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The Limits of Limits: Lessons from Massachusetts' Welfare Study

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Families in Massachusetts began to reach the state's 24-month welfare time limit in December 1998. The Department of Transitional Assistance has released a report on the first welfare recipients to be terminated because of the time limit and a comparison group of other recipients who left welfare during the same period: *After Time Limits: A Study of Households Leaving Welfare Between December 1998 and April 1999* (November 2000).¹ The report shows that ending welfare—even during a booming economy—does not assure economic stability for families. Additional income supports are necessary for these families' survival and well-being. The report also shows that education and training are critical if welfare recipients are to secure jobs that will support their families, and that families are better able to participate in education or training while they are on welfare than after they leave.

¹ The report uses data collected by the Center for Survey Research (CSR) at the University of Massachusetts at Boston under contract with DTA. CSR interviewed 460 households whose cases were closed between December 15, 1998 and April 30, 1999 because of the time limit and 210 households who left welfare during that period for other reasons. Three-quarters (76.6%) of the non-time limit closings were recipients who were subject to but had not reached the time limit. Two-fifths (42.1%) of them left in anticipation of the time limit. Of the non-time limit closings (including those who were subject to the time limit and those who were not), 35.9% left because of the time limit and 55.9% left involuntarily. The non-time limit closings therefore do not show what would have happened in the absence of time limits or in the absence of other welfare reform rules and practices that result in welfare termination.

- **Many families needed to return to welfare.** Overall, seventeen percent (16.7%) of the families who left welfare said that they went back on welfare at some point before the interview, which took place on average 10 months after the closing.² The percentage was almost as high (15.9%) for families whose cases closed because of the time limit. Families who were terminated because of the time limit could only return if they qualified for an exemption (for example, because of disability), or if they qualified for an extension of the time limit (which DTA grants only in very limited circumstances). The fact that so many families had to return to welfare confirms the importance of keeping a safety net. The study does not tell us how many families needed income support after their cases closed but could not (or thought they could not) get it because of the time limit and other welfare rules.
- **Three in ten former recipients were not working.** Nearly thirty percent were not working at the time of the interview (27.4% of the time limit closings and 29.5% of the non-time limit closings). One-third of these (10% of the total) had not worked at all since leaving welfare. Two-thirds of those not working (20% of the total) had a job at some point but not at the time of the interview. Three-fifths (59.5%) of those whose cases closed because of the time limit and were not employed were looking for work at the time of the interview. The U.S. Dep't of Labor's defines a person as unemployed if the person is not working and is looking for work. Using this definition, the unemployment rate for former recipients in the study was 16.3% for time limit closings, *seven times* the

² This self-report by recipients appears to understate the actual percentage of families who returned to welfare. Respondents underreported current receipt of welfare by 35% for the time limit closings and 30% for the non-time limit closings. *After Time Limits* at 12-13.

current statewide unemployment rate of 2.3 %.³

The main reasons given for not looking for work were lack of job experience, inability to find a job or a job that pays enough, being depressed or overwhelmed, and children's needs.⁴ Over one third of the time limit closings (35.9%) and almost half of the non-time limit closings (47.6%) who were unemployed had been fired or laid off. Many of these may have been fired or laid off because of family responsibilities, health problems, and missing work to take care of children—the main reasons given by unemployed respondents for leaving jobs.⁵

- **Any job is not necessarily a good job.** The most common occupations of those who were employed were clerical, retail/sales, child care, food service, health worker and housekeeper—all notoriously low-wage occupations.⁶ The wages averaged \$8.21/hour for the time limit closings and \$8.62/hour for the non-time limit closings.⁷ The fact that many recipients who had worked were no longer working suggests that these jobs do not always offer long-term stability. For those respondents whose cases closed because of the time limit, most of the jobs offer no paid sick leave, paid vacation days, or health

³ The Massachusetts unemployment rate was 2.3% in November 2000. The unemployment rate averaged about 3.1% during the 6 months from October 1999 through March 2000 when the interviews were conducted. Mass. Division of Employment and Training; U.S. Dep't of Labor, Bureau of Labor Statistics.

⁴ *After Time Limits* at 19, 25-26

⁵ *After Time Limits* at 27-28.

⁶ *After Time Limits* at 22.

⁷ *After Time Limits* at 20.

insurance.⁸ About one-fifth of the former recipients had worked in irregular employment such as babysitting, doing hair, and cleaning houses, to supplement their wages.⁹

- **Wages are too low to support a family.** The study calculates average weekly earnings for former recipients who were working at \$253 a week for time limit closings and \$298 a week for non-time limit closings. Unfortunately, the study did not attempt to determine actual annual income. The report misleadingly states “These average weekly earnings would be equivalent to average annual earnings of \$13,156 for respondents in the time limit closings and \$15,496 for respondents in the non-time limit closings, based on 52 weeks of employment.”¹⁰ *If these were the families’ annual earnings, they would be below the poverty level (\$14,150 for family of three, \$17,050 for family of four). However, these low-wage jobs are often not stable,¹¹ and only half offer any paid sick leave or vacation, so actual wages are even lower.¹²*

A Department of Revenue analysis of DOR wage records for former recipients

⁸ *After Time Limits* at 23.

⁹ *After Time Limits* at 29.

¹⁰ *After Time Limits* at ii, 78.

¹¹ The fact that twenty percent of the closings had a job after leaving welfare but were no longer employed at the time of the interview, *After Time Limits* at 19, confirms that jobs are don’t necessarily last and it is not accurate to multiply weekly income by 52 to determine annual income.

¹² For those whose cases closed because of time limits, only 38.9% had paid sick leave, and only 48.3% had paid vacation. *After Time Limits* at 23. About one-quarter have a serious physical, mental or emotional problem. One-sixth (16.4%) of the time limit closings and 20.5% of the non-time limit closings reported that after leaving welfare they were unable to work because of a serious health problem for at least a month. *After Time Limits* at 71 n.101. About ten percent of the respondents in both groups had been hospitalized overnight at least once after leaving welfare for a serious health problem or injury and presumably had to miss some work. *After Time Limits* at 71.

confirms that the hypothetical annual earnings computed by DTA substantially overstate likely actual annual earnings. DOR compiled data on former welfare recipients' earnings during the four quarters after they left welfare. For single parent families, average four-quarter earnings were \$8,452. and median earnings were \$7,142, barely 50% of the poverty level for a family of three.¹³

- **Are they better off?** Many people assume that a single mother who leaves welfare for work will be better off if her gross earnings are more than welfare benefits levels. This assumption does not take into account the financial and time costs of employment. Many families reported that they were better off financially (40.7% of the time limit closings and 60.7% of the non-time limit closings). But three-fifths (59.3%) of the time limit closings reported that they were financially the same (19.3%) or worse off (40.0%) after leaving welfare.¹⁴ Over one-quarter (25.9%) of the time limit closings and 25.7% of the non-time limit closings had their gas, electricity, heat or telephone shut off for non-payment during the period after they left welfare (an average of 10 months until the interview) compared with about one-fifth of these groups who experienced

¹³ *After Time Limits*, Appendix B. The DOR data also show lower levels of employment for former recipients than the study data. The Appendix suggests that these discrepancies are due to underreporting of employment and earnings. It may be the case that the rate of employment is higher than the DOR wage records reflect, because some recipients are in casual jobs that do not report earnings. However, since DTA says that these informal jobs merely supplement regular jobs, they should not affect the rate of employment. *After Time Limits* at 29 n. 66. Moreover, former recipients with jobs that do report wages to DOR could be expected to have higher paying jobs than those with jobs that do not report wages. The wages reported to DOR therefore probably do not overstate actual annual wages.

¹⁴ *After Time Limits* at 43-44. These figures are for families who were not back on welfare at the time of the interview. For all families, including families who returned to welfare, 65.7% of the time limit closings were financially worse off or the same, and 46.8% of the non-time limit closings were financially worse off or the same. *After Time Limits* at 76.

shut-offs during the entire time they were on welfare.¹⁵ Food insecurity and debt levels increased.¹⁶

- **Full-time work is not an option or not appropriate for many families.** Over half (54%) of the employed former recipients whose cases closed because of the time limit were working fewer than 35 hours per week.¹⁷ Most of those working part-time were doing so for reasons that could be characterized as involuntary: full-time work not available, no daycare, no skills to get another job, transportation, or health of the parent or child. About one-quarter said that they were not working full-time because they wanted to raise their own children.¹⁸ About ten percent could not work full-time because they were in school or training.¹⁹ In light of the average hourly wage of \$8.21 for time limit closings and \$8.63 for non-time limit closings, even full-time full-year work would not yield enough to provide adequate support.²⁰ For the majority, full-time work is not a realistic option.

¹⁵ *After Time Limits* at 66.

¹⁶ *After Time Limits* at 69-70, 75-76, 42-43; see also the discussion below.

¹⁷ This figure was supplied by Professor Randy Albelda, University of Massachusetts at Boston, who examined the CSR data independently of the DTA report. The figure is not reported by DTA.

¹⁸ Respondents coded as wanting to "raise their own children" responded affirmatively to this reason in a list of reasons supplied by CSR. The phrasing may incorrectly suggest that these parents were making an unconstrained choice to "raise their own children" rather than work full-time. Parents may have felt that they could not adequately meet their children's needs if they worked full-time or that the benefit of additional earnings from additional work hours was outweighed by the cost of leaving their children inadequately supervised and parented.

¹⁹ *After Time Limits* at 25.

²⁰ *After Time Limits* at 20. Full time is generally considered to be 35 hours a week for 50 weeks. At \$8.21/hour, this would yield \$14,368/year.

- **Child care does not meet the needs of many families.** One third of the respondents who were employed or in school needed child care outside of regular business hours. More than half of these needed care in the evenings, at night or on weekends. Although three-fifths reported that child care arrangements met their needs “very well,” approximately one-quarter (27.4% of time limit closings and 21.4% of non-time limit closings) were relying on a sibling to provide care for a younger child and 7.9% of the time limit closings and 10.9% of the non-time limit closings who were employed or in school took their children with them on a regular basis to solve their child care problems. Over one-quarter (26.2% of time limit closings and 31.6% of non-time limit closings) had lost or been unable to take a job because of problems with child care.²¹
- **Food insecurity increased.** Food insecurity is the U.S. Dep’t of Agriculture measure of the extent to which households skip meals, go hungry, run out of food, and can’t afford balanced meals. Severe food insecurity (five or six food problems) increased by 10.2 percentage points for the time limit closings and 6.5 percentage points for the non-time limit closings. One-quarter (23.5%) of the time limit closings and 21.0% of the non-time limit closings were rated as suffering from severe food insecurity. Fewer than half (48.5%) of the time limit closings that were severely food insecure were receiving food stamps and 17.9% of the non-time limit closings that were severely food insecure were receiving food stamps.²² One-third of the households reported that their food

²¹ *After Time Limits* at 29-30.

²² *After Time Limits* at 69-70.

situation was worse after leaving welfare.²³

Food insecurity may have increased for some households because their earnings made them ineligible for food stamps. But over one-third (35.7%) of the unemployed households with time limit closings and two-fifths (43.5%) of the unemployed households with non-time limit closings were not receiving food stamps, even though they were most likely eligible.²⁴ DTA has acknowledged the need to improve food stamps outreach.²⁵ The report confirms that a great deal of work is still needed to increase access to this critical federally-funded benefit. However, food stamp outreach will not solve the problem of food insecurity for those households whose earnings make them financially ineligible for food stamps. For these households, alternative income supports must be created so that their children and they do not suffer from food shortages.

- **More families had to rely on free food after leaving welfare.** The percentage of families who had to rely on food from a food bank, church or soup kitchen increased after the families left welfare. One quarter (26.5%) of the time limit closings had relied on free food before their cases closed, compared with 32.6% after their cases closed.²⁶
- **Families have few assets to fall back on.** Less than one-quarter (23.9%) of the time limit closings and 27.8% of the non-time limit closings have savings over

²³ *After Time Limits* at 75-76.

²⁴ *After Time Limits* at 38-39.

²⁵ *After Time Limits* at ix, 79.

²⁶ *After Time Limits* at 39.

\$500. Only three in ten (28.9%) of the time limit closings and 41.5% of the non-time limit closings households owned a vehicle that was somewhat or very reliable.²⁷

- **Debt is high.** Four-fifths of respondents were in debt. One half had overdue utility bills. Over one-third of time limit closings (37.9%) and almost one-half of non-time limit closings (46.6%) owed money on credit cards. Many had overdue medical bills (18.8% of time limit closings and 46.6% of non-time limit closings) even though virtually all of these families should have been covered by MassHealth. About half owed more after leaving welfare than when they were on welfare.²⁸
- **Children in these families have special needs requiring close parental attention.** Almost one-quarter of the children ages 4-17 in the time limit closings (23.4%) and one fifth (20.75) in the non-time limit closings had attended special education classes. Eighteen percent (17.8%) of the children in the time limit closings and 13.2% of the children in the non-time limit closings were reported as having a seriously disabling physical, emotional or mental health condition. More than ten percent of the children (11.5% in the time limit closings and 13.5% in the non-time limit closings) had been suspended or expelled and thirteen percent (13.3%) in the time limit closings and 15.6% in the non-time limit closings had failed a class or grade after leaving welfare.²⁹

²⁷ *After Time Limits* at 41.

²⁸ *After Time Limits* at 42-43.

²⁹ *After Time Limits* at 51, 53.

- **Housing improved for many families after they left welfare, but other former welfare families lack stable housing.** Of the time limit closings, four-fifths (80.3%) reported that their housing quality was good to excellent after leaving welfare compared to 65.7% reporting that their housing quality was good to excellent before they left welfare.³⁰ However, almost fifteen percent (14.6%) of the time limit closings and 18.8% of the non-time limit closings did not have their own place to live. They were staying with friends or relatives, sharing with a roommate, or living in a shelter.³¹ The lack of stable housing interferes with work, and creates an unstable situation for children. More families could not have their children living with them because of lack of housing than was the case when they were receiving welfare. Although the numbers are small (1.5% of time limit closings and 3.3% of non-time limit closings), the consequences of separation for children and families is potentially severe.³²
- **Domestic violence disrupts lives.** About half of all the families had experienced domestic violence in their lives. Twelve percent of the time limit closings and 15% of the non-time limit closings had dealt with domestic violence in the year before the interview.³³
- **Lack of education and training and limited English proficiency limit job opportunities, but few participate in education or training after welfare**

³⁰ *After Time Limits* at 68.

³¹ *After Time Limits* at 65.

³² *After Time Limits* at 69.

³³ *After Time Limits* at 73.

ends. One-third (31.6%) of the time limit closings and one-quarter (23.8%) of the non-time limit closings lack a high school diploma or GED.³⁴ About one-sixth (17.6% of time limit closings and 15.6% of non-time limit closings) were limited in their ability to speak English. Similar percentages (17.8% of time limit closings and 13.8% of non-time limit closings) had limited ability to read English.³⁵ The occupations of former recipients reflect their lack of skills and training. Lack of experience was the reason most frequently given by unemployed recipients for not working or not looking for work (39.8% of time limit closings and 45.0% of non-time limit closings). Three out of ten (29.9%) of time limit closings and 41.7% of non-time limit closings said they needed more education or skills.³⁶ Almost half (46.3% of time limit closings and 48.6% of non-time limit closings) had some training in the past, and most had completed the programs, but apparently needed more education and training to qualify for higher paying jobs. Only about ten percent (10.2% of time limit closings and 13.3% of non-time limit closings) were participating in education or training at the time of the interview.³⁷

DTA says that it has expanded its employment services program to increase post-employment services for former recipients. One of the goals is to develop post-employment education and training opportunities that will lead to career advancement and higher earnings.³⁸ This goal appears to be unrealistic. The

³⁴ *After Time Limits* at 7.

³⁵ *After Time Limits* at 8.

³⁶ *After Time Limits* at 26, supplemented by figures supplied by Professor Randy Albelda, University of Massachusetts at Boston.

³⁷ *After Time Limits* at 64-65.

³⁸ *After Time Limits* at viii, 79.

low rate of former recipients' participation in education or training reflects the time-crunch experienced by all parents and particularly single parents. Many feel they cannot work full-time and meet their children's needs. Going to school or training on top of a full-time job is even less feasible for a very low-income family.

CONCLUSION

The first group of families to reach the time limit—described in the report— had been receiving assistance for some period of time before their time clocks began ticking on December 1, 1996.³⁹ Families who began receiving assistance later will be eligible for many fewer months of assistance before their benefits terminate. They will therefore have much less time to participate in education or training while on welfare. Because education and training does not appear to be feasible for most families after assistance terminates, welfare policies need to be adjusted to promote education or training to the maximum extent possible while the family is receiving assistance. Based on the report, we recommend the following policy changes:

- 1. Promote education or training for all families on welfare, including those who are not subject to the time limit, those subject to the time limit but not the work requirement, and those, subject to the work requirement and the time limit.** Current DTA practice largely ignores or even blocks the education and training needs of welfare recipients. All welfare recipients need access to high quality substantive education and training.

³⁹ Of the families in the study whose cases were closed because of the time limit, 65.4% received benefits continuously until the closing for an average of 9.7 years. Forty-four percent of the time limit closings who had not received benefits continuously until the closing had received benefits for a total of 96 months (8 years) or more. Only 33% of the time limit closings who had not received benefits continuously had received benefits for fewer than 61 months. *After Time Limits* at 14.

Recipients who are exempt from the time limit need education and training because they may be terminated because of the time limit in the future or because, even if exempt, they may (as the study shows) leave welfare and try to support their families through work. DTA makes little effort to promote education or training for families who are exempt from the time limit because their youngest child is under 2, even though these families will be subject to the time limit once the child is 2 years old. DTA actually blocks the education and training efforts of families who are exempt on the basis of disability or caring for a disabled family, threatening to revoke their exemptions if they attempt to participate in education or training.

DTA also blocks substantive education and training efforts for families who are subject to the time limit, but not the work requirement (youngest child is 2 or older). DTA tries to push these families into job search—in an effort to get them off welfare sooner—instead of helping them to use their time on welfare so as to increase their skills and their ability to get a job that will sustain them. For several years, the Administration has proposed amending the welfare law to require these families to participate in work and job search, thereby precluding them from participating in education or training. The Legislature has rejected these efforts and should continue to do so.

Other DTA anti-education policies include: denying an extension of the welfare time limit to recipients who need additional time to complete an education or training program, denying an extension of the welfare time limit to recipients who participate in education or training instead of job search during their last year of welfare, denying child care and other supports for former recipients in education or training who are not also employed or are not completing a

program approved while they were on welfare, and failing to provide education and training services to meet the needs of persons with learning disabilities and limited English proficiency.

- 2. Raise the gross income eligibility limit.** Current welfare law denies benefits to families whose gross incomes exceed 185% of the welfare payment standard, even if the family would be eligible for a partial benefit after deductions from earnings. The gross income limit should be raised to 130% of the poverty level, which is the current gross income test for food stamps and Emergency Assistance. This would provide a small supplement to some of the low-income families who are currently ineligible for cash assistance because of the gross income eligibility limit. Families who had reached the time limit would still need to qualify for an extension or exemption to be eligible for the income supplement.
- 3. Provide one-time flexible funding to help families in crisis.** The RAFT (Residential Assistance to Needy Families in Transition) proposal would provide a one-time benefit to families with incomes below 130% of the federal poverty level to address a short term crisis. The money could be used to pay for first and last month's rent, security deposits, start-up utility costs or arrearages, or any other expense that keeps families from getting and staying housed.
- 4. Count hours in education or training towards the welfare work requirement.** Although current law requires DTA to count training experience towards the 20-hour welfare work requirement, DTA only counts work (paid or unpaid) or job search. This anti-education policy prevents welfare recipients from getting the education or training they need to support their families.

These are some short term policy adjustments. Over the longer term, the Commonwealth must either make it easier for families to return to welfare when needed or must find ways of providing ongoing income support (beyond the current Earned Income Credit) for low-income families. Without additional support, the prospect for these families is bleak, particularly as the economy slows in the coming years.