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### Moving Away From Welfare

**Grant makers and charities seek new ways to meet needs of poor**

By Michael Anft

A 30-year-old mother of three who lives in Seattle, Chevaughn Stephens knew that after four years of relying on welfare checks to get by, she had to change course.

Americans can receive no more than five years of benefits from the federal government, but states, which administer federal welfare money, have had flexibility to use their own money to keep people on the rolls longer. However, a law passed last year will encourage them to be tougher.

To become more self-sufficient by the time she is no longer eligible to receive government assistance, Ms. Stephens last year started working 20 hours a week and began pursuing a high-school graduation-equivalency diploma.

"I want to be one of those mothers that gets entirely off of welfare, so I can inspire others," says Ms. Stephens, who works part-time at the Welfare Rights Organizing Coalition, an advocacy group in her hometown, and so receives less in welfare.

While she is optimistic about her future, she says her job has taught her that the massive changes in the government's welfare system over the past decade have not helped everyone. Ms. Stephens, like other advocates for the poor, says that too little attention is being paid to strengthening a system that many of the nation's most vulnerable people depend upon.

Foundations that used to spend a lot of money on research and advocacy, as well as direct support for welfare charities like the one where Ms. Stephens works, have phased out or ended their grant making — in part, they say, because neither members of Congress nor the White House seem to be interested in learning what difference the welfare overhaul of 1996 has made in fighting poverty or how it could be made to work better.

Instead of backing new efforts to find ways for the federal government to better understand how the welfare changes are working and what could be done to improve the system, many foundations now support other kinds of programs that help low-income families obtain more in tax breaks, a higher minimum wage, and federally financed health care for children from poor families.

#### Success of 1996 Law

To be sure, one reason for the shift is the fact that the welfare law succeeded in ways many people in the nonprofit world didn't expect.

In 1996, when welfare changes were first passed, 4.6 million families were on welfare. Now only two million are.

But the trimming of welfare rolls hasn't resulted in a downturn in need, charity leaders say. Many Americans, including some who have been removed from welfare rolls, are having a tough time — especially poor families headed by mothers who have trouble finding jobs or who have mental or physical conditions that make it impossible to work.

Leaders of social-service groups report an increase in requests for aid from former welfare recipients who now work, but who earn too little to support their families. Charities worry that cuts in foundation grants and government programs will hurt their ability to handle the growing number of people who need their services.

Perhaps most alarming, the number of people living in poverty in the United States grew by more than five million from 2000 to 2005, and the percentage of Americans at the lowest rung of the federal poverty level is higher than it has been in more than three decades.

That is why Ms. Stephens says that when she gets completely off welfare, she wants to devote herself to a career helping low-income mothers get the help they need to survive.

"When I'm off welfare, I'm going to stay right here and work for these people," says Ms. Stephens. "They'll still need me."

### **Stringent New Rule**

In 1996, when a majority-Republican Congress and President Bill Clinton worked together to pass a new welfare law designed to get poor people into jobs, they hailed it as a breakthrough in political bipartisanship and as an innovative approach to reducing poverty.

Because the changes were so extensive, foundations and organizations mobilized to perform research to figure out what the new law was doing well and where it had weaknesses, and to start and support programs to help people move away from public assistance and into the working world.

Last year the law was renewed for the first time since its passage — after 13 unsuccessful tries at revamping it over the course of a decade.

The law now requires:

- Welfare recipients to work more hours (30 hours per week as opposed to the 20 hours required under the original law) to remain eligible to receive benefits after their first two years of getting government aid.
- States to define more narrowly what counts as work hours as they distribute federal welfare money. Federal officials, who must approve state programs, are encouraging states to focus on hours that welfare recipients worked or trained for a specific job; in the past, courses that provided a general education could also count.
- Strict adherence to the five-year limit on benefits. States could lose millions of dollars in the next several years if they don't move more people into jobs and kick them off welfare. Grant makers and foundation officials say that the revised welfare bill runs counter to what they learned after spending millions of dollars on research. Studies that grant makers financed have shown that offering welfare recipients a wide range of opportunities to get ready for work increases their chances of getting better-paying opportunities and keeping such jobs longer. In

addition, grant makers and other advocates for the poor say that most of the people who were ready to work have already found jobs, so those who are left are people who suffer from disabilities or have other problems that make them harder to employ. The pressure from the law passed last year may force states to push people with prospects off the welfare rolls — and deeper into poverty — when the time limits expire, they say.

"There were a lot of values issues in that bill — ones you can't really research," says Michael Laracy, coordinator of public policy at the Annie E. Casey Foundation, in Baltimore, which has poured more than \$70-million into welfare-related grants in the past seven years. "What was a shock was that a lot of groups and foundations did good work in highlighting what had worked regarding welfare. But it all got bogged down because the White House wanted to get tougher on states and their work requirements."

Other grant makers say they were also frustrated by the long path to getting the law renewed.

"There's a lot of welfare fatigue out there," says Jennifer L. Phillips, a senior program officer at the Joyce Foundation, in Chicago, which made \$46-million in grants to welfare-related programs from 1994 to 2004. "We helped produce a rich body of research on what we had learned about welfare, but all of that hardly mattered to Congress or the White House," says Ms. Phillips.

### **Marriage Programs Included**

Other nonprofit officials who have been advocates for welfare changes are pleased by the action Congress and the White House took last year, and are critical of the direction taken by many foundations during the early years of the new welfare law.

Robert Rector, a senior fellow at the Heritage Foundation, a conservative think tank in Washington that has advised the White House on welfare and many other issues, says last year's revision of the law was "a pretty good deal. "

He adds: "To really have an effect on welfare dependency, you have to make work a required activity. And the law put teeth back into the work requirements."

Mr. Rector also praises the inclusion of federal grants to organizations that encourage people on the lower rungs of the socioeconomic ladder to consider marriage as a way to strengthen families and become better off economically. The \$100-million that will go to those programs, Mr. Rector says, will help groups persuade people to change their behavior.

Mr. Rector says the marriage program was passed in part because of work the Casey Foundation accomplished. Casey annually makes \$200,000 in grants to groups that promote marriage and has publicized the results of those grants — showing that married couples do better in staying out of poverty than single people do.

"It's productive," adds Mr. Rector of the Casey effort. "Overall, foundations have been counterproductive. They've spent a lot of money to find out what's wrong with welfare, to take a pro-liberal, antireform stance."

### **Lack of Support**

Groups that serve welfare recipients criticize foundations for entirely different reasons. They say too

few grant makers are willing to help grass-roots charities that serve people on welfare.

Evelyn L. Dortch, executive director of the Direct Action Welfare Group, in Charleston, W.Va., says she has been forced to shut the organization's office near the state capitol and move it into her bedroom. The group, which works on behalf of 28,000 welfare recipients, had previously garnered more than \$50,000 each year in foundation grants.

At the end of last year, the group had \$12 in the bank after the last in a series of \$25,000-per-year grants from the Public Welfare Foundation, in Washington, was spent.

"That's the hard reality of it," says Ms. Dortch, a 40-year-old former welfare recipient and mother of four who now has a job as a social worker. "Everybody in this field is hurting right now. As one of my friends said, 'Welfare isn't sexy anymore.'"

As many as 30 organizations across the country that provide services similar to those that the Direct Action Welfare Group offers — such as teaching women about their legal rights regarding benefits, filing lawsuits to protect those rights, helping women find child care and housing, and linking clients with policy makers — are facing a cash crunch brought on by diminishing interest from foundations.

Cutbacks in foundation grants have led Ms. Dortch to wonder about her group's future. "We've had a \$97,000 annual budget, but because we don't do the direct services that foundations tend to favor these days, and because there's this lack of interest in funding welfare groups, we're in a tough spot as far as how to get there," she says.

So-called welfare-rights groups say foundation grants are essential to their well-being. Their boards are often made up of welfare recipients who aren't likely to become donors or to have ties to people with deep pockets. What's more, many of the groups are reluctant to seek government contracts because they often end up lobbying against actions by government officials.

"It's hard to mobilize people who are constantly in crisis, as is the case with many of our clients," adds Jean Colman, co-director of organizing and policy at the Welfare Rights Organizing Coalition, in Seattle.

The 22-year-old group, which relies on foundation grants for 75 percent of its \$250,000 annual budget, received \$35,000 last year from Public Welfare, and got \$50,000 this year from the Marguerite Casey Foundation, in Seattle. Grants overall have been dwindling in recent years, however, and finding replacement dollars is difficult.

Other groups have had more success at finding new ways to get foundation support. Lifetime, a welfare advocacy and services group in Oakland, Calif., that works with more than 5,000 people each year, says it has become more creative in how it raises money, says Anita M. Rees, its associate director.

After grants totaling hundreds of thousands of dollars from the William and Flora Hewlett Foundation, in Menlo Park, Calif., and the David and Lucile Packard Foundation, in Los Altos, Calif., ended in 2002, Lifetime successfully sought smaller grants from other foundations. It used them to create a statewide organization.

"We're all welfare mothers or former ones, so we know how to stretch a dime," says Ms. Rees. "But we also knew that we had to focus on what we could do for foundations — how to link our work up

with foundations that focus on children, for example. We let them know that children are subject to welfare rules just as much as mothers are."

The strategy has helped the group win a three-year, \$300,000 grant from Marguerite Casey, as well as \$150,000 from the Ford Foundation, in New York, over the last three years. The Ford grant came about after the group had won a Ford award for leadership in 2003.

"We approached the program officer at Ford about our work on behalf of welfare mothers who want to receive job training at community colleges, using the award as an example of how well we do things," says Ms. Rees.

But Ms. Dortch and others worry that larger organizations, such as Lifetime, may crowd out groups like hers. She says her group frequently works on behalf of people who have exhausted their 60 months of federal benefits — and who are still impoverished.

Even though foundations have moved away from supporting welfare groups, "the basic need's still here," says Ms. Dortch, adding that more than 50 percent of West Virginians who have timed out of welfare live on less than \$5,000 per year.

"When people hit their five-year limit, they need someone to provide them with a voice," she says. "Just because they're off welfare doesn't mean they aren't starving."

### Meeting Needs

Charities nationwide say they are having difficulty meeting the needs of those kinds of people.

Lutheran Family and Children's Services of Missouri, in St. Louis, helped 2,000 more clients in 2006 than it did in 2004, an 11-percent increase.

"There's a different class of poverty now," says Alan M. Erdman, chief executive of the organization, which offered emergency services to 20,000 people last year. He partly blames what he sees as the shortcomings of the changes in the welfare system.

"When you give people an \$8-per-hour job and take away their federally backed health and child care, you're really putting them in a predicament," he says. "You're dooming them to a lifestyle in which they can't better themselves. We see a lot more people who work but can't make it."

Because new welfare rules make it more difficult for recipients to use their required work time for education, people who must accept low-wage work but would like to get a better job are hard-pressed to get training, Mr. Erdman says.

The increase in clients has strained his annual budget of \$8-million. And there's no relief in sight. "We're not seeing any increase in philanthropic support to help us deal with this," Mr. Erdman says.

Some observers say nonprofit groups are not capable of meeting demands for aid.

"I don't have any comprehensive sense that charities have stepped up," says Deborah Weinstein, executive director for the Coalition on Human Needs, a Washington group that performs advocacy for the poor. "To expect charities to do more these days is not realistic. They simply don't have the money."

Groups like Ms. Weinstein's are hoping the federal government will fill the gap by increasing the amounts it provides for health care for children and food stamps.

Because the cost of housing has risen nationwide, pricing many people out of the market, other advocacy groups are pushing for an increase in a federal trust fund that finances low-cost housing.

Advocacy groups say they are increasing their pressure on lawmakers at both the federal and state levels in hopes that the growing poverty numbers will sway the debate in the favor of people with low incomes.

"We'll continue to push for more work supports for poor people," says Ms. Weinstein. "The government may have reformed welfare, but it hasn't done all it can to help those in poverty."

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