



# TANF and the First Year of Life Making a Difference at a Pivotal Moment

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## Executive Summary

In recent years, a growing number of health and human services policymakers, practitioners, and researchers have promoted “two-generational” approaches that address the overlapping needs of parents and children at the same time, recognizing that parent and child well-being are inextricably linked. Children, particularly very young children, are dependent on their parents to meet their physical, material, and emotional needs. Infant development occurs within the context of relationships, and the most important relationships begin within the family. Poor parents often struggle to meet their children’s needs. At the same time, children’s needs are a major source of motivation for parents, as well as sometimes a cause of economic vulnerability and stress. In the United States, young children are more likely to be poor than any other age group. In 2013, nearly one-quarter of infants under the age of 1 were poor. This varied by race with more than half of Black babies and one-third of Hispanic babies experiencing poverty.<sup>1</sup> This poverty has real and immediate consequences. Poor children are more likely than other children to experience every sort of hardship—from food insecurity to living in overcrowded or substandard housing, from having heat or electricity cut off for non-payment to reusing diapers.<sup>2</sup>

In addition to the immediate benefits, interventions to reduce poverty among families with infants will pay off over time. A large and growing body of research has shown that infancy is a particularly critical period for children’s development, with implications for lifelong physical and emotional well-being. The earliest years of life are a period of incredible growth. To properly shape their brains and build a healthy foundation for life, infants need a number of important inputs including consistent relationships with caring adults and adequate health and developmental supports. Experiences during the infant and toddler years shape the architecture of the brain—including cognitive, linguistic, social, and emotional capacities—at a phenomenal rate and lay the foundation for future growth and learning.<sup>3</sup>

Across the country, large numbers of young children are affected by one or more risk factors that have been linked to academic failure and poor health.<sup>4</sup> Chief among them is family economic hardship, which is consistently associated with negative outcomes in these two domains.<sup>5</sup> Many low-income children also experience other risk factors, including living with a teen mother, in a household without English speakers, or with parents who lack a high school degree. Children affected by several adverse circumstances—three or more risk factors—are the most likely to experience school failure and other negative outcomes, including maladaptive behavior.<sup>6</sup> And children who are born into poverty are at extremely high risk for persistent poverty throughout their childhood, which further reduces their life prospects.<sup>7</sup>

Similarly, pregnant women are far more likely to be poor than the overall population of women of childbearing age.<sup>8</sup> Poverty and living in a high-poverty community are both associated with higher risks of pre-term birth.<sup>9</sup>

The poor nutrition and high levels of stress that poverty induce have also been shown to have lasting negative effects on the developing fetus, leading to increased rates of high blood pressure, diabetes, and heart disease years later.<sup>10</sup>

**This paper explores what could be done under the Temporary Assistance for Needy Families (TANF) block grant to use policy to support parents and children during pregnancy and the first year of life.** We now know far more about how infants' brains and bodies are affected by poverty and parental stress than we did when TANF was first created, nearly 20 years ago. While many programs and policies impact young families, TANF offers an important, large-scale, high-impact opportunity to achieve two-generational goals for parents and infants, for several reasons:

- TANF already reaches about a quarter million of the poorest families with infants or pregnant women.<sup>11</sup> Even compared to other poor children, children in families eligible for TANF cash assistance are particularly vulnerable. This is because states have set eligibility limits such that only the lowest-income families can receive benefits—in most states parents do not qualify for TANF if they earn even half the amount that would lift them out of poverty.<sup>12</sup>
- By its design, TANF is inherently a two-generational program, in that it is explicitly aimed at serving low-income families with children. All TANF recipients must be members of needy families with children.
- TANF is a block grant that gives states a great deal of flexibility in deciding which needy families to serve, what services to provide, and what to expect of recipients. In addition to cash assistance, states can use TANF as the “mortar” to fill in the gaps between what other programs can support and the comprehensive services needed by the most vulnerable families.

**This paper focuses on the opportunities to improve benefits and services for families with pregnant women and infants,** because of the strong and growing research base showing the importance of this developmental period. However, 12 months is not a magical transitional point, and many of the services discussed in this paper would also benefit families with older children.

In practice, TANF today does not live up to its potential to provide two-generational supports to highly vulnerable infants and their families. Despite the evidence about the importance of economic security, TANF's cash assistance only reaches around half of even deeply poor pregnant women and families with infants<sup>13</sup>, and provides inadequate support to those it does reach. Families must have very low income in order to qualify for TANF cash assistance, and some of the poorest families do not receive cash assistance due to time limits on receiving benefits or sanctions that cut them off of assistance for failure to comply with work requirements or other rules. TANF therefore fails to ensure that families with infants are able to meet their basic needs, including food, housing, clothing, and diapers.

TANF's services also fall short. TANF programs do not typically offer services either to enhance parenting or to improve long-term family economic stability, but rather offer services focused exclusively on promoting immediate parental employment, often in low-wage and unpredictably scheduled workplaces that are inconsistent with caring for an infant. Parents are thus constantly forced to choose between their breadwinning and caregiving responsibilities. Many state TANF policies—on sanctions, child care, work participation, and

more-risk destabilizing infants' lives and undermining parents' ability to meet their children's developmental needs. Parents routinely experience high levels of stress from the combination of deep poverty and inflexible and unpredictable jobs, piled on top of the ordinary demands of having a baby.

**Yet states have many policy levers that could change this picture drastically.** These choices are consistent with the federal TANF framework as it is today.

In this paper, we set out a core vision for TANF that takes a true two-generational approach to meeting the needs of pregnant women and families with infants. Our vision is that:

- TANF provides adequate income support to enable pregnant women and parents of infants to meet their basic needs and stabilize their lives, and is available and accessible to all who need it.
- TANF recognizes the realities of today's low-wage labor market, including variable and unpredictable hours, and does not force parents of infants to take jobs that are incompatible with their parenting responsibilities. TANF allows parents to take the time needed to develop secure attachments with their infants, recover from childbirth, and establish a breastfeeding relationship when appropriate.
- When parents work or participate in employment-related activities, they have access to affordable, quality child care that supports the developmental needs of infants.
- TANF connects families with infants to other needed services that support long-term success for both children and parents, including health and nutrition programs, early childhood education, and quality employment and training opportunities.

We then identify a series of specific policy choices that contribute to this vision. We have divided these policies into two groups. The first, foundational, group (see table ES-1) includes large-scale core policy opportunities to change current TANF policies in ways that stabilize families' lives and reduce damage to and risk for pregnant women, infants, and their families. All of these policies are in place in some states—but no state has enacted all of them. Because of the crucial importance of these core policy elements to the stability of vulnerable babies and their families, we believe that all states should assess their TANF policies in these areas with respect to whether they are promoting or undermining the well-being, stability, and development of vulnerable babies and their families, and should make changes where they fall short.

The second set of policies builds on this foundation and is more innovative. We recommend these policies as options to states that are committed to making strong progress on the foundational policy elements in the first group and also wish to explore innovative approaches to actively supporting poor families with infants, including those who are not already connected to TANF. While it may be tempting to jump directly to these models, trying to improve the well-being of deeply poor infants and families without having assessed and corrected deficiencies in the first category is a bit like trying to accelerate a car while still stepping on the brakes.

While research evidence offers good grounds for considering these approaches, none are currently in effect at a large scale. Some states have established pilot projects in these areas, and we look forward to learning from them. Among the models discussed in this section are:

Table ES-1: Checklist of Foundational Policies

***TANF provides adequate income support to enable pregnant women and parents of infants to meet their basic needs and stabilize their lives, and is available and accessible to all who need it.***

- Pregnant women with no other children are eligible for TANF cash assistance.
- Work requirements, including up-front job search, are waived for pregnant women in order to avoid creating a barrier to participation.
- All needy babies are eligible for benefits; no “family cap” policies that deny benefits based on parents’ history of welfare receipt.
- Pregnant women and parents of infants may receive benefits even if they would otherwise be denied benefits due to time limits.
- State has reviewed implementation of minor parent requirements to ensure they do not prevent needy young families from receiving assistance.

***TANF recognizes the realities of today’s low-wage labor market, including variable and unpredictable hours, and does not force parents of infants to take jobs that are incompatible with their parenting responsibilities. TANF allows parents to take the time needed to develop secure attachments with their infants, recover from childbirth, and establish a breastfeeding relationship when appropriate.***

- Parents of infants are exempted from mandatory TANF work requirements (or engaged in appropriate services that recognize their unique circumstances) until babies are 12 months old.
- Policies are in place to protect parents of infants from sanctions, particularly full-family sanctions.
- Exemption policies do not inadvertently deny access to child care.

***When parents work or participate in employment-related activities, they have access to affordable, quality child care that supports the developmental needs of infants.***

- TANF recipients who work or participate in employment-related activities are provided with child care subsidies at the 75<sup>th</sup> percentile of the current market rate, ensuring access to quality child care.
- Parents receive good cause exemptions from work requirements if quality child care is not available.
- Parents are given time to locate and obtain quality child care before they are required to participate in work activities.
- State applies new CCDBG rules under the 2014 reauthorization regarding quality and continuity of care to TANF-funded child care in order to provide infants with stable, nurturing care.

***TANF connects families with infants to other needed services that support long-term success for both children and parents.***

- TANF families with infants are referred to home visiting programs and Early Head Start, and receive credit toward their TANF work requirements for participating in such programs.
- TANF recipients with infants are screened for mental health needs and provided with supportive services needed for treatment
- Families with infants are enrolled in other safety net programs including Supplemental Nutrition Assistance Program (SNAP), the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), Medicaid, and housing, with a minimum of additional paperwork.

- Expanded cash assistance for poor families with infants, including enhanced benefits and targeted outreach to potentially eligible families that are not receiving assistance;
- Expanded home visiting services to serve a greater share of poor families with infants;
- Coordinated workforce training for parents and early childhood services, such as Tulsa’s CareerAdvance program;
- Use of subsidized jobs programs to create part-time jobs with predictable hours for parents of infants; and
- Development of holistic service packages to meet the full range of families’ needs and reduce duplication and confusion for families now receiving services from multiple providers.

**The time is ripe to make these changes.** First, as discussed above, we now know far more than we used to about the importance of the first years of life—and the cumulative threat to the long-term well-being of babies who face multiple risk factors, such as those who are eligible for TANF. The emerging evidence offers the opportunity to build a much stronger case than even just a few years ago for redesigning TANF programs to meet the developmental needs of infants in TANF families. Some states have already started to adopt more evidence-based and positive policies for TANF families and to revisit harsh choices that were made years ago. Others have begun to recognize that it is not possible to address parents’ employment issues without considering the needs of other family members.

Second, there is increased understanding that the same underlying skills, sometimes referred to as “executive function,” such as goal setting and planning, emotional self-regulation, and time management, are needed both for success in the workforce and for effective parenting. Some programs are beginning to coach participants explicitly in the development of these skills.<sup>14</sup>

Third, there is increased awareness of the nature of low-wage work, and the growing prevalence of unpredictable scheduling practices that are particularly burdensome to parents of infants.<sup>15</sup> There is growing interest in legislation to address these practices, but little attention has so far been paid to the implications for welfare policy.<sup>16</sup>

Finally, many states are recognizing that they are overdue to update their TANF policies to reflect today’s economic and policy environment. If Congress passes a TANF reauthorization, it is likely that all states will revisit their TANF programs. However, even in the absence of federal legislation, states have a great deal of flexibility to set their TANF policies. In particular, federal law already gives states the option to exempt single parents of a child under 12 months from work requirements and to exclude such parents from the work participation rate calculation for up to 12 months in a client’s lifetime.<sup>17</sup> Moreover, both the Child Care and Development Block Grant (CCDBG) and the Workforce Innovation and Opportunity Act (WIOA) were recently reauthorized, requiring states to make a number of changes to how they deliver the services funded by these programs, and how they relate to TANF. This makes it an opportune time for states to think holistically about how these multiple programs serve the same families.



## Recent Reauthorizations Open Door to Policy Changes

The July 2014 **Workforce Innovation and Opportunity Act (WIOA)** reauthorized the nation's employment, training, adult education, and vocational rehabilitation programs. WIOA improves connections to employment and training opportunities that lead to economic prosperity for workers and their families. It increases the focus on serving the most vulnerable workers—low-income adults and youth who have limited skills, lack work experience, and face other barriers to economic success. TANF is a mandatory partner in the one-stop career systems under WIOA, unless governors opt out. This creates an opportunity to rethink TANF employment programs in light of current labor market conditions and best practices for workforce programs.

The November 2014 reauthorization of the **Child Care and Development Block Grant** included important improvements to the health and safety of child care, more continuity of care for children, as well as greater stability for parents receiving child care subsidies to support parental employment. The CCDBG Act of 2014 increases the amount of funds states are required to spend on quality improvement activities, with a focus on enhancing the supply and quality of care for infants and toddlers. The reauthorization also requires that once a child has been determined eligible for child care assistance, states must consider the child eligible for a minimum of 12 months regardless of temporary changes in a parent's work, education or training activities, or family income, as long as income does not exceed 85 percent of state median income (SMI).

**Investing in pregnant women and infants will produce long-term benefits.** We recognize that the agenda outlined here requires new investments in cash assistance, in child care, and in other services. How much these proposals will cost varies greatly from state to state, depending on both the number of families with infants served—or potentially served—by TANF programs, and on how many changes the state would need to make in order to put the foundational policies into place.

It is always politically challenging to find money for new investments. The TANF block grant has not been adjusted for inflation since it was created in 1996, and it has thus lost more than 30 percent of its real value.<sup>18</sup> In recent years, some states, in search of short-term budget savings, have taken steps in the wrong direction, threatening the well-being of poor children and families. The very flexibility that makes TANF an attractive source of funding for two-generational programs also means there are many demands upon it. Child care funding is also under pressure, as the recent reauthorization did not come with sufficient funding and will require additional resources to realize the goals of improving infant-toddler care and expanding access.

By focusing on just families with infants, it may be possible to make improvements that would not be affordable if applied to the full range of TANF families. In some cases—particularly exempting parents of infants from mandatory work requirements—these policy changes may actually save states money by reducing the need for infant child care. However, the strongest case for these investments is that promoting economic security and combating the intergenerational transmission of poverty is the central purpose of TANF, and these investments will bring both short- and long-term benefits that greatly outweigh their costs.

In the short term, providing income supports and child care to needy families stabilizes their lives and enables them to work. In a research study of single mothers, women were more likely to be employed when receiving child care subsidies and their employment was more likely to be full time. Single mothers receiving child care assistance worked, on average, 9.4 hours per week more than single mothers who didn't get such subsidies.<sup>19</sup> Enhanced

services could also be expected to reduce the risks of homelessness, hospitalization, remedial education, and child welfare involvement.<sup>20</sup>

However, these investments can also bear results for years to come, showing continued effects as the children become adults, enter the labor market, and have their own families. For example, a study examining the impact of the phased implementation of the food stamp program found that adults for whom food stamps were fully in place from the time of conception had lower rates of diabetes, high blood pressure, and heart disease than those who did not have access to food stamps during early childhood.<sup>21</sup> Other studies found that, holding all else equal, for families with young children (prenatal to age 5) and incomes below \$25,000, a \$3,000 annual boost to family income during the early childhood period is associated with a 17 percent increase in adult earnings when the children grow up, as well as in additional hours of work.<sup>22</sup> Similarly, home visiting programs and quality child care have been shown to lead to improved educational performance, higher graduation rates, and improved employment outcomes when the children grow up and enter the workforce. Rigorous studies of leading early childhood programs found that they have increased employment by 1.3 to 3.5 percent, enough to fully pay for their own costs.<sup>23</sup>

**Americans overwhelmingly agree that children’s fate in life should not be determined by the circumstances in which they are born.** This principle lies at the very core of TANF and is the reason it exists. But too often, TANF programs fail to make this principle a reality. Barriers to access, underfunded services, and work requirements that do not take the needs of infants into account hold parents back and make it harder for them to lift themselves and their infants out of poverty. This report suggests a new framework for thinking about TANF in the context of the first year of life, a vision for what a reformed TANF might look like, and concrete steps that states can take to move their programs in this direction.

## Endnotes

<sup>1</sup> Current Population Survey 2013 Annual Social and Economic (ASEC) Supplement, “Table 34: Single Year of Age—Poverty Status”, United States Census Bureau, U.S. Department of Commerce, [http://www.census.gov/hhes/www/cpstables/032014/pov/pov34\\_000.htm](http://www.census.gov/hhes/www/cpstables/032014/pov/pov34_000.htm).

<sup>2</sup> Godwin S. Ashiabi and Keri K. O’Neal, “Children’s Health Status: Examining the Associations among Income Poverty, Material Hardship, and Parental Factors,” *PLOS ONE* 2(9) (2007).

Megan V. Smith, Anna Kruse, Alison Weir, and Joanne Goldblum, “Diaper Need and Its Impact on Child Health,” *Pediatrics* (2013).

<sup>3</sup> Committee on Integrating the Science of Early Childhood Development, *From Neurons to Neighborhoods: The Science of Early Childhood Development*, Jack P. Shonkoff and Deborah A. Phillips, eds., National Research Council and Institute of Medicine (2000).

<sup>4</sup> Caroline Ratcliffe and Signe-Mary McKernan, *Child Poverty and Its Lasting Consequence*, The Urban Institute, September 2012, <http://www.urban.org/sites/default/files/alfresco/publication-pdfs/412659-Child-Poverty-and-Its-Lasting-Consequence.PDF>. Lawrence Aber, Pamela Morris, and Cybele Raver, “Children, Families, and Poverty: Definitions, Trends, Emerging Science and Implications for Policy,” *Society for Research in Child Development*, 26(3), [http://www.nasbo.org/sites/default/files/SPR\\_26%233\\_FINAL%20%281%29.pdf](http://www.nasbo.org/sites/default/files/SPR_26%233_FINAL%20%281%29.pdf).

<sup>5</sup> Kevin Fiscella and Harriet Kitzman, “Disparities in Academic Achievement and Health: The Intersection of Child Education and Health Policy,” *Pediatrics*, 123(3) (2009).

<sup>6</sup> Leslie Morrison Gutman, Arnold J. Sameroff, and Robert Cole, “Academic Growth Curve Trajectories from 1st Grade to 12th Grade: Effects of Multiple Social Risk Factors and Preschool Child Factors,” *Developmental Psychology* 39(4) (2003).

<sup>7</sup> Ratcliffe and McKernan, *Child Poverty and Its Lasting Consequence*.

<sup>8</sup> Lindsay M. Monte and Renee R. Ellis, *Fertility of Women in the United States: 2012*, United States Census Bureau, U.S. Department of Commerce, <https://www.census.gov/content/dam/Census/library/publications/2014/demo/p20-575.pdf>; American Community Survey 2012 1-Year Estimates data. In 2012, 27.9 percent of women who gave birth in the previous year were poor, compared to 19 percent of all women ages 18-44.

<sup>9</sup> Committee on Understanding Premature Birth and Assuring Healthy Outcomes, “Sociodemographic and Community Factors Contributing to Preterm Birth,” chapter in *Preterm Birth: Causes, Consequences, and Prevention*,” Adrienne Smith Butler and Richard E. Behrman, eds., National Academies Press (2007).

<sup>10</sup> Tess Lefmann and Terri Combs-Orme, “Prenatal Stress, Poverty, and Child Outcomes,” *Child and Adolescent Social Work Journal* 31(6) (2014).

<sup>11</sup> Office of Family Assistance, *Characteristics and Financial Circumstances of TANF Recipients, Fiscal Year 2013*, Administration for Children and Families, U.S. Department of Health and Human Services, July 25, 2015,

[http://www.acf.hhs.gov/sites/default/files/ofa/tanf\\_characteristics\\_fy2013.pdf](http://www.acf.hhs.gov/sites/default/files/ofa/tanf_characteristics_fy2013.pdf). According to Table 9, the youngest child in a TANF case was under 1 in 13.6 percent of cases, and an unborn child in 1 percent of cases. Gene Falk, *Temporary Assistance for Needy Families (TANF): Size and Characteristics of the Cash Assistance Caseload*, Congressional Research Service, August 2014, <http://fas.org/sgp/crs/misc/R43187.pdf>. Falk notes that this figure is higher if child-only cases are excluded.

<sup>12</sup> Elizabeth Lower-Basch, *TANF 101: Cash Assistance*, CLASP, May 2015, <http://www.clasp.org/resources-and-publications/publication-1/TANF-101-Cash-Assistance.pdf>. Note that this is the eligibility level for initial receipt of benefits – in most states, families can continue to receive benefits if their earnings rise; however, due to time limits and other factors, few families take advantage of these “earning disregard” policies to continue to receive cash assistance.

<sup>13</sup> 456,208 infants (or 12.4%) fell under 50% of the FPL averaged over 2009-2013, using the public use microdata of the American Community Survey, extracted via DataFerrett.

<sup>14</sup> Elisabeth D. Babcock, *Using Brain Science to Design New Pathways out of Poverty*, Crittenton Women's Union, January 2014,

<http://www.liveworkthrive.org/site/assets/Using%20Brain%20Science%20to%20Create%20Pathways%20Out%20of%20Poverty%20FINAL%20online.pdf>.

<sup>15</sup> Susan J. Lambert, Peter J. Fugiel and Julia R. Henly, *Precarious Work Schedules among Early-Career Employees in the US: A National Snapshot*, University of Chicago, August 2014, [https://ssascholars.uchicago.edu/sites/default/files/work-scheduling-study/files/lambert.fugiel.henly\\_precarious\\_work\\_schedules.august2014\\_0.pdf](https://ssascholars.uchicago.edu/sites/default/files/work-scheduling-study/files/lambert.fugiel.henly_precarious_work_schedules.august2014_0.pdf).

<sup>16</sup> Susan Lambert and Julia Henly, “Double Jeopardy: The Misfit between Welfare-to-Work Requirements and Job Realities,” chapter in *Work and the Welfare State: Street-Level Organizations and Workfare Politics*, Evelyn Z. Brodtkin and Gregory Marston, eds. (2013).

<sup>17</sup> 407(b)(5) of the Social Security Act. For more explanation of the work participation rate, see Elizabeth Lower-Basch, *TANF 101: Work Participation Rate*, CLASP, May 2015, <http://www.clasp.org/resources-and-publications/publication-1/TANF-101-Work-Participation-Rate.pdf>. In general, states have the discretion to determine whether a given recipient is required to participate in work activities, and what activities are allowed. However, if a state exempts someone based on its own criteria, that recipient is included in the work participation rate calculation, lowering the state's rate.

<sup>18</sup> Elizabeth Lower Basch, *TANF 101: Block Grant*, CLASP, May 2015, <http://www.clasp.org/resources-and-publications/publication-1/TANF-101-Block-Grant.pdf>.

<sup>19</sup> April Crawford, “The Impact of Child Care Subsidies on Single Mothers’ Work Effort,” *Review of Policy Research* 23(3) (2006).

<sup>20</sup> Institute for Child Success, *Pay for Success Financing for Early Childhood Programs: A Path Forward*, January 2014.

[http://www.instituteforchildsuccess.org/mydocuments/pay\\_for\\_success\\_financing\\_for\\_early\\_childhood\\_program2.pdf](http://www.instituteforchildsuccess.org/mydocuments/pay_for_success_financing_for_early_childhood_program2.pdf)

<sup>21</sup> Hilary W. Hoynes, Diane Whitmore Schanzenbach, and Douglas Almond, *Long Run Impacts of Childhood Access to the Safety Net*, Working Paper, National Bureau of Economic Research, November 2012, <http://www.nber.org/papers/w18535>.

<sup>22</sup> Ibid.

<sup>23</sup> Council of Economic Advisors, *The Economics of Early Childhood Investments*, Executive Office of the President of the United States, December 2014. [https://www.whitehouse.gov/sites/default/files/docs/early\\_childhood\\_report1.pdf](https://www.whitehouse.gov/sites/default/files/docs/early_childhood_report1.pdf)