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Lindsey C. Johnson

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FEATURE ARTICLE

**THE BROKEN SAFETY NET:
HOW THE PROPOSED RISE
OUT OF POVERTY ACT
MAY PATCH IT UP**

by LINDSEY C. JOHNSON

Since 1996, the year Congress initiated the Temporary Aid for Needy Families (TANF) program, the number of children in families living below the poverty line that actually receive welfare has decreased by more than half.¹ Despite a growing need, data indicate that fewer and fewer children in need of assistance have received welfare benefits each year since the passing of TANF.²

Although this problem has steadily been building since TANF's inception, the economic recession that began in 2008 has only exacerbated the situation.³

In light of this growing problem, a legislative solution is needed to address the shortcomings of the welfare system in general and TANF in particular. One such proposed solution, the Rewriting to Improve and Secure an Exit (RISE) Out of Poverty Act was introduced in Congress on Dec. 6, 2011, to address this and other problems.⁴

LEGISLATIVE SOLUTION AIMS TO MEND TANF'S HOLES

In 1996, with support from a Republican-controlled Congress, President Bill Clinton signed TANF's authorizing act into law in an effort to "end welfare as we know it."⁵ The creation of TANF, as part of the Personal Responsibility and Work Reconciliation Act of 1996, ended 61 years of welfare as an entitlement program.^{6,7}

The previous program, Aid to Families with Dependent Children, which was passed as part of the New Deal, had no time limits and provided cash assistance to 80 percent of poor families that qualified for assistance in the 1980s and early 1990s.⁸ TANF drastically reduced this percentage and, as of 2005, only 40 percent of eligible families received cash assistance.⁹ This decline, by approximately half, was due in part to the stringent eligibility and work requirements of the new program.¹⁰

As more and more Americans today slip deeper into poverty, many wonder how to fix the growing tear in the welfare safety net. Proponents of the RISE Out of Poverty Act say that it has several provisions to remedy the parts of TANF that inadequately address the needs of those in poverty. Democratic Congresswoman Gwen Moore introduced the RISE Out of Poverty Act not only to reauthorize TANF, but to amend it.¹¹

One amendment would render the 60-month time limit that TANF imposes on recipients inapplicable during a recession.^{12,13} Further, it would prohibit states from imposing a time limit of less than 60 months on any recipient family, as states now have the ability to do under TANF.¹⁴ By eliminating this time limit during times of high unemployment, TANF would have the ability to be the safety net that it was originally intended to be.

Beyond amendments to the 60-month time limit, the RISE Out of Poverty Act also seeks to amend the stated goals of TANF.¹⁵ Currently, these goals do not mention poverty reduction.¹⁶ The RISE Out of Poverty Act would change the first goal simply to “reduce poverty among children.”¹⁷ This straightforward goal may help to redirect focus away from welfare’s negative stereotypes to what is really important: providing financial assistance to families with children.

FURTHER FIXES TO TANF

The RISE Out of Poverty Act also proposes that the work requirements outlined in the TANF program be substantially changed. For example, the RISE Act seeks to eliminate the caseload reduction credit.¹⁸ Currently, to avoid a financial penalty, states must achieve a minimum participation rate in TANF-mandated work programs.¹⁹ The caseload reduction credit reduces a state’s required work participation rate if the state decreased its caseload from the previous year.²⁰

This caseload reduction credit, in practice, incentivizes states to reduce caseloads by cutting individuals who are most difficult to serve in order to avoid financial penalties.²¹ Additionally, the proposed changes would strike TANF’s present 12-month limit on vocational educational training in favor of an indefinite time period.²² By providing extended opportunities for education, the RISE Act would be making an effort to meet one of TANF’s stated goals: to end dependence on government assistance by promoting job preparation.

Moreover, the RISE Out of Poverty Act aims to amend TANF’s general childcare entitlement, which currently provides a fixed amount of money to states to use toward childcare.²³ The RISE Act would create mandatory childcare as an open-ended matching grant, rather than a capped entitlement as is now in place, which ultimately could provide more funds to pay for childcare if those funds were needed.^{24, 25}

Beyond the funding of the childcare entitlement, the RISE Out of Poverty Act would guarantee childcare to TANF “work-eligible” families that are participating in work activities, TANF-funded subsidized employment or are employed with a total income of less than 250 percent of the poverty line.²⁶ This

could provide a substantial improvement in the support needed for parents to get back to work.

SAVING THE HEART OF TANF

Although the previously discussed amendments are important, one of the most pressing issues with TANF is that it is decreasingly able to provide sufficient assistance for families to meet their basic needs, let alone pull families out of poverty. Currently, a family of three receiving the maximum TANF benefit levels will still find themselves at or below 50 percent of the federal poverty line in all states.²⁷

The RISE Act seeks to improve these dire benefit levels by requiring states to calculate, and include in their TANF plans, a family budget that would cover basic needs.²⁸ Each state's plan must describe the relationship between the amount of benefits provided to each family and the calculated amount of the family budget.²⁹ If a state fails to provide benefits at the level required to meet the basic needs for their location, its TANF block grant, which it receives from the federal government, will be reduced by 5 percent.³⁰ This penalty provides an incentive for states to provide adequate benefit levels.

The RISE Out of Poverty Act would also amend the TANF block grants, distributed from the federal government to the states, to be annually indexed for inflation.³¹ Furthermore, under the RISE Act, child population growth would be factored into each state's grant.³² These amendments would provide increased federal funding that could help states better serve poor families by, among other changes, increasing benefit levels to meet families' basic needs.

However, one large obstacle to change remains. In the current political climate, Liz Schott, senior fellow at the Center on Budget and Policy Priorities, says the Act "is not a vehicle that is likely to move – but that doesn't mean it's not important."³³ Schott goes on to say, "[The RISE Act] is both too big and not big enough. There are some things in it that for political or other budgetary reasons have no chance of passing in the current Congress, but [the Act] could be a vehicle for framing future reauthorization discussions."³⁴

Without any change in the law, however, Schott sees the future of the program as a "dwindling pot of money being used for a lot more things and it is going

to continue to diminish in its capacity to provide either work support or a safety net for the neediest families.”³⁵

In the event that the political climate remains the same and the RISE Out of Poverty Act does not pass, the Act could still provide the blueprint for future amendments to TANF that will provide much needed improvements to the standard of living for America’s growing population living in poverty.

NOTES

1 Child Trends Data Bank, *available at* <http://www.childtrendsdatabank.org/?q=node/222> (last visited Apr. 14, 2012).

2 *Id.*

3 Harry J. Holzer, *The “Great Recession” and the Well-Being of American Children*, June 8, 2010, *available at* www.urban.org/UploadedPDF/901358-great-recession.pdf (last visited Apr. 14, 2012).

4 H.R. 3573: Welfare Reform Act of 2011, *available at* <http://www.govtrack.us/congress/bills/112/hr3573> (last visited Apr. 14, 2012).

5 Dan Froomkin, *Welfare’s Changing Face*, WASH. POST, July 23, 1998, *available at* <http://www.washingtonpost.com/wp-srv/politics/special/welfare/welfare.htm>.

6 SHARON HAYS, *FLAT BROKE WITH CHILDREN: WOMEN IN THE AGE OF WELFARE REFORM 4* (Oxford Univ. Press 2003).

7 An entitlement program is defined generally as the granting of government assistance to individuals as mandated by law or by need. Recipients of such assistance may be entitled to it by virtue of their status, without otherwise having to qualify for it. *See generally* “Entitlement,” <http://www.britannica.com/EBchecked/topic/1556409/entitlement>.

8 Froomkin, *supra* note 5; Liz Schott, *An Introduction to TANF*, CTR. ON BUDGET & POLICY PRIORITIES, *available at* cbpp.org/cms/index.cfm?fa=view&id=936# (last visited Apr. 7, 2012).

9 *Id.*

10 *Id.*

11 H.R. 3573, RISE Out of Poverty Act, *available at* <http://www.opencongress.org/bill/112-h3573/text> (last visited Apr. 14, 2012).

12 *Id.*

13 A state would be considered to be in a recession when the state’s unemployment rates are higher than 6.5%. *See* RISE Out of Poverty Act, *supra* note 11.

14 *Id.*

15 *Id.*

16 These goals currently include: “(1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; (2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; (3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and (4) encourage the formation and maintenance of two-parent families.” 42 U.S.C. § 601.

17 RISE Out of Poverty Act, *supra* note 11.

18 *Id.*

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- 19 *Welfare Reform at Age 15: A Vanishing Safety Net for Women and Children*, available at <http://www.legalmomentum.org/our-work/women-and-poverty/resources—publications/welfare-reform-15.pdf> (last visited Apr. 20, 2012).
- 20 Temporary Assistance for Needy Families Program Instruction, available at <http://www.acf.hhs.gov/programs/ofa/policy/pi-ofa/2009/200902/200902.htm> (last visited Apr. 14, 2012).
- 21 Wendy Pollack, Hearing on *Improving Work and Other Welfare Reform Goals*, available at http://waysandmeans.house.gov/UploadedFiles/Sargent_Shriver_National_Center_on_Poverty_Law_98.pdf (last visited Apr. 20, 2012).
- 22 RISE Out of Poverty Act, *supra* note 11.
- 23 42 U.S.C. § 618.
- 24 A matching grant requires partial state funding with matching federal funding. An open-ended matching grant means there is no limit on the matching funds from the federal government. Therefore, a state can invest as much as it wants in a program, and that amount is guaranteed to be matched by the federal government.
- 25 RISE Out of Poverty Act, *supra* note 11; 42 U.S.C. § 618.
- 26 RISE Out of Poverty Act, *supra* note 11.
- 27 Liz Schott & Ife Finch, *TANF Benefits Are Low and Have Not Kept Pace With Inflation: Benefits Are Not Enough to Meet Families' Basic Needs*, CTR. ON BUDGET & POLICY PRIORITIES, available at <http://www.cbpp.org/cms/index.cfm?fa=view&cid=3306> (last visited Apr. 14, 2012).
- 28 RISE Out of Poverty Act, *supra* note 11. Basic needs would include food, clothing, shelter, utilities, household goods, personal care items and incidental expenses.
- 29 *Id.* Included in this calculation will be all earned and unearned income and the value of the state's Supplemental Nutrition Assistance Program (SNAP) benefits.
- 30 *Id.*
- 31 *Id.* The program would be indexed for inflation based on the Consumer Price Index for all Urban Consumers. The inflation adjustment would compare prices over the 12-month period ending in June of the prior fiscal year with the 12-month period ending in June of 1996.
- 32 *Id.* Child population growth would be measured by the U.S. Census Bureau.
- 33 Telephone interview with Liz Schott, Senior Fellow, Ctr. on Budget & Policy Priorities (Apr. 3, 2012).
- 34 *Id.*
- 35 *Id.*