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

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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.
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

1979: 82
1996 (enactment of TANF): 68
2010: 27

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.

United States

Maine (1/5) 1994-95 TANF-to-Poverty Ratio

Vermont (3/6) 2009-10 TANF-to-Poverty Ratio

New Hampshire (4/12) 2009-10 TANF-to-Poverty Ratio

Massachusetts (6/13) 1994-95 TANF-to-Poverty Ratio

Connecticut (7/18) 1994-95 TANF-to-Poverty Ratio

Pennsylvania (10/20) 2009-10 TANF-to-Poverty Ratio

Delaware (15/7) 1994-95 TANF-to-Poverty Ratio

New York (17/22) 1994-95 TANF-to-Poverty Ratio

Rhode Island (19/3) 2009-10 TANF-to-Poverty Ratio

Maryland (20/8) 1994-95 TANF-to-Poverty Ratio

New Jersey (21/4) 2009-10 TANF-to-Poverty Ratio

Virginia (23/25) 1994-95 TANF-to-Poverty Ratio

*Median State* 1994-95 TANF-to-Poverty Ratio

West Virginia (29/28) 2009-10 TANF-to-Poverty Ratio

(X,Y): State Rank
X=2009/2010
Y=1994/1995
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)

- 0 to 10% of FPL
- 10 to 20% of FPL
- 20 to 30% of FPL
- 30 to 40% of FPL
- 40 to 50% of FPL

Note: Hawaii and Alaska poverty levels are higher than the other 48 states.

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.
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.
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)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Single no kids &lt;18, HS Only</th>
<th>Never married mothers, HS Only</th>
<th>Single no kids &lt;18, Less than HS</th>
<th>Never married mothers, Less than HS</th>
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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.
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

- Massachusetts (1)
- Maine (6)
- New Hampshire (8)
- Virginia (12)
- New York (14)
- Vermont (17)
- Maryland (20)
- District of Columbia (21)
- Pennsylvania (23)
- Connecticut (28)
- Delaware (29)
- Rhode Island (33)
- New Jersey (35)
- West Virginia (42)
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

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.
Single mothers in the 2nd lower quintile have lost both TANF and earned income since 2000.
Additional earned income was not sufficient to make up for the loss of TANF income for families in the bottom quintile.
The net loss was even worse for people in the very bottom 10 percent.
The net loss was even worse for people in the very bottom 10 percent.
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)

<table>
<thead>
<tr>
<th>Quintile</th>
<th>0-2 yrs</th>
<th>3-5 yrs</th>
<th>6-8 yrs</th>
<th>9-17 yrs</th>
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<tbody>
<tr>
<td>Bottom 10%</td>
<td>45%</td>
<td>24%</td>
<td>8%</td>
<td>23%</td>
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<tr>
<td>Bottom Quintile</td>
<td>30%</td>
<td>21%</td>
<td>11%</td>
<td>26%</td>
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<tr>
<td>2nd Quintile</td>
<td>22%</td>
<td>16%</td>
<td>16%</td>
<td>30%</td>
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<tr>
<td>Middle Quintile</td>
<td>25%</td>
<td>22%</td>
<td>16%</td>
<td>37%</td>
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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.