



CENTER ON BUDGET AND POLICY PRIORITIES

NEWS RELEASE

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STATES CUTTING WELFARE REFORM PROGRAMS; Upcoming Federal Welfare Law Could Force Additional Cuts

Many states are making significant cuts in their welfare and child care programs, a new Center study finds, including programs to help families move from welfare to work. Even deeper cuts could be in store if the legislation Congress is crafting to renew the 1996 welfare law imposes new requirements on states but does not provide the new money needed to help meet these requirements.

Among the programs states are cutting are those that provide child care for low-income working families, help welfare recipients find jobs, or fight teen pregnancy. Programs to help the most disadvantaged families, such as those facing eviction or with drug abuse problems, also have been cut.

At least 15 states have scaled back efforts to help welfare recipients improve their skills and find jobs or are proposing to do so. At least 32 states have made or are proposing measures to make child care less accessible, either by making certain families ineligible, creating waiting lists, increasing co-payments, or reducing provider payments. At least 11 states have cut, or are proposing to cut, assistance to families with the most severe problems.

State Cuts Raise the Stakes of Federal Welfare Legislation

Little public attention has been paid to the state cuts despite their implications for ongoing deliberations over a new welfare bill. A bill the House passed earlier this year would force states to spend an extra \$6 billion to \$9 billion over the next five years to meet tighter work requirements for welfare recipients, according to the Congressional Budget Office. Yet the House bill would freeze states' basic welfare grants (which haven't increased since 1997) for five more years, and the bill's small increase in child care funding would not compensate even for the increase in child care costs due to inflation. The Senate has yet to pass a welfare bill.

"States already are being forced to weaken the very programs that are critical to welfare reform's success," stated Sharon Parrott, the Center's director of welfare reform policy. "It's up to Congress to decide whether it wants to accelerate this trend of weakening successful programs, or provide the resources states need to help parents find jobs and support their families."

One reason for the state cuts is that most states have used up most or all of their leftover federal welfare funds from prior years. Another reason is the

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budget crisis most states now face. That crisis is leading states to cut other programs as well: some 1.7 million low-income individuals will lose health coverage if Medicaid cuts being made or considered in 22 states are enacted, according to a recent Center report. (See <http://www.cbpp.org/3-20-03sfp.htm>.)

The Center on Budget and Policy Priorities is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. It is supported primarily by foundation grants.

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