

Distribution of Township Poor Relief in Indiana



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The Indiana Fiscal Policy Institute (IFPI), formed in 1987, is a private non-profit governmental research organization. It is the only independent statewide source of continuing research into the impact of state taxing and spending policies in Indiana. The IFPI is privately supported by a variety of organizations, corporations, associations, and individuals in Indiana and surrounding states. Contributions to the IFPI are fully deductible under section 501 (c)(3) of the Internal Revenue Code.

Foreword

Welfare policy has been a hot topic among policy wonks and a major focus of both federal and state political leaders over the last four years. Popular proposals have addressed changing the behaviors of the welfare recipients and cutting the costs to taxpayers. As the policy discussion swirls around and through Indiana, some observers might note that this state has its own unique component to welfare that manifests a number of traits highly prized by the reformers. Township Poor Relief in Indiana delivers emergency or general assistance to those in need at the lowest and therefore closest governmental level. It is generally non-bureaucratic and provides benefits in a manner that minimizes misuse. On the other hand, township Poor Relief presents an awesome challenge to the researcher. As a subject, it defies generalization. The 1,008 townships in the state deliver assistance across a varied range of administrative structures and styles that is breathtakingly broad.

Township government itself is considered by many to be an anachronism, in the almost twenty-first century. Technological changes to transportation and communication systems have brought distant continents within the reach of a few hours journey or an instant's E-mail. The cognoscenti ask, "Why can't we eliminate this relic of the nineteenth century?" In response township trustees have asked, "Why can't we be a part of the welfare delivery system, could it get any worse?" This report examines township Poor Relief as part of Indiana's overall welfare structure. It examines the connections and differences between AFDC/TANF and Poor Relief in client populations, program interactions, and financing mechanisms. At a minimum it calls for the attention of elected officials to the problem of integrating a historically bifurcated structure, one that in today's environment of welfare reform threatens to become even more costly if not addressed.

The Institute thankfully acknowledges the assistance of officials and staff at the Legislative Services Agency, the State Board of Tax Commissioners, the Family and Social Services Administration and the State Budget Agency who assisted in providing data and helpful comments in pursuing this project. The Institute staff also had the pleasure of interviewing a number of township trustees in developing this report. Those we talked with were candid about their processes and problems, evidenced a sincere concern for those in need, and were patient with the sometimes inane process of research.

Hopefully, the analysis presented here will enable policymakers to determine what works well within the current Poor Relief system and where further changes may be necessary to achieve greater efficiency, effectiveness, or equity.

Executive Summary

The township Poor Relief system in Indiana is part of the State's overall welfare structure and functions as a safety net for many low-income families. While a majority of states have similar general assistance programs, Indiana is one of only three states that administers the program on a sub-county level of government. Currently, townships finance Poor Relief in the same manner as other township functions, primarily relying on the property tax. Township trustees administer the program and have significant discretion in determining how to operate Poor Relief in their township.

The dynamic environment of welfare reform is drawing renewed attention to the Poor Relief system. Since Poor Relief is an integral part of the larger welfare structure, it is imperative that reforms to the State welfare system be coordinated with the Poor Relief system. The impact of welfare reforms remains largely unknown. Yet, it should be expected that, despite some efforts to prevent a shift in recipients from the State to townships, welfare reforms will affect the Poor Relief system. Currently, there are no Statewide mechanisms that require township trustees and State welfare administrators to work together. As a result, the cooperation that needs to take place in response to changes brought about by welfare reform may occur only on an ad-hoc and uneven basis.

In addition to the difficulties presented by welfare reform, existing problems with the Poor Relief system also need to be addressed. For instance, there are vast differences in both the revenue capacity and fiscal burden for funding Poor Relief among Indiana's 1,008 townships. These differences result in a disparate Poor Relief system across the State and stem from variances in township population, township poverty population, fiscal resources (measured by property assessed value), and spending per Poor Relief recipient.

Poor Relief in urban townships is confronted with unique difficulties. These offices have acquired the attributes of a modern welfare bureaucracy in order to deal with the disproportionately larger number of persons seeking assistance. As an example of the contrast, one urban township spent more than \$11 million in 1995, while the median township spent \$5,375. The ten most populous urban townships contain approximately 20 percent of the total population, have 30 percent of the poverty population, and spend 55 percent of the total Statewide amount of Poor Relief.

The geographical area into which the Poor Relief assistance is directed and the area from which the resources must be drawn are identical, geographically small, and, in many cases, economically homogeneous. When the State's economy goes through a recessionary period, urban townships typically experience the recession more deeply. This results in a demand to bond for or borrow funds, as a way to circumvent property tax levy controls, in order to meet the demand for increased Poor Relief assistance.

There are several systemic changes that could instill greater integration between township Poor Relief and the State's welfare system. The first step is increasing accountability. This effort would require both township and State involvement in raising the standards for reporting and maintaining Poor Relief recipient and expenditure data. Second, decision makers at State and local levels must address the high administrative costs, which seem to be an intractable part of the Poor Relief system. Third, a communication protocol needs to be formalized between the two systems. Finally, the State has an interest in broadening the tax base for Poor Relief so that high property tax rates do not hinder business and employment growth in urban areas, thus threatening a desirable outcome of welfare reform.

Describing Indiana’s Poor Relief System

Indiana has a general assistance program for low-income families that is administered by township trustees, named Poor Relief. The program provides basic necessities such as food, clothing, and shelter through a voucher payment arrangement. It is completely distinct from the larger and more well-known welfare assistance program entitled Aid to Families with Dependent Children (referred to as AFDC, which has now been superseded by the Temporary Assistance for Needy Families (TANF) program).¹ In Indiana, the AFDC program is administered by the State’s Family and Social Services Administration and its 92 county Division of Family and Children (DFC) offices. These State/county offices administer numerous other programs, including job training, child care, and Medicaid assistance programs, that are generally considered part of the State’s welfare system.

Even though the State welfare system and Poor Relief program operate independently of one another, they share many similarities in mission, services, and clients. These two systems, as well as the non-profit organizations that also assist people in need, represent the welfare structure here in Indiana.

The provision of Poor Relief in this State predates Indiana’s statehood and is modeled after England’s 16th Century system of caring for the poor.² Until the creation of the Great Society programs, Poor Relief was the primary source of assistance for low income Indiana families. Today, Poor Relief remains an important component of the welfare structure. Due to the number of organizations involved, there is no longer a single point of entry into the welfare system. Instead an individual may visit several offices seeking assistance.

<i>A sample of these offices and programs offered include:</i>		
<p style="text-align: center;">State</p> <p>County Division of Family & Children Office AFDC/TANF-Cash Assistance Food Stamps Child Care IMPACT-Job Training Medicaid</p> <p>County Health Department Immunizations</p> <p>Women, Infants and Children (WIC) Office Nutrition Assistance</p>	<p style="text-align: center;">Local</p> <p>Public Housing Authority Housing Assistance</p> <p>County Prosecutor Child Support</p> <p>Township Trustee Basic Necessities</p>	<p style="text-align: center;">Other</p> <p>Community Action Agency Utility Assistance</p> <p>Community Hospital Hospital Care for the Indigent</p> <p>Religious and Nonprofit Entities Basic Necessities</p> <p style="text-align: center;">Federal</p> <p>Social Security Office Social Security SSI</p>

¹ Due to federal welfare reforms, which will be discussed later in this report, AFDC was repealed and replaced with a block grant to states entitled “Temporary Assistance for Needy Families” (TANF). For purposes of this report, the terms TANF and AFDC may be used interchangeably. Indiana officially converted to the TANF block grant program in October 1996 when the State submitted its “state plan” detailing how the block grant funds would be utilized.

² Rosenberg, Louis, “Overseeing the Poor: A Legal-Administrative Analysis of the Indiana Township Assistance System,” (1973) 6 Ind.L.Rev. 383; 386.

Since a family may receive assistance from many sources, there is no average or typical value of benefits received by families. However, there are some common programs and program benefits that can be illustrated. For instance, a parent with two children who meets the income eligibility requirements might receive the following monthly benefits from the State welfare system:

AFDC/TANF	\$288
Food Stamps	\$315
WIC	\$ 97
Medicaid ³	\$134
TOTAL	\$834

Assuming that Food Stamps and WIC benefits provide an adequate food supply for the month and that medical expenses will be covered by Medicaid, \$288 remains to pay for rent, utilities, transportation, clothes, and household essentials. Despite the receipt of an estimated \$834 in benefits, the household would still remain more than \$200 below the poverty threshold⁴ for a family of three. In Indiana, the AFDC benefit has not increased since 1987. As a result, many AFDC recipients may seek supplemental assistance, such as Poor Relief. Whether township trustees assist them is another matter, as many townships have developed eligibility requirements that exclude AFDC recipients.

When a person applies for Poor Relief assistance, they must supply the trustee's office with a monthly budget. The trustee's office investigates both income and monthly expenses to determine (1) the household's actual need, as defined by basic necessities, and (2) whether there are any other agencies or programs that might be able to meet the applicant's need. If a trustee's office determines that there are no other sources of assistance and the household meets the eligibility criteria, the trustee has broad discretion to provide any type of assistance (via a voucher)⁵ that will meet the basic needs of the applicant.

Since Poor Relief benefits are often supplemental to other types of assistance or granted on a short term/emergency basis, benefit amounts tend to be small as compared with categorical assistance programs. Table I illustrates the number of Poor Relief recipients and the total value of the benefits over the last six years, as reported by the townships on the PR-7 reports. These reports are incomplete and not reliable. For example, in 1995 total spending authority (appropriations) in the Poor Relief fund for all townships was \$53.5 million and the total levy for the Poor Relief fund and Poor Relief debt funds was \$35.2 million, yet the reported disbursements on the PR-7's were only \$23.2 million. Clearly, the PR-7 is an inadequate picture of township Poor Relief spending. Unfortunately, there is no other Statewide source for detailed recipient and categorical expenditure data on Poor Relief.

³ This figure does not represent an actual dollar amount received. Instead it is based on an average of annual Medicaid expenditures for AFDC recipients. Unlike AFDC, Food Stamps, or WIC, a monthly check or voucher is not provided. Rather, if medical assistance is needed, the recipient will rely on Medicaid to reimburse the medical office for the cost of the service.

⁴ The U. S. Census poverty count is defined as the number of persons with income below an annually adjusted threshold who reside in an area at the time of the decennial census. The threshold varies by household size. For instance, the FY 1995 poverty threshold for a family of three was \$12,590.

⁵ P.L. 145-1993 statutorily enabled 58 townships with populations greater than 20,000 to seek county commissioners (or city-county council) authorization to pay Poor Relief claims directly. The remaining townships continue to rely on the county auditor to pay claims.

Table I						
Poor Relief Recipients and Value of Benefits Statewide						
(Dollars in Millions)						
Poor Relief Statewide	1990	1991	1992	1993	1994	1995
Total Recipients	650,611	519,158	474,647	438,117	377,805	365,155
Total Households	219,298	199,766	191,633	186,465	166,929	158,732
Value of Benefits	\$ 31.95	\$ 27.47	\$ 26.52	\$ 25.25	\$ 25.21	\$ 23.16
Source: Township PR- 7 Reports						

The Role of the Township Trustee

Prior to 1852, any township citizen could administer Poor Relief. Thereafter, an elected township trustee became the exclusive administrator.⁶ During the Depression, the township trustee, faced with an overwhelming need for assistance, was a powerful figure. With the advent of the Great Society programs, Poor Relief became a secondary source of governmental assistance rather than the primary source.

Nonetheless, Poor Relief remains an important source of assistance, and township trustees have broad authority over the program. With 1,008 trustees, Poor Relief is provided in almost as many ways as there are townships. While the discretion may be appropriate in individual cases, it has also caused discrepancies in who is served, how they are served, and what services they receive. The Poor Relief statutory guidelines are subject to much interpretation with regards to the breadth or narrowness of their meaning.

I.C. 12-20-16-1 is the guiding citation regarding who and what assistance should be provided. The statute states that “township trustees . . . may provide and shall extend Poor Relief only when the personal effort of the Poor Relief applicant fails to provide basic necessities.” P.L. 51-1996 amended the definition of “basic necessities” to include those services or items essential to meet the minimum standards of health, safety, and decency [I.C. 12-7-2-20.5].

- According to I.C. 12-7-2-20.5, “basic necessities” are:**
- ① specified medical care (not including surgery).
 - ② clothing and footwear.
 - ③ food.
 - ④ shelter.
 - ⑤ transportation to seek and accept employment on a reasonable basis.
 - ⑥ household essentials.
 - ⑦ essential utility services.
 - ⑧ other services or items the township trustee determines are necessities.

⁶ Rosenberg; 387.

In addition to discrepancies in service provision, there are also concerns that the administrative costs involved in operating 1,008 Poor Relief programs are duplicative and inefficient. The high administrative costs are generally thought to result from two major factors, decentralization and political patronage.

In 91 of the 92 counties, the townships independently operate a Poor Relief office. Even though the size of the office may vary from a room in the trustee’s home to elaborate office space, all trustee’s must pay for indirect costs or “overhead.” The consequence of decentralization is particularly evident in LaPorte County. At twenty-one townships, LaPorte has more townships than any other county. In 1995, 19 of the 21 townships filed PR-7 reports that were accessible by the State’s Local Government Database. Sixteen of the 19 townships served less than 50 households in an entire year. Only one township served more than 1,000 households.

Due to the elective process used to select township trustees, the office, like any political office, is vulnerable to the perceived necessity of rewarding political patronage. The consequence of this dynamic is that a trustee may employ more persons than actually needed, which leads to excessive administrative costs. Table II highlights the 1995 administrative costs of the ten townships that spent the most for Poor Relief.

Table II								
The Percentage Spent on Administrative Cost for Poor Relief								
The 10 Highest Spending Townships in the State								
(Dollars in Thousands)								
County	Township	1994			1995			Average Admin_% 94 & 95
		Admin	Assistance	Total	Admin	Assistance	Total	
Lake	Calumet	3,510	5,098	8,609	3,725	7,590	11,315	36.3%
Marion	Center	3,568	3,224	6,793	3,336	2,535	5,871	54.5%
Allen	Wayne	1,194	2,027	3,221	1,296	1,650	2,946	40.4%
Lake	North	1,406	1,772	3,178	1,251	1,592	2,843	44.1%
Vanderburgh	Pigeon	398	478	875	399	594	994	42.6%
Delaware	Center	486	334	820	490	269	760	61.8%
St. Joseph	Portage	259	552	811	317	389	706	37.9%
Marion	Wayne	380	554	934	211	453	664	37.0%
Howard	Center	301	307	608	295	293	589	49.9%
Wayne	Wayne	266	68	334	274	41	316	83.3%
	Total	11,769	14,414	26,183	11,594	15,409	27,002	43.9%

Source: The disbursement data in this table comes from the Township "Form 15" on file with the State Board of Accounts. These ten townships were highest in 1995 appropriations, although not necessarily on actual disbursements as recorded in the Indiana Local Government Database.

One notable example of how Trustees can achieve greater administrative efficiencies occurred in Adams County when the townships decided to consolidate administrative responsibilities.

Consolidation of Poor Relief Services in Adams County

Adams County, with a 1990 population of 31,095, is largely a rural community. Washington Township, which includes most of the City of Decatur, is the largest of the county's 12 townships and had a 1990 population of 10,097 residents. The remaining 11 townships range in size from 816 to 5,394 residents. In 1996, these 11 townships spent approximately \$12,000 in assisting 63 households with Poor Relief benefits.

For over 20 years now, at least 11 of the county's 12 townships have operated a consolidated Poor Relief office. Washington Township decided to operate a separate Poor Relief program. The consolidated townships have jointly employed a Poor Relief investigator on a part-time basis, who has the authority to determine eligibility and provide benefits, and have retained an attorney, who assists in preparing and updating the income and resource guidelines. One trustee is elected among the eleven trustees to handle financial and administrative responsibilities. Benefits are paid from the township Poor Relief fund in which the recipient resides.

The Poor Relief Office is located in the Adams County Service Complex, which contains county offices as well as several social services offices. Since Poor Relief applicants typically visit other offices in the complex, visiting the consolidated Poor Relief office has posed no additional transportation barriers.

Recent Changes to Township Poor Relief

Despite a variety of efforts to change the Poor Relief system, minimal legislative activity occurred until state and federal welfare reforms became issues. Beginning in 1995 (S.B. 478, P.L. 46-1995) and also in 1996 (S.B. 6, P.L. 51-1996), the General Assembly enacted reforms to the Poor Relief system. The reforms included provisions intended to prevent a shift in welfare recipients from AFDC to the Poor Relief system as a result of a two-year time-limit or sanctions.

P.L. 51-1996 included several provisions intended to increase standardization and accountability in the Poor Relief program. For the first time, the statute now contains a section that requires township trustees to process all applications for assistance according to "uniform written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household." [I.C. 12-20-5.5-1(a)] These standards must be adopted by the township board and filed with the board of county commissioners, reviewed and updated annually, published in a single written document, and posted in a place at the township trustee's office that is prominently visible to the public. These standards will contain the criteria for determining eligibility and detailing when the township trustee is accessible. Township trustees who served more than 51 households during each of the last two years and have a total township population greater than 10,000 must provide scheduled office hours and staff each office with an individual qualified to determine and issue benefits [I.C. 12-20-5.5].

Additional provisions of the reform bill include or require:

- ✓ Township trustees rather than the county auditor to estimate the amount necessary to meet the cost of Poor Relief. [I.C. 6-1.1-17-3]
- ✓ New definitions such as “countable asset,” “countable income,” and “wasted resources.” [I.C. 12-7-2-44.6, 44.7, and 200.5]
- ✓ Township trustees to have full discretion in determining the number and salary of their staff rather than following the prescribed outlines in the statute. [I.C. 12-20-4-3 and 11]
- ✓ Townships with populations of 10,000 or more may appoint a Chief Deputy to administer the trustee’s office.[I.C. 12-20-4-11]
- ✓ Trustees, in addition to approving or rejecting an application, may also leave a decision pending for up to an additional 72 hours. [I.C. 12-20-6-7 (b) and (c)]
- ✓ New statutory language regarding the types of medical care to be provided. [I.C. 12-20-16-2]
- ✓ New statutory language regarding funeral and burial services. [I.C. 12-20-16-12]
- ✓ Changes to the statistical information reported on the annual PR-7 Report. [I.C. 12-20-28-3]

Comparing Poor Relief with Other States’ Programs

Although the title of the program varies from state to state, a majority of states operate some type of general assistance program.⁷ General assistance (GA) is broadly defined as a cash assistance or in-kind benefits program for low-income individuals and families that is funded solely with state, county, or local funds (or a combination of these). Table III summarizes GA programs across the United States.

⁷ Between June and August of 1996, the Urban Institute undertook a study of general assistance programs in all 50 states and the District of Columbia. This study, entitled “State General Assistance Programs 1996,” describes the current status of general assistance programs across the United States and is the basis of the information in this section. The Urban Institute contacted Center Township in Marion County for details of the Poor Relief system.

Table III
**General Assistance Programs at a Glance
 by Number of States
 Summer 1996**

<u>Extent of GA Programs</u>		
States with GA Programs ⁸		42
<i>Programs throughout the entire state</i>		33
<i>Programs in portion of the state</i>		9
States with no GA Program		9
<u>Populations Served by GA Programs</u>		
Disabled, elderly, and/or unemployable individuals		42
Children and/or families with children	31	
Employable individuals without children		16
<u>Form of GA Benefits</u>		
Cash		28
Vendor Payments/Vouchers		11
Mix of Cash and Vendor Payment/Vouchers		3
<u>Cash Benefits as a Percentage of Poverty (individual recipients)</u>		
Average benefits		39%
Low (Missouri)		12%
High (Nebraska)		100%
<u>Duration of GA Benefits</u>		
No time-limits		18
Time-limits for a portion of beneficiaries		15
Time-limits for all beneficiaries		9

Source: Urban Institute 1996

Extent of GA Programs

Of the 33 states that operate a GA program statewide, 25 state governments administer the program and use the same eligibility guidelines and benefit levels across the entire state. The remaining eight states, although all areas of the state are required to have a general assistance program, have programs that vary by county or local government. Indiana is one of these eight states.

⁸ In those states that do not require a GA program statewide, there may be a separate emergency assistance program available for one time assistance.

Populations Served by GA Programs

Thirty of the 42 GA programs have categorical eligibility requirements. These categories can broadly be broken down into three groups: (1) disabled, elderly, and other unemployable adults, (2) children and families with children, and (3) employable adults without children. The remaining 12 states, including Indiana, do not have categorical eligibility requirements and will assist all categories of low-income people.

Work Requirements

Currently, Indiana is one of 21 states that require work activities to accompany the provision of assistance. Work requirements are most common for those states that provide assistance to categories of people who are able to work.

Form of GA Benefits

Twenty-eight of the 42 GA programs provide cash assistance. Roughly 14 states, however, will use vouchers if requested. Eleven states, including Indiana, use vouchers. There are three states that may use vouchers or provide cash depending on the category of recipient or type of assistance.

Duration of GA Benefits

Eighteen states do not limit the length of time an individual or family may receive assistance. Fifteen states have limits for certain categories of recipients, and nine states have a time-limit for all recipients. Indiana's statute does not limit the length of time a recipient may receive Poor Relief.

GA Programs in Indiana and Neighboring States

As Table IV illustrates, Michigan and Ohio operate GA programs with consistent requirements and guidelines across the state. This includes state-level administration and funding. Kentucky is one of nine states that does not require a statewide GA program. Two counties (Jefferson and Fayette) voluntarily operate such a program. Illinois, like Indiana, operates its program at a sub-county level.⁹ Illinois, however, gives localities an option to decide whether to operate a program in accordance with the Illinois Department of Public Aid's guidelines or without state guidelines. For those localities that operate a program in conjunction with state guidelines, these localities are eligible to receive state funds. Of the 1,455 local government units in Illinois, only 60 localities, including the City of Chicago, operate a program in conjunction with the state guidelines. The remaining 1,400 localities select their own guidelines and do not receive state funds.

⁹ Illinois, Indiana, and New Hampshire are the only three states that operate GA programs at a sub-county level.

Table IV						
GA Programs in Indiana and Neighboring States						
State	Where Programs Operate Within State	Eligibility Issues	Work Requirements	Are Work Requirements Coordinated with Food Stamp Program?	Payment Method	Term Limit
Illinois	Statewide/ Local Variability	Does not serve employable adults without children.	Yes	Yes	Chicago: Cash; Other Locals: Voucher	Ongoing: Annual Redetermination
Indiana	Statewide/ Local Variability	Generally, anyone who is ineligible for federal assistance.	Yes	No	Voucher	Ongoing: 180 Day Renewal
Kentucky	Some Counties	Does not serve employable adults without children.	No. Only serves people who are unemployable.	No	Voucher	12 months
Michigan	Uniform Statewide	Does not serve employable adults without children.	Yes	Yes	Cash, or may be given via vouchers	Disability: no more than 12 months; Families: ongoing
Ohio	Uniform Statewide	Does not serve employable adults without children.	No. Only serves people who are unemployable.	No	Cash	Ongoing: Semi-annual Renewal
Source: Urban Institute						

The Impact of Welfare Reform on Township Poor Relief

Two Separate Systems

The Division of Family and Children has no jurisdiction [I.C. 12-20-3-1] and the Governor has limited authority [I.C. 12-20-3-2] over township trustees. I.C. 12-20-7-2 requires the county DFC office to provide requested information to Township Trustees. Other than these provisions, there is little guidance regarding the relationship between the State welfare system and township Poor Relief. On a Statewide basis, relationships between township trustees and county DFC directors run the gamut from a sincere effort to coordinate to no cooperation.

With the implementation of welfare reform measures, even greater incentives exist to coordinate client information and the provision of services between the two systems. Obviously, the capacity to achieve this coordination varies across townships and counties given the variety of infrastructure and technology that exists in the Poor Relief system. In the past two years, the State’s Family and Social Services Administration has worked to develop communications between the county’s DFC offices and the trustees within each township. Although these attempts to communicate between the systems are a good beginning, there are no Statewide mechanisms insuring communication between welfare offices and trustee offices. In the absence of legislative action, development of coordinated efforts will be ad hoc and uneven.

Welfare Reform in Indiana

The context in which township Poor Relief must now operate, the welfare reform environment, is a very different world from the public assistance environment of a decade ago. Both the federal government and the states have reshaped the basic welfare system that had grown up since the mid 1960s. In Indiana the move from a categorical aid system to a reformed, results oriented, system began in 1994. By June of 1994, Governor Bayh submitted a welfare reform plan to the federal government requesting waivers from federal requirements surrounding the AFDC centered system. In December 1994, the federal government approved 33 waivers, and Indiana began implementation of the reforms, with the waivers implemented by July of 1995.

During the 1995 session, the General Assembly enacted its own welfare reform plan (P.L. 46-1995). This plan statutorily adopted many of the Governor's reforms and expanded the scope of the reforms into other areas. This expanded reform plan received notification of federal approval in August of 1996, which will allow the State to operate under these guidelines for seven years.

Some provisions of the Governor and Legislature's welfare reform plans include:

- ⇒ A 24 month time-limit for all AFDC benefits, including children. (Recipients may earn one month of assistance for each six months of employment, and certain narrow categories of individuals may be exempt from the time-limit.)
- ⇒ Capped benefits so that children born more than ten months after a family begins receiving AFDC will not receive a larger monthly benefit for the household. (A voucher worth \$29.50 per month for the infant may be provided.)
- ⇒ A minor parent must reside in a household with an approved adult, such as a parent or legal guardian.
- ⇒ A Personal Responsibility Agreement must be signed by each adult AFDC recipient, which commits the recipient to obtaining appropriate immunizations for dependents, insuring that a dependent child attends school, and searching for a job in exchange for AFDC benefits.
- ⇒ Recipients must cooperate with efforts to establish paternity and seek child support.
- ⇒ Established more aggressive sanctions for non-compliance.

Federal Welfare Reform

Following on the heels of the welfare reform initiatives in many states, Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The scope of the federal reforms are broader than the states' reforms. The federal law repealed AFDC, Job Opportunities and Basic Skills (JOBS), Emergency Assistance, and AFDC-related child care programs. As a result, there is no longer a federal guarantee of cash assistance to eligible poor

families. In its place, Congress created a block grant to states entitled Temporary Assistance for Needy Families (TANF). Under the new program, Indiana receives a block grant and decides how and whom it will serve.

Some of the federal government's reforms include:

- Benefits are limited to five years. (Indiana's waivers have precedence. Therefore, the two year time-limit enacted in P.L. 46-1995 is still applicable.)
- Adult recipients must participate in a work activity within two years. (States can exempt up to 20 percent of their caseload from this work activity and the time-limit.)
- States must achieve minimum work participation requirements. (In 1997, 25 percent of the recipient population must be employed. This percentage increases to 50 percent by 2002. For two-parent families, the rate is 75 percent in 1997 and increasing to 90 percent by 1999.)
- States must collect monthly data and are required to provide quarterly reports providing extensive disaggregated case record information on families receiving assistance. States must also submit annual reports on the use of funds. (The State is currently estimating the cost of infrastructure to meet these requirements at \$30 to \$35 million Statewide.)
- States may be penalized for failure to: (1) file a required report, (2) meet the work participation requirements, (3) meet the 80 percent maintenance of effort requirement, or (4) participate in the Income and Eligibility Verification system for all new hires (public and private).

While the TANF block grant is the most noted component of Congress' bill, there are several other areas where major changes were made. Some of these reforms included (1) a 15 percent reduction in the Social Services Block Grant, (2) further restricting eligibility for Supplemental Security Income and Food Stamps, (3) reducing funding for child nutrition programs, (4) mandating detailed protocols for the collection of child support by the states, and (5) restructuring child care programs generally and the Child Care Development Block Grant specifically.

Areas of Potential Danger

The changes that are taking place in the welfare system in Indiana, due to both the federal and state reforms, will have an impact on Indiana's Poor Relief system. With not all of the changes fully implemented, many unknowns remain in assessing the programmatic and fiscal effects on both Poor Relief and the State's welfare system. However, it is possible to identify several areas that may cause fiscal problems stemming simply from the structures of welfare and Poor Relief.

Families and Children

Policy analysts' attention is focused on the potential consequences of the new and tougher sanctions that will begin to eliminate persons and families from welfare who do not comply with the required behaviors. Officials, when developing the State welfare law, understood the possibility that a sanctioned individual would be likely, after being denied at the county DFC office, to move his request to the township trustee's office. P.L. 46-1995 granted trustees authority to refuse assistance to individuals who were denied aid by the county DFC office due to welfare reform provisions. There are at least two possible problems in implementing that right of denial. Because the two systems are separate, the township trustee may be unaware, due to error or deceit, of the individual's sanctioned status. Secondly, the trustee has a legal responsibility to be the provider of last resort. Many trustees may want to continue some aid to individuals, if only to mitigate the impact on children. Benefit cut-offs under the two year time-limit will begin in July 1997. Both the State and townships will begin to see what will happen to people who lose their benefits. The impact of these expiring time-limited benefits for adults and children is probably the biggest issue to be confronted by both systems.

Supplemental Security Income

The federally-funded Supplemental Security Income (SSI) program is intended to provide cash-assistance benefits to low-income persons who are aged, blind, or disabled. Two pieces of federal legislation in 1996 changed eligibility standards for the SSI program and will result in several thousand Indiana residents losing SSI benefits, as well as an unknown number of individuals never qualifying. There are three categories of individuals that may be affected.

Children: Previously a child was deemed eligible for SSI if (1) his/her disability was on a list of impairments, as specified in federal regulations, or (2) an assessment of the child indicated the child was unable to undertake the normal activities of a child without disabilities of the same age. Estimates of the number of children likely to lose SSI benefit varies from 10 to 30 percent of the current SSI population. In Indiana, this could result in 2,000 to 6,000 children losing their SSI benefits. The Social Security Administration (SSA) estimates that those children affected will lose their benefits by July 1997.

Drug Addicts or Alcoholics: Previously, alcohol or drug addiction was considered a disability that qualified an individual for SSI. New federal legislation states that individuals whose drug addiction or alcoholism is a "contributing factor material to his or her disability" is no longer eligible for SSI benefits. A person who has an alcohol or drug addiction may still qualify for assistance if they have some other health problem that is the major factor in their disability. Approximately 1,500 recipients lost their benefits effective January 1, 1997. Additional recipients may be terminated in the next few months.

Immigrants: Current and future legal immigrants are barred from receiving SSI benefits until they become citizens. Current SSI recipients will lose their SSI benefits unless they meet specified exceptions. The SSA identified approximately 3,050 immigrants receiving SSI benefits in Indiana. SSA expects to determine by July 1997 how many of these immigrants fall within the exceptions. The remaining beneficiaries should lose their benefits by July 1997.

The 1997 maximum SSI benefit is \$484 for a single person and \$726 for a couple. In the absence of those benefits, it is unclear where these former SSI recipients will turn to seek assistance. Any recipient who is not a child or a parent with dependents will be ineligible to seek assistance from the TANF program. Thus, this segment of the former SSI population is most likely to seek assistance from the Poor Relief system. It is unlikely that Poor Relief benefits provided to former SSI recipients will compare to the monthly federal benefit the recipient was used to receiving. There is a strong possibility that this population will make a substantial (but as yet unquantifiable) fiscal impact on the Poor Relief system.

Food Stamps

Under the federal welfare reform guidelines, adult able-bodied food stamp recipients age 18 through 50 with no dependents will lose their eligibility unless they meet a new work requirement. These individuals will be permitted to receive food stamp benefits for only three months in every 36 month period unless engaged in work or work programs. Work is defined to include participating in a work program 20 hours or more a week. Job search and job search training do not qualify. Since the Poor Relief system is one of the few welfare-related programs that will provide assistance to an adult without a dependent child, township trustees should expect to see more requests for assistance from this group.

Work Requirements and Child Care

With some narrow exemptions, adult TANF recipients must participate in IMPACT, the State's job training and placement program, and seek employment. One of the most frequently encountered barriers to accepting and sustaining employment is the ability to access and pay for child care services. If adults ultimately find that safe and affordable child care is unattainable, then this population may remain unemployed, eventually reach the time-limit for assistance, and turn to Poor Relief for assistance.

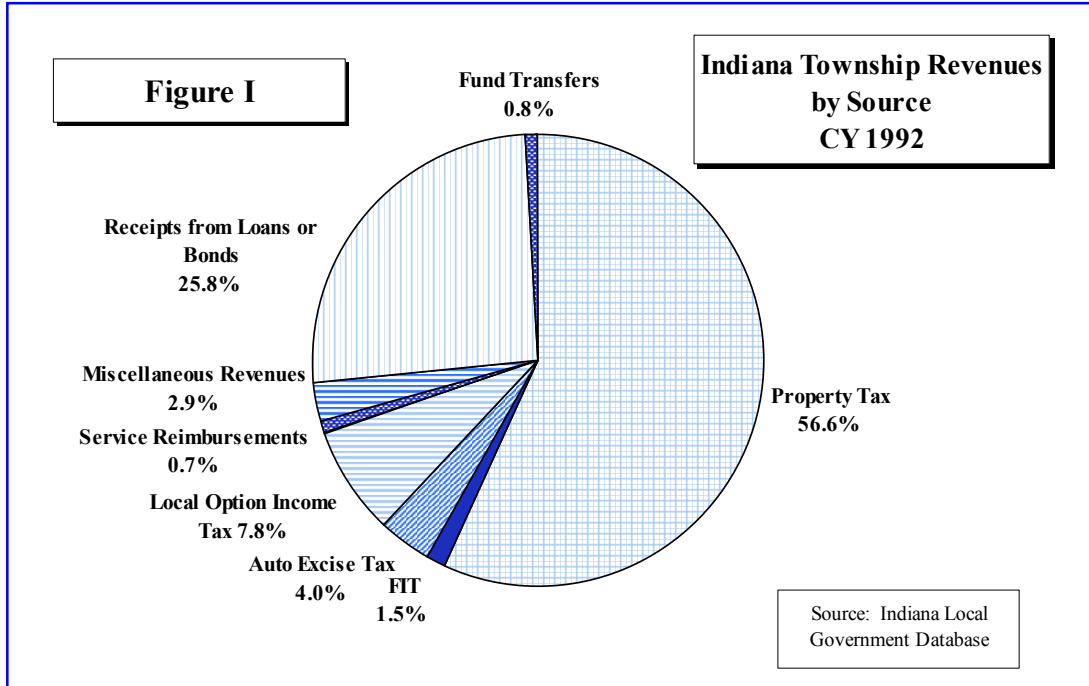
Township Fiscal Capacity and the Financing of Poor Relief

Fiscal Similarities Among Indiana Townships

Indiana's townships are given responsibility for three major governmental functions, fire protection [unless it is otherwise provided], assessment [171 townships have separately elected assessors], and Poor Relief. In 1982, fire accounted for 18.1 percent of total township monies appropriated. In the last 15 years, fire funds have grown approximately 13.3 percent per year, while Poor Relief expenditures have grown only 3.1 percent per year. Table V compares expenditures for the main township responsibilities in 1982 and 1995. Although townships are responsible for assessments, State law makes the county unit responsible for the costs of assessment. Townships carry out the assessing function but bill the county for the expenses. Therefore, no assessment expenditures are shown in Table V. Spending is measured by adding the regular appropriations for the particular fund plus any additional appropriations made for that year.

Table V Township Appropriations Growth: 1982 to 1995 (Dollars in Millions)					
CY	General Fund	Fire Fund	Poor Relief Funds	Other Funds	Total Funds
1982	\$ 8.9	\$ 12.5	\$ 25.0	\$ 2.5	\$ 48.9
% of Total	18.1%	25.5%	51.2%	5.2%	100.0%
1995	\$ 18.7	\$ 63.6	\$ 39.1	\$ 7.3	\$128.7
% of Total	14.6%	49.4%	30.4%	5.7%	100.0%
Annual Growth Rates	5.9%	13.3%	3.5%	8.4%	7.7%
Note: Poor Relief Bond and Loan Fund appropriations have been added to Poor Relief Fund appropriations, similar calculations were made for the Fire and General funds.					
Source: Local Government Database, IFPI calculations					

Townships finance Poor Relief in the same manner as other township functions, primarily relying on the property tax. In the 11 year period from 1982 through 1992, an average of 78.6 percent of total Poor Relief revenue came from property tax levies.¹⁰ Of that amount, 54.8



¹⁰ Data for townships' actual non-property tax revenues by type was not available on the Local Government Database for years after 1992.

percent came directly from property taxes and another 23.8 percent was first raised through borrowing and then repaid through property tax levies, (see Figure I). In addition to the property tax, local option income taxes, auto excise taxes, and financial institution taxes makeup another approximately 12 percent of township funds.

Fiscal Diversity Between Indiana Townships

The governmental structure of the State’s townships is statutorily uniform, with some minor exceptions. However, the differences in both revenue capacity and fiscal burden among the 1,008 civil units are vast.

Although these differences may be traced to various factors, one important place to start is demographics. The typical or median township population count in the 1990 census was 1,649, and the median number of persons in poverty status within a township was 138. There are 839 townships, or 83.2 percent of the total, with a population less than 5,500, the mean population for townships in Indiana, (see Table VI).

Table VI			
The Distribution of Township Population			
Among Indiana's 1,008 Townships			
Population per Township		Number of Townships	
0 -	500	81	
501 -	5,500	758	
5,501 -	9,000	58	
9,001 -	16,000	46	
16,001 -	47,000	45	
47,001 -	98,000	13	
98,001 -	184,000	7	

Not only does the overall population vary greatly from township to township, but so do the fiscal resources across townships. Since townships primarily use the property tax to finance Poor Relief, the range in assessed value (AV) per individual in the township may be the most appropriate measure of the diversity in a township’s capacity for financing Poor Relief burdens. This measure of wealth ranges from \$1,441 per person in Perry Township, in Vanderburgh County, to \$175,931 per person in Anderson Township, in Warrick County.

Indepth comparisons of the Poor Relief burdens carried by individual townships are hampered by the lack of reliable data. The only data on the number of Poor Relief clients, which is collected by the township and reported to the State [reported on form, PR-7] is acknowledged to be flawed by the township’s own association. The client data reported on the PR-7, the number of Poor Relief recipients and number of households, has been inconsistently collected and reported by townships in the past. P.L. 51-1996 attempted to address this problem, but it will be several years before the trends in the number of Poor Relief recipients served in a particular year and township become meaningful.

One consistent measure of a township’s poverty burden is the U. S. Census poverty count within the township. This measure can be useful when comparing the wealth (in AV) available to meet the needs of the poor within a specific township, (see Table VII). When comparing townships with population greater than 10,000, the wealthiest can raise \$1,298.90 per year per person in poverty, by levying at the average rate among townships of \$.08. In the poorest township, the

Table VII							
The Distribution in AV Per Capita and AV per Person in Poverty Among Indiana Townships							
AV per Capita per Township			Number of Townships	AV per Person in Poverty per Township			Number of Townships
0	-	1,500	1	0	-	50,000	207
1,501	-	5,000	144	50,001	-	100,000	321
5,001	-	10,000	663	100,001	-	150,000	156
10,001	-	15,000	142	150,001	-	200,000	108
15,001	-	20,000	26	200,001	-	250,000	61
20,001	-	25,000	19	250,001	-	350,000	57
25,001	-	45,000	9	350,001	-	500,000	36
45,001	-	90,000	2	500,001	-	750,000	20
90,001	-	165,000	1	750,001	-	1,250,000	18
165,001	-	200,000	1	1,250,001	-	and up	24
Source: Indiana Local Government Database, U.S. Bureau of Census							

average rate produces an annual levy of approximately \$14.74. This range among the 100 largest townships in financing capacity from poorest to richest varies by a of a factor of more than 88.

Ten Highest Poor Relief Tax Rate Townships ¹					
County	Township	AV per Pov_Count	Pov_Count %Pop	Avg Rate 91-95	
LAKE	CALUMET	17,504	24.87	\$ 1.21	
MARION	CENTER	30,193	25.74	\$ 0.63	
ALLEN	WAYNE	40,026	13.49	\$ 0.42	
DELAWARE	CENTER	23,556	20.89	\$ 0.30	
SAINT JOSEPH	PORTAGE	33,576	13.96	\$ 0.28	
VIGO	SUGAR CREEK	24,809	12.36	\$ 0.25	
VANDERBURGH	PIGEON	26,244	25.26	\$ 0.22	
GREENE	WRIGHT	19,656	17.47	\$ 0.22	
LAKE	NORTH	50,737	12.98	\$ 0.22	
LAKE	HOBART	30,238	7.70	\$ 0.20	
Statewide Average		74,826	10.35	\$ 0.08	
¹ The tax rate used for comparison is the average of the 1991, 1993, and 1995 budget rates for the Poor Relief Fund, the Poor Relief Bond Fund, and the Poor Relief Loan Fund.					
Source: Local Government Database, Calculations, IFPI					

Townships must levy, based on township trustee estimates, at rates sufficient to fund at least in non-recession years the Poor Relief necessary and appropriate under the law. The result is a range in property tax rates for Poor Relief that in 1995 varied from no rate levied in 192 townships to an effective rate of \$1.36 in Lake County, Calumet Township. High rates result from several factors: low assessed value, a high percentage of persons in poverty, or a pattern of high spending per needy individual.

In small rural townships with few requests for Poor Relief assistance and an annual Poor Relief appropriation of perhaps \$500 or less, a single unpredictable event can cause a “fiscal crisis.” For example, prior to a statutory change in P.L. 51-1996, a township might experience one case, a client who needed expensive surgery for example, that would cost five years of normal Poor Relief spending in a single year. Changes to I.C. 12-20-16-2 eliminated the responsibility for the trustee to pay for surgery, with these costs now becoming the responsibility of the Hospital Care for the Indigent fund. The 1996 statutory changes, however, did not alleviate all events that may cause a fiscal crisis.

Analyzing the Fiscal Capacity of Indiana Townships

The variations in population and resources among Indiana townships make it possible to argue that township Poor Relief is a bifurcated system or is in reality two systems. The Poor Relief systems in a few large urban townships differ substantially from those found in a large number of primarily rural townships. Measures of poverty and of Poor Relief spending show higher concentrations of both conditions in the more populous townships. This is not to downplay either the extent of poverty or the importance of Poor Relief in rural areas. However, in small rural townships the distribution of Poor Relief benefits is the extension of assistance to persons who either are already, or quickly become, known to the township trustee. In urban and suburban townships, the Poor Relief system must take on the attributes of a modern welfare bureaucracy, computerized records, specialized caseworkers, and trained investigators, simply because of the numbers of persons needing help. As an example of the contrast, the largest township in the State spent¹¹ more than \$11 million in 1995, while the median township spent \$5,375. Table VIII below demonstrates the skewed distribution of persons in poverty and Poor Relief spending toward Indiana’s population centers.

Table VIII					
The Concentration of Poverty in Urban Townships					
Most Populous Townships	%__of Total Population	%__of Poverty Population	%__of Statewide Spending	%__of Wealth in AV	%__of Number of Townships
Top 10	22.3%	30.7%	54.8%	20.7%	1.0%
Top 25	36.7%	47.2%	69.1%	34.6%	2.5%
Top 50	50.5%	60.0%	78.4%	48.2%	5.0%

¹¹ Spending here is defined as budgeted appropriations plus any additional appropriations made in that year. Source is the Indiana Local Government Database.

This distribution of the poverty population is crucial to an analysis of Poor Relief as a component of Indiana’s welfare system. The ten largest urban townships (these include the “suburban townships” in Marion County) contain approximately 20 percent of the total population, have 30 percent of the poverty population, and spend 55 percent of the total Statewide amount of Poor Relief.

Table VIII also shows that the wealth available to finance the Poor Relief burden, assessed valuation, is only proportional to the distribution of the overall population. This outcome is not surprising. It would be unusual to find both an over-representation of persons in poverty and an over-abundance of property wealth in the same township. However, this statistic highlights an additional characteristic of Poor Relief as a component of Indiana’s welfare system. The geographical area into which the Poor Relief assistance is directed and the area from which the resources must be drawn are identical, geographically small, and, in most cases, economically homogeneous. The closing of one large employer’s operation in a township can both add a large burden to the Poor Relief obligation in a particular year in the form of unemployed individuals and simultaneously remove the AV necessary to finance that burden.

One method used by urban township trustees to cope with economically induced overloads to the Poor Relief system is to borrow or bond for the funds necessary to provide assistance. This tactic has the effect of spreading the burden over several years and provides a way around the property tax levy controls that would otherwise limit the amount of relief. The trustee will seek an “additional appropriation,” which is the legal authority to spend the additional funds, and sell bonds to raise the revenue. For example, Figure II shows the spending pattern in Center Township, Marion County, which in the recession year of 1991 requested and received an additional appropriation of \$9 million.

Once the bond issue is approved, the debt service costs necessary to retire the bonds are raised from the “Poor Relief Bond fund,” an uncontrolled levy. Although bonding is an expensive means of raising operating funds, because of interest and issuance costs, it has the effect of spreading at least part of the financial burden beyond the time period of economic distress within the township.

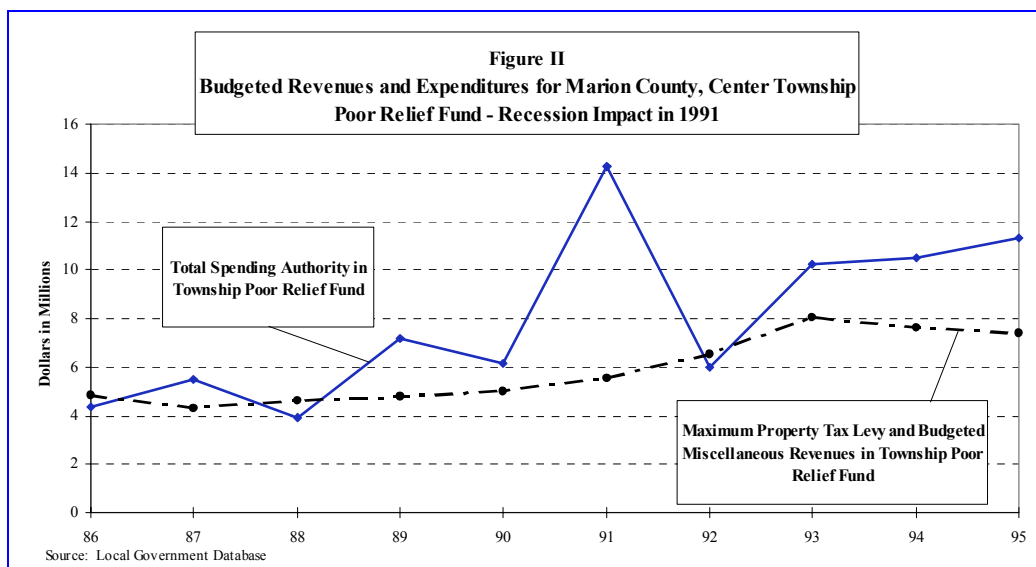
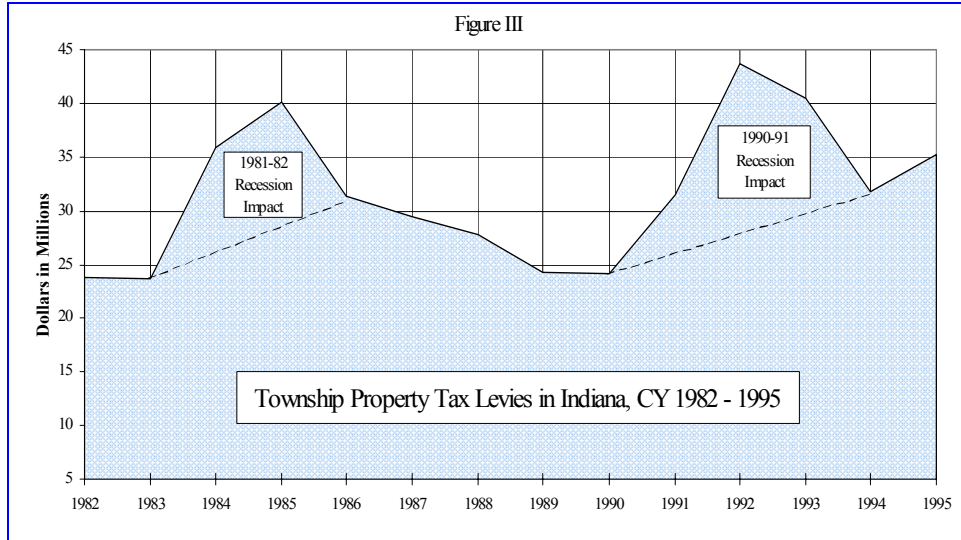


Figure III shows property tax levies for all Indiana townships from 1982 through 1995, with levies for the bond and loan fund added to operating fund levies. CY 1981 through 1982, and the 1991 State fiscal year were recessionary periods in Indiana and throughout the nation. The rapid increases in property tax levies immediately following those years demonstrates both the impact of economic stress as well as the impact of borrowing as a means of relief.



The fiscal burden imposed by Poor Relief is not the only fiscal challenge borne by taxpayers in an economically stressed township. Poor Relief, as discussed earlier in this report, is only a part of the larger welfare system in Indiana. Child welfare services, in addition to Poor Relief, are financed on the property tax and are a disproportionately heavy burden on urban townships. There are also other costs associated with being a population center and with mitigating the effects of poverty which urban townships must bear. These are reflected in the property tax rate, (see Table IX).

County	Township	Average Rate 91-95		Gross Civil Rate 1995	
		Rate	Rank ¹	Rate	Rank
LAKE	CALUMET	\$ 1.21	1	\$ 20.57	1
MARION	CENTER	\$.63	2	\$ 7.43	19
ALLEN	WAYNE	\$.42	3	\$ 5.66	45
DELAWARE	CENTER	\$.30	4	\$ 10.40	6
SAINT JOSEPH	PORTAGE	\$.28	5	\$ 10.22	7
VANDERBURGH	PIGEON	\$.22	7	\$ 7.17	20
LAKE	NORTH	\$.22	9	\$ 15.98	2
LAKE	HOBART	\$.20	10	\$ 12.89	4
ADAMS	WASHINGTON	\$.18	12	\$ 4.71	86
GRANT	MILL	\$.12	20	\$ 5.29	58

¹ Ranking is among all 1,008 townships in the State.
Source: Indiana Local Government Database

The township Poor Relief rate in comparison to the total civil property tax rate is, except for a few urban townships, small. Unfortunately, the premium incurred by a business located within one of those townships is substantial. This amount, the additional tax paid because of Poor Relief, varies from \$10,000 to more than \$100,000 for every \$10,000,000 of assessed value. It is not surprising that these added burdens have an impact on business formations and the availability of jobs in these areas.

Poor Relief, because of both its method of financing and the uneven distribution of the poverty population, puts a disproportionate burden on urban fiscal structures. Natural labor markets are broader than individual townships. 1990 census data shows that most Americans work outside the municipality where they reside, and 25 percent cross county lines in commuting to work.¹² Poor Relief's township by township structure concentrates the impact of providing emergency and general assistance welfare benefits on the employers situated in the township. To the extent that job search assistance is township based, the structure may also frustrate the recipient's mandatory job search because of the narrow geographical confines of the assistance available. In short, effective employment assistance must be based on the widest possible labor market consistent with the potential employee's resources and circumstances. And, mobility for the purpose of employment is, in itself, a factor in mitigating poverty situations.

Recommendations for Integrating Township Poor Relief into a "Reformed" Welfare System

The policy debate surrounding welfare and Poor Relief often treats these sub-structures as competing fiefdoms. The basis for the recommendations that follow is that there are needy Indiana recipients who properly depend on each system.

Raise the Standards for Reporting and Accountability of the Poor Relief System

This report has pointed out a number of areas in which the Poor Relief system is deficient in collecting, retaining and reporting on its activities and finances. Although the Township Poor Relief Statistical Report (PR-7) should improve with the more consistent reporting requirements mandated under P.L. 51-1996, several gaps remain in providing taxpayers, voters, legislators, and others with a full picture of the costs and coverage of Poor Relief assistance.

A place to start is the Township "Form 15" Financial Report. Taxpayers would be well served by having townships' actual spending on file in an electronic and easy to recover format in order to facilitate comparisons of efficiency and effectiveness over several years. The most recent, but yet incomplete, actual spending data on the State's Local Government Database is from 1991. And even though the State Board of Accounts is required to audit townships once in each two year period, the audit reports produced do not detail expenditures by fund in a manner that allows for functional analysis.

Townships may reply that each individual township as a unit produces a report that is accessible to taxpayers in that township. However, Poor Relief as a system can only be evaluated on a statewide basis. For that to take place, systematic disclosure and systemwide reporting must occur.

¹² Hughes, Mark Alan, "Learning from the 'Milwaukee Challenge,'" *Journal of Policy Analysis and Management*, Vol. 15, No. 4, p. 564.

A premise of this report is that the welfare structure in Indiana is broader than state government's central administrative system and the 92 county DFC offices. It encompasses Poor Relief and to some extent the many social services agencies engaged in meeting the needs of those in poverty. A wide reporting by the FSSA on its activities, outcomes, and clients throughout the state would help to identify for taxpayers where welfare is having an impact and where it is not meeting the challenge. An important unknown identified in this report is the extent to which recipients served by Poor Relief and those assisted by the State welfare programs overlap. Better reporting by both the State and townships could remedy this problem and prevent the possible wasting of funds.

A More Complete Reporting System Might Include:

- ✓ Range in eligibility of recipients.
- ✓ Cost of service delivery, by program type.
- ✓ Amounts (in dollars) of assistance given, by recipient and program type.
- ✓ Types of assistance given, (job training, employment assistance, counseling.)
- ✓ Effectiveness of assistance given, "outcome measures" (e.g., rate of re-employment.)

Address the Issue of High Administrative Costs

It is an axiom among those familiar with Indiana's Poor Relief system that the funds expended to deliver the assistance are a higher proportion of the total funds raised than would be acceptable in any similar type of program. The most recent data available on the State's Local Government Database, for CY 1991, showed that for 196 townships, both large and small, the average administrative cost percentage was 44.2 percent.¹³ When the administrative costs for AFDC run approximately 12 percent to 14 percent of total expenditures, it is difficult to justify the administrative costs incurred by the Poor Relief system, which are roughly three times higher.

Much of the blame, at least in rural townships, for these high administrative expense percentages is attributed to the fact that townships are in many cases maintaining an office for Poor Relief in a geographical area with little demand for assistance, and thus suffering "diseconomies of scale." This report earlier presented the example of Adams County's consolidation of all but one of its township offices for Poor Relief into a single centrally located site. This example demonstrates that consolidation can be achieved and efficiencies can be found when trustees are willing to search for alternatives. However, whether in rural areas or urban, the township Poor Relief system must yield a higher value for taxpayers than is evidenced currently by these data.

¹³ The most recent data available on Indiana's Local Government Database was for CY 1991. Either because of incomplete reporting by townships or incorrect recording by the State, only 196 out of 1,008 townships had reasonable data. The average reported here is the weighted average of that sample.

Institute Formal Communications Processes Between the Two Systems

Township trustees and Poor Relief staff have commented that, in their particular county, obtaining information from the State welfare system was only a simple phone call away. With all the technological capabilities available, communications between the two systems should be interactive rather than one-way. The most obvious solution would involve developing a system that permits trustees to access a database with client information to determine what relationship, if any, a Poor Relief applicant has with the State welfare system.

Short of this solution, some county DFC directors currently send a monthly list of the TANF recipients who received benefits to township trustees. This should occur in every county and township. Further, both trustees and county DFC offices should look for other opportunities to share information where the recipients between the two systems are likely to overlap. Only through a process of determining where this situation occurs can the State as a whole determine whether there are ways to eliminate the overlap and duplication.

With systems as large and decentralized as the township Poor Relief and State welfare systems, formalizing communication is a necessary step to sharing information. County DFC directors have been instructed to cooperate and work with Poor Relief offices. This has decidedly increased involvement, awareness, and communication between the two systems. However, there is no consistency to the type or degree of communication, nor is there a guarantee that this developing cooperation will continue past the current officeholders. For these reasons, developing State guidelines for how communication can be achieved and what should be accomplished are needed.

A precedent for this intergovernmental relationship is apparent in P.L. 36-1994, which established new budgeting requirements for the Family and Children Fund. The statute requires the county DFC director to seek the advice of the county juvenile judge prior to developing a budget. Hence, the State DFC director prepared a directive that specified to the county DFC directors who should be consulted, when, how often, and what type of information should be discussed or provided. In this case, the parties, subject matter, perceived outcomes, and types of communication may differ, but the need for a formalized communication process is the same. For instance, townships and county DFC offices need to share information about who has been sanctioned by the TANF program and who is likely to reach the two-year time-limit on benefits. This should occur in a way that does not require the township to phone the county DFC office to check on each Poor Relief application it investigates.

Broaden the Geographical and Tax Bases for Poor Relief

In the dynamic arena of changing or reforming welfare systems, general assistance programs are being moved into a new role, with or without state legislative action. “Because these are programs of last resort, generally with less generous cash payments than AFDC or SSI, there is a sizable risk that persons eliminated from federally funded programs will wind up as part of general assistance caseloads.”¹⁴ Although P.L. 46-1995 permits townships to deny benefits to persons sanctioned by the State welfare system, it is unlikely that legislation alone will prevent a significant number of those newly ineligible for welfare from becoming, at least in part, a burden on township Poor Relief.

¹⁴ State Policy Reports, Vol. 14, Issue 21, November 1996, Columbus, Ohio.

The Poor Relief system is substantially supported by property tax dollars. In urban townships this program puts a significant strain on a property tax base already burdened with many other costs of mitigating the conditions of the poor. Thus, the manner of paying for Poor Relief concentrates the burden in a small geographic area in many cases unequipped to deal with the weight of these burdens.

For more than 25 years, states have broadened the tax bases used to provide funding for local schools in order to provide equal access to education for students in “property poor” districts and equity for taxpayers subject to providing a single source of revenue. Much of the emphasis in the movement to reform welfare throughout the country has been to move welfare recipients into productive employment. The State of Indiana has an interest in broadening the tax base for Poor Relief so that high property tax rates do not hinder the employment growth in urban areas, thus threatening one desirable outcome of welfare reform.

A formula based on the number of persons in poverty in a township as a measure of a township’s burden could distribute State general fund monies (based on sales and income taxes) to those townships with the highest need. The funding could be capped so that a maximum of 50 percent of a township’s direct aid could be paid, an amount averaging less than \$12 million in the past five years. It might also be appropriate to provide incentives for townships to control administrative costs within reasonable parameters.

There are alternative ways to lessen the fiscal burden on the township property tax base in addition to, or instead of, establishing a new state revenue sharing formula. For the past several years, the Poor Relief system has increasingly shouldered two responsibilities formerly financed by the State, burials and utility assistance (the federal program is known as the Low Income Home Energy Assistance Program or LIHEAP). Three years ago burials for Medicaid eligible persons were paid for from the State Medicaid program. The townships now must bear that burden at a budgeted cost of approximately \$2,000,000 per year. Township trustees report that as federal funding for LIHEAP has fallen, Poor Relief has begun to pick up the slack. A State initiative to restore or supplement funding for either or both of these programs would lessen the impact on the property tax based Poor Relief system.

Conclusion

Township Poor Relief is a significant but disconnected component of the welfare structure in Indiana. Yet, in the environment of welfare reform, Poor Relief can no longer be viewed as an alien, local only, component of the structure. The current era demands greater integration between township Poor Relief and the State welfare system. Even though the level of integration may be debatable, there should be consensus that at a minimum it is important to develop intersections between the two components, which might encompass:

- ↳ furthering “one-stop shopping” opportunities or co-location within the same building to streamline the welfare process, in order to realize as much as possible economies of scale.

- ↳ re-evaluating past policy decisions that diminished the tax base and consider possibilities for returning some of the burden to the State level or another revenue source.
- ↳ authoring statutory guidelines that formalize consistent communications processes and reporting requirements between the two systems.
- ↳ recognizing and incorporating the strengths of both systems.

This last theme is of particular interest in improving the integrity of either program. For instance, Poor Relief is responsive and flexible because trustees have the discretionary authority to determine levels of need on the spot and provide benefits within days. Discretion, flexibility, and promptness are not three words that are typically associated with the State's welfare system. The State's welfare system, alternatively, is much further along in developing technology to track and report on caseload data, which enables policy makers to make decisions based on solid statistical analysis. The same cannot be said for the Poor Relief system. Part of the responsibility to improve accountability also rests on the State to insure that township reports are monitored for accuracy and consistently incorporated into the State's Local Government Database.

The challenges faced by the Poor Relief and State welfare systems are not entirely unique to Indiana. Other states are also addressing the issue of welfare in an environment of change. Nonetheless, due to the manner in which the Poor Relief system is administered and financed, Indiana is unique among these other states. The potential for the fiscal impact of welfare reform to unfairly fall on some townships and property tax payers raises significant equity and fairness questions which if addressed, may produce the outcome of a better welfare structure for both recipients and taxpayers.