

# Children in the Family Independence Program

## DEFINITION

*Children enrolled in the Family Independence Program* is the percentage of children under age 18 who were living in families receiving cash assistance through the Family Independence Program (FIP) on December 1, 2004. These data measure the number of children and families enrolled in FIP at one point in time. They do not count the additional children and families who participated in the program at other points in the year but were not enrolled on December 1, 2004.

## SIGNIFICANCE

Rhode Island's Family Independence Program (FIP) helps families make successful transitions to work by providing the cash assistance and work supports, including health insurance and subsidized child care, that parents need to obtain and keep a job. As of December 1, 2004 in Rhode Island, 9,694 (96%) adults had FIP work plans in place; of these adults, 1,879 (19%) were employed.<sup>1</sup> In 2004, employed adult FIP recipients earned an average wage of \$9.02 per hour.<sup>2</sup>

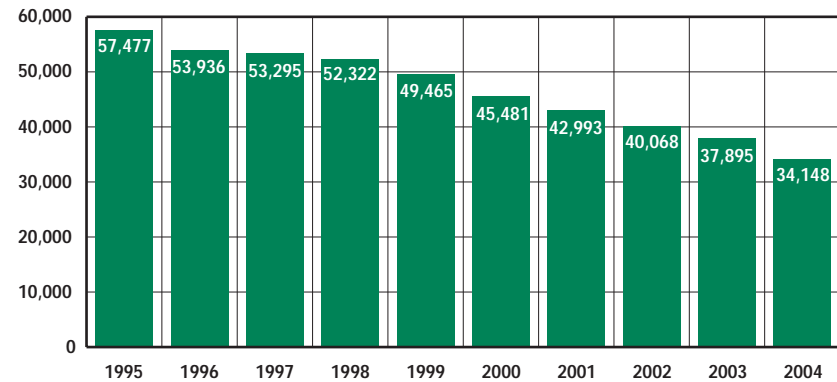
According to the 2003 Rhode Island Standard of Need, developed by the Poverty Institute at Rhode Island College, a single parent family with two

children needs to earn \$11.00 per hour with child care and medical subsidies to make ends meet, compared to nearly \$21.50 per hour without these programs.<sup>3</sup> Income supports including Medicaid, child care subsidies, food stamps and the Earned Income Tax Credit are critical in helping families successfully transition from welfare to work.<sup>4</sup>

In addition to helping low-income working families meet their basic needs, FIP also provides an economic safety net for children living in families with adults that are unable to work. As of December 1, 2004 there were 749 families enrolled in FIP who were unable to work due to illness or advanced age, 164 families exempt because of an illness to a spouse or child and 2,229 exempt from work because they were in their third trimester of pregnancy or had children under age one.<sup>5</sup>

If a family has no earned income, the maximum monthly FIP benefit for a Rhode Island family of three is \$554 per month.<sup>6</sup> With an additional \$393 per month in Food Stamps, this amount is 71% of the federal poverty guidelines and well below the amount of income families need to pay basic living expenses.<sup>7</sup> The FIP monthly payment has not increased in 15 years.<sup>8</sup>

Adults and Children Enrolled in AFDC/Family Independence Program, 1995 to 2004



Source: Rhode Island Department of Human Services, INRHODES Database, 1995 to 2004.

*Note: Prior to May 1, 1997 the Family Independence Program was called Aid to Families with Dependent Children.*

◆ In Rhode Island in December 2004, there were 23,917 children under the age of 18, 10,098 adults and 133 eighteen year olds (included in a parent's case) who were enrolled in the Family Independence Program. This is a 41% decline in cash assistance recipients since 1995.<sup>9</sup>

◆ Nearly three quarters (70%) of all FIP beneficiaries are children under the age of 18.<sup>10</sup> Three out of four children enrolled in FIP are age 12 and under, and almost half are under age 6.<sup>11</sup>

◆ In 2004, in Rhode Island, 79% of children enrolled in FIP cash assistance lived in the six core cities (those cities with 15% or more of children living in poverty). Nearly half (48%) of all children enrolled in FIP lived in Providence.<sup>12</sup>

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## Changes to the Family Independence Program

### Full Family Sanctions

◆ Beginning in September 2004, families who have been sanctioned for a total of twenty-four months for failing to enter into an employment plan or comply with the employment plan without good cause have had their entire cash benefit terminated (full family sanction).<sup>13</sup>

◆ Full family sanction replaced a system of graduated penalties applied to only the parent's portion of the benefit. Under full family sanction, a graduated system will still apply prior to the twenty-fourth month.<sup>14</sup>

◆ As of December 31, 2004, 159 cases had been closed as a result of the full family sanction. To have cash benefits reinstated, the adult must reapply for benefits, sign an employment plan and be in compliance with that plan for two weeks. Of the cases in full family sanction as of December, 69 reapplied for benefits.<sup>15</sup>

### Alternative Cash Assistance

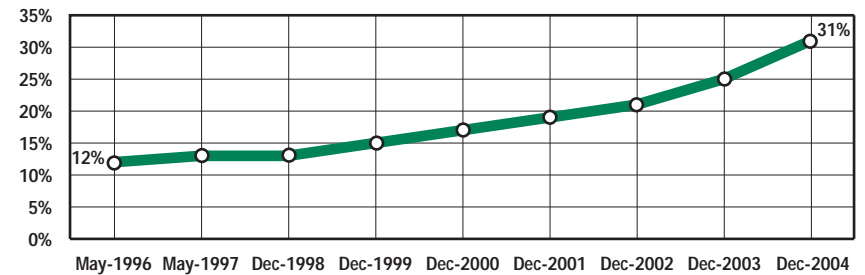
◆ As of January 2005, a family applying for benefits may choose an alternative cash assistance (ACA) payment in a lump sum equal to three times the monthly amount of cash assistance to which the family would otherwise be entitled. An ACA payment is only an option when the payment would allow the parent to remain employed or to accept a verifiable job offer. To receive the payment, the family must waive cash assistance for the six month period beginning with receipt of ACA.<sup>16</sup>

### Simplified Reporting

◆ In December 2004, Rhode Island implemented a simplified reporting policy for most Food Stamp households. Simplified reporting households receive a consistent amount of Food Stamps for a six month period and are only required to report to the Department of Human Services if its income exceeds the gross income limit.<sup>17</sup>

◆ Families receiving both Food Stamps and FIP are required to report changes of more than \$100 (earned) and \$50 (unearned) income which will result in an adjustment of both their cash assistance and Food Stamps. All FIP families that receive Food Stamps will be required to recertify for the FIP program at those 6 month intervals – instead of the 12 month intervals previously in place.<sup>18</sup>

## Child-Only Cases as a Percentage of Total AFDC/Family Independence Program Cases, Rhode Island, 1996-2004



Source: Rhode Island Department of Human Services, INRHODES Database, 1998 to 2004, and Witte, A. & Queralto, M. (August 2001). *Study of the cash assistance program: May 1996-April 2000*. Rhode Island Department of Human Services. Wellesley, MA: Wellesley College, Department of Economics, Wellesley Child Care Research Partnership.

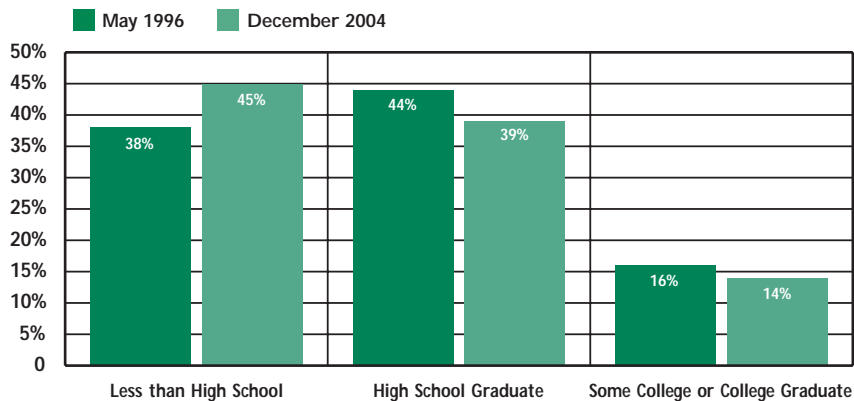
*Note: Prior to May 1, 1997, The Family Independence Program was called Aid to Families with Dependent Children (AFDC).*

◆ As of December 2004 there were 4,034 child-only cases in the Family Independence Program.<sup>19</sup> Child-only cases are those that receive cash assistance only for the children in the family because the child is living with a grandparent or other non-parent relative, the parent has reached their five-year time limit, the parent is disabled and receiving Supplemental Security Income or the parent is not an eligible immigrant or refugee.

◆ Child-only cases have increased from 12% of all FIP cases in May 1996 to 31% of all FIP cases in December 2004.<sup>20,21</sup> The percentage of all cases that are child-only cases will continue to increase as adults reach five-year time limits. As of December 2004, 2,176 adults had reached their time limits.<sup>22</sup>

# Children in the Family Independence Program

Education Level, Families Enrolled in the Family Independence Program, 1996 and 2004



Source: Rhode Island Department of Human Services, INRHODES Database, May 1996 and December 2004. Percentages do not add to 100 due to cases in which education level is not reported.

- ◆ In Rhode Island, almost half (45%) of FIP heads of households, excluding child only cases, had less than a high school education in 2004.<sup>23</sup>
- ◆ Compared to 1996, adults enrolled in FIP in 2004 were less likely to have graduated from high school or have at least some college education.<sup>24</sup>
- ◆ A growing number of jobs in today's labor market require a certain level of skill and/or credentials. Research finds that the skill levels of an average high school dropout will qualify for 10% of all new jobs between 2000 and 2010, while people possessing the skills of a typical high school graduate will qualify for 22% of all new jobs.<sup>25</sup>
- ◆ For the first 24 months of enrollment, FIP permits adults receiving cash assistance to get necessary education or basic skills training before beginning work. Evaluations of FIP have found that adults who opted for training or post secondary education as part of the FIP plan were more likely to be employed and have a higher average hourly wage than those who did not participate (\$11.37 compared to \$8.66).<sup>26,27</sup>

## Welfare and Housing Policy

- ◆ In order to align housing policy with welfare-to-work efforts, the Quality Housing and Work Responsibility Act (QHWRA), enacted in 1998, devolved authority over many areas of housing policy from the federal level to state and local Public Housing Authorities (PHAs). As a result, important decisions regarding eligibility and targeting requirements, rent regulations, Section 8 payment standards, support programs and community work requirements are now made at the state and local level.<sup>28</sup>
- ◆ QHWRA permanently repealed the federal rule that gave preference for admission to housing assistance programs to the neediest families. PHAs are, however, still required to provide at least 40% of newly available public housing and Section 8 units to families with incomes below 30% of the area median income (\$18,350 to \$18,800 in Rhode Island in 2004 depending on geographic location).<sup>29,30</sup>
- ◆ With the high cost of housing, low-income families are likely to experience difficulty finding and keeping stable housing.<sup>31</sup> Research shows that housing assistance in conjunction with cash assistance can have a positive effect on work efforts and family well-being.<sup>32</sup>
- ◆ In December 2004, 4,053 of the 13,158 families enrolled in FIP in Rhode Island received housing assistance.<sup>33</sup>

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Table 9.  
Children Enrolled in the Family Independence Program (FIP),  
Rhode Island, December 1, 2004

CITY/TOWN	ALL CHILDREN UNDER 18	NUMBER RECEIVING FIP CASH ASSISTANCE		FIP CHILDREN AS % OF ALL CHILDREN UNDER 18
		FAMILIES	CHILDREN	
Barrington	4,745	19	27	1%
Bristol	4,399	71	106	2%
Burrillville	4,043	68	119	3%
Central Falls	5,531	772	1,529	28%
Charlestown	1,712	32	61	4%
Coventry	8,389	136	201	2%
Cranston	17,098	547	874	5%
Cumberland	7,690	109	179	2%
East Greenwich	3,564	31	47	1%
East Providence	10,546	406	648	6%
Exeter	1,589	27	48	3%
Foster	1,105	19	26	2%
Glocester	2,664	18	32	1%
Hopkinton	2,011	28	56	3%
Jamestown	1,238	8	10	1%
Johnston	5,906	198	294	5%
Lincoln	5,157	84	136	3%
Little Compton	780	5	6	1%
Middletown	4,328	71	101	2%
Narragansett	2,833	37	49	2%
New Shoreham	185	0	0	0%
Newport	5,199	355	689	13%
North Kingstown	6,848	121	200	3%
North Providence	5,936	201	319	5%
North Smithfield	2,379	31	45	2%
Pawtucket	18,151	1,618	2,880	16%
Portsmouth	4,329	40	51	1%
Providence	45,277	5,949	11,599	26%
Richmond	2,014	19	29	1%
Scituate	2,635	34	45	2%
Smithfield	4,019	37	54	1%
South Kingstown	6,284	90	189	3%
Tiverton	3,367	69	110	3%
Warren	2,454	75	143	6%
Warwick	18,780	419	658	4%
West Greenwich	1,444	12	15	1%
West Warwick	6,632	269	448	7%
Westerly	5,406	122	197	4%
Woonsocket	11,155	1,011	1,697	15%
<b>Core Cities</b>	<b>91,945</b>	<b>9,974</b>	<b>18,842</b>	<b>21%</b>
<b>Remainder of State</b>	<b>155,877</b>	<b>3,184</b>	<b>5,075</b>	<b>3%</b>
<b>Rhode Island</b>	<b>247,822</b>	<b>13,158</b>	<b>23,917</b>	<b>10%</b>

## Source of Data for Table/Methodology

Rhode Island Department of Human Services, INRHODES Database, December 2004. The denominator is the total number of children under age 18 from Census 2000.

Core Cities are Central Falls, Newport, Pawtucket, Providence, West Warwick and Woonsocket.

## References for Indicator

- <sup>1,2,5,6,8,9,10,11,12,19,21,22,23,24,33</sup> Rhode Island Department of Human Services, INRHODES Database, December 1, 2004.
- <sup>3</sup> *The 2003 Rhode Island standard of need.* (2004). Providence, RI: Rhode Island College School of Social Work, The Poverty Institute.
- <sup>4</sup> Loprest, P. (August 2003). *Use of government benefits increases among families leaving welfare* (Snapshots 3). Washington, DC: The Urban Institute.
- <sup>7</sup> Rhode Island Department of Human Services, INRHODES Database, December, 2004. Calculations by Rhode Island KIDS COUNT.
- <sup>13,14</sup> Rhode Island Department of Human Services Manual, Family Independence Program, Work Policies and Procedures, Section 0812.35.
- <sup>15</sup> Rhode Island Department of Human Services, INRHODES Database, September, 2004.
- <sup>16</sup> Rhode Island Department of Human Services Manual, Family Independence Program, Special Work Requirements, Section 0814.15.
- <sup>17,18</sup> *Department of Human Services proposes changes to the Food Stamp Program and Family Independence Program to implement "semi-annual reporting."* Providence, RI: Rhode Island College School of Social Work, The Poverty Institute. Retrieved January 10, 2005 from www.povertyinsitute.org.

<sup>20</sup> Witte, A. D. & Queralt, M. (August 2001). *Study of the cash assistance program: May 1996 – April 2000.* Wellesley, MA: Wellesley College.

<sup>25</sup> Martinson, K. & Strawn, J. (Revised April 2003). *Built to last: Why skills matter for long-run success in welfare reform.* Washington, DC: The National Institute for Literacy, the Center for Law and Social Policy and the National Adult Education Professional Development Consortium.

<sup>26</sup> A & M Consulting. (2002). *Rhode Island's Family Independence Act: Research demonstrates wisdom of putting families first.* Cranston, RI: Rhode Island Department of Human Services, United Way of Southeastern New England and Rhode Island College: The Welfare Reform Research Project at the School of Social Work.

<sup>27</sup> Bromley, M. A. (October 2004). *Rhode Island College Welfare reform evaluation project: Rhode Island Family Independence Program five-year longitudinal study.* Providence, RI: Rhode Island College School of Social Work.

<sup>28,29</sup> Sard, B. & Bogdon, A. (2003). What has changed, what have we learned, and what don't we know? In B. Sard & A. Bogdon (Eds.), *A place to live, a means to work: How housing assistance can strengthen welfare policy* (pp. 6-19). Washington, DC: Fannie Mae Foundation.

<sup>30</sup> 2004 *Income limits, state of Rhode Island.* (n.d.) Retrieved February 2005 from the U.S. Department of Housing and Urban Development at www.hud.gov.

<sup>31,32</sup> Khadduri, J., Shroder, M. & Steffen, B. (2003). Can housing assistance support welfare reform? In B. Sard & A. Bogdon (Eds.), *A place to live, a means to work: How housing assistance can strengthen welfare policy* (pp. 23-62). Washington, DC: Fannie Mae Foundation.