MEMORANDUM

TO: The Board of the Butler Family Fund
FROM: Martha Toll
Becky Marshall
DATE: November 15, 2006
RE: Evaluation of the Butler Family Fund Welfare Grants

INTRODUCTION

Between 1996 and 2002, the Butler Family Fund spent money from its homeless program budget to fund advocacy relating to welfare reform. We were concerned that homelessness would rise because of policy changes that dramatically weakened the safety net. We supported advocacy to try to blunt the impact of these changes and to work for improvements around welfare reform.

This memorandum provides basic background on the welfare law, describes our funding history in the area, examines the impact of that funding, and concludes with a consideration of this advocacy work. Two appendices provide data.

BACKGROUND

In 1996, President Bill Clinton signed a new law that changed in very significant ways the way in which this country provides, or fails to provide, welfare to its neediest citizens. Even welfare's name changed; it is now called TANF, or temporary assistance to needy families. Before 1996, welfare was a federal entitlement program. Entitlement means that everyone who meets the requirements (such as falling below a certain income level, or reaching a certain age) can obtain the public benefit. An example of a current federal entitlement is social security. The federal government makes and enforces the rules on entitlements. Therefore, these types of benefits are uniform in every state in the country. In addition, because they come from the federal government, loss of these benefits is protected by federal due process and equal protection law.

In 1996, all that changed for welfare. To quote from an Urban Institute report: "Benefits now carry a time limit and most recipients must meet work activity requirements. The 1996 law gave states new flexibility to implement their welfare programs, while creating incentives to encourage work and the formation of two-parent families and penalties to reduce out-of-wedlock childbearing. It also changed [mostly weakened] numerous other safety net programs, such as child care and child support. During the period just before and after welfare reform, other programs that affect the work and earnings of low income families were enacted or modified as well, including the Earned Income Tax Credit, food stamps, and Medicaid."

The 1996 welfare law was set for reauthorization in 2002. Much of our giving between 1996 and 2002 was focused on advocacy that would marshal the political will to make improvements in the law. In 2000, George Bush was elected. Even with a President interested in more punitive measures and a very hostile House of Representatives, an improved bill passed out of the Senate Finance Committee in 2002. However, in late 2002, the Senate converted to Republican leadership. With two legislative branches and the executive hostile to any progressive reform and a greatly weakened Democratic party, it made more sense to try to delay the reauthorization process for as long as possible. The final reauthorization came in the guise of a budget bill in early 2006. Although it is more punitive and worse than the 1996 legislation, much that would have been harmful was kept out of the final bill due to hard work on the part of the advocacy community.

The new welfare law, enacted via the Deficit Reduction Act in early 2006, requires states to sharply increase the proportion of adults in "work activities" and greatly narrows states' flexibility to define those activities. A much greater percentage (50% in each state) of recipients must engage in some kind of work. While this may not sound like a large figure, it is measured against the background of caseload reductions. The most able bodied people tend not to stay on welfare or have already left welfare. Given the drastic reductions, those who are left are the least able to work. In the new law there are big federal incentives to cut people from the caseload. Although the law will not be implemented until 2007, advocates are worried about these work requirements because they are likely to cover women with new babies, but without additional moneys for child care; and they are likely to cover a greater percentage of people who for various reasons have not been able to work. Advocates are also concerned that because of reduced federal funding, many states will cut off child care for low income working mothers or curtail participation in education and training programs that help move people into living wage jobs. Advocates were able to increase the Bush proposal of 3 months to 12 months for training and education activities to count as a work requirement under the new law, however, under this law, **NO** higher education counts as work under this 12 month training and education provision.

The new law officially pushes marriage by holding out federal funds for states that instigate programs that promote marriage among welfare recipients. I believe I am correct that this is either the only area or one of a very few areas in which states have the possibility of accessing new federal moneys under the new law for their welfare programs. It is important to note that the new law passed against the background of a greatly weakened economy compared with the mid 1990s. Thus, the significant drops in welfare that resulted from the 1996 law were in part a result of an economy that was creating new jobs. In 2006, this is not the case, and yet there are fewer federal funds available for welfare under the 2006 law. The authorization for the new law included five years worth of funding—2006-2010.

BUTLER FAMILY FUND GIVING HISTORY

Over the course of about six years, the Butler Family Fund gave several types of grants in the welfare area. The first appendix enumerates these grants in further detail. Essentially the breakdown is between grants for work at the national level, and grants for work at the state and local level.

Grants at the national level were given for advocacy work and litigation around the welfare law. From 1996-2002, these grants totaled **$715,000**.

We gave two types of grants at the state level. From 1996-2002 we gave a total of **$427,500** for advocacy at the state level around how the welfare law was implemented. A second set of grants made during this time period totaled **$295,000** and were specifically related to advocacy around wages and job creation in response to the 1996 law.

Our spending on all homelessness grants during the period from 1996-2002 totaled **$3.801 million.** Our grants around the welfare law totaled **$1.4375 million** or close to **38%** of our homelessness funding during those years.

BRIEF SUMMARY OF OUR GRANTS

National Grants

This section focuses on the three groups that received the greatest support from us, the Center for Community Change, the Center on Budget and Policy Priorities, and the Welfare Law Center (now called the National Center for Law and Economic Justice). We are grateful to our grantees for supplying most of these details; we have confidence in the accuracy of the picture that they paint.

The Center for Community Change ($420,000 from 1996-2002). The bulk of our money went into seeding and supporting a major campaign entitled the National Campaign for Jobs and Income Support that ran from 2000-2003. There are tangible results that we can see from funding this campaign, as well as a host of very important intangibles.

For the first time, the National Campaign brought together a coalition of 1000 grassroots community organizations in 40 states. The Campaign was founded in 2000 after several years of organizing (supported by some of our earlier grants). At its peak, the Campaign had a $3.5 million annual budget with 10 full time staff and 8 borrowed staff. The welfare law galvanized its creation, but the Campaign did significant additional work on tax, nutrition, and immigration issues. Although the grassroots organizations that were involved were diverse, their common denominators were having a base of constituents, and an appetite to tackle major policy questions.

Policy Accomplishments:

- Enactment of the **Refundable Child Tax Credit**, the largest anti-poverty program created in a decade. Delivers $8 billion per year to low income working families with children, and lifts 500,000 kids above the poverty line. (Note--a tax credit is actual cash back from the government, as opposed to a tax reduction which reduces income tax. The people eligible for the tax credit by and large do not earn enough to pay income taxes.)

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- Enactment of the largest increase in the **food stamps program** in 20 years, including restoration of benefits to legal immigrants (that were taken away in 1996), increased benefit levels, and easier access for working families.

- [Includes work done by groups that were joined in the Campaign and that worked together after the Campaign ended:] Fought to a stalemate on welfare reform, thus delaying from 2001 to February 2006 a full reauthorization that would have introduced harsh new provisions. Punitive provisions that were slated for inclusion could not be incorporated in the bill. These punitive provisions included increasing the number of hours that TANF recipients must work, narrowing the allowable work activities, mandating drug testing, and adding full family sanctions (meaning if mom does something to lose benefits, the kids lose them too), as well as other harsh measures.

Infrastructure accomplishments:

- Created an infrastructure of constituency organizations in 40 states with strong capacity to act together in 25 states.

- Pioneered a model for bringing together grassroots groups for collaborative work, across traditional dividing lines of issue, geography, race, gender, and organizational identity – and for uniting grassroots organizations with national policy groups to achieve shared goals.

- Developed a process for raising and re-granting through the Campaign significant sums of money to build the capacity of grassroots member organizations that otherwise would not have had access to national funders.

- Because the new reality of devolution requires a complex interplay between states and national policy, this type of network gave the opportunity for state innovations on public jobs, family leave, education and training to be translated into national policy.

- Models were replicated across state borders.

Positioning to work on current and future issues:

- The Fair Immigration Reform Movement, a national coalition of grassroots organizations supporting comprehensive immigration reform, grew from the immigration subcommittee of the National Campaign. FIRM continues to be staffed by CCC and led by a governance body of grassroots groups that emerged from the Campaign.

- Established a committee of grassroots groups that organized low-wage workers, especially temporary workers and day laborers. This has led to the Center's national initiative to unite and strengthen worker centers across the country, and connect them with other constituencies concerned about low-wage conditions and policies.

- Spawned the Community Voting Project, a nonpartisan effort to increase civic engagement in low-income communities, immediately after the conclusion of the National Campaign. Work in the Campaign underscored the fact that voter engagement is an essential part of developing a strong public voice for low income people.

- The California Partnership, a statewide coalition of more than 120 grassroots organizations, developed from the Los Angeles chapter of the National Campaign. This coalition, which is led by low-income women of color and staffed by CCC, has gained the attention of California policy makers and achieved a significant impact on state budget decisions.

The Center on Budget and Policy Priorities ($150,000 from Butler from 1998-2002). Our grants supported work on the intersection of housing and welfare. As we have noted, not only were there major changes to the welfare laws during this time, housing laws changed dramatically as well. In 1998, Congress deregulated key aspects of low income housing programs and placed the design of various housing policies in the hands of local Public Housing Authorities (PHAs). Before this time, PHAs were *required* to give homeless people preference for obtaining public housing. The new legislation removed those mandatory preferences, but enabled the PHAs to target a substantial share of housing subsidies on working poor families and families making the transition from welfare to work. However, PHAs were not obligated to take this step. To the contrary, the legislation also gave PHAs the flexibility to *reduce* assistance to the working poor and to destitute families and instead to shift substantial portions of housing assistance to families in a higher income range. Our grants paid for very critical work in this area.

- The Center designed and promoted improvements to the federal program of housing subsidy vouchers, which resulted in a hybrid voucher, allowing tenants leaving buildings that had subsidies to move without losing housing assistance, while the subsidy also remained with the unit that the tenant was vacating. The Center was critical in working to vastly increase the supply of housing subsidy vouchers and in trying to ensure that these vouchers were targeted to the most needy families, with the most flexible usage. Some of this work was accomplished through vociferous advocacy at the federal and state level, and some of it was done by training local advocacy groups to work directly with their local PHAs.

- At the state and local level, the Center worked with Connecticut, Kentucky, Maryland, Minnesota, New Jersey, North Carolina, New York City, Los Angeles and San Mateo Counties (CA) to establish and/or expand housing assistance programs for welfare families using TANF funds or state matching funds.

- The Center worked with state and local housing agencies to make use of a seldom enforced portion of the federal housing law which requires PHAs to play an active role in promoting employment among public housing tenants.

<u>The Welfare Law Center ($60,000 from Butler, 1997, 2001, 2002)</u>. The Welfare Law Center brought and supported litigation around the country. Litigation in Texas preserved Medicaid for 20,000 people. In Missouri, Medicaid was restored to 17,000 people. In Arizona, the Welfare Law Center sued for an improved model for how people are treated in work programs, that is still in effect. The Center worked with Arizona to remove barriers to solving compliance issues and other problems. Another major win was getting 60,000 children eligible for dental insurance in New Hampshire. The Welfare Law Center brought a successful injunction in New York to prevent then Mayor Giuliani from keeping people off of welfare. The Center has made creative use of the Americans with Disabilities Act as a litigating tool to try to expand public benefits coverage for needy Americans. For example, in New York and other states, they are working to develop applicant screening programs that help identify disabilities so that these people can get public benefits. The Center is currently working with the states of Virginia and New Jersey to revise their welfare manuals.

State and Local Grants

This memorandum would probably reach an unreadable length if we analyzed these grants in detail. However, we provide a brief summary below.

The $427,500 that went to state and local level advocacy efforts paid for important policy work. Under the 1996 welfare law, states were given unprecedented authority and flexibility to implement the federal rules. We gave grants to groups in key states around the country so that they could work with (or in some cases against) their state governments to implement the laws in ways that gave maximum benefit to TANF recipients. Here are a few examples of what our funds paid for.

Our grant to the Shriver Center in Illinois paid for advocacy that caused the state to adopt a positive set of polices to treat TANF as a work support. Illinois was the only state to do this, and this victory has remained in place. Another victory in Illinois was implementing a higher cash allowance to support people entering the workforce when they came off welfare. The idea was to stabilize people so that they could sustain work. Closely related to this, were major reforms in the Illinois child care subsidy and improvements in health insurance for working parents. The Shriver Center also successfully worked to remove from the time limits on welfare, people who were caring for a disabled person.

In Los Angeles, our grant to the Shelter Partnership developed a new and ongoing relationship with the County, charged with implementing the welfare law. As a result of this relationship, Shelter was able to channel funding to help prevent evictions, provide moving assistance, and one year subsidies to get families into housing and to retain that housing afterward.

In Philadelphia, the Unemployment Project’s work prevented the state from implementing full family sanctions (if mom loses welfare funding, kids don’t). Their jobs bill in Philadelphia was the model for state level legislation (large pool of public jobs created statewide).

In Wisconsin, a state with one of the most restrictive welfare laws in the country, our grant to the Wisconsin Council on Children and Families supported work around increased child health care and better work supports.

We spent $295,000 on specific efforts to create more jobs for welfare recipients. These programs were locally based, and targeted to people coming off welfare in local jurisdictions. Particularly notable was the work of the Sacramento Valley Organizing Committee to create career track jobs by partnering with health care providers in the Sacramento area.

VALUE OF ADVOCACY GRANTS

Advocacy includes efforts to influence public policy to support the poorest and most disadvantaged members of our society. Advocacy can encompass a broad range of activity—from researching, organizing, and developing communications strategies; to filing litigation, lobbying, networking, and educating voters. To be an effective advocate, an organization must have the capacity to sustain its efforts. Activities such as building partnerships with other organizations (building and strengthening coalitions); organizing constituency groups to influence policy; and strengthening the advocacy skills of the organization's staff, board, and members are all part of this process. Our funding around the welfare law supported many of these types of activities, including both the preparation leading up to a big advocacy campaign, and support for the campaign itself.

Advocacy is hard to quantify and often slow to show real gains. Advocacy wins can be very big, such as new lines of public spending or large new groups of people covered by a public benefit. However, even with big victories, it can be hard to attribute such victories to the work of one organization. Most major advocacy wins are the result of many groups working in concert. Sometimes it is possible to identify an organizational leader, but the most sophisticated and forthright advocates would be quick to acknowledge that without the support of the many hundreds of grassroots groups on the ground that can meet with their congressional representatives, write letters to newspapers, etc., it would not be possible to make the big gains.

How can you measure an effort that successfully staved off the passage of punitive, harsh legislation? Was it worthwhile to give considerable sums to improving the welfare law, when the outcome was not an improvement in the welfare law, but a massive new federal child care tax credit ($8 billion) and tens of thousands of people covered by the food stamp program who had been cut off in 1996? What about the value of a huge grassroots network that came together for the first time to work on federal welfare policy, much of which remains in place to take on immigration reform? Or the yearly fights that fought back reductions in tens of thousands of housing vouchers, and in some years resulted in large increases in housing vouchers?

In extensive interviews that we conducted with former grantees, the following points were stressed repeatedly:

1. There are few foundations that understand advocacy work. Our grantees were grateful for general support funding for advocacy that gave them the possibility of responding to complex policy problems in a changing environment, therefore allowing them to be more strategic.

2. Advocacy wins are hard to measure and take longer than expected. Former grantees were grateful for the kind of understanding that supported advocacy over the longer term.

3. Like many issues today, welfare reform involves a very complex interplay between state and federal policy. Butler's funding at both the state and federal level was extremely important and allowed groups to push back punitive measures at the state level, as well as to promote positive state reforms.

4. The extensive grass roots network that is in place as a result of work around welfare reform will provide key leverage on other important issues going forward.

Although the outcomes of our funding are not what we would have predicted, or even what we wanted, we believe that our funding made a difference. This is not a scientific study, nor do we make claims to being wholly objective. However, we believe our funding made a difference in the big picture.

The final (2006) welfare law is worse, much worse, than we would have wanted. The safety net has been shredded in this country. By most measures, poor people are much worse off now than they were in 1996 and before. (See Appendix II). There has been no national will to invest in poverty programs and there have been very significant funding cuts.

However, without the efforts of determined advocates, would the outcomes have been worse? We think so.

The prevailing wisdom among our grantees is that the focus going forward needs to be on making work pay. There is no state in the country where a full time job paying the federal minimum wage can support housing (rental or homeownership) for a family of four. While welfare is now too narrow and unpopular an issue to gain broad support, the public believes that people who work full time should be able to afford to live. Following the November elections, it is likely that Congress will pass a bill to increase the minimum wage. It won't be enough but maybe it will be a start. Advocates also hope for openings for improvements in health insurance, child care subsidies, and enforcement of the labor laws. Advocates will start to talk about the importance of economic security as a unifying theme that embraces the middle class as well as low income people, as opposed to the politics of division that have taken hold in the past decade.

Immigration reform is intimately connected with these issues. Immigration is an issue which is not only not going away, but likely to take center stage in the coming years.

GOING FORWARD

In supporting the work discussed above, we took a broad view of our guidelines by including welfare funding in our homeless program. The work cost more and took longer than we expected. However, we felt that it was critical for us to become actively involved in an issue that was moving quickly and had a direct impact on the people served by our homeless program. We certainly did not achieve all of the positive goals we hoped for, but we are quite confident that our funding helped to prevent some very negative consequences.

In general, we think respect for our guidelines is critical. It helps us to maintain our focus which is especially important given our limited budget. However, there are certain times when an expansive view of our guidelines is called for. There is not a scientific formula for making these determinations.

Would we do this again if an issue in one of our program areas took legislative center stage? Would we consider a broad interpretation of either our homelessness or criminal justice guidelines if we thought we could have a positive impact on the public debate?

We think the answer is yes to these questions, at least in some circumstances. Our foundation has very limited resources, but with that comes other benefits—flexibility and lack of bureaucracy. We hope to keep these intangible assets in mind as we go forward and consider our funding in the future.

APPENDIX I

We gave two types of grants in the welfare area: grants for work at the national level, and grants for work at the state and local level. A summary of those grants follows.

GRANTS AT THE NATIONAL LEVEL

Center for Community Change: Yearly 1996-2002 Total: $420,000

For the National Campaign for Jobs and Income Support primarily.

The Welfare Law Center[1]: 1997, 2001, 2002 Total: $60,000

For litigation in various localities around welfare issues.

Ctr on Budget and Policy Priorities: Yearly 1998-2002 Total: $150,000

For policy and advocacy work on the intersection between welfare and housing.

Nat'l Alliance to End Homelessness: 2001 Total: $25,000

For work to bring attention to homelessness during welfare reauthorization.

National Consumer Law Center: 1999, 2000 Total: $50,000

For ensuring that as public benefits began to be distributed electronically, low income neighborhoods had safe and low cost or free access to ATM machines and that the system took in the needs of people with disabilities.

Children's Defense Fund: 1998 Total: $10,000

For the National Welfare Monitoring and Advocacy Partnership.

GRAND TOTAL: $715,000

[1] Now called the National Center for Law and Economic Justice.

GRANTS AT THE STATE AND LOCAL LEVEL

Grants for advocacy around how states implemented the 1996 law[2]:

Greater Upstate Law Project (NY)	1996, 1997, 1999
SENSES (NY)	1996, 1997
Kentucky Welfare Reform Coalition	1997
WI Council on Children and Families	1997
TN Nonprofit Association	1997
TN Justice Center	1998, 1999, 2000
St. Paul Ecum. Alliance of Congregations	1997
Community Resource Center, Denver, CO	1997
Shriver Center in Chicago[3]	1998, 1999, 2000
Human Services Alliance, LA, CA	2000
Interfaith Cnf. of Greater Milwaukee	1998
LA Coal. to End Hunger and Homelessness	1999
Project H.O.M.E. (Phila.)	2002
TOTAL:	**$427,500**

Grants specifically relating to advocacy around wages and jobs spurred by 1996 law:

Campaign for a Sustainable Milwaukee	1998, 1999
Unemployment Information Ctr. (Phila.)	1998, 1999, 2001
Sacramento Valley Organizing Community	1999, 2000, 2001
Jobs for Youth (Chicago)	1999
Los Angeles ACORN	1999, 2001
Project H.O.M.E. (Phila.)	1998
Shelter Partnership (LA)	1999
TOTAL:	**$295,000**

2 12 out of these 20 state and local grantees were members of the National Campaign, and thus Butler funding supported them both directly and indirectly.
3 At that time it was called the National Clearinghouse for Legal Services.

TOTAL HOMELESSNESS EXPENDITURES FOR THE BUTLER FAMILY FUND

1996: $282,500
1997: $265,000
1998: $640,000
1999: $737,500
2000: $681,000
2001: $625,000
2002: $570,000

APPENDIX II

The following overview of a decade of welfare (1996-2006) reform comes from a paper written by the Urban Institute.

- Following the passage of the 1996 law, welfare caseloads sharply declined as fewer eligible families entered the program and more families left.
- Participation in work and work-related activities increased considerably.
- Income among welfare recipients increased substantially between 1997 and 2002.
- The economic picture for families who leave welfare is mixed. In both 1997 and 1999, about 2/3 of former welfare recipients that had not returned to welfare were working. In the tougher labor market of 2002, however, work by people leaving welfare declined to 57% from 63% in 1999. Many former welfare recipients work in low wage jobs with wages hovering around $8.00 per hour in 2002. The likelihood of returning to welfare within two years increased from 20% in 1997 to 26% in 2002.
- “HARD TO SERVE:”
    - Many welfare recipients possess significant barriers to employment. In 2002, 42% of welfare recipients had not finished high school, 35% reported that they were in very poor health, and 30% had not worked in recent years. Other barriers include presence of an infant, language, and children with disabilities. In 2002, about 44% had two or more barriers to work.
    - The work effort of recipients with barriers to employment increased after welfare reform.
    - Among those who leave welfare, a greater share of low-income individuals has multiple barriers to employment.
    - Some that leave welfare are disconnected from both the labor market and the welfare system, and the size of this group has grown over time.
- “STATUS OF STATES”
    - States substantially changed their welfare programs to focus on such goals as employment rather than a “race to the bottom,” however, there is great variability among the states.
    - All but three states have earned income “disregard” policies to increase the amount of income recipients may earn without lowering TANF benefits.
    - As caseloads declined, states gradually shifted TANF resources away from benefit payments and toward work supports.
    - In 2001, states faced a recession. As employment fell, state spending needs increased and revenues fell. But the TANF block grant did not change. Thus states reduced benefits.
- “FAMILY AND CHILD WELL BEING”
    - Despite a dramatic reduction during the 1990s, child poverty increased in the United States from 2000 to 2004.

- Even though parents are working more, children in low income families are faring about the same as they were before welfare reform.
- Children in low income families, whether receiving welfare or not, consistently fare worse than children in more affluent families.