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WORKING FAR FROM HOME

Transportation and Welfare Reform in the Ten Big States

Progressive Policy Institute
and
Public/Private Ventures

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and
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THE NEW

DEMOCRAT

GETTING THERE

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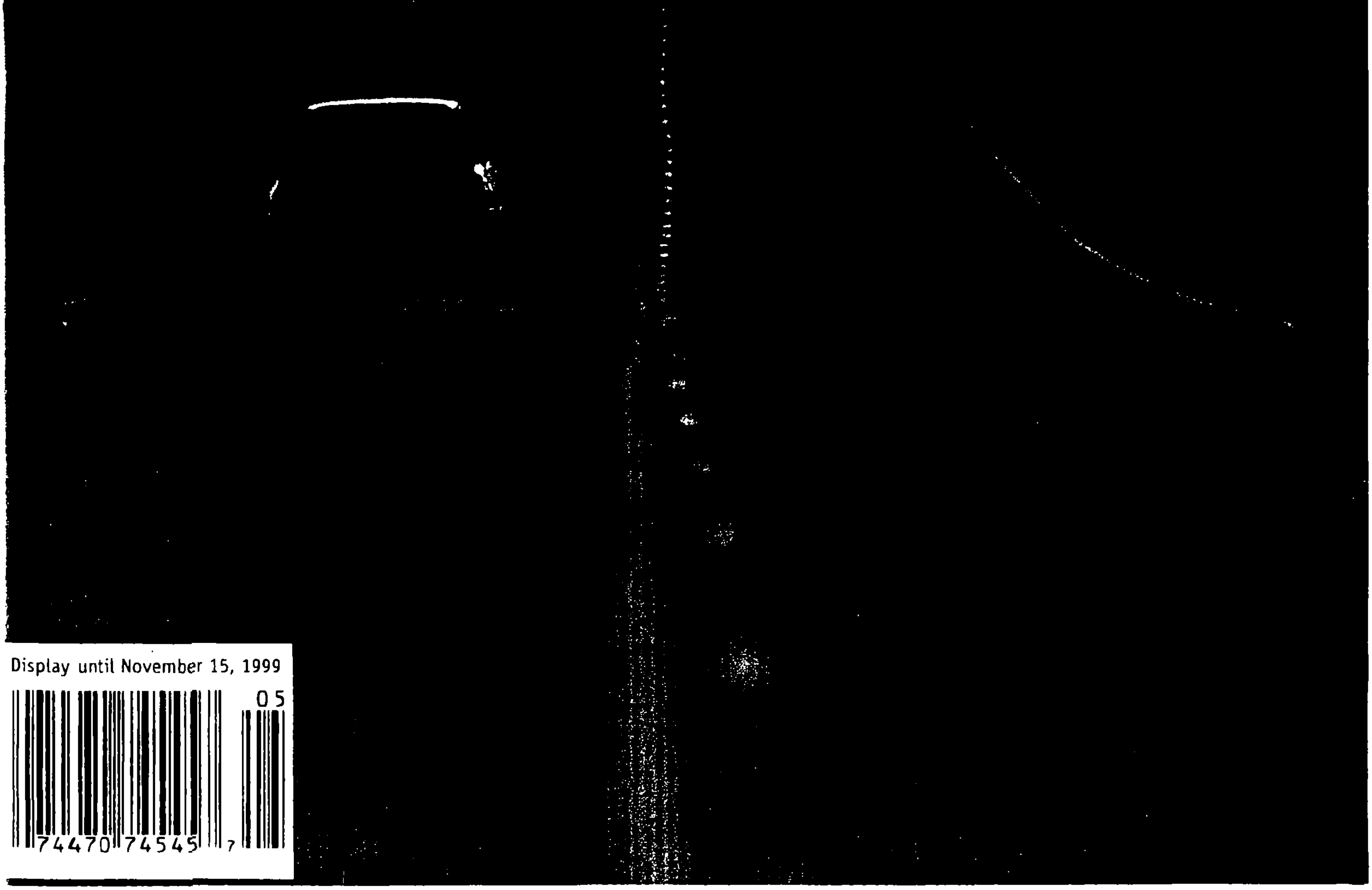

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GETTING THERE

For Many Working-Poor Families, a Car Is the Key to Upward Mobility

BY MARGY WALLER AND MARK ALAN HUGHES

The 1996 federal welfare reform law issued a clear marching order to Americans on public assistance: Get a job.

But for many of those now facing the new work requirements, getting *to* a job can be an even bigger problem than finding one. In state after state, governments, businesses, and social service groups are discovering that transportation is one of the biggest obstacles preventing welfare clients from becoming workers.

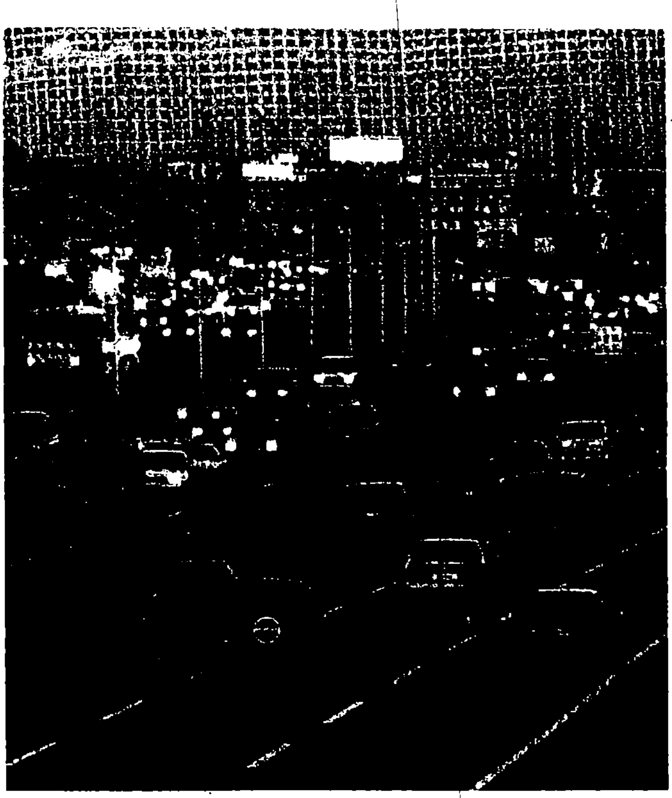
Although it wasn't so obvious when we imposed them, work requirements entail the time and financial costs of a daily commute. Many policymakers are focusing on public transit as the solution to the getting-from-welfare-to-work problem. They seem to think the challenge is to make public transit "good enough" to handle the reverse commutes of urban low-income workers to the job-rich suburbs.

But for many working families struggling to make ends meet, public transit simply isn't good enough — not because buses have plastic seats, but because it can take multiple transfers and two hours or more to get to and from work by bus.

Public transit is geared mainly to accommodate 9-to-5 workers who need to get from one high-density locale to another during the normal work week. In contrast, the entry-level jobs most welfare recipients are qualified for are often located in warehouses, plants, strip malls, and office parks that sit astride suburban roads rather than city streets. These new hires also often work "on call" or on rotating shifts, or are assigned to work at night or on weekends when public transit is infrequent or simply not available.

Moreover, work isn't the only place welfare clients need to get to on any given weekday. They also may have to travel to and from child care facilities, schools, job training or basic literacy classes, the doctor's office, the supermarket, and so on. The best evidence shows that public transit, even in metropolitan areas with the biggest and best systems, is woefully inadequate to meet these needs of many welfare households.

In most cases, the shortest distance between a poor person and a job is along a line driven in a car. In many cases, a car is also the most cost-effective way to use the limited public funds available to support the commutes of working families.



More and more states and localities are turning to the car as a means of helping low-income working families get to their jobs. There's nothing really so breathtaking about this. Automobiles, after all, are the mainstay of American commuting.

State and Local Models

In a recent survey of the 10 states with the largest welfare caseloads, we found a number of programs that help working-poor families buy cars to get to work. Pennsylvania and Michigan, for instance, provide families eligible for welfare, now known as Temporary Assistance to Needy Families, with grants for car purchases. Michigan provides up to $1,200 for a down payment on a car and Pennsylvania up to $750. This summer, the Florida legislature passed a law permitting local welfare agencies to provide clients with up to $8,500 to obtain a car that will be used to get to work, school, or job training.

The most interesting efforts to expand working-poor families' opportunities for car ownership, however, are emerging at the local level.

Dallas: Wheels to Work

In Dallas, for example, we found a novel initiative called Work for Wheels created by Glenn Weinger and the staff of Lockheed Martin IMS, which manages the Dallas County welfare program under a government contract.

Work for Wheels is a van-pool service similar to many that have sprung up nationwide to help people leaving welfare get to their new jobs. This program, though, has a twist — one that helped it earn a competitive state grant financed through Texas' federal welfare block grant. Riders' fares, which cost only a few dollars for each leg of the trip but do add up over time, are held in a special account. If a worker stays employed for three months, she gets the accumulated money for a down payment on a car. Lockheed staff members work with local car dealers to arrange loans for Work for Wheels riders.

Southern Illinois: Cars to Careers

In five counties in southern Illinois, Michele Newton manages a program called Cars to Careers. Working with a consortium of three area car dealerships, she has helped 20 welfare clients obtain used cars — and prepare themselves for the responsibilities of car ownership. She says she now has the means to put 50 more in the driver's seat.

To be eligible to buy a car donated by one of the dealerships, a client must have a job, a driver's license, the means to afford operating costs, and her caseworker's endorsement. The local welfare agency holds a lien on the car for a year, during which time the buyer must make monthly payments of between $20 and $40, stay employed and insured, and attend budgeting and car maintenance classes. If the buyer meets all the requirements after the yearlong "shakedown cruise," she obtains the title to the car. According to Newton, the program gives clients an extra incentive to remain employed during the crucial first year in their transition from welfare to work.

Western New York: EARNA CAR

Irene Rubner is the welfare-to-work project director for Chautauqua County, N.Y., a small county with only 476 welfare cases. It is the practice of welfare case mangers in her county and others to advise clients who have no way to get to work to move. Less than enamored with the "move" solution, Rubner developed the EARNA CAR program, which helps the working poor buy cars that have been donated by individuals or retired from the county's auto pool.

To qualify, prospective buyers must have a driver's license, a job, and a demonstrably strong commitment to work. They also must attend a basic car maintenance course at a community college, where they work on cars donated to the program.

The cars range in cost from $300 to $500. A local bank processes the participants' car loans, which must be paid off in one year. The county also covers the buyers' car insurance costs for one year.

According to Rubner, a car is often the key to upward mobility for a person who has left welfare for work. She tells the story of a program graduate who was able to get a higher paying job — once she had the car to get there. She also assured us she would run out of donated cars long before every prospective buyer got one.

Environmental and "Giveaway" Concerns

To be sure, there will be protests about efforts to expand programs like the ones we've described. Some will raise concerns about the impact of additional cars on the environment. We've already heard more than one local planner and state official cite air quality, traffic congestion, and urban sprawl as reasons to limit low-income families' access to automobiles.

Granted, these are genuine concerns — indeed, they've all received plenty of attention in this magazine. But is it fair to deny people trying to get off public assistance the opportunity to work if it means getting there by car?

Yes, poor people tend to drive older cars that emit more pollutants than newer models. The solution is not to ban low-income workers from the highways, but to help them either to maintain their cars or buy ones that pollute less. Yes, adding more drivers to the roadways will increase traffic marginally. The answer is not to tell welfare clients "tough luck" if they're offered jobs not served by bus or rail, but congestion pricing and other policies that dampen highway use by *everyone*.

Policymakers and others who believe public transit is the solution to our problems with air quality, traffic, and poorly planned development should increase its use by *all* workers, rather than simply maintain low-income workers as a captive market. When middle- and upper-class workers start using public transit at even one-half the rate of low-income workers, then it'll be time to start imposing environmental tests on drivers.

Others will complain that car-purchase-assistance programs are a giveaway to people on welfare. Such critics ignore the fact that transportation, by car or other means, is a necessity in a world where everyone must work. Poor people who need a car to get to work shouldn't have to sign up for welfare to get one. States should set an income threshold for transportation assistance — as they already do for health and child care — and make it available to all those who are determined to be in need, not just those on welfare.

New Policy Directions

Nearly all states have adopted policies that recognize that many low-income families can't get by without a reliable car. Before the federal welfare reform law took effect in 1996, Washington barred families receiving welfare cash assistance from owning cars worth more than $1,500. Forty-eight states, acting under the flexibility granted them under the new law, have raised that limit by varying degrees. Of that group, 24 now permit families receiving assistance to own one car of any value.

These changes reflect more than just a greater degree of generosity on the part of the states. They indicate that state policymakers have come to understand that owning a car is no insurance against needing welfare down the road, and that it is shortsighted to require people to deplete assets to qualify for help. The policy changes also evince an understanding that many welfare clients can't get or keep a job without a car.

If nearly half the states now allow welfare-assisted families to *possess* a car of any value, how much of a policy leap is it for states to begin helping other families *acquire* a car to get to and from work? Too few states allow welfare funds to be used for car purchases, though some contribute significantly for car repair. State policymakers should make wider use of their welfare funds to subsidize car purchases, but limit such aid to those who are in a position to contribute to the cost of buying and maintaining a car. This "co-pay" approach would help ensure that aid goes only to those who, by virtue of employment and modest savings, are prepared to manage an asset like an automobile. To emphasize a point made previously, this subsidy should be available to all working-poor families below a certain income threshold, not just those leaving welfare for work.

The 1995 welfare reform law gives states flexibility to apply lessons learned from local programs like the ones we highlighted to the broad working-poor population. Last May, the U.S. Department of Health and Human Services issued its final regulations governing the use of federal and state welfare funds. They clearly give states permission to use their federal welfare block grants to provide all working-poor families with transportation assistance without that aid counting against the five-year time limit for receipt of welfare.

States also can use the reserves in their welfare funds built up by dramatic caseload declines to ensure that low-income workers can benefit from car ownership. They can make it possible for them to get and keep a job of their choice regardless of that job's location. They can help them take their children to school or to child care without having to endure an hours-long commute.

As public transit's limited ability to connect the poor to jobs becomes more apparent, state officials will begin turning to more realistic alternatives. The local car-ownership initiatives we found during our survey give state decisionmakers a blueprint to use their federal welfare block grants to help all working-poor families buy cars. If we're serious about "making work pay," we will begin to help put more low-income working families behind the wheel on the road to work. ♦

Margy Waller is a senior fellow at the Progressive Policy Institute and director of the Working Families Project, a joint initiative of PPI and the Brookings Institution. Mark Alan Hughes is affiliated with the University of Pennsylvania's Fels Center of Government and is a senior fellow at Brookings. Their new report, Working Far From Home: Transportation and Welfare Reform in the 10 Big States, *is available on the DLC/PPI web site at www.dlcppi.org/texts/social/transportation.htm.*

HIGHWAY TO OPPORTUNITY

Milwaukee Firms and Groups Are Helping Low-Income Workers Buy Cars

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BY ERIK GUNN

MILWAUKEE

Until a few months ago, Zadie Jones' workday began at the bus stop outside her home on the city's near north side. Each night, the former welfare recipient would board the bus at 9:50, ride down 35th Street to Wisconsin Avenue, then transfer to another bus that took her to her overnight job at a printing company in Brookfield, a Milwaukee suburb. At her shift's end the next morning, she would scurry out to catch the 7:10 bus back to the city, repeat the transfer, and arrive home around 8:00.

After a year of working, by last winter Jones had saved enough money to make a down payment on a used Dodge Neon, which she now drives to work. She says she feels liberated. Still, with her daughter already 14 years old, she says she had it easy compared with

Esperanza Unida, a South Side Milwaukee nonprofit group that offers job training, has put an unusual spin on making inexpensive cars accessible to the poor. For 15 years the agency has used donated, often broken-down cars as hands-on tools in its auto repair job training program. Typically those cars end up back on the market, fetching anywhere from several hundred dollars to a couple of thousand dollars.

For the past three years, Esperanza Unida has been giving graduates of its training programs — which over the years have included construction work, retailing, child care, and other entry-level jobs — discounts of 50 percent or more on one of the agency's resale cars once they get a job.

Although the organization lacks the cash flow to finance a car purchase outright, "for a couple of hundred dollars we get the student a good-running car," says Richard Oulahan, the group's director. Having a car can turn a student's training certificate from a piece of paper into a ticket to the working class, he adds. "In the construction trades you have to have a car. They won't apprentice you unless you have a car."

"Driving While Poor"

Esperanza Unida also helps clients get their driver's licenses reinstated if they've been revoked for traffic infractions or unpaid parking tickets. That brings up another issue that troubles some advocates for the working poor: the so-called problem of "driving while poor."

Low-income workers, their advocates contend, can ill-afford to pay fines for parking or minor traffic violations. The fines mount, and their licenses get suspended. Still needing to get to work, they drive anyway, get caught, and compound their problems. It's an issue that State Sen. Gwen Moore, a Democrat whose district represents Milwaukee's inner city, protested in a letter to Milwaukee's police chief this past summer.

At the same time, many advocates for the poor express frustration that government hasn't done more to make it easier for entry-level workers to get cars. For example, Oulahan says he has tried to obtain funds from state and federal officials to expand his agency's new-worker car discounts, which Esperanza Unida would be willing to open up to graduates of other training programs. But so far, federal officials have told him their hands are tied so long as funding policies are geared to mass transit. State officials, meanwhile, have yet to use their federal welfare block grant for such purposes, Oulahan says.

Beefing up Mass Transit

Other firms and groups, meanwhile, have turned their attention to improving the region's mass transit systems.

Tecumseh Products Co., for example, makes engines for lawn mowers and snow blowers at a plant in Grafton, Wis., an Ozaukee County community north of Milwaukee. Two years ago the company still drew most of its manufacturing workers from the surrounding area, says Don Denis, Tecumseh's human resources manager. That's changed. Like other expanding county employers, Tecumseh now depends on a local shuttle bus line, the Ozaukee Express, to bring in workers from the city who transfer from Milwaukee County transit system buses at the Ozaukee County line. Between 30 and 40 of the plant's workers depend on the shuttle to get to work.

More will likely follow. "These people typically don't have transportation, or they don't have driver's licenses," Denis says. Being on the bus line has become an important recruitment tool, he adds. "When we put ads in the paper or go to job fairs, we indicate we're on the Ozaukee bus route."

Milwaukee County's transit system has also changed its bus routes in response to reverse commuting trends. Four years ago, the bus system established a shuttle linking the northwest corner of the county with industrial parks in nearby Menomonee Falls, just over the county line in Waukesha County. With 134 riders a day on average, the shuttle is one of the transit line's most successful additions, says Kelly Janes, the system's manager of research and planning.

In 1995 the transit system, in partnership with Quad/Graphics, went a step further when it began to extend routes to serve four Quad/Graphics plants in outlying Waukesha County. The new routes were timed to accommodate Quad's 12-hour shifts. Employees ride free on the company dime for the first month, and at a discounted $1 fare — a 35-cent savings — thereafter. Federal welfare-to-work grants also help to defray some of the transit system's costs.

Long-Term Solution

Of course, the mismatch between suburban jobs and urban workers is more than merely a transportation problem. Lauren Baker, who directs a training program operated by the printing industry and its affiliated unions, calls programs that put urban workers in cars or on buses bound for the suburbs "a Band-Aid solution."

"There's an economic rift between the suburbs and the city that takes a lot more planning [to mend] than just a job-ride program or a company saying we're going to help people buy a car," Baker says. Like many others, she says the long-term solution is to bring jobs back to the neighborhoods where workers live.

In the meantime, though, the workers remain in the city and the jobs remain outside. Getting the two together has become one of the region's continuing workforce challenges. And it's not likely to improve in a hurry. ♦

Wisconsin freelance writer Erik Gunn reports on business, labor, and the economy for several local and national publications.

FLIPPING BURGERS

Shattering Myths About the Working and Non-Working Poor

BY MARGY WALLER

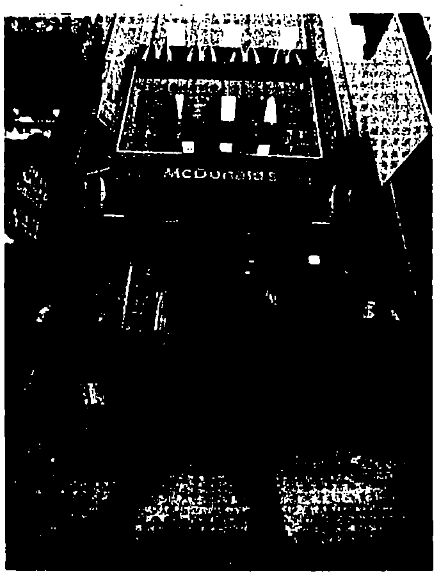
No Shame in My Game: The Working Poor in the Inner City
By Katherine S. Newman
Knopf ♦ 400 pp. ♦ $27.95

Is there anyone in the social policy arena who hasn't heard that "anthropologist Katherine Newman found 14 job seekers for every minimum-wage fast-food job opening in Harlem"? Conservatives dismiss this oft-cited statistic outright, arguing that there are plenty of jobs and anyone who wants one can get one. Liberals, meanwhile, insist it proves the need for ongoing cash assistance to non-workers.

Both are wrong, and Katherine Newman proves it in this book. This story about workers and job applicants at "Burger Barn," a Harlem fast-food restaurant (Newman masks the store's true name), shatters myths about poor workers and provides lots of information to guide policy development.

In one sense, *No Shame in My Game* comes at the perfect time. Three years after President Clinton signed historic welfare reform legislation, it is past time to finish creating a work-based social agenda that supports both working families and those who still haven't found work.

But like much long-term academic research, the book describes a world that no longer exists. Unfortunately, Newman started following fast-food workers and rejected job applicants in the years before the



passage of federal welfare reform, the expansion of the federal earned income tax credit, the creation of a federal children's health program, and the de-linking of welfare from other work supports such as child care, health insurance, and food stamps. Some of the families Newman describes as typical of poor, urban working families may be benefiting today from new supports designed to "make work pay."

So, are poor working families today benefiting from new laws that both provide more work supports and give states flexibility to create support systems that make work worth the effort? The answer is: We don't know enough yet about the impact of state and federal policy decisions. What little we do know suggests that policymakers need to do more on this front.

Shattering Myths

Newman's biggest contribution is to shatter myths about the working and non-working poor. For example, she finds that:

♦ Poverty is a significant problem for working households. Even before welfare reform, there were millions more working poor people than welfare recipients.

♦ There are many working people in poor neighborhoods who stand as examples and offer hope for those who are still seeking work.

♦ Federally funded summer youth jobs are resume-builders, not just a way to keep kids out of trouble. Publicly funded summer jobs were the most likely previous work experience of all applicants at Burger Barn.

♦ Burger-flipping in the city is not a first job. Only 4 percent of the job applicants in Newman's sample had never worked before.

♦ Most employees in fast-food restaurants in this inner city are older, certainly out of their teens, and likely to be in their 20s or early 30s.

♦ Applicants at Burger Barn get their jobs the same way people in think tanks do: They know someone. Applicants without connections have a hard time finding work.

♦ The job around the corner may not be open to the neighborhood applicant. Fast-food restaurants were more likely than not to hire applicants living outside the neighborhood.

♦ Flipping burgers is hard, complicated, and demanding work. It develops skills that can be transferred to other jobs.

♦ Fast-food employees in Harlem rarely advance to higher-paying white-collar jobs. Employers with better jobs — the kind that require the very skills Newman finds that Burger Barn employees develop — do not value the experience of an applicant who comes from a fast-food restaurant.

♦ None of the book's featured Burger Barn employees could afford to live in what we would define as their own home. Most were part of extended households, including people who received some government support, usually food stamps or Medicaid.

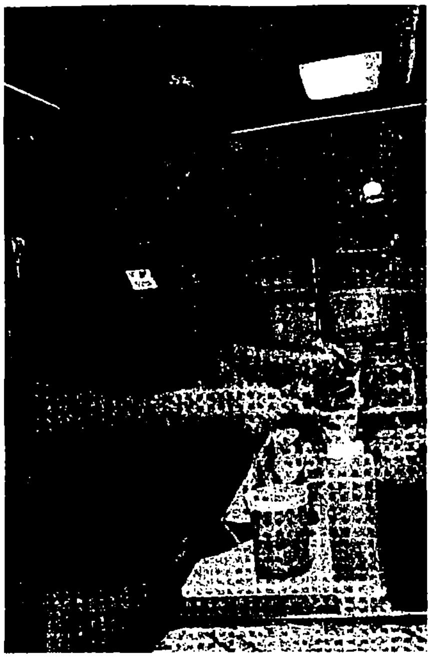
♦ All of the fast-food employees who had children depended on family for some part of their child care. Most of Newman's study subjects did not receive any child care subsidy. Even those who did depended on family care during off-hour and weekend shifts.

♦ Living arrangements for these families were very uncomfortable; none could afford the space a family needs to live decently. Even when both parents were working at Burger Barn, the best arrangement possible was one room (for three people) in a house with shared bath and kitchen facilities and sporadic heat in the winter.

Complicated, Difficult Lives

Surprised? I was, too. I guess we all need the occasional real-life story to powerfully remind us that low-income people lead incredibly complicated and difficult lives.

Newman doesn't spend the whole book telling a story about a few people. Instead, she tells a little bit about three families and an even smaller bit about many more. This book doesn't read like a novel with some useful and persuasive facts added. This is a research report, nicely dressed up with a few human faces. Its most likely readers are the next generation of students of public



policy. It should teach them something about the limits of using academic research for policy development. The policy debate in this case, as in so many others, got way ahead of the research.

So, here we are: three years after the President signed the welfare reform bill, two years after states had to put their new welfare plans in place, and three years before Congress will reauthorize and presumably again debate this legislation. What does Newman's description of these working families tell us about what to do now? Plenty.

Policy Directions

First, we need to do more to help low-income working families achieve a decent standard of living: enough income to purchase decent housing, food, child care, books, etc. The families in Newman's book suffer for their lack of health insurance and child care particularly. Recently, the Clinton administration has made it clear that states need not penalize working families by counting child care, transportation, and other work supports against the five-year lifetime limit on receipt of federally funded services. Significant caseload declines mean that states have reserves in their welfare block grant accounts. With those reserves, they can create support systems that help working families achieve a decent standard of living and keep a job long enough to move up to the next rung on the work ladder.

Second, since Newman did her research, President Clinton and Congress have expanded state flexibility and provided resources that make it possible to provide health coverage to many more working poor families (children *and* their parents). Yet states have failed to take full advantage of the new flexibility and funding; the number of uninsured working families continues to grow. States should define eligibility for health coverage to benefit children and their parents. They also should design outreach programs that ensure those who are eligible do in fact enroll.

Third, states should stop reducing their spending on child care. They should use significant new federal funding and state dollars to create seamless systems of high-quality child care for all low-income working families. States should stop limiting child care subsidies to welfare recipients and recent welfare recipients and begin treating all working poor families equitably. And Congress should enact the administration's proposal to fund child care subsidies adequately.

Fourth, we must help people living in the city find transportation to the places where most jobs are: the suburbs. Newman almost ignores the transportation barrier as a matter for policy development. States and localities need more examples of model programs and policy solutions to address this problem. Congress created the Access to Jobs program in 1998, but it seems inadequate to address the growing number of people who need to work but can't get to where it is.

Fifth, we need a program that recreates the job network for those who don't have one and cannot find a job. A few localities are implementing a promising practice promoted by the Progressive Policy Institute: transitional work. Transitional work provides welfare recipients with wage-paying community service jobs with benefits, office decorum and literacy training, and close supervision for up to six months. Supervisors can then play the role of a family member or friend by vouching for the reliability of a successful transitional worker with the local employer network.

(See related story, page 18.)

The Brookings Institution Center on Urban and Metropolitan Policy recently reported that an increasing percentage of the families still receiving welfare live in cities. Newman's book helps us understand some of the reasons why this is so and points us in the direction of solutions for all working poor families and those who are still looking for work. We are halfway through the six years of authorized spending in a new world of work-based social supports. It is time to finish the job. We need to make work "work" and make work pay. ♦

Margy Waller is a senior fellow at the Progressive Policy Institute.

POLITICAL MEMO

Continued from page 32

states. At the national level in these races, the Republican candidate won in a landslide four of six times. President Clinton changed that dynamic with his New Democrat policies: He swept all five states in both of his elections.

Despite Clinton's success, Democrats have fared poorly in these five states in elections for governor and the U.S. Senate. The 1990s began with Democratic governors in Michigan, New Jersey, Ohio, and Pennsylvania; only Illinois had a Republican governor. All told, there have been 14 gubernatorial elections in these states this decade, and Democrats have only won one. Today, Republicans hold all five governorships. Likewise, Democrats held eight of the five states' 10 Senate seats when the decade began, and now hold only four.

Illinois, Michigan, New Jersey, Ohio, and Pennsylvania have high percentages of labor union households. This fact might tempt some Democratic candidates to try to resurrect the New Deal coalition. But as the party's poor record in statewide elections in the 1990s makes clear, the old politics no longer work.

As Vice President Gore looks toward the 2000 election, he should reflect on the reasons behind President Clinton's successes and statewide candidates' failures in these five battleground states. The most important reason was that he ran as a New Democrat.

The facts bear out that Democrats win in these states when they appeal to the middle class — in other words, when they win among higher income voters and in the suburbs. Bill Clinton won the last two presidential elections because his New Democrat message appealed both to traditional Democratic constituencies such as union members and residents of inner cities and to more affluent voters and suburbanites (undoubtedly including a lot of union households) — whom Democrats must attract to win statewide but who don't respond to an old, interest-group oriented message.

In the five battleground states in 1992, Clinton either surpassed or matched George H.W. Bush among voters with incomes up to $50,000. In 1996, he bested Bob Dole among all voters with incomes up to $75,000. In contrast, Democrats lost all four battleground state gubernatorial elections held in 1998 (all of the key states save for New Jersey, which didn't have a gubernatorial election that year). None of the Democrats running for governor that year carried voters with incomes above $50,000; only one of the four carried voters with incomes above $30,000. Similarly, in the three U.S. Senate contests last year — all won by Republicans — not one Democratic candidate won among voters earning above $30,000. In contrast, the three Democrats elected to the Senate in 1996 won in all income categories up to $100,000.

Those voting patterns should remind Democrats to talk to the electorate as it is, not as it was. Even in the swing states, the electorate today is more affluent, independent, diverse, suburban, and better educated than it was in the New Deal era.

New Jersey, Pennsylvania, Michigan, and Ohio are among the 15 most suburbanized states in America, and Illinois ranks 17th, according to *Congressional Quarterly.* New Jersey has a larger percentage of suburbanites than any other state.

The five battleground states today are home to nine of the nation's 30 wealthiest congressional districts. In 1992, 40 percent of these states' voters had incomes below $30,000 and 9.5 percent had incomes above $75,000. But by 1998, the proportion of voters in these states earning less than $30,000 had fallen to 28.5 percent, while the proportion of those earning more than $75,000 had risen to 22 percent.

The changes in the battleground states' electorates is being mirrored throughout the country. To win in these states in the 2000 presidential election, Vice President Gore must adjust to that change and speak to middle income voters as well as to the party's traditional base. The beauty of the New Democrat message is that it does just that.

The best way for Vice President Gore to reverse his standing in the early polls is to hammer away with the New Democrat message. As he does, he will enjoy broad support nationally and in the swing states that are likely to decide the election. ♦

Al From is president of the Democratic Leadership Council.

EMPLOYING THE "UNEMPLOYABLE"

A Philadephia Program Takes on Welfare Reform's Hardest Cases

BY DAVID BOLDT

PHILADELPHIA

It was Christmastime last year, and as a special treat Elisa DeFlemingue had brought her five children to play on the whimsical oversized chess pieces on the plaza outside Philadelphia's Municipal Services Building.

DeFlemingue, 27, had been on welfare almost continuously since dropping out of high school to have her first child. As workers streamed out of the municipal building for lunch, DeFlemingue studied their faces carefully. She soon lapsed into a reverie that became a kind of prayer. "I sure would like to have a job and be one of them," she remembers saying to herself. Tears came to her eyes.

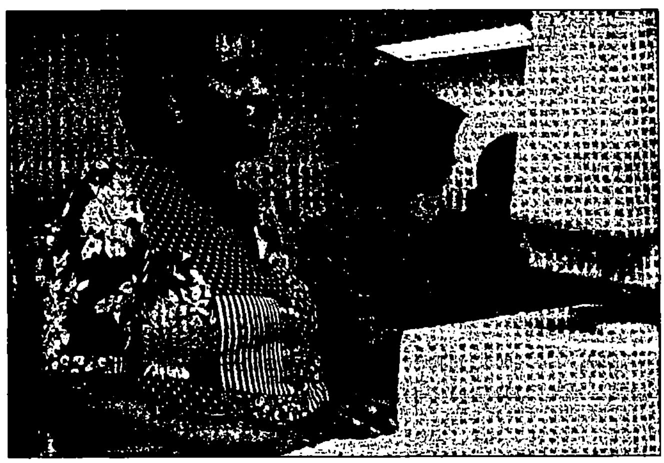
Yet within three months she had become "one of them," working as a clerk in the city's licenses and inspections department. By June she had moved from that job to one at Genius Computer Industries Inc., a small company that sets up office computer systems. She now earns $22,000 a year with full medical benefits and vacation.

The slim, carefully dressed woman excitedly showed a visitor her office and talked about the new computer accounting procedures she was learning. She marveled at the change in her situation ("I am truly blessed"), and while she gives most of the credit to God, she also gives a lot to a program called Philadelphia@Work.

This quintessentially New Democrat-style program blends the "work first" philosophy with the recognition that many welfare recipients need training and other support to make the transition to employment. "What we've done is to take everything that anyone has learned about what makes a welfare-to-work program successful and put it all into this one program," says Richard Greenwald, the president of Transitional Work Corp., a nonprofit company that operates Philadelphia@Work with support from the city, the state, and the Pew Charitable Trusts. The program aims to place 3,000 welfare recipients in permanent jobs by the end of next year.

Working exclusively with, as Greenwald puts it, "the hardest of the hard to serve," Philadelphia@Work uses transitional jobs in nonprofit organizations and city government as steppingstones to permanent jobs in the private sector. Government pays the wages ($5.15 an hour) for the transitional jobs, which can last up to six months, as well as other benefits such as food stamps, transportation, and child care assistance. Participants earn bonuses totaling $800 as they make the transition to a permanent job.

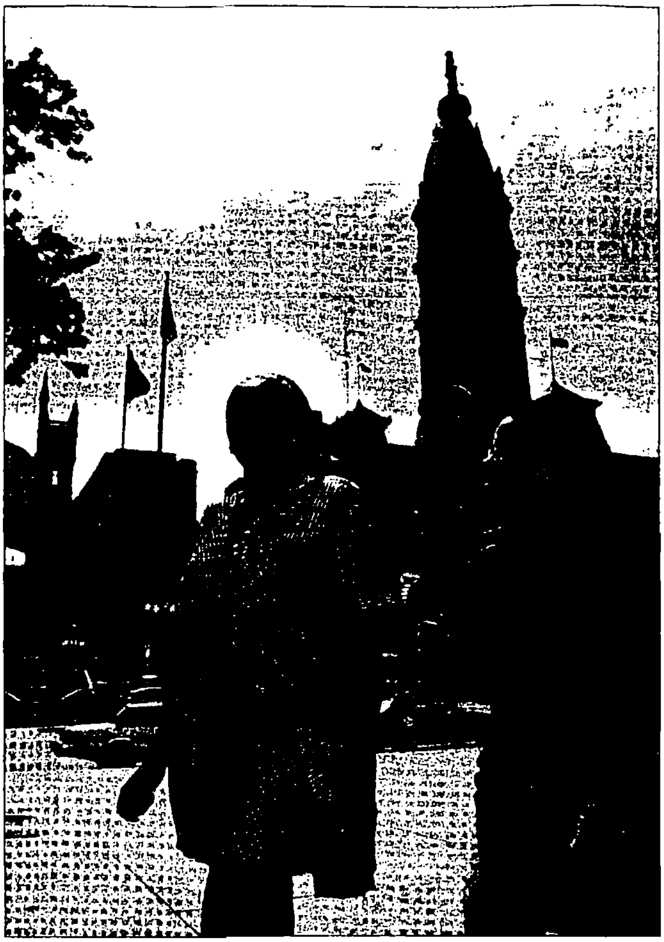
Greenwald's organization links each participant with a "career adviser" who checks in with the participant daily. Participants also have a "work partner," an employee at their work site who has volunteered to serve as a mentor. Every week, participants work for 25 hours and attend 10 hours of individualized "wrap-around" training that enables them to prepare for the GED test, obtain or improve upon computer skills, or receive counseling for substance abuse problems if needed. The support continues, at declining levels, for six months after participants have moved into their permanent jobs.



Philadephia@Work participant Angenette McLaughlin in a computer training course.

"We Can Help Almost All of Them"

"This is the kind of program we had in mind when welfare reform was being developed," says Margy Waller, a



Philadephia@Work participant Angenette McLaughlin, left, walks through center city Philadelphia with Lili Elkins, her career advisor.

senior fellow at the Progressive Policy Institute who was involved in the development of Philadelphia@Work. She is surprised that so few localities use this approach.

There are only about 10 other "supported work" programs nationwide, and many are experiments enrolling only a few hundred people. In many localities, the economic boom has made welfare reform seem deceptively easy. The supported-work approach will probably draw more attention when the economy begins to cool down and as officials everywhere begin to concentrate on the most challenging cases.

Since its inception last fall, Philadelphia@Work has enrolled almost 600 welfare recipients. Of the 252 who enrolled by the end of 1998, 143 have been placed in permanent jobs. Many of those who have not made the transition to full-time, unsubsidized work had medical or other good reasons. Greenwald, for one, thinks Philadelphia@Work can do even better, even though "these are people the so-called advocates will tell you are not employable. I think eventually we can help almost all of them, and I didn't use to think that."

None of which is to say there have not been problems. Not all of the participants respond well to what Greenwald describes as his organization's "tough like" approach. "We don't love 'em," he says. "We aren't their family. What we say is that we will treat you as professionals as long as you treat us as professionals." A few participants have gotten sufficiently annoyed with the hard-line approach that they have assaulted trainers. Some participants get "fired" from the program for being chronically absent or late. Others have substance abuse problems they can't control. But what's more remarkable, Greenwald contends, is how many seem to undergo a personal transformation during the program, changing from being lethargic and passive, sometimes barely able to speak, to being energetic and animated.

Other factors make Philadelphia@Work worth emulating. For example, if the concept can work in Philadelphia, it can probably work anywhere. Philadelphia was one of the last places in America to feel the effects of the current economic boom, and few other cities face a comparable combination of concentrated poverty and an enfeebled economic base. Not surprisingly, no other big-city mayor in the country has been more pessimistic about the prospects for welfare reform than Philadelphia's Ed Rendell. Rendell has wondered aloud (very loudly, in fact) how a city that has been hemorrhaging jobs for most of the 1990s can find employment for as many as 20,000 women coming off welfare this year as they hit the two-year cutoff.

Another factor making Philadelphia@Work an interesting case study is that an elaborate, some might say cumbersome, system ensures that Philadelphia@Work does, in fact, get only the hardest cases. To be eligible, welfare recipients must have been declared unemployable in two previous screenings and have no high school diploma and no significant recent work experience.

Homegrown Concept

The Philadelphia@Work concept is homegrown, emerging from a study done by Mark Alan Hughes at Public/Private Ventures, a Philadelphia-based social policy think tank. Hughes wrote an op-ed article describing his conclusions for *The Philadelphia Inquirer*, which in turn was read by Donald Kimelman, head of the Venture Fund at Pew. Intrigued, Kimelman called Hughes to get a copy of the study.

There were a couple of ironic twists to this telephoned request. One was that Hughes' office turned out to be only a few floors from Kimelman's in the same office building. Another was that Pew had in fact funded the study, unbeknownst to Kimelman. Hughes told Kimelman in that first phone call that sending him a copy was the least he could do, under the circumstances.

The study was quickly converted into a proposal that was circulated to state and local welfare officials. Pew's mediation — as well as its later financial support — was crucial because city and state welfare officials were then at one another's throats. Rendell is a Democrat and Penn-

"My son is proud that his mommy is going to work and is not just lying around the house all day," says Brenda Vincent, who is working as a janitor at the North Light Community Center.

sylvania Gov. Tom Ridge is a Republican. But this concept appealed to both. It fit the state's belief in "rapid attachment" of welfare recipients to jobs, while the city saw it as the closest it could get to a government-supported jobs program.

The idea of transitional jobs in nonprofits and city government had additional appeal in a city known for its touchy labor unions. There would be little danger that these short-term transitional jobs would threaten the full-time jobs of union workers. Municipal unions ultimately got to approve all of the transitional slots set up in city agencies.

Everyone was so eager to get the program running that it started enrolling participants even before Greenwald arrived last fall. (In retrospect, some staffers now believe the rush to get into action was a mistake that increased the number of "negative terminations" in the program's early days.)

Greenwald, a native Tennessean, describes himself as having been "way to the left" while a student activist at Connecticut College, from which he graduated in 1987. He joined the staff of then-Sen. Al Gore and worked on Gore's 1988 presidential campaign. After working for several federal agencies, he enrolled in a master's degree program in public policy at Columbia University. There he got to know Peter Cove, who was teaching at Columbia. Cove was the founder of America Works, a for-profit company that places welfare recipients in jobs. After getting his degree in 1993, Greenwald took a job with America Works. He was hired away from there to head Transitional Work Corp.

"There Is No Casual Day Here"

While Transitional Work is not a for-profit enterprise, Greenwald wants it to act like one. "From the moment people come in here, they should understand that this is a workplace, not a welfare office," he says. Pointing to his tie, he adds, "There is no casual day here." Greenwald and the key officials of Transitional Work greet every incoming group of participants on their first day in a ritual that might be called The March of the Suits. "This is all about work," Greenwald tells them. Some participants are amazed. "I've been in three programs before," one told Greenwald recently, "and I've never seen the people in charge before."

The staff includes some people who have worked in social services before, including a former welfare caseworker, and others from different fields altogether. One manager had been the head of communications at a graphic design firm; another is a former pro basketball player whose most recent previous job was as an assistant coach for the Sacramento Kings. Most say they didn't have strong opinions about welfare reform while it was being debated, but tend to share the viewpoint of Elmore Johnson, the vice president in charge of arranging jobs. "Welfare reform is a fact," Johnson says. "I decided I could either stand on the sidelines and criticize or make it work as successfully as I could."

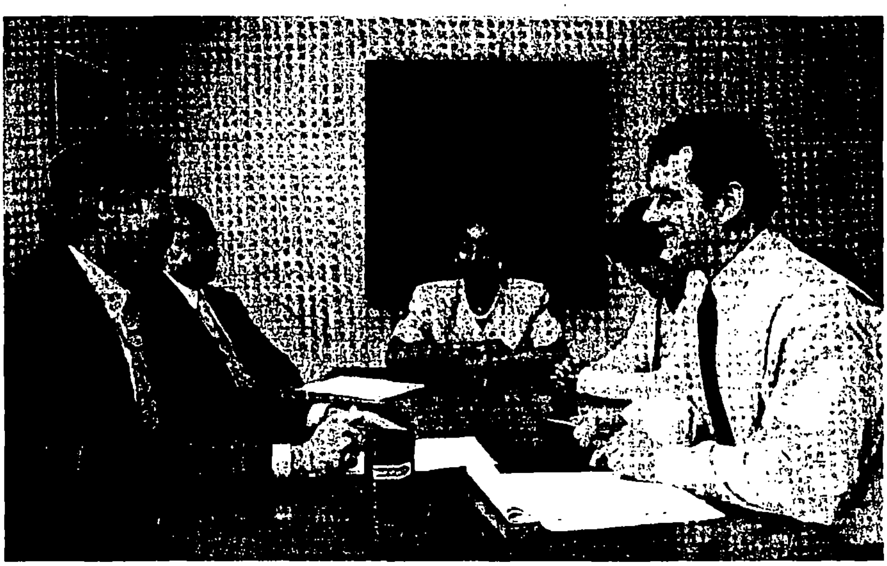
Several of the career advisers, each of whom is responsible for around two dozen participants, say there is often a moment of truth when participants discover that they cannot manipulate this program in the way they have others. One recalls confronting a participant about phony medical excuses for missing work and warning that another absence would result in termination. The participant burst into tears. "It happens a lot," the adviser said. "Everyone keeps a box of tissues on the desk."

The career advisers also offer advice and encouragement. They become advocates for the participants in their wrangles over welfare bureaucracy foul-ups, which are frequent and usually involve child care payments. They also handle matters such as helping domestic abuse victims get restraining orders.

After just two weeks of orientation, each participant must formally interview for the transitional jobs the program's staff has pointed them toward. Then they begin to work.

Virtually all of the participants interviewed for this article said being placed in a real job so quickly was the program's most important element. Most reported that there was an immediate, positive change in their children's attitude toward them. "My son is proud that his mommy is going to work and is not just lying around the house all day," says Brenda Vincent, who is working as a janitor at the North Light Community Center.

From left to right, Philadelphia@Work staff members Jim Klasen, Elmor Johnson, Faith Williams, Lili Elkins, and Richard Greenwald.



It's difficult to call any one participant's situation typical, but Robin Helm's experience in the business office at Thomas Jefferson University Hospital gives some insight into the importance of on-the-job experience. She freely admits she was scared to death her first day on the job, expecting people to be cold, distant, and resentful of her as an unworthy intruder. "I didn't have any confidence," she says. Two previous training programs had taught her little more than how to fill out a job application.

But her fears proved unjustified. "Everyone made me feel comfortable," she recalls. The key person was her work partner, Shela Copeland, an older woman with a friendly, caring manner who had volunteered to be Robin's mentor. (Personnel officials at Jefferson, which has had more than 70 Transitional Work participants so far, say that recruiting work partners has not been a problem. People have been eager to volunteer.)

Copeland recalls that there were some initial difficulties. Helm was afraid to go to lunch unless told to and was so intimidated by managers that she couldn't ask questions. "I couldn't talk to those people," Helm says. "When a big cheese would come over I would just stand up and be real nervous."

At first Copeland helped Helm get answers to her questions, but then she gradually convinced Helm to "speak up a little more." Communication with bosses is no longer a problem. Helm even offers suggestions as to how she could make a larger contribution.

For Helm, who is usually careful to check and recheck her work, the moment of truth arrived when she mistakenly filed a basket of forms in the wrong cabinet. There was a moment of cold terror when she realized the error and had to do some extra work re-filing the forms. But the incredible thing to her was that the world didn't end. She wasn't fired. To Robin Helm's amazement, people were more amused than angry.

Indeed, the manager of her department is ecstatic about the quality of her work and her perfect attendance record. June, in fact, turned out to be a big month for Helm. She took her GED test — and was told that she would be hired as a permanent employee at Jefferson.

Other participants, including some with success stories as inspiring as Helm's, were reluctant to have their names used in this article. Helm had no such compunction. "I want everyone to know all about this program," she said. "It's incredible." ♦

David Boldt is a columnist for The Philadelphia Inquirer.

The Washington Post

THE IDEAS INDUSTRY

Richard Morin and Claudia Deane

A Car-Driven Plan to Get the Poor to Work

Everybody agrees the poor should get off welfare and go to work. One problem: How do the poor get to work, since they live mostly in cities and the new jobs are mostly in the suburbs?

The solution: Government should help the poor buy cars, say Margy Waller and Mark Alan Hughes in a newly released study sponsored by **the Progressive Policy Institute** and **Public/Private Ventures**, a Philadelphia-based nonprofit.

• Government policymakers love public transportation but have a "blind spot" when it comes to cars, Hughes and Waller argue. That's too bad, because mass transit offers the poor little more than a "ticket to nowhere"—buses and subway lines often don't go to the suburbs, and extending mass transit to the suburbs often means sacrificing needed service in the city. Public transportation also gobbles up tax dollars; fares rarely cover even half the actual cost of a bus or subway ride, they claim.

• States should change current welfare laws that penalize the poor if they own a car. They also urge that federal and state money be used to help the poor buy automobiles. Some states already use tax dollars to help the poor get auto insurance, obtain their driver's licenses and pay for car repairs and traffic fines.

ADDENDUM: PPI recently welcomed back Waller, who served as the think tank's senior analyst for social policy before leaving in 1998 to become senior director of public policy for the **United Way of America** and director of policy development for Public/Private Ventures. Now he's senior fellow for social policy.

in both parties. One way is through campaign donations—$1.3 million in soft money in the last election cycle. Another is by putting out-of-office politicos on the payroll—people like Gingrich.

Wallison declined to comment on Newt's consulting gig. "I really can't," he laughed. "I really shouldn't. Newt is free to do what he wants."

Washington Times
8/5/99

Take a ride on Uncle Sam

Regular working stiffs have auto-industry financing to "help" them buy new cars. A new study done by Margy Waller and Mark Hughes sponsored by the Progressive Policy Institute, a liberal Washington think tank, suggests poor folks should get a different kind of help towards the acquisition of that new automobile — the *free* kind — from our friends in government.

The PPI study argues that low-income persons are at a competitive disadvantage in the job market because they lack wheels — and so *Uncle Sam* should help them with that monthly payment. Federal and state funds should be used to help the poor buy cars so they can commute into the suburbs, where all those high-tech jobs are, the study's authors say. Government planners who recommend public transportation as a means of conveyance suffer from a "blind spot," according to the study. Taking the bus or train to work amounts to a "ticket to nowhere," it says.

Only in America. Poor people are deprived because they haven't got a *car*. In some countries, poor people are considered impecunious because they lack stuff. You know — like *food*. Or shelter. Or basic health care services. But in America, if you haven't got a ride, you're nowhere, baby. Can't cruise on Friday nights; no drive-through service for you.

The PPI study notes that some states already have programs in place to help the benighted obtain automobile insurance, pay for car repairs — even traffic fines. Yep. If you're "poor," you can get the government to pay the fine you got for speeding in your taxpayer-financed sports car. What a country.

Strangely enough, the PPI study doesn't take issue with the additional smog and increased traffic that would be created by all these mendicant motorists heading to their high-tech jobs from the inner city. Liberal think tanks typically issue lengthy jeremiads bemoaning suburban sprawl and the blight caused by an endless sea of Detroit's latest schlepping to and fro every day. Middle-class working stiffs who pay their own way — well, *they* can take the bus. But not "the poor." They should not only be provided with subsidized transportation —they should be provided with *first-class* subsidized transportation — a private motor car.

While we're at it, let's tack on the optional CD-player and sport package. Alloy wheels would sure be nice. And what about those heated leather seats? Most people would have to pay for these things at full retail mark-up — complete with interest and sales taxes (out of already taxed incomes) — but if you're poor, charge to the head of the line. And charge it to the United States.

That's "*us*" — the taxpayers — in case you'd forgotten. Remember that the next time you send in your monthly car payment.

The Washington Times August 20, 1999

Put the brakes on criticism of helping poor buy cars

We enjoyed your laughable and funny editorial based on our report "Working Far From Home" ("Take a ride on Uncle Sam," Aug. 5). In the pursuit of a few good yucks, you managed to misinterpret just about every point the report made. No, we don't think Uncle Sam should buy a sports car for the poor or pay for speeding tickets. Nor do we suggest anywhere that "middle-class working stiffs" take the bus to work. It is clear you have trouble making distinctions among all us "liberals," but we really can't be held accountable for the views of the many millions of people who are somewhere to the left of your editorial board.

We do, however, think the poor should work. As conservatives, don't you? Well, in many cases the only way to get to those jobs is in cars, and if a person can't afford to have one or can't afford to maintain it, the person can't work. Then the person is back on public assistance. We assume that would make The Washington Times unhappy.

Because we don't want The Times to be unhappy, we propose that some of the money already available to states for welfare reform be used judiciously to help working families make down payments on cars or perhaps get insurance in areas where it is expensive to do so. We also suggest that it is silly to penalize the poor for owning a car in qualifying for the kinds of public assistance available to working families.

Since you think this is so patently a bad idea, what would The Times suggest as an alternative? Fifty or 60 new buses a day from the District to Loudoun County? New bike routes — wide enough for baby sidecars — through Chevy Chase? Sounds expensive, maybe even "liberal." But if you really just don't care what happens to welfare recipients struggling for independence, then you should just say so. We promise we won't laugh.

MARGY WALLER
Senior fellow
Progressive Policy Institute
Washington

MARK ALAN HUGHES
Senior scholar
University of Pennsylvania's Fels Center of Government
Philadelphia

Opinion

Trapped in the 19th century

State and local officials were patting themselves on the back last week for taking $4.2 million to expand low-income workers' access to mass transit in six areas of the state, including Montgomery County.

County officials estimate about 2,600 local recipients of the Temporary Assistance for Needy Families program will benefit as a result of extended hours of operation on eight Ride-On bus routes, thus helping them get to jobs they are required to have following welfare reform.

Sounds like a good idea, right? Well, think again, contends a Washington think tank, which observed:

"Public mass transit systems operating in many metropolitan areas have been rendered obsolete by the suburbanization of population and employment. These systems were designed to serve an industrial geography in which central places were the most valuable and in which most people lived and worked in high-density environments.

"Yet there is a bias in both formal program rules and informal decisions favoring public transit as the job-access solution for low-income workers," the think tank said.

The $4.2 million state and county initiative announced last week is an example of such bias in favor of 19th-century transportation thinking when most jobs were in the city, not the suburbs.

Why should anybody care? Because, notes the think tank, "new subsidies to public transit systems granted in the name of job access can, one, consign low income workers to long rides on buses and trains, two, drain resources from the rest of the transit system, thereby weakening services on which many working families already rely, and, three, encourage further job suburbanization, hardly the goal of a job-access strategy."

So, which right-wing, anti-mass transit, tool-of-the-rich think tank said that? The Heritage Foundation maybe? Cato Institute perhaps? Then it must be Competitive Enterprise Institute?

Actually, those words were written by analysts representing two of America's best-known *liberal* think tanks, one of which has been closely associated with President Clinton: The Progressive Policy Institute and the Brookings Institution, as part of a joint project on ending poverty.

The PPI study was done by PPI Senior Fellow Margy Waller and Distinguished Senior Scholar at the University of Pennsylvania, another organization that can hardly be dismissed as right-wing.

The study was based on a survey of state and local officials responsible for funding, designing and implementing transportation assistance for low-income workers in the 10 states with the largest number of TANF households.

It turns out that the most innovative policy-makers realize the obsolescence of mass transit and are looking at creative new ways to help low-income workers get to work, according to the PPF study.

So, the smart folks in these efforts are finding ways of using funds from TANF and from the U.S. Transportation Department's Access to Jobs and Reverse Commute programs to help low-income workers purchase and operate private cars.

Or, to put it another way, Maryland officials are giving low-income workers a bus ticket back to the 19th century when what they really need is the car keys to the next millennium.

Opinion

Help poor workers buy good cars

Welfare reform certainly has produced lots of headlines and news stories about dramatic declines in the number of recipients taken off the rolls and the growing need of these folks for decent jobs that will keep them from returning to public assistance.

What usually is missed in those stories, however, is that millions of Americans who have come off welfare rolls since 1997 are in desperate need of help in commuting to and from work.

As things presently stand, according to a fascinating recent study by Margy Waller of the Progressive Policy Institute and Mark Allan Hughes of the Brookings Institution, government is the biggest obstacle to solving this problem.

Waller and Hughes studied the role of current assistance programs in helping the poor get — and keep — jobs in the 10 states (Maryland was not among them) with the highest number of recipients of funds under the Temporary Assistance for Needy Families block grant.

The reason government is such an obstacle here is simple, according to Waller and Hughes: Too many policymakers at all levels of government have a prejudice against recipients using privately owned cars, and that results in the working poor being channeled into public transit systems that are obsolete and simply don't take them where they desperately need to go.

"Policymakers confuse ends and means when job access strategies are too focused on public transit systems," contend Waller and Hughes. "The policy challenge is helping low-income workers get to distant jobs on difficult schedules, but too often policymakers and decision-makers act as if the challenge is devising a way to make public transit 'good enough' to serve the reverse commutes of low-income workers."

The bias in such thinking was exemplified, according to the study authors, "in the overheard comment of one senior official from a national public transit organization, 'Show me a 30-year-old man on a bus and I'll show you a failure.' "

The problem with public transit for low-income workers is the same as it is for the vast majority of us — it doesn't go where we most often need to go when we need to go there. This is why public transit ridership, even under the most favorable circumstances, never has managed to capture more than about 15 percent of the drive-time commuting market.

Unlike middle-class workers, who almost universally own cars and, therefore, rely on private transportation almost exclusively, low-income workers most often either don't own a vehicle or have one that is old and unreliable.

The solution is to provide low-income workers with assistance to help them purchase, maintain and insure reliable vehicles, according to Waller and Hughes.

Three states — Florida, Michigan and Pennsylvania — have small programs to do so, but such innovative efforts need to be expanded nationwide. State officials presently can use TANF funds for such a purpose, but the law should be changed so that assistance can also be provided using federal funds from the Welfare to Work and Access to Jobs programs. Federal and state laws also should be changed that currently deny Food Stamp eligibility to families with a car valued at more than $4,650.

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Help on Wheels: Empowering the Carless

by C. Kenneth Orski

Is helping poor people acquire cars a legitimate approach to moving welfare recipients to work?

Until recently only a small handful of conservatives, welfare officials, and charities subscribed to this seemingly unorthodox theory. Now, however, the influential Progressive Policy Institute (PPI), the think tank of the Democratic Leadership Council whose past chairmen include President Clinton and House Minority Leader Richard Gephardt (D-Mo.), has added its voice in support of this notion.

In the words of PPI's newly released study, *Working Far From Home*, "...the shortest distance between a poor person and a job is along a line driven in a car." The PPI report sends a powerful message of support for an idea long espoused by social conservatives: empower people to seek their own path toward economic independence and self-sufficiency.

For most Americans the automobile provides an essential means of personal mobility and a key to self-sufficiency. But there remains a significant element of the population—largely low income and mostly minorities—whose carless status effectively excludes them from the social and economic opportunities offered by mobility. In a society where so many jobs have shifted to the suburbs, the lack of personal transportation severely hampers these groups' ability to participate in the benefits of our booming economy.

> *"...the shortest distance between a poor person and a job is along a line driven in a car."*
>
> —From Progressive Policy Institute's study, Working Far from Home

Federal welfare reform policies are premised on the assumption that carless welfare recipients will commute to suburban jobs by public transportation. That is not realistic, conclude authors Margy Waller and Mark Alan Hughes in the newly released study sponsored by PPI and Public/Private Ventures, a Philadelphia-based non-profit organization which is assisting the federal government in its welfare-to-work programs.

In contemporary metropolitan areas, where population and employment are widely dispersed, "transit offers a ticket to nowhere." Up to 40 percent of suburban entry-level jobs are not on public transportation routes, and many entry-level jobs begin and end at odd hours when suburban transit shuts down. Even where transit service does exist, inner city residents face tremendous hardship in reaching suburban job destinations—long travel times, numerous transfers, poor connections, inadequate schedules.

More personalized reverse commute programs, such as point-to-point van servi have been only marginally more successful. Different shifts and scattered suburban destinations make it difficult to assemble enough riders to fill up vans and provide cost-effective service. The need to take children to day care or school and to run errands on the way home makes shared transportation impractical for workers with family obligations. Workers quit riding as soon as they have found a steady job and could afford a car, leaving vanpool operators with a high rider turnover and no stable revenue stream.

In sum, public transit systems in many metropolitan areas have been rendered "obsolete" by the suburbanization of population and employment, the authors of the PPI report conclude. These systems were designed to serve an indusrial geography in which most people lived and worked in high density environments. But today, the jobs for which entry-level workers qualify are more likely to be found along suburban highways than city streets. Even if public transit lines do extend into the suburbs, a bus or train that drops off workers at a suburban park-and-ride lot or a train station miles from a business park or a strip commercial development where the jobs are, isn't much help.

And yet, despite its obvious inadequacies, public transit is the federal government's preferred transportation solution for low-income workers, the PPI report notes. Both the $100 million Temporary Assistance for Needy Families (TANF) Block Grant and the $750 million Access-to-Jobs Program limit eligibility for assistance to public transit. The former program distributes transit vouchers or passes to welfare clients even though, in the words of the report, "standing on the corner with a transit pass does not ensure that a bus will serve the rider's destination and time shift." The latter program, administered by the Federal Transit Administration, has been turned de facto into a supplementary operating subsidy program for mass transit operators, with little evidence that the additional money is being spent to make urban workers' commute any easier, faster or more convenient.

Two Transportation Systems—Separate and Unequal

Many welfare officials and case workers have come to recognize the fundamental inequity in the current approach to transportation for low income workers. As one senior state welfare official remarked to us when we first started looking into this problem more than a year ago: "We seem to have created two transportation systems—separate and unequal. We tolerate long commutes on slow and unreliable transit systems for the poor, but find them intolerable for ourselves."

Echoes the PPI report: "Too often policy makers...are willing to consign poor people to barely functioning public systems from which higher-income citizens routinely withdraw." "People who point to mass transit as the environmentally sound alternative to cars for the working poor, would subject them to inconveniences they themselves would never tolerate," says Hughes.

Low income workers should be offered a chance to travel to work the same as the vast majority of Americans—by automobile, the PPI report contends. Only a car can give workers the flexibility they need to deposit children at child care facilities, do errands during the day, and pursue after-work training. States should be able to use TANF funds for matching grants to acquire cars and provide ongoing assistance to low-income workers for car insurance and maintenance. Brian Menzies, President of Charity Cars, Inc., who has pioneered the idea of providing reconditioned second-hand cars to the working poor agrees: "Cars hold a key to making inner city job seekers truly independent," he says.

Across the country, public and private charities are devising ways of doing just that. Vehicle-related assistance programs take many forms such as donating used vehicles, providing low-interest car loans and helping to repair and recondition vehicles. Most vehicle donation programs are operated by private charities, such as Volunteers of America, Florida-based Charity Cars, Inc., Texas based Wheels-to-Work, and New York's EARN-A-CAR.

Used vehicles are solicited from local businesses, car dealerships and individuals in exchange for tax credits. They are then reconditioned and offered to qualified individuals on credit. The donor agency usually retains a lien on the vehicle for a period of time that allows the individual to satisfy the conditions of the lien, such as loan repayment, staying employed or staying off welfare. Many charities also offer up-front financial assistance with license, title and insurance expenses, and help with routine maintenance.

While the federal Access-to-Jobs and TANF programs specifically disallow car purchases, some states, such as Florida, Pennsylvania, Wisconsin and Michigan, provide low-interest loans to qualifying individuals to purchase vehicles, while others (New York, California, Georgia, Ohio, Washington) use TANF funds to assist low-income workers with car repairs, insurance and auto operating expenses.

"Let's face it, this is a car-based society, and people without one don't feel like they are a part of the economy," Brian Menzies sums up. "Our aim should be to help low-income families join the economic mainstream—and providing them with a car is the simplest, most direct and least expensive way to do so." ■

Details: www.dlcppi.org

Kenneth Orski is the editor of "Innovation Briefs" newsletter, *published by the Urban Mobility Corporation. This article reprinted with permission from the newsletter's September/October 1999 issue. For more information, call 202-383-9550 or visit www.innobriefs.com.*

Walter, M. and Hughes, M.A., Working Far From Home: Transportation and Welfare Reform, Progressive Policy Institute and Public/Private Ventures, 1999

MII PUBLICATIONS

Welfare to Work

reform news to maximize your results

September 6, 1999 Volume 8 No. 17

Research

Cars ignored as means of getting poor workers from home to day care to job

Low income and working poor people need help acquiring and maintaining cars to connect home, child care, and work in their daily commute, instead of relying on public transportation subsidies or group arrangements, says a new report

Working Far From Home: Transportation and Welfare Reform in the Ten Big States was authored by Margy Waller, senior fellow at the Progressive Policy Institute and Mark Alan Hughes, a senior scholar at the University of Pennsylvania Fels Center of Government. Their analysis is based on field research and surveys in the ten states with the largest welfare caseloads: California, Florida, Georgia, Illinois, Michigan, New York, Ohio, Pennsylvania, Texas and Washington.

"We recommend that states make resources available for car maintenance and ownership in addition to purchase," Waller told MII. The funds should be available to all working poor families, including TANF recipients, she added. "In communities where there is a public transit system, it takes officials a while to understand that it's not going where people need to go."

Environmental arguments against using automobiles should not come at the expense of the working poor, the authors said. While they acknowledge that this population is more likely to drive older and less environment-friendly cars, the solution is more assistance for better cars and maintenance

"If public transportation is the magic bullet that would solve both air quality and highway congestion, then policymakers should increase its use by higher income workers rather than simply focus on maintaining a captive market share among poor workers who have no alternative," said the authors.

"This approach helps ensure that the assistance goes to families who are prepared, by virtue of employment and some savings, to successfully manage an asset like an automobile." Additionally, regulations that govern asset limits should be revised to allow the use of one car for each worker in the household and not impact program eligibility, they added.

The authors found that 43 states have raised the vehicle asset limit from $1,500 allowed under old welfare rules, and 24 of those 43 states have no limit on the value of the car owned by a TANF-eligible family. This movement reflects the relatively recent understanding that people with assets such as a house and car may need temporary public assistance, said the authors.

The authors found that Pennsylvania and Michigan were the only states to provide grants to TANF-eligible families for car purchases, $750 and $600, respectively. These states also provide additional funds for car repairs.

Since the study was completed, state law has been changed in Florida to permit local TANF agencies to provide up to $8,500 to former TANF recipients to be used for a vehicle to get to school, training or work.

The authors found that all ten states allow TANF funds to be used for car repairs and some operating expenses. For repairs, Washington provided the most funds of the ten states, $4,000 per year, but recently lowered that figure to $1,500. Georgia provides the least amount of money of the ten states, $500, but allows recipients to receive that amount more than once if they rotate on and off welfare.

Such a system might create incentives to keep asking for the money, Waller noted. The preferable program is similar to the one in Washington state where there is a capped annual amount or in Pennsylvania where recipients can access a monthly amount for mileage reimbursement or car repair, she said.

All ten states in the survey provided money for mileage reimbursement or gas vouchers, and most states have a limit, from about $200 per month in Washington to about $350 per month in Georgia. Michigan offers only $.15 per mile for work-related transportation expenses, while Florida offers gas vouchers at the discretion of the caseworker. Two states, Illinois and Pennsylvania, offer mileage reimbursement when public transportation is not practical. Florida, Georgia, Illinois and New York allow public funds for car insurance, while Washington does not, and the other states leave the decision up to local officials.

All of the survey states have either increased or eliminated the limit to permit car ownership without losing TANF eligibility. Georgia, Illinois, Michigan and Pennsylvania exclude the value of one car from the state assets limit, while there is no vehicle asset limit in Ohio.

✓ For more information, contact Debbie Boylan at the Progressive Policy Institute (202) 547-0001.

— Christopher Maloney

INNOVATION BRIEFS

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Empowering the Carless

Is helping poor people acquire cars a legitimate approach to moving welfare recipients to work? Until recently only a small handful of conservatives, welfare official, and charities subscribed to this seemingly unorthodox theory. Now, however, the influential Progressive Policy Institute (PPI), the think tank of the Democratic Leadership Council whose past chairmen include President Clinton and House Minority Leader Richard Gephardt (D-MO), has added its voice in support of this notion. In the words of PPI's newly released study, WORKING FAR FROM HOME, "...the shortest distance between a poor person and a job is along a line driven in a car," The PPI report sends a powerful message of support for an idea long espoused by social conservatives: empower people to seek their own path toward economic independence and self-sufficiency.

For most Americans the automobile provides an essential means of personal mobility and a key to self sufficiency. But there remains a significant element of the population – largely low income and mostly minorities – whose carless status effectively excludes them from the social and economic opportunities offered by mobility. In a society where so many jobs have shifted to the suburbs, the lack of personal transportation severely hampers these groups' ability to participate in the benefits of our booming economy.

Federal welfare reform policies are premised on the assumption that carless welfare recipients will commute to suburban jobs by public transportation. That is not realistic, conclude Margy Waller and Mark Alan Hughes in a newly released study sponsored by the Progressive Policy Institute and Public/Private Ventures, a Philadelphia-based non-profit organization which is assisting the federal government in its welfare-to-work programs. In contemporary metropolitan areas, where population and employment are widely dispersed, "transit offers a ticket to nowhere." Up to 40 percent of suburban entry-level jobs are not on public transportation routes, and many entry-level jobs begin and end at odd hours when suburban transit shuts down. Even where transit service does exist, inner city residents face tremendous hardship in reaching suburban job destinations – long travel times, numerous transfers, poor connections, inadequate schedules.

In contemporary metropolitan areas, where population and employment are widely dispersed, "transit offers a ticket to nowhere"

More personalized reverse commute programs, such as point-to-point van services, have been only marginally more successful. Different shifts and scattered suburban destinations make it difficult to assemble enough riders to fill up vans and provide cost-effective service. The need to take children to day care or school and to run errands on the way home makes shared transportation impractical for workers with family obligations. Workers quit riding as soon as they have found a steady job and could afford a car.

Waller, M. and Hughes M.A., *Working Far From Home: Transportation and Welfare Reform*, Progressive Policy Institute and Public/Private Ventures, 1999

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leaving vanpool operators with a high rider turnover and no stable revenue stream. (See, "Cars for the Working Poor," *Innovation Briefs*, Jan/Feb 1998).

In sum, public transit systems in many metropolitan areas have been rendered "obsolete" by the suburbanization of population and employment, the authors of the PPI report conclude. These systems were designed to serve an industrial geography in which most people lived and worked in high density environments. But today, the jobs for which entry-level workers qualify are more likely to be found along suburban highways than city streets. Even if public transit lines do extend into the suburbs, a bus or train that drops off workers at a suburban park-and-ride lot or a train station miles from a business park or a strip commercial development where the jobs are, isn't much help.

And yet, despite its obvious inadequacies, public transit is the federal government's preferred transportation solution for low-income workers, the PPI report notes. Both the $100 million Temporary Assistance for Needy Families (TANF) Block Grant and the $750 million Access-to-Jobs Program limit eligibility for assistance to public transit. The former program distributes transit vouchers or passes to welfare clients even though, in the words of the report, "standing on the corner with a transit pass does not ensure that a bus will serve the rider's destination and time shift." The latter program, administered by the Federal Transit Administration, has been turned *de facto* into a supplementary operating subsidy program for mass transit operators, with little evidence that the additional money is being spent to make urban workers' commute any easier, faster or more convenient.

Two Transportation Systems – Separate and Unequal

Many welfare officials and case workers have come to recognize the fundamental inequity in the current approach to transportation for low income workers. As one senior state welfare official remarked to us when we first started looking into this problem more than a year ago: "We seem to have created two transportation systems – separate and unequal. We tolerate long commutes on slow and unreliable transit systems for the poor, but find them intolerable for ourselves" ("Access to Jobs," *Innovation Briefs*, May/June 1998). Echoes the PPI report: "Too often policy makers...are willing to consign poor people to barely functioning public systems from which higher-income citizens routinely withdraw." "People who point to mass transit as the environmentally sound alternative to cars for the working poor, would subject them to inconveniences they themselves would never tolerate," adds Mark Alan Hughes, co-author of the PPI report. Low income workers should be offered a chance to travel to work the same way as the vast majority of Americans – by automobile, the PPI report contends. Only a car can give workers the flexibility they need to deposit children at child care facilities, do errands during the day, and pursue after-work training. States should be able to use TANF funds for matching grants to acquire cars and provide ongoing assistance to low-income workers for car insurance and maintenance. Brian Menzies, President of Charity Cars, Inc., who has pioneered the idea of providing reconditioned second-hand cars to the working poor agrees: " Cars hold a key to making inner city job seekers truly independent," he says.

"Too often policy makers...are willing to consign poor people to barely functioning public transit systems from which higher-income citizens routinely withdraw"

Across the country, public and private charities are devising ways of doing just that. Vehicle-related assistance programs take many forms, such as donating used vehicles, providing low-interest car loans and helping to repair and recondition vehicles. Most vehicle donation programs are operated by private charities, such as **Volunteers of America**, Florida-based **Charity Cars, Inc.**, Texas-based **Wheels-to-Work**, and New York's **EARN-A-CAR**. Used vehicles are solicited from local businesses, car dealerships and individuals in exchange for tax credits. They are then reconditioned and offered to qualified individuals on credit. The donor agency usually retains a lien on the vehicle for a period of time that allows the individual to satisfy the conditions of the lien, such as loan repayment, staying employed or staying off welfare. Many charities also offer up-front financial assistance with license, title and insurance expenses, and help with routine maintenance. While the federal Access-to-Jobs and TANF programs specifically disallow car purchases, some states, such as Florida, Pennsylvania, Wisconsin and Michigan, provide low-interest loans to qualifying individuals to purchase vehicles, while others (New York, California, Georgia, Ohio, Washington) use TANF funds to assist low-income workers with car repairs, insurance and auto operating expenses.

"Let's face it, this is a car-based society, and people without one don't feel like they are a part of the economy," Brian Menzies sums up. "Our aim should be to help low-income families join the economic mainstream – and providing them with a car is the simplest, most direct and least expensive way to do so." ■

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The Working Families Project

A Joint Initiative of The Progressive Policy Institute and the Brookings Institution Center on Urban and Metropolitan Policy

In 1996, President Clinton signed historic legislation ending the 61-year-old federal entitlement to cash welfare for poor families. This pivotal change launched the search for new organizing principles of U.S. social policy in the 21st century.

So far, the new approach has yielded one remarkable, if precarious, result. Welfare rolls have dropped dramatically 40% percent since 1996. The end to cash assistance for millions of families has not produced the scenes of social distress that many liberal foes of reform had predicted. On the other hand, many conservatives have been too quick to label this caseload reduction an unqualified success for America's working families. In truth, this historic experiment is still unfolding and its ultimate success will hinge on public and private actions yet to be taken.

While many of the most job-ready welfare recipients have been moved off the rolls, those who remain often face barriers to work and will prove harder to assist and place in jobs. Moreover, until the next economic downturn arrives, we will not know how much of the progress to date is attributable to a strong economy and the tightest labor markets America has seen in decades. In addition, there is a growing body of evidence that indicates many former welfare recipients remain in poverty despite their work effort.

These realities present policymakers with two overriding challenges: First, finish the job of connecting all welfare recipients who can work to jobs, preferably in the private sector; and, second, make work pay so that all working Americans can provide a decent standard of living for their families.

Ending welfare as we knew it replaces the old welfare entitlement with a new social bargain based on civic reciprocity. That bargain says that the right to receive the community's help is inseparable from the responsibility to work and strive for economic self-sufficiency.

But America's post-welfare policy should go farther. It should offer a new guarantee to all citizens: No American family with a full-time worker will live in poverty. That is the community's side of the new bargain of reciprocal responsibility. To realize this ambitious but attainable goal, we must harness the rest of our social policies -- for child care and support, for health care, for housing and transportation -- to the goal of enabling and rewarding work for all.

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The Working Families Project proposes a radical revamping of existing social policies to achieve the following goals in the next century:

* Eliminate poverty among all U.S. families with a full-time worker.

* Dramatically reduce child poverty. Nearly one-third of America's poor children live in families where someone works.

* Strengthen work incentives and rewards.

* Tailor our social policies to the needs of work and family in the New Economy.

The Working Families Project will focus on adapting a fragmented array of existing social policies to a new, overarching purpose: connecting people to jobs and then lifting them out of poverty. This will not in itself eliminate poverty -- a goal no society in recorded history has ever achieved -- since at any given moment, large numbers of people will be between jobs or temporarily incapable of holding down a job or otherwise wholly dependent on public assistance. Nor will it change the fact that poverty is a relative concept; in a market-oriented society there will always be significant disparities of wealth and income. This approach sets a more limited but still reachable goal of lifting the working poor out of poverty. It would also erase any lingering distinctions between former welfare recipients and the working poor. Our goal is a "seamless system" that treats everyone below a certain income threshold alike, regardless of earlier involvement in welfare or other social programs.

The Project will focus on the questions: how can we replace welfare with a true employment system that connects welfare recipients to work, and what kinds of public support are best suited to lifting the working poor out of poverty?

The Project will have a special focus on identifying the particular implications of these policy recommendations for cities and distressed suburbs of major metropolitan areas.

The initiative will include the following action steps:

1) Profile average families with a minimum wage worker and two children in three representative states, and metropolitan regions. What benefits and work supports are available to each family? Does the combination of earnings and work supports make it possible for the family to support children in the home, safely and with opportunity? If not, what are the gaps? Determine the differences between those supports only available to recent welfare recipients, and those that are available to all low-wage workers based on income. Evaluate take-up rates for various programs, and make recommendations for better outreach and enrollment.

2) Simultaneously, analyze the federal poverty guidelines to determine effectiveness as a benchmark for family well-being and opportunity. If necessary, recommend the development of a more realistic benchmark for family income needs than the

federal poverty guidelines. Consider developing a benchmark that recognizes the difference in cost-of-living between diverse communities, particularly urban versus rural areas.

3) Map major metropolitan areas. Identify the households in need of additional work support to provide meaningful opportunity, lifelong learning and career development. Describe the impact of the concentration of poor working families on public systems in neighborhood and metropolitan economies.

4) Survey the existing institutional capacity to deliver work support services to working families; scan and describe the capacity of a few communities. Develop recommendations for building system capacity to provide "seamless" services in cities and metropolitan areas.

5) Develop and track information about *poor workers*, those with and without recent attachment to the welfare system. Identify promising practices to meet the needs of these workers and enable them to enhance their job opportunities and earning potential (e.g., develop information about the impact of work supports on marginal tax rates for working poor families. Design policy proposals to reduce these effects.)

6) Develop and track information about remaining welfare recipients and those who leave welfare but do not go to work. Identify promising practices to serve these populations that enable them to prepare for work, get and keep a job in the unsubsidized labor market.

7) Develop and track information about working poor, remaining welfare recipients and those who leave welfare but do not go to work *in urban settings*. Identify promising practices to serve the particular needs of these populations residing in urban areas.

8) Schedule Washington area briefings on all of the above issues. Briefings can be for press, policy makers, hill staff, etc.

9) Plan regional meetings on these issues, with a particular focus on urban areas. Regional meetings will be used to gather information and share lessons learned, particularly from the mapping activities.

10) Publish: 1) policy briefs on findings and policy recommendations, including surveys of empirical information; 2) papers describing promising practices; and 3) magazine articles and op-eds about recommendations and practices.

PROGRESSIVE POLICY INSTITUTE

Investing in Working Families

In 1996, President Clinton signed historic legislation ending the 61-year-old federal entitlement to cash welfare for poor families. This pivotal change launched the search for new organizing principles of U.S. social policy in the 21st century.

So far, the new approach has yielded one remarkable, if precarious, result. Welfare rolls have dropped dramatically - 47% percent since 1994. The end to cash assistance for millions of families has not produced the scenes of social distress that many liberal foes of reform had predicted. On the other hand, many conservatives have been too quick to label this caseload reduction an unqualified success for America's working families. In truth, this historic experiment is still unfolding and its ultimate success will hinge on public and private actions yet to be taken.

While many of the most job-ready welfare recipients have been moved off the rolls, those who remain often face barriers to work and will prove harder to assist and place in jobs. Moreover, until the next economic downturn arrives, we will not know how much of the progress to date is attributable to a strong economy and the tightest labor markets America has seen in decades. In addition, there is a growing body of evidence that indicates many former welfare recipients remain in poverty despite their work effort.

These realities present policymakers with two overriding challenges: First, finish the job of connecting all welfare recipients who can work to jobs, preferably in the private sector; and, second, make work pay so that all working Americans can provide a decent standard of living for their families.

Ending welfare as we knew it replaces the old welfare entitlement with a new social bargain based on civic reciprocity. That bargain says that the right to receive the community's help is inseparable from the responsibility to work and strive for economic self-sufficiency.

But America's post-welfare policy should go farther. It should offer a new guarantee to all citizens: No American family with a full-time worker will live in poverty. That is the community's side of the new bargain of reciprocal responsibility. To realize this ambitious but attainable goal, we must harness the rest of our social policies -- for child care and support, for health care, for housing and transportation -- to the goal of enabling and rewarding work for all.

Since welfare reform, states have had the power to design programs that support

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working families. States can:

- Offer health insurance to working parents *and* their children by adjusting eligibility rules for Medicaid, and taking full advantage of the new Children's Health Care Block Grant.

- Provide child care subsidies to working parents, even working parents without a recent connection to cash assistance.

- Provide transportation assistance, especially help with car purchase and maintenance, to working poor families, including families without a recent connection to cash assistance.

- Make application for food stamps and health insurance simple by extending office hours, creating mail-in applications, using a joint application form, and creating neighborhood application offices.

- Take advantage of federal funding available to ensure that families do not lose Medicaid as a result of the changes in welfare delivery and eligibility.

- Create refundable state earned income tax credits, and use TANF block grant funds to pay for the refundable portion for eligible families.

- Use TANF funds to provide supports like child care, transportation, refundable earned income tax credits to *working families* – without counting the receipt of such funds against the federal five year time limit.

- Develop and fund wage-based community service jobs for those unable to find unsubsidized work. These jobs prepare welfare recipients for the social expectations of the workplace, pay minimum wage, offer a reference to other employers, and ensure the worker gets the federal EITC.

* * *

While some states have moved strongly in the direction of a new understanding of the social guarantees necessary in a world where everyone works, other states seem interested only in reducing the number of cash assistance recipients. With $7 billion in unspent TANF block grants funds currently in the federal treasury, it is clear states can do much more to assist working families. It is time for states to recognize that TANF is a block grant to support working families; it's not just cash assistance to nonworkers any more. If states fail to use these resources as they were intended, surely Congress will move to make the block grant smaller when it is time for reauthorization.

For more information, contact Margy Waller at PPI, 1-800-546-0027.

PROGRESSIVE POLICY INSTITUTE

Margy Waller

Margy Waller is the Senior Fellow for Social Policy at the Progressive Policy Institute (PPI) where she focuses on welfare policy, working families and urban issues. In addition, she is a non-resident Senior Fellow at the Brookings Institution Center on Urban and Metropolitan Policy. Waller is director of The Working Families Project, a joint effort of the two organizations which focuses on policy development to support the work efforts of recent welfare recipients and other low-income households.

She previously served as Director of Public Policy at United Way of America, and Director of Policy Development at Public/Private Ventures in Philadelphia. While at P/PV, she helped to create the $32 million Transitional Work Corporation which is a national model of wage-based community service jobs. Before moving to the east coast, she was the Government Relations Counsel for the United Way & Community Chest in Greater Cincinnati, and practiced law for the Legal Aid Society in Cincinnati and Youngstown, Ohio where she specialized in housing and homeless litigation and policy. In Ohio, Waller was appointed to numerous state and local community boards by two Governors and local elected officials.

She served as a fellow on welfare policy in the 103rd Congress.

Waller is a graduate of Northwestern University and The Ohio State University College of Law.

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IT'S CURIOUS, GEORGE

Bush's Treatment of the Working Poor in Texas Has Been Less Than Compassionate

BY MARGY WALLER

In the mid-1990s, Republican governors pressed Congress and the Clinton administration to let them run welfare programs as they saw fit. The states, argued Texas Gov. George W. Bush, should be free to set welfare policy without federal interference.

"I don't want the will of Texans superceded by the federal government," he said.

Bush and other GOP governors assured the public they knew how to meet the needs of their states' poor families far better than any elected official or bureaucrat in Washington. They asked for flexible welfare block grants, and they got their wish in 1996.

Now three years later, Bush appears to be the front-runner for the Republican nomination for president in 2000. Like his Democratic opponents Al Gore and Bill Bradley, Bush speaks often about the need to support working-poor families and their children. (Indeed, he drew headlines for criticizing congressional Republican plans to delay Earned Income Tax Credit payments to the working poor.)

But as a sitting governor, Bush is the only one among the three who has actually been in a position to use welfare funds as a tool to help low-income workers.

So, what exactly has Bush done since Washington handed his state broad authority to help poor Texans find and keep a job? The answer is, not much.

Opportunities Ignored

The last time a governor ran for the White House, he proposed "ending welfare as we know it."

President Clinton didn't get exactly the welfare reforms he sought during his 1992 campaign (for instance, he never asked for block grants to states). But he did get a work-based program, expanded wage support through an increase in the Earned Income Tax Credit, more money for child care than the federal government had ever spent before, and a new health insurance program to cover the children of working-poor families.

In Texas as in most other states, the governor and legislature share responsibility for crafting welfare-to-work policies. Texas state budgets span two years, and the legislature meets for only four months every other year. This year was one of those years.

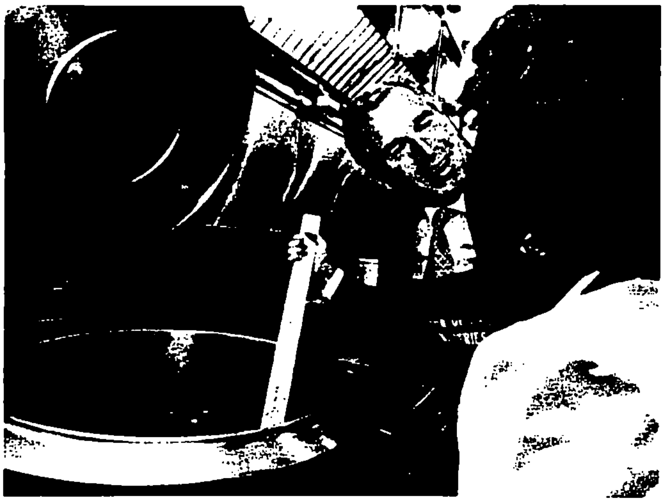
When Bush submitted his proposed state budget for the coming biennium, Texas had the fifth-highest poverty rate and the lowest per-capita government spending among the 50 states. Texas also had an unusually high percentage of working families living below the federal poverty level. According to a recent study, 80 percent of poor families with children in Texas have at least one worker.

Meanwhile, the Texas welfare caseload had dropped by about 52 percent since the federal welfare bill was signed in 1996. (Nationally, welfare caseloads declined by 40 percent over the same period.) Under the federal welfare law, the state's annual federal welfare block grant has remained steady at $484 million. According to the legislature's budget analysts, if the state's welfare policies remained unchanged, the smaller caseload and level funding would combine to yield a $600 million welfare surplus by the end of the next biennium.

While the legislature was in session, the Clinton administration announced that states could use their block grants to provide working families with child care, transportation, and other work supports without that aid counting against a recipient's time limit on welfare. The announcement effectively gave Texas and the other states broad leeway to take steps to make work pay for *all* needy working families, not just those leaving welfare for work.

But Bush and other Texas decisionmakers declined to exercise anywhere near the full flexibility they now possess over welfare policy. Bush and the legislature did increase the cash grant to welfare recipients and raise the amount of cash assistance for working families in their first four months of work. Nevertheless, Texas still has one of the lowest welfare grants in the nation and among the stingiest "make work pay" policies.

Texas keeps local waiting lists for working families that need child care subsidies. Early this year, there were between 30,000 and 40,000 children on those lists.


It's hard to reconcile Bush's professed compassion for the working poor with this year's budget moves.

Agencies that keep the lists require parents to call them every 60 days or so to keep their requests for help active. "Parents have to be pretty aggressive to stay on the list," notes Sandra Lamm, vice president of the Child Care Group, a Texas nonprofit organization. Therefore, she notes, the lists actually understate the number of families that need help paying for child care.

According to a recent study by the U.S. Department of Health and Human Services, Texas serves only 7 percent of the children eligible for subsidized care. At the time the federal welfare reform law took effect in 1996, well into the second year of Bush's first term as governor, Texas was spending relatively little state money on child care. The federal funding formula for child care block grants was based in part on existing state spending for child care. As a result, Texas' federal child care funding is smaller than some states that have far fewer eligible children.

In 1999, Bush proposed and the legislature agreed to transfer $80 million from the state's welfare block grant to its child care fund. The transfer was many millions of dollars less than what would have been allowed by Washington. And because some of that federal money was used to supplant state and local spending, the net increase in money available for child care is relatively small. Thus, child care analysts predict the increase won't come anywhere near eliminating the waiting list.

Missed Opportunities on Health Care

Texas also has missed several chances to take advantage of federal options to extend health insurance to working-poor families.

In early 1999, nearly one out of four Texas children lacked health insurance. Many states moved quickly to take advantage of new federal health care funds for children provided under the Balanced Budget Act of 1997. Other states took advantage of changes in the federal welfare law to cover working parents under Medicaid. But Texas took neither step before this year's legislative session. (It appears that Bush tried to submit a plan for using the new child health care dollars, but with little input from lawmakers, the community, and consumers. Lacking support, the plan died.)

More than half of all Texas families would be eligible for health care coverage under the federal Children's Health Insurance Program if the state took full advantage of the flexibility it possesses under federal law. Yet Bush this year proposed to cover only those children in families with incomes below 150 percent of the poverty level, which would have deprived coverage to 200,000 otherwise eligible children. In the end, the legislature rejected Bush's plan and set the income threshold at 200 percent of the poverty level. Texas still has not taken advantage of federal flexibility available to cover additional poor working parents under Medicaid.

Finally, under Bush's tenure Texas has declined to tap into federal funds made available to all states to help ensure that people making the transition from welfare to work do not lose their federal health care coverage. The unrequested $27.5 million could have been used, for example, to inform working poor families of their eligibility for health insurance coverage.

Questionable Funds Transfer

There are many other aspects of Bush's welfare policies that bear a closer look: the state auditor's critical review of the Bush-appointed Texas Workforce Commission; a lack of transportation assistance for the working poor; and a significant, unexplained drop in participation in the food stamp and Medicaid programs.

But perhaps the most disturbing aspect of Bush's welfare agenda was his proposal this year, approved by lawmakers, to use money from the state's federal welfare block grant to replace $162 million in state funding for an array of social services. Washington has yet to approve the transfer. Even if it is ultimately approved, many argue that the transfer clearly violates the spirit, if not the letter, of the federal welfare law.

While the legislature was considering these changes, the federal government gave states the green light to use their block grants to expand work supports, such as child care and transportation, beyond those leaving welfare to all working-poor families. Yet Bush proposed and the legislature agreed to use federal funds dedicated for such support to replace existing state spending for other purposes.

It's hard to reconcile Bush's professed compassion for working-poor families with budget moves like that and all of this year's missed opportunities. ♦

Margy Waller is a senior fellow at the Progressive Policy Institute and director of the Working Families Project, a joint initiative of PPI and the Brookings Institution.

PROGRESSIVE POLICY INSTITUTE

Policy Briefing
Updated September 26 1997

Welfare-To-Work And Child Care

A Survey Of The Ten Big States

Margy Waller

Less than a year after Washington launched an historic experiment in welfare reform, state decisions about child care benefits are undermining one of the key principles of reform: that work must pay more than welfare. A PPI survey of the states with the 10 largest caseloads, completed in early July, shows that some states are diverting child care funds from the working poor to welfare recipients, jeopardizing the ability of the working poor to stay off welfare rolls. This trend, if sustained, would represent a perverse twist to welfare reform by penalizing the very families who are working hard to stay off welfare.

A sound welfare policy should not only require work, but should also "make work pay." To reward work over welfare, states must offer supports, including child care, health care, and transportation subsidies, to enable the working poor to remain in the job market. The risk for low-wage workers who lack child care for their children is obvious: without someone to watch the children, a parent can't go to work.

That is why the success of welfare reform depends on the existence of accessible, affordable, quality child care for all low wage workers: those on welfare, those moving from welfare to work, and those who were never on welfare. The best way to achieve this is to create a system that does not make distinctions between workers based on their connections to the welfare system. But just the opposite is occurring in states like Georgia and Ohio, which are focusing on services to welfare recipients at the expense of other low-wage workers.

Christine Ferguson's story is illustrative. Ferguson, a Wal-Mart cashier earning $6.80 an hour in Union Township, Ohio, lost her child care subsidy when her county welfare department ran out of state funds for the program and eliminated eligibility for assistance to 110 families like hers, whose earnings are higher than 125 percent of federal poverty guidelines. Like other states, Ohio has saved money as its welfare caseload has fallen. But Ohio has refused to reallocate these savings for child care to the working poor and has reduced overall state funding for child care this year, even as it has passed some of those savings on as tax cuts.

Meanwhile, Ferguson's child care costs have increased from $65 a month (her copayment with the subsidy), to $400 a month. "I'm really glad [President] Clinton wants to do this welfare reform—I think it's time. But you're going to send someone back to welfare if you take their child care," she said.[1] Ironically, if one of Christine's co-workers is a recent welfare recipient, she would be entitled to child care—even if her income is identical to Christine's.

Lacking a federal model for work-based welfare reform, states are experimenting—and the results are decidedly mixed. A few states have moved a long way in the direction

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of creating a universal system of child care for all low-wage workers; Illinois has the best model. Four states will reduce state funding for child care this year, while others have made a significant new state investment as they attempt to reach more families. Many states prioritize child care support to families currently receiving welfare or transitioning from welfare to work. Most states have created incentives to child care providers who fill gaps in delivery to infants and workers with a nontraditional schedule.

This report is a part of PPI's continuing effort to monitor those experiments—and to determine if states are truly replacing welfare with a system that supports people who work. It is critical for states to make that investment now, while caseloads are dropping, the economy is strong, and states have new resources for investment in the bridge to work.

It is all the more critical because as work requirements for welfare recipients increase under the new federal law, the demand for child care assistance to working welfare recipients will too. If states meet the work requirements and provide child care to those working families, it should not come at the expense of reducing or eliminating funding for working poor families. It would be unfortunate if states use the flexibility provided by the new law to maintain the inequities of the old system when they have the opportunity to design a seamless employment system for all entry-level workers.

This paper examines the decisions about child care that have, or are, being made in the 10 states with the largest welfare populations. It begins with a review of the circumstances that states find themselves in under the new welfare law and the need for child care as an integral part of the employment system for all low-wage workers. Then it reviews some of the major findings of the survey. Finally, the paper makes five recommendations for developing a child care system for all low-wage workers.

The Background

New Welfare Law Requires Work. Last year, historic legislation eliminated the guaranteed system of cash assistance to poor families and replaced it with block grants to states. These block grants are based on a formula that requires the federal government to send states the amount of money they received at a time when caseloads were at an all-time high. Although states are permitted to reduce state spending, a House Ways and Means Committee report found that the states now have 34 percent more federal resources per welfare family than they would have had under the old program.[2]

States need to use these new resources to move a steadily increasing number of welfare recipients into "work activities" to meet new federal guidelines. In 1997, 25 percent of the welfare caseload must be working; 50 percent of the caseload must be working by 2002. Caseload reduction can help states meet the goals. For example, if a state's caseload this year is 10 percent less than it was in 1995, the state can meet the work participation rate by having just 15 percent of the current caseload in work activities.

Four Child Care Programs Become One Flexible Block Grant. The new law combined four child care programs, targeted to different populations, into one flexible block grant. Each of these separate and categorical funding streams was added to the existing Child Care and

Development Block Grant, now called the Child Care and Development Fund (CCDF). The block grant provides states with $4 billion more in federal child care funds than has ever been spent before. However, the Congressional Budget Office (CBO) estimates that if states continue to spend the same amount on the working poor, there will be a $1.4 billion funding shortfall for children of welfare recipients.

Because of increased federal requirements for welfare recipients, states feel pressure to target new child care funds toward working welfare recipients, in order to meet increasing work participation rates. Over time, such a decision has great potential to increase welfare rolls as working poor families lose jobs for lack of child care.

Infant Care and Child Care for Third Shift, Part-Time, and Weekend Workers does not Meet Demand, and Demand is Increasing. Communities are generally not meeting current demand for infant care. A report from the United States General Accounting Office (GAO) on the supply of infant care found that the percentage of current demand that is met by the known supply (excluding informal options) ranges from 16 percent to 67 percent. The report notes that the gap is greatest in poor communities.[3] The new federal law eliminates the exemption from work requirements for parents with children under age three, and creates an option for states to exempt parents of children under age one. Since the old rule accounted for as much as 75 percent of the exempt population, the new law increases the need for infant care.

Most child care providers are available only during traditional work hours, while poor working mothers in entry level positions often need odd-hours child care because their new jobs do not have 9-to-5 work day hours. A recent GAO survey of child care providers in four communities found that the percentage of providers offering care during nontraditional hours ranged from 12 percent to 35 percent.[4] Most sites offering odd-hours care are providers who operate child care homes (private homes with few slots), not child care centers which have a higher capacity.[5]

The Child Care Crunch

Many studies cite the importance of accessible and affordable quality child care for workplace success. A GAO report found that if welfare recipients received child care subsidies, work participation rates would increase from 29 percent to 44 percent, at a time when there were no time limits and more flexible work requirements.[6] Researchers report that a primary barrier to work participation among welfare recipients is lack of child care access.[7] A GAO study of participants in welfare-to-work programs in 38 states found 60 percent of respondents reported that a lack of child care is a barrier to work.[8]

Welfare recipients who leave welfare for low-wage positions need the support of child care assistance to retain the new jobs. A GAO report on the impact of welfare reform on child care needs says that a former welfare recipient may be unable to keep a job and earn enough to support her family without assistance, if her child care subsidy ends before she has moved up the career ladder to self-sufficiency.[9] Two earlier reports for state welfare departments found that at least twenty percent of mothers in transition from welfare to work who lost child care assistance returned to welfare.[10]

The cost of care is a significant factor limiting access for low-wage workers. Family child care costs can be hard to estimate because they vary depending upon type and quality of care, geographic location, and number of children in care. A survey of the Wisconsin welfare caseload found that for over two-thirds of the caseload, the market cost for child care would be more than half of minimum wage earnings.[11] A U.S. Census report showed that child care costs take an average of 18 percent of household income for families below the federal poverty level, while non-poor families used only 7 percent of household income for care.[12] The same report says that the average cost is $3,856 per year.[13]

Mothers who want but cannot afford center or home-based care must turn to family or friends and sometimes older children as care givers. Fifty-five percent of poor parents use informal care arrangements, while only 21 percent of nonpoor families do so.[14] These options can be less reliable and stable than center-based care. Finally, new work requirements may decrease the availability of informal care arrangements when family members who were able to provide care have work requirements themselves.[15]

Employers say child care problems make employees unreliable when parents are forced to stay home, or take work time, to deal with care problems. The National Conference of State Legislatures reports that 80 percent of employers surveyed found child care problems force parents to use work time.[16] A report from the Colorado Business Commission on Child Care Financing concludes that lost work time and reduction in productivity due to child care problems results in a $3 billion annual loss nationwide.[17]

Making work pay requires a comprehensive employment system with many components: child care, health care, transportation, earned income tax credits, etc. This survey reviewed only the child care aspect of the employment systems states are developing.

The PPI Survey: States Have Not Taken Full Advantage of New Block Grant Flexibility

The Progressive Policy Institute (PPI) conducted this survey between May and September of 1997 to gather information about the decisions made in the 10 states with the largest welfare caseloads (California, Florida, Georgia, Illinois, Michigan, New York, Ohio, Pennsylvania, Texas, and Washington). These states include almost two-thirds (65 percent) of the national caseload.[18] In late May, PPI sent a written survey to each state. A large group of key informants from state administrations, state legislatures, and child care policy organizations participated in follow-up telephone interviews as state legislatures debated the passage of welfare reform use laws. The survey results provide information available through the first week of September, some states anticipate changes or have left issues to the state agency. Before passage of the new federal law, many states urged that federal funding for child care permit creation of seamless systems so that one set of rules—for eligibility and application—would apply to all child care applicants. State administrators were frustrated by gaps in service and artificial distinctions created by narrowly targeted and categorical funding.[19] In fact, the expressed intent of Congress in passing the law was to treat all working families the same. A welfare reform guide for members of Congress on welfare reform notes that the purpose of the law is to "eliminate gaps, disruptions, and paperwork caused by the old child care system that established separate child care programs for each of these groups of parents."[20] It seemed likely that given more flexibility, states would eliminate artificial distinctions and finally create a system basing eligibility on income. All poor families would be eligible for services, *if they are working*—whether in an unsubsidized, low wage job, a community service job or workfare position. Unfortunately, only a few states in the PPI survey have done what was expected. PPI found that states so far have largely declined to take advantage of the flexibility in the new law, and are focusing resources on working welfare recipients to the detriment of other low-wage workers.

Michigan and Ohio plan to significantly decrease state funding in the face of gaps in service to working poor; Illinois plans to increase state funding by 96 percent. Four states have reduced state spending on child care assistance: Michigan, Ohio, New York, and Georgia. In Georgia, the decrease is relatively small, less than 1 percent. In New York, the reduction is over 5 percent while the decrease in Ohio amounts to nearly 11 percent of state funding for child care. Michigan will reduce state funding by a significant 24 percent.

Every state surveyed plans to provide state matching funds for all available federal dollars, thereby increasing *overall* child care spending. However, at a time when there is an influx of new federal resources relative to welfare caseloads, it is difficult to understand why any state would reduce its general revenue funding for working families.

Washington plans to increase state funding by less than 1 percent. Other states have recognized the value of an increased investment in child care. California will increase state spending by 12 percent. Texas and Pennsylvania plan to increase state spending by 24 percent. President Clinton recently recognized Florida for its significant new state investment in child care—a 70 percent increase. Illinois is the big leader here, increasing state funding by 96 percent over last year.

Half of the states prioritize available funding to families connected to the welfare system; three states guarantee funds for welfare families and provide services to other low-wage workers only if funding permits. Five of the 10 states surveyed intend to provide assistance to welfare recipients and those in transition to work *before* assisting other low-wage working families. This is surprising, given the number of state administrators, governors, and others who have said that such a system is inherently inequitable given the relative similarities between these families, and the incentive it creates to enter the welfare system to ensure eligibility for child care assistance.

PPI's survey asked whether states intend to guarantee assistance for child care to any groups. PPI defined a guarantee as a promise to all who met eligibility criteria that child care assistance would be available, no matter how many families apply during the year. (We did not ask whether the guarantee is an entitlement by state law.) Two states, Ohio and Georgia, plan to guarantee child care to welfare recipients and those in transition to work, while making assistance available to other working poor, "if funding permits."

Texas will guarantee assistance only to families in transition from welfare to work.

Four states say they will "guarantee" funding for transitional assistance for one year after leaving welfare for work; four other states say transitional families are eligible for assistance if funding permits within budget limits. The Georgia, Ohio, New York, and Texas child care plans "guarantee" transitional child care support for one year after welfare recipients leave welfare for work. However, if these former welfare recipients exceed newly created income ceilings, they will lose assistance before the end of the year.

Four states will provide such transitional assistance to as many families as possible within state funding limits: California, Florida, New York, and Pennsylvania. Florida proposes a two-year time limit for transitioning welfare recipients. California proposes to prioritize child care for parents of children under age 10 when they are in training or work and receiving aid, or transitioning from welfare, for up to two years.

Michigan, Illinois, and Washington (beginning this fall) cover recipients in transition to work as part of their income-based programs. Transitional workers are treated just like other low-wage workers—they are eligible until they reach the income ceiling.

Only three states have moved to create a seamless system of child care support for all low-wage workers; seven of the largest states have so far chosen to keep the old system. Only three states surveyed by PPI have moved to develop a child care system with eligibility based on income: Illinois, Michigan and Washington. Households with income below 50, 60, and 52 percent, respectively, of the state median income (SMI) in these states are eligible for child care services. In Michigan, working welfare recipients will get priority, but the state does not anticipate a funding shortfall. There is no time limit on assistance in any of these states.

Some states create expectations of services for working poor, but may not be able to meet them. In order to compare the income levels that states use to determine eligibility for child care support, PPI converted the varying state standards to a percentage of state median income. Some states choose to use SMI as their yardstick for eligibility, others base eligibility on a percentage of federal poverty guidelines. PPI uses SMI to adjust for wide cost of living differences, allowing for a more accurate cross-state comparison of eligibility.

Federal law limits the use of the child care block grant to households with incomes below 85 percent of state median income. Nevertheless, the PPI survey found income ceilings ranging from a high of 76 percent of SMI in one Pennsylvania program to a low of 50 percent of SMI in Illinois.

However, when it comes to child care for the working poor (as in other categories where support is not guaranteed), it is critical to distinguish between eligibility for, and access to, services. States with a high income ceiling may not provide services to many of the families below the ceiling. In the past, states often were forced to close intake for services, and many states maintained long waiting lists. One state administrator commented that children would be in college before they reached the top of a waiting list.

Michigan (60 percent of SMI), Illinois (50 percent of SMI), and Washington (52 percent of SMI) have set eligibility relatively low compared to other surveyed states— but, the state legislatures in those states have allocated funding that they believe will cover all eligible families likely to apply. Illinois has increased state funding by a whopping 96 percent since last year. These states have moved closest to creating a seamless child care program with universal access for eligible families, determining eligibility by income rather than making artificial distinctions based on a recent connection to the welfare system.

Most states have created incentives for filling gaps in services to parents of infants and workers with nontraditional hours. Six of the 10 states surveyed offer, or are considering, an incentive for child care providers who supply odd-hours care or infant care. Usually the incentive is a higher rate of payment (recognizing the higher costs of such care). In California, providers with nontraditional hours get contractual priority. Five states will provide incentives for infant care: California, Florida, Michigan, Ohio, and Washington. Three states will provide incentives for odd-hours care: California, Florida, and Ohio. Illinois is considering various incentives and three states are not currently planning to provide incentives targeted to creation of infant or odd-hours care: Georgia, Pennsylvania, and Texas. Pennsylvania will ask for local input on whether to use new funds for infant care or nontraditional care.

States are also providing incentives to alleviate other shortages, such as care for special needs and school-age children (before and after school hours). Finally, some states are encouraging collaborative approaches for child care and Head Start centers. (While there are also many issues related to provider payment rates and licensing that will affect quality and availability of care, the PPI survey did not address these issues, beyond enhanced rates paid as an incentive to create care for targeted populations.)

Three states require parents to return to work when their infant is three months old; nine states fail to take full advantage of the federal option to exempt parents of children under age one. All states surveyed have a newborn work exemption. Illinois provides up to one year for each newborn—the federal maximum. Georgia, Ohio, Pennsylvania, and Washington all create a twelve-month lifetime exemption. New York guarantees a three month exemption for the birth of each child, subject to a twelve month lifetime limit for the parent; local welfare administrators have discretion to extend the three month exemption.

Florida provides a three-month exemption for each child, with no lifetime limit. Michigan requires parents to work when an infant is thirteen weeks old. In contrast, Texas will exempt parents of children under age five. In California, the governor and legislators agreed on a one-time exemption for parents with a child under six months of age. The agreement includes a 3 month exemption for subsequent births and limited county options to change the exemptions.

States have developed confusing family copayment requirements. All states require some families to pay part of the cost of their child care; California, Georgia and Washington have complicated formulas for calculating family child care copayments. Washington uses a complex set of rules that require a family earning less than 74 percent of the federal poverty level to pay $10.00 a week. But once the household income exceeds 74 percent of federal poverty, the weekly copayment will be the greater of $20.00 or 47 percent of the household income over 100 percent of the federal poverty level. Georgia's formula has three separate categories for eligibility and two different copayments. From the worker's perspective, it may not be easy to figure out which of the three categories applies, or which sources of income the state will count.

States have set reasonable copayments for families at the poverty level. Copayment rates are important to an assessment of access to care because if the family share of the cost of child care is too high (as a percentage of household income), the family will not be able to get care even if they are eligible according to the state eligibility rules. The Child Care Bureau at the federal Department of Health and Human Services recommends a copayment of no more than 10 percent of the household income.

The state copayment formulas are complicated and difficult to evaluate for their impact on families. The best way to compare what the family will be required to contribute is to ask each state about the cost of care for the same hypothetical family; we asked about a family with one parent and two children in child care with income at 100 percent of the federal poverty guidelines, $13,330. (PPI's survey did not ask about copayments for other income levels or household sizes and makes no finding on the appropriateness of copayment levels for these other family circumstances.) Only one state reported a copayment above the recommended level: Texas has a copayment formula that requires the family to pay 11 percent of household income. All other states surveyed have set copayments for PPI's hypothetical family of three below the recommended level.

PPI's Five Action Steps for States

This survey highlights a problem that we hope will be addressed quickly by a determined effort of national and state leaders. It is a vital principle of PPI that welfare reform should not disadvantage the working poor. Many state legislatures are still in session or will be meeting again in the coming months; state legislators and governors should re-examine the state child care plans and eliminate any artificial distinctions that have been made between working poor families. Success in these 10 large states would lead the way for smaller states and is critically important because the big states represent nearly two-thirds of the national welfare caseload. Still it is important to note that some smaller states have created systems of child care basing eligibility on household income.

1) Create a seamless system of child care. As families move from welfare, to workfare, to low-wage, unsubsidized positions—they should not have to change child care providers, worry about reapplying, or deal with a new set of rules for assistance. A seamless system lets families cross the bridge from welfare to work without disruption in child care services. Employers urge decision-makers to invest in child care because they know an employee with child care difficulties will miss work. Children should be able to count on seeing the same care-giver and friends; parents should focus on successfully making the transition. Child care assistance systems should be fair and easy to understand. In Illinois there will be one set of rules for all low-wage workers receiving child care assistance.

2) Base eligibility for child care on income, not on current or recent receipt of welfare. All low wage workers need the certainty of affordable, accessible child care. Again, Illinois has the right idea. Creating a system of care that bases eligibility on income level ensures that working welfare parents get assistance, but not at the expense of other low-wage workers—especially those who have long managed to avoid asking for welfare. Those families transitioning from welfare to work will get child care—until their income reaches the ceiling set by the state. Careful monitoring to evaluate the impact of the loss of child care assistance when families hit the "cliff" of the income cap will be critical. If states find that the level is set too low or too high, they can adjust it. Michigan and Washington propose a system that bases eligibility for child care on household income, although Michigan's plan has a priority for service to welfare recipients. Decision-makers in these three states believe the allocated funding will be sufficient to assist all families below the income ceiling.

A system that determines eligibility based on current or previous receipt of welfare ignores the reality that low-wage workers are likely to return when informal child care arrangements fail. In the first years of block grants, pressure on available funds will be less, because work requirements will be at the lowest levels. In the current economy, many families who would otherwise be forced to rely on welfare are working in low wage jobs. Helping these families now may enable them to stabilize and move up the career ladder so that they do not fall back into the system when the economy falters.

3) Make copayments affordable and understandable. All families should have the responsibility of contributing to the cost of care. But, eligibility for child care that is not affordable is deceptive. It is an empty promise to say that all low-wage working families will be *eligible*, if the copayment is set so high that families cannot afford to access the child care. The Child Care Bureau at the Department of Health and Human Services recommends a copayment of no more than 10 percent of household income. The national average payment is 7.5 percent of household income for all families.[21]

Families should be able to understand the copayment formula and easily budget for child care expenses. Entry level workers often have fluctuating schedules and paychecks, so families may have to calculate their share of the cost with some frequency.

4) Limit gaps in service by offering incentives to providers and taking advantage of the federal option to exempt parents of children under age one. States can enhance the capacity of the child care system to meet the needs of parents of infants, as well as third-shift, weekend and part-time workers by providing incentives to providers.

Communities are generally not meeting current demand for infant care. Demand for infant care will also increase, as the exemption for parents of young children is narrowed significantly in most states. Another way to limit demand for infant care, reduce costs and support families, is to take advantage of the work exemption for parents of children under age one. Since the national average subsidy rate for infant care is almost $2,200 more per year than the subsidy for toddler care, offering a work exemption for parents of infants is a fiscally prudent step to take in a time of limited resources.[22] More importantly, it is consistent with recent findings in the research on child development. At a congressional hearing on July 10, 1997, Dr. Edward Zigler, Sterling Professor of Psychology at Yale University and Director of the Bush Center in Child Development and Social Policy, stated, "Parents and their new babies need time together to establish the rhythms of life, to reach a level of sensitive attunement and to become securely attached."

5) Use block grant funds and savings from caseload reductions to build the child care system for all low-wage workers. Recently, President Clinton noted that all states have ended the old welfare program, and that caseloads represent the lowest percentage of our population on welfare since 1970. President Clinton urged states to invest the resources available from caseload reduction in a system that will enable welfare recipients to get and keep work—specifically by providing child care.

The PPI survey asked states about their plans to increase overall funding for child care. All of the states indicated an intention to use the total available federal matching dollars. Some states are transferring funds from the Temporary Assistance for Needy Families (TANF) block grant to the Child Care and Development Fund. As caseloads continue to drop and while the work participation rates are relatively low, states can afford to make transfers from the TANF block grant. States can transfer up to 30 percent of the TANF block grant, and assistance provided by the transferred dollars is not subject to the federal five year lifetime limit.

Six states are increasing state funding (PPI's definition of state funds does not include transfers from federal block grants) for child care. Two states, Michigan and Ohio, plan large decreases from the prior year's state spending. In Ohio, the state chose not to continue spending $10 million from caseload reduction savings that was incorporated into the state's budget for the prior year when counties began to run out of funds for the working poor. Given Ohio's "guarantee" of assistance to families with a recent connection to the welfare system, working poor families will experience a reduction in available child care slots. New York will drop state spending by 5.4 percent. Georgia's reduction is less than 1 percent of state funding.

Conclusion

The PPI survey on child care shows a trend for states to overlook the flexibility available to them and retain a child care system with gaps and inequities as if the federal government were still insisting on this flawed program design. Unfortunately, this tendency will punish the working poor generally by failing to invest new resources in their access to child care. Every new law has potential for unintended consequences; hurting low-wage workers would be an unfortunate outcome of the historic legislation passed last year. States have the resources to follow the lead provided by Illinois: create a seamless child care system for entry-level workers and fund it adequately to ensure universal access for all eligible families. Welfare reform requires many difficult decisions, and it has only been eight months since the federal law passed. Although states have filed their first child care plan and many states have completed a legislative debate on this issue, legislators and governors have an ongoing opportunity and responsibility to improve the state employment system. We think they will. In the meantime, Congress should carefully monitor state actions and make changes in the federal law when necessary.

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THE NEW
DEMOCRAT

CHILD CARELESSNESS

Some States' Shortsightedness Is Threatening Welfare Reform

BY MARGY WALLER

Now that a year has passed since Congress enacted landmark welfare reform legislation, we can judge the direction of reform in the states. Reporters and commentators have dwelled on the dramatic reductions in welfare caseloads nationwide. But they have largely overlooked a more salient reform indicator: the states' progress toward transforming welfare into a broader employment system that helps both welfare recipients *and* other entry-level workers find and keep private-sector jobs that pay more than public assistance. The early results on this measure are in. And in a troubling sign, they are decidedly mixed.

Child care is essential to "making work pay." Thus, how a state handles it says much about its resolve to transform its welfare system. Many researchers report that lack of access to affordable care is a primary barrier to welfare recipients' working. Employers are reluctant to rely on workers who may be forced to take time off to deal with care problems. One business group found that work time and productivity lost because of child care problems costs the nation $3 billion annually.

Last year, Congress freed the states to create a "seamless web" of child care services by combining four programs targeting specific populations into a single block grant. For years, governors and state welfare administrators had complained about the gaps in service and the

Esperanza Unida, a South Side Milwaukee nonprofit group that offers job training, has put an unusual spin on making inexpensive cars accessible to the poor. For 15 years the agency has used donated, often broken-down cars as hands-on tools in its auto repair job training program. Typically those cars end up back on the market, fetching anywhere from several hundred dollars to a couple of thousand dollars.

For the past three years, Esperanza Unida has been giving graduates of its training programs — which over the years have included construction work, retailing, child care, and other entry-level jobs — discounts of 50 percent or more on one of the agency's resale cars once they get a job.

Although the organization lacks the cash flow to finance a car purchase outright, "for a couple of hundred dollars we get the student a good-running car," says Richard Oulahan, the group's director. Having a car can turn a student's training certificate from a piece of paper into a ticket to the working class, he adds. "In the construction trades you have to have a car. They won't apprentice you unless you have a car."

"Driving While Poor"

Esperanza Unida also helps clients get their driver's licenses reinstated if they've been revoked for traffic infractions or unpaid parking tickets. That brings up another issue that troubles some advocates for the working poor: the so-called problem of "driving while poor."

Low-income workers, their advocates contend, can ill-afford to pay fines for parking or minor traffic violations. The fines mount, and their licenses get suspended. Still needing to get to work, they drive anyway, get caught, and compound their problems. It's an issue that State Sen. Gwen Moore, a Democrat whose district represents Milwaukee's inner city, protested in a letter to Milwaukee's police chief this past summer.

At the same time, many advocates for the poor express frustration that government hasn't done more to make it easier for entry-level workers to get cars. For example, Oulahan says he has tried to obtain funds from state and federal officials to expand his agency's new-worker car discounts, which Esperanza Unida would be willing to open up to graduates of other training programs. But so far, federal officials have told him their hands are tied so long as funding policies are geared to mass transit. State officials, meanwhile, have yet to use their federal welfare block grant for such purposes, Oulahan says.

Beefing up Mass Transit

Other firms and groups, meanwhile, have turned their attention to improving the region's mass transit systems.

Tecumseh Products Co., for example, makes engines for lawn mowers and snow blowers at a plant in Grafton, Wis., an Ozaukee County community north of Milwaukee. Two years ago the company still drew most of its manufacturing workers from the surrounding area, says Don Denis, Tecumseh's human resources manager. That's changed. Like other expanding county employers, Tecumseh now depends on a local shuttle bus line, the Ozaukee Express, to bring in workers from the city who transfer from Milwaukee County transit system buses at the Ozaukee County line. Between 30 and 40 of the plant's workers depend on the shuttle to get to work.

More will likely follow. "These people typically don't have transportation, or they don't have driver's licenses," Denis says. Being on the bus line has become an important recruitment tool, he adds. "When we put ads in the paper or go to job fairs, we indicate we're on the Ozaukee bus route."

Milwaukee County's transit system has also changed its bus routes in response to reverse commuting trends. Four years ago, the bus system established a shuttle linking the northwest corner of the county with industrial parks in nearby Menomonee Falls, just over the county line in Waukesha County. With 134 riders a day on average, the shuttle is one of the transit line's most successful additions, says Kelly Janes, the system's manager of research and planning.

In 1995 the transit system, in partnership with Quad/Graphics, went a step further when it began to extend routes to serve four Quad/Graphics plants in outlying Waukesha County. The new routes were timed to accommodate Quad's 12-hour shifts. Employees ride free on the company dime for the first month, and at a discounted $1 fare — a 35-cent savings — thereafter. Federal welfare-to-work grants also help to defray some of the transit system's costs.

Long-Term Solution

Of course, the mismatch between suburban jobs and urban workers is more than merely a transportation problem. Lauren Baker, who directs a training program operated by the printing industry and its affiliated unions, calls programs that put urban workers in cars or on buses bound for the suburbs "a Band-Aid solution."

"There's an economic rift between the suburbs and the city that takes a lot more planning [to mend] than just a job-ride program or a company saying we're going to help people buy a car," Baker says. Like many others, she says the long-term solution is to bring jobs back to the neighborhoods where workers live.

In the meantime, though, the workers remain in the city and the jobs remain outside. Getting the two together has become one of the region's continuing workforce challenges. And it's not likely to improve in a hurry. ♦

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