

# Promoting Work and Providing a Safety Net: A Check-In on TANF at 16

LaDonna Pavetti

Eastern Regional TANF Director's Meeting

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## Key Issues with TANF As a Work Program

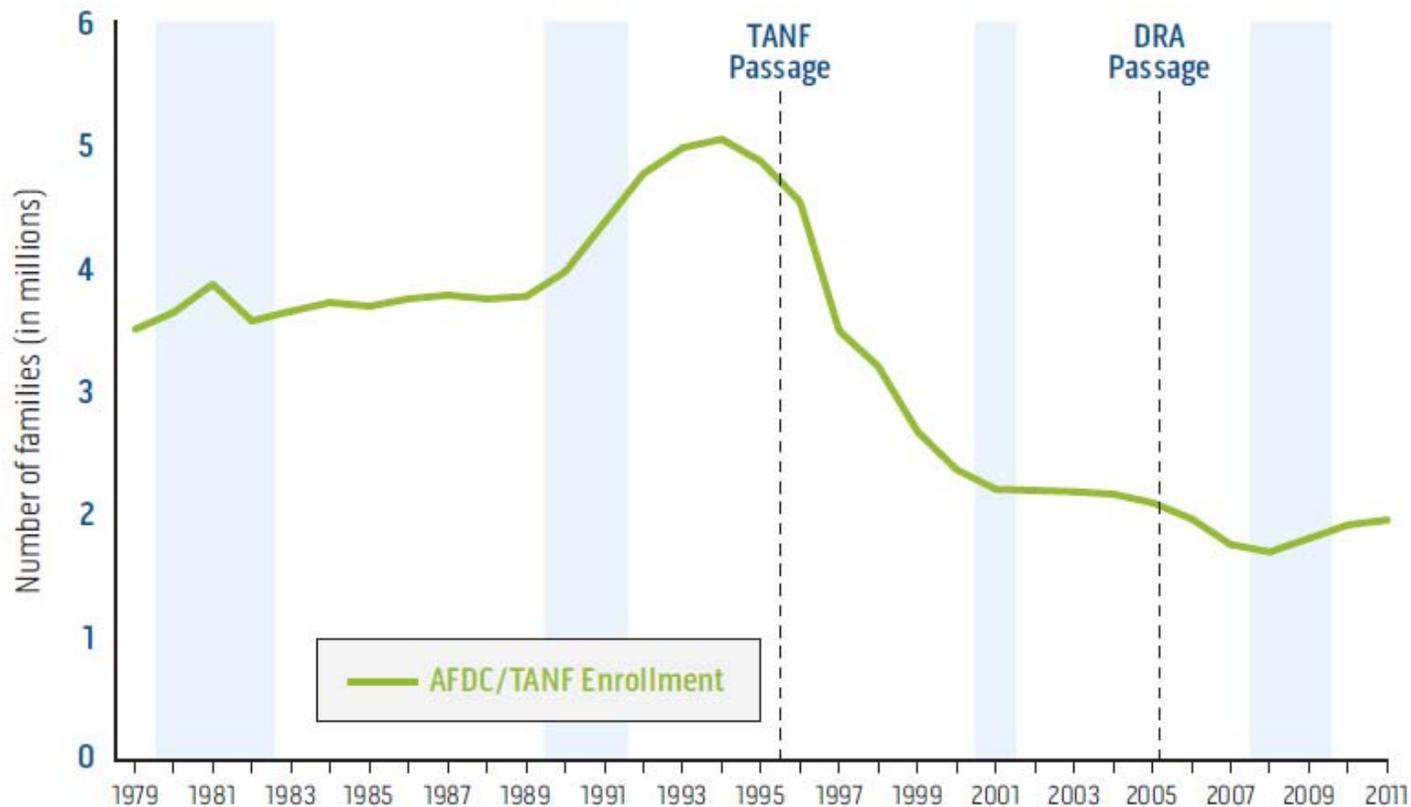
- There is a mismatch between TANF recipients' employment assistance needs, labor market realities and the work activities that the statute recognizes.
- The Work Participation Rate (WPR) doesn't tell us anything about TANF's success in helping recipients find and maintain employment.
- TANF work requirements and the WPR do not take into account progress already made.

## Key Issues with TANF As a Safety Net

- TANF reaches very few poor families.
- TANF's block grant structure discourages states from being responsive to increased need.
- Loss of TANF benefits has led to increases in the number and share of families living in deep poverty -- has long-term implications for young children.

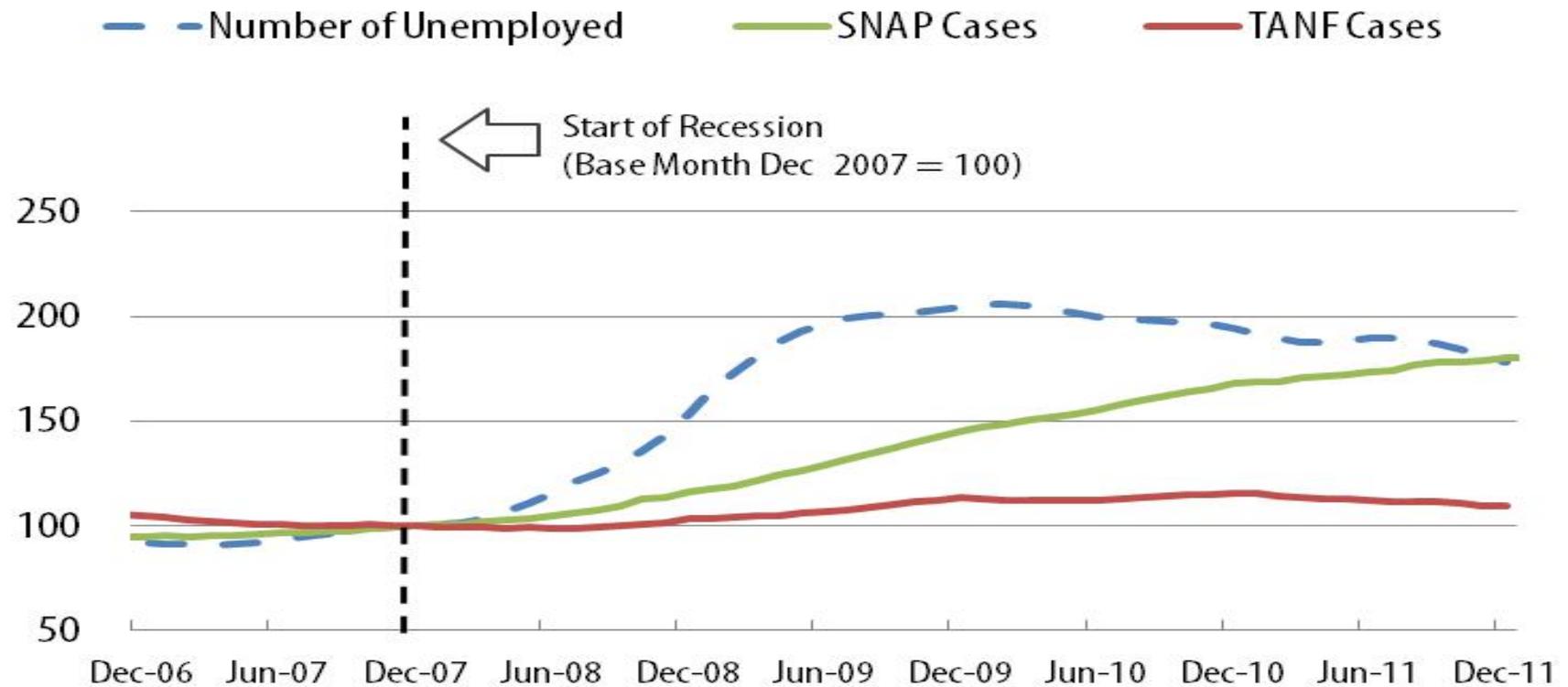
# How Has TANF Performed as a Safety Net?

## The TANF caseload has declined during most of its 16-year history



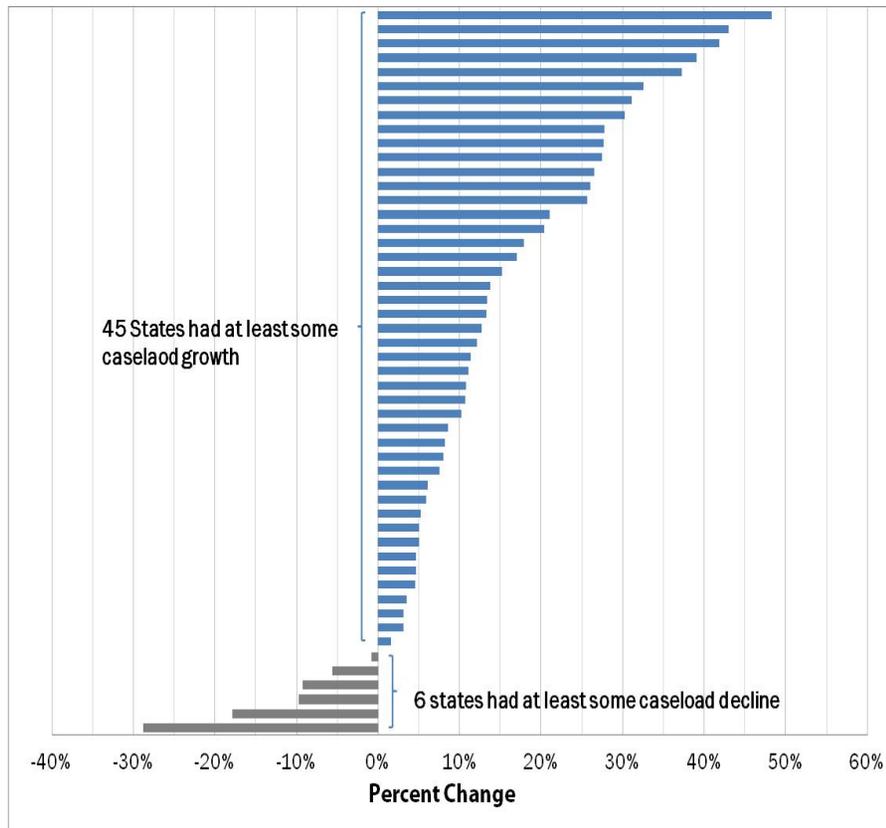
Sources: Administration for Children and Families (TANF/SSP/AFDC enrollment),  
National Bureau of Economic Research (recessions).

## Nationally, the TANF caseload increased modestly during the recession

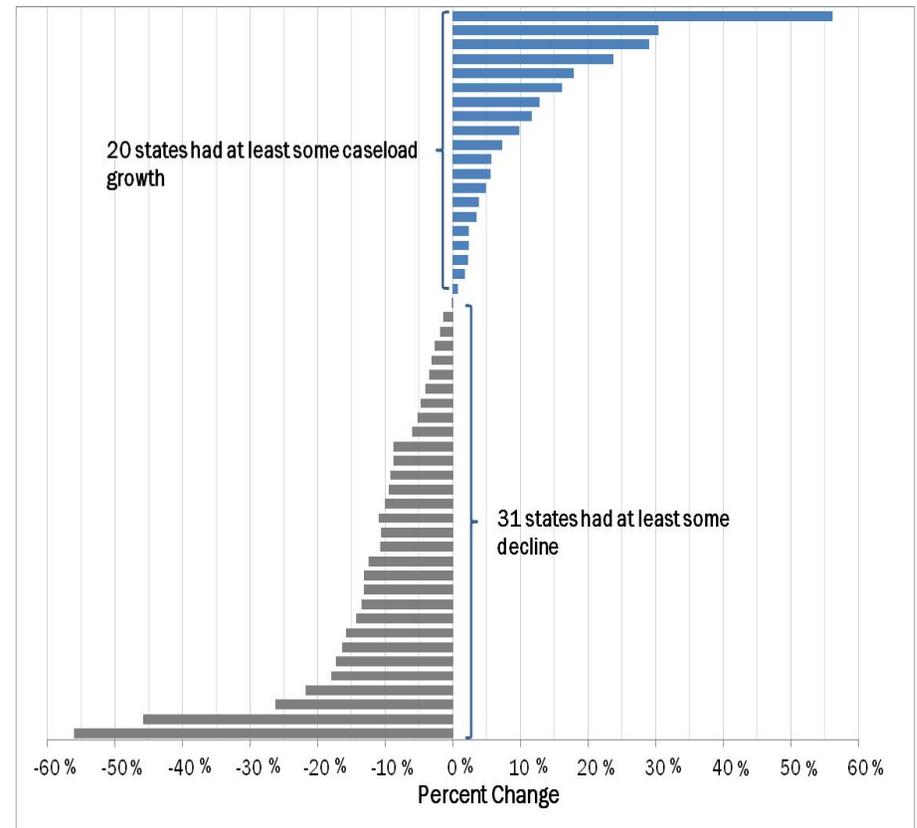


# ...But there was significant variation among the states

**2007 to 2009**

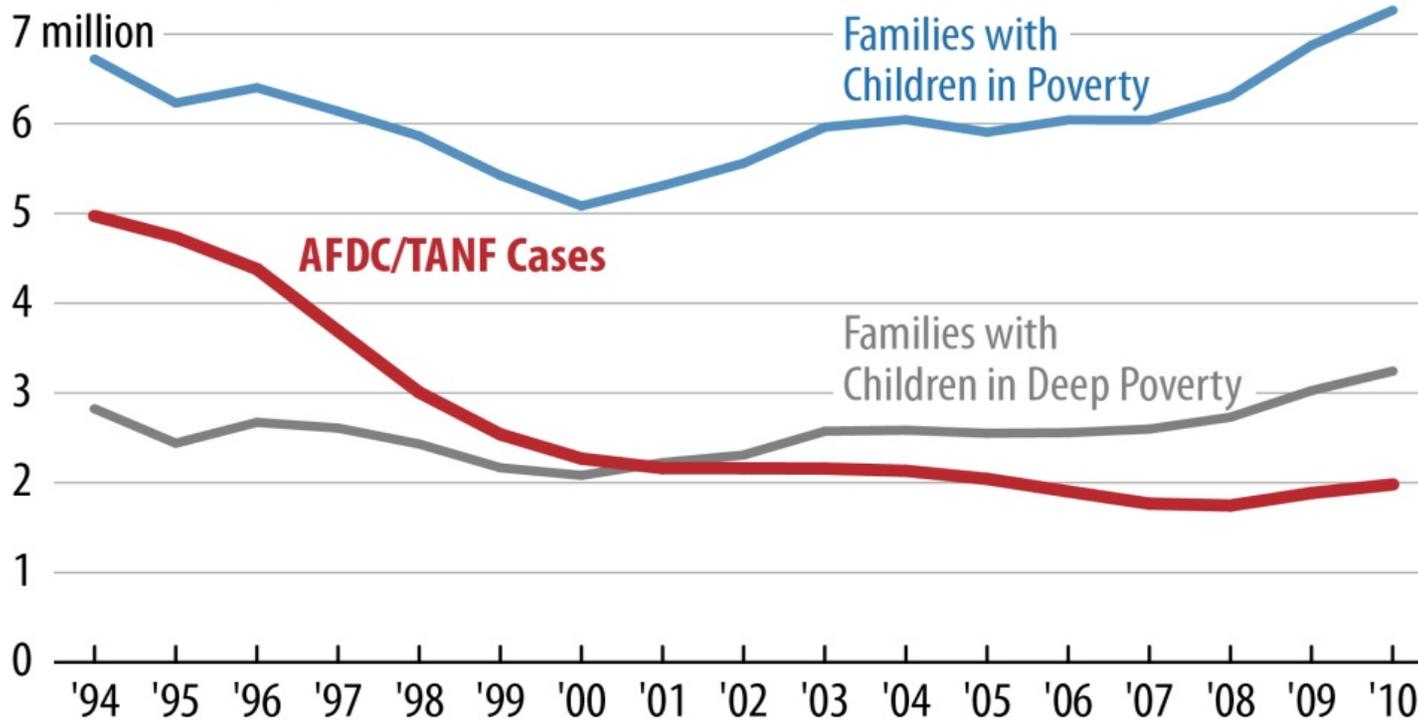


**2009 to 2011**



# TANF declined even in years when poverty increased

## TANF Cases Have Declined Dramatically, Including in Years When Poverty Has Increased

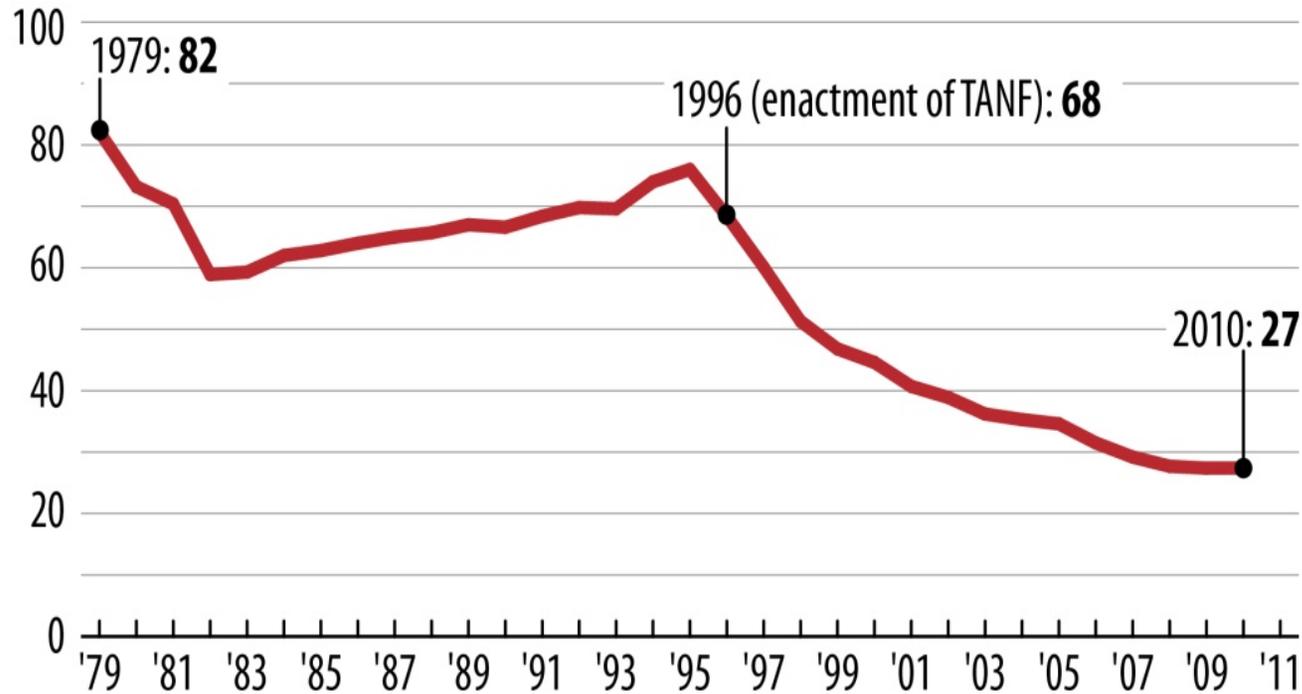


Source: CBPP analysis of poverty data from the Current Population Survey and AFDC/TANF caseload data from Health and Human Services and (since 2006) caseload data collected by CBPP from state agencies.

## The result: TANF provides a safety net for few poor families

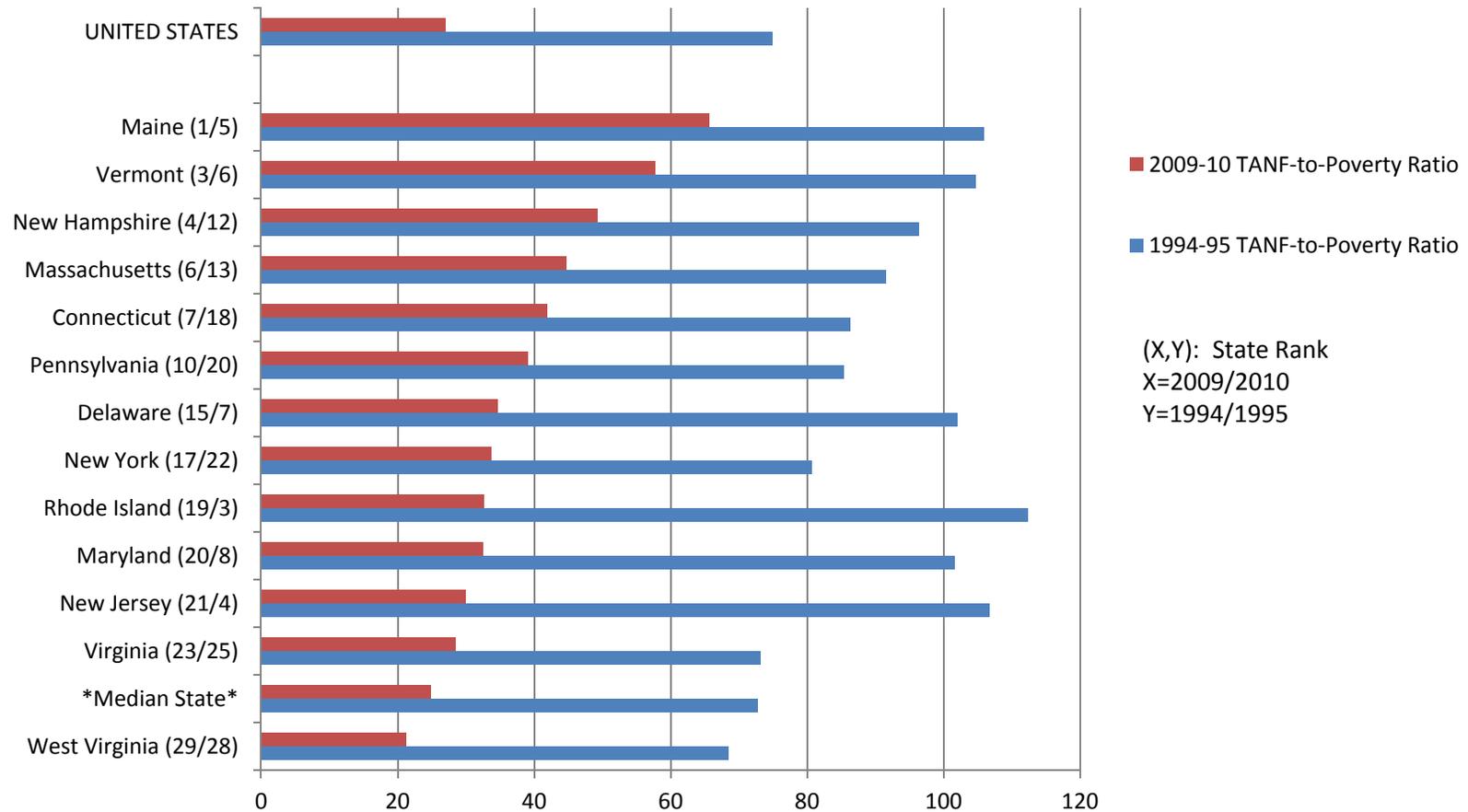
### TANF's Role as a Safety Net Has Declined Sharply Over Time

Number of families receiving AFDC/TANF benefits for every 100 families with children in poverty



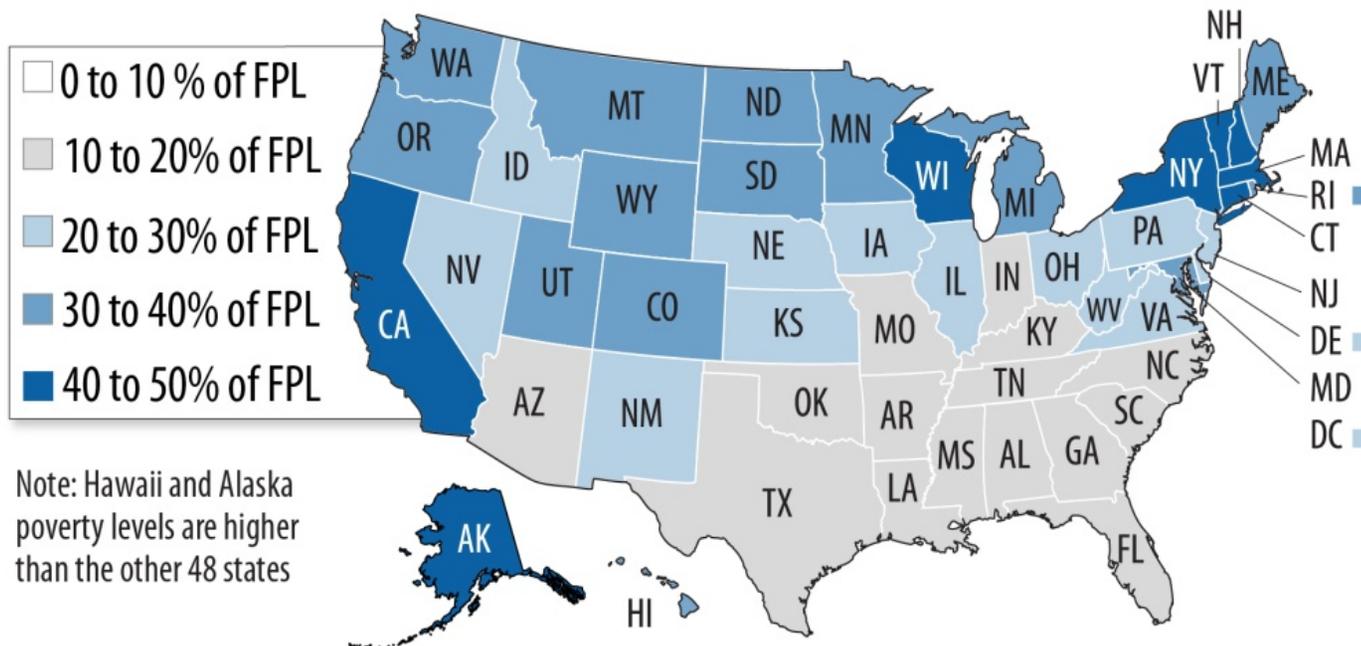
Source: CBPP analysis of poverty data from the Current Population Survey and AFDC/TANF caseload data from Health and Human Services and (since 2006) caseload data collected by CBPP from state agencies.

The TANF-to-Poverty Ratio has declined for all states, but there is substantial variation across states.



# For those that receive them, TANF benefits are very low

## Maximum TANF Benefits Leave Families Well Below Federal Poverty Level (FPL) (For Family of Three)



Source: Calculated from 2011 HHS Poverty Guidelines and CBPP-compiled data on July 2011 benefit levels.

## The result: TANF does far less to help families escape deep poverty than AFDC did

### TANF Lifts Many Fewer Children out of Deep Poverty Than AFDC Did

#### TANF (2005)

Lifted 21% of children who otherwise would have been in deep poverty



#### AFDC (1995)

Lifted 62% of children who otherwise would have been in deep poverty

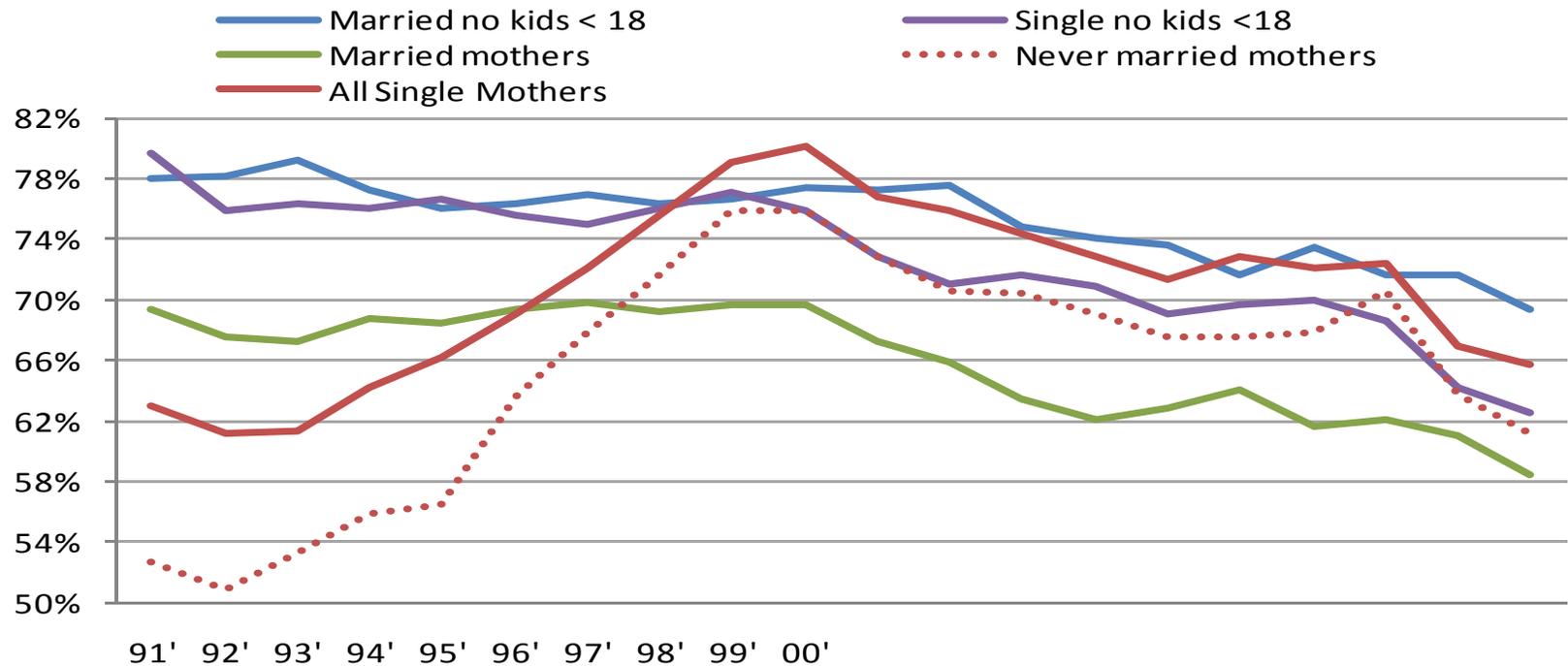


Source: CBPP analysis of Current Population Survey, additional data from HHS TRIM model.

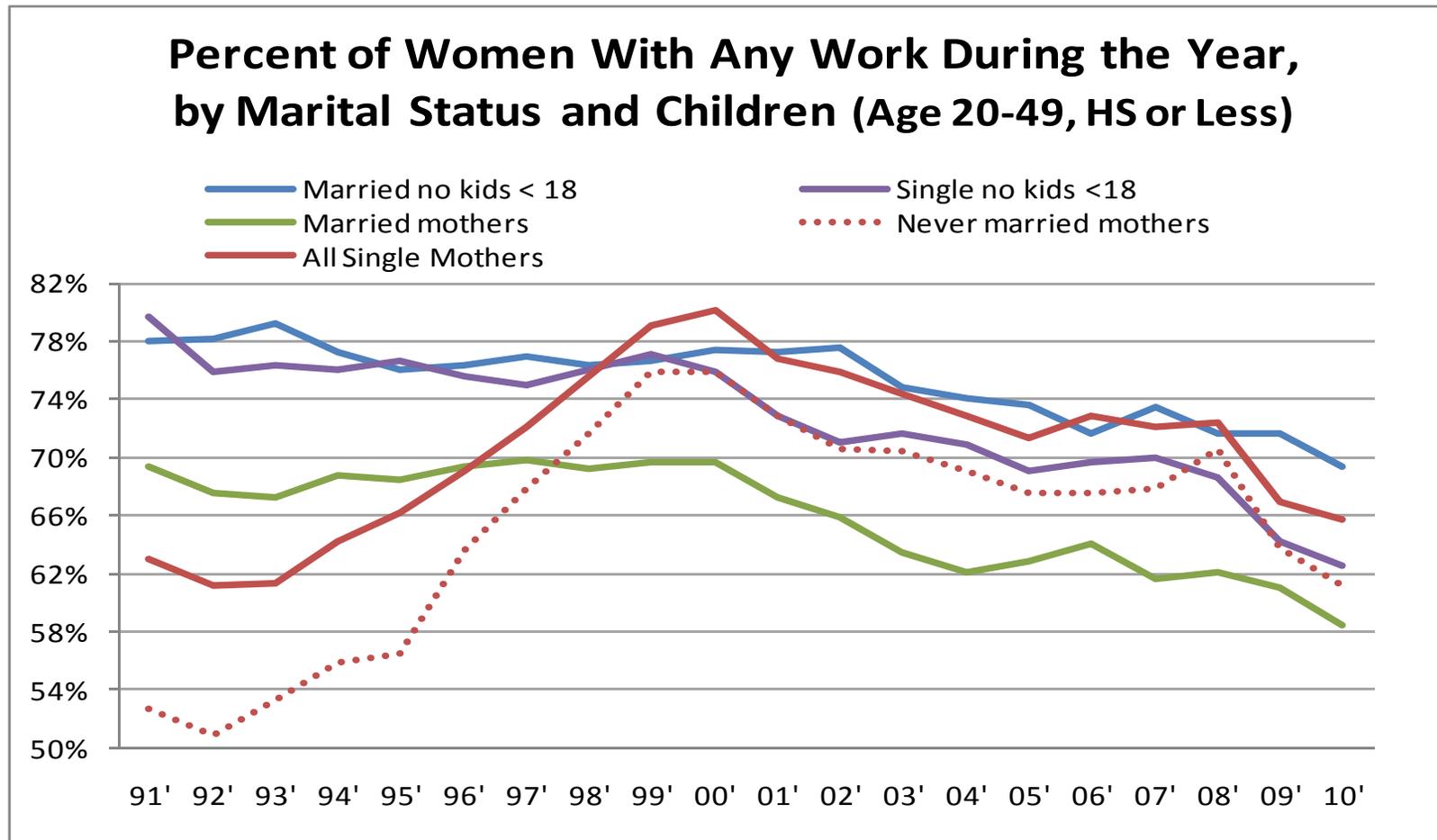
# How Have Single and Never-Married Mothers with Lower Levels of Education Fared in the Labor Market?

The share of single and never-married mothers that worked during the year increased steadily from 1993 (before welfare reform) to 2000.

### Percent of Women With Any Work During the Year, by Marital Status and Children (Age 20-49, HS or Less)

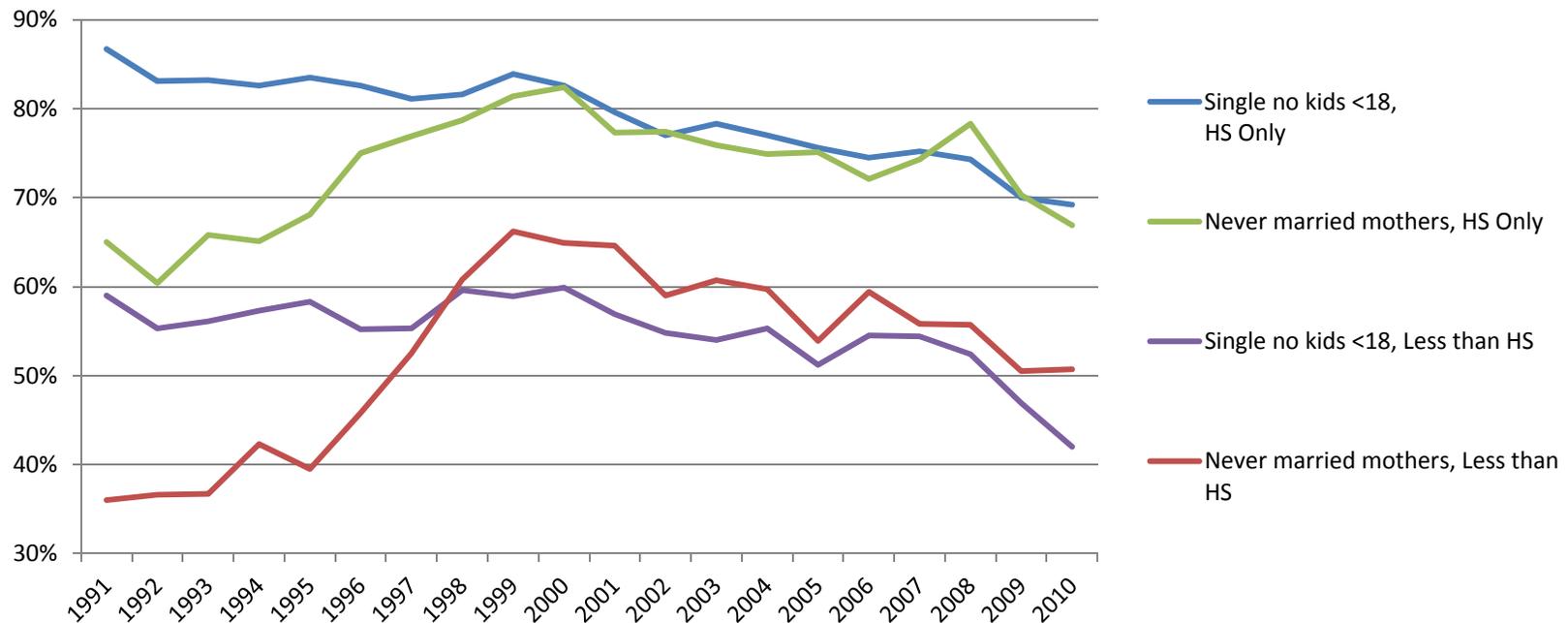


After 2000, the employment levels among single and never-married mothers declined, but closely tracked the patterns of other women.

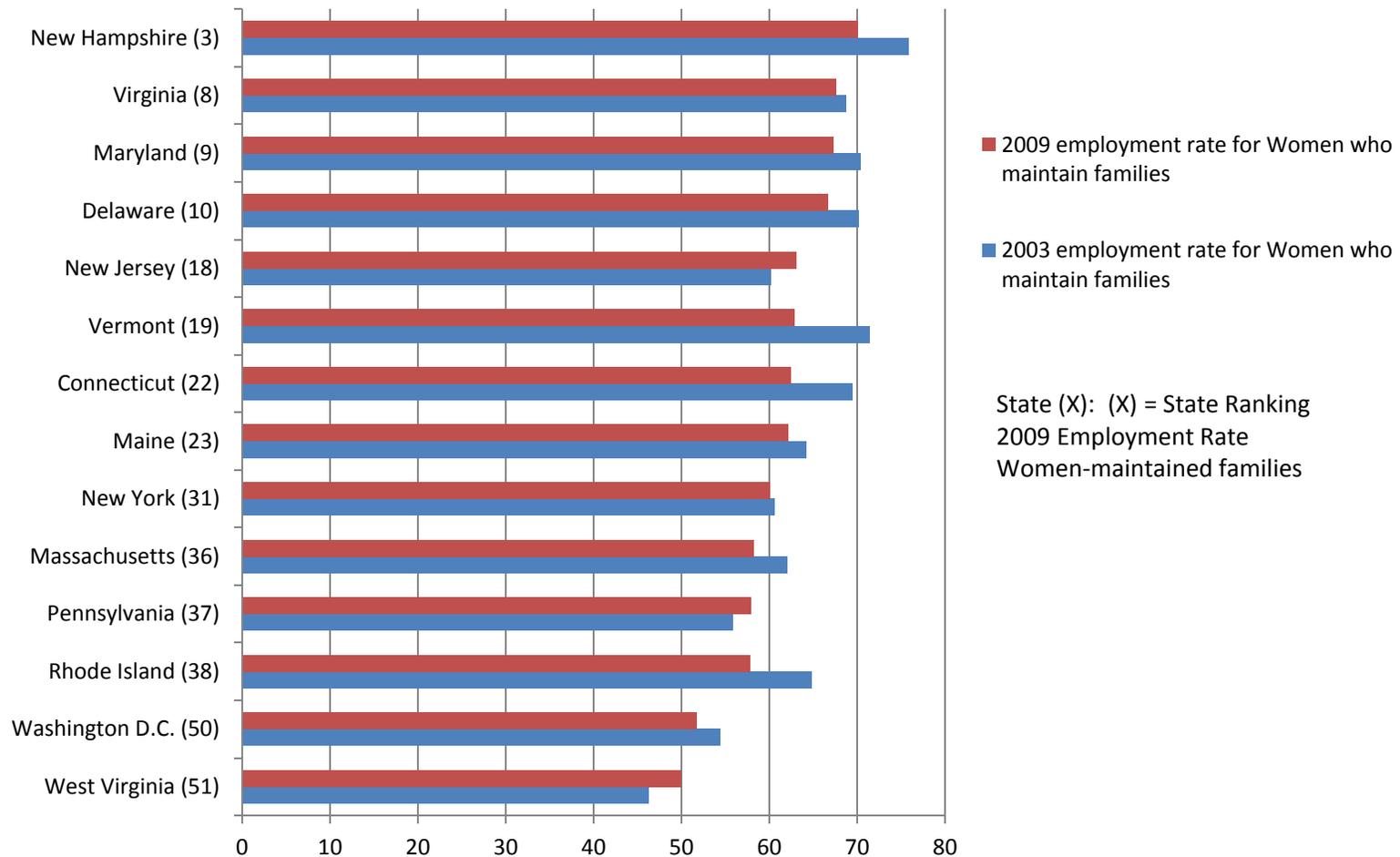


Since 1998, never-married mothers without a high school degree have been somewhat *more* likely to work than single women without children with the same low level of education.

## Worked During Year Never Married Mothers vs. Single Women With No Children by Education (Age 20-49)

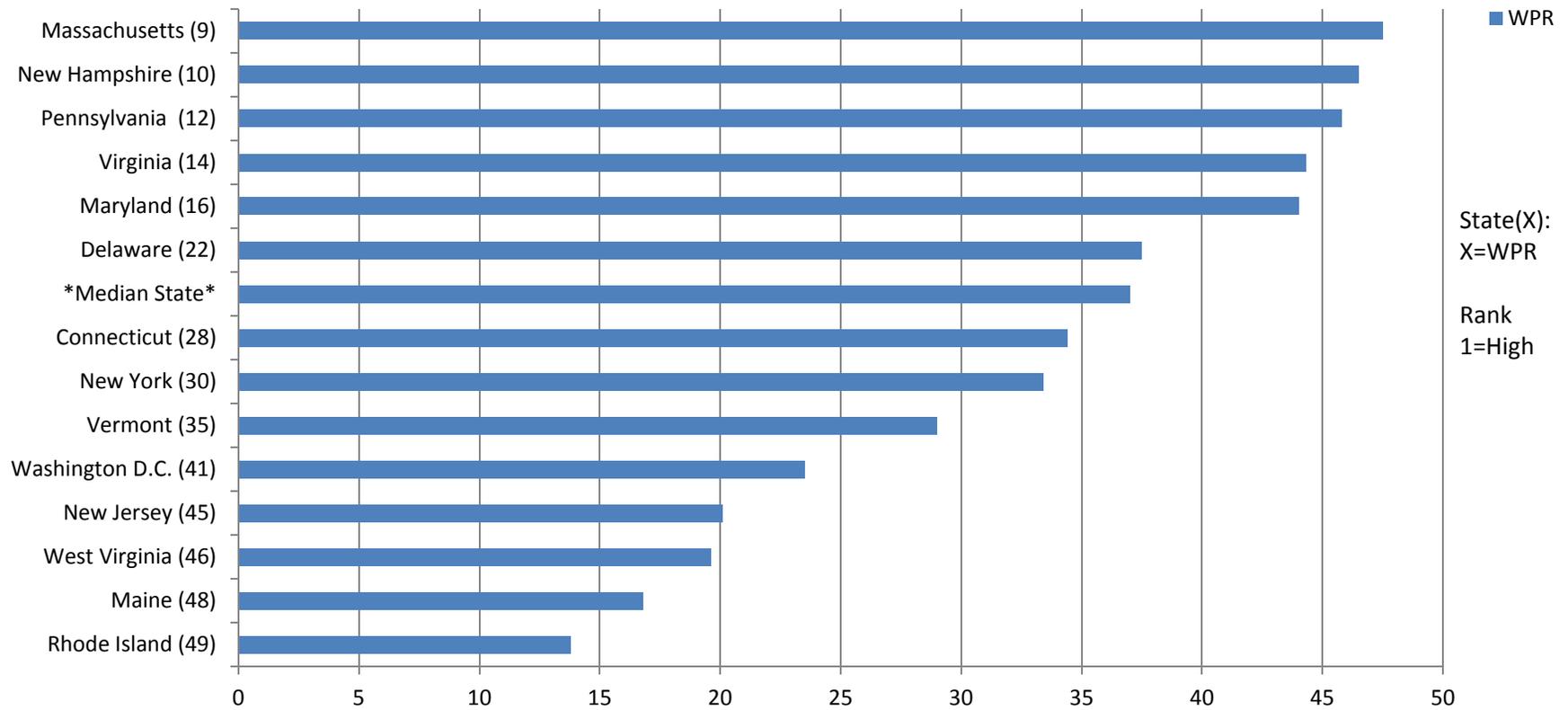


## Rate of employment among single mothers has declined in most states since 2003.



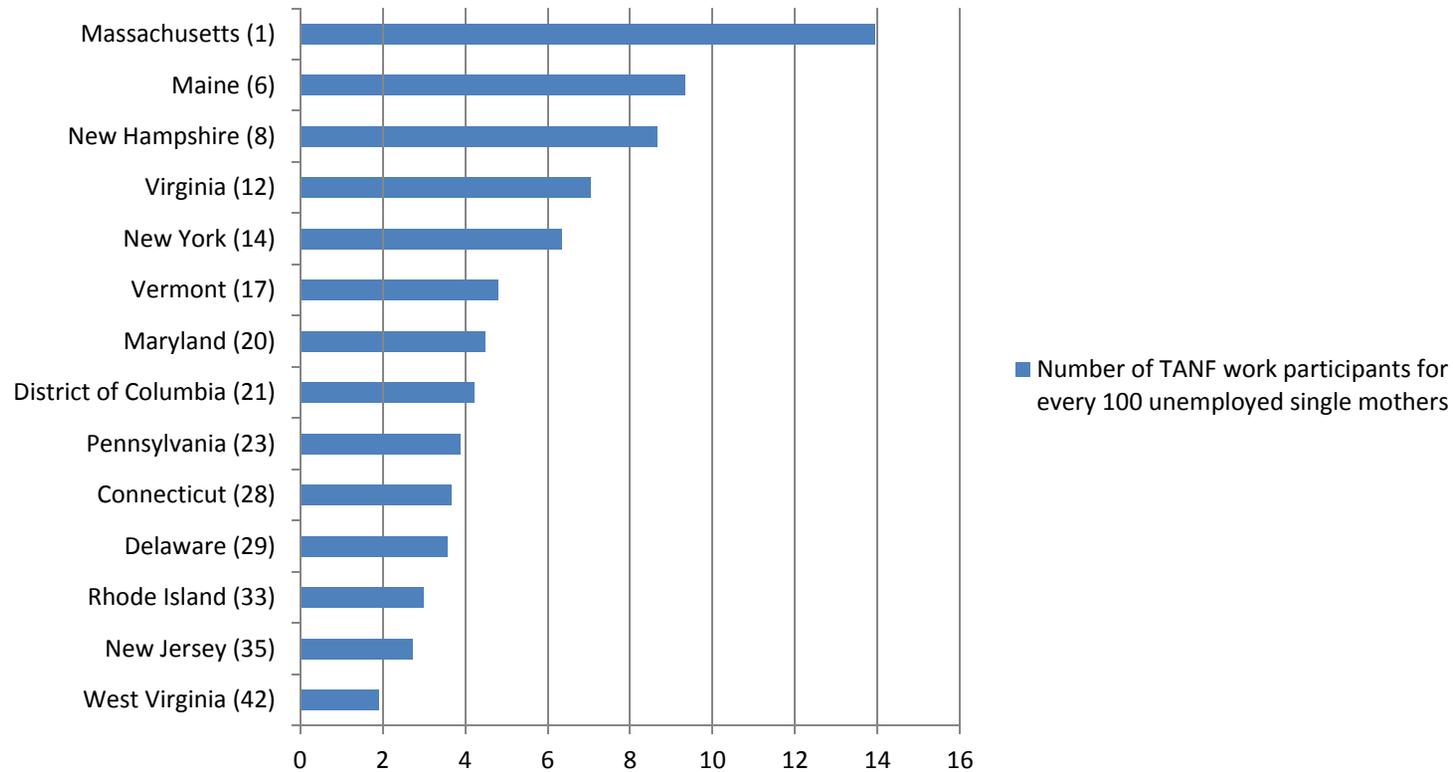
The WPR tells us little about how well TANF is doing at engaging unemployed single mothers in employment activities

### Work Participation Rate 2009

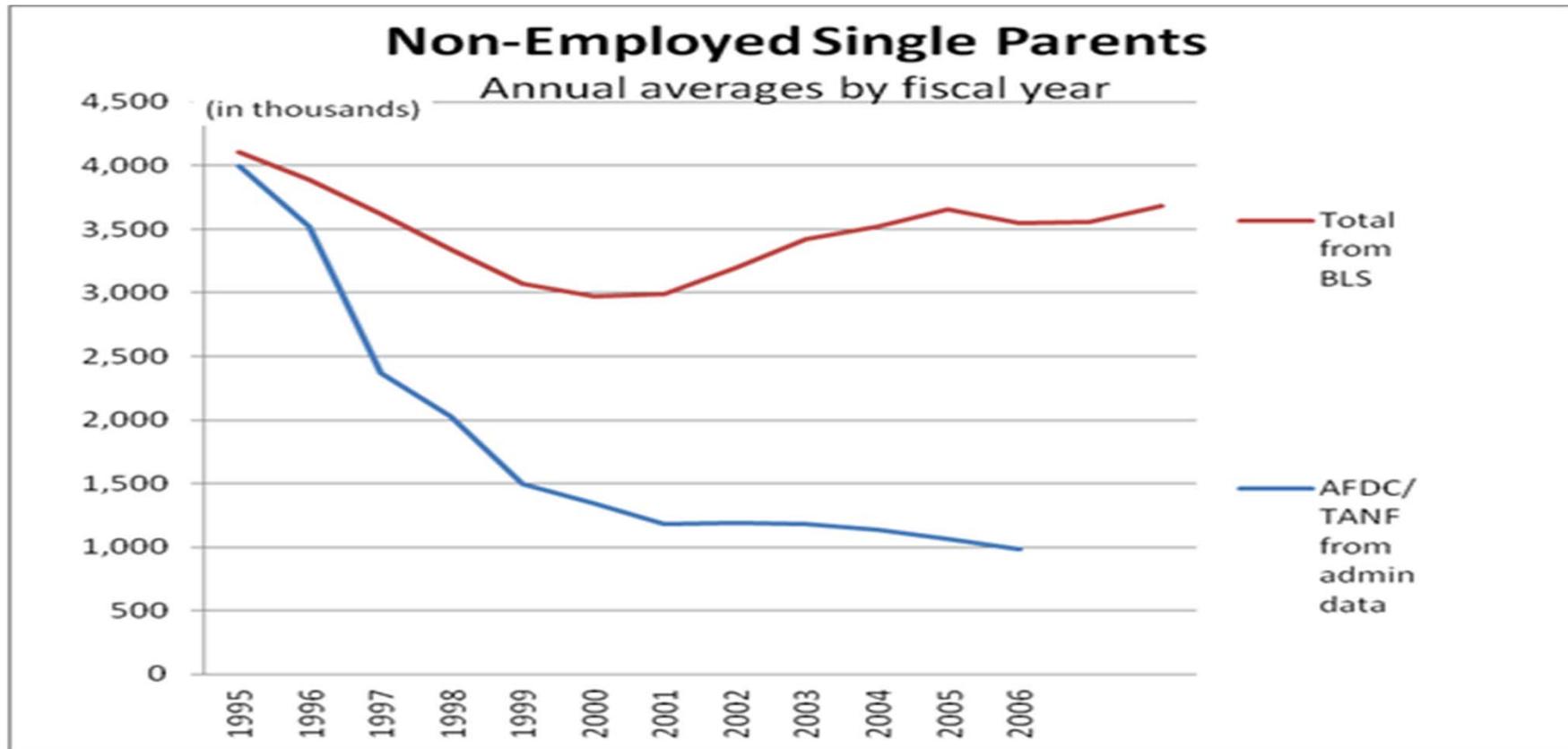


TANF plays a tiny role in providing employment assistance directly to unemployed single mothers, but there is substantial variation across states.

### Number of TANF work participants for every 100 unemployed single mothers

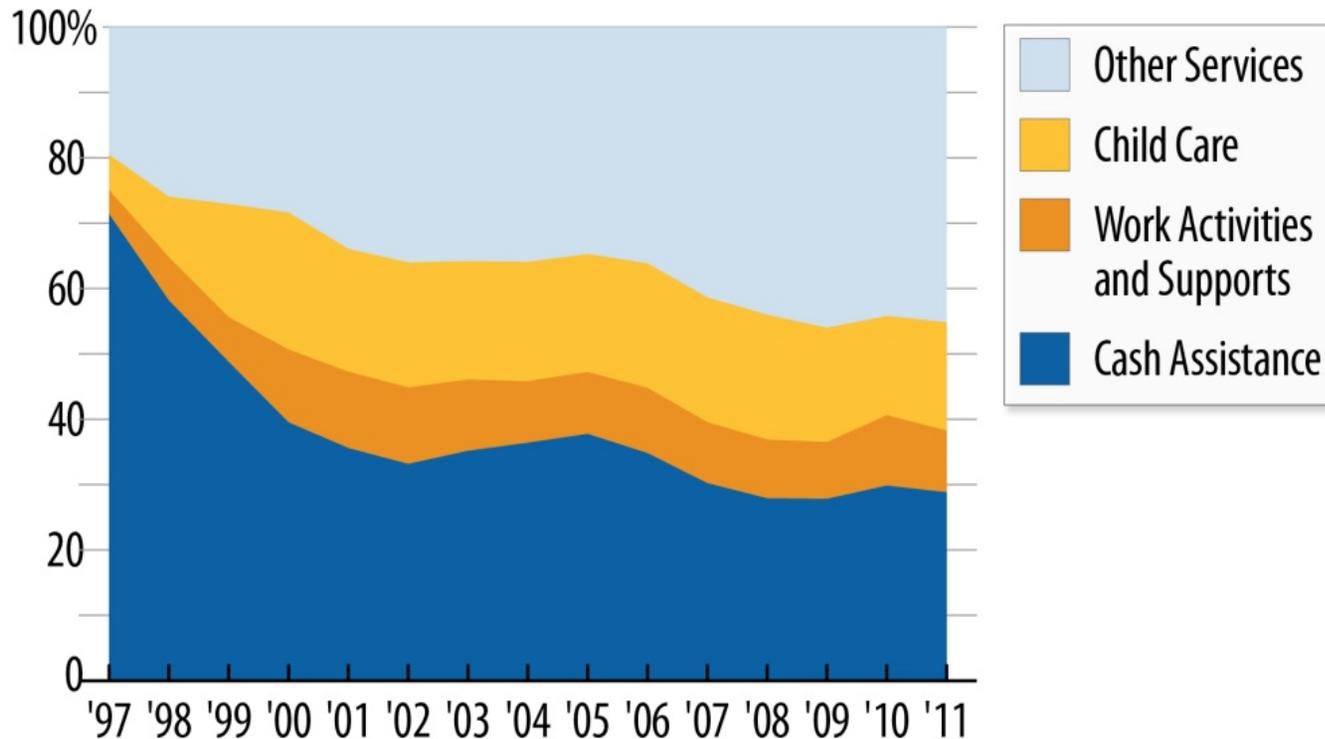


Increased employment among single parents came at a high price: many non-employed single mothers were left without a safety net.



## States spend a small share of TANF funds on work activities

### States Have Shifted TANF Funds from Cash Assistance to Many Other Uses

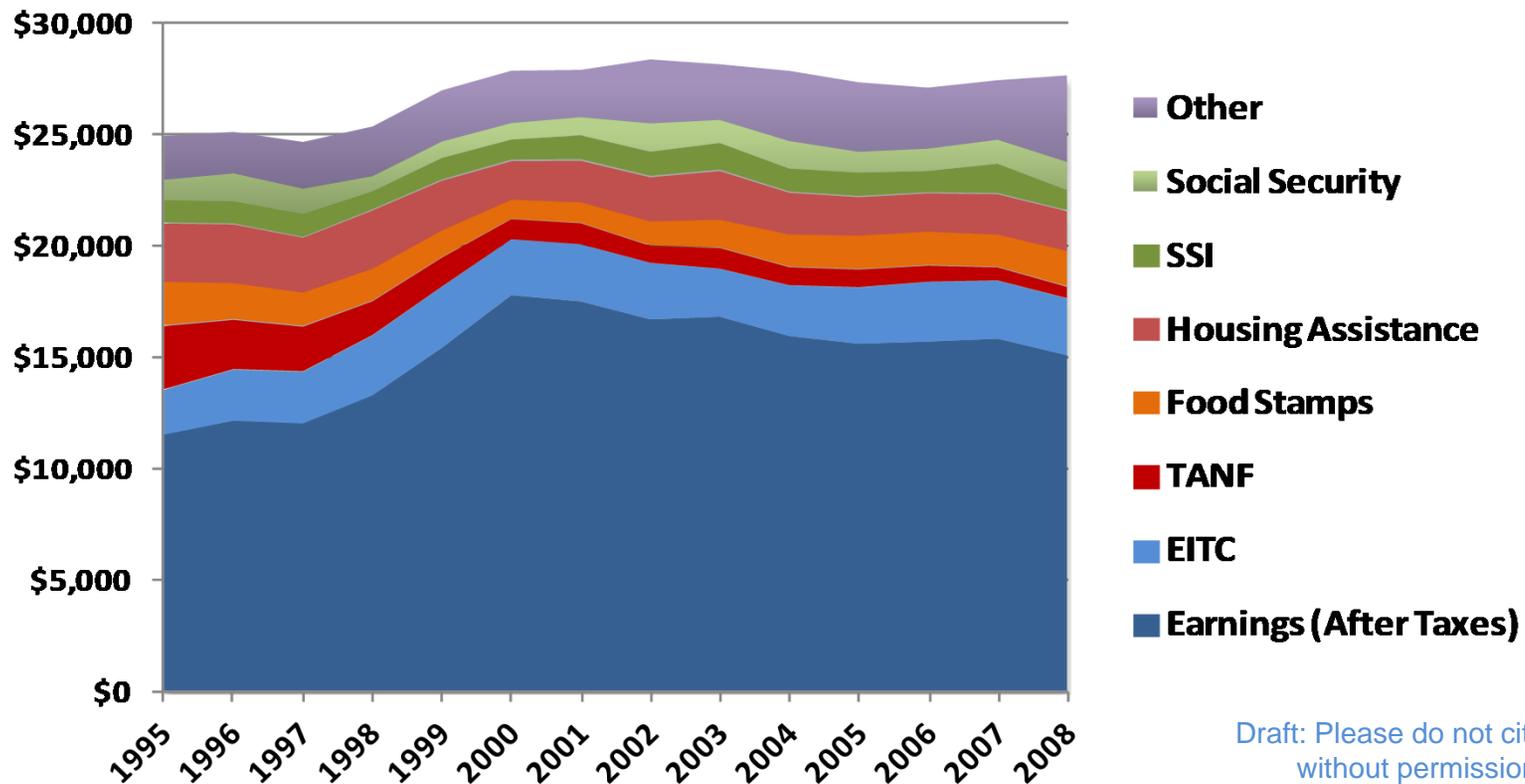


Source: CBPP analysis of federal and state spending data as reported by the Administration for Children and Families

**Do single mothers have more  
income now than before the advent  
of TANF?**

Single mother families in the middle quintile have more earned and other income and less TANF income

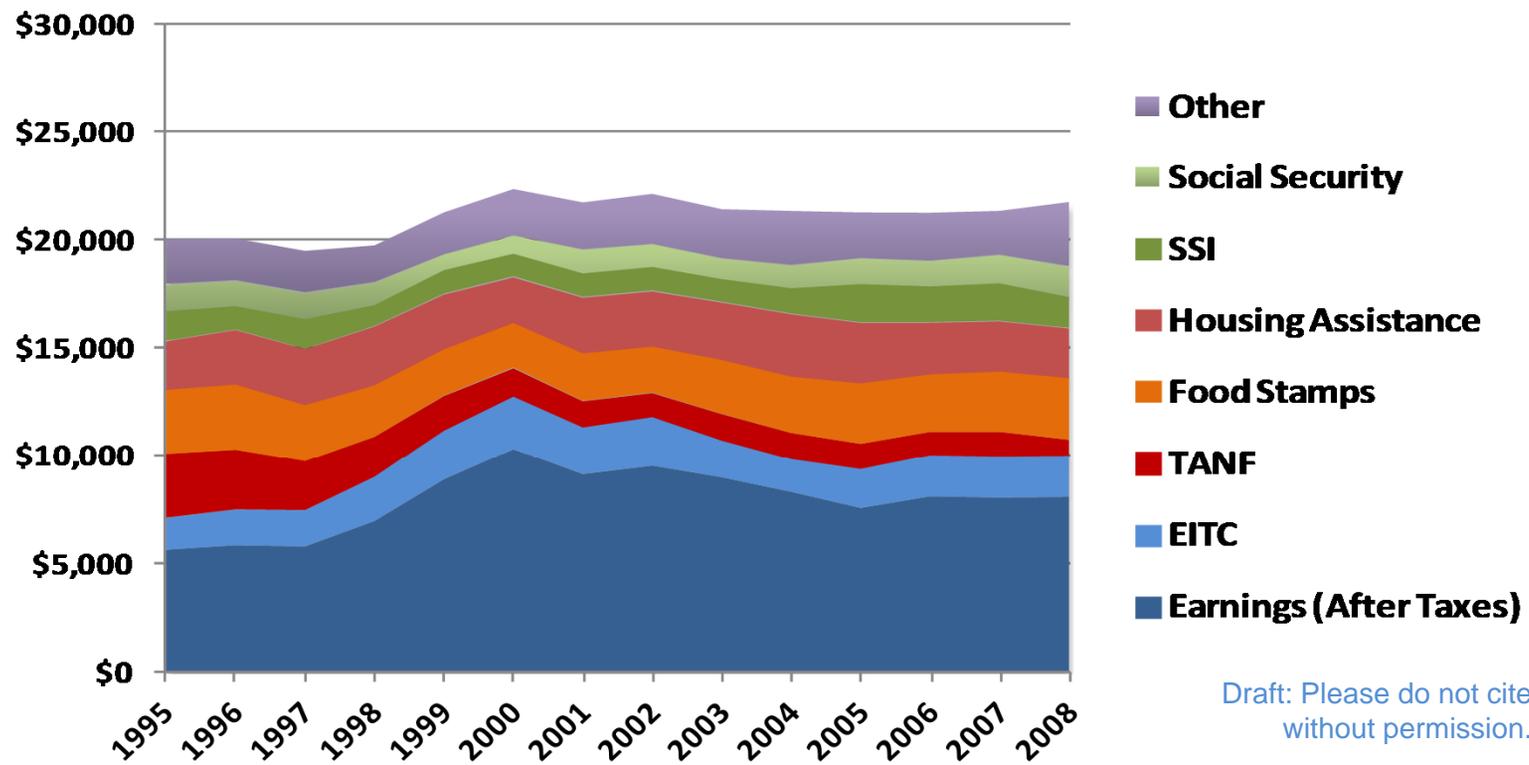
**Composition of Income for *Middle Quintile*  
 of Single Mother Families, High School Education or Less,  
 (Equivalent to a family of three)**



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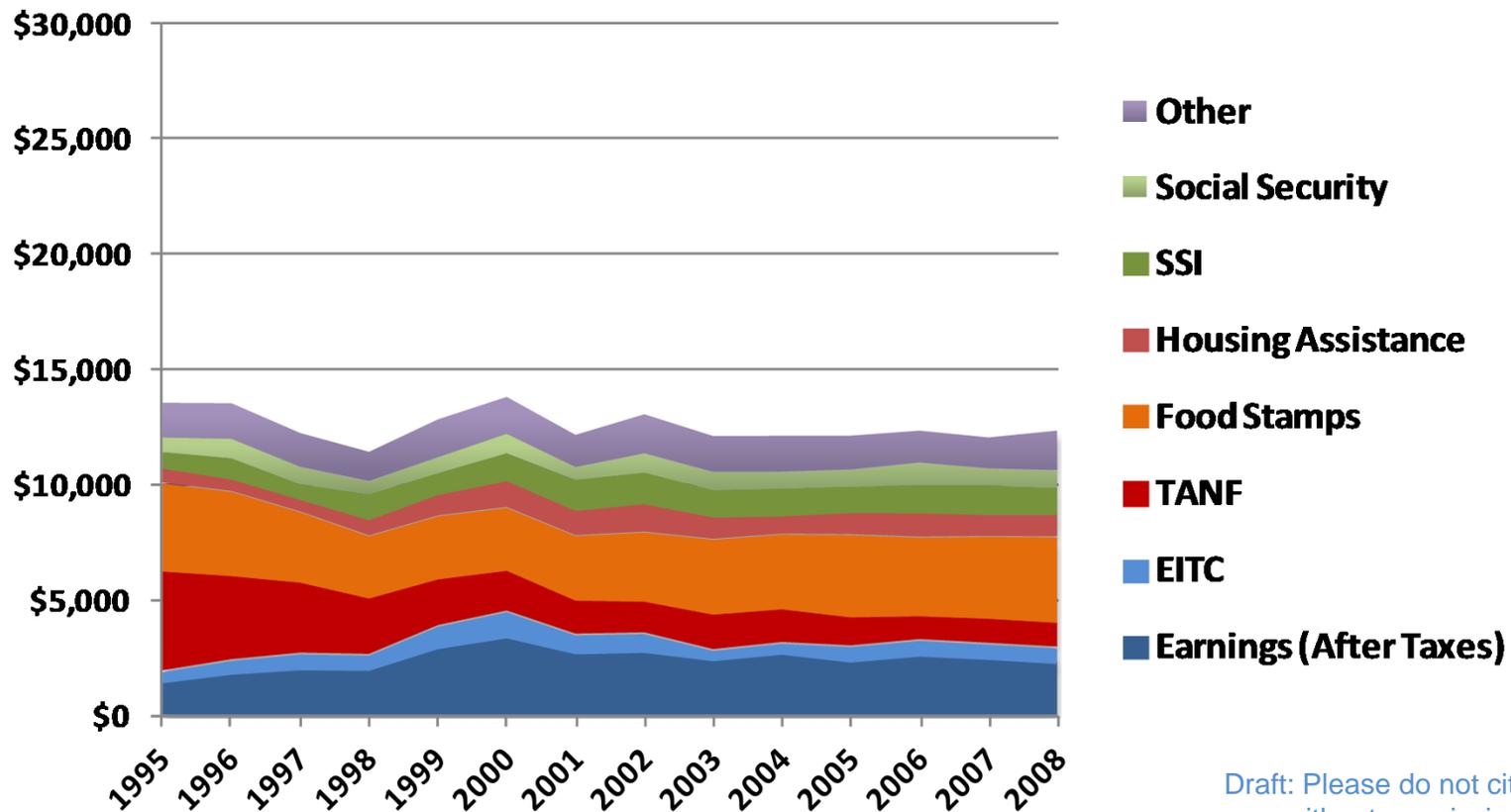
Single mothers in the 2<sup>nd</sup> lower quintile have lost both TANF and earned income since 2000

**Composition of Income for *2nd Lowest Quintile* of Single Mother Families, High School Education or Less, (Equivalent to a family of three)**



Additional earned income was not sufficient to make up for the loss of TANF income for families in the bottom quintile

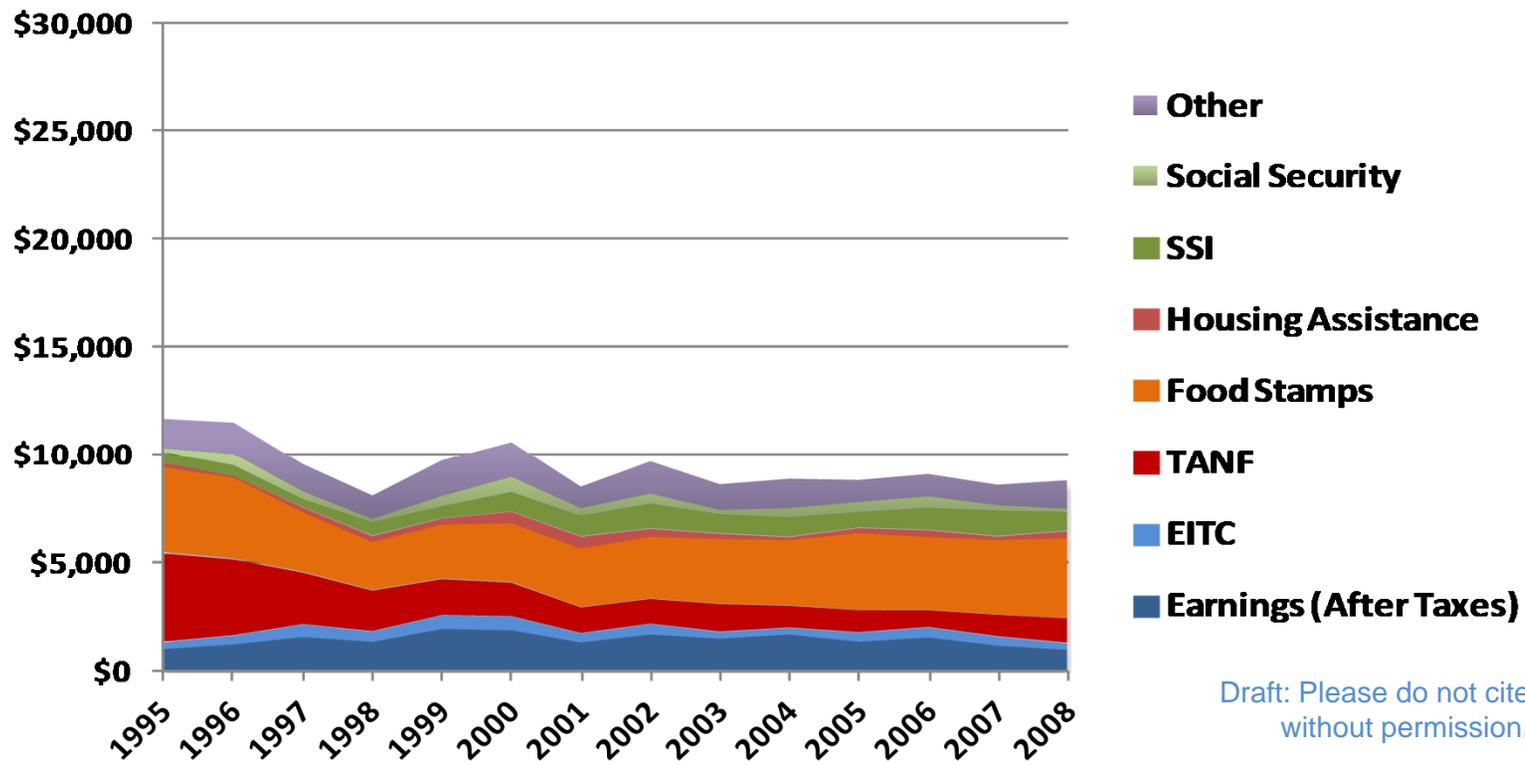
**Composition of Income for *Bottom Quintile* of Single Mother Families, High School Education or Less, (Equivalent to a family of three)**



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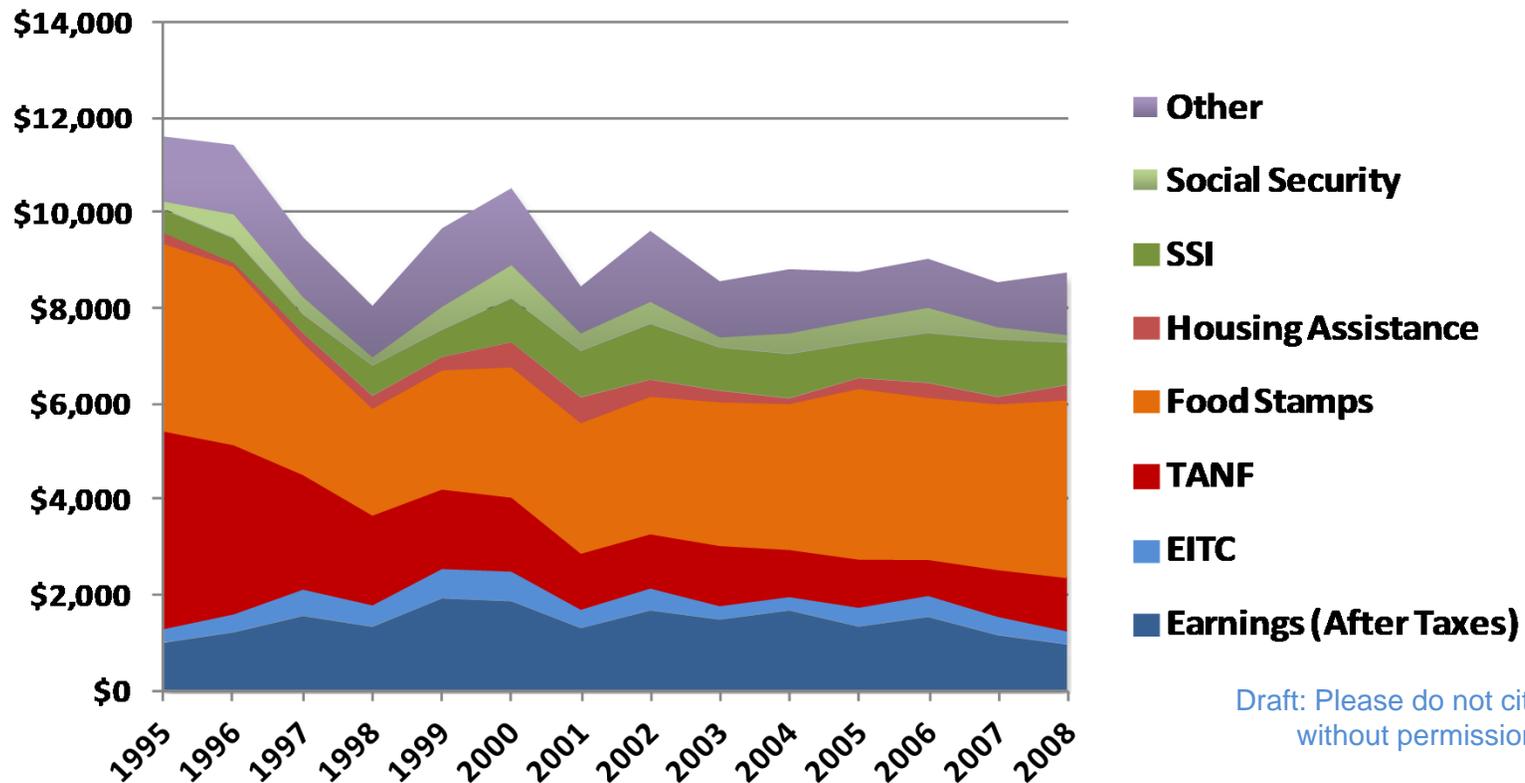
The net loss was even worse for people in the very bottom 10 percent

**Composition of Income for *Bottom 10 Percent* of Single Mother Families, High School Education or Less, (Equivalent to a family of three)**



The net loss was even worse for people in the very bottom 10 percent

**Composition of Income for *Bottom 10 Percent* of Single Mother Families, High School Education or Less, (Equivalent to a family of three)**

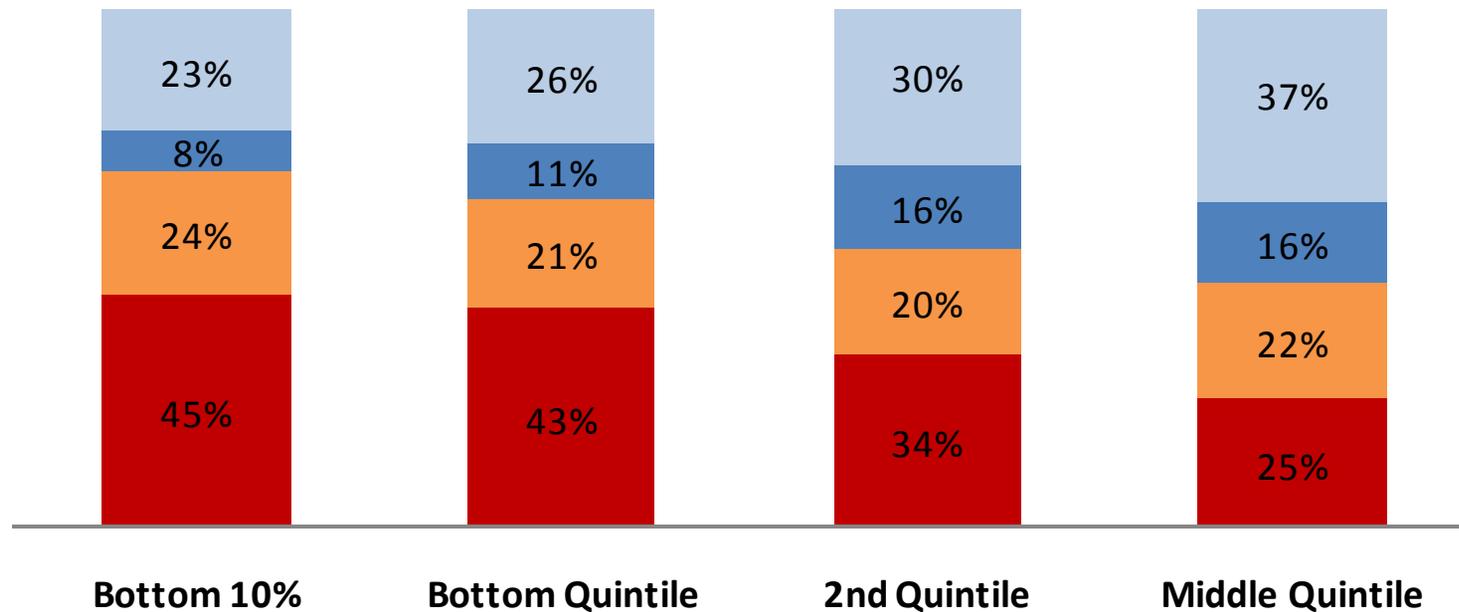


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## Lowest Income Single Mother Families Have a Higher Percent of Very Young Children.

### Quintiles of Single Mother Families by Age of Youngest Child (HS or Less, 2008)

■ 0-2 yrs ■ 3-5 yrs ■ 6-8 yrs ■ 9-17 yrs



## Opportunities for Improvement

- Recognize that TANF needs to serve two key functions simultaneously: (1) help unemployed parents find employment and (2) provide a safety net when jobs are not available or work is not feasible.
- Narrow the uses of TANF funds and require that a minimum amount be spent on core services: basic assistance, work activities and work supports (such as child care and transportation).
- Redesign the Contingency Fund to focus on subsidized jobs – way to provide a safety net within the context of employment.
- Expand and simplify work activities .
- Give states the option to be held accountable for outcomes instead of participation.