Foundations Report:
The Charitable Sector and Welfare Reform in Utah
April 1999

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Shirley Weathers, Walsh & Weathers Research & Policy Studies
Cathy Zick, Family & Consumer Studies, University of Utah
Dear Charitable Sector Leader:

On August 22, 1996, President Bill Clinton signed into law the most significant welfare reform legislation in three generations, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA).

In my view, this new legislation will have greater impact on charitable organizations than any Congressional action in recent memory. Congress acknowledged that the Act left gaps in service provision and made clear its intent that the charitable sector would assume a greater role in meeting the needs of the poor.

The Act was met with wide acclaim from many Americans who were frustrated with the traditional welfare system. It also prompted trepidation and dismay for those who feared the dissolution of the "safety net" and the subsequent uncertainties facing America's poor. At the much-publicized signing of the Act, President Clinton acknowledged that it was not perfect. Promising to amend it in the future, he nonetheless hailed the reform as the "end to welfare as we know it."

In late 1997, just over a year after the bill signing, the Center for Public Policy and Administration (CPPA) at the University of Utah embarked on a major research and partnership building initiative to consider how PRWORA would affect charitable organizations in Utah. These entities, of course, include religious institutions and other social service nonprofit organizations.

A religious leader who serves on a CPPA advisory board suggested this undertaking. CPPA responded to this request in light of its mission to help Utah's public and nonprofit organizations accomplish their goals for the advancement of the public good. CPPA determined that such an endeavor would indeed be significant. There is, after all, ample reason for concern on the part of the charitable sector regarding this change in public policy. Charitable organizations clearly will benefit from understanding what welfare reform might mean for them; government agencies and policy-makers stand to gain from this understanding, as well.
The Welfare Reform Initiative (WRI) thus was conceptualized with the assistance of community leaders and key University of Utah researchers. WRI is designed to assist the charitable sector in its expanded social service role. Initial funding support came from a number of humanitarian organizations. This initiative is now a multi-year effort, consisting of research efforts and partnership-building among charitable and government institutions.

Besides hosting public events on welfare reform, WRI will be producing a series of published reports formulated to assist charitable leaders in dealing with this significant public policy. These reports will be offered to the community as part of WRI's partnership-building efforts.

We are pleased to present this publication titled: Foundation Report: The Charitable Sector and Welfare Reform in Utah-April 1999. Dr. Shirley A. Weathers, a renowned expert in welfare policy, was commissioned to produce this report. Here she recounts welfare reform changes and the interplay with charitable organizations. She alerts us to key factors to watch for as situations change, including policy modifications and economic conditions.

Through the Welfare Reform Initiative activities, CPPA offers help and insight to assist you in understanding how known welfare changes may affect your organization. As the data-gathering proceeds, we will be providing additional information and assistance to enable the charitable organizations in Utah explore the potential impact on requests for services.

To assist charitable organizations during this momentous policy change, we hope to be in touch with most C if not all C charitable leaders in Utah. Please expect to hear from us. In the meantime, we invite you to contact us if you have any comments, suggestions, or questions about this report or the larger initiative.

The Welfare Reform Initiative is benefiting from the efforts of a number of extraordinary individuals. At this point, I wish to express deep appreciation to each member of the Advisory Committee for helping to frame and inspire the overall Initiative, and to our funders for making our efforts possible. Additionally, special thanks go to Shirley Weathers for the impeccable research that went into the Foundation Report, and to Sara McCormick for lending her considerable talents and editing skills to this work. Finally, our heartfelt gratitude is expressed to Victor Brown who, for nearly 18 months, has freely given us his expertise, counsel, and assistance.

Sincerely,

Laurie N. DiPadova, Ph.D.
Deputy Director

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### LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ABAWD</td>
<td>Able-bodied Adults Without Dependents (Policy)</td>
</tr>
<tr>
<td>AFDC</td>
<td>Aid to Families with Dependent Children (Program)</td>
</tr>
<tr>
<td>CCDBG</td>
<td>Child Care and Development Block Grant</td>
</tr>
<tr>
<td>CHIP</td>
<td>Child Health Insurance Program</td>
</tr>
<tr>
<td>DHS</td>
<td>Utah Department of Human Services</td>
</tr>
<tr>
<td>DWS</td>
<td>Utah Department of Workforce Services</td>
</tr>
<tr>
<td>EITC</td>
<td>Earned Income Tax Credit</td>
</tr>
<tr>
<td>EWP</td>
<td>Emergency Work Program</td>
</tr>
<tr>
<td>FEP</td>
<td>Family Employment Program</td>
</tr>
<tr>
<td>GA</td>
<td>General Assistance (Program)</td>
</tr>
<tr>
<td>GASSP</td>
<td>General Assistance Self-sufficiency Program</td>
</tr>
<tr>
<td>HHS</td>
<td>U.S. Department of Health and Human Services</td>
</tr>
<tr>
<td>IFA</td>
<td>Individual Functional Assessment</td>
</tr>
<tr>
<td>JOBS</td>
<td>Job Opportunity and Basic Skills (Program)</td>
</tr>
<tr>
<td>LDS</td>
<td>The Church of Jesus Christ of Latter-day Saints</td>
</tr>
<tr>
<td>MOE</td>
<td>Maintenance of Effort</td>
</tr>
<tr>
<td>OCSE</td>
<td>Office of Child Support Enforcement</td>
</tr>
<tr>
<td>ORS</td>
<td>Office of Recovery Services</td>
</tr>
<tr>
<td>PRWORA</td>
<td>Personal Responsibility and Work Opportunity Reconciliation Act</td>
</tr>
<tr>
<td>SMI</td>
<td>State Median Income</td>
</tr>
<tr>
<td>SPED</td>
<td>Single Parent Employment Demonstration (Program)</td>
</tr>
<tr>
<td>SSBG</td>
<td>Social Services Block Grant (Title XX)</td>
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<tr>
<td>SSI</td>
<td>Supplemental Security Income (Program)</td>
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<td>TANF</td>
<td>Temporary Assistance for Needy Families (Program)</td>
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<tr>
<td>UMAP</td>
<td>Utah Medical Assistance Program</td>
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<td>UNA</td>
<td>Utah Nonprofits Association</td>
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<tr>
<td>WTE</td>
<td>Work Toward Employment (Program)</td>
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EXECUTIVE SUMMARY

Congress, in passing the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), significantly recast major components of the nation's social welfare system. This altering of the welfare system constitutes the most monumental change since its inception during the Great Depression. The Act prescribes modifications to federally-funded financial, employment, child care, education, training, and nutrition assistance received by individuals and families. One of the impacts of PRWORA is an expanded role for the charitable sector, which includes faith-based organizations and social service nonprofit agencies, in helping the poor meet their needs. Charitable organizations serve families and individuals in a variety of circumstances: recipients of welfare assistance, the unemployed, the underemployed, the marginally employed, and the unemployable, and those who are counted among the "working poor."

Expanded Role of Charitable Sector

Despite the uncertainties, challenges, and potential problems with the new welfare system, reform was needed. In many states, including Utah, great efforts had been made to modify it long before PRWORA was passed. While a number of welfare recipients have and will benefit from the new welfare system, increased demands on the charitable sector will come from those not so fortunate. As new policy provisions decrease available assistance that the poor may need in order to survive, religious groups and other social service nonprofit charitable organizations are clearly expected to compensate for the reduced government role.

Changes to the Welfare System

The most dramatic changes to the welfare system stem from a two-pronged effort to reduce the role of the federal government in addressing the nation's poverty.

1. **Reduction of federal financial commitment to the national welfare system.** PRWORA replaced Aid to Families with Dependent Children (AFDC) an entitlement program with the Temporary Assistance for Needy Families (TANF) program. In contrast to the entitlement status of AFDC, TANF is a block grant providing states with a capped amount that, by law, cannot grow in response to increased need. TANF also imposes lifetime limits on financial assistance. While the federal limit is 60 months, Utah and 21 other states have shorter time limits. Utah’s is 36 months. Other cuts include Supplemental Security Income (SSI), a financial assistance program for poor elderly and disabled people; and the Food Stamp program. Child care is block granted. Only Medicaid is left intact. States are free to use their own funds to fill any of the gaps created by PRWORA.

2. **Reduction although not abdication of federal regulatory involvement.** Congress devolved to the states a sizable measure of power over the design of their family financial assistance programs. Under the old welfare system, far more decisions about program policies were made on the national level. Yet PRWORA does include federal mandates.
States are required to implement a number of new rules, including those prescribing what welfare recipients can and cannot do if they wish to remain eligible for assistance. States face financial penalties if federally established work-related participation rates and some other requirements are not met.

The federal retreat from undisputed primary responsibility in addressing poverty leaves troubling gaps. While the significance of those gaps is not yet known, it seems clear that some of the provisions in PRWORA will increase levels and types of unmet needs. Congress openly stated its intent that the charitable sector would play a larger role in assisting the poor, in part by making up for deficiencies in government assistance.

In broadest terms, it is widely recognized that the Act:

$ encourages work, notably with a "work first" thrust, rather than facilitating job preparation through education and training before job search;
$ promotes parental responsibility;
$ prohibits the use of federal funds to serve certain categories of people;
$ reduces the amount of assistance provided by some programs;
$ imposes time limits on the receipt of some benefits;
$ provides that assistance must be denied or terminated if certain performance requirements are not met by recipients; and
$ gives states great latitude in designing many other aspects of their programs. (This power granted to the states can allow for innovative ways to assist families to become self-reliant, but may also result in reductions in eligibility, program benefits, or otherwise deny necessary services to needy people).

Decline in Caseloads: According to published reports, welfare caseloads have declined dramatically since the passage of PRWORA. While politicians have heralded this decline as a mark of PRWORA's success, it is important to recognize that welfare caseloads in almost all states were declining before PRWORA was passed. Involuntary case closures and policies that encourage people not to enroll in financial assistance programs have played a part in the decreasing welfare rolls. Publicity regarding welfare reform also discouraged eligible people from enrolling. Information is sparse about whether these families are working and self-sufficient, but early indicators from other states suggest strongly that such may not be the case for the majority of families. In Utah, as in the rest of the nation, charitable sector providers already report increases in requests for services since mid-decade. This increase in service demand may be the effect of the "other side" of caseload reductions.

Program Changes

The following welfare policy changes made during 1996 can be expected to trigger the most significant increased demand for expanded charitable sector activity in Utah and other states.

Temporary Assistance for Needy Families (TANF)
Utah's TANF program, the Family Employment Program (FEP), provides temporary financial assistance to families with dependent children ($451 per month for a family of three) and seeks to connect them with jobs and necessary supportive services. Families are required to develop an employment plan and participate in specified activities. There are several provisions that may negatively affect families and increase their need for help.

$ **PRWORA includes a federal 60-month lifetime limit on TANF; the Utah Legislature imposed a stricter lifetime limit of 36 months.** Both are termination time limits, meaning that when a family's time limit is reached, financial assistance to the entire family ends for life. Both PRWORA and the Utah statute allow "hardship exemptions" (Utah uses the term "extensions") for a number of families constituting 20 percent of the average monthly program caseload to be continued on assistance beyond the date when their time limits expire. *Families who are not self-sufficient when they reach their time limits and who fail to receive exemptions, may have to turn to the charitable sector if they are to avoid grave consequences, including homelessness.*

$ **PRWORA requires states to ensure that certain percentages of their TANF families participate in federally defined countable work-related activities for a set number of hours per month.** The federally required percentages and minimum number of hours increase each year until federal fiscal year 2002. To avoid penalties, states that have tailored self-sufficiency activities to individual family barriers and capabilities, may soon feel pressured to require families to engage in PRWORA's small number of "countable" activities. *The possible problems this may create for families vary, but to the extent parents cannot cope with program requirements or fail at activities beyond their capabilities, they may lose assistance before they are prepared to support themselves.*

$ **Welfare caseloads consist of families with varying capabilities of becoming self-reliant.** Around one-third of welfare recipients need only temporary help; they rarely stay on assistance long enough to reach time limits. Another one-third have barriers that may be surmountable with effective interventions. The final one-third are deeply troubled to the extent that they are unlikely ever to become self- or family-sustaining. As the more job-ready members of the welfare population cycle off, progressively larger proportions of welfare caseloads will consist of more severely troubled families. *This will increase time pressures on case managers who assess, assist, and refer families to appropriate supportive charitable services and interventions.*

$ **The 20 percent hardship exemption provision operationally creates a "first come, first served" mechanism for families with severe, multiple barriers to employment.** Over time, the limited number of exemptions will be depleted, as progressively more families who cannot become self-supporting reach their time limits and must retain more or less permanently the exemption they have obtained. The most important policy issue is the inevitable depletion of exemptions inherent in the law. At this point, there is no provision to create more. Under existing law, welfare administrators may have no choice but to close the cases of severely troubled families that reach their time limits once all exemptions are committed. *The charitable sector should be particularly watchful of this public policy, because these families are likely to need special and prolonged help.*
Child Care and Development Block Grant (CCDBG)

PRWORA combined three existing, federally-funded child care programs into the Child Care and Development Block Grant. CCDBG funding can be used to help cover child care costs for both TANF families and low-income working families not receiving TANF financial assistance.

$ Necessary child care resources are scarce everywhere, and participation and work requirements in both PRWORA and Utah's Family Employment Program place more pressure on those resources. Even where there seems to be an adequate supply of regular child care, shortages of care for infants, sick, or disabled children and night and weekend care persist which the charitable sector may be expected to resolve.

$ Annually increasing TANF work participation quotas will put more pressure on child care funding and availability. Financial penalties face states for failure to meet those quotas. Thus, if shortages in the supply of child care occur, states have few options. One outcome may be to decrease child care assistance to working families, even though this may force those families to leave their children alone or in unsafe care. The charitable sector may see requests related to this potential dilemma.

$ Low-income working families are not eligible for child care assistance once their earnings surpass the Federal Poverty Guidelines. PRWORA caps eligibility for child care assistance at 85 percent of a state's Median Income, but Utah's maximum is set at 56 percent. As a result, Utah's working families often must cover the full cost of child care while their incomes are just above the Federal Poverty Guidelines. This substantial expense is likely to leave shortfalls in family budgets.

$ The quality of child care is unavoidably impacted by welfare changes that increase the number of working poor families. The National Institute of Child Health and Human Development found that low-income working families tend to use center-based care of lower quality than that used by both very poor and more affluent families. The dangers of placing such children at risk is an issue of concern for charitable organizations.

Food Stamps

The Food Stamp program is the most widely used assistance program for low-income Americans. It provides eligible households, regardless of whether they receive other welfare services, with some help covering their food and nutritional needs. Substantial funding reductions were made through mechanisms that are almost guaranteed to increase pressure on charitable emergency food resources.

$ Refugees were made ineligible (although in 1998, Congress restored eligibility to around one-quarter of those cut). Charitable sector providers of emergency food already have seen the results of the PRWORA restrictions.

$ PRWORA imposes time limits on Food Stamp benefits to 3 out of every 36 months for unemployed single people and couples without children. This is known as the Able-bodied Adults Without Dependents (ABAWD) policy. Individuals may receive an exemption if they meet criteria established by the Utah Department of Workforce Services.
The number of exemptions is limited to 15 percent of the average monthly caseload, and eventually will run out. Recipients may also avoid termination if they enroll in a federally approved work program; Utah is in the process of developing such a program. Utah food pantry operators have charged that the ABAWD policy is part of the reason for a 33 percent increase in requests for emergency food in 1998 over 1997.

$ The Food Stamp program cuts include a 20 percent across-the-board reduction in benefits. At the previous level of around $0.80 per person per meal, Food Stamp allotments did not cover household food costs. At the new benefit level of $0.66 per person per meal, monthly Food Stamp allotments will run out even more quickly.

Supplemental Security Income (SSI)

SSI provides federally-funded financial assistance to some low-income elderly and people who meet disability criteria. It is not time limited; therefore, it can assist childless individuals and couples, as well as FEP families with serious, long-term barriers to employment to avoid economic instability.

$ Nationwide, around 115,000 children lost benefits for which they had previously qualified. Over 460 of those children live in Utah. Before PRWORA, many children who received SSI were found eligible because their conditions prevented them from functioning effectively at tasks appropriate to their age level. The Act eliminated this eligibility criterion (known as "individual functional assessments" or IFA's).

$ New federal rules exclude the diagnosis of substance abuse as one of the qualifying disabilities for adults seeking SSI financial assistance. Utah chose to adopt the same approach in the all-state-funded General Assistance (GA) program.

Health Care Coverage/Medicaid

To the state's credit, Utah has an overall better record for health insurance coverage than the nation as a whole. Here, too, however, the trend away from employer-provided health insurance presents a particular dilemma for families attempting to leave welfare for work; this trend emphasizes the importance of Medicaid. Poor families who lose eligibility for TANF/FEP financial assistance due to time limits can continue to receive coverage under Medicaid. Utah FEP families that leave the program because of increased income can receive Transitional Medicaid for 24 additional months. Through the Child Health Insurance Program (CHIP), health care coverage is provided to children in families with incomes between 100 and 200 percent of Federal Poverty Guidelines. However, there are still gaps and trends in health care coverage of which the charitable sector should take note:

$ Among the poor, workers are less likely to be insured than those who do not work.
$ Around half of poor full-time workers were uninsured in 1996 and 1997.
$ Increasingly, children in low-income working families who have insurance are covered by Medicaid, rather than by employer-provided insurance.
$ In 1996, nearly 15 percent of all children under 18 were not covered by any kind of health insurance, up from 13 percent in 1987.
Almost one out of every four children in low-income families had no health insurance of any kind.

Almost half of uninsured children under 11 are eligible for Medicaid, but are not enrolled.

The Child Health Insurance Program (CHIP) established by Congress in 1997 offers coverage to children in families with incomes between 100 and 200 percent of Federal Poverty Guidelines, but across the nation, only a small percentage of children are enrolled.

Children in both welfare families and in working poor families are at greater risk for developmental and health problems than children living in families with more adequate incomes.

The Economy as a Key Factor

There is an additional factor of crucial note: PRWORA vastly magnifies the impact of the economy on certain segments of the nation's poverty population. The three primary ways are the following:

PRWORA makes jobs and the labor market central in the lives of the nation's poor. Work or participation in activities leading directly to employment is the key to continued eligibility for several programs. Mostly female single heads of families must be able to find a job and keep it after their lifetime limits expire. Many recipients who are working have very low wages and generally no benefits. Unfortunately, most states, including Utah, are conforming to PRWORA's general approach of discouraging many education and training activities that might increase earning power.

Implementation of the Act came at a time when the economy was exceptionally strong. Job-seeking welfare recipients have been among the beneficiaries. However, economic downturns generally jeopardize the "last hired" and those in low-end jobs, as well as thwart the best efforts of welfare recipient job-seekers to find work. Those recipients whose time-clocks run out in the midst of a weak job market may find themselves with more than dashed hopes. Many may be left with severely limited options to support their families.

Unlike the former welfare system, PRWORA makes almost no provision for additional federal monies to help states respond in the event of increased need. TANF funding is distributed to states on the basis of expenditures when caseloads were higher; thus, lower caseloads since implementation have resulted in surplus federal dollars. Lower caseloads have also prompted states, including Utah, to reduce their own financial commitment to related programs (reductions of up to 25 percent are allowed). However, caseloads C and subsequent program costs C can be expected to increase if and when there is an economic slowdown. Reserve funds could be quickly depleted and reduced state appropriations may not be able to be restored. It may be that, despite sincere intentions to serve people and meet needs, state agencies will adjust program design in the face of inadequate funding. With funding shortfalls, they may come under pressure to reduce program benefits or restrict eligibility. Either of these decisions could jeopardize families.
Impact of Changes on Government Agencies

While the potential impact of welfare reform on charitable organizations is enormous and poses many challenges, the difficulties faced by government agencies are formidable, as well. Changing policies, reprogramming computer systems, modifying data collection practices, and otherwise meeting new federal requirements can leave state agencies with little time to implement positive innovations. In Utah, these challenges are exacerbated by the fact that most affected programs and operations were transferred to the newly formed Department of Workforce Services. The potential everywhere for mistakes or oversights that directly affect recipients is very real. One consequence is that needy people will turn to churches and other charitable organizations for assistance.

Looking to the Future

It seems certain that either the new welfare system policies or a weakening economy has the potential to increase the unmet needs of some individuals and families; where both come into play at once, the impact can be expected to be even greater. Anticipating precisely who among the nation's and Utah's citizens will be negatively affected and to what extent is a difficult task. It is highly likely that people with serious or multiple barriers to employment, weak or non-existent job and education skills, the infirm, and the elderly will be particularly at risk. Children, of course, will share any plight suffered by their parents or guardians.

Not only may requests for help from affected people increase, but the nature and degree of their needs may change, as well. The most significant potential expanded need is for cash to meet a wide range of basic needs. Only rarely since the Great Depression has the charitable sector faced requests by families without other options for ongoing, monthly income maintenance. With PRWORA, this is almost certain to change. It seems clear, however, that any significant economic downturn will challenge government efforts and charitable capacities to assist needy and working poor individuals and families.

The Welfare Reform Initiative of the Center for Public Policy and Administration will devote the next two years to helping charitable organizations prepare for the challenges that lie ahead. This effort will identify the impacts of welfare reform on the charitable sector and document charitable sector capacity and experiences. Four general scenarios offer a frame of reference to consider what may be expected:

- Continued prosperity with welfare policies unchanged;
- Continued prosperity with positive changes in welfare policies;
- Economic downturn with positive changes in welfare policies; and
- Economic downturn with welfare policies unchanged.

Fundamental to the effort will be identifying and examining key policies of the welfare system and investigating the interplay between these policies and the economy. Considering the circumstances and needs of people who will at some point rely on the system and will be called upon to find their way into the labor market is another crucial factor. Critical areas of investigation include the following:
The capacity of charitable organizations to care for those in need
Children in welfare families, child care policy and other policies that directly impact children
Pivotal issues including affordable housing and health care options
Tracking what has happened to welfare recipients no longer on the rolls
Key points to helping people out of poverty versus just getting them off of the welfare rolls
Other states=experiences with welfare reform
Role of tax breaks for the working-poor
High unemployment areas (including Indian reservations)
The impact of welfare reform on counties and other local governments
Best practices in welfare policy: lessons from states and charitable institutions
Ethical and moral considerations of welfare reform
Religious perspectives on welfare reform

Pending funding, the Welfare Reform Initiative will be gathering information and producing reports on these and other relevant topics. Reports will be tailored and distributed to charitable leaders to assist them in responding to these changing demands.
I. INTRODUCTION

Congress, in passing the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), significantly recast major components of the nation's social welfare system for the first time since its inception during the Great Depression. The Act prescribes modifications to the federally-funded financial, employment, child care, education, training, and nutrition assistance received by individuals and families. One of the impacts of PRWORA is an expanded role for the charitable sector in helping the poor meet their needs. The charitable sector includes churches and other faith-based organizations, as well as social service nonprofit agencies. Charitable organizations serve families and individuals who are in a variety of circumstances: those who are counted among the working poor, recipients of welfare assistance, the unemployed, the underemployed, the marginally employed, and the unemployable.

The most dramatic changes to the welfare system stem from a two-pronged effort to reduce the role of the federal government in addressing the nation’s poverty.

1. Reduction of federal financial commitment to the national welfare system. This was accomplished through several means. To diminish federal financial commitment to families with dependent children, PRWORA replaced Aid to Families with Dependent Children (AFDC) an entitlement program with the Temporary Assistance for Needy Families (TANF) program. In contrast to the entitlement status of AFDC, TANF is a block grant providing states with a capped amount that, by law, cannot grow to meet increased need. Additionally, TANF imposed lifetime limits on financial assistance. Most families in the various states cannot receive assistance beyond 60 months. (Utah and 21 other states have even shorter time limits.) Funding for Supplemental Security Income (SSI), a financial

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1AFDC was an entitlement program, and as such, the law required that all eligible families who applied had to be served. Additional federal funding was guaranteed if need increased. A block grant is a budgetary mechanism that is deliberately finite in order to ensure that costs will not increase as demand goes up. Block-granting is also characterized by greater local control over program design, regulations, and how to handle limited program funding. Block granting was first used to a significant extent during President Ronald Reagan's administration. The block granted programs had the impact of serving a fraction of the people eligible.
assistance program for poor elderly and disabled people, was reduced by ending eligibility for some disabled children and adults with a substance abuse-related disability. Child care funding was also capped and block-granted. Medicaid was left largely intact, but Food Stamp program funding was reduced substantially, primarily by time limiting eligibility for some categories of people, eliminating eligibility entirely for others, and scaling back allotments for all participating households across-the-board. States are free to fill any of the gaps created by PRWORA provisions, but they must use their own funds.

2. **Reduction although not abdication of federal regulatory involvement.** Congress devolved to the states a sizable measure of power over the design of their family financial assistance programs. Under the old welfare system, far more decisions about program policies were made on the national level. However, PRWORA does include mandates. States are required to implement a number of new rules, including those prescribing what welfare recipients can and cannot do if they wish to remain eligible for assistance. States face financial penalties if federally established work-related participation rates and some other requirements are not met.

In early 1999, two years into the new welfare system, there are many unanswered questions. We still know relatively little about the long-range effects of the new law on vulnerable populations, the communities where they live, and the institutions that attempt to assist them. However, the federal retreat from undisputed primary responsibility in addressing poverty leaves troubling gaps. The significance of those gaps is not yet known, but it seems clear that some of the provisions in PRWORA will increase levels and types of unmet needs.

Congress openly stated its intent that the charitable sector would play a larger role in assisting the poor. That would occur in part by making up for new deficiencies in government assistance. Moreover, PRWORA offers unprecedented opportunities for charitable organizations to receive federal funding via contracts for their services. Of critical importance is the fact that we do not know, at this point, the magnitude of the burden that the new system will ultimately present for charitable resources.
From a policy perspective, in broadest terms and across various programs, it is widely recognized that the Act:

$ encourages work, notably with a work first@thrust, rather than facilitating job preparation through education and training before job search;
$ promotes parental responsibility;
$ prohibits the use of federal funds to serve certain categories of people;
$ reduces the amount of assistance that shall be given in some programs;
$ imposes time limits on the receipt of some benefits;
$ provides that assistance must be denied or terminated if certain performance requirements are not met by recipients; and
$ gives states great latitude in designing many other aspects of their programs. This power granted to the states can allow for innovative ways to assist families to become self-reliant, but may also result in reductions in eligibility, program benefits, or otherwise deny necessary services to needy people.

The economy is an additional factor beyond explicit policy prescriptions in PRWORA that may negatively affect the ability of poor individuals and families to sustain themselves. Whereas the traditional welfare system tended to insulate enrollees from changes in the economy, PRWORA vastly increases the potential impact of the economy on them. The two primary ways are the following:

1. PRWORA makes jobs and the labor market central in the lives of the nation’s poor. Work or participation in work-related activities is the key to continued eligibility for several programs. Lifetime limits on financial assistance mean that the mostly female, single heads of families on welfare must be able to find a job and keep it after a certain number of months. Implementation of the Act came at a time when the economy was exceptionally strong. Job-seeking welfare recipients have been among the beneficiaries. However, economic downturns generally jeopardize the last hired and those in low-end jobs, as well as thwart the best efforts of future welfare recipient job-seekers to find work. Those whose
time-clocks run out in the midst of a tight job market may find themselves with more than dashed hopes. They may be left with severely limited options to support their families.

2. The original TANF block grant allocation to each state was based on a time period when caseloads were much higher, hence so far, states have had surplus federal dollars. Many states, including Utah, have responded by scaling back their own financial commitment to TANF programs as far as the law allows and putting away some excess federal TANF dollars in rainy day funds. If the economy worsens and caseloads rise, reserve funds could be depleted. Whereas under the AFDC program, federal commitment increased to meet additional needs, block-granted programs under PRWORA offer almost no such options.

It may be that, despite sincere intentions to serve people and meet needs, a large portion of what state agencies can do to adjust to shortfalls consists of employing their new power over program design to reduce resource allocations. In that case, families could be jeopardized.

Either the new welfare system or the economy has the potential to increase the unmet needs of some individuals and families. Where both come into play at once, the impact can be expected to be greater. Anticipating who may be so affected and to what extent is especially challenging.

It is important for the charitable sector to note that requests for help from affected people are expected to increase. In addition, the nature and degree of needs may also change. For

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2See State Maintenance of Effort (MOE) requirement discussion on p. 18.

3PRWORA established a $2 billion Contingency Fund to assist states whose unemployment rate or food stamp caseload reach certain trigger points during the 1997 through 2001 federal fiscal years. (Federal fiscal years run from October 1 through September 30. A fiscal year is referred to by the calendar year which the last month of the fiscal year falls in. For example, the 2001 federal fiscal year ends September 30, 2001). Another $1.7 billion was set aside for interest-bearing loans to states. A third provision provides a 2.5 percent inflator to states that qualify as growth states. Utah is one of these states. These sources restrict individual states to relatively small amounts of supplemental funds. See Mark Greenberg and Steve Savner, A Brief Summary of Key Provisions of the Temporary Assistance for Needy Families Block Grant of H.R. 3734 (The Personal Responsibility and Work Opportunity Reconciliation Act of 1996), Center for Law and Social Policy, August 13, 1996 [http://www.clasp.org/pubs/TANF/clbskp.html].
example, the most significant potential expanded need is for cash to meet a wide range of basic needs. The charitable sector has faced requests by families *without other options* for ongoing, monthly income maintenance relatively infrequently since the Great Depression.

Utah’s experience with strategies to reform welfare pre-date PRWORA and yielded programs that in many ways offer better chances of improving families’ economic conditions than most programs in the nation. The Family Employment Program (FEP, Utah’s version of the Temporary Assistance Program for Needy Families established in the Act) emphasizes work incentives over punishments and offers interventions geared to the individual family’s particular barriers and needs. However, despite the many positive aspects of this and related programs, some policies may jeopardize goals of increasing family income. Some families may fall through the cracks and some provisions of PRWORA, if not modified, appear to guarantee that a growing number of families will fail to get the services and supports they need through TANF programs. To the extent these consequences materialize, unmet needs of varying types and levels may be brought to the charitable sector. In all states, policies that fail to combat aggressively the likelihood of moving from welfare to *working poverty* lay the groundwork for a relentless increase in pressure for supplemental help, wherever it can be found.

Two years into the new welfare system, only some of the changes included in PRWORA have made themselves felt. In addition, the exceptionally strong economy has facilitated the work-related emphasis of the Act. Despite that, social services nonprofit agencies all over the nation have been observing unmistakable signs of increased need for emergency help and many wonder what the future holds for the nation’s poor.

This report is divided into seven chapters. The Introduction has provided an overview of welfare policy issues. Chapter II (Congressional Welfare Reform in 1996) details key provisions and policy implications of the Federal statute, and compares it to the provisions of AFDC and other welfare programs in order to assess potential impact. In Chapter III (The Context of Utah Poverty and Welfare) we turn our attention to Utah, discussing its history with regard to welfare issues. Here we look at Utah’s own very successful welfare reform in the first years of this decade. Chapter IV (PRWORA in Utah) places PRWORA within the context of
Utah, examining the state policies in place since 1996. Chapter V (Utah Welfare Reform and the Economy) is devoted to analyzing the interaction of welfare policy with the economy in Utah. Chapter VI (Early Indications of the Impact on the Charitable Sector) examines what is known to date about the impact on the charitable sector. Finally, Chapter VII (Conclusion: Issues of Major Consequence for 1999 and Beyond) identifies the major issues that will impact the charitable sector. It also provides a very brief overview of the Center for Public Policy and Administration's Welfare Reform Initiative.

Author Note:

Throughout this paper, we have attempted to be particularly diligent in locating and providing the most recent accurate information and data on Utah and other states. The magnitude of changes in welfare policy and processes can be expected to exert pressure on tracking and enumeration systems and we have found on several occasions that, indeed, various processes sometimes generate somewhat different numbers. Caseload figures are just one example. Throughout this discussion, we encourage understanding of any discrepancies which may occur. Regardless of any differences, we urge a focus on the overall concepts.
II. CONGRESSIONAL WELFARE REFORM IN 1996: 
THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT

Ever since the federal government established welfare for those in need, there have been calls for its reform. In 1996, the Republican dominated Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) as part of their "Contract with America." PRWORA made dramatic changes to the federal welfare policies. The following provides an overview of factors that led to the passage of the Act, how the charitable sector may be impacted and an overview of specific program changes. Challenges facing bureaucracies implementing the new policies will also be discussed.

Key Dynamics of the Call to End Welfare as We Know It

The persistence of poverty over centuries of history speaks to the complexity of the issue for human societies, especially for modern societies. Many varied solutions to poverty have been attempted but no modern society has managed to find the key to reducing poverty. In this country, the interjection of the federal government into the poverty arena has failed to settle the question of an appropriate civic response. In fact, calls for reform of the federal welfare system began soon after the New Deal implemented the system during the Great Depression. Proposals for change resurfaced during most of the subsequent presidential administrations, yet none resulted in sweeping changes until the 1996 passage of the Personal Responsibility and Work Opportunity Reconciliation Act by the 104th Congress.

What made passage of PRWORA politically feasible in 1996 is subject to debate, but a number of key circumstances apparently converged to facilitate that end. First, the way many Americans wanted to deal with poverty had changed over time. Their wish for a successful War on Poverty had not been fulfilled. In fact, welfare caseloads had continued to grow. At the same time, the presence of women, including those with young children, had become common in the workplace. The economic contribution to society of mothers raising their own children became
clearer as child care needs and costs increase.

While the importance to society of mothers raising their children had been advanced by politicians since the women’s movement of the 1970s, the issue is a matter of ambivalence in the minds of many Americans. Ironically, the conservative political agenda which has been pressing, for decades, for mothers to stay home with their children, is the same agenda which now requires welfare mothers to leave their young children and go to work. Perhaps without fully considering the risks to lives and development of poor children, increasingly many Americans came to embrace the notion that the solution to poverty is simple: women on welfare should work. It appears that in this, and other ways, many see welfare as a political and moral evil, perhaps an even greater public enemy than poverty.

PRWORA is not the first effort to introduce work provisions into the welfare system. A first step was the Work Incentive Program (WIN), established in 1967, which was designed to provide more job ready welfare recipients with experience. The Congressional Family Support Act of 1988 went farther by establishing the Job Opportunity and Basic Skills (JOBS) program to target a larger segment of the welfare population. However, activities prescribed by JOBS to help families plan for self-sufficiency had simultaneously surfaced unanticipated levels of personal, family, and regulatory barriers confronted by those families. Moving single heads of welfare families into jobs would not be as simple as policymakers originally thought. Real barriers to employment, such as lack of work history, mental health problems, the presence of very young children, and lack of basic educational skills, were being recognized by those working with welfare recipients. However, this idea that people had work barriers became dismissed by some as a mere excuse not to work. This interpretation of people’s circumstances gained popularity. Strategies were thus developed to prohibit long stays on welfare.

A second important factor preparing the way for PRWORA was criticism of the Aid to Families with Dependent Children (AFDC) program, the centerpiece of the welfare reform debate. There was agreement across the political spectrum that AFDC needed reform, although there was wide divergence of opinion as to precisely what should be done. In the two years after Bill Clinton’s first presidential inauguration, over a dozen welfare reform proposals were
introduced in Congress. The fact that Clinton, as the Democratic candidate, showed a willingness to impose time limits as a possible component of his plan to end welfare as we know it almost guaranteed that the idea would become part of any future reform the new Republican Congress might pass.

Third, major national circumstances, not related to poverty, contributed to fostering the wide acceptability of radical changes in the welfare system. By the mid-1990s, reducing the federal deficit had become a high profile political goal, prompting general agreement that sacrifices would have to be made. There were calls for reducing many areas of government, as a result. In addition to campaign reform, Congressional Republicans in their Contract with America targeted both corporate welfare and anti-poverty programs. Some proponents of retaining the federally funded social safety net hoped Congress would scrutinize and reduce some subsidies to business and corporations, as well. However, low income programs costing $22 billion in 1995 were cut, while the $75 billion in direct subsidies to businesses and over $430 billion in tax benefits to individuals and corporations, were left largely intact.

Fourth, the prominence of corporate down-sizing in the private sector added fuel to charges that the federal government was too big. States were increasingly vocal in their criticisms of federal control in general and the federally regulated welfare programs in particular. Many states were already running modified AFDC programs of their own design under waivers. The stage was thus set for passage of PRWORA.

The Charitable Sector’s Role in Addressing Poverty Redefined

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4 A discussion of the causes of the federal deficit increase are outside the scope of this report. Some scholars argue that increased military spending and tax cuts to the rich during the 1980s are two significant reasons.


6 Both President George Bush and President Bill Clinton invited states to experiment with modified approaches to Aid to Families with Dependent Children, including by requesting waivers of federal regulations in
As noted, a major goal of the 104th Congress was smaller, less costly government. For many government services, this was accomplished in part by an intensified shift of activities to the private and charitable sectors, often financed through contractual arrangements. In regard to providing assistance to the poor, an additional rationale was the charge that government had displaced the rightful leaders—churches and charities. Speaker Newt Gingrich adopted this idea from Marvin Olasky’s *The Tragedy of American Compassion*. Olasky argued that aid was best given by charitable groups, particularly faith-based organizations. Olasky also contended that these groups would more readily discern between the "deserving poor" and those whose poverty was of their own doing. Speaker Gingrich and other proponents predicted that a return of responsibility for caring for the poor to its more appropriate stewards would be met with increases in charitable giving.

The Act carries forward these early Congressional discussions in the following two ways:

1. It creates the potential for gaps in previously available services by a $55 billion reduction in federal funding from fiscal year 1997 through 2002. Over $27 billion in cuts are in the Food Stamp and Emergency Food Assistance Programs alone. A large portion of those funding cuts are made possible by specific changes in program benefits and eligibility criteria, many of which reduce assistance that was previously available to poor individuals and families.

2. Section 104 of PRWORA, known as the "charitable choice" provision, establishes the

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To what extent charitable groups engage in moral or spiritual discernment in the distribution of their services is not known, but the fact that federal government programs are strictly prohibited from discriminating against applicants on those grounds was seen by some as part of the problem of growing caseloads and expenditures. David Van Biema, "Can Charity Fill the Gap?" *Time*, December 4, 1995, p. 46.

Van Biema, *Can Charity Fill the Gap?*

means for charitable, religious, or private organizations to offer services through contracts, vouchers, and other funding mechanisms. Anticipating charges of inappropriate mixing of church and state, the provision prohibits faith-based service providers from discriminating against applicants on the basis of religion. Alternative services must also be available for individuals wishing not to be involved with a religious provider. However, these measures do not entirely quell concerns regarding church and state relationships. Furthermore, it appears that few religious organizations are aware of this provision in the law.

Some programs are underway in a few states to establish partnerships between government and charitable organizations. There is growing interest in dialogue among religious groups, other nonprofits, and state and local government as a first step. In Utah, the Department of Workforce Services has contracted with some private entities for employment-related services, but similar arrangements with charitable organizations are limited to date.

Federal Policy Triggers in PRWORA Which May Increase Needs

While a number of welfare recipients have and will benefit from the new welfare system, increased demands on the charitable sector will come from those not so fortunate. New policy provisions decrease assistance that the poor may need to survive. It should be kept in mind that new eligibility guidelines affect current recipients at the time of policy implementation by closing existing cases. The impact of decreased assistance will continue, as new applicants for those

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12A thorough discussion of PRWORA=Charitable Choice provision and some of the state programs running under it is found in Jessica Yates, APartnerships with the Faith Community in Welfare Reform, @Welfare Information Network, March 1998 [http://www.welfareinfo.org/faith.htm]. See also Jim Castelli, AFaith-based Social Services: A Blessing Not a Miracle, @Progressive Policy Institute, December 1997 [http://members.aol.com/jimcast/ppi.htm].
same services are denied. In the latter case, there is no way to accurately measure the impact that, nonetheless, is certain to occur. Regardless of whether it can be accurately measured, it is expected that religious groups and other social service nonprofit charitable organizations will step in and respond to increased requests by those in need.

Complex modifications to the social welfare system made by PRWORA cover a number of programs and include both sweeping changes and a plethora of important details. Complete and precise explanation of the various changes and new regulations across all programs is beyond the scope of this report. Therefore, we outline below only the major federal public policy triggers that will increase unmet needs C policy prescriptions in PRWORA which are highly likely to increase requests for help from other entities including service providers in the charitable sector.

What follows below is a discussion of national policy. The implementation of these policies in Utah will be discussed in Chapter IV.13

Temporary Assistance for Needy Families (TANF): Financial Assistance

PRWORA establishes the TANF program to replace Aid to Families with Dependent Children (AFDC) as the financial assistance program for families with dependent children. As with AFDC, the vast majority of recipient families are headed by single mothers. There are several new rules that may leave families with even more limited options than AFDC provided.

PRWORA’s 60-month time limit on TANF assistance is one of the Act’s most well-publicized changes. This provision is of vital concern to the charitable sector. PRWORA’s time limit is a termination time limit, meaning that when a family’s time limit is reached, financial assistance to the entire family ends.14 A family’s time clock starts ticking on the date of

13Utah’s implementation of PRWORA is discussed beginning on page 41; Appendix B of this report summarizes key aspects of PRWORA and other financial assistance programs as they operate in the state. Appendix C of this report summarizes medical assistance programs in Utah.

14Termination time limits are to be distinguished from reduction time limits. The latter generally involves taking the parent off of the financial assistance case (thereby reducing the amount of the monthly payment to the family), but leaving the case open to allow for the support of the children in the family.
implementation of the TANF program in their state of residence or, if they were not receiving assistance at that time, on the date their application is approved.

Conceptually, the provision for instituting time limits on welfare benefits is based on the assumption that most recipients can and will find work that will allow them to sustain their families if the option of government financial assistance ceases once and for all to exist for them. Furthermore, PRWORA’s 60-month limit is a lifetime limit, meaning that when time clocks run out, recipients' ability to support their families must be permanent. Most families will never again be able to turn to the federally-funded TANF program. Beyond that point, families in need of additional financial assistance will need to turn to any state-funded program or other source of help that might be available.15 Lifetime limits are not designed to accommodate uncontrolled eventualities, such as a myriad of employment-related difficulties, economic downturns, or recurrent personal or family employment barriers.

We would all hope that the need for a substantial amount of help is temporary and that the road to self-reliance is straight and direct. Although that may be true for some families, it is almost certainly not for others. Research consistently shows that a sizable portion of welfare recipients have employment barriers, such as, physical, mental, or emotional disabilities, or children with serious behavior problems. These parents often have difficulty finding or keeping jobs over the long term, or they may not be able to find employment at all. Their progress, when they make some, is often sporadic, interrupted by setbacks. When their time-clocks run out, and if their problems persist or flare up anew, they may appeal to charitable sector providers for various types of help.16

PRWORA also includes a work-program time limit that may cause repercussions for

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15PRWORA does not in any way prohibit or prevent states from establishing and funding at their own expense a safety net of financial assistance programs for families who exceed PRWORA’s 60-month time limit and who are not able to be accommodated within the 20 percent exemption provision of PRWORA.

families and, in turn, for charitable service providers. The Act requires states to ensure that all families participate in work activities after 24 months on assistance. Although states are given some leeway to decide how to define work for these purposes, PRWORA requires that certain percentages of state single-parent and all family caseloads be engaged in federally defined countable activities. The quotas increase over time and financial penalties are imposed on the states that fall short. As Table 1 highlights, in the 1998 federal fiscal year, 30 percent of single parents must work 20 hours or more per week to ensure that the state is not sanctioned.

Congress acknowledged that there were bound to be some families who could not realistically be expected to become employed and self-reliant, regardless of changes made to the welfare system. Indeed, increasingly, researchers are concluding that welfare caseloads comprise three somewhat distinct groups.

$ One third are relatively close to becoming self-reliant and need a few, short-term supports to become so.

$ The second third of welfare families have more job-related, personal, and family barriers to self-sufficiency and will need more and longer term services. The jobs they may be able to

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*Federal fiscal year (October 1 - September 30)

Source: Utah Department of Workforce Services.

17"Countable activities for purposes of PRWORA's work participation quotas are confined to "unsubsidized or subsidized employment, on-the-job training, work experience, community service, [up to] 12 months of vocational training [for a limited percentage of a state’s TANF caseload], or providing child care services to individuals who are participating in community service," plus a limited number of weeks for job search, and teen-parent participation in secondary school for a limited percentage of the caseload. Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, "Summary of Provisions, Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (HR 3734)," August 7, 1996, p. 2.

get will tend to be unstable and susceptible to fluctuations in the economy. Their grasp on self-reliance may be sporadic and slim, causing them to experience setbacks of various types. Even if they are able to leave welfare after their time clocks run out, they may not be able to sustain their independence. Families in this second group may desperately need more time, whether now or later. The only possibility for them is the provision within PRWORA for a limited "hardship exemption," discussed below.

The final third will need many support services over the long term in order to survive. These individuals and families may never be able to become self-supporting.

In response to these situations, PRWORA allows states to grant hardship exemptions to a small number of families. States can exempt a number of families constituting 20 percent of a state’s average monthly program caseload. Exempted families can continue on assistance beyond the date when their time limits expire.

Despite the appropriate intentions behind the exemption policy, the mechanism is flawed. Rather than ensuring that families with severely troubled or unemployable parents are not left without recourse for their monthly basic needs, the 20 percent exemption policy creates a first come, first served process for these families. Although some families who receive exemptions initially may resolve their difficulties and relinquish their exemptions back to the pool, others will not be able to do so. Thus, built into this process is the eventual depletion of all available exemptions. Once that occurs, there is no provision within the law for more exemptions to be created; at the same time, more families needing exemptions will continue to reach their time limits each month on an ongoing basis.

PRWORA allows states to develop criteria for the distribution of exemptions to families who reach their time limits and many states have done so. Across all states, the most frequent criteria pertain to age, disability or illness, caring for a disabled person or young child, unavailability of jobs/high local unemployment, history of domestic violence, and the presence of personal barriers to employment. Some of these general categories describe temporary circumstances or barriers which reasonably might be assumed to be resolved such that families
may be able to cycle out of the Aexemption pool, thus freeing up their exemption for another family. However, those exemptions held by families with permanent barriers to self-reliance C the type of problems that preclude employment and that do not go away C will not be Arecycled. A

While some barriers may originally be temporary and susceptible to positive intervention, if services are not received, the need for an exemption may become permanent.

The massive changes in the new welfare system place pressures on case managers, and these pressures could tip the balance. Case workers may not have sufficient time to identify correctly family barriers, or to do so in time for families to get the help they need. An additional challenge facing state agencies is the task of attempting to administer a rapidly dwindling pool of exemptions. Caseworkers may find themselves devoting more resources to reassessment and reprioritization, in order to ensure that only the most troubled families hold the exemptions.

Substantial debate has occurred regarding what proportion of welfare caseloads will need exemptions and whether or not the 20 percent exemption should be increased. Even in negotiations with the National Governors Association prior to finalizing the Act in 1996, Congress acknowledged that changes to the number of exemptions allowed in the law may be necessary. Language was inserted that committed lawmakers to revisit this and other concerns of the governors before any families reach the 60-month limit. There is merit in such discussions, at least because they prompt research and better understanding of the issue of employment barriers of welfare families. However, increasing the size of the Aexemption pool A does not change the fact that the number of exemptions is finite and that families in need of them will continue to reach their time limits. It simply puts the inevitable somewhat farther in the future.

19The Federalism Research Group at the Nelson A. Rockefeller Institute of Government of the State University of New York is studying the capacities of state governments to implement and manage welfare changes made by PRWORA. One integral finding is the tremendous pressure on case managers as they work with individual families. This research effort is resulting in important reports documenting and analyzing this process, such as Richard P. Nathan and Thomas L. Gais, Implementing the Personal Responsibility Act of 1996: A First Look, Federalism Research Group, The Nelson A. Rockefeller Institute of Government, 1999. See also Jonathan Walters, Beyond the Welfare Clock, Governing: The Magazine of States and Localities, April 1999, pp. 21-26.

20Robin Arnold-Williams, Department of Human Services, personal communication, January 14, 1999; U. S. Public Law 104-193, Personal Responsibility and Work Opportunity Reconciliation Act, Sec. 407 (i).
Additionally, as caseloads decline, the number of exemptions decreases.

It is not possible at this point to know with certainty when a state’s 20 percent exemptions will run out, but the mathematical conclusion that they will be depleted is inescapable. Each month, a new group of long-term recipients that reaches their time limit will include some mix of families needing exemptions temporarily and permanently. Regardless of how successful states are at assisting people to reach employability so that they can surrender their exemption, families with severe problems will continue to concentrate in the exemption pool. At some point in time, all available exemptions will be held by families who need them permanently. When that time comes, non-PRWORA funding or supports will have to be found to address the rising population of troubled families. The charitable sector should be aware that TANF families who are unable to become self-sustaining within 60 months, and who do not obtain a hardship exemption, are likely to need non-governmental help to survive.\(^{21}\)

It was not the intention of the 20 percent hardship exemption policy to intensify devolution. However, this policy in PRWORA signals a significant shift of the financial burden from the federal government to state and local governments and to the charitable sector. Given the severity of barriers suffered by a sizable proportion of long-term welfare families and the design of PRWORA’s 20 percent hardship exemption provision, state and local public and charitable entities may need to provide long-term support for large numbers of unemployable families and individuals, if these families are to be kept from destitution. Advance planning is necessary to ensure that supports are in place when needed.

Falling welfare caseloads obscure another reality about PRWORA changes: TANF allocations to states are capped for six years. This means that allocations will not increase to meet caseloads that outstrip available state TANF funds.\(^{22}\) If a state finds itself running short of money because more families apply, it has the legal option of instituting a moratorium on serving

\(^{21}\)For more information on time limits, exemptions, and employment barriers see pp. 44-53, 56-60, and 76-79 of this report.

\(^{22}\)See footnotes #1 and #3 of this report.
new applicants. States that wish to avoid that extreme approach will be obliged to find some solution. Their broad rule-making authority under PRWORA allows them to reduce per family allotments or implement more stringent eligibility criteria. They may wish to serve additional families with state funds, but tight economic conditions that tend to produce increases in caseloads also generally place overall strains on state budgets, leaving little room to supplement individual program shortfalls. Families left out in this scenario will need to find other sources of support.

Related to this point, PRWORA authorizes two state budgetary actions that may result in states having fewer resources to confront poor economic conditions than the capped allocations create. First, states can reduce their own financial commitments to TANF programs. Under AFDC, states could draw down as much federal assistance money as they needed to meet caseloads, but they also were required to contribute a state match and were prohibited from lowering their total appropriations below a certain level.23 Like AFDC, PRWORA requires a state financial commitment. However, it allows states to lower their appropriations to 80 percent of the AFDC level, plus an additional five percent if they meet work participation quotas set in the Act. State money freed up through such reductions can be spent on other competing state budgetary needs. Second, states are allowed to shift up to 30 percent of their federal TANF allocations to child care programs or to programs run under the state’s Social Services Block Grant (SSBG).24

One additional PRWORA rule that could result in denial of assistance to very vulnerable families pertains to TANF applicant households headed by teenagers. The new rule specifies that unmarried minor parents must live with their parents or, if it is determined that there is good cause, in an alternative setting approved by the state welfare agency. They must also participate in education or training. Only a small percentage of welfare cases are headed by teenagers, but it

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23 This provision is known as the state maintenance of effort (MOE) requirement.

24 SSBG monies often supplement state-level programs related to children and youth, people with disabilities, families, and seniors, as well as fund local government programs for those and other vulnerable populations, including homeless people. Some programs serve people regardless of income level. Dorothy Owen, Salt Lake County Economic Development and Community Resources, personal communication, January 28, 1999.
should not be assumed that all of them are able to find safety and economic stability with their parents. Some teenage mothers, for instance, were subjected to abuse in their home. The effective administration of this policy, including consideration of the need for alternative situations, requires both sensitivity by case managers and a degree of trust that may be beyond the capability of some young single parents.

**Child Care and Development Block Grant**

PRWORA combined three existing, federally-funded child care programs into the Child Care and Development Block Grant (CCDBG). This funding can be used to help cover child care costs for both TANF families and other low-income working families not receiving TANF financial assistance.

Like other block grants, increased need will not be met by additional federal money. At the same time, increased demand for child care assistance is built into the Act, in the following ways:

$ Annually increasing TANF work participation quotas will put more pressure on child care funding and availability.

$ Even where there seems to be an adequate supply of regular child care, shortages of care for infants, sick, or disabled children, and for night and weekend care persist.

With financial penalties facing states for failure to meet participation quotas, if shortfalls in the supply of child care occur, states have few options. One outcome may be to restrict child care assistance eligibility to welfare families only; this may force working poor families not on welfare to leave their children alone or in unsafe care. The charitable sector may thus see requests for help with child care.

Also attracting attention is quality of care related to welfare changes. The National Institute of Child Health and Human Development found from Survey of Income and Program Participation data that, AtThe quality of center-based care used by low-income working families was . . . lower than the quality of care used by both very poor and more affluent families.25

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Overall, though, little is known about the child care circumstances of the working poor.

Food Stamps

The Food Stamp program is the most widely used assistance program for low-income Americans. It provides eligible households, regardless of whether they receive other welfare services, with some help covering their food and nutritional needs. Congressional efforts to block grant the program were unsuccessful. As a result, increased enrollment in states should not constrict benefits or limit the eligibility of certain populations. However, substantial funding reductions were made through mechanisms that are almost guaranteed to increase pressure on charitable emergency food resources.

PRWORA imposes time limits on Food Stamp benefits for one population. As of December 1997, unemployed single adults and couples without dependents who are determined to be able-bodied are restricted to three months of benefits out of every 36 months, unless they enroll in a program that meets federally-established work requirements. This is known as the Able-bodied Adults Without Dependents (ABAWD) policy. PRWORA allowed no exemptions to this rule, but the Balanced Budget Act of 1997 permitted states to begin exempting a number of individuals equaling 15 percent of the total caseload from the time limit. It should be noted that this exemption policy suffers from the same defect as that previously discussed for TANF. Food Stamps can be obtained without time limit by all other households who are otherwise eligible.

Another savings in the Food Stamp program came from a 20 percent across-the-board reduction in benefits. At the previous level of around $0.80 per person per meal, Food Stamp allotments did not cover household food costs. At the new benefit level of $0.66 per person per meal, households will exhaust their monthly Food Stamp allotments even more quickly.  

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26Jill Drury, Department of Workforce Services, personal communication, December 17, 1998.

27Super et al., The New Welfare Law.
change may already be putting more pressure on food banks and other emergency food sites.

PRWORA cut $24 billion in benefits to legal immigrants over six years by eliminating their eligibility for most assistance programs, including Food Stamps. An estimated 945,000 individuals lost their Food Stamp benefits beginning late 1997: one-fifth of them were children.28

Congress restored Food Stamp eligibility to approximately 250,000 legal immigrants in May 1998, but that may not have had the expected positive effect.29 A recent study by the Urban Institute found that sizable declines in program use by eligible immigrants were due to the chilling effects of PRWORA. It appears that publicity surrounding the 1996 Act has prompted many immigrants to avoid seeking benefits because of confusion about the new rules, as well as fears that application could somehow lead to deportation.30 It is likely that charitable sector providers of emergency food have already experienced some impact as a result of benefit and eligibility changes, as well as misunderstandings and rumors.

Supplemental Security Income (SSI)

SSI provides federally-funded financial assistance to some low-income elderly and disabled people. It is not time limited; therefore, it can assist some childless individuals and couples, as well as TANF families with serious, long-term barriers to employment to avoid economic instability if they are able to meet the very specific age or disability criteria.

Before PRWORA, many children who received SSI were found eligible because their conditions prevented them from functioning effectively at tasks appropriate for their age level. PRWORA eliminated that eligibility test C the Andividual functional assessment @IFA).

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Families with a child receiving SSI under an IFA determination were required to seek redetermination. Many were adjudged ineligible under the remaining criteria. Parents were allowed to appeal termination of benefits, but the stricter guidelines have resulted in closures nationwide of around 115,000 cases. Families with disabled children who are not eligible under the new rules lose financial assistance for their care and support. The children are also ineligible for Medicaid unless they were receiving SSI before the change.

Another SSI change involves disability qualifications. In the past, substance abuse was one of the qualifying disabilities for adults seeking SSI financial assistance. New federal rules exclude this diagnosis. As people lose connection with supportive services, their ability to attain permanent self-reliance through employment may be limited. Without means of financial support, this population may be expected to turn to charitable providers.

A final SSI change in PRWORA was the barring legal immigrants who are elderly and disabled from SSI. That provision was reversed in 1997 by the Balanced Budget Act, but as discussed in regards to Food Stamp changes, the chilling effect has likely adversely affected immigrants who are eligible for SSI.

Child Support

Over the past two decades, the collection of child support has gained greater importance in strategies to address child poverty and reduce welfare costs and utilization. It is important to

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31 Doug Smith, Public Information, Social Security Administration, Denver, personal communication, March 10, 1999; Center for Law and Social Policy, *More Than 100,000 Disabled Children Cut from SSI Now; More Later,* CLASP Update, September 3, 1997.


33 Until the late 1970s, Congress and most state legislatures were reluctant to intercede in issues related to family dissolution, including child support collection. Since then, increasing attention focused on the cost of providing financial assistance to poor single-parent families has led to progressively more intervention and more stringent methods to collect support, probably most notably through the Child Support Enforcement Act of 1984, the Family Support Act of 1988, and PRWORA, along with a plethora of state legislative measures across the nation.
note that when a family applies for welfare, the parent is required to cooperate with the state collection agency to collect child support from the non-custodial parent. The parent must also sign over rights to money that may be collected, up to the total amount of assistance the custodial family receives. If the non-custodial parent sends money support directly to the family, it must be turned over to the state. The value of in-kind contributions must also be reimbursed.

PRWORA adds new tools to assist state child support enforcement agencies in the collection of child support, but it also includes two changes from AFDC. These changes have the effect of reducing the benefit to TANF families when a collection is made. First, it converts to a state option the AFDC requirement that custodial families receive $50 of each child support payment collected. Utah and 25 other states took advantage of this change and eliminated the $50 pass-through. This means that TANF families whose non-custodial parent does pay, generally do not receive any of it. Second, under AFDC, child support was retained only up to the amount of actual AFDC grants paid to the family. In contrast, PRWORA insists on recouping the value of most other forms of assistance provided directly to the family, such as child care assistance.

Differences between AFDC and PRWORA aside, child support simply does not play a significant role in the self-sufficiency strategies of most TANF families, nor is it easily collectible once families leave the welfare rolls and regain the legal right to directly receive any

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34 A custodial parent can claim good cause for not cooperating if he or she fears cooperation is likely to result in danger to the parent or children; the state will consider documented evidence.

35 Among other measures, states were ordered to revoke drivers licenses and utilize a computerized national child support clearinghouse to match employment records with outstanding child support orders, resulting in mandatory wage withholding.


child support payments. If custodial parents leave welfare and a consistent schedule of child support payments is established, the potential for supplementary income after welfare exists, assuming the non-custodial parent’s ability to pay is not disrupted. A *Washington Post National Weekly* article reported that new U.S. Department of Health and Human Services figures show a 20 percent increase in child support collections since implementation of PRWORA’s tougher collection measures. However, what was not reported was that the vast majority of these increased collections are on behalf of non-welfare families. The federal Office of Child Support Enforcement (OCSE) oversees the two child support collections programs run by state child support collection agencies and consistently finds that relatively little child support is collected on behalf of children in welfare families. In the program serving non-welfare families, each $1 expended in the 1996 federal fiscal year yielded $3 and preliminary results for 1997 show an increase to $3.90. In contrast, child support collections to recoup the cost of assistance to welfare recipients lose money. Only $0.93 was collected for each $1 spent in the 1996 federal fiscal year, and it appears that even less $0.83 was collected in 1997. There may be a number of reasons for this, but one is that many non-custodial parents are poor themselves. A study of the largest program attempting to help them increase their earning power found participants did no better finding and keeping jobs than those not enrolled.

**Health Care Coverage**

The trend away from employer-provided health care coverage presents a particular dilemma for families attempting to leave welfare for work. National research has revealed the following:

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Among the poor, workers are less likely to be insured than those who do not work.\textsuperscript{41} Around half of poor full-time workers were uninsured in 1996 and 1997.\textsuperscript{42} Increasingly, children in low-income working families who have insurance are covered by Medicaid, rather than by employer-provided insurance.\textsuperscript{43} In 1996, nearly 15 percent of all children under 18 were not covered by any kind of health insurance, up two percentage points from 1987. Almost one out of every four children in low-income families had no health insurance of any kind.\textsuperscript{44} Almost half of uninsured children under 11 are eligible for Medicaid, but are not enrolled. The Child Health Insurance Program (CHIP), established by Congress in 1997, offers coverage to children in families with incomes between 100 and 200 percent of Federal Poverty Guidelines, but across the nation, only a small percentage of children are enrolled.\textsuperscript{45} Children in both welfare families and in working-poor families are at greater risk for developmental and health problems than children living in families with more adequate incomes.\textsuperscript{46}

Congressional proponents of making dramatic changes to the Medicaid program were unsuccessful. Notably, poor families who lose eligibility for TANF financial assistance due to


\textsuperscript{43}Smith, The Well-being of Children in Working Poor Families, pp. v, 22.

\textsuperscript{44}Bennefield, Children Without Health Insurance.

\textsuperscript{45}In 1999, an annual income of $13,880 for a family of three was 100 percent of the Federal Poverty Guidelines; $27,760 was 200 percent. See Appendix E of this report for details on poverty definitions and measures.

\textsuperscript{46}Smith, The Well-being of Children in Working Poor Families, p. iii, 11.
time limits can continue to receive coverage under Medicaid as long as they are otherwise eligible. However, benefit reductions include:

$ Most legal immigrants are perhaps as many as 640,000 over the next six years were made ineligible for Medicaid for five years. States are allowed to extend the ban for a longer period.47

$ PRWORA also allows states to deny Medicaid to some TANF families who are sanctioned for work-related reasons.48

Challenges for Bureaucracies

An essential footnote to these and all other changes is the tremendous challenge facing agencies that administer these programs.49 Public bureaucracies have rarely faced the need to make such dramatic overhauls of their systems as those required by PRWORA. Agencies must develop policies that both comply with the new federal requirements and operate to meet local program goals. They must take into consideration community perspectives and economic realities. They must train staff, often to perform entirely different roles than under the old welfare system. They must educate applicants and clients.

Difficulties also exist which are largely unrelated to PRWORA. Most states are struggling to make existing computer systems meet new program and federal requirements, as well as to function properly in the year 2000. In Utah, staff and administrators in the Department of Workforce Services face a daunting challenge for any organization, as they must accomplish all

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47 Morse et al., America’s Newcomers: Mending the Safety Net for Immigrants; Super et al., The New Welfare Law.

48 PRWORA allows states to deny Medicaid to a parent in a TANF family if the family financial case was closed due to refusal to work. Families USA Foundation, Welfare-Medicaid Links, (fact sheet), January 1999.

49 As noted in footnote #19, the Federalism Research Group at the Nelson A. Rockefeller Institute of Government at the State University of New York is documenting the impact of PRWORA changes on state agencies that administer assistance programs. This research offers important insights into the many unintended difficulties that these agencies and recipients are confronting in these early years of the new welfare system.
of the above mentioned changes while they are working through the department’s restructuring. The resulting potential for mistakes or oversights, particularly those that may reduce or terminate recipient benefits, is another factor that could contribute to increased demand for charitable sector help.

Conclusion

In this chapter we have set out the major provisions of PRWORA that are likely to create gaps in services to families and individuals. As we have seen, PRWORA does more than impact previous AFDC recipients. It affects Food Stamps and SSI recipients as well. As the federal government devolves welfare to states and reduces its financial commitment, charitable organizations across the nation can expect increased demands for their services. Just as importantly, these organizations can expect to see a significant shift in the types of services requested. In the rest of this report, we turn our attention to implications for Utah and its faith based and non-faith based social service providers.

\[50\] The Utah Department of Workforce Services was created by combining selected offices and responsibilities of different agencies. See detailed discussion on p. 43 of this report.
III. THE CONTEXT OF UTAH POVERTY AND WELFARE

In Chapter II, we provided an overview of the provisions of the federal welfare reform legislation. Specific policy triggers were identified and national implications specified. The implementation of these policies is devolved to each state. In this chapter, we examine Utah's historical response to poverty and its previous efforts at welfare reform. Recent caseload reductions are also discussed. The following overview of these issues sets the stage for an examination of the PRWORA's implementation in Utah, covered in Chapter IV.

The Utah Charitable Sector Traditional Response to the Poor

Utah's harsh physical environment presented challenges to all of its early residents as they attempted to meet their basic needs and help their more vulnerable neighbors. The native cultures living here cooperated among themselves to ensure access to basic necessities and shared on family and tribal levels, as needed, to care for the less able. Early non-native visitors from explorers Franciscan Fathers Domínguez and Escalante to various trappers, traders, mountain men, and miners faced and coped with hardships and shortages in whatever way they could. Upon their 1847 arrival, members of The Church of Jesus Christ of Latter-day Saints (LDS Church) found similarly difficult conditions, but the area promised the isolation they were seeking, so they stayed. After that time, various pioneer groups passed through Utah, but usually headed to easier environs farther west in California.

The population in the Utah Territory grew quickly over the next several years. By 1852, the Salt Lake Valley was home to 20,000. By 1869, 200 additional settlements had been established in outlying areas. Most of the new residents were Mormon immigrants from the Midwestern states and Europe. They looked to their church in times of need. The faith's goal of self-reliance served these pioneers well in the hard first years, requiring and yielding an emphasis on

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51 Garth L. Mangum and Bruce D. Blumell, The Mormons vs War on Poverty, Salt Lake City, UT: University of Utah Press, 1993, pp. 55, 60.
cooperative effort, sharing resources, ensuring that everyone worked, and that no one went
without basic needs being met.

Over the years, the population of Utah became more diverse. The formal presence of the
U.S. Army from 1857 until the outbreak of the Civil War brought soldiers and suppliers who
were not associated with the LDS faith to the territory. Completion of the transcontinental
railroad in 1869 decreased Utah’s isolation still further and attracted more people to Utah, many
of whom adhered to a variety of religious faiths. The Episcopal Church established the first
permanent Protestant church St. Mark’s Cathedral in 1870. The Catholic Vicariate of Utah
was established in 1873. The presence of the Jewish religion predated completion of the
railroad, but as with other religions, increase in numbers began at that time. The Unitarian
Church was established in Utah by the end of the 19th century. Each religious institution
established and developed its own way to assist those in need. Most of the hospitals in the state
were first established by religious groups and all contributed their fair share to providing health
care to the poor. Three conferences of the Society of St. Vincent de Paul were established by the
Catholic Church prior to 1920, along with the Catholic Women’s League. The Relief Society
of the LDS Church played a substantial role by attempting to attend to the needs of LDS church
members. All of the major religions currently represented in Utah maintain an active response to
poverty.

Non-faith based endeavors to address poverty in Utah followed the patterns of the rest of
the nation. By the end of World War I and into the 1920s, private social welfare organizations
had begun to appear in every state. Since government involvement in welfare was unpopular,
non-religious and religious relief programs grew in Utah and elsewhere. In Salt Lake City, the

52 Bernice Maher Mooney, Salt of the Earth: The History of the Catholic Diocese of Salt Lake City, 1776-

53 Pertinent information on efforts to address poverty by churches in the black community can be found in
France Davis, Light in the Midst of Zion: A History of Black Baptists in Utah, Salt Lake City, UT: Empire

54 See Appendix D of this report.
Charity Organization Society and the Community Clinic were both at work by 1924, when the Central Council of Social Agencies formed as an effort to coordinate religious and non-religious activities.

The Great Depression brought together efforts from all sectors of society to address rising human needs. In Salt Lake City and other urban areas, private non-religious entities like the Family Service Society and the Community Chest worked with religious providers and city and county government relief programs. The Social Service Exchange emerged as a clearinghouse for all organizations doing casework. By 1933 and the inauguration of Franklin Delano Roosevelt, all charitable service entities in Utah and elsewhere in the nation were stretched beyond capacity. Federal government intervention was required.55

Since the time of the Great Depression and the advent in 1935 of Social Security Act programs, religious and non-religious organized efforts to assist the poor have grown in all states, including Utah. Today many charitable organizations have become more specialized in providing basic needs and social services. They offer a range of services, including foster care, adoption services, child care, respite care, family services, and so on, thus generally complementing government efforts.

Utah Reforms the Welfare System Ahead of the Nation

By the early 1980s, the need to refocus the federal welfare system was clear to national and state agencies, including Utah’s Department of Human Services. The failure of AFDC family grants to keep pace with inflation spelled perpetual and severe poverty for recipient families. For example, the 1981 Utah AFDC grant for a family of three was $348 per month, with the buying power in 1974-75 dollars of $173.56 Even though over 90 percent of recipients were women with limited chances for earning out-of-poverty wages, welfare officials, advocates, and clients

55Mangum and Blumell, *The Mormons* VS War on Poverty, pp. 112-119.

themselves agreed that a means should be devised to assist as many families as possible to move into the workforce. Nonprofit anti-poverty organizations and client groups began working with the Utah Department of Human Services to implement a Self-sufficiency Program. This innovative program, operating in conjunction with Utah’s AFDC program, helped assess clients’ employment barriers and provide necessary services intended to enhance their employability.

By mid-decade, those involved in the Self-sufficiency Program recognized that federal program regulations posed problems for families attempting to work. Several rules actually made families worse off shortly after they began to receive income from work. An immediate reduction in Food Stamp allotments is one example. Moreover, if the parent earned enough to become ineligible for AFDC, the family lost even more critical benefits. The loss of Medicaid eligibility at a time when health care costs were rising and employer-provided health care benefits were declining constituted the most serious work disincentive of all. After 1988, the Job Opportunity and Basic Skills (JOBS) program offered up to 12 months of transitional Medicaid coverage, but few families were able to negotiate the maze of paperwork and other requirements to access that short extension. Either federal changes or waivers were needed to mitigate the effects of most of the numerous counter-productive federal regulations.

In 1993, Utah devised and implemented a solution to many of these problems. The Utah Department of Human Services and a broad range of community organizations agreed on a demonstration application for the Single Parent Employment Demonstration project (SPED). Run in three counties, SPED programs were set up in the Kearns, St. George, and Roosevelt Offices of Family Support. Relying on over 40 waivers of federal regulations in the AFDC, JOBS, Child Care, Medicaid, Child Support, and Food Stamp programs, SPED sought to increase family income beyond the poverty level.

Shunning the use of time limits on welfare assistance, as was being tested by other states, universal participation was SPED’s answer to concerns about long-term welfare recipiency. SPED took the approach that every family could take some steps toward self-reliance. Under

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57JOBS was a major component of the Family Support Act, passed by Congress in 1988.
universal participation, all parents began self-sufficiency planning as soon as they applied for aid. Activities and supportive services were individually tailored, depending on family circumstances. Over 90 percent of families developed plans and engaged in activities to help them move forward. A conciliation process was put in place for the small number of families who had difficulty participating in the program, or who were regarded as such by case managers.58

A large number of the SPED waivers cleared away federal regulations that thwarted efforts by welfare recipients to find employment. Processes that required parents to take time from work to visit the welfare office were minimized. Families were allowed to see the financial rewards of working, instead of watching critical assistance eliminated after receiving their first paycheck. An important example of this was the extension of Transitional Medicaid eligibility to 24 months, enabling families to maintain health insurance coverage for a longer period.

SPED = ADiversion component was designed to correct the absence (in AFDC) of a means to assist families that only needed cash assistance on a one-time basis. Diversion allowed families, particularly those waiting for their first paycheck from a job or about to begin receiving child support on a reliable schedule, to receive a lump sum of cash without requiring that they enroll in SPED. They could receive an amount equal to up to three times the monthly cash assistance grant and were also eligible for Transitional Medicaid and child care assistance.

In 1993, the strengthening economy helped trigger caseload reductions nationwide and Utah was no exception. Running only in three offices, SPED influence on state caseload closures was probably not significant, but more gains in family income were measured for program participants than for the control group.59 As expected, the results were less positive in Duchesne County which had the second highest county unemployment rate in the state. However, even there, individualized attention to the philosophy of taking "families from where they were" and helping them progress through a wide range of activities coupled with true

58See page 51-52 of this report for more information about the conciliation process.

Ai\textregistered\textsubscript{0} problems with the welfare system, were believed to be helpful to families. There was broad agreement that Utah was on the right track toward reforming welfare.

By 1996, Utah’s commitment to the SPED design was solid. However, pending Congressional legislation raised concerns among state policymakers that what was working in Utah might be superceded by different ideas that were developing nationally. Program proponents in both the public and private sectors worked hard to obtain Congressional consideration of many key SPED concepts. Most notable of those policy items was universal participation as an alternative to time limits. However, the use of time limits was favored by both the majority in Congress and the President.\textsuperscript{60} Thus, the effort to avoid including time limits in the law had little chance of success.

Meanwhile, many agreed that if the Utah Legislature were to put SPED into statute and extend it to all 29 counties, the state might be better positioned to proceed with welfare reform under its own program, regardless of what Congress did. Such a bill passed during the 1996 General Session C HB 293, Employment Assistance for Utah Families. However, departing from the viewpoint of most Utah welfare reform proponents, a group of legislators determined to embrace time limits rather than universal participation. They interjected a 36-month lifetime limit. That portion of the law, still in place after the 1999 Legislative Session, allows financial assistance to be extended for one month if the parent worked at least 80 hours in the 36\textsuperscript{th} month, as well as in at least 6 of the previous 24 months. The extension can be continued on a month-by-month basis for 24 additional months until PRWORA’s 60-month lifetime limit is reached, as long as 80 hours are worked in the current month. Utah’s law also includes a 20 percent hardship exemption policy similar to that in PRWORA and therefore, is equally flawed.\textsuperscript{61} As Congress

\textsuperscript{60} SPED’s diversion component was included in PRWORA.

\textsuperscript{61} The 1996 Utah bill (HB 293-Employment Assistance for Utah Families) included a 15 percent exemption provision for families adjudged to be experiencing hardship.\textsuperscript{3} During the 1997 Utah Legislative Session, HB 269 (The Family Employment Program) was passed to modify the statute as needed to fully comply with the Congressional Act. In addition, the exemption was increased to 20 percent. The bill also required the Department of Workforce Services to conduct research to learn about families with barriers to employment. The results of that study are discussed on pp. 58-60 of this report. See pp. 15-17, 45-48 of this report for discussions of the operational inadequacy of the exemption/extension provisions in PRWORA and Utah’s law. Utah uses the term \textregistered extension\textsuperscript{\circ} rather than exemption (see footnote # 86 of this report).
passed and President Clinton signed PRWORA, Utah was implementing statewide a version that
was largely faithful to the policy provisions of the original SPED, but with a time limit 24
months shorter than what Congress had established.62


Even before PRWORA passed, welfare caseloads in all states except Hawaii began to
decline. Across the nation, financial assistance caseloads declined by 40 percent between 1993
and 1998. Utah’s caseload dropped from over 18,000 families in early 1993 to under 10,500 in
December 1998.63 Politicians and policymakers alike give credit for these dramatic reductions to
successful welfare reform; some also acknowledge the role of the strong economy and receptive
job market during those years. Recently, however, awareness has been growing that the issue is
more complex. A combination of additional factors appear to be contributing to the decline,
including involuntary case closures for various reasons and policies that encourage people not to
enroll in financial assistance programs. In Utah, as in the rest of the nation, charitable sector
providers have been reporting increases in requests for services since mid-decade. To some
extent, these demands on charitable organizations may be prompted by caseload reductions.

Although employment has played a role in caseload reductions, its exact extent is difficult
to determine. Available information from Utah and other states relating to work offers some
insights.

$ In 1998, an average of 36 percent of Utah cases that closed had income (of all types, but

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62Around 15 states have lifetime, termination time limits shorter than PRWORA’s 60-month provision.
Gallagher et al., One Year After Federal Welfare Reform: A Description of State Temporary Assistance for Needy
Families (TANF) Decisions as of October 1997, Table IV.1.

63U.S. Department for Health and Human Services, Administration for Children and Families, Change in
Utah’s Welfare Rolls Drop 40%: Decline Came After Law Mandated Job Hunt, School or Benefits Cut,February
17, 1998, p. B1; Social Research Institute, Graduate School of Social Work, University of Utah, Family
employment earnings may be assumed to figure in significantly).  

Nearly half of former recipients interviewed in a 1998 Kentucky study said they left welfare because they got a job. Ninety percent of former recipients were working at least 25 hours per week at the time of the interview; 74 percent had kept the same job since leaving welfare.

A Maryland study of welfare leavers found that income over the eligibility limit triggered closure of 19 percent of terminated cases (like Utah, type of income was not specified) and another 11 percent closed because the client started work. Only around half were working in each of the first three quarters after they left welfare.

Montana found in a February 1998 study that 42 percent of case closures were due to family income over the eligibility limit.

An Indiana study of former welfare parents who had left welfare for any reason found that 62 percent were working at least 35 hours per week.

A survey examining 11 state studies of welfare recipients who left the rolls found that 50 to 60 percent worked, but around 20 percent reappeared within several months.

It is clear that a substantial percentage of welfare case closures around the country and in Utah are for reasons other than employment. Some observers suggest that a combination of critical attitudes about welfare recipiency and publicity accompanying the implementation of new, tougher rules appear to have triggered declines in caseload. Some recipients may have left because they found other options for support, but a large number of case closures appear to have

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64Social Research Institute, Graduate School of Social Work, University of Utah, Family Employment Program: Characteristics of Participants Receiving Financial Assistance, All FEP Offices, November 23, 1998.


66National Governors Association et al., Tracking Recipients After They Leave Welfare: Summaries of State Follow-up Studies.
been involuntary. In 1998, an average of 32 percent of Utah monthly case closures were due to failure to submit paperwork or complete a review. How many of these families may have corrected their problems and reapplied is not documented.

Sanction closures terminations for non-participation are likely to be longer term than closures due to paperwork. Utah's sanction rate is quite low around five percent per month compared with up to 67 percent in Mississippi. However, researchers find that few of the over 1,000 Utah cases closed for non-participation from mid-July 1996 to December 1998 have reapplied. A 1998 study of Utah's conciliation process involved interviews of some of these families. The study found that a sizable percentage of the sample appeared to have serious and often multiple barriers to employment. Only 15 percent were working.

Another factor lowering caseloads to an unmeasured extent is Utah's diversion policy. Carried forward from SPED, diversion involves a lump sum amount of up to three months of the financial assistance payment; it is provided to around 20 percent of potential Utah applicants every month. PRWORA incorporated diversion, and some form of the policy is utilized in 34 states. The Urban Institute analyzed state TANF plans as of October 1997 and reported finding


70Fred Janzen, Project Coordinator, Social Research Institute, Graduate School of Social Work, University of Utah, personal communication, August 1998.


73Gallagher et al, One Year After Federal Welfare Reform: A Description of State Temporary Assistance for
three categories of diversion policies used across 22 states: 1) applicant job search wherein job search is required before an application can be approved, 2) diversion support services, providing medical, child care or transportation assistance but no cash, and 3) lump sum diversion assistance payments providing a one-time, cash payment equaling 2-6 months of a financial assistance allotment in exchange for agreement that the family will not proceed with an application to enroll in TANF.

An analysis of states where families have already reached time limits was reported by Jonathan Walters in the April 1999 issue of Governing: The Magazine of States and Localities. Walters notes that the number of families reaching time limits is lower than originally anticipated. He emphasizes caseload reducing factors that are unrelated to successful welfare-to-work transitions. One issue raised is the likelihood that a substantial number of families who left welfare before their time limits were reached may have either misunderstood or been misinformed about new requirements, or felt unable to cope with them due to serious personal or family barriers.74

The whereabouts and circumstances of families who have left the welfare caseloads is not at all clear. Certainly the situation of these Utah families will not be understood without further investigation. However, it is likely that a sizable number of families now off welfare still live in poverty. Some of them have probably approached the charitable sector for help. It is anticipated that an economic downturn will accelerate petitions for assistance by those who have left the welfare rolls.

Conclusion

As this chapter reveals, charitable organizations in Utah, as elsewhere, have a long and distinguished history of administering to the needs of the poor. For many of these organizations, their limited resources were stretched even with full government involvement in providing needed assistance.

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Utah’s recent history reveals a concerted government effort to respond to those in need. The landmark SPED program was highly acclaimed for its effectiveness and for its sensitivity as it assisted people towards self-sufficiency, while rejecting time limits.

SPED’s implementation in 1993 positioned Utah to efficiently embrace the national change in welfare policy. Part of Utah’s success in reducing caseloads can be attributed to provisions in the SPED and FEP programs combined with favorable economic conditions. However, it must be kept in mind that all case closures may not be due to recipients finding employment at a living wage; in fact, a number of other factors contribute to case closures. Families who have had their cases closed without finding stable, family-sustaining employment, will need assistance from charitable organizations and other sources, such as local governments.

With PRWORA, Utah had to abandon the SPED program. Efforts were made to retain many elements of the SPED program as PRWORA was implemented. It is to Utah’s implementation of PRWORA that we now turn.

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IV. PRWORA IN UTAH

Utah's valuing of self-sufficiency complements the long-held value of providing assistance to those in need. SPED reinforced the importance of self-sufficiency and implemented reforms to welfare prior to the federal effort. The full implementation of PRWORA in Utah included a melding of PRWORA with previous SPED reforms. Utah also implemented the Family Employment Program (FEP) which tailored welfare reform specifically to Utah. It is important to understand the specific program changes, in order to consider the possible impact that these policies may have on charitable organizations.

Implementation C A Melding of SPED and PRWORA

Utah's efforts before 1996 for managing welfare reform its own way were consistent with the general mood among state governors for greater state control, even if it meant capped federal dollars. Governor Mike Leavitt, Chair of the Western Governors Association, joined others in the National Governors Association to obtain modifications to HR 3734 (PRWORA) enabling states to design or continue their own programs. While Governor Leavitt had already been vocal on the national level in his support for SPED, Wisconsin Governor Tommy Thompson and Governor John Engler of Michigan were recognized as the leading experts on welfare reform and its devolution. The Executive Director of Utah's Department of Human Services closely followed events in Congress, analyzed policies, and negotiated responses in conjunction with the Governor. Early on, time limits were discussed as inconsistent with the SPED design, but this point became moot after the Utah Legislature imposed stricter limits than Congress was considering.

In its final form, PRWORA included a number of compromises requested by the states, including the option most urgently sought by Utah: for states to be able to maintain existing waivers of federal regulations. After two years, however, state agencies including Utah's Department of Workforce Services, still face significant challenges in their efforts to manage the
dramatic changes contained in the Act. Particularly daunting is the task of complying with the substantial number of prescriptive requirements and prohibitions in the federal law. Major difficulties include specific work participation rates coupled with restrictive definitions of activities that can count toward these rates.\textsuperscript{75} As noted, there is a high financial penalty for states that do not meet the rates, and even Utah, with its universal participation requirement, had difficulty meeting the first round of participation quotas for the 1998 federal fiscal year. Only a handful of the activities that Utah regards as participation in the Family Employment Program are countable under PRWORA.\textsuperscript{76}

Utah’s Department of Human Services implemented PRWORA on October 1, 1996. The name Family Employment Program (FEP) was selected for Utah’s version of the Act’s Temporary Assistance Program for Needy Families (TANF). Utah’s choices on matters of state option have tended to avoid the more punitive measures in the Act. Notably, Utah elected to continue at state expense to provide financial assistance to legal immigrants who lost eligibility for either SSI or TANF. The state rejected the options of denying assistance to unwed teen parents and implementing a family cap\textsuperscript{77} a PRWORA provision that excludes from coverage new babies born to families enrolled in TANF programs.\textsuperscript{77} The state also chose to continue benefits for those with a felony drug conviction if they are in treatment.\textsuperscript{78}

PRWORA as implemented in Utah has received positive national attention. A Tufts University study of the extent to which each state is making progress toward increasing the economic security of poor families, deemed Utah as one of only fourteen states whose programs are likely to improve poor families’ economic conditions.\textsuperscript{79} Using a complex scale to measure

\textsuperscript{75}See discussion and Table 1: PRWORA Required Work Participation Rate on page 14 and footnote #17.

\textsuperscript{76}Kristy Carlston, Department of Workforce Services, personal communication, November 9, 1998. See also footnote #17.

\textsuperscript{77}Utah Department of Workforce Services, Family Employment Program: Utah’s Temporary Assistance for Needy Families (TANF) State Plan,\textsuperscript{77} July 1, 1997.

\textsuperscript{78}Robin Arnold-Williams, personal communication, April 20, 1999.

\textsuperscript{79}Center on Poverty and Hunger, Are States Improving the Lives of Poor Families? A Scale Measure of State Welfare Policies, Tufts University, February 1998, pp. 1, 21.
state approaches, Tufts researchers posited that programs offering the best chances for families to improve their circumstances were those that used few negative sanctions while offering assistance obtaining work and positive incentives. Utah scored high on the scale in that regard. More specifically, the Tufts study applauded Utah for allowing a broad range of participation activities, providing individualized self-sufficiency plans and supportive services packages, and maintaining mechanisms to maximize retained earnings and transitional benefits. 

Nine months after implementation of PRWORA by Utah’s Department of Human Services, the majority of programs included in the Act were among those placed under the purview of the brand new Department of Workforce Services (DWS). This new agency opened its doors on July 1, 1997, combining selected offices and responsibilities of four state agencies, as follows:

- Department of Human Services, Office of Family Support - Family Employment Program (FEP), Food Stamps, Child Care, Refugee Assistance, General Assistance, Work Toward Employment, and Medicaid eligibility for financial assistance recipients.
- Department of Employment Security (Job Service) - Unemployment Insurance, Employment Services, Veterans Services, and Migrant Farmworker Services.
- Department of Community and Economic Development, Office of Child Care - employer-focused programs.
- State Office of Education, Turning Point Program - employment training services for displaced homemakers.

Although the SPED model laid positive groundwork for the state’s implementation of

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PRWORA, there remain some policy issues that may determine whether families are assisted to attain economic well-being or their efforts are jeopardized. First, Utah must implement in FEP all of PRWORA’s mandates as described above. Second, Utah has elected some unique approaches that raise concerns, as detailed below:

The Family Employment Program’s 36-month Lifetime Limit

Questions about how lifetime limits on financial assistance are likely to impact families with moderate to severe barriers to employment have already been raised with regard to PRWORA’s 60-month limit. Under Utah’s FEP program, those challenges are compressed into three-fifths of that time, potentially reducing the number of families who will be able to be successful before their time clocks run out. Twenty-four more months, used productively, could make a difference in the lives of many of these families.

However, other types of families may also find Utah’s relatively inflexible approach to time limits difficult. Once their 36 months of assistance are exhausted and their case is closed, a family is not permitted to ever again receive FEP assistance. This means that families who manage to find work, but then become unemployed at any time, for any reason— even after working for a number of years—may have severely restricted options. This may be a relatively frequent problem because of the tendency of lower-end jobs to be unstable, a situation that is likely to be intensified if economic conditions exert a negative influence on the job market.

While Congress envisioned a solution in the unemployment insurance program, the types of jobs that many welfare recipients find do not necessarily offer those benefits. Reform to the unemployment system is needed before this problem can be corrected. In the meantime, financial help will have to be found from other sources.

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82See p. 12-18 of this report for a description of PRWORA mandates.

83See p. 12-18 of this report.

84Minutes of the 20 Percent Extension Workgroup, February 11, 1999, p. 3.

85See p. 76-79 of this report.
Additionally, if a family has already exhausted its time limit, an illness, injury, or family problem affecting the parent’s ability to work may quickly become a crisis without the availability of FEP assistance. This situation is exacerbated in many single-parent families, where no second parent is available to share responsibilities during family difficulties.

A 20 Percent Hardship Exemption (Extension\textsuperscript{86}) Policy Mirroring PRWORA

Like PRWORA, the Utah law limits the number of families that can be extended beyond time limits to a number equaling 20 percent of the total average caseload.\textsuperscript{87} Accordingly, the number of families who can be extended at any one time is finite and so over time, the number of available extensions will be depleted.

The Department of Workforce Services will require parents of families who receive extensions to continue participating actively in self-sufficiency activities; the agency plans to commit resources to move families off welfare. These additional efforts will no doubt help a portion of families to become stabilized and even job ready. Nonetheless, extensive research on long-term welfare families in Utah found that a sizable proportion of those who reach their time limits will need substantial supports over the long term or indefinitely.\textsuperscript{88} These findings are consistent with earlier studies done elsewhere in the nation. If state general fund monies are not appropriated to support seriously troubled families reaching their time limits after all extensions are committed, these families will need considerable help from other sources, including charitable service providers.

A number of factors make it impossible to predict when the supply of extensions will run

\textsuperscript{86}Utah is choosing to use the term \textit{extension} rather than exemption (the term used in PRWORA) to emphasize the intention that exemptions from the time limit will be temporary. Utah also uses the term \textit{extensions} because agency case management efforts and families’ participation requirements will be continued.

\textsuperscript{87}As of the publication of this report, the Department of Workforce Services has not yet determined the period which will be used to calculate the average caseload.

\textsuperscript{88}Amanda Smith Barusch and Mary Jane Taylor, \textit{Understanding Families with Multiple Barriers to Self-sufficiency}, Social Research Institute, Graduate School of Social Work, University of Utah, February 1999. pp. 79-83.
out. Individual family circumstances, the job market, accurate assessment of barriers to employment, the availability of effective intervention services, and the complexity of policy all play a role. The total number of extensions that will be available has not been determined at this writing, although the Department of Workforce Services estimates it will be somewhere around 2,000. As of January 1999, around 1,100 families had been on assistance continuously since the state’s time clock started ticking on January 1, 1997. Any of these families who do not leave assistance before December 31, 1999 will reach their time limits on that date. In the quarter that follows, January 1 to March 20, 2000, around 690-750 more families will reach their time limits. In each successive month after that a new round of families will reach their time limits. Again numbers are difficult to predict and it is unclear how many families will need to seek extensions.

The number of those who obtain extensions will, with additional help, be able to cycle out of the extension pool and how quickly that will be able to occur depends, at least in part, on their individual circumstances. Other factors include the Department’s ability to correctly identify needs and the ease with which necessary services can be located and provided.

Of particular concern to program administrators is a group of parents whose problems tend to manifest themselves in alternating periods of adequate functioning and then relapse. Program rules prevent families whose cases close when their time limits expire, and who do not apply for and receive an extension at that time, from ever receiving TANF assistance again. This is the situation, even if at some later time, they develop a condition on the list of extension criteria. There is no question that some families will never be able to fend for themselves. However, regardless of how these difficult realities play out over time, at some point, all available

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89 The majority of the discussion of the departmental approach to extensions is based on a personal communication with Helen Thatcher, Assistant Director of the Department of Workforce Services—Employment Development Division, who chairs the 20 Percent Extension Work Group, February 4, 1999; Utah Department of Workforce Services, TANF Months Used Report, December 1, 1998.
extensions will have been given out. Furthermore, if caseloads continue to decline, the number of extensions will also constrict. Coping with these facts is bound to leave welfare administrators with untenable choices and heightened expectations of the charitable sector.

The time limits and the limited exemption/extension rules in both PRWORA and the Utah law, juxtaposed with the reality of multiple-barrier families on welfare, are probably the most significant issues facing the charitable sector as it anticipates increased future demands for services. Each severely troubled family that reaches its time limit and does not receive an extension is likely to be deeply in need of help. This need is likely to be long term. The same is true of families who receive an extension initially, but later lose it if pressure on the extension pool is met with the implementation of reassessment and stricter criteria. Yet another concern is families who were not in need of an extension when they reached their time limit, but who subsequently fall into difficulties and are no longer able to support themselves and their families.

This situation creates challenges with which the Department of Workforce Services is still grappling in early 1999:

$ The question of how to determine, family-by-family, who should receive one of the limited number of hardship extensions requires an administrative answer of extreme delicacy. In mid-1998, the Department of Workforce Services established a 20 Percent Extension Workgroup, composed of Department staff and representatives of community-based organizations, to address this issue. The group is charged with developing criteria to be used by case managers to determine who will receive extensions. At the moment each family reaches its 36-month time limit, the criteria list will be used to decide whether its case is closed or an extension is given. At the time of this writing, this work group is still developing the criteria.

$ Accurate application of the soon-to-be-established criteria will require skilled caseworkers with the time to work effectively with each client. The task will become even more challenging as long-term cases make up an increasing larger percentage of the caseload and available extensions become scarce. Additionally, many of the barriers to self-sufficiency
can be difficult to recognize and are often concealed by their sufferers. As part of a *Long Term Customer Service Delivery Action Plan*, case managers across the state are in the process of reviewing the circumstances of FEP families on their caseloads with more than 18 months left on their *time-clocks* as of August 1998. A computer program to manage pertinent data is being developed. At this writing, 40 percent are classified as *on track*. However, case managers classify another 28 percent of their long-term caseload as *not on track* and in need of reassessment. The fate of an additional 12 percent who have applied for Supplemental Security Income (SSI) is in the hands of the Social Security Administration. The application process is difficult; the majority of applications are denied. The process is also lengthy for many who are approved only after an appeals process.

Recent media accounts of the early impacts on families reaching time limits in other states have fostered some relaxation of concerns, but it is important to note that very little is known of actual family and community circumstances. Of the 15 states where the impact date of time limit policies has been reached as of April 1, 1999, only a few have more than a few months of experience. Furthermore, Utah’s policies differ in some important ways from those in states where the impact has been mild. As we can see from the Connecticut and Texas policies, discussed below, programs are in place in those states which mitigate the negative impact of time limits on many families.

$\text{Connecticut’s Jobs First program limits families to 21 months of financial assistance and the impact date for the first families was October 1, 1997. Unlike Utah, Connecticut’s time limit policy provides for an *unlimited* number of 6-month extensions available to two}

90SSI provides a monthly benefit of $676 to individuals determined by the Social Security Administration to be both poor and permanently physically or mentally disabled. Less than half of applicants qualify when they first apply so the majority of applicants must appeal. Minutes of the Utah Department of Workforce Services, 20 Percent Extension Workgroup, February 11, 1999, p. 2.

91Those states either had waivers allowing shorter time limits that pre-dated PRWORA or made decisions similar to Utah to implement shorter time limits in their TANF-funded financial assistance programs.
groups of families: 1) those determined to be making a good faith effort to work, but whose earnings are still below the welfare payment for their family size, and 2) those who are prevented from working by circumstances beyond their control. The program has generous incentives to work related to treatment of earned income and transitional benefits. Early results show that about half were given extensions because their earnings were low. Some of those who were earning enough at 21 months to have their cases closed, later experienced income reductions and qualified for extensions. Some who received extensions initially, later lost them because they were believed not to be making adequate efforts to earn more.

Program evaluators of the Connecticut program note that over time, the number of people qualifying for extensions will likely grow because of the overall low earning power characteristic of welfare recipients. They also note the challenge of ensuring fair application of extensions when frequently staff are unable to spend enough time with families to understand their circumstances and grasp whether or not they are making a good faith effort.92 Until PRWORA’s time limits are reached, Connecticut’s more flexible extension system may relieve some of the pressure on charitable sector resources than more restrictive extension and time limit policies in other states.

Texas implemented its Welfare Reform Initiative with three separate time limits—12, 24, and 36 months—applied on the basis of the recipient’s functional literacy level and work experience. The first impact dates were November 5 in 1997 and 1998, and the final time limit will affect its first families on November 5, 1999. However, these state time limits are reduction time limits, rather than termination time limits. Until families reach PRWORA’s 60-month limit, the parent’s portion of the family allotment ends, rather than the entire family’s case being closed.93 Reduction time limits can be expected to increase


93National Association of Child Advocates, Devolution, June 26, 1998; Gallagher et al., One Year After Federal Welfare Reform: A Description of State Temporary Assistance for Needy Families (TANF) Decisions as of
pressure on charitable resources because families have less to live on, but the impact is likely to be less dramatic than that of termination time limits. A University of Texas at Austin study of the TANF program in that state also found that problems related to earning power and employment instability caused families to need supplemental support and continued eligibility for other public programs.

In contrast to policies in Connecticut and Texas, the program in Massachusetts is more stringent than Utah’s. December 1, 1998 marked the expiration of time limits for the first families in Massachusetts. Prior to this, the welfare rolls had declined by 43 percent in less than four years. Of the over 5,100 families who reached their limit of 24 consecutive months, 2,800 have obtained continuation of their benefits by filing appeals, but over 2,200 have had their benefits terminated. These are full family case closures and Massachusetts offers no extensions. There is some leniency in the Massachusetts program in that the time limits do not apply to families whose youngest child is two years of age or younger. An additional 1,000 families are expected to reach their limits every month for the next several months.

Catholic Charities of Greater Boston is one of many organizations that have gone on record with their assessment of Massachusetts time limits policy as harmful. The group observes that families who reach their time limits have barriers that will prevent them from finding and keeping family-sustaining jobs. These families, they predict, will exhaust support from informal networks and turn to the charitable sector for emergency help. There is concern that they may also turn to crime if other options cannot be found.94

The most recent discussion of the impact of early time limits imposed by some state programs is found in the previously cited April 1999 issue of Governing: The Magazine of States

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and Localities. Noting the case of Tennessee, where time limits affected the first families in April 1998, Walters highlights that over the past 12 months, nearly 60 percent of those who reached their deadlines were exempted because they were disabled or for other reasons and half of those not exempted were extended because of illness or because they were making good faith efforts to find work. The extensive use of exemptions to case closure was, according to the article, one of the major outcomes across pertinent states. The article also underscored findings about the prevalence of non-job related causes for large caseload reductions. Sanctions, diversions, and a failure of applicants to pursue eligibility have played a significant role. The author expresses doubt that very many of these families are self-supporting, and cautions that many may have serious barriers to work and general functioning. He also suggests that over-extended case managers may fail to adequately inform both applicants and recipients of program expectations and that states without effective safeguards against overly zealous sanctioning may be closing cases inappropriately.

Additional Complications

Utah welfare administrators, families, and ultimately charitable organizations face other unique challenges, as follows:

Utah has a model conciliation process to assist families with participation problems, but even so, this process promises to be extremely difficult. As noted above, multiple-barrier families may be sanctioned, however accidentally, before they reach their time limits. Utah case managers who believe that a parent is not participating in FEP activities may initiate conciliation. Utah’s FEP sanction policy was carried over from SPED. It begins with a three-phase conciliation process to discover sources of participation problems and initiate solutions. Case closure is the final stage and is generally expected to occur only when the client is able to participate, but is unwilling. Each month, approximately five percent of families are in conciliation and a similar percentage of the caseload are closed through this

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95Walters, Beyond the Welfare Clock, pp. 21-26.
mechanism.

Despite this thorough process, a Utah study found that a large proportion of sanctioned families had serious employment, personal, and family barriers. One Utah researcher observed that a frequent common characteristic of sanctioned individuals may be difficulty relating to institutions or authority figures, which in turn may manifest itself in uncooperative behavior. Another finding consistent with the above, is the prevalence of barriers that are often carefully hidden out of embarrassment.\textsuperscript{96} Utmost care and skill is needed to sort through problems to decide whether a particular parent in conciliation could participate, but is simply refusing, or is really incapable of taking positive action. Those with serious problems of the type described may be unlikely to be successful in the job market, but their need for support will continue as options for obtaining help narrow.

\textdollar{} Special time limits for two-parent families who seek financial assistance may disrupt family self-sufficiency progress. In establishing and setting forth program provisions for the TANF program, PRWORA made few regulatory distinctions between single- and two-parent families. Utah is one of several states that take a different approach to the two family types. Assistance for intact families has been controversial in Utah and has undergone several changes in policy direction over the years. At one point in the early 1980's, the Utah Legislature determined to offer no program at all for two-parent families in need. However, evidence emerged that this led to family dissolution and homelessness. Thus, a program was established that required work activities first before limited benefits were paid. In 1995, a time limit was imposed, carried forward with PRWORA implementation. The program is called the Family Employment Program for Two-parent Families.

As of 1999, in addition to being equally subject to Utah\textsuperscript{36}-month and PRWORA\textsuperscript{60}-month time limits, two-parent enrollees can only receive financial assistance during seven of every thirteen months. The only other state to have such a stringent time limit is

\textsuperscript{96}Michelle Derr, Mathematica Policy Research, personal communication, July 8, 1998.
Arizona, with six months of every twelve. Utah’s program is used by relatively few families, and little is known about their circumstances. Since the 1996 state fiscal year, caseloads for this group have been on the rise from an average of 79 in 1996, to 149 in 1997, to 160 in 1998. There has been an average of 145 cases on the program in the early months of the 1999 state fiscal year. These families may need help from other sources in the interim periods.

State fiscal matters are delicate and decisions that avoid future shortfalls may be difficult to ascertain. Utah is one of many states to have made budgetary changes based on reduced costs of lower TANF caseloads. As of the 2000 state fiscal year, Utah state dollars will have been reduced by 25 percent since the passage of PRWORA. This is the maximum reduction that will be allowed by PRWORA until 2002. State funds that were cut have been released to the General Fund to be used for other state priorities. During the first two years of the new welfare system, most federal TANF dollars were retained for specific programs related to family financial assistance. Some funds were used to allow the Utah Department of Workforce Services to raise financial assistance benefits by 6 percent as of July 1, 1998, and as of early 1999 around $13 million have been put into a rainy day fund in case of future caseload increases. To date, Utah has not chosen to utilize TANF dollars freed up by reduced caseloads to increase the earning power of working recipients through additional job training or educational services, although this is an option for future years.

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97 Gallagher et al., One Year After Federal Welfare Reform: A Description of State Temporary Assistance for Needy Families (TANF) Decisions as of October 1997, Table III.5.

98 The State of Utah’s fiscal year runs from July 1 to June 30. The 1996 State Fiscal Year is the period from July 1, 1995 to June 30, 1996.


100 Scott Green, Governor’s Office of Planning and Budget, personal communication, January 22, 1999. See pp. 18 of this report for PRWORA provision.

PRWORA allows states to transfer up to 30 percent of TANF funds away from income support and work programs to Child Care and Development Block Grant (CCDBG) or Social Services Block Grant (SSBG or Title XX) programs. SSBG transfers were limited to 10 percent in PRWORA, but in 1998 Congress reduced the percentage to 4.25 effective as of the 2000 federal fiscal year.

As of Utah’s 2000 fiscal year, substantial TANF funds are, in fact, being shifted to meet other needs. During the 1999 General Legislative Session, $5,098,600 in TANF (federal) funds were transferred from the Utah Department of Workforce Services to the Utah Department of Human Services for the 1999 state fiscal year. An additional $2.9 million in TANF funds were shifted to the Department of Human Services for the 2000 state fiscal year to offset the reduction in SSBG funding passed by Congress in 1998. Governor Leavitt requested $700,000 in state fiscal year 2000 General Fund monies for child care programs administered by the Department of Workforce Services to help draw down additional Child Care and Development Block Grant funds (at a 2.8 to 1 match rate). The Legislature actually approved $500,000. These state dollars will be matched with $1.4 million in CCDBG federal funds. These increases to the 2000 budget are intended to be ongoing, meaning that the state funding for child care is permanent, unless future Legislative actions reduce the base budget. This will reduce the amount of federal TANF dollars to be shifted to child care programs.

Although all of these recommendations address real budgetary needs, they may represent lost opportunities for FEP families in need of additional self-sufficiency services. Moreover, if an economic slowdown triggers higher caseloads, the use of TANF rainy day funds for other needs now could result in shortfalls later.

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102 This transfer replaced General Fund monies, dollar for dollar, that were shifted out of the Department of Human Services’ Division of Child and Family Services to the Department of Workforce Services and other state budget items. Robin Arnold-Williams, Utah Department of Human Services, personal communication, April 20, 1999; Steve Jardine, Governor’s Office of Planning and Budget, personal communication, May 5, 1999.

103 Legislative budget information was provided by Bill Greer, Office of the Legislative Fiscal Analyst, personal communication, April 15, 1999.
The New Welfare in Utah: First Two Years

Family Employment Program (FEP)

Although many of the results of the first two years of Utah’s Family Employment Program have not been formally assessed, the Department of Workforce Services summarized its progress in Utah’s 1999 Fiscal Focus: An Annual Report to the Citizens.¹⁰⁴

$ Employment-related operations are consolidated in 48 one-stop Employment Centers located in five regions of the state: Central, Eastern, Northern, Mountainland, and Western.

$ A project has been initiated to centralize the application and eligibility determination process for public assistance programs from FEP to Food Stamps through a single Eligibility Service Center that will be accessible by telephone. It will be phased in over several months.

$ The Family Employment Program caseload declined by 18 percent from 12,946 in October 1996 to 10,474 in December 1998.

$ From the 1993 implementation of SPED C the model for FEP C through July 1998, over 53,000 families have been involved. Eighteen percent of these families were still enrolled in FEP, 29 percent were receiving no financial assistance but were enrolled in Food Stamps or Medicaid or both, and 53 percent were no longer receiving any type of Department of Workforce Services assistance. Some typical characteristics of FEP families are described in Table 2, which uses caseloads in January 1999 as an example.

$ From July 1996 through June 1998, over 8,400 FEP heads of household were employed full-time (at least 129 hours) during at least one month.

Financial assistance allotments were increased by 6 percent in 1998. This raised the maximum monthly payment for a family of three to $451 (see Table 3).105

There is no question that individualized assessment and self-sufficiency planning, plus the provision of appropriate employment-related and supportive services, is a formula that will meet the needs of some families. However, as already indicated in the discussions of PRWORA, Congressional goals make it inevitable that there will be gaps. As already indicated, some of Utah’s choices and priorities exacerbate the situation. Assessing the impact of programs on individual families or groups of families at this point is the most difficult challenge, yet it is on this level that the charitable sector may glimpse present and future needs for their services. Some pertinent indicators in FEP are the following:

### Table 2
**Basic Facts About FEP Families - 1999**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>94%</td>
</tr>
<tr>
<td>Caucasian</td>
<td>75%</td>
</tr>
<tr>
<td>Parent aged 26-34</td>
<td>38%</td>
</tr>
<tr>
<td>Parent &lt;19 years</td>
<td>7%</td>
</tr>
<tr>
<td>2nd parent deserted</td>
<td>33%</td>
</tr>
<tr>
<td>1-2 children</td>
<td>51%</td>
</tr>
<tr>
<td>Have earned income</td>
<td>25%</td>
</tr>
<tr>
<td>Child support collected</td>
<td>18%</td>
</tr>
<tr>
<td>Child care assistance</td>
<td>28%</td>
</tr>
<tr>
<td>Participating per Plan</td>
<td>97%</td>
</tr>
<tr>
<td>Receiving Food Stamps</td>
<td>93%</td>
</tr>
<tr>
<td>Choosing Cash-out</td>
<td>52%</td>
</tr>
</tbody>
</table>

Source: Social Research Institute, Graduate School of Social Work, University of Utah, *Characteristics of Participants, January 1999.*

### Table 3
**Utah FEP Maximum Cash Assistance by Family Size**

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Maximum Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$261</td>
</tr>
<tr>
<td>2</td>
<td>362</td>
</tr>
<tr>
<td>3</td>
<td>451</td>
</tr>
<tr>
<td>4</td>
<td>528</td>
</tr>
<tr>
<td>5</td>
<td>601</td>
</tr>
<tr>
<td>6</td>
<td>663</td>
</tr>
</tbody>
</table>

Source: Department of Workforce Services, "Monthly Income Limits and Maximum Financial Assistance Amounts," (Table II), 7/1/98.

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105 Utah Department of Workforce Services, *Monthly Income Limits and Maximum Financial Assistance Amounts, Effective Date - 7/1/98.*
The above-mentioned increase in FEP family payments is still inadequate to cover the cost of basic needs. For example, the monthly allotment for a family of three rose from $426 to $451, but the average 1-bedroom apartment in Salt Lake City rented in 1998 for $629. PRWORA followed the example of previous welfare reform initiatives and entirely ignored the critical role that affordable housing or the lack thereof plays in the ability of families to achieve economic self-reliance.

Participant activities are largely focused on employment. The jobs participants find frequently lack adequate pay and benefits. In a point-in-time count in October 1998, 23 percent of the caseload was engaged in job search, 16 percent were working full-time, and 15 percent were working part-time (see Table 4). A December 1997 point-in-time count of 1,855 working recipients revealed that for those working 30 hours or more per week, only 11 percent had medical benefits through their employer and their average hourly wage was $7.45. For those working less than 30 hours, just 3 percent had medical benefits and the average wage was $6.51.

### Table 4
Selected FEP Participation Activities (11/97-10/98)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td>16.3%</td>
</tr>
<tr>
<td>Part-time</td>
<td>15.4%</td>
</tr>
<tr>
<td>Job search</td>
<td>22.5%</td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>Basic education</td>
<td>0.3%</td>
</tr>
<tr>
<td>English as a 2nd Language</td>
<td>1.7%</td>
</tr>
<tr>
<td>High school/GED</td>
<td>7.1%</td>
</tr>
<tr>
<td>Post-high school</td>
<td>3.0%</td>
</tr>
<tr>
<td>Training</td>
<td></td>
</tr>
<tr>
<td>Short-term training</td>
<td>5.1%</td>
</tr>
<tr>
<td>Long-term training (up to 24 mos.)</td>
<td>2.0%</td>
</tr>
<tr>
<td>On the Job Training</td>
<td>0.04%</td>
</tr>
<tr>
<td>Internship</td>
<td>1.3%</td>
</tr>
<tr>
<td>Assessment</td>
<td>15.1%</td>
</tr>
<tr>
<td>Life skills training</td>
<td>7.6%</td>
</tr>
<tr>
<td>Mental health treatment</td>
<td>3.9%</td>
</tr>
<tr>
<td>Medical treatment</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

Source: Utah Department of Workforce Services, PACMIS Technical Consulting Team, AClient Activities, @11/98.

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106JaNae Francis, AUtah Advocacy Group Wants No Food Tax, @standard-Examiner, Davis Bureau, October 15, 1998, p. 1c.

107PACMIS Technical Consulting Team, Utah Department of Workforce Services, AClient Activities, @ October 1997-October 1998.

108John Davenport, Department of Workforce Services, personal communication, October 22, 1998.
Relatively few FEP parents are engaged in skills training or education. Utah law limits education or training beyond a high school diploma or its equivalent to 24 months for most recipients. This policy is more restrictive than the more individualized SPED approach and training as an activity has declined.\textsuperscript{109} In 1996, the Utah Department of Employment Security produced a list of 36 occupations requiring no more than 24 months of training with an average prevailing wage of $11.78 per hour which is above poverty wages. Only seven had starting wages under $6.00. Half of the occupations had starting wages of over $7.00.\textsuperscript{110} Nonetheless, from November 1997 to October 1998, neither education nor training was even a part-time activity for the vast majority of FEP recipients.\textsuperscript{111} Utah elected to turn away federal funding offered to allow states to increase training opportunities for TANF recipients, indicating as reasons that federal A\textsuperscript{1}strings@ on the money were unwelcome and that enough funding was already available to cover the training slots that were needed.\textsuperscript{112}

There is some evidence that the proportion of the caseload with substantial employment barriers has been increasing as caseloads have declined, perhaps as much as from 33 percent to 40 percent or more.\textsuperscript{113}

\textsuperscript{109} An evaluation of SPED$s^\text{first three years reported 26 percent in either education or training, over twice the percentage reported for FEP. Janzen et al., An Evaluation of Utah $Single Parent Employment Demonstration Program, p. 46.}

\textsuperscript{110} Garth Mangum et al., On Being Poor in Utah, p. 350.

\textsuperscript{111} Utah is not alone in limiting resources devoted to education and training. In September 1998, the five private firms with which Wisconsin$ administrators have contracted to run W-2 programs in Milwaukee asked for increased funding, saying current limits to 10 hours per week were, A\textsuperscript{2}grossly insufficient to move individuals to an education level acceptable to most employers.@Madison Capital Times, AReforming Welfare, ASeptember 21, 1998, p. 2c.

\textsuperscript{112} Mason Bishop, Department of Workforce Services, personal communication, June 19, 1998.

\textsuperscript{113} Fred Janzen, Social Research Institute, Graduate School of Social Work, University of Utah, personal communication, July 17, 1998.
The Utah Legislature during the 1997 General Session mandated a study to examine the circumstances of families like those who will confront Utah’s 36-month time limit. The research specifically targeted recipients with at least 36 months on assistance. Findings indicate that 80 percent of respondents had a physical health or mental health barrier (57 percent measured at risk of depression, 42 percent scored as clinically depressed, and 15 percent appeared to be suffering from post-traumatic stress disorder). Thirty percent had a work barrier (defined as not having worked more than six months at one job in the last five years) and 32 percent had an educational barrier (lacked a high school diploma or equivalent). There was also a substantial prevalence of respondents with a family barrier, such as child physical health problems (42 percent) or serious behavior problem (23 percent), history of domestic violence (74 percent), or child protective service referral history (46 percent). Nineteen percent had evidence of all three types of barriers (see Table 5).\textsuperscript{114}

Researchers had already established that welfare recipients as a group tend to experience family violence, family illness, disability in the family, protective service referral, and learning disabilities at higher rates than the general population, but the definitive Utah study found that longer-term recipients have a higher incidence of these difficulties than do shorter-term recipients.\textsuperscript{115} Over half of respondents were found to have been physically or sexually abused

\begin{table}
\centering
\begin{tabular}{|l|l|}
\hline
\textbf{Barrier} & \textbf{\% Reporting} \\
\hline
Mental health & \\
Depressed & 56.7 \\
Clinically depressed & 42.3 \\
Post-traumatic Stress Disorder & 15.1 \\
Learning disability & 23.0 \\
Lacked high school completion & 32.0 \\
In last 5 years, never worked more than 6 months at one job & 30.4 \\
Physical health problems & 53.2 \\
That prevent work & 34.9 \\
Child physical health problems & 42.2 \\
Severe domestic violence: & \\
Ever as an adult & 73.6 \\
Within the past 12 months & 12.3 \\
Drug abuse & 19.6 \\
Alcohol abuse & 20.1 \\
Severe child behavior problems & 23.0 \\
Child Protective Services referral & 46.3 \\
\hline
\end{tabular}
\end{table}

Source: Amanda Smith Barusch and Mary Jane Taylor, \textit{Understanding Families with Multiple Barriers to Self-sufficiency}, p. 68.

\textsuperscript{114}Barusch and Taylor, \textit{Understanding Families with Multiple Barriers to Self-sufficiency}, pp. 71-72, 74.

\textsuperscript{115}Barusch and Taylor, \textit{Understanding Families with Multiple Barriers to Self-sufficiency}, p. 68; Kramer, "The Hard-to-Place: Understanding the Population and Strategies to Serve Them."
before the age of 18. Almost three out of four of the respondents said they had been a victim of severe domestic violence in their adults lives.¹¹⁶ Twelve percent reported serious domestic violence in the 12 months before they were interviewed for the study.¹¹⁷

There is no way to know from the study which heads-of-household with such barriers will not be able to work consistently and thus qualify for the month-to-month extended eligibility in Utah's law.¹¹⁸ The nature and severity of individual or family barriers are only part of the equation. Other factors are the receptivity of the local job market to applicants who may be less competitive and whether or not the barrier(s) were discovered quickly enough for effective intervention assuming that such intervention is available in the area.

Child Care

Finding and keeping quality child care is a challenge for parents of all income levels, but the difficulties are compounded for low-income families and still more complex for families with only one parent. Over a decade ago, Utah was one of the first states to recognize the important role of child care assistance if families are to leave welfare. Even so, a philosophical discomfort among some Utah lawmakers with the concept of child care continues to be evident. Concern that parents (usually mothers) should care for children appears to create some resistance to developing a set of child care options that will meet the broad range of needs. Perhaps related to this sentiment, lawmakers during the 1999 General Legislative Session appropriated only one-third ($500,000) of the state funds necessary to draw down Utah's full 2000 federal fiscal year funding for child care. At the same time, a bill offering a $100 tax break to families with a child up to age one and a stay-at-home parent passed. The latter bill will affect families filing tax

¹¹⁶Defined as incidents where a combination of violent acts were perpetrated, including being hit with a fist, hit with an object, beaten, choked, threatened or harmed with a weapon, or forced into sexual activity against their will. Barusch and Taylor, Understanding Families with Multiple Barriers to Self-sufficiency, pp. 36, 66-67.

¹¹⁷Barusch and Taylor, Understanding Families with Multiple Barriers to Self-sufficiency, pp. 77-78.

¹¹⁸A head-of-household must have worked at least 80 hours in the last month before month 36 and that same amount during at least 6 of the previous 24 months to qualify for an additional month of eligibility. See also p. 34 of this report.
returns for the calendar year 2000 and it is estimated it will cost the state $1.5 million in lost
revenue beginning with the 2001 state fiscal year.\footnote{Bill Greer, Utah Office of the Legislative Fiscal Analyst, personal communication, May 7, 1999.} The fact that both Utah’s welfare law and PRWORA require poor parents to participate in work-related activities, take jobs, and ultimately work to subsist after time limits expire, means that efforts to upgrade the child care system will have to continue and the supply will need to increase.

Child Care and Development Block Grant (CCDBG) programs offer child care assistance to current and former welfare recipients, as well as to other low-income families on a sliding fee scale. As of June 1998, around one-third of FEP enrollees received support for child care expenses: this affected a total of nearly 5,000 children. Another 8,000 children in 4,400 low-income working families received child care help that same month.

Utah’s program has not experienced the sharp increases in child care utilization (nor shortages) attracting attention in other states. Utah’s longer history of welfare recipients participating in activities outside the home is undoubtedly part of the reason for the insignificant utilization increase following the implementation of PRWORA. However, caseloads are also kept down as a natural outcome of one of the lowest income ceilings on child care assistance in the nation. Federal regulations for the CCDBG allow funds to be spent on care for children in families with incomes up to 85 percent of the State Median Income. Utah has set its income ceiling far lower, so that families whose income reaches 56 percent of the SMI (for example, $21,108 for a family of three) are no longer eligible for help paying their child care costs.\footnote{Cathie Pappas, Department of Workforce Services, personal communication, February 5, 1999; Utah Department of Workforce Services, ASummary of Supportive Services, October 1998, p. 4.} This means that working families reaching incomes just barely over the Federal Poverty Guidelines are suddenly faced with covering the total cost of child care.

There are other child care issues under discussion by policymakers. Throughout 1998 the Child Care Task Force of the Utah Legislature considered a variety of concerns, including: quality, affordability, availability, the impact of welfare reform on low-income working families,
provider rates, care for children with special needs, ill-child care, care for children whose parents work night or weekend shifts, and the need for all sectors, including the business and religious communities, to work together to solve problems. One to two percent of FEP enrollees are counted as attempting to resolve child care problems as one of their participation activities. Long-term recipients interviewed by University of Utah researchers were generally satisfied with the quality of care their children were receiving. However, nearly one-third of those using child care said they had lost a job or were forced to quit other self-sufficiency activities because of child care problems. Almost three out of four of these individuals reported that the problem had occurred during the past year.

The child care industry in Utah reports difficulties associated with parts of welfare reform. In June 1998, the Department of Workforce Services developed a cash-out system for child care. Instead of paying child care providers for services to FEP families, the Department now issues child care allotments through direct deposit to the families’ bank accounts. The electronic benefits transfer system is slow, causing a chain reaction of late payments that providers complain jeopardizes their businesses. Providers also charge that their receipts are less stable than under the prior system, where the state paid them directly at a fixed amount per month. Licensed providers believe that FEP parents are choosing unlicensed care and express concern that, as a result, their children are getting lower quality care.

Food Stamps

Historically, Utah’s Food Stamp program has been used by a smaller percentage of the eligible population than in most states. This program served an average of 36,295 households

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121Utah Legislature, Child Care Task Force, Minutes, July 1, 1998.


123Barusch and Taylor, Understanding Families with Multiple Barriers to Self-sufficiency, pp. 50-51.

124Eliot Casperson, Utah Private Child Care Association, Minutes of the Child Care Task Force of the Utah Legislature, July 1, 1998.
per month in the 1998 state fiscal year. This amounts to a 12 percent caseload reduction since October 1996, substantially below the average reductions across the nation of over 20 percent.\textsuperscript{125} However, a number of categories of households have lost eligibility for Food Stamps.

Families with children have seen their total Food Stamp allotments go down due to PRWORA budget cuts, but their participation in this program is not time limited as it is for single people. In May 1997, Utah implemented PRWORA\textsuperscript{\textregistered} provision to limit Food Stamp receipt by childless individuals between the ages of 18 and 49 who were not working at least 20 hours per week. As described above, the new law provides Food Stamps to these individuals for three months out of every 36. As a result of the new policy, by November 1998 over 2,500 people throughout the state had been terminated.\textsuperscript{126} Utah food pantry operators have charged that this change is part of the reason for a 33 percent increase in requests for emergency food in 1998.\textsuperscript{127}

At the end of the year, the Utah Department of Workforce Services began taking advantage of a federal option to exempt up to 15 percent of individuals from the time limit. Criteria for administering the limited number of exemptions are being developed independently in each of the five Department of Workforce Services\textsuperscript{\textregistered} regions. The Department is also developing a program that will help people meet work participation requirements to continue their eligibility.\textsuperscript{128}

As noted in Chapter I, PRWORA withdrew eligibility for most assistance programs for many legal immigrants; successive Congressional actions reversed some of those actions by 1998. Nonetheless, beginning in November 1996, some immigrant households began losing

\textsuperscript{125}Utah Department of Workforce Services, \textit{A}Statewide Cases Served Report,\textsuperscript{\textregistered} ACMIS MR655, November 1998; Robin Arnold-Williams, Utah Department of Human Services, personal communication, April 28, 1999.

\textsuperscript{126}Holly Mullen, \textit{A}Food Stamp Shifts Demand Away From State,\textsuperscript{\textregistered} Salt Lake Tribune, November 18, 1998; Jill Drury, Department of Workforce Services, personal communication, December 28, 1998.

\textsuperscript{127}Mullen, \textit{A}Food Stamp Shifts Demand Away From State,\textsuperscript{\textregistered}

\textsuperscript{128}Jill Drury, Utah Department of Workforce Services, personal communication, December 17, 1998; Gordon Mendenhall, Utah Department of Workforce Services, personal communication, April 15, 1999.
Food Stamp assistance. The process continued for other segments of the population in 1997. Utah chose to provide financial and medical assistance to legal immigrants at state expense, they did not do the same for Food Stamps.

A troubling finding in 1998 was the increase in Food Stamp recipients who choose to receive their allotments in cash instead of food coupons. Utah first implemented the cash-out option over ten years ago for elderly persons and then expanded it under a waiver in the mid-1990's to families receiving financial assistance as part of SPED. Under SPED, only around 12 percent of families elected the cash-out option. In October 1997, the percentage had increased to 46 percent, and by October 1998, 53 percent were receiving cash instead of food coupons. This increase may be a result of a number of factors, but some suggest that the high cost of basic needs (such as housing) is forcing families to spend food assistance money on rent or other needs. These families then turn to emergency food from pantries resulting in rising requests for assistance.  

General Assistance (GA)

In the years prior to the passage of PRWORA, Utah was one of many states that used state funds to provide some level of financial assistance to very low-income singles and childless couples who were not eligible for any federally funded programs. This continues to be true in 1999 through two programs: General Assistance Self-sufficiency Program and Working Toward Employment.

The General Assistance Self-sufficiency Program (GASSP) primarily serves childless singles and couples where a medical condition is an employment barrier. The Department of Workforce Services has the responsibility of providing financial assistance in 1999, $261 to a single person and self-sufficiency counseling. GASSP recipients may also receive $25 per month to help with transportation costs. Recipients must develop and follow an employment plan. Their activities may involve finding employment or obtaining approval to receive

Supplemental Security Income (SSI). They may receive medical assistance through the Utah Medical Assistance Program (UMAP) or, if their condition is not covered, GASSP medical funds may be used. Utah does not offer GA to people whose disability is related to substance abuse. General Assistance recipients generally receive little other help. They can receive Food Stamps, but most are subject to the Able Bodied Adults without Dependents (ABAWD) policy and the new PRWORA time limits of three out of every 36 months, unless they qualify for an extension.

Despite the sparse benefits, the number of Utahns turning to GA is increasing. Since January 1997, the caseload has gone up steadily, rising from 947 that month to 1,251 in October 1998. Program administrators have not found an explanation for this 32 percent increase, but requested supplemental funding to finish out the 1999 state fiscal year and a 20 percent caseload increase in state funding for 2000. Governor Leavitt recommended these increases, and the Legislature agreed, but the Department still anticipates shortfalls. In February, a committee began working on program modifications designed to reduce programs costs. Time limiting the program is one measure being considered. Adopted policy changes are scheduled to be implemented on July 1, 1999.

The second GA program is Working Toward Employment (WTE), and is based on an earlier program known as the Emergency Work Program (EWP). To remain eligible, recipients must participate 40 hours per week: 32 hours on a community work project (sometimes job training may be substituted) and 8 hours of job search. Eligibility is limited to 7 of every 18 months. Food Stamp benefits are available, but WTE recipients are also subject to the ABAWD policy and time limits. They are eligible for UMAP health care services.

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130 UMAP only offers the most basic, inexpensive treatment for life-threatening or infectious conditions.

131 Utah Department of Workforce Services, Statewide Cases Served Report, October 1998.

132 Mary McConaughy, Department of Workforce Services, personal communication, February 4, 1999; Governor’s Office of Planning and Budget, FY2000 Budget Recommendations, December 1998, pp. 64-66.
Supplemental Security Income (SSI)

PRWORA mandated elimination of the individualized functional assessment (IFA) as a qualification for children applying for Supplemental Security Income (SSI) ended assistance to some IFA children. The Act required notification of pertinent families with an offer for reassessment to determine whether they could retain eligibility by meeting a medical criteria for specific impairments. Around one quarter of the 4,500 Utah children receiving SSI in 1996 had to be reassessed. As of October 1998, 460 had lost their benefits.

SSI also plays an important role in Utah's financial assistance programs such as the FEP and General Assistance. Qualifying for SSI is the goal of employability plans for disabled heads of household in both programs. In recent years, General Assistance has increasingly been accessed by more severely physically or mentally disabled people. They were ultimately found to be eligible for SSI, but without General Assistance, they could not have survived the lengthy period to complete the SSI application process.

An important point is that the time it takes to qualify causes difficulties for both FEP families and General Assistance recipients who apply for SSI. The Social Security Administration, which administers SSI, frequently denies first applications, thus prompting people to pursue a complicated appeal that they may not be able to manage. The Department of Workforce Services contracts with Utah Legal Services to provide help with the appeal process. It is not uncommon for an ultimately successful application to take over a year. The Department reports that the time lag is increasing.

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133 Scott Williams, Utah Department of Health, personal communication, February 5, 1999.

134 Doug Smith, Public Information Officer, Social Security Administration, Denver, personal communication, March 10, 1999.

135 Ilona Zenner, Department of Workforce Services, personal communication, April 6, 1999; Jim Brown, Utah Legal Services, personal communication, March 8, 1999.
Child Support

New tools to facilitate the collection of child support have yielded results in Utah and elsewhere. The Utah Office of Recovery Services (ORS) reports that the best success in collecting child support occurs when there is a child support order in place. This high profile issue is leading more judges to ensure that child support orders are issued as part of divorce decrees. In Utah during the 1996 state fiscal year, some collection was made in 37 percent of cases with an order; in 1997 that percentage increased to 43 percent; and in 1998 (1st quarter) at least one payment was made on 45 percent of cases.

Hence lifetime limits on financial assistance, combined with the low earning power of typically female single parents on welfare, increase the urgency for families to be able to obtain whatever sources of income possible. However, as noted in Chapter II, child support collection and the new welfare system conflict. Moreover, welfare families chances of receiving help from child support collections are slim. Four mechanisms (or tools) that result in more collections are the state and national directory of new hires, automatic wage withholding, wage garnishment, and seizure of income tax refunds. These mechanisms are less successful for the poor for two reasons: 1) non-custodial parents are often unemployed, and 2) they are less likely to file income taxes even if they are working because filing is not required for people with very low incomes. Additionally, welfare families have child support orders less frequently than the general population. In Utah during the 1998 fiscal year, a collection was made on an average of 32 percent of the child support cases of FEP families with a child support order. Payments were made on only half of non-FEP cases. In Connecticut, Florida, and Virginia, where time limits have already been reached, only 20 to 40 percent of non-custodial parents made any payments

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136See pp. 22-23 of this report.

137Utah Department of Human Services, Office of Recovery Services, Cases with Orders (with Debts) That Are Paying, Month by Month, November 2, 1998.
during the last year prior to the closure of their children’s cases. It is unlikely that payments were received after those families left welfare.\textsuperscript{138} This does not bode well for Utah’s welfare recipients.

**Health Care Coverage**

Utah has an overall better record for health insurance coverage than the nation as a whole. From 1995-97, 12 percent of Utahns of all ages and income levels were uninsured. The national average was 15.7 percent.\textsuperscript{139} However, U.S. Census data reveal that over 1995-97, an average of nearly one out of every five Utah children in poor or near-poor families (at or below 200 percent of Federal Poverty Thresholds) lacked insurance coverage. This is an increase of 2 percentage points over the period 1994-96.\textsuperscript{140}

Given both quality-of-life and cost-effectiveness reasons for providing health care coverage for children, success of welfare reform can be facilitated by maximizing the effectiveness of available options for low-income families. Resources exist to make this happen. As of early 1999, there are three main tiers of coverage available to low-income children in the absence of employer-related insurance. Notably, only two of these options can be accessed by their parents:

\$\text{Utah’s Medicaid program offers a comprehensive service package for single- and two-parent families with children who are eligible for FEP. As of January 1999, 71,750 Utah children were covered by Medicaid programs. PRWORA\textsuperscript{A}le-linked\textsuperscript{B}Medicaid and}


financial assistance eligibility. Thus, poor families, who lose eligibility for TANF because of either a state or PRWORA lifetime limits, will still be able to receive health care coverage under Medicaid.

Transitional Medicaid offers the same service package to families whose welfare case is closed because their income rises above the eligibility limit. This program originated as part of the federal Family Support Act of 1988. In many states, if the income was from work, coverage is limited to 12 months; Utah is operating under a SPED waiver that allows 24 months of coverage. If the increased income is due to an increase in child support payments only (the family has no earned income), Medicaid eligibility ends after 4 months. Throughout 1998, an average of 35 percent of all families whose cases closed each month were able to enroll in Transitional Medicaid. Families who are diverted from enrolling in FEP are also eligible for Transitional Medicaid for 24 months.

The 1997 Congressional Balanced Budget Act established the Child Health Insurance Program (CHIP) and the Utah Legislature passed legislation during the 1998 Session to create Utah CHIP. The program provides coverage for children in families with incomes between 100 and 200 percent of Federal Poverty Guidelines who are not eligible for Medicaid and not covered by other insurance. Although CHIP coverage is the same as the health insurance program for public employees, CHIP has a less comprehensive primary and acute care package than Utah Medicaid program. Utah's Health Policy Commission reported in 1998 that around 63,000 Utah children of all income levels (9 percent) lacked health insurance. About 30,000 of them are believed to be income-eligible for CHIP.

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141 As mentioned previously, in 1999, an annual income of $13,880 for a family of three was 100 percent of the Federal Poverty Guidelines; $27,760 was 200 percent. See Appendix E of this report for details on poverty definitions and measures.


In July, Utah estimated that it would serve 21,000 children when fully enrolled. As of January 1999, only 5,015 children were actually enrolled, thus less than one out of every four uninsured, eligible children was covered.

Conclusion

This discussion of the implementation PRWORA in Utah describes how national welfare policy is implemented on the state level. Policies relating to the diminished safety net in the Food Stamp program, FEP, child care, and SSI are clearly articulated in this chapter. The intricacies and complexities of programs and policies are also apparent. One can only imagine how families in need may themselves feel overwhelmed with all these policies and policy changes, as they seek help to improve their situations. Careful and compassionate case managers, along with charitable leaders, can help these families access resources for which they qualify.

Particularly notable is that in implementing PRWORA, the Utah Legislature shortened the time limits for financial assistance from the federally allowed 60 months to 36 months. Although 20 percent of the caseload can be granted a hardship extension, over time the mechanism will be inadequate to meet the needs of the number of families who are not yet self-supporting. Researchers have also found that many families suffer multiple barriers to employment, and thus may require many more months of help in order to become employed at wages that can sustain their families. This is especially unfortunate since the first families to reach their time limits will do so in the winter, on December 31, 1999, rather than during a warmer time when the weather would be less harsh for those that may become homeless.


145Utah Health Policy Commission, Healthprint Headlines, p. 7; Utah Department of Workforce Services, "Number of Children Served by Program," p. 3.
Charitable leaders need to be aware of the diminished safety net in these policies. Charitable organizations can expect to be impacted by families who now will receive less assistance. In addition, families removed from the welfare rolls will turn to charitable sources for help if they cannot find work, or if their work income is not sufficient for their needs.
V. UTAH WELFARE REFORM AND THE ECONOMY

This report has examined welfare reform policy from its inception at the federal level to its implementation in Utah. However, it is not sufficient to look only at policy requirements and outcomes. Because of PRWORA, welfare assistance and economic conditions are now inextricably linked in ways not previously experienced in this century. We now turn our attention to this vital linkage.

The Economy - An External Factor Compounding Public Policy

PRWORA vastly magnifies the impact of the economy on certain segments of the nation’s poverty population. The three primary ways are:

$ PRWORA makes jobs and the labor market central to the lives of the nation’s poor. Work or participation in countable activities are keys to continued eligibility for several programs. Lifetime limits on financial assistance mean that most welfare parents – primarily female single heads of families – must be able to find a job and keep it after their lifetime limits expire. One troubling aspect is that most recipients who are working receive very low wages and generally no benefits. In addition, few states are departing from PRWORA’s general approach of discouraging most education and training activities that might increase earning power.

$ Implementation of the Act came at a time when the economy was exceptionally strong. Job-seeking welfare recipients have been among the beneficiaries. However, economic downturns generally jeopardize the last hired and those in low-end jobs, as well as thwart the best efforts of welfare recipient job-seekers to find work. Those recipients whose time-clocks run out in the midst of a weak job market may find themselves with more than dashed hopes. Given that Unemployment Insurance is available only to the long term, steadily employed, it does not appear to serve as a safety net or part-time and low-wageworkers who lose a job due to economic downturn and whose time limits for TANF
financial assistance have expired. Many may be left with severely limited options to support their families.

$ $ Because TANF funding is distributed to states on the basis of expenditures when caseloads were higher, lower caseloads since implementation have so far resulted in surplus federal dollars. As noted, lower caseloads have also prompted states, including Utah, to reduce their own financial commitment to related programs (reductions of up to 25 percent are allowed). However, caseloads and subsequent program costs can be expected to increase if and when there is an economic slowdown. Reserve funds could be quickly depleted and reduced state appropriations may not be restored. Unlike the former welfare system, PRWORA makes almost no provision for additional federal monies to help states respond. Despite sincere intentions to serve people and meet needs, state agencies may find themselves adjusting program design in the face of inadequate funding for assistance. If state legislatures do not approve funding increases, welfare agencies may come under pressure to reduce program benefits or restrict eligibility. Either of these decisions could jeopardize families.

The Basics of Utah’s Economy, Past and Present

When examining the role of the economy with regard to the effectiveness and likely impact of welfare-to-work programs, it is important to consider the economic landscape of Utah. Like the country as a whole, the basis of Utah’s economy has changed substantially over the past two centuries. For decades, the state’s economy was based largely on the agriculture and mining industries, as well as on industries related to the railroad. However, major historical events with deep economic implications the Great Depression, both World Wars and the corresponding rise of the defense industry, and various recessions contributed to greater diversity and thereby laid the groundwork for the state’s current economic strength.

In more recent times, changes in the federal government’s infrastructure, in markets for natural resources, in the computer and aerospace industry, and in demand for metals have played
a substantial role in further reshaping Utah’s economy. New leading industries in the state include tourism, computer hardware and software, health care, and a number of educational, legal, financial, and business services. The results can be seen in Utah’s economic strength and stability relative to the nation as a whole. For the past 20 years, job growth rates have been generally higher and unemployment rates lower. Circumstances have fluctuated here as elsewhere, but unlike during the Great Depression when Utah was among the hardest hit, recent downturns have tended to affect Utah less severely.146

The strong Utah economy throughout most of the 1990s has attracted national attention. Unemployment in this decade declined steadily from a high 4.9 percent in both 1991 and 1992 to a low of 3.1 percent in 1997.147 Nonagricultural employment increased at a fast pace, peaking at 6.2 percent in 1994 and exceeding 5 percent in both 1993 and 1995. Direct credit for the boom is given to five factors:

$ The economic emergence of the Mountain region, including Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming;

$ The dominant influence of California’s business climate;

$ Technological innovation;

$ Restructuring of the federal government; and

$ International economic markets and competition.148

The current economic picture in Utah is still positive in 1998 and early 1999, but the boom is over. The Economic Report to the Governor 1999 notes that in 1998, the Utah economy achieved a soft landing by making the transition to sustainable rates of growth.149 Utah’s 1998


147 State of Utah, Governor’s Office of Planning and Budget, 1996 Economic Report to the Governor, p. 67.

148 State of Utah, Governor’s Office of Planning and Budget, 1996 Economic Report to the Governor, p. 3.

nonfarm job growth rate had slowed to 3.0 percent from 4.2 percent in 1997. The negative impact of that slowdown is mitigated by a reduction in migration from other states (primarily California), but unemployment is still on the rise, reaching 3.7 overall rate for 1998 and 3.9 percent in December 1998. Overall in 1998, an average of 40,000 individuals were out of work, an increase of 24 percent over the 1997 number of 32,300. Total wages continued to grow, but at a slower pace from 9.2 percent in 1996-97 to 7.1 percent in 1997-98. They may slow still further to an estimated 6.6 percent from 1999-2000.

**Economic Changes and Welfare Reform**

Public policy decisions related to welfare reform, in concert with the economy, are the two most important influences on the timing and extent of increased requests from low-income individuals and families for charitable services. Understanding the role of the economy in the self-sufficiency efforts of Utah families and individuals can be helpful to charitable organizations as they seek to anticipate demands for their resources and services.

Job growth rate and job availability are critically important to families who are required to participate in job searches and, ultimately, to rely on employment rather than welfare to sustain their families. Currently, it is expected that Utah’s slowing job growth will be adequate to absorb new entrants into the labor market, but those with marginal skills may have increasing difficulty finding jobs. Those who are already working may have trouble retaining their employment.

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150Department of Workforce Services, Jobless Rate Slips to 3.3%. @Utah Labor Market Report, Vol. 8, No. 10, October 1998, pp. 1-2.

151Utah Department of Workforce Services, Utah’s 1998 Unemployment Rates Revised December 1998 at 3.9 Percent, @news release), 1/19/99.

152State of Utah, Governor’s Office of Planning and Budget, 1999 Economic Report to the Governor, p. 67.

153Utah State Data Center, Current Economic Conditions and Outlook, @Utah Date Guide, Autumn 1998, p. 4.

This could be a matter of deep concern for job-seekers on the Family Employment Program.

Changes in the economic base have not yielded positive results in terms of wages and household income. These are factors of primary importance to the ability of families on welfare to find jobs that allow them to make a successful transition away from public assistance. The factors include:

$ Declines in mining and manufacturing in the early to mid-1980s, was offset in terms of job growth by expanding service and construction sector, but this shift resulted in jobs with lower wages and fewer employer benefits. In 1996, Utah’s average pay ranked 33rd among the 50 states155 and Utah’s wages were 15% below the national average across all industries including high wage ones.156

$ Utah’s family median income tends to be high, primarily due to the high labor force participation rate of women and high proportion of families with two wage-earners. In 1990, over three quarters of Utah women with children between ages 6 and 17 were in the labor force.157

$ The lower wages of service sector jobs mean that unskilled and low skilled single mothers that often fill these jobs (are sole breadwinners for their families) may have difficulty making ends meet on their earned income alone.

$ Single individuals receiving smaller paychecks may need to supplement their wages to purchase basic necessities.

As noted, the extent of the impact of the strong economy on declining welfare caseloads is unclear, but no one has contended that an economic downturn will improve welfare-to-work efforts. It is difficult to imagine that higher unemployment will not have a negative effect on

155Utah State Data Center, Utah Date Guide, pp. 4-5.


recipients seeking to support their families. The low unemployment rate in Utah has meant that employers have had difficulty filling jobs, including those for people with marginal skill levels and little or no work history C employment characteristics commonly found among welfare recipients. If unemployment continues to rise, companies will have more applicants for these positions, and employers will be able to select from a better prepared group. Unless welfare recipients are able to upgrade their skills prior to entering the job market, this may decrease their chances of finding positions, and their job stability is likely to diminish.

**The Labor Market, Welfare, and Working Poverty**

The way the labor market will respond to welfare parents is gaining the attention of economists and other researchers. Enrollees in the various state TANF programs are increasingly engaged in activities designed to get them to work. Official assessments of PRWORA changes to the welfare system continue to focus on numbers of people leaving welfare for work as an indicator of success. Across the nation, over half of the cases that are closed each month are headed by a working parent. However, whether these families will be able to sustain employment is a matter for serious consideration, especially given the new lifetime limits on public assistance. Whether their income will allow them to support their families is another question. The ability of some welfare recipients to get a job in the first place is uncertain.

Early studies tracking former recipients who are working show that family incomes are still quite low. Hourly wages generally range from $5.50 to $7.00 per hour. Even if work is full-time, this rate is not enough to raise even small families above poverty level. Often only 25-30 hours per week are available. One study revealed that only 16 percent of former recipients who worked were making above-poverty incomes.158 Moreover, the jobs obtained by welfare

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recipients seldom provide benefits. Utah is not among the over 30 states currently tracking families beyond case closure, but there is no reason to suspect that circumstances here are much different than elsewhere.

Recent increases in the federal Earned Income Tax Credit can help boost disposable family income. However, since many low-income workers earn too little to be required to file income tax returns, they do not bother to file. Therefore, they do not reap any benefit from the Earned Income Tax Credit.

Work is not necessarily lasting for these families, either. National studies show that around 20 percent of those who leave welfare reapply within several months. This is consistent with the experience in Utah where an average of 17 percent of families applying for assistance have been off the rolls for only two to five months. Half had received financial assistance at some time in the past. Studies have not been conducted to reveal why those returning to welfare left in the first place, or whether their reasons for reapplying include work-related difficulties. Nor is it clear what this trend will mean in the long run. However, much of what is known about the low-end segment of the labor market raises serious questions regarding the likelihood that these families will become self-sustaining. Table 6 provides some statistics about the relationship between work and the poor.

Labor market studies and economic analyses characterize low-end jobs in discouraging terms, with problems beginning to

<table>
<thead>
<tr>
<th>Table 6</th>
<th>Work and the Poor - 1997</th>
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<tbody>
<tr>
<td>$</td>
<td>People who worked at any time during 1997 had a lower poverty rate than nonworkers (6.6 percent compared with 21.7 percent).</td>
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<tr>
<td>$</td>
<td>Among poor people, many worked either part-time or part-year. Of poor people 16 years old and over, 42 percent worked, but only 10 percent worked full-time year-round.</td>
</tr>
<tr>
<td>$</td>
<td>In contrast, 70 percent of all people aged 16 years old and over worked and 45 percent worked full-time year-round.</td>
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159 National Governors Association et al., Tracking Recipients After They Leave Welfare: Summaries of Follow-up Studies @ Fred Janzen, Social Research Institute, Graduate School of Social Work, University of Utah, personal communication, July 17, 1998.
occur early in economic slowdowns. First, job availability is limited and both negative economic trends and increases in the number of people looking for these jobs make them harder to find. Second, applicant surpluses tend to drive down wages. Third, low-end jobs tend to be unstable; those who must take them are out of work an average of 10 percent of the time and more frequently during tougher economic times. Fourth, except in times of substantial labor shortages, employers may be more inclined to replace unskilled workers than accommodate them, if these employees need to adjust hours to fit family schedules, take time off for family reasons, or request pay raises. Fifth, upward mobility from such jobs does exist, but on a limited basis and generally not for employees with work skills and employment barriers typical of welfare recipients.160

Most families that move from TANF programs into unskilled and low-skilled jobs are thus vulnerable and not in secure situations. As long as their earnings remain low, they will require additional assistance to support their families. They are also likely to experience at least some degree of job loss and have to find ways to weather periods of unemployment. Public policy continues long-term reliance on the Food Stamp program, if children are present; however, changes in other policies promise the loss of other supplemental help. Medicaid is available to very poor families without time limit, but for families with incomes over certain levels, Transitional Medicaid only lasts for 24 months in Utah. Of course, after receiving a total of 36 months of financial assistance in Utah (or 60 months in states adopting the federal time limits), eligibility is terminated for most families.

Researchers are raising concerns about children in welfare and poor working families. In March 1998, Columbia University’s National Center for Children in Poverty released a study showing that substantially more of the nation’s poor children (62 percent) were living in families where at least one parent worked in 1996 than during 1963, the peak year of child poverty (55

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percent). The Center also found that more than one-third of poor children were living with two parents.\textsuperscript{161} The Foundation for Child Development reported in \textit{The Well-being of Children in Working Poor Families}, that 18 percent of all children are in families with a full-year, full-time worker and a family income below 200 percent of the poverty level.\textsuperscript{162}

Conclusion

Utah’s economy has been exceptionally strong during the 1990s. All indications are, however, that the boom is over. As the economy slows, fewer jobs will be created and there will be increased competition for the jobs available. As a result, the TANF jobs-first thrust will have an even bigger impact on welfare recipients as their employment options become more limited.

Former recipients often earn low wages. Researchers are concerned about the types of jobs that welfare families can obtain. Most welfare families lack credentials needed for jobs that pay wages that will lift them out of poverty. Instead, the jobs that they obtain tend to be low-end positions and may lead only to long-term "working poverty." Rather than working their way out of poverty, many are joining the ranks of the working poor and are seeking help from charitable sources.

It should be remembered that one provision of PRWORA is that, unlike under AFDC, welfare recipients are limited as to the education and training that they can receive. This is significant. Our state economy, like the global economy, is transitioning from the Industrial Age to the Information Age. A similar transition that took place in the United States in the latter 19th and early 20th centuries, as we moved from the agricultural-based economy to an industrial-based economy. Preparation for the Information Age requires education and training. Scholars


fear that in the jobs-first thrust of welfare policies, welfare recipients are being prepared for low-end jobs with no future. The concern is that what they are being offered is the equivalent of training in plowing fields as we enter a new age.

Charitable leaders seeking to anticipate demands for their services need to be alert to economic changes, the job market, and the unemployment rate. People who are underemployed may be making requests, as well as those who are over-employed. People holding down two or more low-end jobs may need child care and other assistance.
VI. EARLY INDICATIONS OF THE IMPACT ON THE CHARITABLE SECTOR

Although the TANF time limits have yet to take effect, their impact and that of other programs and policies changes are already reverberating through the economy. We now examine the recent experiences of charitable social service providers both across the nation and in Utah.

Overview of the Affected Members of the Nonprofit Sector

The nonprofit or charitable sector received considerable attention as Congress fashioned and debated various welfare reform proposals culminating in passage of the Personal Responsibility and Work Opportunity Act of 1996.\(^{163}\) Fully intending to reduce its commitment to the issue of addressing poverty, Congress left a piece of the burden for helping the poor at the doorstep of charitable organizations.\(^{164}\) Speaker Newt Gingrich and other proponents of this approach predicted at the time that gaps in government services would be met by increased charitable donations. In spite of reported increases in charitable giving,\(^{165}\) it seems so far that filling the gap has not materialized. Giving to religious organizations has only kept up with inflation and even if nonprofit social service organizations were, in fact, to have hopes of replacing the federal safety net, it has been estimated that "they would have to raise over seven times more in private sector donations than they do now."\(^{166}\)

\(^{163}\)See additional discussion on p. 9-11 of this report.

\(^{164}\)Early research to ascertain types and levels of services needed from the charitable sector should be helpful to Utah charitable providers. A unique investigation of patterns of charitable sector service usage by people leaving welfare is described in Nancy Dunton and Richard Speidel, "The Effects of Welfare Reform on Private Emergency Assistance, Interim Report," Midwest Research Institute, March 12, 1998. Another study on the same topic concludes with a note of caution to those who assume that charitable organizations will be able to fill all of the important gaps left by PRWORA: Kathryn Edin and Laura Lein, "The Private Safety Net: The Role of Charitable Organizations in the Lives of the Poor," Housing Policy Debate, Fannie Mae Foundation, Vol. 9, Issue 3, 1998, pp. 541-573.


\(^{166}\)Virginia Hodgkinson, "Welfare Reform: Challenges and Opportunities for Religious and Other Charitable Organizations," Keynote Address, Region VIII American Society for Public Administration Conference, Salt Lake City, March 11, 1999; Edin and Lein,"The Private Safety Net: The Role of Charitable Organizations in the
The major types of nonprofits that will be affected are those with a human or social services purpose, including many faith-based organizations. A small portion of health and education oriented entities will be impacted, as well. The charitable sector will increasingly be approached for the following direct services:

- emergency food
- medical assistance
- training for the homeless and welfare recipients
- battered women services
- financial assistance
- employment training
- counseling
- mentoring
- educational assistance
- emergency or affordable housing
- child care

Recent Experiences Across the Nation

In recent years, charitable organizations offering emergency assistance have been seeing an increase in requests for help, despite the generally strong economy across the nation. In a survey of religious congregations, The Urban Institute’s Center on Nonprofits and Philanthropy found evidence of nearly a 20 percent increase in 1997 over 1996 in individuals receiving a social service. 167 The U.S. Conference of Mayors found in a 1997 survey of 29 major cities that 86 percent experienced an increase in the demand for food over the previous year and 56 percent reported an increase in requests for emergency shelter.168 The average increase in requests for

Lives of the Poor."

167 Tobi Jennifer Printz, A Faith-based Service Providers in the Nation’s Capital: Can They Do More?, @ Charting Civil Society, No. 2., Urban Institute, 1999 [http://www.urban.org/periodicl/cnp/cnp_2.htm].

168 Catherine Capellaro, A Welfare Reform Isn’t Working, As States Drop the Ball, @ Salt Lake Tribune, March
food assistance across those cities was 16 percent. The International Union of Gospel Missions reported in December 1997 that a nationwide survey of homeless people seeking help at Rescue Missions found that 20 percent became homeless because of changes in eligibility requirements for government benefits.\textsuperscript{169} Catholic Charities USA surveyed parishes in 1997 and 1998, finding that requests for emergency food assistance had gone up both years, nearly 80 percent of respondents helped an average of 26 percent more people in 1998 than in 1997. Half of the surveyed parishes reported increases in need for emergency housing in 1998, up from 40 percent reporting increases in the previous year.\textsuperscript{170}

**Utah Charitable Provider Experiences to Date**

The size and composition of Utah’s charitable sector has only recently been studied. The Utah Nonprofits Association (UNA) published the 1998-1999 Utah Nonprofits Directory detailing information from around 200 nonprofit corporations that state a social services purpose, 21 of which are also religious organizations. Not all social services nonprofits provide direct services to the poor, but it appears from the Directory that many do. These, plus a small portion of nonprofits engaging in health and educational activities, may experience increased requests for services due to state and national welfare reform, economic changes, or both.\textsuperscript{171}

It is important to note that the UNA survey of nonprofits focused on organizations with the 501(c)(3) designation which religious organizations are not required to obtain. As a result, few religious entities were surveyed. Independent data gathered more recently confirmed that over


\textsuperscript{170} Catholic Charities USA, State Welfare Reform Project, \textit{A Summary of Parish Social Ministries Welfare Reform Survey}. April 1998.

\textsuperscript{171} Not all organizations with nonprofit status on record with the Utah Division of Corporations and Commercial Code are active.
3,000 religious congregations are affiliated with the ten largest faith-based denominations in Utah.

Religious institutions are an important part of the charitable service provider network nationally, as well as in Utah. Across the nation they provide a variety of services to the poor. Emergency Food is probably the most common formal service faith-based groups support, but anecdotal information suggests that a larger proportion distribute discretionary funds collected in an attempt to meet needs for cash assistance. Money for emergencies, even in small amounts, has traditionally been nearly impossible to obtain from the official welfare bureaucracy. Religious groups have tried to fill that gap. However, usually these funds are limited and run out quickly in attempts to provide a few dollars primarily to homeless people.

Little has been done to document the experiences of charitable providers in Utah, but there are some reports of increasing demand for services. Food assistance has attracted the most attention. In addition, organizations providing services to homeless individuals and families report a rapid rise in the size of that population in recent months, especially of women and children. Bishops of The Church of Jesus Christ of Latter-day Saints in some areas of Salt Lake City report dramatic increases in requests for assistance from their members and others. The number of individuals approaching the Church Welfare Square for help is also increasing at an unexpected rate. More requests for help and inadequate resources to meet those needs have been noted by Catholic Community Services in Salt Lake City and Ogden, the food pantry of the Episcopal Cathedral of St. Mark, and the Duchesne County Food Pantry in rural Utah. The Utah Food Bank reports a 33 percent increase in 1997-98 over 1996-97, despite Utah’s economic

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172 The University of Utah Center for Public Policy and Administration has begun a capacity study of charitable organizations. Preliminary findings are anticipated to be available in February 2000.

173 Informal information shared by various LDS Bishops and other ecclesiastical leaders with Laurie DiPadova during the 1998 calendar year.

strength during that time. Increases are also reported by public and private non-profit community-based food pantries operated by Community Services Block Grant entities.

Conclusion

The foregoing chapters have detailed the public policy changes and economic factors which are expected to challenge charitable organizations in the foreseeable future. As the federal government is stepping back from its welfare role, charitable organizations are expected to step in and help those in need.

Across the nation and in Utah, preliminary indications suggest that charitable organizations are already experiencing increased demand, sometimes at dramatic levels. Emergency food providers are seeing heightened increases, perhaps due to changes in the Food Stamp program. As families reach their time limits, the charitable sector can be expected to take a more prominent role in their lives and overall well-being, by providing a variety of needed services and support.

The Center for Public Policy and Administration, through its Welfare Reform Initiative, is committed to assisting charitable organizations and government agencies alike as they face these historic challenges. Public events to encourage dialogue and informative reports designed to assist charitable leaders will continue to be available as funding permits. We now turn to the conclusion of this report, Chapter VII, for a consideration of possible topics of future reports.

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175 Heather Wynder, Utah Food Bank Development Division, personal communication, October 27, 1998.

VII. CONCLUSION: ISSUES OF MAJOR CONSEQUENCE
FOR 1999 AND BEYOND

It seems certain that either the new welfare system policies or a weakening economy has the potential to increase the unmet needs of some individuals and families; where both come into play at once, the impact can be expected to be even greater. Anticipating precisely who among the nation's and Utah's citizens will be negatively affected and to what extent is a difficult task. It is highly likely that people with serious or multiple barriers to employment, weak or non-existent job and education skills, the infirm, and the elderly will be particularly at risk. Children, of course, will share any plight suffered by their parents or guardians.

Not only may requests for help from affected people increase, but the nature and degree of their needs may change, as well. The most significant potential expanded need is for cash to meet basic needs. The charitable sector has faced requests by families without other options for ongoing, monthly income maintenance relatively infrequently since the Great Depression. If charitable providers are confronted with levels of requests beyond their capability to fulfill, it is difficult to imagine to whom people will turn.

The future of assisting the poor appears to present a somewhat daunting task for the charitable sector, as well as for government agencies struggling to implement changes of such magnitude and scope as required by PRWORA. The potential outcomes for struggling families and individuals vary widely, depending on a range of contingencies from their own capabilities and barriers to the effectiveness of those who provide helpful supportive services. Many factors prevent exact prediction of the impact. It is certain, however, that any significant economic downturn will challenge government efforts and charitable capacities to assist needy and working poor individuals and families even beyond those driven by welfare changes.

The Welfare Reform Initiative of the Center for Public Policy and Administration will devote the next two years to helping charitable organizations prepare for the challenges that lie ahead. This effort will identify the impacts of welfare reform on the charitable sector and
document charitable sector capacity and experiences. Four general scenarios offer a frame of reference to consider what may be expected:

$ Continued prosperity with welfare policies unchanged;
$ Continued prosperity with positive changes in welfare policies;
$ Economic downturn with positive changes in welfare policies; and
$ Economic downturn with welfare policies unchanged.

Fundamental to the effort will be identifying and examining key policies of the welfare system and investigating the interplay between these policies and the economy. Considering the circumstances and needs of people who will at some point rely on the system and will have to find their way into the labor market is another crucial factor. Critical areas of investigation include the following:

$ The capacity of charitable organizations to care for those in need
$ Children in welfare families, child care policy and other policies that impact children
$ Pivotal issues including affordable housing and health care options
$ Tracking what has happened to welfare recipients no longer on the rolls
$ Key points to helping people out of poverty versus just getting them off of the welfare rolls
$ Other states’ experiences with welfare reform
$ Role of tax breaks for the working-poor
$ High unemployment areas (including Indian reservations)
$ The impact of welfare reform on counties and other local governments
$ Best practices in welfare policy: lessons from states and charitable institutions
$ Ethical and moral considerations of welfare reform
$ Religious perspectives on welfare reform

Pending funding, the Welfare Reform Initiative will be gathering information and producing reports on these and other relevant topics. Reports will be tailored and distributed to charitable leaders to assist them in responding to these changing demands.
Appendix A:

DIMENSIONS OF GOVERNMENT SUBSIDIES

As we look at government help for those in need, it is important to recognize that government provides financial assistance to individuals across the economic spectrum. The fact is, all levels of government in the United States, including state and local governments, support through budgetary actions a broad range of activities intended to serve the common good. Governments use part of their revenues to pay for many services needed by the citizenry to enjoy a certain quality of life. Governments also subsidize individuals or groups as they engage in activities or behaviors that appear to be valued by or of important use to society. Some examples are direct government grants to farmers, loans to students, direct payments to a particular type of business to fund expansions, and trade measures that act to increase the cost of certain foreign goods to make them less competitive with U.S. products. Welfare programs for the poor are another example. Annual federal expenditures for direct subsidies to businesses total around $75 billion. AFDC, a welfare subsidy to low-income families eliminated as part of 1996 congressional welfare reform legislation, cost $22 billion in 1995.\footnote{Mangum et al., \textit{On Being Poor in Utah}, p. 97.}

An additional type of subsidy includes tax exemptions, exclusions, and deductions. The beneficiary is not actually given money to engage in a valued activity, but is allowed to avoid paying a particular tax. These subsidies are called tax expenditures because they reduce the amount of money available for spending on other items in the budgetary pie.\footnote{The various mechanisms that reduce individual taxable income for purposes of both federal and state income tax filings include mortgage deductions, deductions for charitable contributions, exemptions for dependents, and tax exemptions for particular types of businesses and organizations. Annual}
federal expenditures of this type were estimated at $434 billion in 1995, two and a half times the cost of all means tested direct entitlement programs for the poor such as Aid to Families with Dependent Children (AFDC) and Medicaid.\textsuperscript{178}

The deficit reduction fervor of the 104\textsuperscript{th} Congress supported the argument for cutting welfare expenditures in the Republican congressional majority\textsuperscript{=}1995 Contract with America. A separate section of the Contract with America sought deficit reduction through scaling back corporate welfare, although there was little agreement on the meaning of the term and the effort produced few changes. However, recent attention in the national media suggests that there is still some societal discomfort with this type of government subsidy.\textsuperscript{179} In Utah, for example, both the Executive and Legislative branches of state government have spent considerable effort during the past decade trying to determine which of the state\textsuperscript{=}48 sales tax exemptions (including for religious or charitable institutions) warrant continuance. Benefits extended by governments to business and industry continue to come under scrutiny. Their defenders respond by attempting to demonstrate how the subsides correspond to important common values. Payments to, and programs and subsidies for, corporations and upper and middle class citizens remain questions needing study because they too were part of the budgetary impetus of the 1996 legislation affecting poor people. However, now that the urgency of the federal deficit is somewhat diminished, it is likely that substantial changes in corporate welfare are not imminent.

\textsuperscript{178}\textit{Citizens for Tax Justice,} \textit{A Study Spotlights Hidden Tax Welfare for the Rich and Corporations.}\textsuperscript{\@}

\textsuperscript{179}\textit{Donald L. Bartlett and James B. Steele,} \textit{A What Corporate Welfare Costs,}\textsuperscript{\@}\textit{Time, Corporate Welfare Series Reprint, November 1998.}
## Appendix B
### Public Financial Assistance Programs in Utah as of April 1999

<table>
<thead>
<tr>
<th>Program</th>
<th>Eligible Population</th>
<th>Monthly Benefits</th>
<th>Other Benefits</th>
<th>Asset Limits</th>
<th>Time Limits</th>
<th>Requirements/Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Employment Program (FEP) C Utah &amp; version of PRWORA = Temporary Assistance for Needy Families (TANF) Program</td>
<td>Single-parent families with children who pass income and asset tests</td>
<td>By Family size:</td>
<td>$ Family Medicaid for all family members, including after FEP case closure due to time limits</td>
<td>$2,000 plus one vehicle with value up to $8,000 or one vehicle of any value if recipient is disabled.</td>
<td>- Yes -</td>
<td>$ The parent must complete an employment plan and participate. $ After 24 months, the parent must work at least 20 hours per week. $ Participation requirements and time limits do not apply when the parent receives SSI or when the children live with a relative not included in the financial case. $ Lifetime limit is 36 months with month-by-month extensions for up to an additional 24 months (to PRWORA = 60-month time limit) if a parent is working 80 hours during the current month as well as during 6 of the previous 24 months. $ A number of families up to the average caseload who meet state-established criteria for hardship may receive an extension at 36 months if they continue to participate. There is no appeal provision for denial of application for a hardship extension. $ Same extension process applies for those still on assistance on extensions at 60 months.</td>
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</tr>
</thead>
<tbody>
<tr>
<td>Family Employment Program for Two-parent Families (WTEP)</td>
<td>Two-parent families with children</td>
<td>Same as for FEP</td>
<td>Medicaid for all family members, including during 6 month periods of ineligibility for financial assistance and after 36- or 60-month time limits have expired</td>
<td>Same as for FEP</td>
<td>- Yes -</td>
<td>$ One parent must participate 40 hours per week (32 hours community work, 8 hours job search); the second parent must participate 20 hours per week. $ Payment is made after performance, twice per month; case closure for non-participation. $ Unemployment Insurance must be pursued. $ Time-limited to 7 of every 13 months up to a cumulative total of 36 months.</td>
</tr>
<tr>
<td>Supplemental Security Income (SSI)</td>
<td>Poor, with disabilities or elderly</td>
<td>$500 per month for single; $755.60 per month for couple.(^1)</td>
<td>Medicaid</td>
<td>One car, regardless of value</td>
<td>- No -</td>
<td>$ There is generally a lengthy delay from the time of initial application until a case is opened sometimes as much as three years. An appeal is often required; applications are frequently denied. $ Those whose disability is substance abuse related are not eligible.</td>
</tr>
<tr>
<td>Work Toward Employment (WTE)</td>
<td>Unemployed singles, childless couples</td>
<td>1 $261  2 $362</td>
<td>Automatic eligibility for UMAP</td>
<td>Same as for WTEP for intact families</td>
<td>- Yes -</td>
<td>Same as for WTEP for intact families.</td>
</tr>
</tbody>
</table>

\(^{1}\) The base SSI payment is $500 for singles and $751 for couples. Utah provides no state supplemental payment for singles, but gives a supplement of $4.60 for couples.
# Appendix B

## Public Financial Assistance Programs in Utah as of April 1999

<table>
<thead>
<tr>
<th>Program</th>
<th>Eligible Population</th>
<th>Monthly Benefits</th>
<th>Other Benefits</th>
<th>Asset Limits</th>
<th>Time Limits</th>
<th>Requirements/Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Assistance</td>
<td>Singles, childless couples with medical or psychological employment barrier</td>
<td>1 $261 2 362</td>
<td>$ Automatic eligibility for UMAP $ up to $25 per month in transportation assistance</td>
<td>$2,000 per household, one vehicle with equity value up to $8,000</td>
<td>- No -</td>
<td>$ Employment plan and participation are required for continued eligibility. $ Must be medically unable to work 23 hours or more per week. $ Those whose disability is substance abuse related are not eligible.</td>
</tr>
<tr>
<td>Food Stamps</td>
<td>Households meeting income (e.g., &lt;$1,479 gross per month for family of 3) and asset limits</td>
<td></td>
<td>None</td>
<td>$2,000 per household, or $3,000 if one person in 2+ person household is over 60 years old</td>
<td>- No -</td>
<td>$ Time-limited to three of every 36 months, unless working at least 20 hours/week or enrolled in approved work program. $ A number amounting to 15% of average caseload can be exempted for hardship under criteria established in each DWS Region.</td>
</tr>
<tr>
<td>Food Stamps</td>
<td>Unemployed single individuals and couples between 18-50 without children</td>
<td></td>
<td>None</td>
<td>$2,000 per household</td>
<td>- Yes -</td>
<td></td>
</tr>
</tbody>
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Public Financial Assistance Programs in Utah as of April 1999

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<tbody>
<tr>
<td>Child Care and Development Block Grant (CCDBG)/PRWORA</td>
<td>FEP and low-income working families with incomes up to 56% of State Median Income</td>
<td>Statewide average is $294 per child per month</td>
<td>None</td>
<td>$8,000</td>
<td>- No -</td>
<td>$ Copayment on sliding fee scale from $10-$306 per month, depending on income and household size. Parent is responsible to negotiate child care needs and pay all child care costs to the provider in advance of services.</td>
</tr>
</tbody>
</table>

Sources: Utah Department of Workforce Services, *A Summary of Supportive Services*, @d.; Utah Department of Workforce Services, *General Assistance Self-sufficiency Service (GASSP) & Working Towards Employment (WTE)*, @d.; Mary McConaughy, Gordon Mendenhall, Cathie Pappas, and Ilona Zenner, Utah Department of Workforce Services, personal communications, March and April, 1999.
Appendix C
Medical Assistance Programs in Utah as of April 1999

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</thead>
</table>
| Family Medicaid                | Single parent families with children who are:  
$ enrolled in FEP;  
$ eligible for, but not receiving FEP and those not eligible for or not receiving cash assistance;  
$ Former FEP families whose Transitional Medicaid ends, and those who have lost cash assistance because of expiration of their time limits;  
$ Two parent families with one incapacitated parent. The incapacitated parent must be unable to work for at least 30 days. | Family Size  
1  $382  
2  468  
3  583  
4  682  
5  777  
6  857 | Family  
$90 work allowance, child care ($200 per child <2 years; $175 per child 2+ years), some medical bills, disregard of a portion of earned income for some FEP families | Allowed               | Household Size  
1  $2,000  
2  3,000 | None |
| Transitional Medicaid (FEP)    | Families who lose eligibility for FEP because of income over eligibility limit                                                                                                                                       | Family Size  
1  $1,271  
2  1,706  
3  2,141  
4  2,576  
5  3,010  
6  3,445  
(Under 185% of Federal Poverty Guideline) | Child care payments, child support being paid to a non-household member | Not allowed | None | If excess income from child support, 4 months; if from earnings, 24 months |

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</tr>
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<tbody>
<tr>
<td>Transitional Medicaid</td>
<td>Families otherwise eligible for FEP, but who accept a diversion (lump sum payment in lieu of enrolling)</td>
<td>Under 185% of Federal Poverty Guideline</td>
<td>N/A</td>
<td>Not allowed</td>
<td>None</td>
<td>Eligibility can last for 24 months if, after 4 months, the family has income above the FEP payment level (at least $1 must be earned income).</td>
<td></td>
</tr>
<tr>
<td>Two Parent Medicaid</td>
<td>Two parent families whose principal wage earner is underemployed (working less than 100 hrs. in a 30-day period) and has not refused work within previous 30 days</td>
<td>Same as Family Medicaid</td>
<td>Same as Family Medicaid</td>
<td>Allowed</td>
<td>Same as Family Medicaid</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>Refugee Medical Assistance</td>
<td>All refugees</td>
<td>Same as Family Medicaid</td>
<td>Same as Family Medicaid</td>
<td>Allowed</td>
<td>Same as Family Medicaid</td>
<td>Up to 8 months after entry in USA</td>
<td></td>
</tr>
<tr>
<td>Medically Needy Child</td>
<td>Some children who, because they are not deprived of the support of a parent, are not eligible for Family Medicaid.</td>
<td>Same as Family Medicaid</td>
<td>Same as Family Medicaid</td>
<td>Allowed</td>
<td>Same as Family Medicaid</td>
<td>None</td>
<td></td>
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<tr>
<td>Caretaker Relative</td>
<td>An adult, other than a parent, who is caring for a relative child</td>
<td>Same as Family Medicaid (income of caretaker ≠ spouse is counted)</td>
<td>A special income calculation is used</td>
<td>Allowed</td>
<td>Same as Family Medicaid (assets of caretaker ≠ spouse is counted)</td>
<td>None</td>
</tr>
<tr>
<td>Prenatal Program</td>
<td>Pregnant women</td>
<td>Family Size</td>
<td>Same as Family Medicaid</td>
<td>Not allowed</td>
<td>&lt;$5,000 for free coverage. If over $5,000, must pay copay of 4% of total assets up to maximum payment of $3,367</td>
<td>60 days post-partum (coverage under Postnatal Program)</td>
</tr>
<tr>
<td>Pregnant Woman</td>
<td>Pregnant women whose income exceeds limits for Prenatal Program</td>
<td>Over 133% of Federal Poverty Guideline</td>
<td>Same as Family Medicaid</td>
<td>Allowed</td>
<td>Same as Prenatal Program</td>
<td>Same as Prenatal Program</td>
</tr>
</tbody>
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<tbody>
<tr>
<td>Postnatal</td>
<td>Babies, and mothers, if mother was on Prenatal Program. If mother was not, baby can still be covered, but mother’s coverage can continue only if she qualifies for Medicaid without Spend-down. Child must reside with mother.</td>
<td>Same as Family Medicaid</td>
<td>Same as Family Medicaid</td>
<td>Allowed (for child’s eligibility only)</td>
<td>Same as Prenatal Program</td>
<td>60 days post-partum for mothers, 12 months for babies</td>
</tr>
<tr>
<td>Newborn Medicaid</td>
<td>Children eligible for Medicaid up to age 6, regardless of living situation</td>
<td>Same as Prenatal Program</td>
<td>Same as Family Medicaid</td>
<td>Not allowed</td>
<td>None</td>
<td>Through month of 6\textsuperscript{th} birthday</td>
</tr>
<tr>
<td>Newborn Plus Medicaid</td>
<td>Children aged 6-18, regardless of living situation</td>
<td>Family Size 1 $687 2 922 3 1,157 4 1,392 5 1,627 6 1,862 (100% of Federal Poverty Guideline)</td>
<td>Same as Family Medicaid</td>
<td>Not allowed</td>
<td>Same as Family Medicaid</td>
<td>Up to age 18</td>
</tr>
</tbody>
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<tr>
<td>Aged, Blind, Disabled Medicaid</td>
<td>Over age 65, blind, or disabled (impairment must be expected to result in death or last for not less than 12 months, be of such severity that the person is unable to do his or her previous work, and the person cannot engage in any other kind of substantial gainful work). Disability criteria is met for recipients of SSI or SSA Disability.</td>
<td>Family Size</td>
<td>$20 income exclusion, health insurance premiums, $65 and 2 of remaining gross earned income, impairment-related work expenses, medical bills</td>
<td>Allowed</td>
<td>$2,000</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 $382 2 468</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aged &amp; Disabled Poverty Level Medicaid</td>
<td>Age 65 or disabled according to SSA Disability criteria if income limits are met</td>
<td>Family Size</td>
<td>$20 general income disregard. $65 of earned income and 2 of the remaining earned income. Insurance premiums or medical bills are not deductible.</td>
<td>Not allowed. If income is more than limits, consider Aged, Blind, and Disabled Medicaid</td>
<td>$2,000 for one person; $3,000 for two persons</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 $687 2 922</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
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</tr>
</thead>
</table>
| Utah Medical Assistance Program (UMAP)  | Persons age 18-65 with a medical need, but who do not qualify for Medicaid. Services are limited to acute care or care for infectious conditions. | Family Size  
1 $337   
2 $413   
3 $516   
4 $602   
5 $686   
6 $756 | Health insurance, taxes on earned income | $50 allowed | $500 for one person; $750 for two or more | None        |
| Emergency Medical Assistance            | Most aliens who are ineligible for other Medicaid programs due to their alien status | Same as the program for which they would otherwise be eligible | Same as the program for which they would otherwise be eligible | Same as the program for which they would otherwise be eligible | Same as the program for which they would otherwise be eligible | None        |
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</thead>
<tbody>
<tr>
<td>Child Health Insurance Program (CHIP)</td>
<td>Children under age 19 whose family income is above Medicaid guidelines but who cannot afford health insurance.</td>
<td>Family Size</td>
<td>None</td>
<td>Not allowed</td>
<td>None</td>
<td>Through the month of the 19th birthday.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 $1,342</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 $1,810</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 $2,276</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4 $2,742</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 $3,210</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6 $3,676</td>
<td>(200% of Federal Poverty Guideline)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualified Medicare Beneficiary</td>
<td>Over age 65, or disabled according to SSA Disability criteria and receiving Medicare Part A</td>
<td>Family Size</td>
<td>$20 general income disregard; $65 and 2 of remaining earned income is disregarded</td>
<td>Not allowed</td>
<td>Family Size</td>
<td>None</td>
</tr>
<tr>
<td>(Pays Medicare Part B premium, deductibles, and co payments.)</td>
<td></td>
<td>1 $687</td>
<td></td>
<td></td>
<td>1 $4000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 $922</td>
<td></td>
<td></td>
<td>2 $6000</td>
<td></td>
</tr>
<tr>
<td>Specified Low Income Medicare Beneficiary</td>
<td>Over age 65, or disabled according to SSA Disability criteria and receiving Medicare Part A</td>
<td>Family Size</td>
<td>$20 general income disregard; $65 and 2 of remaining earned income is disregarded</td>
<td>Not allowed</td>
<td>Family Size</td>
<td>None</td>
</tr>
<tr>
<td>(Pays Medicare Part B premium only)</td>
<td></td>
<td>1 $824</td>
<td></td>
<td></td>
<td>1 $4000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 $1,106</td>
<td></td>
<td></td>
<td>2 $6000</td>
<td></td>
</tr>
</tbody>
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</thead>
<tbody>
<tr>
<td>Qualifying Individuals, Group 1</td>
<td>Over age 65, or disabled according to SSA Disability criteria and receiving Medicare Part A</td>
<td>Family size 1 $927 2 $1,245</td>
<td>$20 general income disregard; $65 and 2/5 of remaining earned income is disregarded</td>
<td>Not allowed</td>
<td>Family size 1 $4000 2 $6000</td>
<td>None</td>
</tr>
<tr>
<td>(Pays Medicare Part B premium only)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualifying Individuals, Group 2</td>
<td>Over age 65, or disabled according to SSA Disability criteria and receiving Medicare Part A</td>
<td>Family size 1 $1,202 2 $1,613</td>
<td>$20 general income disregard; $65 and 2/5 of remaining earned income is disregarded</td>
<td>Not allowed</td>
<td>Family size 1 $4000 2 $6000</td>
<td>None</td>
</tr>
<tr>
<td>(Pays a small part, $1.07, of the Medicare Part B premium only)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Gene Hofeling, Utah Department of Health, personal communications, April 1999; Utah Department of Health, "Utah Medical Programs," April 1999.

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Appendix D:
AN HISTORICAL BACKGROUND OF ATTEMPTS
TO ADDRESS POVERTY IN THE UNITED STATES

The issue of how best to help those in need is not new; it is one of the oldest and most
difficult challenges faced by any society. Throughout history, human societies have confronted
the presence of group members unable to achieve or maintain economic self-reliance and have
struggled to develop effective ways to take care of them. In simple group structures, people in
need rely on family, friends, or neighbors. Today, even when more options exist, the “safety net”
of loved ones and close associates, if available, is generally the first choice. Social scientists
describe an evolutionary growth of the social welfare system as society became more complex
and the consequences of poverty raised more concern. Each additional component has tended to
emerge when existing forms of assistance proved inadequate and sufficient commitment was
mustered to develop a solution.

The charitable sector--both religious and non-religious--has a long history of involvement
in addressing poverty. In ancient times, there is evidence of a religiously motivated caretaker
role for the poor among the Egyptians, Chinese, Babylonians, Hebrews, Greeks, Romans, and
Christians. The Roman Catholic Church shouldered much of the burden during the Middle Ages,
but on the secular side, the feudal system offered some level of support for serfs by the lord in
exchange for their service, loyalty, and adherence to his norms. When Europeans arrived on this
continent, the various tribes already living here had their own internal structures for dealing with
their members in need. The British colonists copied the English system of poor relief, also non-
religious, as they identified needs in the 1600s. This was the model for the first U.S. efforts to
deal with poverty early in the 19th Century. Also during the Colonial Period, town governments
took on a share of the responsibility for support of the poor -- this public assistance, though
informal, is among the earliest of institutional responses to poverty in this hemisphere.\footnote{181}

The Industrial Revolution created social and economic upheaval. The vast wage gap
between rich and poor expanded and called for new levels of commitment to the problem of

\footnote{181} Louise C. Johnson and Charles L. Schwartz, Social Welfare: A response to Human Need, 3\textsuperscript{rd} edition, Needham
poverty. This led to a proliferation of charitable organizations seeking to respond. A few industrialists who amassed tremendous wealth during this period became some of the first private philanthropists, contributing vast sums to establish hospitals, schools, libraries, orphanages, and homes for the indigent elderly. Some were motivated at least in part by a sense of religious duty to care for the less fortunate, part of what some historians have termed the “Gospel of Wealth.” An additional development was the initiation of a debate about the causes of poverty and society’s appropriate response. Influenced in part by Charles Darwin’s theories of natural selection, three basic views gained currency in the public and among the various helping organizations: the poor were victims of external forces; they were morally decrepit; or they were inherently inferior. These arguments persist in some form to current times.

The Great Depression, one of the most dramatic eras in our nation’s history, vastly outstripped the capacity of existing organizations to help the poor. It was at this point that the federal government first assumed a role in the social welfare system, simultaneously displacing religious and charitable organizations as the primary sources of assistance. The New Deal, initiated in 1933, began with programs to assist unemployed male breadwinners to return to work. The Social Security Act, passed two years later, acknowledged a high level of continued deprivation among population groups unlikely to benefit from an improved job market. Thus, aid to seniors, blind and disabled people, widows and orphans were the centerpieces of a set of safety net programs designed to ensure a basic quality of life “from cradle to grave” for those unable to manage on their own.

Over time, the federal social safety net was expanded. New components were added periodically as public and political awareness of areas of need converged. Nearly three decades after the Great Depression, unmistakable evidence of rising and deepening poverty, especially among children, initiated a large scale process of assessing needs and available assistance and resulted in President Lyndon Johnson’s War on Poverty. The decade of the 1960s included federal actions to broaden eligibility for financial assistance to families with children (renamed Aid to Families with Dependent Children or AFDC),182 to help youth prepare for work, and to

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182 In 1962, Utah was one of around half of the states in the nation that opted to establish a financial assistance program for two-parent families. Utah’s program was repealed in 1981, largely due to budgetary concerns. The subsequent increase in family break-up and homelessness led to the establishment by 1983 of the Emergency Work program.
provide a means for poor families to obtain health care coverage -- Medicaid. The Food Stamp program was added in 1971 and remains to this day the most commonly utilized government assistance program for the poor. All of these programs, plus others related to employment, child support collection, housing and various smaller efforts, constituted the federal government welfare system that Congress altered in 1996.
Appendix E:
DEFINITIONS AND MEASURES OF POVERTY

A major difficulty in any examination of poverty is determining how to define it. Simply defined poverty is an economic situation where the cost of needs exceeds available resources, but a more systematic measure was called for during President Lyndon B. Johnson’s administration. Architects of the War on Poverty needed a means of measuring the impact of programs on poverty, and program administrators needed a way to decide who was poor enough to qualify for assistance. Two poverty measures were thus developed, both consisting of matrices of annual income figures by household size. These measures, termed the Poverty Thresholds and the Federal Poverty Guidelines, are still the most commonly used to represent poverty. The Poverty Thresholds are the basis of Bureau of the Census counts and estimates of poverty population groups, while the Poverty Guidelines serve as income guidelines in the majority of eligibility processes for federally-funded assistance programs (see Table 7).

Both the Poverty Thresholds and Poverty Guidelines have shortcomings. There is little question that they are outdated. Both are based on a matrix developed by the Social Security Administration in 1964 that assumed that three times the cost of a minimum diet would allow households to purchase all of their basic needs. If incomes fell below that amount, the household was deemed poor. For example, in 1999 the Poverty Guidelines specify $16,700 for a family of four.\(^3\)

Some critics point out that costs and family budgetary realities have changed. Housing costs have risen and the additional expense of child care was not even considered in the 1964 formula.

Thus, it is charged, use of the Poverty Guidelines results in unwarranted denial of benefits to needy people and the Poverty Thresholds cause the deprivation and the extent of poverty to be understated.

On the other hand, claims that the income side of the equation excludes important non-cash benefits such as Food Stamps, Medicaid, and subsidized housing give rise to concerns that using the thresholds actually overstates the incidence of poverty. A family receiving a housing subsidy or food stamps has more disposable income than one with the same cash income, but which pays full market value for housing and food. Similarly, while Medicaid is not direct cash assistance to families, the fact that recipients have this insurance creates a large potential difference between their economic status and a family with neither Medicaid nor insurance.

Various proposals for more functional measures have been advanced by researchers and others over the past two decades, but to date nothing has replaced the Poverty Thresholds and Federal Poverty Guidelines. Given their obvious limitations, along with the prevalence and longevity of criticism, it is reasonable to expect future changes in the way poverty is defined and measured. In the meantime, discussions of poverty generally presume this traditional style of definition.\textsuperscript{184}

\footnotesize{\textsuperscript{184}Informative discussions of various aspects of the poverty measure debate include Vol. 19, No. 2 of \textit{Focus}, University of Wisconsin-Madison, Institute for Research on Poverty, Spring 1998 and \textit{The War Over Poverty}, \textit{The Economist}, April 25, 1998, p. 78.}
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