

Welfare Reform and Racial/Ethnic Minorities: The Questions to Ask

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As implementation of state programs funded under Temporary Assistance for Needy Families (TANF) block grants, the program that replaced Aid to Families with Dependent Children (AFDC) grants, has unfolded during the last years of the 1990s, the most noteworthy stories have been the dramatic decline in the number of families receiving cash assistance; the extent to which funds that would otherwise have been used to pay cash assistance have been freed up for other purposes; and the extent to which former welfare recipients have joined the ranks of the working poor. Relatively little attention has been paid to the impact of TANF implementation on racial and ethnic minorities. The evidence that does exist indicates somewhat differential impacts for minorities and whites, and potentially discriminatory treatment of minorities in several studies. While the significance and causes of these differences is not totally clear, the available information suggests that research explicitly focused on these issues, and increased attention by elected officials, administrators, and advocates, is very much needed.

Initially, one of the chief concerns of critics of the 1996 welfare reform legislation was the imposition of a lifetime 60-month limit on federally-funded assistance. Research carried out by the Urban Institute immediately prior to enactment of the 1996 welfare law—the Personal Responsibility and Work Opportunity Reconciliation Act—indicated that both blacks and Hispanics tended to have longer stays on welfare and therefore might be more seriously affected by time limits. The data suggested that about 27 percent of white (and others not black or Hispanic) recipients might be expected to remain on welfare for 60 months, while for blacks the figure was 41 percent, and for Hispanics 51 percent. Other characteristics associated with disproportionately long stays on welfare were: limited education and work experience, beginning to receive benefits when younger than 24, never having been married, and having three or more children. These various barriers to employment correlated with race and ethnicity and explained much of the predicted differences between whites and minorities. The dramatic and unexpected cash assistance caseload declines most states have experienced are largely due to work-first policies, a strong economy, policy changes designed to make paid work more rewarding, and other policy changes such as sanctions but not, as of 2000, time limits. However, demographic information about those who have left welfare for all reasons during the late 1990s appears to be consistent with the earlier predictions about the effects of time limits.

Early TANF Experience

The number of families receiving cash assistance in state TANF programs fell by roughly 44 percent between August 1996 and September 1999, from 4,415,000 to 2,453,000 families, according to U.S. Department of Health and Human Services reports. While the number of

families receiving assistance has fallen dramatically in all racial and ethnic subgroups, the predominant racial and ethnic subgroups (whites, blacks and Hispanics) have fared differently. The white percentage of the caseload fell about 8 percent from Fiscal Year (FY) 96 to FY 98, while the black percentage rose by almost 5 percent and the Hispanic percentage rose by a little over 7 percent. Simply put, it appears that whites are leaving the caseloads more rapidly (and/or entering more slowly) than blacks and Hispanics.

These data are consistent with two longer-term caseload trends: the percentage of whites in the caseload has been falling since the mid-1980s and the percentage of Hispanics has been rising since the early 1980s. There has been no clear trend in the black portion of the caseload during this period. Among the states, there is substantial variation regarding trends in racial and ethnic composition of cash assistance caseloads. A number of possible explanations exist for these variations, including several concerning the labor market: limited job prospects for minorities living in economically stagnant central city areas; more limited skills and work experience among minorities; and employer discrimination.

Examination of studies designed to track the income and employment status of families who left the cash assistance caseload during the late 1990s yields a starker contrast between these subgroups. One national study of former welfare recipients shows that whites are more likely to have left welfare compared to Hispanics and non-white/non-Hispanics, and that Hispanics are less likely to have left than whites or non-white/non-Hispanics. Generally, those who have left have more education, and are less likely to face other employment barriers, such as limited work experience, health limitations, etc.

A study of families exiting welfare in Wisconsin in 1995-1996 reported that 61 percent of the white families receiving assistance left the caseload, compared to 36 percent of the black families. In an Arizona study of families exiting welfare in last quarter of 1996, researchers found that while blacks made up 34 percent of open cases, they were only 8.5 percent of all families that left the caseload during that quarter. The picture for Hispanic respondents is much less clear-cut, with studies from some states showing them leaving the caseload in disproportionately large numbers, while studies from other states reveal opposite results.

Studies in Arizona, Georgia, and Cuyahoga County, Ohio show that shortly after leaving welfare, the percentages of blacks who are employed exceed the percentages of whites who are employed, and results from Arizona, Cuyahoga County and Wisconsin reveal that blacks have somewhat higher quarterly earnings than whites. However, studies in those same areas also showed that a much higher percentage of blacks returned to welfare within one year of leaving, compared to whites who left. The data for Hispanics vary considerably on all of these measures from one state study to another.

These studies suggest a pattern in which black recipients are less likely to leave welfare than whites, are more likely to be employed shortly after leaving and at somewhat higher wages, but are also more likely to return to welfare within the first year after exiting. Many questions and possible explanations for these findings present themselves. Why are blacks leaving more slowly than whites? If whites leave in greater proportions but are employed less, what other sources of

income are they relying on to get off welfare and stay off longer? And what are the prospective policy implications of these data?

Differential Treatment

Data from Illinois, Florida, and Virginia raise more troubling implications of differential treatment of recipients within local welfare systems based on racial or ethnic origin. An analysis by the *Chicago Reporter* of Illinois data concerning why welfare cases were closed between July 1997 and June 1999 revealed significant differences appear in the reasons for case closings between whites and minorities. A total of 340,958 cases closed in this period, of which 102,423 were whites and 238,535 were minorities. Fifty-four percent of minority cases, but only 39 percent of white cases, closed because the recipient failed to comply with program rules. Though earned income made 40 percent of white families ineligible for support, earned income made only 27 percent of minority families ineligible.

Similar data are reported in a study of recipients in rural Florida who left welfare between October 1996 and December 1998, carried out by the Florida Inter-University Welfare Reform Collaborative. The study sample of 115 former recipients responded to questions about why they left welfare as follows: 53 percent of whites, as compared to 32 percent of blacks, found a job; 8 percent of whites and 22 percent of blacks were disqualified for non-compliance with program rules; 6 percent of whites and 17 percent of blacks chose to reject welfare status. These two studies raise important and troubling questions about whether blacks and Hispanics are being treated differently than whites.

Finally, a Virginia Tech study undertaken in two rural counties in northern Virginia focused on the interactions between welfare caseworkers and recipients. In this study, 39 recipients (22 black and 17 white) were interviewed in early 1996 about their interactions with welfare department caseworkers: how frequently caseworkers notified them about job openings, the extent to which caseworkers emphasized further education, caseworker assistance in locating child care, caseworker assistance with transportation, and whether respondents believed that black and white clients were treated fairly by caseworkers.

Except with regard to help with child care, respondents' views on these issues varied significantly by race. Fifty-nine percent of whites, but only 36 percent of blacks, indicated that their caseworkers were often or sometimes helpful in providing information about potential jobs. Forty-one percent of whites indicated that caseworkers encouraged them to go to school, particularly if they had not received a high school diploma. None of the blacks indicated that a caseworker had encouraged them to go to school. One white respondent stated: "They encouraged me to get my GED. I've been in school since October, working on the GED. I hope to graduate in the spring. My worker kept telling me 'You're smarter than you think.' She really convinced me that I could do it." A black respondent stated: "They talk to you any kind of way. They say: 'Go get a job.' I told them that I only had two parts left on my GED and I wanted to finish, they said: 'That's not what this program is about.'"

About two-thirds of all respondents in this Virginia study indicated they had transportation barriers, and all respondents indicated that the welfare agency provided vouchers to pay for

gasoline to those who needed them. However, 47 percent of whites indicated that caseworkers indicated they would provide additional forms of transportation assistance, while none of the blacks reported receiving such offers of help. For example, one white respondent indicated: "I own my car but I need a brake job. I contacted DSS [Department of Social Services] about my car. She told me she will try to come up with some money to get it fixed." A black respondent stated: "DSS gives me money for gas. I have a car and a job, but it needs about \$300 worth of work, so I can't use it. I asked DSS if they had any funds for car repairs, but she said I should try to use gas vouchers to take a cab or ride with a friend until I save up enough money to get my car fixed." Finally, nearly half (45 percent) of blacks—and even 18 percent of whites—indicated that black clients were not treated fairly by DSS.

While this study looked at a very small sample of recipients, it highlights the importance of a range of discretionary actions by caseworkers concerning the availability of services that may significantly affect the well-being of families receiving assistance and the ability of adults in those families to prepare for and succeed in employment. It also shows the potential for differential treatment based on race or ethnicity in the interactions between recipients and caseworkers.

Research Questions

Taken as a whole, this body of research raises many questions about the effect of changes in welfare policy on members of racial and ethnic minorities, and their treatment by welfare agencies. It is somewhat surprising that, given the very substantial amount of research already under way on welfare reform, so little focuses explicitly on differential racial and ethnic impacts.

The longer-term results of the 1996 welfare reform legislation will not be revealed until the first few years of the new century. Based on the scattered evidence already available, buttressed by what we know of the structural nature of poverty and racism in the United States, some less than positive findings for the minority poor can be anticipated.

The specific issues we need to focus on, and on which additional data collection and research is crucial, with respect to minorities are:

- Whether training, transportation, and childcare are available and adequate to enable the transition to stable employment.
- The prevalence and impact of racially discriminatory actions and attitudes on the part of those who staff welfare systems.
- What kinds of jobs those leaving the rolls have knowledge of and access to, and what kinds of jobs they actually get, in terms of pay rate, benefits, training/mobility, and stability.
- Whether people leaving the rolls are escaping poverty.
- The extent to which racially discriminatory practices in the job market, as well as in related areas, continue to limit the potential of minorities.

Research on these issues, together with thoughtful policy responses to research findings, will be critical elements of efforts to insure that the new generation of welfare programs does not perpetuate poverty and racially disparate outcomes.