Background Brief on...

Welfare Reform

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Background
In 1996, new welfare legislation ended the Aid to Families with Dependent Children (AFDC) program and combined its funding, along with other childcare and employment programs, to become the Temporary Assistance for Needy Families (TANF) program. Under the new law, states now receive fixed, lump-sum payments (“block grants”) that allow them to devise their own welfare programs tailored to their population’s needs. TANF refocuses public assistance on employment and self-sufficiency, and requires client participation in return for continuation of benefits.

Federal Requirements for TANF
Although the federal government does not dictate how states must spend their grants, the new legislation stipulates that states:
- Must put more adult recipients to work, starting with 25 percent in fiscal year 1997 and increasing to 50 percent in fiscal year 2002. The state’s block grant will be reduced if it fails to reach this goal.
- May use federal money to pay benefits to families for more than two years only if the adult is working or is excused from working for good cause.
- May use federal money to pay benefits to a family for more than five years only if that family receives an exemption. States can only give exemptions to 20 percent of their caseloads.
- Must provide a certain amount of “maintenance of effort” for TANF funds. In Oregon, non-federal support must be maintained at 75 percent of the state contribution in the base year (1994-1995). State support, either in General Fund or other state resources (services from other agencies, etc.) must equal at least $183.6 million.

Welfare Reform in Oregon
In March 1996, Oregon applied for and received a waiver of federal TANF policies to implement the “Oregon Option.” Several aspects of the waiver are still in place in Oregon:
- Case managers can determine the appropriate number of hours and type or activities that clients will do to obtain employment and self-sufficiency.
- Minor parents are required to participate in educational and self-sufficiency activities, live with parents or in another safe...
place, and can receive sanctions as necessary to encourage compliance Oregon can “suspend the clock” for families attempting to comply and become self-sufficient; these families are not subject to arbitrary time limits for receiving benefits.

- Individuals are required to comply with assessments, and if necessary, must participate in mental health and/or substance abuse treatment to continue TANF eligibility.

**Oregon’s TANF Service Delivery System**

Oregon’s TANF services are administered by the Department of Human Services (DHS) Children, Adults and Families (CAF) Division. TANF services consist of:

- **Cash Assistance** – Formerly AFDC, the program provides direct cash to very low-income families who have children under age 19. It is usually coupled with food stamps to give families minimal support. A family of three earning more than 52 percent of the federal poverty level is not eligible for Cash Assistance.

- **Emergency Assistance** – Temporary cash assistance for families with children under age 18 who have no other financial resources and are at risk of becoming homeless or dependent on long-term TANF programs such as ongoing Cash Assistance. The benefit is often used to assist victims of domestic violence who need emergency shelter. It also pays for medical costs, food purchases, moving costs and similar expenses.

- **Child Care Program** – The program, also known as Employment-Related Day Care, encourages employment by subsidizing child care for low-income people who are former or potential Cash Assistance clients, or for people on Cash Assistance who are in training programs. The client makes a minimum co-payment and the program subsidizes the remaining costs on a sliding scale based on the client’s income.

- **Employment and Training Program** - In 1990, Oregon voters passed an initiative authorizing a “work in lieu of welfare” pilot program known as Job Opportunities and Basic Skills (JOBS) Program. The JOBS program became part of TANF in 1996 and provides education, training, and job placement services to welfare clients with the goal of helping them find employment. Services include a wide spectrum of services including basic education, life skills, job search, job skills training, JOBS Plus (see below), on-the-job training, self-initiated training, sheltered employment, work experience and work supplementation.

JOBS Plus is part of the “Oregon Option” and provides Cash Assistance clients with on-the-job training while paying their benefits as wages from the work-site. The program provides many support services to participants, including employment-related expenses, drug and alcohol treatment, child care, medical and workers’ compensation coverage, and an individualized case manager. In addition, participants can receive the entire amount of their child support payment during their participation in the program, they can take life-skills and education classes and they are assigned mentors to teach them job skills and work habits.

**TANF Reauthorization**

As of October 23, 2002, Congress is still considering the reauthorization of TANF, which has been extended through 12/31/02. Among other issues, Congressional leaders are debating work activity requirements (number of families, type of activities, and amount of time TANF recipients must work to continue receiving benefits), how states are credited for caseload reductions, child care funding, and several other issues. Interim possibilities under discussion include a one-year extension, a three year extension, or possibly a full reauthorization. The extension that has been authorized through December 2002 does not include extension of waivers for states whose waivers expire on September 30 or December 31. Much of Oregon’s current approach to welfare reform must be modified considerably if Congress does not include a waiver extension when they reauthorize TANF.

**Other Welfare Programs**

DHS also oversees several other welfare programs:

- **Food stamps** – a federally funded program for low-income families, single adults and childless couples to buy food. Federal funds pay 100 percent of benefit costs and 50 percent of the costs for administering the program.

- **Refugee Resettlement** – a federal program, entirely federally funded, that provides cash assistance, medical assistance and related services to for refugees not eligible for TANF Cash Assistance. Benefits are limited to eight months.

- **Motor Vehicle Accident Fund** – pays for medical expenses of indigent people involved in vehicle accidents. The fund comes from motor vehicle license fees.

- **Law Enforcement Medical Liability Account** – fund which pays for medical services for people injured by police as a result of law enforcement apprehension. The fund comes from assessments added to fines and from bail forfeitures.

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*Detailed Analysis: 2001-2003 Legislatively Adopted Budget, by the Legislative Fiscal Offices, was used as a resource for this Background Brief. For more information on this publication, call 503-986-1828.*