

Looking Ahead to TANF Reauthorization

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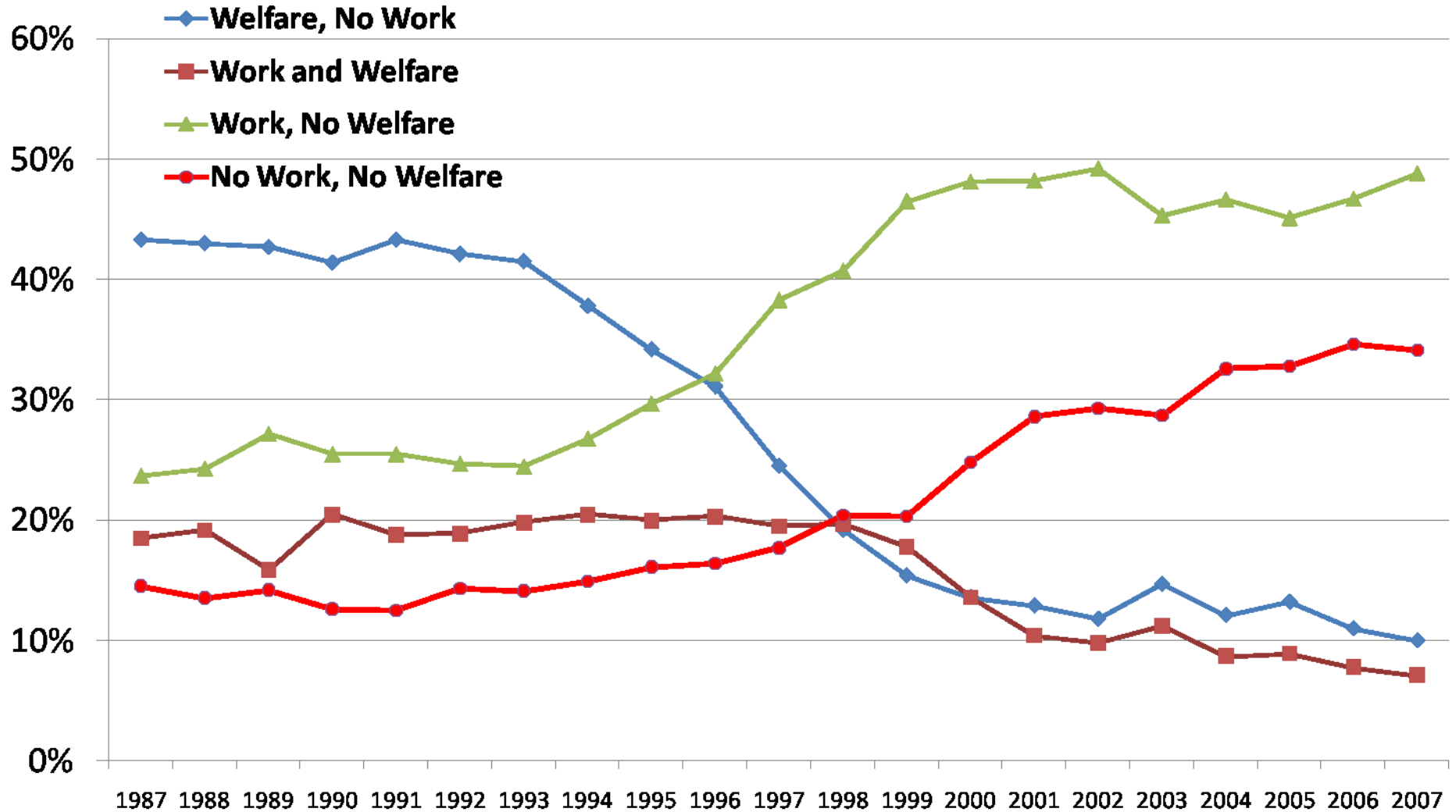
July 2009



A Short History of TANF

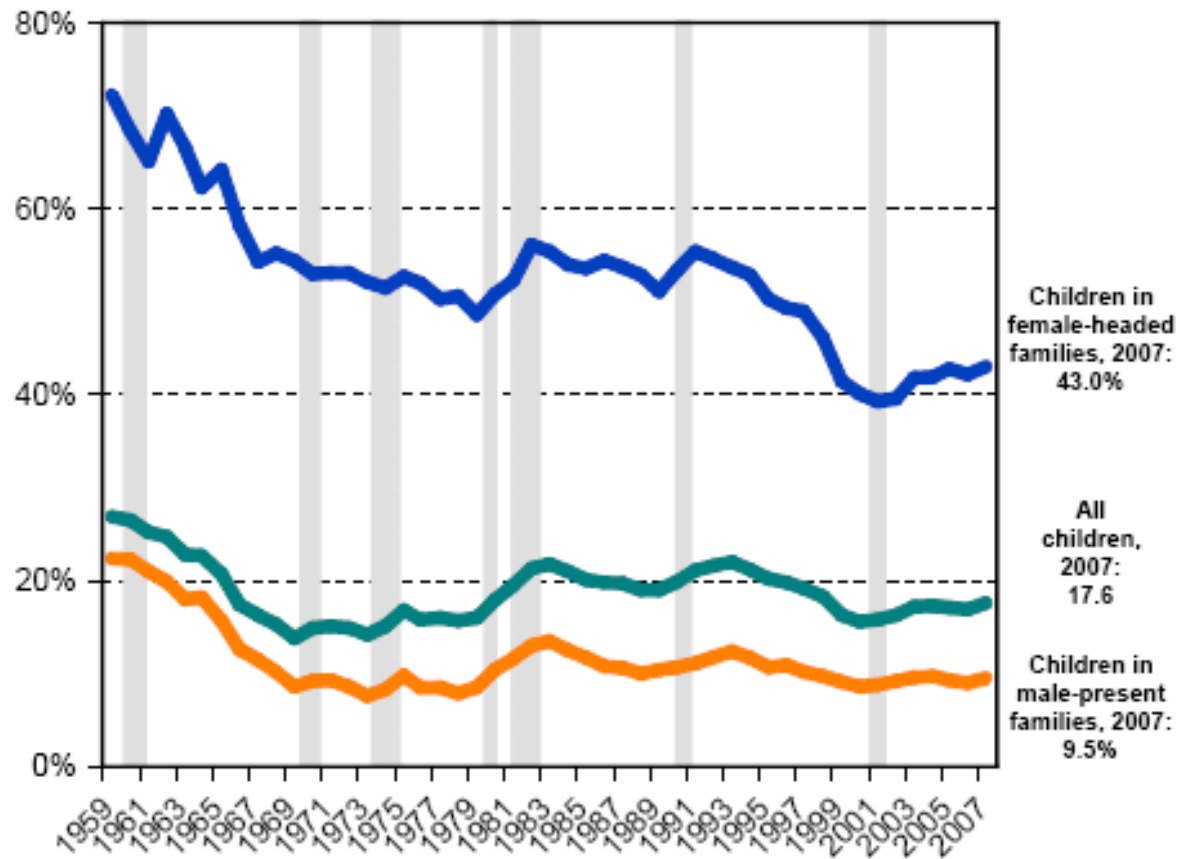
- 1996 “welfare reform” replaced AFDC with TANF.
- Fixed block grant (\$16.5 billion a year) and maintenance of effort (MOE) requirement replaced uncapped matching funds.
- Block grant can be used for broad range of activities aimed at 4 goals of TANF: assistance to needy families, but also job preparation, work, marriage, reduction of out-of-wedlock pregnancies
- Work participation rate, time limits, data reporting limited to families receiving “assistance.”
- 2005 reauthorization focused on work requirements, especially documentation of hours

Work and Welfare Among Poor Single Mothers, 1987-2007



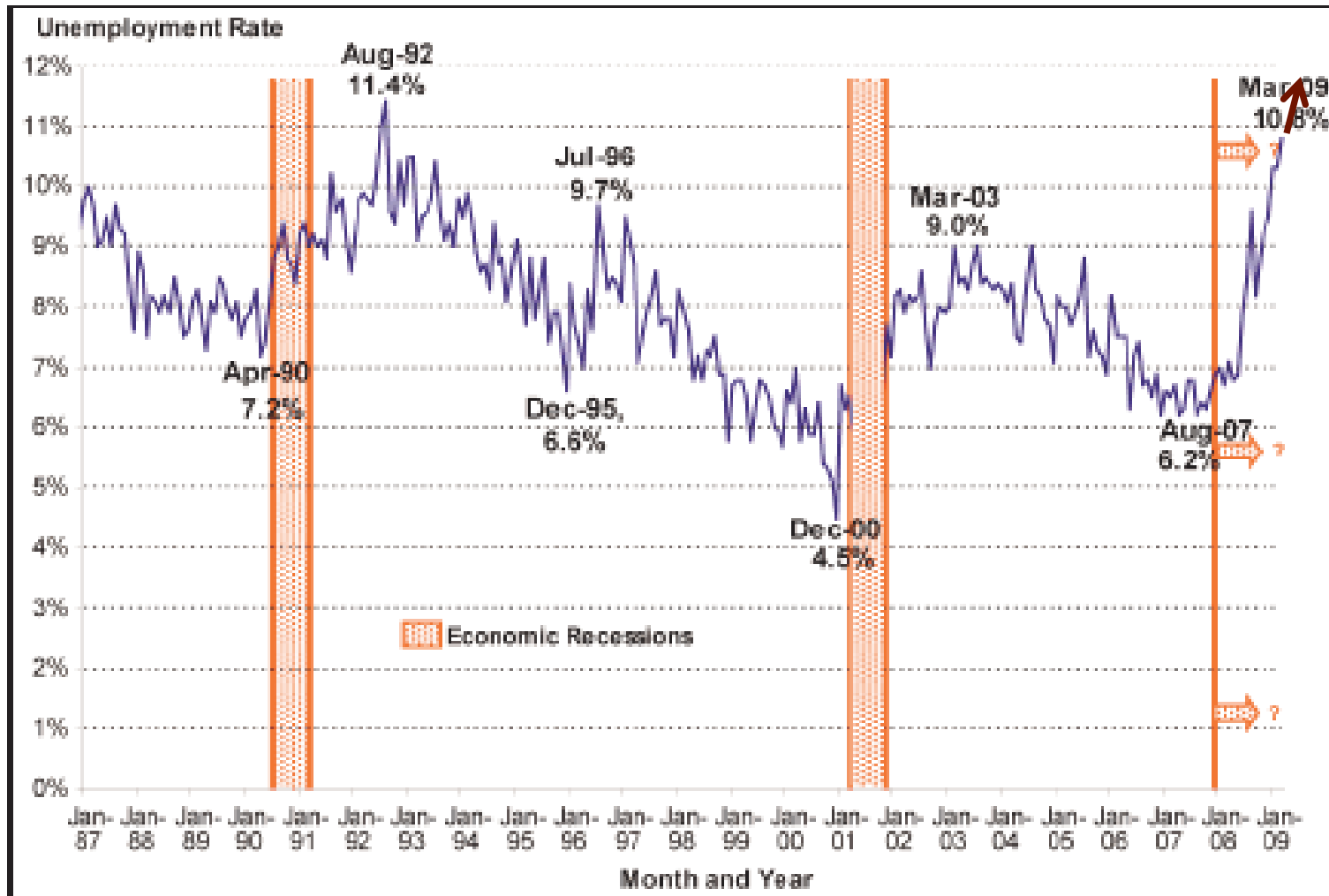
Source: Congressional Research Service, Trends in Welfare, Work, and the Economic Well-Being of Female-Headed Families with Children: 1987-2007 (April 21, 2009).

Child Poverty Rates by Family Type 1959-2007



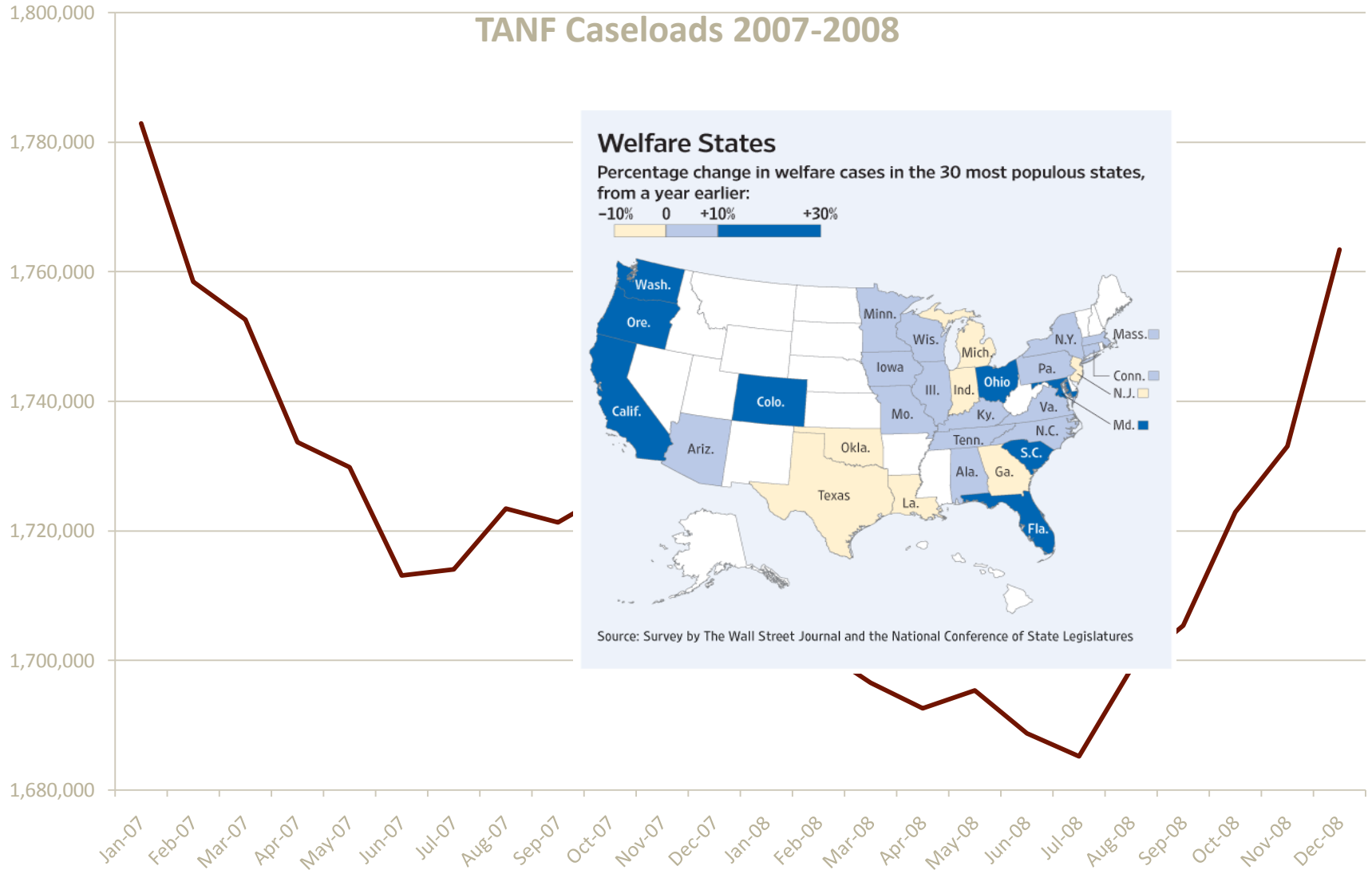
Source: Congressional Research Service (CRS) with data from the U.S. Bureau of the Census and the National Bureau of Economic Research.

Unemployment Rates of Women Maintaining Families, 1987-09

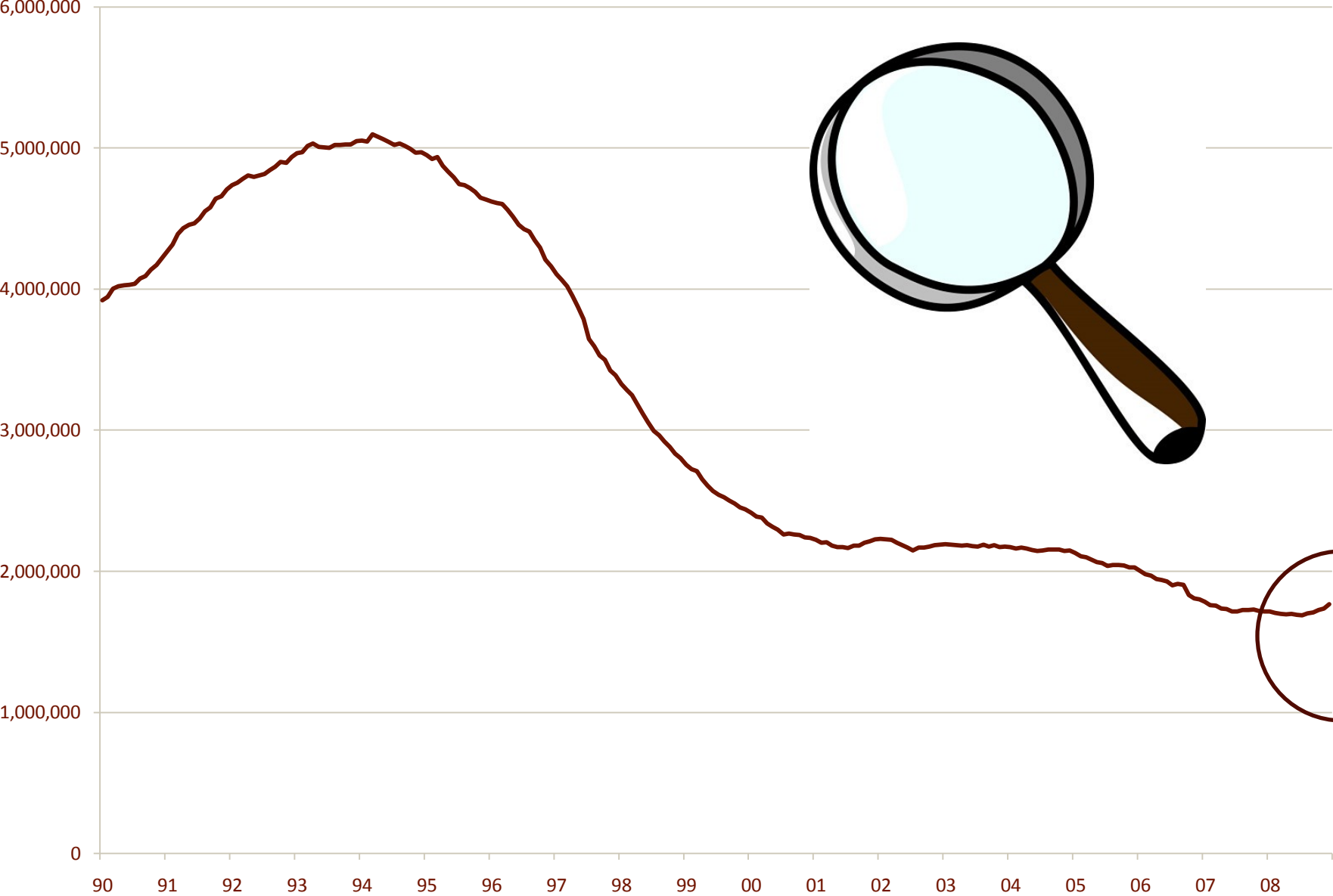


11.7%
June 09

WSJ: “Numbers On Welfare See Sharp Increase”



AFDC/TANF Caseloads Since 1990



Multiple Factors Combined Led to Caseload Decline of 1990s

- Welfare reform policies: work-first approach to work requirements, sanctions, time limits
- Enhanced work supports outside of TANF: EITC, child care, child support enforcement, Medicaid and SCHIP
- Strong economy – unemployment rate reached 4.0 percent by 2000
- Other: formal and informal diversion, shifting expectations, culture change

Why Aren't Caseloads Rising More?

- Long waits for appointments, delays in processing of applications
- Hassle factor -- burdensome “orientation” and job search requirements, discouragement
- Former recipients may believe that they are ineligible, especially if they were time limited or sanctioned off
- Stigma about welfare receipt
- Availability of alternative support— food stamps, possibly unemployment benefits

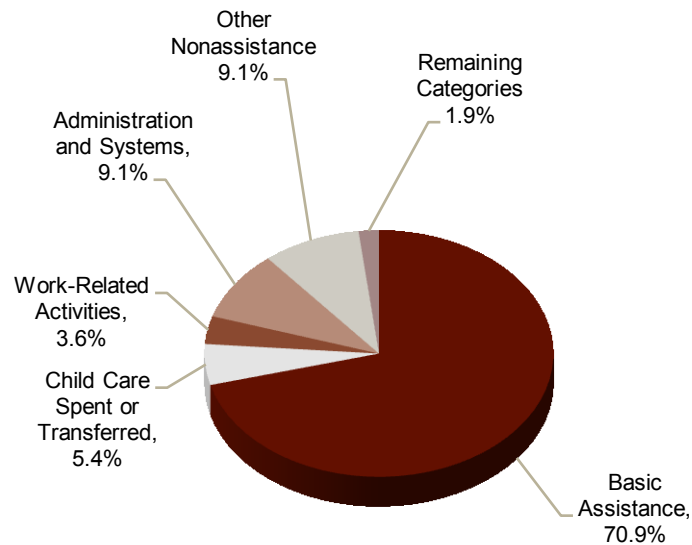
Why Aren't Caseloads Rising More?

A Different Perspective

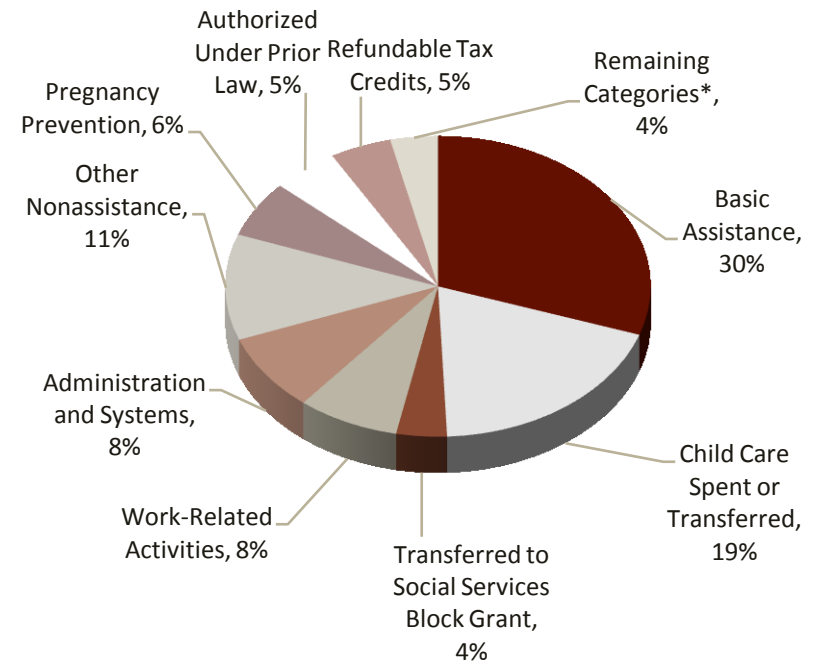
- Work participation requirement has focused states on minimizing numbers who are receiving welfare and not working – no penalty for failure to serve needy families.
- Caseload reduction credit explicitly encourages caseload decline
- Fixed block grant means that states bear the costs of rising caseloads
 - real value has fallen by 30 % since 1996
 - funds are committed to other activities

TANF Funds Support a Wide Range of Activities

1997 Spending – TANF and MOE



2007 Spending – TANF and MOE



TANF Provisions in the Recovery Act

- Created \$5 billion TANF Emergency Fund, provides 80% reimbursement for increased spending on assistance (in states where caseloads are rising), short-term non-recurrent benefits, and subsidized jobs.
- Hold harmless on caseload reduction credit
- No modification to work participation requirements, but HHS already has authority to waive penalties based on reasonable cause.

Dual Goals: Promote Work and Protect Vulnerable Families

- How can we measure success in both goals, move away from focus on participation rate?
- How can we set appropriate expectations for recipients with varying needs and capacities?
- How can we connect TANF recipients to better jobs and education and training?
- What are the appropriate roles for state and federal governments? For TANF and other programs?

More Goals?

- Make work pay --- earnings supplements
- Promote retention and advancement
- Support marriage and fatherhood
- Address multigenerational poverty
 - Early education
 - Home visiting models

Thank you

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