

# FAMILY WELL-BEING AND WELFARE REFORM IN IOWA

A Study of Income Support, Health, and Social Policies for Low-Income People in Iowa

## Highlights of the Study

Iowa State University (ISU) Extension is conducting a multi-year project to monitor the effects of welfare reform on Iowa's families and communities following implementation of the federal reform legislation, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in January, 1997.

The baseline study has three broad components:

- a state-level case study of policies and programs in Iowa;
- case studies of seven Iowa communities—Cedar Rapids, Fort Madison, Hampton, Manchester, Marshalltown, Mount Ayr, and Storm Lake; and
- in-depth interviews with five welfare recipients in each of those communities.

This report is based on interviews with more than 160 state, community, and family informants that were conducted in fall 1997 by a team of ISU faculty members and ISU Extension field staff. Some highlights of the study results follow.

### At the State Level

**Declining Welfare Caseloads**—Iowa policy makers are proud of the welfare reforms enacted in 1993 that replaced the Aid to Families with Dependent Children (AFDC) Program with the Family Investment Program (FIP). Implementation of the federal welfare

reform legislation in January 1997 required relatively few changes in Iowa's FIP program, but placed greater urgency on the movement of families into jobs as the state implemented a 5-year lifetime limit on welfare benefits. In the context of a strong economy and FIP's emphasis on self-sufficiency, caseloads declined 20 percent from October 1993 when FIP was initiated to an average monthly caseload of 29,717 in July 1997. Many of those who remain on the FIP caseloads are the "difficult-to-serve" population with multiple employment barriers.

**Shifting Fiscal Responsibilities**—The PRWORA replaces federal responsibility for matching state spending on FIP with a fixed Temporary Assistance for Needy Families (TANF) block grant and gives the state much greater flexibility in use of the federal TANF funds. Iowa increased state spending on FIP, child care, and child welfare through state fiscal year (SFY) 1996, but there were indications that the trend would not continue. While child care and child welfare funding continued to grow, Iowa reduced state FIP funding by about \$18.1 million in SFY 97 and offset the decreased state funding with federal TANF monies. As Iowa Department of Human Services (DHS) funding declined as a proportion of the General Fund, one elected official commented, "This is not welfare reform; it is fiscal reform."

## Comments

*"This is not welfare reform; it is fiscal reform."*

—Elected official

*"We've known this is coming, but are poorly prepared; welfare reform may be the single largest test for local government."*

—County official

## ***“The holes in the safety net are growing.”***

*—Advocate from a nonprofit organization*

The Family Well-Being and Welfare Reform project interviews, analyses, and report preparation were coordinated by Cynthia Needles Fletcher, professor and extension specialist, Department of Human Development and Family Studies.

For the complete report, visit this Web site:  
<http://www.extension.iastate.edu/Pages/pubs/reform.html>

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Quick Labor Force Attachment versus Education—Iowans interviewed for this study are divided on the best strategy for investing in low-income families. Policies in 1997 emphasized short-term job training and quick labor force attachment. Some call this approach short-sighted. One critic stated, “The state now wants to ‘invest’ in rickety old cars to take people to minimum wage jobs rather than putting those dollars into post-secondary education for welfare recipients.”

### **In Local Communities**

Growing Expectations for Communities—The state is committed to shifting or “devolving” more responsibility for policies and programs to the local level. Devolution is met with ambivalence in Iowa’s communities. Most community leaders speak positively of FIP’s emphasis on personal responsibility and the flexibility that decategorization, Innovation Zones, and DHS self-sufficiency grants provide for local community initiatives. However, others seem wary of the time demands of inter-agency collaboration and competitive grant-writing. Opinions vary among local government officials with regard to the potential effects of welfare reform. Some foresee little impact on cities and counties. Others are leery of a shift of fiscal responsibility from state to local government. One county official said, “We’ve known this is coming, but are poorly prepared; welfare reform may be the single largest test for local government.” One advocate from a nonprofit organization commented, “The holes in the safety net are growing.” Despite a drop in both FIP and food stamp caseloads, communities described growing demands on food pantries and other emergency services.

Lack of Jobs, Transportation, and Child Care—These three barriers to moving welfare families off the rolls and toward self-sufficiency

were mentioned repeatedly in every community by both community leaders and welfare families. The shortage of “living wage” jobs for workers with few skills is an issue in rural and urban areas. Transportation and quality, affordable child care are particularly difficult to obtain for second- and third-shift workers. The distances between jobs, child care, and home as well as the lack of public transportation systems make transportation a critical concern in rural Iowa. Despite the important role that jobs will play in welfare reform, the social services and business sectors have had little interaction in most communities.

### **Among Families**

FIP Families Do Not Fit a Single Stereotype—Iowa’s welfare families are a very diverse group. Some are single mothers enrolled in school; others are working couples. A few are grandparents or aunts and uncles who are caring for a relative’s child. Most have one or two children. Many live in families in which an adult or child has a serious health problem that makes full-time employment difficult. Many of the women have been victims of domestic violence.

FIP Recipients Vary in Their Capacity to Become Self-Sufficient—Nearly all FIP parents voice a strong commitment to raising their children and support the changes in the welfare program, but they are concerned about limited job opportunities in their communities. Most lack the education and training that Iowa’s well-paying jobs demand. While many have a strong network of friends and family that provides financial and emotional support, others seem very isolated from the neighborhoods and communities in which they live. Finding a job that pays enough to take them off all forms of public assistance and balancing the roles of breadwinner and parent may be an achievable goal for some, but an unrealistic expectation of others.

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