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*State's scores contradict in welfare study: Poverty drops; reform gets F*

*By Sara Foss*

NEW YORK STATE — A new report on welfare reform from a libertarian Chicago think tank gives New York low marks for its welfare reform policies but says that the state has been one of the most successful in the country at reducing poverty.

The report, “Welfare Reform After Ten Years,” was put together by The Heartland Institute and assigns letter grades to each state assessing the state’s welfare reform policies and success at reducing poverty.

“Welfare reform has been very successful,” said Gary MacDougal, a policy adviser to The Heartland Institute and an author of “Welfare Reform After Ten Years.” The mass homelessness and chaos that critics predicted would result from welfare reform never came to fruition, he said. “People sleeping on grates — that just didn’t happen,” he said.

But welfare experts and advocates for the poor in the Capital Region questioned the report’s methodology and conclusions.

**“It’s a pretty bad report,” said Tom Gais, co-director of the Rockefeller Institute of Government at the State University of New York in Albany. “It’s pretty sloppy and poorly done.”**

**He said one of the report’s flaws is that it assesses whether welfare reform succeeded in reducing poverty and unemployment, something welfare reform was never intended to do. Welfare reform, he said, was designed to make people less dependent on cash assistance.**

**“The unemployment rate was not something most people thought TANF would have an effect**

**on,” Gais said. (TANF, or Temporary Aid to Needy Families, is the official name of the federal welfare program.) “Unemployment only counts the people who are looking for jobs. TANF was designed to make more people look for jobs. ... The report selected overly ambitious goals for a much more limited program.”**

Keith Houghton, deputy director of the Schenectady Community Action Program, agreed.

“There’s no indication that welfare reform has had any effect on reducing poverty,” he said.

The poverty rate, he said, has more to do with the economy than the availability of assistance for poor people.

From 1990 to 2000, for instance, Schenectady saw a 40 percent increase in the number of people living in poverty; since welfare reform went into effect in 1996, the number of people seeking help meeting their basic needs from SCAP has continued to climb.

Between 1996 and 2006, the number of welfare recipients in the U.S. declined from 12.5 million to 4 million, a 67.6 percent drop.

#### **Giving poor a push**

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, more commonly referred to as welfare reform, laid out stringent work requirements for welfare recipients.

Under the old welfare system, called Aid to Families with Dependent Children, it was fairly easy for single, low-income parents to receive financial assistance for an unlimited amount of time.

There was no work requirement, or few other requirements, other than being poor.

Today’s welfare system is now called Temporary Assistance for Needy Families because the

amount of time a person can receive public assistance is limited to five years over the course of a lifetime, although some states, such as New York, created safety nets to help people after their time was up.

“Welfare Reform After Ten Years” measured five variables to determine state success in reducing poverty: percentage decline in the number of people receiving Temporary Aid to Needy Families, change in poverty rate, TANF work participation rate, change in unemployment rate and change in teenage birth rate.

In terms of reducing poverty, the report ranked New York as the fifth best state in the country, even as it received a letter grade of F — and a ranking of 47th out of the 50 states — for its welfare reform policies. The state’s overall rank was 33.

### **Going our own way**

MacDougal acknowledged the contradiction.

“New York is perhaps the biggest anomaly,” he said. “The actual numbers are pretty decent, but the policies most states follow are not followed by New York. This would lead you to think New York would be quite low in terms of results, but it isn’t.”

He said the state managed to reduce its welfare rolls by 75 percent, despite having no cash diversion policy, which allows states to provide TANF applicants with a cash payment to meet a short-term need rather than place them on the welfare rolls.

New York also has no family cap provision, which reduces or eliminates the benefits one can receive for each additional child born while the mother remains on welfare.

MacDougal speculated that the state of New York has been successful, despite such policies, at reducing poverty because the administrations of former New York City Mayor Rudy Giuliani and current Mayor Mike Bloomberg have a stricter approach to welfare; New York City is home to more welfare recipients than the rest of the state.

“The great state of New York still has 300,000 people on its welfare rolls, and there’s no reason for it,” MacDougal said. “[The state] should bring its policies up to date, focus on what it takes to get folks into jobs. Often, it’s transportation, and there’s money in the system to deal with that barrier.”

**But Gais wasn’t surprised by the lack of connection between outcome and policy.**

**“Conservative organizations don’t like New York’s policies on time limits and work requirements,” he said.**

**Such measures are designed to push people away from cash assistance and force them to find better jobs. Some people, he said, have found better jobs.**

Certainly more people are working: The federal labor participation rate indicates that the percentage of women in the work force who have never married and have children surged in the 1990s, from 50 percent at the start of the decade to 70 percent by 1999.

### **Learning opportunity**

According to “Welfare Reform After Ten Years,” the six states with the most successful anti-poverty programs are Maryland, Idaho, Illinois, Florida, Virginia and California, while the five states with the least success are Rhode Island, New Hampshire, Kansas, Vermont and Missouri.

“Some states have experienced a lot of success,” MacDougal said. One of his hopes, he said, is that the states that fared poorly will try to learn from the states that received high marks.

“Why not have the bottom dozen learn from the top dozen?” he said. “There’s no reason why this country shouldn’t have fewer than a million people on the welfare rolls.”

Mark Dunlea, executive director of the Hunger Action Network of New York State, said The Heartland Institute is a conservative organization, “but that doesn’t mean some of their concerns aren’t valid.” He said the Hunger Action Network will look at some of the data in the report when putting together its own study looking at what happens to welfare recipients when they leave the system.

Still, he questioned whether poverty in New York had really declined.

“That’s highly debatable,” he said. “We’ve seen increases at soup kitchens and food pantries. ... People aren’t becoming economically independent.”

**In a 2002 report called “Leaving Welfare,” the Rockefeller Institute of Government at the University of Albany found that 61 percent of the people who left TANF said employment was their reason for doing so.**

Nearly three-quarters of those who were working worked 35 hours a week, 61 percent knew about

the Earned Income Tax Credit and had claimed it and seven in 10 respondents considered themselves somewhat or significantly better off, the report found.

**Gais said he believed that overall welfare reform had been successful.**

**“TANF did change the expectations, and that effect is an enduring one,” he said. “It was successful in pushing larger numbers of single-parent families into the work force, and that’s a good thing.”**