

Welfare Reform and Housing Policy

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Plan of Talk

- TANF Impacts
- Should housing assistance be time-limited?
- Should additional work requirements be added to housing assistance?
- How could housing programs strengthen families?
- How well is the Family Self-Sufficiency Program working? (Tim Harrison)

Economic Context of Welfare Reform

Key factors in explaining the positive outcomes.

- Welfare reform coincided with the longest-running economic expansion in our nation's history.
- Average annual unemployment fell from 6.9 percent in 1993 to 4.0 percent in 2000.
- Hourly wage rates for the lowest-paid workers began to rise after falling for two consecutive decades.
- EITC expansions to make work pay.
- Increases in child care expenditures.

Economic Context of Welfare Reform Implementation

	1993	2000
Average Annual Unemployment	6.9%	4.0%
Employment to Population Ratio (Ages 16-64)		
All	61.7%	67.2%
Male	70.0%	74.7%
Female	54.1%	60.2%
Black	55.0%	65.8%
10th Percentile Hourly Wage Rate (2000 dollars)*		
Male	\$6.14	\$6.87
Female	\$5.58	\$5.99
20th Percentile Hourly Wage Rate (2000 dollars)*		
Male	\$7.87	\$8.45
Female	\$6.58	\$7.13
Maximum Earned Income Tax Credit	\$1,596	\$3,888

* Source: Economic Policy Institute

Positive Outcomes of Welfare Reform

- **Single mothers are working more.**
 - ▶ In 1992, about one-third of single mothers with young children were employed; by 1999, more than half were employed.
- **Single mothers are earning more.**
 - ▶ The poorest 40 percent of single mother families increased their earnings by about \$2,783 per family on average between 1995 and 1999 after adjusting for inflation.
- **Child poverty has decreased.**
 - ▶ Under a measure of poverty that includes government benefits and taxes, the child poverty rate fell to 12.9 percent in 1999 — the lowest level since this measure became available in 1979.

Troubling Results of Welfare Reform

- After adjusting for inflation, the average disposable incomes of the poorest fifth of all single mothers fell 3 percent between 1995 and 1999, despite increased earnings.
- According to the Current Population Survey, there are 700,000 families that have significantly less income in 1999 than their counterparts in 1995.
- The “poverty gap” has not budged significantly in recent years despite the decrease in the poverty rate.
 - ▶ The poverty gap measures the total number of dollars that would be required to bring all people with incomes below the poverty line up to the poverty line.

Troubling Results, continued

- Trends in disposable income.
 - ▶ While the poorest 40 percent of single mother families increased their earnings by about \$2,783 per family on average between 1995 and 1999, their disposable income increased only \$643. (All figures adjusted for inflation.)
- Many working families are inappropriately losing ancillary benefits for which they remain eligible, such as food stamps.

**AVERAGE INCOME OF FEMALE-HEADED FAMILIES, BY
QUINTILE (in 1999 dollars)
(Includes Related Adults' and Unrelated Males' Income)**

	Percent Change	
	1993-1995	1995-1999
Total Disposable Income		
Quintile 1	12.1	-2.8
Quintile 2	13.5	9.5
Quintile 3	14.2	8.0
Quintile 4	8.0	13.4
Quintile 5	9.4	23.2
	Dollar Change	
Quintile 1		
Earnings	616	992
Mean-Tested Income	172	-1546
Disposable Income	1032	-270
Quintile 2		
Earnings	2,270	4,574
Mean-Tested Income	-920	-3261
Disposable Income	1,942	1,555

Source: CBPP tabulations of the Current Population Survey.

**AVERAGE INCOME OF FEMALE-HEADED FAMILIES, BY
QUINTILE (in 1999 dollars)
(Single Mothers Living with No Other Adults)**

	Percent Change	
	1993-1995	1995-1999
Total Disposable Income		
Quintile 1	10.6	-8.2
Quintile 2	11.7	7.3
Quintile 3	17.0	5.3
Quintile 4	9.4	10.1
Quintile 5	10.2	27.2
	Dollar Change	
Quintile 1		
Earnings	155	819
Mean-Tested Income	402	-1727
Disposable Income	818	-697
Quintile 2		
Earnings	1,284	3,524
Mean-Tested Income	-440	-2918
Disposable Income	1,509	1,056

Source: CBPP tabulations of the Current Population Survey.

Impact of the Safety Net on the Poverty Gap for Persons in Families with Children						
	1993	1995	1997	1999	Change 1993-1995	Change 1995-1999
Poverty Gap (Billions of 99 dollars)						
Before taxes and transfers	85.0	73.0	69.6	55.9	-12.0	-17.1
After taxes and transfers	32.0	24.8	26.3	22.5	-7.2	-2.3
Percent Reduction in Poverty Gap:						
Social insurance	16.9	16.6	18.8	18.3	-0.3	1.7
Means-tested benefits	44.3	45.0	37.7	34.3	0.7	-10.7
Federal Taxes	1.1	4.4	5.7	7.1	3.3	2.7
Total	62.3	66.0	62.2	59.7	3.7	-6.3

Leaver Study Findings

Are most families better off after welfare?

- **Wisconsin study**
 - ▶ Between 55 percent and 60 percent have less income one year after leaving welfare.
 - ▶ Only 30 percent have at least \$1,000 more in income.
- **SIPP study**
 - ▶ About half of leavers had lower average household incomes after leaving welfare.
 - ▶ Average decline is 25 percent of pre-tax household income, including food stamps.

Should Housing Assistance be Time-Limited?

- **Answer:** An emphatic *no*.
 - ▶ Housing should be viewed as a work support. Families without stable housing are less able to focus on work.
 - ▶ Under TANF, states have been given considerable flexibility but have been mandated to enforce work requirements and place a time limit on receipt of cash assistance funded with federal dollars. TANF is more universal than housing assistance. There is no need to duplicate these tools.
 - ▶ Some families are unable to achieve a livable income — housing assistance helps dramatically. Of children removed from poverty by the safety net, slightly more than 30 percent received housing assistance in 1999.
 - ▶ On average, a family must earn at least \$12.47 per hour of full-time work — about \$25,000 per year — to afford a two-bedroom housing unit at the Fair Market Rent.
 - ▶ The American public is concerned with idleness — not how long working poor families receive assistance. Some states “stop the clock” for the working poor.
 - ▶ There are demonstration projects that are already experimenting with time limits in housing assistance. At the very least we should wait to evaluate the results before we change the policy.

Should Additional Work Requirements Be Applied to Housing Assistance?

- Most (83 percent) of poor families with children receiving housing assistance are on TANF (work requirements already exist), working (work requirements not needed), or receiving disability payments.
- TANF provides enough pressure to work. When families receiving housing assistance are sanctioned by the TANF agency, the amount of rent they owe is not reduced.
- There is no evidence that families can sustain themselves on housing assistance and food stamps alone.
- If work requirements were added, housing agencies would be duplicating much of the work currently done by TANF agencies. In addition, enforcing work requirements would be a huge burden on housing agencies. They do not have the expertise or the funding.

Strengthening Families

- Do *not* earmark scarce benefits such as housing slots to two-parent or married families.
- Eliminate a barrier faced by many two-parent families by requiring PHAs to consider mitigating circumstances and the best interests of the child before denying admission of a two-parent family or a spouse or parent as a proposed new member of a tenant household.
- Authorize or require PHAs to ignore previous failure to report new members of the household when a parent is added to a public housing or voucher household.
- Make a newly added spouse or parent eligible for the phased disregard of earnings in determining rent. (Currently applies only to public housing tenants who were previously unemployed or welfare recipients.)
- Require or encourage PHAs to expedite transfers of public housing tenants that require larger units due to reunification/marriage.
- Make NCPs of children in families receiving housing assistance eligible for preferential hiring for jobs funded by federal public housing funds. (I.e., for the purpose of hiring treat NCPs the same as custodial parents.)