty percent (39%) of families had an annual household income that fell below the eligibility guidelines for Medicaid.

The findings from the data in Table 6: Receipt of TANF Assistance by Leaver Cohort and Table 7: Receipt of Child Care by Leaver Cohort reveals the percentage of TANF recidivism and dependence decrease over time. However, the data presented in Table 8: Receipt of Food Stamp by Leaver Cohort and Table 9: Receipt of Medicaid by Leaver Cohort shows a different trend, for earlier exit cohorts, 1997-2002, the receipt of food stamp benefits increased between the sixth and seventh year post-exit. Moreover, the rate of dependence is significant, given the length of time since their initial exit from the TANF program.

Earlier leaver cohorts, 1997 to 2002, had less dependence on Food Stamps and Medicaid post-exit. Also, there were no significant difference in the percentages from each leaver cohort in receipt of Food Stamps and Medicaid. Thus, it is probable, or should not be a foregone conclusion that the leavers from each cohort that receive food stamps are concurrently receiving Medicaid, since there is no significant difference in the percentages of the leaver cohorts that are receiving benefits in any given year. Each leaver cohort experienced a need for basic sustenance support based on the high
percentages of leavers in receipt of food stamps and Medicaid benefits. With any given leaver cohort, at least 35% of the leaver population received these benefits. Also, later leaver cohorts, 2002-2005, experienced higher rates of dependence or receipt of benefits from initial TANF exit to up to four years post-exit; receipt of benefits among leavers ranged from a high of 68% to a low of 53% for food stamps; and a high of 71% to a low of 53% for Medicaid.

The data in Table 10: Percentage of Employed Leavers with Annual Earnings in Excess of the Federal Poverty Guidelines captures the percentages of each leaver cohort with annual household earnings in excess of the Federal Poverty Guidelines up to four years post-exit.

### TABLE 10

<table>
<thead>
<tr>
<th>Leaver Cohort</th>
<th>First</th>
<th>Second</th>
<th>Third</th>
<th>Fourth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>18%</td>
<td>24%</td>
<td>29%</td>
<td>31%</td>
</tr>
<tr>
<td>1998</td>
<td>15%</td>
<td>20%</td>
<td>23%</td>
<td>24%</td>
</tr>
<tr>
<td>1999</td>
<td>15%</td>
<td>18%</td>
<td>20%</td>
<td>23%</td>
</tr>
<tr>
<td>2000</td>
<td>14%</td>
<td>17%</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>13%</td>
<td>17%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>13%</td>
<td>16%</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>13%</td>
<td>17%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>13%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: prepared by the author based on data contained in charts titled "Percentage of Employed Leavers' with Annual Earnings in Excess of the Federal Poverty Guidelines by Exit Cohort and Number of Years Following Exit" included in the Employment, Earnings and Recidivism Among Georgia's TANF Leavers: Findings From the TANF Follow-Up System reports for 2005-2007.
The data in Table 10 reveals that earlier exit cohorts were more likely to yield annual earnings in excess of the federal poverty guidelines. Approximately, 18% of the 1997 leaver cohort had earnings in excess of the Federal Poverty Guidelines the post-exit year compared to 13% for the 2001 through 2004 annual leaver cohorts. The percentage of employed leavers with annual earnings in excess of the federal poverty guidelines has been flat during this four year time interval from 2001 and 2004. On the other hand, four years post-exit, less than a third (31%) of the 1997 leaver cohort had annual quarterly earnings in excess of the federal poverty level. In comparison, the 1999 leaver cohort only had 23% of employed leavers with annual earnings in excess of the federal poverty guidelines.

There was three years of post-exit data available to analyze for the 1997 to 2002 leaver cohorts; it reveals that earlier leaver cohorts were able to yield earnings that exceeded the poverty level at higher percentage rates when compared to later exit cohorts. For the 1997 leaver cohort, the third year post-exit, about 29% of leavers had earnings in excess of the federal poverty guidelines compared to 20% for the 2000 leaver cohort. Moreover, the percentage of employed leavers who had annual earnings in excess of the Federal Poverty Guidelines has steadily declined since the initial leaver cohort exited the rolls. The 1997 leavers cohort fared the best among all the leaver cohorts, at the fourth year post-exit, with just less than a third (31%) had earnings in excess of the federal poverty guidelines four years post-exit.

Table 10: The Percentage of Employed Leavers with Annual Earnings in Excess of the Federal Poverty Level shows that the percentage of employed leavers from any
cohort with earnings in excess of the federal poverty guidelines is less than a third of the total leaver cohort up to four years post-exit. The percentage of leavers with earnings in excess of the federal poverty guidelines by post-exit year ranged as follows:

- 13% to 18% the initial year post-exit
- 16% to 24% the second year post-exit
- 18% to 29% the third year post-exit
- 23% to 31% the fourth year post-exit

A key finding is that a greater percentage of leavers from earlier cohorts yielded earnings in excess of the federal poverty guidelines in the post-exit year.

Table 11: Percentage of Workers by Industry with Average Quarterly Earnings That Exceed the Federal Poverty Guidelines First Year Post Exit identifies the top ten industries employing welfare leavers, and the percentage of workers in each of the respective industries with earnings that exceed the federal poverty level, and the average quarterly earnings for that subset of the population.
TABLE 11
PERCENTAGE OF WORKERS BY INDUSTRY WITH AVERAGE QUARTERLY EARNINGS IN EXCESS OF THE FEDERAL POVERTY GUIDELINES FIRST YEAR POST-EXIT

<table>
<thead>
<tr>
<th>Industry</th>
<th>2000 Average Quarterly Earnings</th>
<th>2002 Average Quarterly Earnings</th>
<th>2004 Average Quarterly Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eating and Drinking Places</td>
<td>5% $4,264</td>
<td>5% $4,175</td>
<td>5% $4,769</td>
</tr>
<tr>
<td>Personnel Supply Services</td>
<td>6% $4,376</td>
<td>6% $4,930</td>
<td>6% $5,208</td>
</tr>
<tr>
<td>Grocery Stores</td>
<td>2% $4,064</td>
<td>2% $4,251</td>
<td>2% $4,700</td>
</tr>
<tr>
<td>Department Stores</td>
<td>3% $4,150</td>
<td>3% $4,091</td>
<td>4% $4,459</td>
</tr>
<tr>
<td>Nursing &amp; Personal Care</td>
<td>4% $4,475</td>
<td>3% $4,834</td>
<td>3% $4,892</td>
</tr>
<tr>
<td>Facilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospitals</td>
<td>6% $5,182</td>
<td>8% $5,763</td>
<td>7% $6,438</td>
</tr>
<tr>
<td>Misc. Business Services</td>
<td>3% $3,871</td>
<td></td>
<td>3% $5,100</td>
</tr>
<tr>
<td>Elementary and Secondary</td>
<td></td>
<td>3% $6,102</td>
<td>2% $6,040</td>
</tr>
<tr>
<td>Schools</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office &amp; Clinic of Medical Doctor</td>
<td>3% $5,267</td>
<td>3% $5,303</td>
<td>4% $5,737</td>
</tr>
<tr>
<td>Executive &amp; Legislative</td>
<td>2% $5,672</td>
<td>3% $5,598</td>
<td>3% $6,349</td>
</tr>
<tr>
<td>Combined</td>
<td>2% $3,901</td>
<td>3% $4,695</td>
<td>-</td>
</tr>
</tbody>
</table>


Overall, the TANF program has increased the numbers of welfare recipients who have entered the workforce. However, in general, the earnings of active TANF clients and welfare leaver are low. The data in Table 11 shows those industry groups that pay wages with annual earnings that exceed the federal poverty level employ a low percentage of welfare leavers. Thus, the vast majority of adult TANF welfare leavers and the adults on the state’s active caseload that are engaged in countable work activities have annual earnings that fall well below the federal poverty level.

In order to gain better insight into the types of work supports that are likely to be needed by TANF recipients as they enter the labor force and strive to remain attached to
the workforce, the researcher examined in Table 12: Characteristics of Welfare Leavers by Exit Cohort.

### TABLE 12
**CHARACTERISTICS OF WELFARE LEAVERS BY EXIT COHORT**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># of Leavers</td>
<td>42,094</td>
<td>42,963</td>
<td>38,244</td>
<td>32,761</td>
<td>32,359</td>
<td>35,566</td>
<td>39,836</td>
<td>43,804</td>
<td>26,996</td>
</tr>
<tr>
<td>Women</td>
<td>96%</td>
<td>97%</td>
<td>95%</td>
<td>96%</td>
<td>96%</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
<td>96%</td>
</tr>
<tr>
<td>Average Age</td>
<td>30.3</td>
<td>29.6</td>
<td>29.3</td>
<td>28.7</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>26</td>
</tr>
<tr>
<td>White</td>
<td>30.6%</td>
<td>25.0%</td>
<td>22.7%</td>
<td>23.8%</td>
<td>24.0%</td>
<td>26.0%</td>
<td>26.0%</td>
<td>24.0%</td>
<td>19.0%</td>
</tr>
<tr>
<td>Black</td>
<td>67.4%</td>
<td>73.3%</td>
<td>75.6%</td>
<td>75.5%</td>
<td>74.0%</td>
<td>72.0%</td>
<td>72.0%</td>
<td>76.0%</td>
<td>81.0%</td>
</tr>
<tr>
<td>Other Minority</td>
<td>2%</td>
<td>1.7%</td>
<td>1.6%</td>
<td>0.7%</td>
<td>1%</td>
<td>20%</td>
<td>20%</td>
<td>&lt;.1</td>
<td>&lt;.1</td>
</tr>
<tr>
<td>Average Number of Dependent Children</td>
<td>1.8</td>
<td>2</td>
<td>2.2</td>
<td>2.1</td>
<td>2</td>
<td>1.9</td>
<td>2</td>
<td>2</td>
<td>1.9</td>
</tr>
<tr>
<td>Average Age of Youngest Child</td>
<td>5.8</td>
<td>5.4</td>
<td>4.4</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Employed in Exit Quarter</td>
<td>65%</td>
<td>63%</td>
<td>63%</td>
<td>62%</td>
<td>60%</td>
<td>56%</td>
<td>54%</td>
<td>51%</td>
<td>54%</td>
</tr>
<tr>
<td>HS Graduates</td>
<td>Not Available</td>
<td>Not Available</td>
<td>61%</td>
<td>60%</td>
<td>58%</td>
<td>58%</td>
<td>59%</td>
<td>66%</td>
<td>62%</td>
</tr>
</tbody>
</table>

Source: prepared by the author based on data contained in charts titled "Leaver Characteristics by Annual Leaver Cohort" included in the *Employment, Earnings and Recidivism Among Georgia's TANF Leavers: Findings From the TANF Follow-Up System* reports for 2004 and 2006.

An examination of characteristics of welfare leavers by exit cohort as presented above reveals the need for certain types of work supports based on demographic trends which are:

- The average age of recent adult leavers has decreased in comparison to earlier exit cohorts; this may be an indication that parenting skills and training may be needed to support leavers as they try to balance work and family obligations.
• While the data reveals that the percentage of welfare leavers who are high school graduates has remained stable over time and ranges from 58% to 62% across the nine exit cohorts. The data also shed light on the fact that education assistance should be a key work support given the fact that dropout rates range from 38% to 42%;

• The average number of dependent children has remained stable across exit cohorts and stands at two children;

• There is a significant decrease in the age of the youngest child compared to earlier cohorts. The average age of the youngest child was 5.8 years for the 1997 leaver cohort compared to two years of age for the 2005 leaver cohort;

• The number of leavers with a child under two years of age increased from 16% to 48%. This suggests that there should be a significant increase in the demand for child care services for families with young children as they transitioned off welfare and federal TANF funds should be transferred to the Child Care Development Block Grant;

• The number of welfare clients who are employed when they exit the rolls has declined;

• The percentage of leavers employed in the in the exit quarter has decreased when comparing the 1997 leaver cohort which reported 65% being employed in the exit quarter compared to 54% for the 2005 leaver cohort; and

• On average, the number of TANF clients with a high school diploma stands at nearly 60% across all exit cohorts from 1997 to 2005.
The trend data also reveals that the caseload is significantly smaller; the percentage of the white population on the rolls has steadily been declining; the average age of the youngest child is decreasing and the number of high school graduates on the rolls is increasing.

**Summary of Georgia Leavers Experiences’ Post-Welfare Reform**

This case study has synthesized descriptive program data to examine the impact of welfare reform on Georgia’s adult TANF population as it relates to their entry into the labor force; continued attachment to the workforce; household earnings and ability to lift their families above the poverty level. Relative to these indicators, the summary findings of this study are as follows:

*Entry into the Workforce*

- There was great variability in Georgia’s work participation rates between federal fiscal year 1997 and 2007. Between federal fiscal years 1997 to 2007, work participation rates ranged from a low of 8.2% in 2002 to a high of 68.1% in 2007.

*Continued Attachment to the Workforce*

- Rates of employment are substantially higher among adult leavers in the post-exit quarter when compared to the active adult TANF population receiving cash assistance benefits.

- Employment is likely to be sporadic during the first couple of years following re-attachment to the workforce due to the cyclical nature of the employment associated with the employment industries (i.e., eating & drinking establishments and personal supply services) that typically employ welfare leavers.
• The disparity in the employment and/or work participation rate between these two groups (active adult caseload and adult leavers) ranged from a low of 33.7% in 1998 to a high of 51.3% in 2001. However, by 2004, the percentages were almost aligned and reflected less than a 3.2% variance.

*Continued Attachment to the Workforce*

• Leavers who experience continuous employment from quarter to quarter have the greatest post-exit average quarterly earnings.

• There is a direct correlation between continuous employment and a gradual increase in earnings over time.

• An examination of leaver data for the 2000, 2001 and 2002 cohorts reveal that across all three exit cohorts, over 43% of leavers with reported earnings over twelve consecutive quarters (or three years after exiting the TANF program) had earnings that exceeded the federal poverty guidelines compared to 12 to 18% of all leavers.

*Household Earnings*

• The average quarterly earnings three years post-exit for all leavers stood at $1,801 compared to $3,552 per quarter for those leavers with earnings in 12 quarters.

• Only 12% of all welfare leavers had earnings that exceeded the federal poverty level three years post-exit.

• The factor that had the greatest impact on the ability to lift a family’s household above the poverty level was successive continuous workforce attachment.
• TANF leavers are heavily reliant on the receipt of other benefits (i.e. food stamps, medical assistance, child care, etc) to make up for limited personal means.

*Ability to Lift Their Families Above the Poverty Level*

• While earnings gradually increased over time, the first year post-exit, the average welfare leaver had annual household earnings of $7,258; the second year, post-exit average annual earnings were $8,002; and the third year, post-exit earnings stood at $9,086.

• The majority of Georgia TANF leavers were unable to lift their families above the poverty level, three years post-exit.

• Three employment sectors yielded wages that were able to lift a family out of poverty; collectively, in any given year they only employed 9-11% of the entire working TANF population. The three sectors are as follows:
  - Executive and Legislative Combined
  - Elementary and Secondary Schools
  - Hospitals

Collectively, in any given year that was included in the analysis, these industries only employed between 9 - 11% of the entire working TANF population.

• The percentage of employed leavers from any cohort with earnings in excess of the federal poverty guidelines is less than a third of the total leaver cohort up to four years post-exit.
  - The percentage of leavers with earnings in excess of the federal poverty guidelines increased over time, and range from a low of 13% the initial
year post-exit up to 31% four years post-exit. The percentage of leavers with earnings in excess of the poverty level range from:

- 13% to 18% the initial year post-exit
- 16% to 24% the second year post-exit
- 18% to 29% the third year post-exit
- 23% to 31% the fourth year post-exit

The empirical data presented in this study reveals that Georgia’s TANF population has not fared well following the passage of the PRWORA based on self-sufficiency outcomes. The researcher has concluded that welfare reform and its mandated work requirement did not have a significant impact on ending the dependence of needy parents on government benefits through work and job preparation (one of the four stated goals of the program). The majority of Georgia’s adult leavers were not able to lift their family’s household income above the poverty level while on the TANF caseload or following their exit from the program (up to four years post-exit). The reality is that the vast majority of Georgia welfare leavers are not able to make ends meet without assessing other safety net programs (i.e. food stamps, medical assistance, child care, etc). This runs counter to the term self-sufficient which inherently implies that one can make it without help. This research challenges the current welfare discourse which has distorted the meaning of self-sufficiency to simply mean obtaining a job (despite the rate of compensation) and/or no longer being in receipt of TANF cash assistance benefits. Moreover, the researcher contends that the State of Georgia’s use of declining caseloads
and increased work participation rates are deficit measures to tout the success of Georgia’s welfare reform program.¹

**Conclusion: Implications of Lessons Learned from Georgia Leaver Studies**

In conclusion, the findings from this study highlighting the following lessons learned about Georgia’s TANF population’s experiences and efforts to become self-sufficient:

- The three employment sectors that yield wages which were able to lift a family out of poverty, employed small percentages, collectively between 9-11%, of the total TANF population engaged in work activities. The implication is that DHR should direct resources and establish partnerships to train its active adult TANF population so they can be employed in one of the three employment sectors or in those industries with projected job growth (culinary arts, nursing, elementary education, etc) that have demonstrated they can yield earnings above the poverty level.

- The road to self-sufficiency is not short-term; in fact, the factor that had the most significant impact on the ability to lift a family above the poverty level was successive continuous employment. In order to assist the adult TANF population remain attached to the workforce, DHR may want to direct resources to providing one-on-one support and job coaches for a minimum of 24 months to ensure workforce entrants remain attached to the workforce. This will assist in heading

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off or removing any barriers (i.e. transportation, work uniforms, etc) that may arise and impede their continued employment.

- Families are likely to rely on the receipt of benefits and services from multiple sources to make up for their limited personal means. Georgia’s health and human service agencies would benefit from use of a coordinated case management service model to determine if service providers are able to improve family- and self-sufficiency outcomes (i.e. homeownership, workforce entry and retained employment, health outcomes, etc); and whether agencies can leverage their information and financial resources to enhance their service delivery to increase their ability to respond to and overcome training matriculation and employment barriers (i.e. transportation and child care).

In essence, the experiences of Georgia welfare leavers following the passage of the mandatory work requirements imposed under the PRWORA do not validated the cultural explanations of poverty theoretical framework under which welfare policies are premised, the following propositions have been refuted:

- Rates of employment did not increase among the Georgia welfare population. When comparing the employment rate between the active adult TANF population and Georgia’s TANF leavers, it was determined that rates of employment were higher among leavers (or TANF recipients after they exited the rolls). Higher rates of employment would be expected among the active TANF caseload when compared to Georgia’s leaver population given the fact that mandatory work
requirements were imposed under PRWORA, and the State’s ability to sanction for failure to comply.

- There was not a significant increase in the rate of employment or participation in work activities. For nearly a decade from 1997 to 2006, Georgia’s work participation rates remained low not impacting more than a third of the entire adult TANF population in any given year. Between 1997 and 2004, work participation rates ranged from a high of 29.3% in 1998 to a low of 8.2% in 2002. An analysis of the data from 1997 to 2007, revealed that in the early years of the program, the second year following passage of PRWORA, reported the highest rate of work participation, in 1998 at 29.3%, and every year thereafter fell below that rate, until 2005 when the work participation rate spiked up to 57.2% and peaked at 68.1% in 2007.

- In general, the earnings of Georgia TANF households have remained low and significantly below the federal poverty level. However, leaver data shows that over time, with continuous employment, nearly a third of welfare leavers have with continuous consecutive quarters of workforce attachment been able to lift their families above the federal poverty level, at three years’ post-exit. The length of continuous labor force attachment among Georgia leavers counters individual deficiencies theory and the cultural explanations of poverty theoretical framework which would purport that welfare recipients have to be coerced to work.

- There were not significant decreases in the poverty rate among Georgia’s TANF population in the initial year post-exit. However, the factor that had the most
influence on decreased poverty was continuous consecutive quarters of employment as previously discussed. The study revealed that between 43-45% of leavers with 12 consecutive quarters of employment were able to lift their families above the poverty level three years post-exit. This accounts for less than half of the entire population of TANF leavers.

This study’s findings and researcher’s review of the literature reveal that in order for Georgia’s TANF population to maintain an acceptable standard of living, they will need access to job opportunities; expanded safety net programs; and increased wages which are strategies that are purported by political economic structural theorist. Moreover, since the passage of the PRWORA, Georgia’s labor market has undergone some significant changes, especially over the last decade. In November 2000, Georgia experienced its lowest recorded unemployment rate of 3.3%. For that same year, under optimal economic conditions, the State of Georgia only reported a work participation rate of 12.2% among its active adult TANF caseload. Since that time, the state has suffered a recession and job losses. According to former Georgia Labor Commissioner, Michael Thurmond, the recession of 2001 and the economic aftermath of 9/11 reverberated with four consecutive years of employment decline. While Georgia’s economy began to rebound in 2005, it peaked at the end of 2007, which also marked the start of the worst global recession since the Great Depression.

Today, when a Georgia TANF leaver exits the rolls or exhausts their four year lifetime limit on receipt of cash assistance benefits they have to face a bleak job market.

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Data shows that the state's unemployment rate stands at about 10% as of September 2010, which is higher than the national average of 9.6%. Therefore, it should be anticipated that for future leaver cohorts, the rates of employment will be even more abysmal than earlier cohorts who faced a better job outlook with low unemployment rates and economic growth.

**Future Areas of Research**

Moreover, the findings and lessons learned from this study also identified other potential areas of research. These include, but are not limited to, the following:

- What employment trends have been experienced by Georgia leaver cohorts when compared to the civilian labor force following the global recession of 2007?

- How can the Georgia Department of Human Resources maximize the use of existing program data to yield better self-sufficiency outcomes among Georgia's TANF population?

- What types of training programs currently exist or can be formed with employment sectors that have hired Georgia TANF clients and yielded incomes above the poverty level?

The future research questions that have been identified above would be of value to local and national welfare administrators and add to the current discourse and future research aimed to support welfare clients as they make the transition from welfare dependence to self-sufficiency.
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