Utah FOUNDATION

Research Report

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Highlights

- The dramatic drop in welfare rolls since the 1996 reform, nationally as well as in Utah, probably has more of its root cause in the flourishing economy rather than specific reforms. A pre-reform study showed that 30 percent of the decline in rolls from 1993 to 1996 was attributable to state waivers that were precursors to current reforms.
- Utah is the leader in providing "one-stop" welfare programs, in which all the federal services can be accessed through the local employment service centers run by the Department of Workforce Services.
- For most recipients in Utah, replacing welfare benefits with full time work will not lift them out of poverty.
- Utah's average hourly wage in most years was low enough that a full time worker trying to support a family of three would be living on less than 200 percent of the Federal Poverty Level and thus be eligible for some type of government assistance.
- Utah's two-tiered eligibility requirements for Medicaid create inequity for non-TANF Medicaid applicants.

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Welfare in Utah: What Programs are Available and How Have Federal Reforms Affected Them?

Introduction

In 1996, promising to "end welfare as we know it," President Bill Clinton signed into law The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). By so doing, the landscape of government assistance to the poor was radically altered. Low-income individuals were no longer provided with lifetime monetary subsidies from the federal government. Instead, state governments were given block grant funding to implement programs to assist this population. While cash payments to individuals continue to make up a portion of the help offered, states were encouraged to design welfare programs that stressed work by recipients. States were to provide services such as childcare, medical insurance and housing assistance, considered critical to keep low-income workers in the labor market. States were also charged with the responsibility to offer job training and educational opportunities so that welfare recipients could improve their skill levels and fully make the transition into the labor force. Finally, the federal government set limits so, without a waiver, those on welfare could only receive 60 months' worth of assistance. States were then allowed to set their own limits on the amount of time a person could receive payments.

After the passage of PRWORA, welfare rolls dropped dramatically across the nation. Both political parties were claiming welfare reform a success. Advocates for the low-income population insisted that while the poor may not be collecting government assistance, they were still just as poor if not worse off, because they no longer had supplementary income. When the Census Bureau released poverty data in 1998 and again with the 2000 Census, the percent of persons living in poverty dropped in most states. Some states had single digit poverty rates, something that had not been seen since the beginning of the Lyndon B. Johnson administration and his War on Poverty. In reviewing these data compared to the economic boom of the late 1990s, policy analysts and researchers began to question how much of the decline in welfare rolls was due to the reform of 1996 and how much could be attributed to the growth of the economy. The first entity to attempt to model this was the President's Council of Economic Advisors. In a report published in 1997, researchers determined that during the years 1993-1996, approximately 18-30 percent of the decline in welfare rolls could be attributed to state waiver efforts, the precursor to the 1996 reform, and that the rest, (between 70 and 82 percent), was due to the burgeoning economy.

Just recently, the House of Representatives voted to renew the 1996 Act with some changes, including increasing the hours a welfare recipient is required to work in order to maintain eligibility as well as strengthening the emphasis on faith based groups providing assistance to the poor in their community. This reauthorization comes at a time when many states, including Utah, are grappling with budget shortfalls and the economy is struggling to climb out of a recession. For these reasons, and because many may not be familiar with the various programs welfare reform has created, Utah Foundation is publishing this review of TANF and the other programs that constitute what is commonly referred to as “welfare.” Each major program will be reviewed, including eligibility requirements, benefits offered and analysis of program data including profiles of “average” recipients. The subsequent section will offer an analysis of what it means to live in poverty and the purchasing power of minimum wage. Finally, comparisons will be drawn to the self-sufficiency wages and budgets deemed necessary for a wage earner to provide all basic necessities such as housing, childcare and transportation without assistance.

TANF

Temporary Assistance to Needy Families (TANF) is the main cash support under the 1996 reform legislation. This program replaced AFDC, or Aid to Families with Dependent Children, that was instituted by President Roosevelt during the Great Depression. As the name indicates, TANF is a temporary support. Time limits at both the federal and state levels end benefits after a designated period of time. The federal lifetime limit is 60 months. In Utah, the state has set a lifetime limit of 36 months. TANF recipients are also required to engage in work activities in order to remain eligible for benefits. This is a departure from AFDC programs that often penalized parents for working in the form of benefit reductions. Finally, TANF payments do not increase if a child is born to a recipient after she begins to collect benefits. Again, this is a departure from AFDC, which increased with the number of children in the household. To address the issue of teen parents, TANF requires teens with children live with their own parents or guardians in order to be eligible for assistance, unless circumstances prevent the teen from doing so. In such cases, the teens must have some sort of adult-supervised living arrangement.

Utah was one of the first states to apply for a federal waiver. It created a work based program that allowed recipients to work and still receive benefits such as Medicaid and food stamps that they might otherwise not have qualified for, due to their earned income.

Because TANF is a block grant program, states have the latitude to design their own programs within the federal guidelines. During the early part of the last decade, states could apply for waivers from the federal government to redesign welfare programs to suit the needs of their own residents. Utah was one of the first states to apply for a federal waiver. It created a work based program that allowed recipients to work and still receive benefits such as Medicaid and food stamps that they might otherwise not have qualified for, due to their earned income. The work component of welfare recipiency became such an integral focus that program administrators created “one-stop” centers housed within the local employment services offices. The functions of the human services and labor divisions of state government were consolidated under one department, the Department of Workforce Services. This new entity was then charged with administering everything from its traditional unemployment insurance and job service functions as well as TANF, Food Stamps and child welfare services. The Department of Health continues to administer Medicaid, but shares case management with the Department of Workforce Services.

In Utah, TANF is administered under the name Family Employment Program (FEP). Eligibility for this program is based on residency, income and assets as well as having a child under the age of 18 in the home. In order to qualify for assistance, an applicant must:

- Be residing in Utah.
- Be a U.S. citizen or qualified non-citizen.
- Have countable assets not exceeding $2,000, with a vehicle exemption for one vehicle up to $8,000, unless that vehicle is used to transport a disabled household member. Then the vehicle is exempt up to its fair market value.

- Meet the monthly income limits listed in Figure 1 for the appropriate family size.

For two-parent families, the requirements are the same, except that both parents must be able to earn at least $500 a month each. Beyond these basic requirements, applicants are required to be engaged in employment activities, such as completing a work search. For adults who are employable but between jobs, one-time cash assistance is offered to aid the family but deter them from enrolling in FEP.

Once an applicant successfully completes her pre-enrollment activities she is eligible for benefits and to receive assistance in finding employment or enrolling in training and education programs. In Utah, the fiscal year 2002 benefit amounts are shown in Figure 2.

These cash benefit amounts are usually coupled with other assistance such as childcare benefits, food stamps and Medicaid. The purpose of TANF is to support parents in successfully finding and keeping a job and providing benefits their employers may not offer, such as health insurance. In return, recipients are expected to engage in work activities, and penalties can incur if they do not. Of the benefit amounts listed in Figure 2, $100 is the parent's benefit amount. If a parent that is required to participate in work activities fails to do so, that portion of the monetary supplement can be withheld until she is in compliance.

When an applicant requests welfare benefits, a case manager interviews her regarding her ability to work and the potential obstacles she may have to participating in the labor force. Then the case manager will draw up an employment plan, detailing such things as the number of job applications the recipient must submit per week. If a recipient is unable to work due to medical or family conditions, the work plan will detail the issues she must address in order to become work ready. During fiscal year 1999, 51.3 percent of all Utah TANF recipients participated in work activities. This was lower than the national average of 55.2 percent.[1] The most common reason for not participating in work activities for Utah TANF recipients was having a child under the age of one year at home; 22.1 percent of recipients were excused from work participation for this reason. Teen parents in education programs accounted for the next largest group of non-working participants, at 16.5 percent of total Utah TANF recipients.

The definition of work activities is broad. Work activities encompass paid, unsubsidized work as well as subsidized public or private internships. Work also includes education and job training experiences and "pre-employment" activities such as work searches, workshops in resume/application preparation, mock interview experiences, job fairs and other activities. Part of the agreement between states and the federal government regarding TANF funding is that a certain percentage of TANF participants must be engaged in these activities. Currently, federal mandates state that 50 percent of TANF participants must engage in work activities and that most of them must work 30 hours a week. The legislation that just passed the U.S. House of Representatives increases both requirements, with a 70 percent participation rate, and most recipients working a full 40 hours a week.[2] However, the Senate will probably attempt to revise these requirements downward.

With this understanding of the basic requirements and benefits of the TANF program, an examination of the characteristics of TANF recipients can be made. The most recent data allowing comparison between the states is from 1999. In Utah during the fiscal year 1999, 9,626 households were

Figure 1

Income Limits for TANF Eligibility

Household Size	Gross Monthly Income	Net Monthly Income
1	$608	$329
2	843	456
3	1,050	568
4	1,230	665
5	1,400	757
6	1,542	834
7	1,615	873
8	1,690	914

Source: Department of Workforce Services (DWS), Division of Employment Development.

Figure 2

Maximum Monthly TANF Benefit

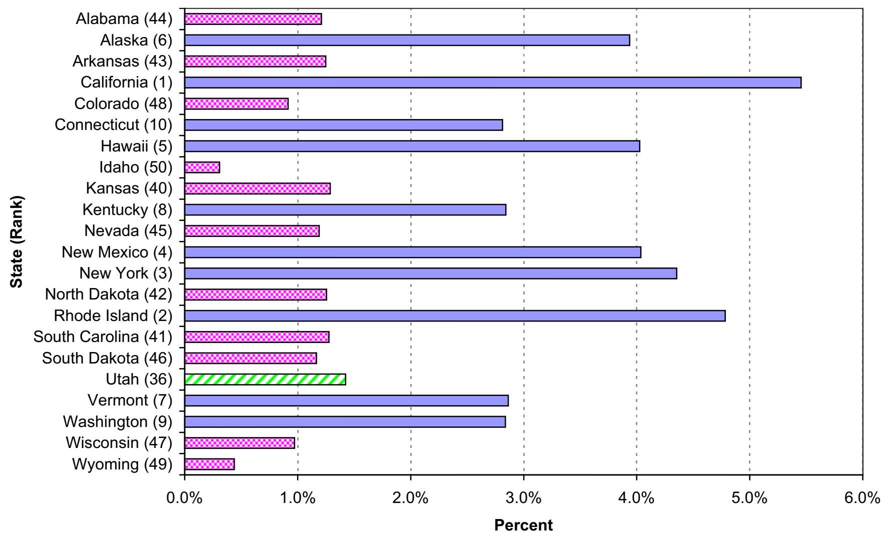
Household Size	TANF Cash Benefit Amount
1	$274
2	380
3	474
4	555
5	632
6	696
7	728
8	763

Source: Ibid.

Figure 3

Percentage of Households Receiving TANF Assistance, 1999

Top 10 and Bottom 10 States, Plus Utah



Source: Data from the U.S. Department of Health and Human Services (DHHS), Administration for Children and Families, *Characteristics and Financial Circumstances of TANF Recipients, Fiscal Year 1999,* and the U.S. Census Bureau Population Estimates Series.

participating in TANF. This is approximately 1.4 percent of all households in the state, compared with a national average of 2.6 percent, ranking Utah 36th in the nation for percentage of households receiving TANF assistance. Figure 3 highlights the top and bottom ten states and includes Utah.

In Utah, the percent of the population that is receiving TANF benefits continues to be the most marginalized portion of the population. Figure 4 highlights the racial makeup of TANF participants at the state and national level compared to the population as a whole. Additionally, education levels of adult TANF recipients continue to lag that of the population as a whole. A simple calculation of the percent of TANF recipients that have 12 or more years of schooling compared to the overall population shows a gap in Utah of -39.0 and a national gap of -38.7. The larger the difference, the more divergent the TANF population is from the normal population. Therefore, in Utah, a state that prides itself on its well-educated workforce, TANF recipients are slightly behind their counterparts nationally. Figure 5 shows the states with the largest and smallest gaps as well as ranking Utah comparatively. Education levels of welfare recipients are always a concern in states with highly educated workforces. Those with the least education are often the last hired and the first fired when economic downturns follow prosperous times. Additionally, the pay scale for high school dropouts is usually insufficient to raise them out of poverty.

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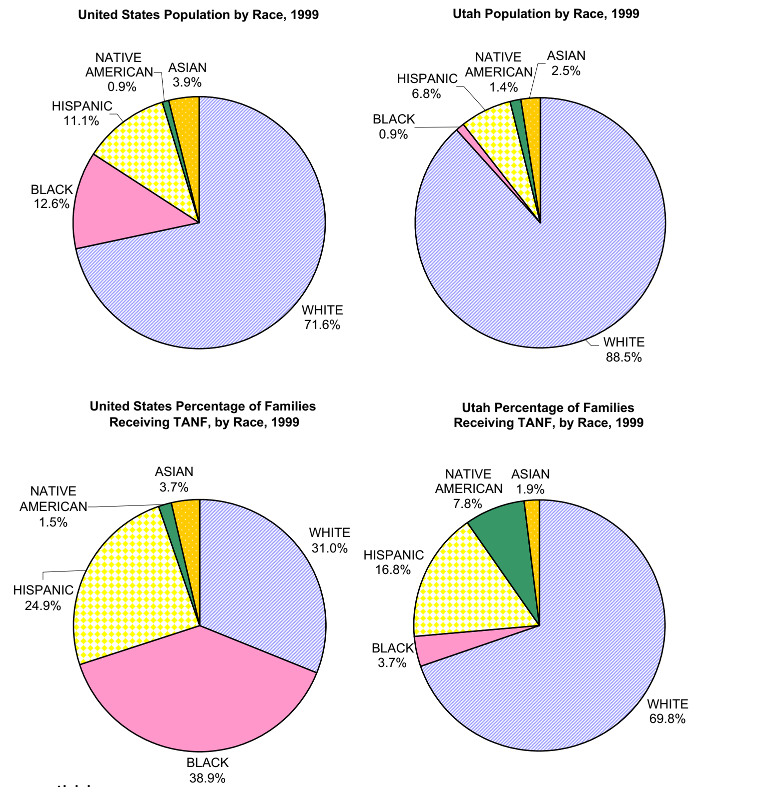
The final difference between adult TANF recipients in Utah and their counterparts across the country that will be highlighted here is in the area of family formation. Utah has a very low percentage of TANF recipients that have never been married. According to the 1999 data, only 36.9 percent of those participating in the program have never been married, compared with 58.1 nationally. This ranks Utah 42nd in the nation for single never married recipients. When the data are reviewed and the percentage of TANF recipients that are either separated or divorced are added together, Utah ranks 1st in the nation for TANF recipients that have voluntarily dissolved their marital ties; 46.3 percent of Utah TANF recipients are collecting benefits after leaving a marriage, compared to 20.6 percent nationally. This high rate of divorced or separated individuals receiving TANF might be related to the emphasis among young Utahns to marry rather than having children out of wedlock. When PROWRA was passed, there was much discussion regarding encouraging TANF recipients to marry rather than to raise children out of wedlock. Within the legislation there is a funding mechanism to encourage family formation. Utah has used those funds, but not to as great an extent as other states. It seems that perhaps an area the state should focus its attention is on encouraging families to stay together, or provide ways to avoid a slide into poverty after a divorce or separation.

When welfare reform was passed in 1996, concerns were raised regarding the children of recipients and how the new programs, especially the time limits, would affect them. As Utah is unique in its demographics, policies affecting children, especially poor children, are going to have a greater impact in Utah than elsewhere. In order to examine the affects of welfare reform legislation on this population, comparisons must be made between Utah TANF recipient children and their national counterparts. In 1999, 18,541 children in Utah participated in the TANF program. This is 2.3 percent of the population under the age of 20. Nationally, 6.8 percent of this population was receiving TANF. Utah's percentage ranks 48th in the nation for children receiving benefits. However, Utah also has a very low percentage of children living in poverty. The 1998 estimate ranked Utah 46th in the nation with 11.5 percent of the state's children living below the poverty line. Federal Department of Health and Human Services calculations show that 20.1 percent of the children living in poverty in Utah are receiving TANF. This compares with a national average of 39.5 percent. TANF children are also younger in Utah than nationally. Preschool age children, those between 0-5 years, account for 41.6 percent of all children in the program. Within that age group, children under the

Figure 4

Race & Ethnicity

Utah and U.S. General Population Compared to Population Receiving TANF Assistance

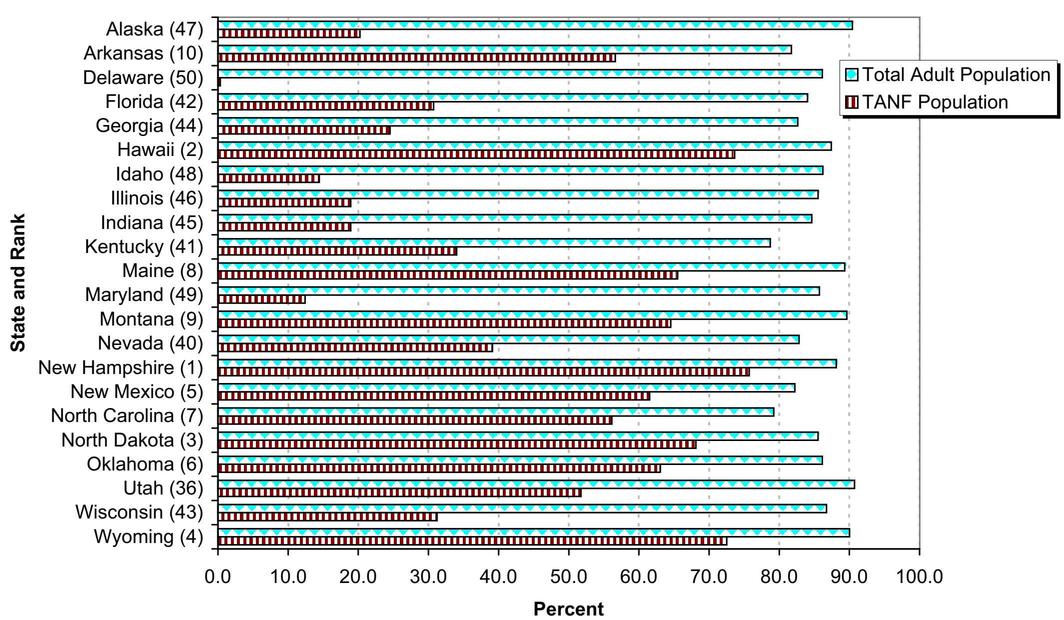


Source: Ibid.

Figure 5

Percent of TANF Population that has 12 or More Years of Education Compared to the General Population by State, 1999

Top 10 and Bottom 10 States, Plus Utah



Source: Ibid. Rank based on gap between TANF and total adult population. Smaller gaps are ranked higher.

age of 2 years account for a larger percentage of recipients in Utah than they do nationally, 35.8 to 31.9 percent respectively.

When reviewing the living situation of children receiving TANF, the data show that of those households that have one adult recipient, the adult is usually the child's parent. In Utah, this percentage was 85.9 compared with a national average of 88.0. For those children who lived in households with an adult TANF recipient who was not their parent, 9.1 percent were living with grandparents and 4.3 percent were living with other relatives. For children living in households without an adult recipient, the family ties were a little more tenuous. In Utah, only 47.2 percent of these children lived with a parent, 36.0 percent lived with grandparents and 16.0 percent lived with other relatives. These numbers highlight the growing trend among poor populations to have grandparents primarily, but also other relatives, as guardians of the children. Often, TANF is applied for by grandparents living on fixed incomes, such as Social Security or SSI (Supplementary Social Insurance, usually for the disabled) and to mitigate the costs of providing such things as medical insurance for these children that are not covered under the grandparents' Medicare policy.

Finally, an important focus of the 1996 legislation was to ensure that children received the required financial support from a non-custodial parent in the case of a divorce. This financial assistance is especially important for Utah children in light of the data above. In 1999, 2.6 percent of children receiving TANF also received "unearned income," or income from child support and the average dollar amount was approximately $104 a month. Data from other states is incomplete so comparisons could not be drawn.

TANF continues to be the primary cash assistance program for Utah's poor. It is also an important "portal" to gain access to other services such as Medicaid and food stamps. Eligibility for the ancillary services still depends on income levels that would qualify a person for TANF. Therefore these data are helpful when reviewing eligibility, benefits and data for the programs that follow.

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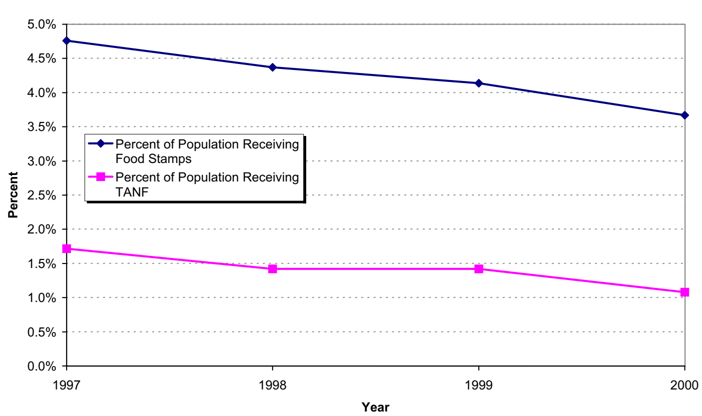
Food Stamps

As Figure 6 shows, food stamp recipients make up a larger percentage of Utah's population than TANF recipients. In fiscal year 2000, 3.7 percent of the population participated in the program compared to 1.1 percent of the population that was receiving TANF. Elderly and handicapped persons without children are eligible for food stamps and thus push the participation rates higher. Still, food stamp participation has declined at about the same pace as TANF since the reform of 1996, thus suggesting that the two programs have strong ties.

The food stamp program is the last remaining piece of the old AFDC-style welfare programs, meaning that food stamps are still considered an "entitlement." If someone who meets eligibility applies, they will receive benefits. The funding for food stamps is not provided as a block grant to the states; rather, the federal government

Figure 6

Comparison of TANF and Food Stamp Recipiency in Utah



Source: DHHS, ACF Services *TANF Characteristics, 1999*; USDA Food Programs, *Food Stamp Participation Rates*, & U.S. Census Bureau, Current Population Survey (CPS). Calculations by Utah Foundation.

pays as much as is needed to meet eligible demand. Eligibility for food stamps is similar to TANF, except for provision for elderly applicants. The requirement for an applicant under the age of sixty is that he must live in a household with $2,000 or less in countable assets. Assets not included in this are a home and lot, or the resources of those that receive SSI. TANF recipients that apply to the program may have their TANF benefits disregarded but all other asset and income tests apply. Vehicles may be deducted up to their fair market value if there is one vehicle per household and that vehicle is used for training, education or work transportation or if that vehicle is used to transport a handicapped family member. Otherwise, the vehicle is counted at its fair market value or $4,650; whichever is greater, as an asset. If an applicant passes this asset test, he must meet an income test. Based on household size, monthly gross income cannot exceed 130% of the Federal Poverty Level and net income must be at the Federal Poverty Level. If all members of the household are receiving TANF or SSI, these income limits are disregarded. Figure 7 shows the gross and net income limits by household size for households under the age of sixty.

If the applicant meets all asset and income eligibility requirements, he can begin receiving benefits immediately. Perhaps the strength of the food stamp program is found in the quick turn-around time. Both the federal and Utah websites emphasize that once the application is completed, the person can receive benefits that day, unlike many other programs that have a lag time, if for nothing more than processing paperwork. The benefit or allotment received by a household is again based on net income. Using the federal poverty formula that 30 percent of a household's budget goes to food, monthly allotments take net income and multiply it by 0.3. Figure 8 shows the maximum monthly allotment by household size for households under the age of sixty.

Since 1997, food stamp participation in Utah has declined as it has for most areas of the United States. In 2001, a monthly average of 98,338 participants utilized the program in Utah, comprising 37,625 households. This indicates that food stamp households on the average are smaller than TANF households. Food stamp households have an average of 2.6 persons, whereas TANF households have an average of 3.0 persons. As the elderly and handicapped persons are more likely to be eligible to participate in food stamps than TANF and many of those households have only one recipient, this is to be expected. Even so, the average monthly benefit amount in Utah is far below the maximum allotment for a one-person household. The average household received $69.86 a month in food stamp benefits, whereas the maximum allotment is $135 a month. Households starting and stopping benefits and not participating in the program year-round might explain much of this discrepancy. Many families do not rely on food stamps for long periods of time, especially since reform legislation limited recipiency to any three consecutive months during a year. A family can receive benefits for a longer period of time than three months, but they must stop receiving benefits for a period of time before reapplying. Anecdotal evidence suggests that food stamp participation is more likely to happen during the summer and winter months.[3]

As food stamps can only be used for limited periods of time, and inflation has eroded their value, it is important to recipients to stretch their food budgets. A review of inflation growth and food stamp allotment growth shows that inflation has grown by 10.3 percent since 1997. Food stamp allotments at the national level have only grown by 4.9 percent and at the state level by 5.3 percent, making the value of the average allotment in 2001 worth only 95 percent of its value in 1997. Figure 9 plots the nominal

Figure 7

Non-Elderly Income Limits for Food Stamp Eligibility

Household Size	Gross Monthly Income	Net Monthly Income
1	$931	$716
2	1,258	968
3	1,585	1,220
4	1,913	1,471
5	2,240	1,723
6	2,567	1,975
7	2,894	2,226
8	3,221	2,478
For each additional person	$328	$252

Source: USDA, Food and Nutrition Services, *Food Stamp Program Eligibility*, FY 2002-03.

Figure 8

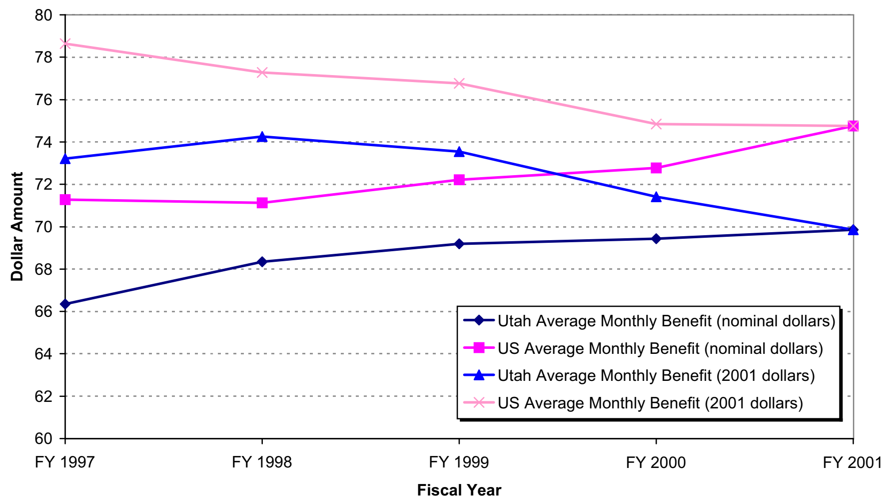
Non-Elderly Maximum Monthly Food Stamp Benefit

Household Size	Maximum Monthly Allotment
1	$135
2	248
3	356
4	452
5	537
6	644
7	712
8	814
For each additional person	$102

Source: Ibid.

Figure 9

Comparison of Utah and U.S. Food Stamp Amounts and Purchasing Power



Source: Ibid. Calculations in 2001 dollars by Utah Foundation using Bureau of Labor Statistics CPI data.

and deflated value of allotments for the nation and Utah during the 1997-2001 time period. Since allotments are based on net monthly income, these data may indicate that the food stamp program is serving a poorer population or that incomes below the poverty level are not keeping pace with inflation.

Other Federal Nutrition Programs

Of particular importance to TANF households are two nutrition programs administered under the auspices of the U.S. Department of Agriculture. These are the School Lunch Program and the Women, Infants and Children Program (WIC). Both offer food to low-income populations and can supplement assistance received through the Food Stamp Program.

The number of children in Utah participating in the school lunch program . . . is approximately 54 percent of the total school age population and ranks Utah 25th in the nation . . . Utah is also one of the fastest growing states in this category.

Free or reduced price lunches have been a part of American schools since the institution of the program in 1946. Since that time, the requirements for participation have remained basically the same. Any child from a family with income less than 133 percent of the Federal Poverty Level can receive free lunches. Children in households with income less than 185 percent of the Federal Poverty Level can receive reduced priced lunches. In recent years, due to observations regarding the upsurge in food stamp participation during the summer months, when children are out of school, and research suggesting that children who do not eat breakfast suffer in school performance measures, the School Lunch Program has been extended into breakfast and summer meal programs, although these do not reach as many children as the lunch program does. Additionally, states provide free or reduced price milk to poor children either as part of these programs or at separate times during the school day.

In 2000, the number of children in Utah participating in the school lunch program was 269,491. This is approximately 54 percent of the total school age population and ranks Utah 25th in the nation for percentage of school age children participating in the program. Utah is also one of the fastest growing states in this category. Figure 10 compares the percent of children participating in this program in 1997 and 2000 for the ten fastest growing states.

Not only are more children participating in the program, but also a greater portion of their meals come from the program. In Utah, during program year 2000, an average child relied on the program for lunch 168 days of a 180-day school year. The cost of each meal served was approximately $1.08, up from $0.94 in 2000. The increase was accounted for in the jump in the costs of commodities purchased for the program and even with the increase, Utah ranks 41st in the nation for cost per meal per student.

The school breakfast and summer programs reach a much smaller portion of the population. In 2000, only 6.5 percent of the school age population in

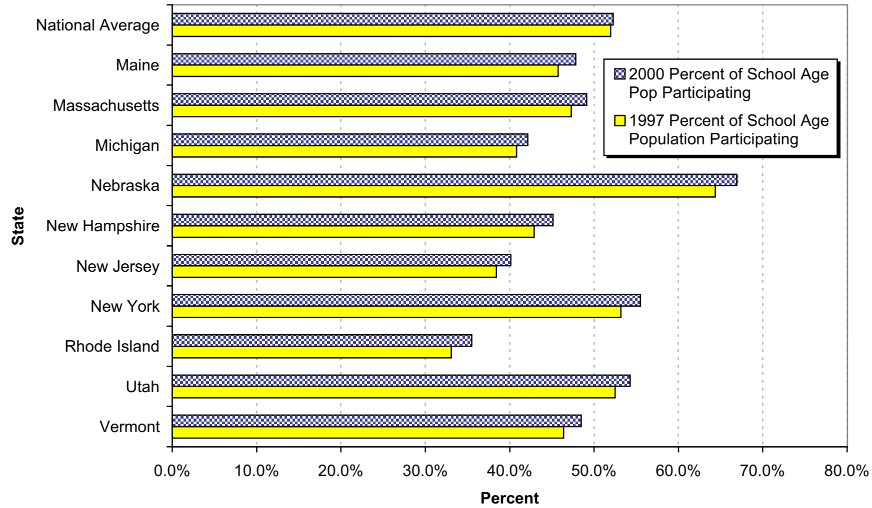
Utah participated in the breakfast program and 3.8 percent in summer food programs. The average cost in 2000 for the breakfast program was $1.05 per meal per student and the summer program cost was $2.04 per meal per student.[4]

These data highlight how federal nutrition programs meet the needs of school age children. For infants and preschoolers, food needs are met through another federal program: Women, Infants and Children, or WIC. The next section analyzes WIC usage in Utah and the nation.

Figure 10

Percent of School Age Children Participating in School Lunch Program

Top 10 States by Growth from 1997-2000



Source: USDA Food and Nutrition Programs: School Lunch, U.S. Census Bureau CPS. Calculations by Utah Foundation.

WIC

WIC is a block grant program instituted by the federal government, and it operates usually through county health departments and tribal organizations. As a block grant, the number of eligible individuals that may participate in the program does not determine program funding.

To be eligible for WIC assistance, the applicant must be a pregnant, postpartum or breastfeeding woman, an infant to age 1 or a child to age 5. The applicant must reside in the area for which she is applying for benefits and she must be income eligible. In Utah, income eligibility is set at 185 percent of the Federal Poverty Level for the household size, and unborn children are counted as members of the household, so a single, pregnant woman would have an income limit set at 185 percent of the poverty level for a household of two. Figure 11 shows the monthly gross income by household size determined to be at 133 and 185 percent of the Federal Poverty Level for the 2001-2002 program year. These monthly income figures are used to determine eligibility for both WIC and School Lunch programs, as described above. Additionally, if an applicant is participating in TANF, Medicaid or Food Stamp programs, she is automatically eligible to participate in WIC as long as she meets the categorical requirements set above. Finally, the applicant must be determined to have a "nutrition risk." This is a medical or dietary condition that can be ameliorated through the program and the nutritional counseling offered. Conditions such as anemia, a history of poor pregnancy outcomes and being underweight are cited as examples of nutritionally reversible conditions.

Figure 11

School Lunch and WIC Income Qualifications

	Gross Monthly Income		
Household Size	Federal Poverty Level	133 % of FPL	185 % of FPL
1	$738	$981	$1,325
2	995	1,322	1,790
3	1,252	1,664	2,256
4	1,508	2,004	2,722
5	1,765	2,346	3,187
6	2,022	2,687	3,653
7	2,278	3,027	4,118
8	2,535	3,369	4,584
Each additional member add	$257	$342	$466

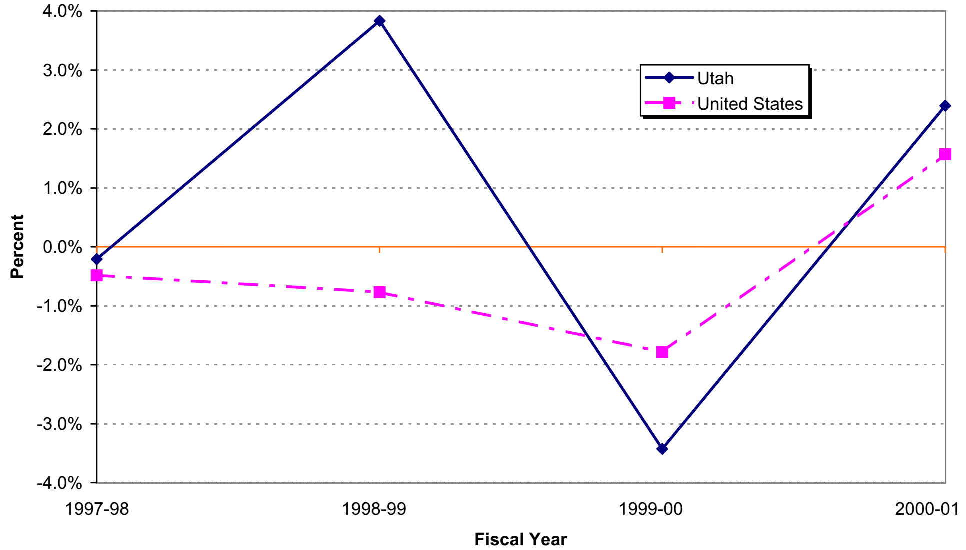
Source: Data from the U.S. DHHS.

In Utah, services include food packages worth $35 to $70 a month, up to $550 annually, plus the services of a dietitian and "cooking smart" tips that allow participants to stretch their food budget and provide low cost, high nutritional value meals. Figure 12 shows the participation in the program by those eligible and the growth of the program since 1997.[5]

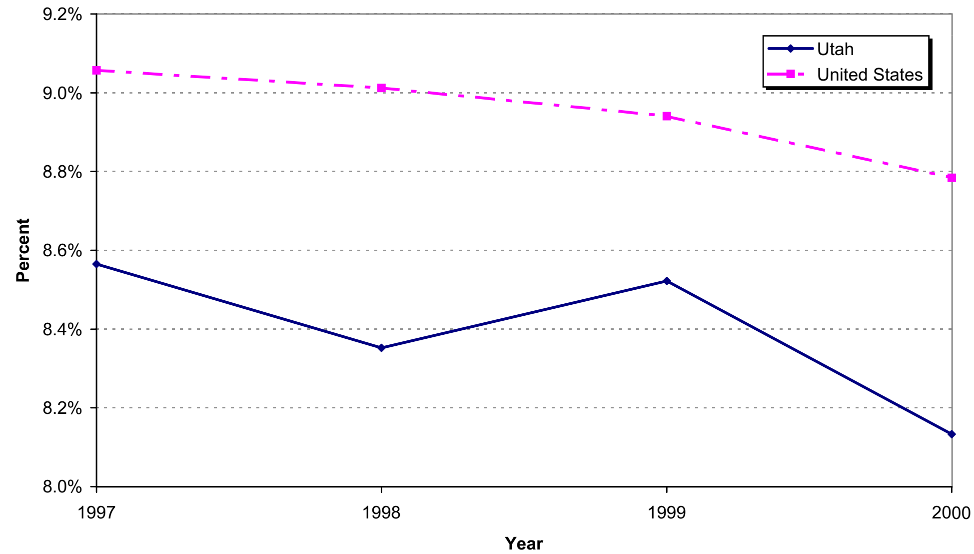
Each of these programs is valuable to the low-

Figure 12

Annual Growth of WIC Participation



Growth of WIC Target Population



Source: USDA Food and Nutrition Programs: WIC, U.S. Census Bureau CPS. Calculations by Utah Foundation.

income population in Utah. They were started by the federal government under the tenet that 30 percent of a household's budget went to food and that food purchases were the most likely to be delayed when other needs, such as housing, cost more than anticipated. Since the inception of these programs, research has continued to link good nutrition with better growth and school performance among children. Therefore, any state's welfare program will emphasize access to food and nutrition programs for its participants. Nutrition programs have also been cited as an important bulwark against escalating costs in health programs for the poor, such as Medicaid and SCHIP. A review of these programs is offered in the following section.

Medicaid

When Utah applied for its AFDC waiver in 1991, one of the requests it made was to create larger income disregards for welfare recipients who were transitioning to work. These income disregards allowed AFDC clients who had higher monthly incomes, because of wages, to continue to participate in Medicaid if they did not have a health plan at their place of employment. This waiver was codified in 1996, with the passage of PRWORA, resulting in a two-tiered system in Utah. The larger income disregards have been kept for TANF recipients who find work and need to continue health benefits under Medicaid. However, poor persons who apply for Medicaid without applying for TANF have more stringent income standards they must meet in order to receive benefits. This, according to a study by Mathematica Policy Research, Inc. for the Department of Health and Human Services, may create a disincentive to applicants that desire only health benefits and not TANF assistance.[6] Enumerated below are the eligibility requirements for Medicaid:

- Age 65 or older
- Legally disabled or blind
- Pregnant
- A child through the age of 18
- A parent or caretaker of a child under the age of 19
- A woman with breast or cervical cancer

If an applicant is classified as one of the above, there is then an asset test that the applicant must meet. As with the TANF program, an individual's assets cannot exceed $2,000. There are exceptions for pregnant women and a person whose spouse is residing in a nursing home.

Figure 13

Income Limits for Medicaid Eligibility

As % of FPL

Category	Household income as a percent of FPL
Age 65 or older	100%
Blind	54 to 75%
Legally Disabled	100%
Pregnant	133%
A child age birth to 5 years	133%
A child age 6 through 18	100%
The parent or caretaker of a child under 19	54 to 60%
A woman with breast or cervical cancer	250%

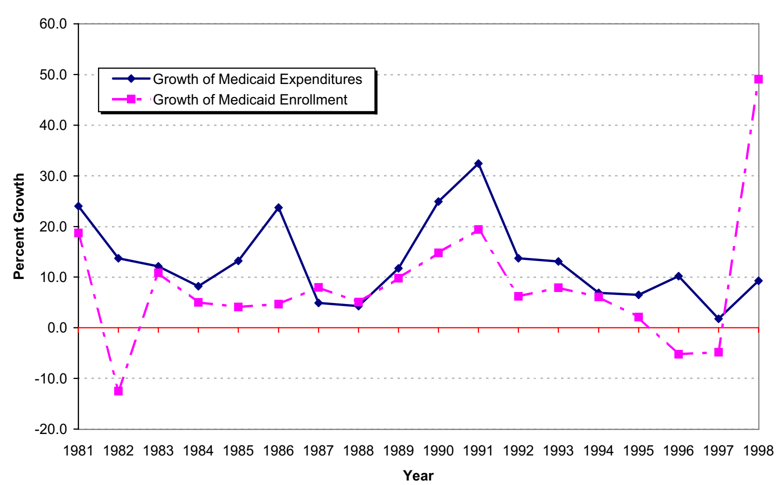
Source: State of Utah, Department of Health, Division of Health Care Financing; *Utah Medicaid Provider Manual, January* 2002.

Income limits vary within the Medicaid program. While they are still based on the Federal Poverty Level (FPL) for household size, the percentage of FPL varies according to the program in which the applicant is enrolled. For the categories listed above, the income limits are shown in Figure 13. Additionally, if an applicant has monthly income in excess of the limits stated above but not enough to pay medical expenses, he can apply for the Medicaid Medically Needy Program. This program is a spend-down plan that offers the applicant the option of paying his "excess" income, the income he has that is above the FPL percentage, directly to the state or paying a portion of his medical expenses out of pocket.

Once a participant is enrolled in the program, he must choose a primary care provider. Participants residing in Salt Lake, Davis, Weber or Utah counties must enroll in a managed care program or HMO (health maintenance organization). At the time of this publication, Intermountain Health Care (IHC), citing a fiscal year loss of eleven million dollars on Medicaid contracts, has announced it will no longer provide HMO services to Medicaid recipients. This limits the number of HMOs available for Medicaid to two, one of which is operated through the University of Utah. Participants outside these counties may choose a primary care physician that accepts Medicaid or enroll in an HMO, if one is available. At the time of enrollment, case workers determine if the participant is required to make a co-payment for services and, if so, for which services the co-pay will apply. Pregnant women and children under 18 are automatically exempt from co-pays as are residents of nursing homes. A Medicaid card, similar to a health insurance card, is issued to the participant including all pertinent information, such as co-payment requirements. The participant can then begin receiving services. Medicaid covers in-patient, emergency and routine

Figure 14

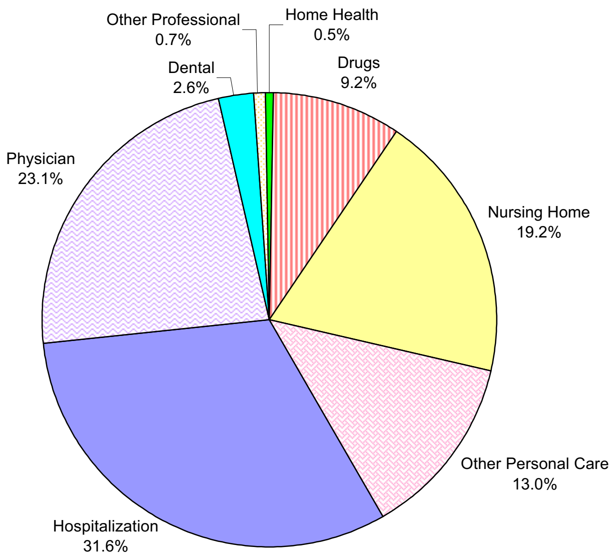
Utah Medicaid Growth



Source: Data from the U.S. Health Care Finance Administration.

Figure 15

Utah Medicaid Expenditures by Category, 1998



Source: DHHS: Healthcare Financing Administration, *Medicaid Expenditures by the States.*

procedures as well as dental and pharmacy services.

Medicaid, like other health insurance programs, has been experiencing skyrocketing costs in the past few years. Additionally, after the passage of PRWORA in 1996 and the Balanced Budget Amendment of 1997, which de-linked Medicaid enrollment from TANF recipiency, Medicaid has seen enrollment increases as well. Figure 14 charts Medicaid enrollment and expenditure growth for Utah from 1980 to 1998, the most recent data available. In 1998, Medicaid was spending $3,144 per participant in Utah. If funds spent on nursing home care, predominately used by the elderly are removed, per participant spending drops to $2,540. Hospitalizations comprise the largest percentage of Medicaid funds expended in the state at 31.6 percent of the total, followed by physician visits and nursing home care. Figure 15 highlights how Medicaid funds are used in Utah.

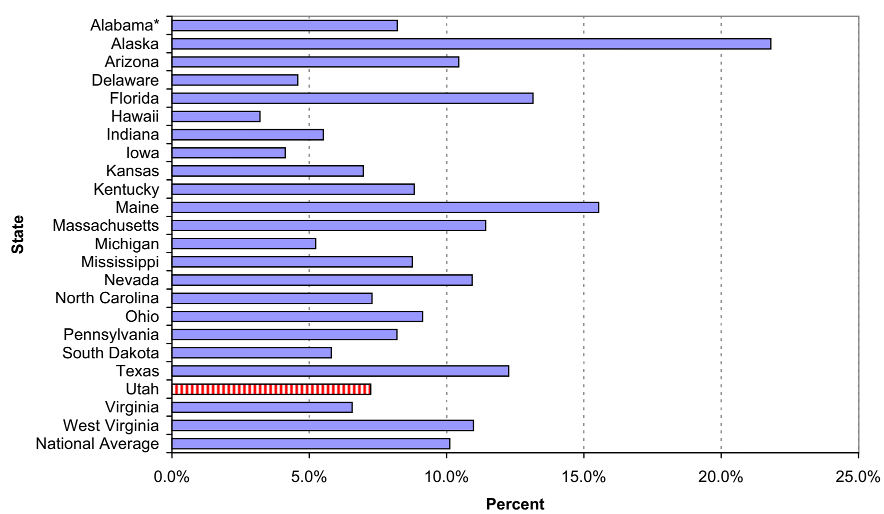
CHIP

Research done prior to the 1996 welfare reform legislation found that the need for medical insurance was the primary reason welfare recipients cited for not choosing to work.[7] Most low-skilled and low-wage jobs they were able to obtain did not offer medical benefits and the out of pocket costs for health care was a disincentive to work. PRWORA instituted a new program, SCHIP or State Children's Health Insurance Program, also known as CHIP. Under the block grant funding for CHIP, states were able to tailor health insurance programs to reach those children who lived in families that earned too much money to qualify for Medicaid but were without health insurance. These programs are designed to meet the needs of former welfare recipients as they transitioned into work and also to help other lower income households that are without medical coverage. States had the option within federal guidelines to set the income level at which CHIP coverage stops. Twenty-three states, including Utah, chose 200 percent of the FPL as the cutoff for CHIP benefits. New Jersey offers the highest income limit at 350 percent of the FPL and Wyoming has the lowest at 133 percent of the FPL. Beyond that, states had the option of rolling CHIP programs into existing Medicaid programs or running them as separate entities or a combination thereof. Utah and 15 other states chose to create separate programs.

Figure 16

Percent of Children Enrolled in CHIP Programs

States with Income Limits of 200% FPL, FY 2001



Source: Health Care Finance Administration, SCHIP program data.

*Alabama was transitioning its CHIP program to a separately run system instead of an ancillary to Medicaid; data may overcount participation.

CHIP eligibility in Utah has three components as listed below:

- The child is age 18 or younger
- Family income is below 200

percent of the Federal Poverty Level and the child is not eligible for Medicaid.

- There is no other insurance plan available, either from the employer or individual

Because the requirements are minimal and funding is under a block grant system, meaning there is a set amount of funding and once it is gone, the state cannot reapply until the next fiscal year, Utah CHIP has had to cap benefits and offer open enrollment at a certain time of the year. As of the publication of this report, CHIP enrollment was in progress. During fiscal year 2001, CHIP enrollment in Utah was 34,655 children or approximately 7.2 percent of all children under the age of 18. Figure 16 compares Utah enrollment rates to the national average and the other twenty-two states that cap the income requirement at 200 percent of the FPL.

While data regarding SCHIP programs are still incomplete, the preliminary information from the federal government is that these programs are assisting in covering those children of former welfare recipients and other low-wage workers who cannot afford private health insurance. Future studies should help determine if these programs are successful in reaching those goals.

Figure 17

County Income Levels for HUD Benefits

County	HUD Income Qualifications: Median Household Income for a family size of 3	30 percent of MHI for a family size of 3	50 percent of MHI for a family size of 3	80 percent of MHI for a family size of 3
Beaver	$38,631	$11,600	$19,300	$30,900
Box Elder	42,815	12,850	21,400	34,250
Cache	44,369	13,300	22,200	35,500
Carbon	39,869	11,950	19,950	31,900
Daggett	45,294	13,600	22,650	36,200
Davis	51,500	15,450	25,750	41,200
Duchesne	38,631	11,600	19,300	30,900
Emery	42,131	12,650	21,050	33,700
Garfield	38,631	11,600	19,300	30,900
Grand	38,631	11,600	19,300	30,900
Iron	38,631	11,600	19,300	30,900
Juab	40,979	12,300	20,500	32,750
Kane	38,631	11,600	19,300	30,900
Millard	38,631	11,600	19,300	30,900
Morgan	51,554	15,450	25,800	41,250
Piute	38,631	11,600	19,300	30,900
Rich	38,631	11,600	19,300	30,900
Salt Lake	51,500	15,450	25,750	41,200
San Juan	38,631	11,600	19,300	30,900
Sanpete	38,631	11,600	19,300	30,900
Sevier	38,631	11,600	19,300	30,900
Summit	65,096	20,100	33,550	48,950
Tooele	43,500	13,050	21,750	34,800
Uintah	38,631	11,600	19,300	30,900
Utah	45,369	13,600	22,700	36,300
Wasatch	42,131	12,650	21,050	33,700
Washington	40,206	12,050	20,100	32,200
Wayne	38,631	11,600	19,300	30,900
Weber	51,500	15,450	25,750	41,200

Source: Data from the U.S. Department of Housing and Urban Development.

Housing

As housing prices greatly increased in Utah during the 1990s, affordable housing became an issue for many low-income families. Federal housing programs offered through the Department of Housing and Urban Development (HUD) and administered through local housing authorities became more valuable to low income Utahns.

In Utah, there are two main federal programs that assist low-income renters with housing. The Section 8 certificate and voucher program allows a recipient to choose a private rental dwelling and pays the difference between the determined "budgeted" amount the participant can afford in rent and the landlord's rate or the HUD "determined payment standard" for that unit, whichever is lower. The landlord must be willing to accept the Section 8 voucher and the rental rate allowed by HUD. The "budgeted" amount the participant pays in rent is calculated to be 30 percent of the adjusted family income for the participant. Eligibility for the program is determined differently than the eligibility for other government assistance programs. Instead of the participant's income being determined as a percentage of the Federal Poverty Level, income qualifications are based on a percentage of the median household income for the county. The assumption is that local median household income is more reflective of the economic conditions in the local area rather than the national poverty level figures. Eligible applicants are families with incomes below 50 percent of the area median income as well as a few specific categories of families with incomes up to 80 percent of the area median income. Figure 17 shows the most recent median household income figures by county in Utah for family incomes at the 30th, 50th and 80th percentiles. The income level given is for a family size of three, the most common size of welfare recipient families in the state.

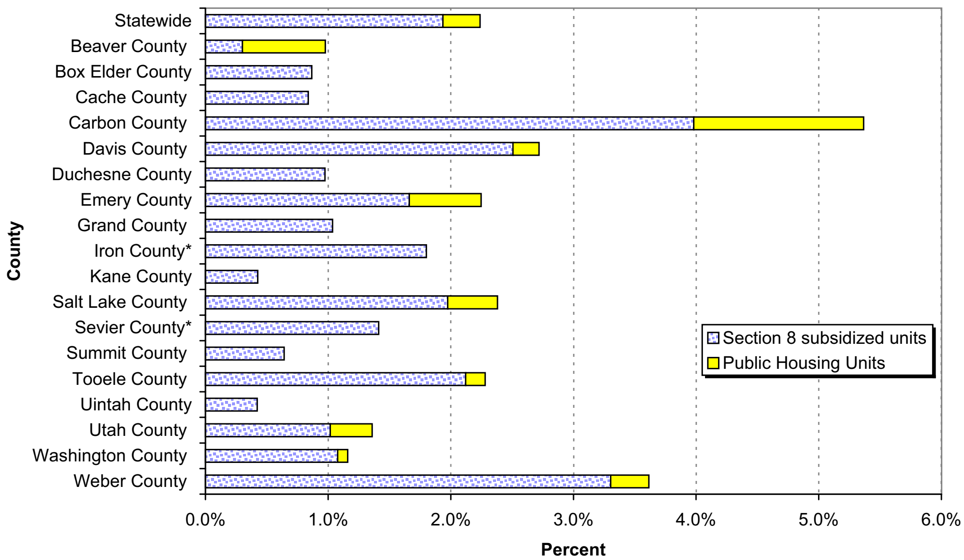
As housing prices greatly increased in Utah during the 1990s . . . federal housing programs . . . became more valuable to low income Utahns.

The other main housing assistance program for renters in Utah is public housing. Public housing units exist in most areas of the state. Eligibility is similar to the Section 8 program but the regulations for public housing

Figure 18

Percent of Housing Units that are Subsidized in Utah

2000, by County



Source: U.S. Department of Housing and Urban Development.

Note: For counties denoted with an *, the totals do not include units offered through tribal housing, counties not listed had no subsidized rental units tracked by HUD. Tribal Housing may also be provided by the BIA and is not used here.

vary from Section 8. An applicant must live in designated public housing units, unlike the Section 8 voucher program where a recipient may chose the dwelling, if the landlord of the unit is willing to accept the voucher. While the participant lives in public housing, she must agree to abide by certain rules relating to zero tolerance policies for drugs and gang activity or she may be evicted from her unit. Calculations of the participant's rent are different than in Section 8. Rent or Total Tenant Payment (TTP) can be calculated as 30 percent of monthly-adjusted income (gross annual income minus allowable deductions, divided by 12 months) or as 10 percent of monthly gross income or welfare rent, if applicable, or up to $50, whichever is higher.

Perhaps the largest problem with these two programs is that the funding cannot keep pace with demand, and waiting lists are increasing. The average length of time an applicant spends on a waiting list in Utah is 16 months. For Section 8 programs the wait is about 18 months, while public housing programs average a wait time of 10 months. Subsidized rental housing makes up a small portion of the overall number of housing units in the state, making it difficult for renters to find adequate housing. Figure 18 highlights subsidized rental stock as a percentage of total housing units in counties that have these programs. While in some areas, the percentages look woefully inadequate, it is important to remember that in rural areas, rental housing is difficult to find, as most residents own their home. HUD does offer programs to assist low-income families in purchasing homes.

Subsidized rental housing makes up a small portion of the overall number of housing units in the state, making it difficult for renters to find adequate housing.

For families receiving TANF funds, HUD recently introduced the Welfare to Work Voucher Program as a part of its Section 8 rental assistance program. During fiscal year 1999, 50,000 new vouchers were set aside nationwide to pilot this effort. Since this is a very small percentage of total Section 8 vouchers and the program is relatively new, there are no Utah specific data available. However, research done by the Urban Institute on the program's results in New Jersey and North Carolina indicate a level of success.[8]

Childcare

Research done prior to the 1996 reform legislation indicated that, for welfare recipients, the second largest hurdle, after medical expenses, to obtaining and keeping employment was childcare. Often, daycare was unaffordable for single parents working at low wage jobs. For those that could pay for care, the cost was such a significant portion of their budget that staying home made better financial sense for some. Within the PRWORA legislation, provisions were made to provide block grants to states to fund childcare subsidy programs. During fiscal year 2000, federal funds and state maintenance of effort funds (MOE) of $5.8 million were spent on providing childcare subsidies in Utah. Of this amount, 79 percent of funding comes through state monies.[9]

Eligibility for the program does not rely on TANF eligibility. Applicants are eligible if they are a single parent engaged in approved work activities such as:

- Employment: A minimum of 15 hours per week is required
- Simultaneous employment and training/education programs: Training/ education must be completed within 24 months
- Cooperation to obtain child support from the non-custodial parent

Two parent families may also apply if neither parent can adjust work schedules to provide childcare. In those cases, both parents must meet the following criteria:

- Employment: One parent must be employed 35 or more hours a week, the other must work at least 15 hours a week
- If participating in an education/training program in addition to working, the program must be completed within 24 months

In addition to the categorical requirements, applicants must pass both an asset test and an income test. In order to qualify, families must have less than $8,000 in countable assets excluding their home and one vehicle per working adult in the family. Finally, the family's adjusted gross monthly income cannot exceed the levels indicated in Figure 19 for their family size. Income includes both earned and unearned amounts, such as child support.

Childcare subsidy benefits are based on the age of the children and the type of childcare they are enrolled in. Figure 20 shows the range of maximum allowable payments based on the child's age.

The Department of Workforce Services shared with Utah Foundation its year-to-date 2001-2002 program data regarding enrollment and expenditures. The findings from these data are as follows:

- Current TANF recipients account for 22.8 percent of subsidized childcare recipients. 75 percent of childcare recipients are not involved with the TANF program and 2.2 percent are transitioning from welfare to work
- The average monthly subsidy amount for all children is $267. For children who are TANF recipients, the subsidy averages $237 a month compared to non-TANF recipients who receive an average monthly subsidy of $276. Transitional children have the highest average monthly subsidy at $291.
- Monthly participation appears very dependent on the school year. Participation is high during the months school is in session and drops during summer vacation and holidays. On average, 11,173 children participate monthly in the program.

Figure 19

Monthly Income Limits for Childcare Benefits

Household Size	Adjusted Gross Monthly Income
2	$1,817
3	2,244
4	2,672
5	3,099
6	3,527
7	3,607
8	3,687

Source: DWS, Office of Childcare.

Figure 20

Maximum Childcare Benefits

Child's Age	Range of max. monthly benefits based on provider type
Infant 0 to less than 24 months	$365-$557
Toddler ages 2 & 3	326-463
Preschool ages 4 & 5	299-433
School age child 6 to less than 13 not in school	296-396
School age child 6 to less than 13 during the school year	200-277

Source: Ibid.

Figure 21

Cash Value of Welfare Benefits Available in Utah

Categories of Income Support	% of TANF recipients receiving this benefit	Single Mother w/ 2 children receiving the "average" benefit package	Single Mother w/ 2 children receiving all benefits offered
Earned Income			
Hourly wage		$7.00	$7.00
Gross monthly income for 20 hours a week of work		$607	$607
Gross monthly income for 30 hours a week of work		$910	$910
Welfare Benefits			
Monthly TANF amount	100%	$353	$353
Monthly value of Medicaid	100%	148	148
Monthly value of Food Stamps	82.1%	210	210
Monthly value of school lunches	100%	26	26
Monthly value of housing subsidy including utility allowance	15.1% & 13.1%	0	456
Monthly value of childcare subsidy	2.1%	0	474
Monthly value of WIC	n/a	0	31
Monthly Value of Welfare Benefits		**$736**	**$1,697**
Total Income			
Monthly income including benefits and wages at 20 hours a week		$1,343	$2,304
Monthly income including benefits and wages at 30 hours a week		1,646	2,607
Full time hourly wage equivalent of benefits plus 20 hours work		$7.75	$13.29
Annual income of full time work at this wage equivalent		**$16,120**	**$27,643**
Federal Poverty Level for a family of three		$15,020	$15,020
Percent of the poverty level at this wage equivalent		107%	184%

Source: Data from the U.S. DHHS, Administration for Children and Families, *Characteristics and Financial Circumstances of TANF Recipients, Fiscal Year 1999,* Calculations by Utah Foundation.

Utilization of Welfare Programs

With the variety of programs offered to welfare recipients, are some more utilized that others and if so, which ones? How much support in dollar terms does the average recipient receive? How much assistance would be provided if someone participated in all of the major programs? These are questions policy makers need to consider. If the assistance provided by welfare programs is not sufficient to lift the average participant family out of poverty, even including income they receive from wages, then can welfare reform be truly considered a success? If access to critical programs, such as childcare, is denied because demand outstrips supply, then can participants be expected to obtain self-sufficiency? The measure of success for welfare reform cannot be solely the decrease in the number of families on the welfare rolls.

This section will review the utilization by TANF recipients of other government assistance and attempt to determine how much these programs are worth to them on a monthly basis. For comparison, the focus will be on the "average" family of a single mother with two children, one in elementary school full time and one a toddler between two and three years of age. The analysis assumes that this mother does have wages from work and that her hourly wage is approximately that of welfare recipients nationwide, which is around $7.00 an hour. The majority of welfare recipients engage in 20 to 30 hours a week of work activities; therefore, the matrix includes the mother's income at 20 hours per week of work and also 30 hours a week. It also assumes that she will work year-round. The analysis compares the value of her benefits if she receives the typical bundle of goods provided by government welfare programs and the value of the bundle were she enrolled in every program offered. Finally, next to each category of benefits, there is a figure in parentheses that indicates what percentage of TANF recipients are also participating in that program.[10] The findings are outlined in Figure 21.

For the hypothetical mother receiving the average bundle of welfare assistance, those benefits are worth approximately $736 a month. Added to her income at 20 hours a week, these benefits provide a monthly income of $1,343, which is the equivalent of earning $7.75 an hour if she worked full time. While this seems to be a small increase from her current level of

$7.00 an hour working part time, it is the equivalent of raising that wage by $0.75 and working twice as many hours, which more than doubles her income. However, this formula does not take into account the increasing cost of childcare were she to extend her hours.

For the woman receiving the larger bundle of goods, the value increases sharply. With the addition of housing, utility and childcare assistance, the benefits are worth $1,697 a month. However, the percentage of TANF recipients that receive this large a support package is very small, estimated to be around 2 percent of all TANF recipients or 193 Utah households in 1999. When coupled with her income at 20 hours a week, these benefits provide a monthly income of $2,304. In order for the recipient to reach this income through her own earnings, she would need to be employed full time at $13.29 an hour. Again, it must be emphasized that very few families would receive all of these benefits at any given time, but this example is provided to show the overall value of these programs in alleviating poverty if they were more widely available.

Perhaps the most telling finding from this matrix is that, even if the recipient earned an income on her own that matched the most generous hypothetical benefit package, she would still be poor enough to qualify for assistance, based on the percent of Federal Poverty Level attained. If the mother receiving the larger package were able to find full time employment at the $13.29 an hour she would need to replace her benefits, that would give her an annual income of $27,643 which is still only 184 percent of the Federal Poverty Level. At that level she would still be eligible for housing assistance, and her children would still be eligible for WIC and reduced price school lunches as well as CHIP, if she did not have medical insurance through her employer. She would be just over the income limit for childcare assistance.

Perhaps the most telling finding from this matrix is that, even if the recipient earned an income on her own that matched the most generous hypothetical benefit package, she would still be poor enough to qualify for assistance.

For the mother receiving the average benefit package, an annual income of $16,120 would place her at 107 percent of the FPL. At that income level, she would be eligible for housing assistance, food stamps and childcare subsidies. Her youngest child would be eligible for WIC and Medicaid, while the school age child could participate in CHIP and the school lunch program.

The above examples illustrate the difficulty which families in Utah, especially those who have only one wage earner, face in becoming self-sufficient. For many of the programs listed above, eligibility does not equate with recipiency. Many families that are eligible for programs such as CHIP and childcare assistance do not receive benefits because there simply isn't enough funding. At that point, many turn to the religious and non-profit social service communities for assistance.

Community and Faith Based Assistance

With the enactment of PRWORA, Congress expected that community and faith based organizations would help meet demands that federal programs were no longer designed to alleviate. As the House of Representatives reauthorized PRWORA this spring, President Bush indicated that these organizations should be even more involved in providing for the poor in local communities. However, little research has been done regarding the ability of community and faith based groups to meet these demands. Fortunately, in Utah, there has been an ongoing effort to quantify the type and amount of assistance given by these organizations as well as their capacity to meet future needs. A recent study entitled, "The Impact of Welfare Reform on Charitable Organizations: The Capacity of the

Charitable Welfare Sector in Utah," released through the Center for Public Policy and Administration at the University of Utah, examined Utah charitable organizations and their ability to assist low-income residents of the state.[11] According to the summary findings of the report, most charitable organizations in Utah are having difficulty meeting existing needs and in the future anticipate greater demands for services and smaller budgets to meet those demands. Since the research was done as a survey of charitable organizations' leadership, the findings are those leaders' own perceptions regarding the current and future state of their organizations and the demands that will be placed on them. Highlighted below are the key findings of the report regarding the capacity of charitable institutions in Utah.

- Social service nonprofit organizations indicate a greater demand for services since the enactment of PRWORA, while religious leaders report no change in the number of requests for services.
- Nearly all of the charitable organizations provide referrals to other organizations. Usually, these referrals are made because the service requested is not provided by the referring organization.
- Two-thirds of the social service non-profits (not religiously affiliated) report that they are currently operating at or near full capacity, meaning that in the future they will only be able to absorb less than 10 percent of the new requests for services. For 40 percent of these organizations, budgets have declined in the past few years.
- Over 50 percent of the funding for social service non-profits is derived from the federal government.
- When asked about strategies for meeting the anticipated increase in demand in the near future, most social service organizations responded they would seek additional federal funding and increase staff, although some indicated that rationing of services was something they would consider.

According to the summary findings of the report, most charitable organizations in Utah are having difficulty meeting existing needs and in the future anticipate greater demands for services and smaller budgets to meet those demands.

Additionally, the study indicated a number of concerns regarding the role of charitable institutions going forward and their ability to assist those that are excluded from government assistance. Some of these concerns include:

- Religious leaders report a lesser understanding of the implications of welfare reform on poor families and consequentially feel less equipped to work with them. This at a time when the Bush administration is calling for religious organizations to have a larger role in assisting the poor.
- Since the early 1990s, government funds to assist the poor have been increasingly dispersed to social service nonprofit organizations. The current administration would like to extend government funding to religious institutions.
- Charitable organizations report usage of their services by middle-income families that are experiencing financial difficulty, a new development for most of these organizations, especially considering that during the time the research was done, the economy had not yet slipped into a recession. Assistance provided to middle-income families detracts from the funds available to help the poor.
- Most of the applicants for assistance from charitable organizations are working. They seek alternatives to government assistance because they earn too much to qualify for government benefits, yet their wages

are inadequate to pay the increasing cost of living in Utah.

Perhaps the most concerning of all the issues outline above is the use of charitable services by an increasing number of middle class families. This is a phenomenon not previously noted by these organizations and definitive data do not exist that would quantify the exact number. This observation, coupled with the growth of the economy during the time the research was being conducted, begs the question: if middle-income families are struggling in a growing economy, what will happen during a downturn?

In Utah, there has always been a strong reliance on the welfare resources of The Church of Jesus Christ of Latter-day Saints to assist those who are experiencing financial difficulty. Indeed, researchers have suspected the low utilization of government assistance by low-income families in Utah is due to the strong welfare program the LDS church offers. As the policy climate in the United States shifts more towards faith based organization participation in assisting the poor, Utah will be at the forefront because of the efforts made those in charge of this program.

Living at the Poverty Level

Government assistance programs are required to offer services to the most needy of families. In order to determine who qualifies for these programs, a uniform standard called the Federal Poverty Level was created. Since its inception, there have been many criticisms that it is an inadequate measure of who is truly poor. Some of the concerns about the measure include that as a national standard it does not adequately reflect differences in the cost of living from one local area to another, although government analysts recognize the expense of living in Alaska and Hawaii and created separate indices for those states. Another charge is that the formula inaccurately reflects the budgets of low-income families. The formula created shortly after WWII, assumed that for poor families, 30 percent of their household budget would be used to purchase food. Additionally, food would be the first budgetary item to be decreased when the cost of other needs such as housing increased. Therefore, the strongest thrust of modern government poverty policy has been focused on nutritional needs.

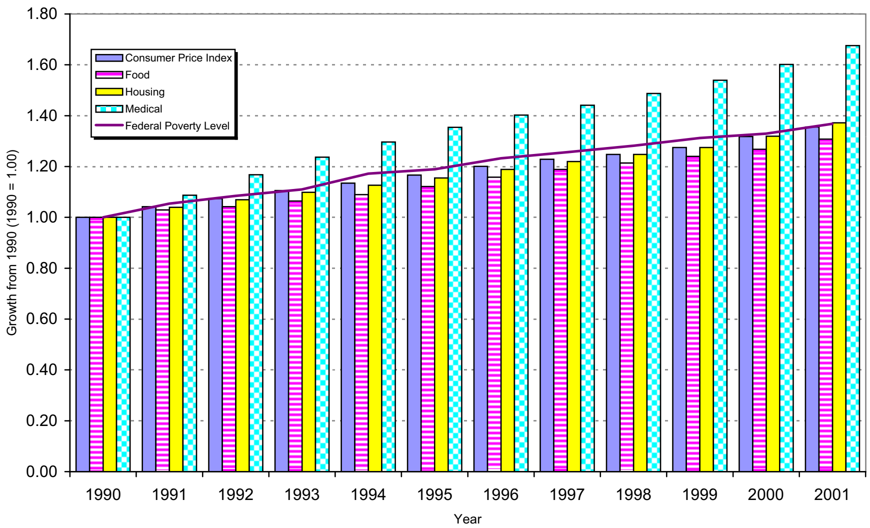
Perhaps the most concerning of all the issues outline above is the use of charitable services by an increasing number of middle class families.

Over time, the price of some necessities has increased at a faster rate than the FPL or even inflation as a whole. Figure 22 compares the growth rates of overall inflation to inflation in the housing, food and medical care sub-sectors as well as the growth of the FPL from 1990 to 2002. As the graph shows, between 1991 to 1995, the inflation categories included show a decline in their rate of growth, while the Federal Poverty Level show erratic growth rates. Between 1995 and 1998, with the exclusion of medical services, inflation leveled off, as did the FPL. In 1999 inflation again dipped downwards while the poverty level climbed. After 1999, the indicators all show an upward trend through 2002. Overall, the poverty level tracks inflation very closely. However, wages have not necessarily kept pace with inflation. Below is an analysis of the purchasing power of minimum wage and the hourly wage calculated to equate to the FPL for a family of three that has one wage earner, and compares both to the average hourly wage in Utah.

Minimum wage, with the exclusion of some years during the 1970s, has averaged about 78 percent of the income needed to keep a family of three at the FPL, if one wage earner was working full time. This percentage has declined in recent years. From a high in 1997 of 80.4 percent, minimum wage now can only bring a family to 73.2 percent of the poverty level. Viewed another way, if both parents are working at minimum wage, one

Figure 22

Growth of Inflation by Category Compared to the Growth of the Federal Poverty Level



Source: U.S. Bureau of Labor Statistics.

parent would need to work the full 2,080 hour work year and the second parent would need to work an additional 837 hours in order to lift that family to the poverty level. This equates to 21 weeks of full time or 42 weeks of half time work. Only in 1995 and 1989 were the hours needed by a second wage earner higher. Both of those years were followed by increases in the minimum wage rate.

The likelihood of a two-parent family where both parents work for minimum wage is small. Some economists have argued and built economic models to prove that when minimum wage is increased, it is not poor working families that benefit, but middle class teenagers, since they are most likely to be earning minimum wage.

In Utah specifically, another indicator that may be of greater concern, is that of the FPL compared with the state's average hourly wage rate. How close is the average employee in Utah to the poverty line? In 2001, the average hourly wage in Utah was $14.35 or 204 percent of the FPL for a family of three. The year prior, wages were 203.6 percent of the poverty level. Not since the late 1970s did wages exceed the poverty level by that large a margin. Interestingly, wage rates seem to be counter-cyclical. During recession years, the average wage rate exceeds the poverty rate by a larger margin. This is perhaps due to higher unemployment and fewer entry-level jobs during economic downturns. By reducing the denominator (number of jobs), the numerator (wages) appears larger. In the end, though, it cannot be ignored that, for the majority of years within the time series, the average Utah worker, were they the sole wage earner for a family of three, was living at or below 200 percent of poverty, enabling them to be eligible for some government assistance. Figure 23 illustrates this point.

In the end, though, it cannot be ignored that, for the majority of years, the average Utah worker, were they the sole wage earner for a family of three, was living at or below 200 percent of poverty, enabling them to be eligible for some government assistance.

What is perhaps most critical for TANF recipients as they are seeking employment is finding a job with their skill set that pays enough to lift the family out of poverty. In 1998, the Bureau of Labor Statistics attempted to quantify employment across states into certain job classifications, then compare the wages earned in one state to the wages earned in another for the same job. At the same time, they attempted to distinguish jobs by the amount of education and training necessary to perform the function of that position. The end result of this study was the Occupational Employment Statistics (OES) survey. The OES is helpful in determining what types of jobs are available in Utah for those transitioning from public assistance to work.

When reviewing the results from the survey, Utah Foundation focused on those jobs that required a minimum of education equivalent to a high school diploma and training for the position was provided on the job. The premise behind selecting these job categories was that the majority (51.7 percent) of TANF recipients in the state have a high school diploma.

Additionally, Utah made a deliberate decision at the inception of its TANF program that TANF funds would not subsidize a four-year college education. This decision is reflected in the state's 36-month lifetime limit. Therefore, it is safe to assume that most TANF recipients in the state will have at best an associate's degree, but the great majority will be merely high school graduates.

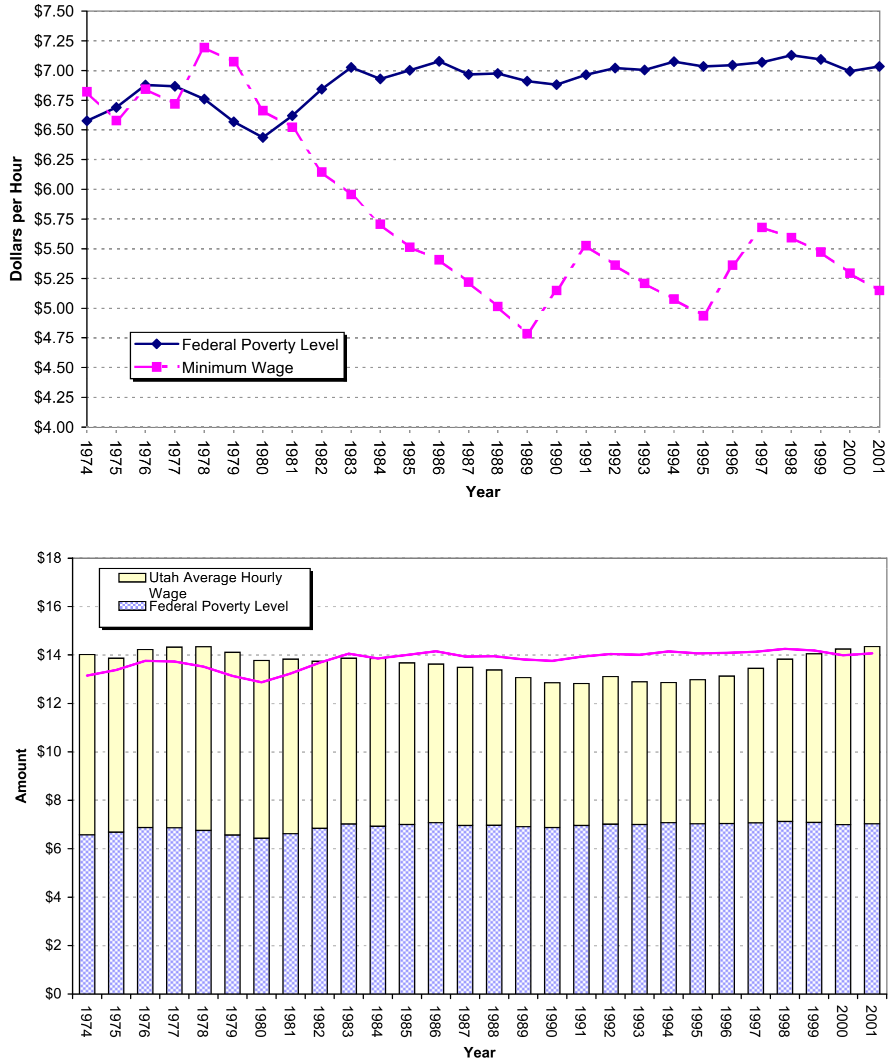
Additionally, because many of those receiving public assistance have barriers to employment, their employment history is weak; therefore, these workers will not have the in-depth training that comes from working at one job or employer for lengthy periods. Most of the jobs available within the construction sector, for example, require 24 or more months of experience performing work at a certain level to gain the skills to secure steady employment with competitive wage rates.

When the data are reviewed, the employment picture for Utah and its least skilled workers in 2000, was as follows:[12]

Figure 23

The Hourly Wage Rate Equivalent for the FPL Compared to the Minimum Wage

Federal Poverty Level for a Family of Three (2001 Constant Dollars)



Sources: DHHS, Bureau of Labor Statistics and DWS, Labor Market Information. Calculations by Utah Foundation.

- There were 65 occupational titles in Utah that required "entry level" skills and education. These 65 occupational titles classified 366,292 jobs in Utah or 34.0% of the total non-farm jobs in the state in 2000.[13]
- Thirteen of the occupational titles had starting wages below the poverty line for a family of three.
- 37 (including the above thirteen) had starting wages below the poverty line for a family of four. These 37 titles accounted for 44.8 percent of the employment within the 65 entry-level occupational titles or 164,260 jobs. This figure is 15.2 percent of the total non-farm jobs in the state in 2000.
- One of the occupational titles had top wage rates (the wage rate paid to those employees with the most skills and experience) below the poverty line for a family of three.
- 14 (including the one above) had top wage rates below the poverty line for a family of four. These occupational titles accounted for 97,070 jobs or 9.0% of the total non-farms jobs in Utah.

- Only three had top wage rates at or above Utah's average hourly wage of $13.85 in 2000. One is a governmental sector job, one is in the construction industry and one is in the personal services sector.

Overall, the employment situation for the least skilled of Utah's workers appears bleak. It seems unlikely that many poor working families will be able to rise above the poverty level without both parents participating in the labor force full time. As labor force participation increases, a larger portion of the family's budget is spent on childcare, transportation and other expenses it previously had not incurred. At the same time, their eligibility for public assistance decreases. The gap between needs and resources grows wider, creating what has been described as the "cliff effect." Cliff effects simply refer to the increase in the standard of living a poor family has when they are combining wages with public assistance that continues to grow until their wages increase to the point they are no longer eligible for assistance. At this point, without the support that welfare benefits give them, their standard of living drops dramatically.

In light of these factors, as well as the estimation of the value of welfare benefits to a recipient, what wage level is necessary to enable a family to cover expenses without relying on government assistance? There have been a number of alternative methods offered to measure poverty and wage rates. These alternative methodologies base their arguments on the assumption that the Federal Poverty Level is insufficient in areas where the cost of living is higher than the national average, or in areas that have experienced rapid growth and prices are increasing at a rate faster than the national average.

In Utah, perhaps the most intriguing alternative method of measuring poverty has been put forth by Utah Children in cooperation with Wider Opportunities for Women. These two organizations sponsored the creation of the self-sufficiency index for Utah, its counties and metropolitan areas. Because this index takes into consideration the difference in expenditures for different aged children, it reflects the difficulty parents of young children have in being self-sufficient. Preschool children use the greatest percentage of a family's resources. At the same time, parents of young children are young themselves and cannot command, for the most part, a high wage rate.

The self-sufficiency index attempts to measure what each family type would need to earn to meet all of its needs without relying on government assistance. While the methodology has been subject to criticism that it overstates "needs," it is still the most complete attempt to measure not only by geographic location but family composition. A summary of the averages by family size and geographic local is provided in Figure 24.[14] Using this methodology, one

Figure 24

"Self-Sufficiency" Income & Wage by Family Size and Geographic Location

GEOGRAPHIC ENTITY	Family Size			
Metro Areas	**1**	**2**	**3**	**4**
Provo-Orem	$16,648	$28,742	$34,454	$48,445
Northeast Provo	17,727	30,162	36,215	50,158
Davis County	18,198	29,862	34,913	47,601
South Salt Lake	19,403	33,065	37,667	50,949
Salt Lake County	17,593	30,730	34,987	48,202
Weber County	18,217	29,916	33,218	45,001
Metro Area Average	**$17,964**	**$30,413**	**$35,242**	**$48,393**
Hourly Metro Area Average	$8.64	$14.62	$16.94	$23.27
2 wage earner hourly average			$8.47	$11.63

	Family Size			
Non-Metro Areas	**1**	**2**	**3**	**4**
Beaver County	$14,807	$24,494	$28,179	$39,770
Box Elder County	14,829	24,522	28,178	39,754
Cache County	15,616	25,803	29,217	40,853
Carbon County	14,900	25,617	30,325	43,061
Daggett County	16,279	29,716	31,687	43,417
Duchesne County	14,527	22,250	29,273	42,059
Emery County	14,807	22,916	25,680	36,436
Garfield County	14,807	24,494	28,179	39,770
Grand County	14,773	25,893	28,668	40,432
Iron County	15,717	25,877	30,838	43,275
Juab County	14,773	21,890	25,664	36,552
Kane County	15,227	25,148	26,993	37,670
Millard County	14,751	24,379	28,361	40,139
Morgan County	14,830	23,381	26,789	37,874
Piute County	14,762	24,402	27,423	38,580
Rich County	14,762	24,402	28,073	39,641
San Juan County	14,762	25,332	30,316	43,305
Sanpete County	14,762	24,402	28,858	40,968
Sevier County	14,773	24,425	28,099	39,673
Summit County	18,349	35,585	42,513	60,017
Tooele County	16,789	28,577	30,948	42,819
Uintah County	14,510	25,723	29,478	41,977
Wasatch County	15,104	26,183	32,007	45,750
Washington County	16,478	28,111	32,734	45,430
Wayne County	14,762	23,135	26,549	37,683
Non-Metro Area Average	**$15,218**	**$25,466**	**$29,401**	**$41,476**
Hourly Non Metro Area Average	$7.32	$12.24	$14.14	$19.94
2 wage earner hourly average			$7.07	$9.97
State Average				
Hourly State Average	$7.98	$13.43	$15.54	$21.60
2 wage earner hourly average			$7.77	$10.80

Source: *The Self-Sufficiency Standard for Utah, 2001* published by Utah Children and Wider Opportunities for Women.

wage earner in metro areas of Utah would need to earn $8.64 an hour to support a family of three at the "self-sufficiency" level. This is $1.44 an hour or 20.5 percent more than the Federal Poverty Level. In rural Utah, the self-sufficiency wage is $7.77 an hour versus $7.03 for the Federal Poverty Level.

While the monetary differences between the self-sufficiency index and the poverty level seem small, it helps to dispel the myth that Utah is an affordable place to live and that wages are keeping pace with the cost of living. Also, it highlights the difficulty new labor-force entrants have in securing jobs that can provide for dependents. A new entrant might be able to command $7.00 an hour, but $8.50 is not considered a starting wage with many Utah companies.

Drawing higher paying jobs to the state is an area that policy makers continue to struggle with. Since there is no definitive formula for attracting the next Microsoft or Coca-Cola to a state, it is difficult to gauge how effective government can be in bringing business and industry to Utah. Wage disparities between Utah workers and their counterparts in other areas of the country have long been a source of discussion within the policy community. Since the boom of the 1990s appears to have not closed that gap while, at the same time, Utah's cost of living increased significantly; there is a greater urgency to address this issue.

Conclusion

Utah overall has made the transition well from AFDC to TANF. Policy makers focused on employment as the vehicle to raise residents out of poverty and then followed through by creating the "one-stop" employment/ assistance center within the existing framework of the state Employment Services Centers. Utah was the first state to take this approach in the nation. Since then, other states have tried to mimic the "one-stop" approach.

Utah has also done well with its CHIP program, marketing it as a health insurance plan as opposed to another welfare program. This marketing makes a difference in perceptions, both by potential recipients as well as lawmakers. People are more likely to participate in a government program if they do not feel they will be stigmatized for seeking assistance. The goal of the CHIP program is to provide medical care to a child that prevents more costly care in the future. Given that goal, participation is critical. If marketing the program in such a way encourages that participation, then Utah deserves credit for doing so.

One problem area that the state should address is the disparity between TANF and non-TANF Medicaid recipients. Under the two-tiered system, there is a disincentive to applicants to apply only for Medicaid if that is the only service they need. As there is a population of low-wage workers that do not have medical insurance, it would be helpful if they had access to Medicaid.

Another area the state should consider is the disconnect between housing and other social services. While there are compelling reasons to keep housing authorities localized in their scope, the lack of affordable housing is a statewide concern.

Finally, TANF rolls dropped during a time of unprecedented expansion of both the national and state economies. As was stated earlier, only between 18 and 30 percent of the drop in welfare rolls during the mid 1990s can be attributed to reform. While Utah has succeeded in reducing the number of TANF recipients by 26 percent between 1997 and 2000, the state's poverty

While the monetary differences between the self-sufficiency index and the poverty level seem small, it helps to dispel the myth that Utah is an affordable place to live and that wages are keeping pace with the cost of living.

rate also dropped to single digits. While this is good news, the question must be asked; what will happen in an economic downturn? All of the data presented in this report were from fiscal year 1999 and 2000, when the economy was growing. New data from 2001 will help to determine what impacts a downturn has, but policy makers need to remain vigilant to ensure that if there is a greater demand for government assistance in the future, the fiscal support is there.

[1] Data from the U.S. Department of Health and Human Services, Administration for Children and Families 'Characteristics and Financial Circumstances of TANF Recipients, Fiscal Year 1999'. Data series available at http://www.acf.dhhs.gov/programs/opre/characteristics/fy99/analysis.htm

[2] Ibid.

[3] See Mangum, Garth et al; On Being Poor in Utah, The University of Utah Press, 1998.

[4] U.S. Department of Agriculture, Food and Nutrition Services School Lunch Program Data 1997-2001.

[5] The "eligible" population was determined by adding together the total number of women between the ages of 15 and 44 plus all children under the age of 5 by state. No determination was made as to what percentage of these women and children actually meet income requirements.

[6] Mittler, Jessica and Gary Hyzer; "State of Utah Improving Food Stamp, Medicaid, and SCHIP Participation: Strategies and Challenges," Mathematica Policy Research Report May 7, 2002

[7] Ibid

[8] See the Brookings Institution Conference on TANF Reauthorization and Housing Policy reports at http://www.brookings.edu/dybdocroot/es/urban/speeches/20020412_welfhous.htm

[9] Analysis of TANF federal block grants and State MOE funds by the Center for Law and Social Policy. For data see http://www.clasp.org/pubs/TANF/FY00/Introduction.htm

[10] Data regarding participation by TANF recipients in other subsidy programs is from the series listed in endnote 1, above. Calculations for support categories are as follows:

Monthly TANF amount: The average amount paid to TANF recipients in Utah in 1999. Since the family size chosen was also the average size, it was assumed that this is the average TANF payment to a family of three.

Monthly value of Medicaid: The calculation was derived by taking the average amount spent per participant minus nursing home care, hospitalization, home health, professional services and personal care. It assumed 5 physician and 3 dental visits a year and 9 prescriptions filled a year per family.

Monthly value of Food Stamps: The average monthly food stamp allotment multiplied by three.

Monthly value of school lunches: The average cost charged to paying students for school lunch is $1.17 times 22 lunches a month.

Monthly value of housing subsidy including utilities: The average monthly government subsidy for Section 8 housing in Salt Lake County plus the average monthly allowance for utilities. Not all Section 8 housing receives a utility allotment, therefore the percentages for participation by TANF recipients assumes they mimic the Section 8 population as a whole.

Monthly value of childcare subsidy: The average monthly amount per child for a TANF recipient, multiplied by two. The percentage listed here is from the 1999 characteristics and does not represent current data. The best estimate using 2002 YTD childcare data from DWS and matching that with the number of children receiving TANF gives a percentage of approximately 13.8. However, for consistency the old data are used.

Monthly value of WIC: Only one family member, the toddler, is eligible for WIC. Therefore the value of WIC is assumed to be the minimum monthly amount. WIC and TANF administrative data do not calculate the number of recipients of one benefit that also receive the other.

[11] Laurie N. di Padova, “The Impact of Welfare Reform on Charitable Organizations: The Capacity of the Charitable Welfare Sector in Utah,” University of Utah 2001. Access to the report in its entirety is available at http://www.cppa.utah.edu/wri/index.html

[12] Hourly wage rates were calculated from the median wage rate and standard deviation provided by BLS. Assuming that the rates follow a normal distribution, rates were calculated out +/- three standard deviations to capture 99% of all wages paid within that category. Entry-level or bottom wage rates were assumed to be –3 standard deviations from the median and top or experienced wage rates were assumed to be +3 standard deviations from the median.

[13] Appendix A lists all 65 job titles classified to be entry-level or meet the educational and training criteria set forth in the text.

[14] Access to the complete Self-Sufficiency Standard for Utah, 2001 is available through Utah Children at www.sixstrategies.org

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Appendix A

Entry-Level Jobs Available in Utah, Including Employment Totals and Average Salaries

Job Title	2000 Utah Employment	Mean Annual Salary
Computer Support Specialists	10,940	$22,610
Teacher Assistants	11,390	18,080
Dietetic Technicians	n/a	16,710
Home Health Aides	3,060	19,560
Nursing Aides, Orderlies, and Attendants	7,530	17,330
Dental Technicians	2,710	23,280
Medical Aides	3,680	20,340
Pharmacy Aides	210	19,110
Veterinary Assistants and Laboratory Animal Caretakers	410	15,960
Security Guards	8,950	20,000
Crossing Guards	1,080	18,390
Cooks, Fast Food	4,870	14,770
Cooks, Institution and Cafeteria	3,700	17,600
Cooks, Restaurant	4,100	17,840
Cooks, Short Order	1,370	14,030
Food Preparation Workers	7,820	15,770
Combined Food Preparation and Serving Workers, Including Fast Food	17,480	13,910
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	2,380	14,300
Waiters and Waitresses	16,900	15,620
Food Servers, Nonrestaurant	860	15,500
Dining Room and Cafeteria Attendants and Bartender Helpers	4,190	13,450
Dishwashers	3,030	13,740
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	2,910	14,370
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	14,590	17,770
Maids and Housekeeping Cleaners	9,070	15,410
Landscaping and Groundskeeping Workers	6,160	19,370
Ushers, Lobby Attendants, and Ticket Takers	1,030	12,940
Hairdressers, Hairstylists, and Cosmetologists	2,310	19,720
Manicurists and Pedicurists	n/a	25,540
Baggage Porters and Bellhops	260	14,340
Child Care Workers	970	16,330
Personal and Home Care Aides	1,030	16,170
Cashiers	28,500	15,300
Retail Salespersons	35,420	19,850
Telemarketers	4,020	22,250
Bookkeeping, Accounting, and Auditing Clerks	12,710	24,290
Payroll and Timekeeping Clerks	1,170	26,920
Customer Service Representatives	22,860	22,520
Eligibility Interviewers, Government Programs	60	26,490
File Clerks	2,200	19,090
Hotel, Motel, and Resort Desk Clerks	1,270	15,700
New Accounts Clerks	510	20,760
Receptionists and Information Clerks	9,260	19,330
Meter Readers, Utilities	370	24,800
Stock Clerks and Order Fillers	14,230	20,260
Secretaries, Except Legal, Medical, and Executive	10,230	22,960
Data Entry Keyers	6,440	19,430
Word Processors and Typists	850	22,850
Office Clerks, General	18,540	20,610
Construction Laborers	7,850	23,070
Helpers--Brickmasons, Blockmasons, Stonemasons, and Tile and Marble Setters	660	24,070
Helpers--Carpenters	2,340	15,240
Helpers--Electricians	320	25,350
Helpers--Painters, Paperhangers, Plasterers, and Stucco Masons	610	17,980
Helpers--Pipelayers, Plumbers, Pipefitters, and Steamfitters	550	20,260
Helpers--Roofers	370	19,800
Team Assemblers	15,420	20,410
Bakers-Institutional and Assistants	2,390	20,850
Laundry and Dry-Cleaning Workers	1,300	16,020
Sewing Machine Operators	1,410	19,260
Packaging and Filling Machine Operators and Tenders	3,460	18,820
Photographic Processing Machine Operators	340	19,080
Helpers--Production Workers	4,760	18,440
Parking Lot Attendants	470	15,340
Service Station Attendants	420	18,970
Total Number of Jobs	**366,292**	

Source: Bureau of Labor Statistics, Occupational Employment Survey, 2000.

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