

## **Family Development and Self-sufficiency Act of 2002 -- A Legislative Proposal --**

2002 TANF Reauthorization and Community Action

### **Introduction**

This paper proposes legislation to establish a Family Development and Self-sufficiency Act (FDSA) as part of the reauthorization of TANF in 2002. The FDSA is designed to utilize the special skills and experience of community action and other community-based anti-poverty agencies to advance self-sufficiency and family functioning among two key populations:

- 1) the **“hard to reach”** -- those families that have not moved from welfare to work during the past five years, and that are either approaching their five year life-time limit for public assistance, or have “dropped out” of the public support system completely; and
- 2) the **“working poor”** -- those families that have made the transition from welfare to work, lost their eligibility for various supportive services, and are not earning a living wage.

The proposed Family Development and Self-sufficiency Act is envisioned as a *companion* to other welfare reform reauthorization initiatives now being contemplated. These include possible extensions of TANF participation time limits, strengthened work and job training incentives, adjusting funding mechanisms and/or levels, or sustained eligibility and more active enrollment of participants in supportive services such as Food Stamps, Medicaid, CHIP, child care and transportation subsidy programs.

### **Background**

While the ultimate five-year impacts of TANF are still being studied, there appears to be a general consensus that welfare reform has reduced significantly the number of families that receive public assistance and, conversely, increased significantly the number of families that are now employed. As such, one major goal of welfare reform, fighting welfare dependency, may have been achieved.

Beyond reducing welfare dependency, there is growing evidence that:

- **Welfare reform has fallen short of assisting needy families move out of poverty.**

While TANF has lifted millions of families across the threshold of welfare to work, work itself has not automatically taken these families out of poverty. It appears that many, if not most, of these families are stuck in low paying, entry

level jobs. For the “working poor,” wages from several jobs may not equal family resources previously available from cash assistance and associated benefits.

Concurrently, welfare reform has *not* succeeded in moving a significant number of families across the initial welfare-to-work threshold. For a variety of reasons still to be assessed, these “hard to reach” families have been resistant to TANF job training and employment initiatives. They have either remained on cash assistance for all or most of the last five years, cycled on and off the “rolls,” or disappeared from the welfare-to-work process entirely.

- **Compared to reducing welfare dependency, TANF has had less of an impact on the family development and stability goals/provisions of welfare reform.**

Evidence is still being gathered on the impact of TANF in changing family patterns and behaviors. While some jurisdictions have undertaken initiatives to promote marriage, responsible fatherhood, or reduction in out-of-wedlock births, the number and effectiveness of such activities is perceived to be quite limited compared to the nationwide push to reduce welfare rolls through job training and employment.

The extent to which continuing high rates of out-of-wedlock births, one-parent families and absent fathers are addressed in TANF reauthorization will be a critical point of debate over the next year. (It should be noted that the legislation proposed in this document, the Family Development and Self-sufficiency Act, contains provisions for focusing the work of case mentors on developmental needs, including helping poverty families increase their capacity to make healthy choices/decisions regarding: 1) family formation and wellbeing that could include such topics as marriage, conception and child-birth; and 2) parenting skills and responsibilities -- with an emphasis on responsible fatherhood).

For the reasons cited above, welfare reform will no doubt receive mixed reviews on achieving its varied objectives. TANF has certainly changed the notion and culture of dependency in our society. There appears to be universal understanding that the primary role of government has shifted from providing a “safety net” to the poor to encouraging/preparing needy families to participate in our economy through work. And, over the past five years, it appears that many of these families have been helped to cross that initial threshold from welfare to work. But, not all have stayed in jobs. Many who now work remain poor. And, in spite of timetables, rewards, service supports, and sanctions to prompt transition from public assistance to work, a large number of families have not started, much less made strides, to complete that journey!

Debates regarding welfare reform reauthorization in 2002 will attempt to address both intended and unintended results of TANF implementation over the past five years. Much

of the discussion to date around possible next steps in renewal has involved leaving the basic program structure of the 1996 Act in place, but changing some of the emphases, incentives, sanctions, timelines, and funding levels to account for the change in conditions over the past five years.

The proposed Family Development and Self-sufficiency Act (FDSA) is intended to address conditions that have kept families from crossing either the welfare-to-work threshold (the “hard to reach” poor) and those that are now employed but have yet to cross a second threshold, from poverty to self-sufficiency (the “working poor”). Each of these populations presents issues and challenges that appear to be beyond the reach of current TANF program design. The FDSA will focus on issues and employ techniques developed and used by community anti-poverty agencies that are reaching and helping to change the lives of families with multi-generation histories of economic deprivation and developmental disruption, multiple needs requiring immediate assistance and sustained interventions.

### **The Family Development and Self-sufficiency Act of 2002**

#### **Part A: Promoting Self-sufficiency Among the “Hardest to Reach”**

##### **Overview**

Part A of the Family Development and Self-sufficiency Act of 2002 would authorize the establishment of a \$1 billion national program providing resources to community-based organizations for **comprehensive, flexible, sustained and intensively mentored assistance** to approximately 150,000 “hard to reach” families that have not benefited from the first five years of TANF, and whose further participation in TANF has ended, or will end in the near future, as a result of life-time limits, program sanctioning, or voluntary withdrawal.

The purpose of Part A is to enable community-based agencies to connect with, and assist, these families in enhancing their life skills, achieving family growth and stability, acquiring needed resources and services to overcome immediate and longer-term barriers to economic advancement and ultimate self-sufficiency.

##### **Provisions**

- **Funding Mechanism:** Part A would provide funds to States to establish one or more community-based comprehensive family self-sufficiency programs. States would apply for three-year awards with the amount of funding each State receives dependent upon the readiness and willingness of local agencies to undertake and accomplish the comprehensive and intensive service provisions of the proposed Act, and the overall availability of funds for the national program. Should the total number of State proposals exceed funds available under the program, States would receive a share of Part A funds proportionate to their current allotment under the Community Services Block Grant (CSBG). In such cases, States would adjust the number of families to be

served, or the number of participating sites, to accommodate the difference between funds requested and funds awarded. To receive Federal funding under Part A, States must describe in their applications the capabilities, plans, and anticipated client outcomes of local community-based organizations that the State has designated as potential Part A providers. States, in turn, will contract with local community-based organizations for three-year programs designed to achieve measurable self-sufficiency outcomes among identified Part A participating families.

- **Eligible Families:** Families eligible for participation in Part A must meet one of the following criteria: 1) They currently receive cash assistance but have one year or less remaining in their life-time 5 year eligibility for TANF assistance; or 2) They do not receive cash assistance although qualified, either due to self-removal from the system or as a result of sanctions by TANF for non-participation. Eligible families must be identified by local Part A agencies prior to funding and such families must sign written participation agreements within six months of their initial enrollment in the Part A program.
- **Eligible Agencies:** States may contract with community action agencies or other community organizations, including those that are faith-based, that can demonstrate experience and success in designing and administering comprehensive programs that help low-income families transition from welfare to work, dependency to self-sufficiency. Such agencies must have in place governance boards that actively participate in the design, implementation, and evaluation of Part A comprehensive family self-sufficiency programs. To assure that such boards are comprised of individuals who have knowledge about community needs and resources, the boards must have balanced representation of three major community groups: 1) representatives of low-income residents from the community in which clients live and are being served; 2) elected officials that oversee publicly-financed services that will be part of any coordinated service delivery effort conducted under Part A; and 3) representatives from private organizations in the community, such as potential employers, who can help identify or create job training and employment opportunities for families assisted by Part A.
- **Program Requirements:** At a minimum, eligible agencies must demonstrate a capacity to accomplish the following Part A program activities:
  - 1) Identification, recruitment, and retention of eligible families for up to three years in program activities and services;
  - 2) Routine assessment of family condition and service needs across a broad spectrum of common intervention areas, including but not limited to family/parent functioning, physical and mental health, housing, education, job training, employment, transportation, child care and development, income/money management, nutrition, alcohol/substance use, language capabilities, and safety;

- 3) Creation and tracking of short-term and longer-range plans, interventions, and results that help each family achieve and/or sustain fundamental improvements across the intervention areas described above;
  - 4) Establishment and maintenance of services and programs organized around individual family program participation agreements/plans, including case-managed coordination of service interventions both within and outside the eligible agency;
  - 5) Formation of flexible and dedicated funding mechanisms, such as Individual Development Accounts (IDAs), to provide needed services and/or resources to clients with unanticipated, crisis, or other needs that are not covered/provided by existing programs, and that are critical to client retention, participation, and successful completion of the program
  - 6) Creation of small, hands-on caseloads of no more than 10 families per agency worker to achieve long-term mentoring of clients designed to promote:
    - a) a “trusting” and stable environment that encourages continued client participation;
    - b) gradual, but strategically timed, interventions focused on enhancing life skills, behaviors and decision making regarding such matters as family formation (marriage, conception and childbirth) or family functioning (responsible and effective parenting for both mothers and fathers, interpersonal relations among partners);
    - c) on-going and frequent interactions that might help identify issues, needs, or opportunities in a timely manner and before they evolve into crisis situations; and
    - d) partnership between family members and their mentor for “navigating” and utilizing resources and services available within the agency and the broader community.
- **Community Partnerships:** In designating local community-based organizations to participate in Part A, States should give preference to partnerships among and between local public, private non-profit and religious-based organizations that provide for the broadest sharing of human resources, program services, and mentoring opportunities. Indeed, it is envisioned that the current extensive partnerships between community action agencies and faith-based organizations would be enhanced by Part A participation. Under the overall umbrella of community action agency boards, such agencies might share Part A mentoring/caseload responsibilities, provide for non-duplication of services across agencies through comprehensive service referral arrangements.

## **Rationale**

By focusing on poverty families that did not achieve success under TANF, Part A is designed to address both family and service delivery issues that might have been impediments to program success. Such issues include:

1. The possible lack of “readiness” or motivation of “hard to reach” families to participate in “work first” programs sponsored by most States;
2. A possible lack of preparedness or successful experience with the classroom environment of job training or other organized skill-building programs funded by TANF;
3. The quick shift of AFDC eligibility workers to new responsibilities as TANF service coordinators, and the initial large size of caseloads, may not have offered sufficient opportunity to conduct effective outreach and gradual participation encouragement with families that have severe life skills deficits (such as making and keeping appointments) or distrust the “system.” Certainly Federal TANF participation targets, with accompanying fiscal incentives and disincentives to States, did little to slow down the process to reach out to families with multiple and severe barriers to participation. Sanctions for non-participation may have been issued too quickly, too routinely, and without regard to the ultimate consequences of pushing the “hardest to reach” further away from a helping process.
4. Although States were given resources to provide more robust and comprehensive services to TANF participants, including supplements to existing health, child care and nutrition programs, many States did not chose to active enroll TANF families in these supplemental services. Indeed, many States build up large surpluses (all legal) of unallocated TANF funds – resources that could have been spent on the kinds of intensive, longer-range, closely mentored services proposed in Part A.

While TANF implementation has had mixed results in serving the “hard to reach” poverty families, a number of community-based anti-poverty initiatives have achieved measurable success in helping such families, many having experienced poverty over multiple generations, make partial or complete transitions from dependency to self-sufficiency.

Federal, State, or local initiatives examined in the preparation of this legislative proposal appear to have common elements that contribute to their success, including:

1. Family-Focused Goals With Measurable Outcomes

All of the programs had clear understanding, among those who served and among those being served, of what “success” would look like. Activities and

programs were fashioned, operated, and reshaped in the context of moving toward specific and measurable outcomes. This is different than traditional programs that think and organize by services and funding sources, talk about and emphasize what they do, instead of what clients achieve. A \$12 million family self-sufficiency demonstration program in Pennsylvania focused on helping a defined number of welfare families in the State's poorest four counties achieve employment and income levels over a five year period. Data from the demonstration, which provided flexible funding for self-sufficiency work to community action agencies in the four participating counties, indicate that the initiative did, indeed, succeed – targets for employment and income levels were achieved or surpassed. Similarly, a significant number of the Nation's 1000 community action agencies are moving toward organizing their programs and services to achieve measurable results in promoting family self-sufficiency and family functioning, creating stronger communities and greater participation of the poor in community leadership and growth.

## 2. Comprehensive Action to Address Complex Needs

All of the programs examined understand that family poverty, especially entrenched, multi-generational poverty, is a complex problem warranting equally complex interventions. If there is anything they have learned from years of experience working with poor families, it is that no one service, no one intervention, is going to “do the trick” and turn a family's life around. Indeed, the two major anti-poverty initiatives of the past half century, the Great Society and Welfare Reform, shared an underlying premise -- that ending poverty is not simply a matter of putting people to work, or giving them a check, but also providing immediate service supports and longer-term developmental skills that help create and sustain economic growth and family functioning. As indicated, while that was an underlying premise of TANF, only a few States and communities utilized the available resources to the fullest to provide comprehensive supports.

Successful anti-poverty programs around the country, including Project Match in Chicago, community action agencies in Rochester, NY, Lexington, KY, Uniontown and Lancaster, PA, Miami-Dade County, FL, and DeKalb County, GA, have established linkages across separate services within and outside their agencies to assure that families working toward self-sufficiency are able to address and overcome traditional barriers to employment and family functioning, such as substance abuse, mental illness, inadequate housing, malnutrition, poor health or physical disability, lack of education and/or vocational training, absence of reliable and affordable transportation, child care, or respite care.

## 3. Form Strong and Lasting Connections, Address Developmental Needs

Officials who work in programs reviewed in preparation for this legislative proposal indicate that while poverty is, by definition, an economic condition, it is also a social condition and carries with it a host of behaviors and adaptations that underpin and support its continuance. And, as with any effort intent on shaping or modifying behaviors, they have focused considerable attention on not only what they do, but also on how they do it! Traditional approaches to behavior formation and/or modification in social service programs have emphasized a public health model that view behaviors in the context of a tertiary step in preventing disease and promoting healthy behaviors. This public health model assumes that behaviors are based on rational thinking and that making choices, or decision-making, can be influenced positively through the introduction of good information.

Unfortunately, this public health paradigm for influencing behavior presupposes that all adults think rationally and make decisions based primarily on experience and information. Indeed, traditional approaches to addressing health problems caused or exacerbated by unhealthy behaviors, such as smoking, high blood pressure, obesity, or sexually transmitted diseases have been confounded by the continued spread of these behaviors *in spite of* the universal availability of information about risk and broad-based understanding of awareness of likely consequences.

When it comes to economically and developmentally deprived families, the issue of behavior motivation becomes critical, especially when much of the intervention work of anti-poverty efforts depends upon the ability of peers or workers to help clients grow in their ability and confidence to make good decisions regarding their lives and future, and act upon those healthy choices.

Therefore, a critical component of Part A is the mentoring relationship with families, reinforced by very low caseloads for agency staff assigned as mentors. Much is expected of this mentoring relationship. It is anticipated that such mentoring will permit, as much as possible, the tailoring of self-sufficiency programs to the individual needs and circumstances of families. For the “hard to reach,” this may no doubt involve considerable attention to initial “joining,” building a gradual relationship of trust, working strategically to help fill in developmental knowledge and skills that may not have been passed on from generation to generation, or from schools, religious institutions, or the community at large.

For those who wish to reemphasize marriage, responsible fatherhood, and reducing out-of-wedlock births as part of welfare reform reauthorization, it is suggested that such work might be done most effectively in the context of family mentoring, and as an evolving component of broader skill building. Mentoring has proven a useful approach in a number of behavior formation and modification efforts, including programs designed to reduce the incidence



of teen pregnancy and alcohol/substance abuse treatment (AA and NA “sponsors”).

Part A represents a logical next step in the evolution of anti-poverty work in our country. It follows a five-year effort to push families receiving public assistance into the world of work and thereby shift the balance of their future economic lives from dependency toward self-sufficiency. For many families, that threshold was crossed. For many others, the threshold has become a revolving door between assistance and work. And, for those who are the focus of Part A, the TANF thrust to employment did not work and they are now faced with lifetime termination of cash assistance in the near future. What are the public policy options for these families in TANF reauthorization? One option is to extend time limits and try more of the same over the next several years. Another is to increase the programmatic incentives to work, or the pressures/sanctions for not working, and attempt to influence the behavior of such families through broad-based legislative policy changes. Yet, even a cursory understanding of the characteristics of the “hard to reach” poor leads one to believe that such carrots and sticks have not touched them in the past and will probably fail to do so in the future. The intensive mentoring and comprehensive service approach proposed in Part A is a combination of what we do know about human growth and development, behavioral change, and what appears to help or hurt families engaged in current and previous anti-poverty efforts. It is time to make an admittedly expensive and unparalleled investment in one-on-one engagements with a selected number of poor families to make an all out effort to break through the physical and developmental barriers that keep them locked in inter-generational deprivation.

## **PART B: Building a Self-sufficiency “Continuum” for the “Working Poor”**

### **Overview**

Part B of the Family Development and Self-sufficiency Act of 2002 authorizes the establishment of a \$1 billion national program to assist 200,000 families that have made the initial transition from welfare to work as a result of welfare reform, but are not earning a living wage. Part B would provide services and resources to these families to support their continued employment, enable advancement, and help them achieve higher incomes and ultimate economic self-sufficiency.

### **Provisions**

- **Funding Mechanism:** Part B funds would be allocated annually to States by formula that takes into account the number and percentage of TANF participants in each State that have made the transition from public assistance to work over the past five years and that have remained employed and off the assistance rolls for six months or more. States will award one year grants those local community organizations, including community action agencies and faith-based organizations, that demonstrate in their applications an ability to plan and accomplish the Part B activities described below.

- **Eligible Families:** Families eligible to participate in Part B must meet the following criteria: 1) They must be previous TANF participants who now work 30 hours or more per week; 2) Their total family income is less than either the value of cash assistance and service benefits they received while on public assistance or 150% of the poverty index; or 3) They have immigrated to the United States within the past five years, have legal status, and now work a minimum of 30 hours a week and have a total family income at or below 150% of the poverty index.

Part B is intended to serve a defined population of eligible families and provide those families sufficient assistance over time to help assure that they reach economic self-sufficiency. As such, eligible families must be identified and recruited by agencies receiving Part B funds prior to program implementation.

- **Eligible Agencies:** Community-based agencies, including community action agencies, faith-based organizations, and other private or public non-profit entities may participate in Part B. Because Part B is designed to provide supports and assistance to low-income families, organizations receiving funding must have boards of governance with membership that has knowledge about community needs and resources and that are positioned to advance the service and training needs of low-income program participants. As such, organizations that receive Part B funding must have governing boards with balanced representation of three major community groups: 1) representatives of low-income residents from the community in which clients live and are being served; 2) elected officials that oversee publicly-financed services that will be part of any coordinated service delivery effort conducted under Part B; and 3) representatives from private organizations in the community, such as potential employers, who can help identify or create job training and employment opportunities for families assisted by Part B.
- **Eligible Activities:** Part B funds may be used for the following activities that support the economic advancement of participating low-income working families and their ultimate achievement of self-sufficiency:

1. Career and Family Guidance

Part B will support the establishment of mentoring programs for participating families. Agencies receiving Part B funds will assign one mentor to each participating family. Mentors may work with no more than 15 families. Mentors would be available to provide logistical, emotional, and service supports to families over an extended period of time. Among the kinds of supports that mentors will be expected to provide are:

- a) Locating and helping families access affordable and timely services such as health care, housing, job training, child care, respite care, English-language instruction, etc;

- b) Helping families acquire strengthened life skills, including managing household budgets, securing and maintaining credit, making purchasing decisions;
  - c) Helping families secure Part B supplemental cash assistance and/or low-interest loans to meet emergency needs, such as replacing a broken refrigerator, or offset lost wages that result from reduced work schedules and time for job training, GED or higher education course work, or other enrichment activities;
  - d) Helping families cope with, and address, daily family functioning issues, such as stress, interpersonal relations, and parenting; and
  - e) Encouraging connections with other families in the community, through formal and informal means, to promote peer support and reduce isolation.
2. Supportive Services

Part B will underwrite the cost of supportive services to participating families that are deemed to be essential to continued family employment, such as health care, child care, housing, food, alcohol/substance abuse treatment, or transportation, if the families are not eligible for partial or full coverage for these and other services as a result of their income, and such services are beyond the economic means of the family. Community-based agencies receiving Part B funds may address supportive service needs of participating families in a variety of ways, including:

- a) the creation of new service units, such as a health clinic;
  - b) affiliation arrangements with other service providers; or
  - c) pooled financing with other agencies for the purchase of major equipment, such as buses or vans, to address shared transportation needs.
3. Family Economic Development Supports

Part B funds may be used to:

- a) create financing mechanisms that support entrepreneurial activities of participating families, such as micro-business grants or loans that are deemed to have promise in helping advance the economic self-sufficiency of those families;
- b) establish individual development accounts (IDAs) that would permit the use of such accounts for a variety of activities associated with the economic advancement of families, including vocational and higher education, work

apprenticeships, or the purchase of employment related tools, equipment, or materials;

- c) offset wages lost to hours dedicated to career advancement activities, such as vocational or higher education, or wages lost for other legitimate reasons, such as absence from work because of family illness or other emergencies; and
- d) provide supplemental wage incentives to participating families that encourage job retention, additional skill acquisition, job training, or advanced education.

### **Rationale**

Part B design is based on the experience of existing community action agencies that have been serving the “working poor” over the past 35 years. While a majority of such agencies have provided “safety net” services, such as emergency food or energy assistance, some have focused their efforts on helping the “working poor” advance economically and achieve greater self-sufficiency.

Among the lessons learned from their experience that have been incorporated into the proposed Part B of the Family Development and Self-sufficiency Act are:

#### 1. Early Employment is Tenuous and Needs Extended Support

Most families participating in Part B would have made the transition from welfare to work only within the past two to three years. They are still in the early stages of their employment experience. Community program officials have found that, for many such families, the “culture” of work is still too new, and the learned work habits that maintain employment are too fresh, to assume that these families are firmly on the road to continued job growth and economic self-sufficiency. For these newly enrolled families in the world of work, even temporary problems, such as a sickness in the family, may derail employment. And, because Part B families are, by definition, earning wages that are not life sustaining, emergencies that require immediate cash, such as hospital visits, car repairs, or replacing a broken heater, may set the family into an economic “tailspin” that may involve abandoning work or being fired.

The inclusion of mechanisms in Part B to address the tenuous nature of early employment, such as mentoring, supportive services, and emergency cash assistance, is based on the experience of community programs that have found such interventions critical to success.

#### 2. Community-Based Supports Work

Community action agencies or other community-based organizations, including those that are faith-based, were identified as the eligible entities for

Part B funding because there is strong evidence that such agencies have unique qualifications for providing intensive, comprehensive, and extended program activities to low-income families. In particular, such agencies:

- a) Have a strong record of providing case-managed services that both promote work and assure that essential supports are in place from a variety of sources, both within and outside their agency, to meet immediate needs as well as accomplish long-term self-sufficiency goals; and
- b) Are governed and staffed by community residents who have first-hand knowledge of the needs, strengths and resources of those they serve, particularly in the context of race, gender, ethnicity, and culture.