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State Programs Add Safety Net for the Poorest

By RACHEL L. SWARNS

LITTLE ROCK, Ark. — For years, state welfare offices like the one alongside Interstate 30 have drawn the unemployed. But these days, the red-brick building here is also attracting poor, working parents with an unexpected offer: \$204 a month in cash.

Shelly Thomas, a stockroom clerk and single mother, is using her windfall from the State of Arkansas to tune up the old Chevrolet she drives to work. Talia Greenwood, a day care worker with four children, spends the money on gas, diapers and baby formula.

The women are pioneers in an emerging social experiment as states across the country try to go beyond simply moving people off welfare. Over the last two years, officials in Arkansas and at least a dozen other states have announced plans to extend the safety net — through monthly cash payments — to thousands of low-income workers struggling to gain a foothold in the work world.

Most states focus on people who have left welfare for low-wage jobs. Officials believe that the programs, which typically combine several months of cash assistance with career counseling, health insurance and subsidized child care, will help low-wage workers weather family illnesses and cash shortages and deter them from cycling back onto the welfare rolls.

Arkansas provides poor working parents with \$204 a month, plus bonuses for staying employed, for up to two years. Oregon offers \$150 a month for up to a year. Virginia gives \$50 a month for up to a year. And the California Legislature is considering a plan, proposed by Gov. Arnold Schwarzenegger, to provide \$40 a month to 41,000 working families that receive food stamps.

“The goal had been getting parents off of welfare,” said Jack Tweedie of the National Conference of State Legislatures, who counsels states on poverty issues and has advised Arkansas officials. “The emphasis now is much more on work and helping parents stay in work.”

The new strategy reflects, in part, a growing concern about the challenges facing the poor nearly 12 years after Congress overhauled welfare laws. While states have drastically reduced their welfare caseloads, research suggests that they have been far less successful in helping people find and keep jobs that lift families out of poverty.

The trend has also been driven by new federal rules that require states to engage 50 percent of welfare recipients in work-related activities. By offering payments to people already working, states are also trying to ensure that they meet federal mandates and avoid steep fines.

By October, at least 11 states will offer cash assistance for working families. Two others plan to start next year, and an additional three states, including California, are weighing plans. Most rely on federal welfare money to finance the programs.

Advocates for low-income families point out, however, that benefits are so low in some states that officials seem to be more focused on meeting federal work requirements than on helping the working poor. Federal officials say the programs may siphon money from the welfare recipients they were intended to serve.

“One of the key issues is: how rich is the benefit?” said Liz Schott, who has studied the programs as a senior fellow at the Center on Budget and Policy Priorities, a liberal research group. “Is it nominal, or is it an amount that will really help?”

The programs differ considerably. While Utah offers \$474 a month for two months and \$237 for a third month for a family of three, Michigan provides \$10 a month for six months. Massachusetts gives \$7 a month to more than 13,000 food stamp recipients.

Alison Goodwin, a spokeswoman for the human services department in Massachusetts, acknowledged that the benefit was “modest.” But she said it would increase the work participation rate.

Sidonie Squier, who heads the federal agency that oversees public assistance, criticized what she described as accounting tricks to meet federal mandates.

“Time and taxpayer resources are best spent helping people on welfare find jobs, not manipulating the system,” said Ms. Squier, director of the family assistance office in the Administration for Children and Families.

Because the programs are new, it remains unclear whether they will help poor parents keep jobs and advance beyond low-wage work.

But the relief has been welcomed by many families as food and gas prices soar and good jobs are harder to find because of the struggling economy.

Ms. Thomas, one of the Arkansas mothers, bubbles with enthusiasm as she envisions graduating from college next year and leaving her \$10-an-hour stockroom job at a clothing store for a career in computer programming.

She says the payments from the Arkansas Work Pays Program help enormously — with gas, groceries and car repairs — as she juggles college courses and work.

“I need that extra help, even though I’m working,” said Ms. Thomas, 24, who has two sons and receives free child care from the program.

Ms. Greenwood, shy and soft-spoken behind her wire-rimmed glasses, agrees. She had been on and off welfare for years until Work Pays came along.

State caseworkers gave her a \$2,500 down payment to buy a car so she could take her children to school and still get to her two day care center jobs on time.

Now, Ms. Greenwood dreams about running a day care center and owning her own home. Sometimes, she can even imagine the little brick house with the big green yard where her children could run and run.

“I had a dream that everything came together, the way that I always wanted it in my heart,” said Ms. Greenwood, 33, who lives in a two-bedroom apartment with her four children and a grandchild. “Now, I have that chance.”

But if the experiences of the two women highlight the promise of such programs, they also underscore the challenges.

About a third of the 2,334 people who have participated since the program began in 2006 have dropped out because they lost jobs, failed to work enough hours or opted out of the program, state statistics show. (Participants must complete at least 30 hours of work-related activities each week, and 24 of those hours must involve paid work.) So far, only 7 percent of participants have left because their jobs pushed them above the program’s income limit. Nearly half worked in jobs that paid less than \$500 a month.

Officials say clients struggle to find and keep good jobs because of limited education and work experience. The current economic climate makes it harder.

Ms. Thomas was told recently that her store hours would drop from 30 to 20 a week because of declining sales. She is scrambling to find a second job. Ms. Greenwood was fired from her first job, as a \$9-an-hour warehouse clerk, when she missed a day to care for her sick children. She found another job at a day care center, but it paid less.

Arkansas officials say such struggles are only part of the story. Eighty-two percent of the 1,225 parents enrolled in Work Pays in March were holding jobs and in good standing, they say. And officials are fine-tuning the program to make it stronger.

State officials increased the income limits from \$1,430 per month for a family of three to \$2,146 per month to allow more people to participate. They are encouraging clients to work two jobs, if necessary, to get the required hours. And they are urging workers to pursue promotions and better negotiate conflicts to improve job retention.

They hope the program — which was allocated \$5.9 million for the current fiscal year and is overseen by the director of the Department of Workforce Services, Artee Williams

— will ultimately save money, in part, by reducing the number of people who return to welfare. Currently, about 20,000 residents are receiving public assistance. From 1998 to 2004, about 40 percent of the people who left the welfare rolls returned within 18 months.

Elroy Willoughby, the division chief of the state's temporary assistance program, says Arkansas wants to smooth that transition.

“They take their first steps, two or three steps, and they wobble and may fall,” Mr. Willoughby said. “We’re there to kind of help prop them up.”

Ms. Greenwood, who is due to receive a raise soon, prays that she is on her way. She does not have to look far for inspiration.

Her boss, Kathryn Conley, the assistant director of the All Star Kids day care center, is a graduate of the Work Pays program.

“I’m not just somebody walking down the street anymore,” Ms. Conley said proudly. “People call me ‘Miss Kathryn’ here.”

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