



TANF 101: TANF in the Great Recession

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Weakness in the Safety Net

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From December 2007 to June 2009, the Great Recession highlighted the weakness of Temporary Assistance for Needy Families (TANF) as a safety net. TANF did not adequately respond to the sharp increase in need.¹ During this period, unemployment rates climbed, peaking at 10 percent in October 2009 and driving millions of families into poverty. While families grappled with job loss and struggled to meet basic needs, TANF failed to react as a countercyclical measure for low-income households.

While cash assistance caseloads rose in most states during the Great Recession, TANF was not nearly as responsive to the steep rise in unemployment as other safety net programs, notably the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps). As Figure 1* shows, TANF caseloads did not immediately grow along with the increase of national unemployment; in fact, caseloads did not reach their apex until after the unemployment rate had begun to decline. TANF benefits were far less effective than SNAP at helping families in deep poverty during the recession. In 2010, TANF lifted an estimated 1.3 million people above the poverty line, compared to the 8.4 million people reached by SNAP. Additionally, TANF lifted roughly 12 percent of children out of deep poverty, while SNAP lifted 42 percent of children.²

Over the course of the recession, national TANF caseloads grew just 15.6 percent, serving roughly 2

million families at its peak in December 2010.[†] By December 2013, the number of families receiving cash assistance had dropped 16 percent from that peak.³ Some states, such as Illinois and Oregon, experienced continuous increases throughout and beyond the recessionary period, while most states experienced a downward trend in families served under the program (See Table 1). This included states with some of the highest unemployment rates, such as Georgia, Michigan, and Rhode Island.

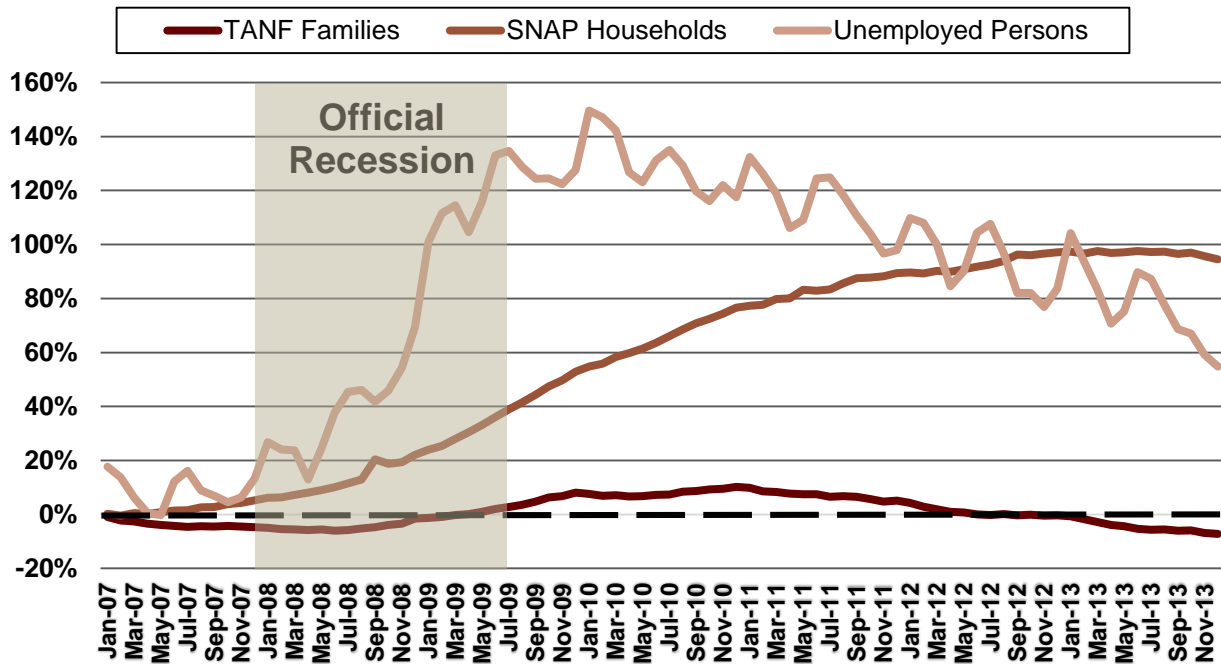
Why was TANF non-responsive?

The federal law authorizing TANF includes numerous restrictions that reduce access to the program and limit flexibility with its target population. The TANF block grant is a fixed amount that does not vary based on the number of families served; at the margin, states must cover the costs of any additional families who receive assistance.⁴ Since its creation in 1996, the block grant has not been adjusted for inflation, diminishing its value over time by 32 percent

[†] Researchers at the Brookings Institute have suggested that because the recession affected states at different times, measuring overall caseload growth from the start of the recession underestimates TANF's responsiveness. Instead, they examine caseload change in each state from its lowest point during the period of rising unemployment to its highest point (through December 2011), concluding that TANF caseloads increased by an average of 30 percent across states. However, they then go on to suggest that as long as a state's increase in unemployment was less than the national average, no increase in TANF benefits should be expected. However, these states experienced an average growth in unemployment of 94 percent, compared to a 14 percent growth in TANF caseloads. For more details see: <http://www.cbpp.org/research/recent-report-on-tanfs-responsiveness-to-the-recession-has-serious-flaws?fa=view&id=4198>.

* Figure 1 based on CLASP analysis of CBPP TANF caseload data; Bureau of Labor Statistics unemployment data; and Food and Nutrition Service SNAP caseload data from December 2006-2013.

Figure 1: Percent Change in Unemployment and Work Supports



across all states.⁵ Even when the American Recovery and Reinvestment Act provided temporary additional funding for states that served more families, states were reluctant to make changes that might increase their caseload after this funding expired.

In order to avoid losing their block grants, states must engage TANF families in specific countable work-related activities to meet a target work participation rate (WPR) requirement. As a result, many states have adopted policies that make it harder for poor families who are not participating in such activities to receive cash assistance. For example, many states require applicants to participate in up-front job searches before receiving benefits. Most deny benefits to entire families when parents fail to meet work requirements. As unemployment rose, it became harder for recipients to find work – and job search

became more frustrating. Almost no states modified their work requirements to allow more education and training when jobs were not available.

In addition, due to the caseload reduction credit, states receive credit toward their WPR when they reduce the number of families receiving cash assistance. To minimize the perverse incentives, Congress added a temporary “hold harmless” provision to the caseload reduction credit for FYs 2009 through 2012 to ensure states with increased TANF caseloads would not face higher work participation rates.⁶ However, few states modified existing policies that place burdens in the way of families receiving assistance.

In other cases, the cause of caseload decline is obvious: states made explicit policy changes that led to substantial reductions in the number of

families served under the program. Retroactive time-limit changes immediately cleared thousands of people from TANF caseloads. Some states targeted reductions in child-only cases by including in benefit calculations the income of relatives designated as caregivers, even if those relatives did not receive cash assistance.⁷ By changing requirements and sanction penalties associated with meeting the work participation rate, states also reduced the number of families receiving aid—even as unemployment rates reached new highs. For example, between May and September 2010, Arizona removed over 15,000 families from its caseloads through a combination of retroactive time-limit changes and reduction of child-only cases. A change to Washington State’s time-limit extension policies removed 5,000 TANF families in February 2011, one month after the state’s caseload peaked.⁸ Michigan, which saw one of the highest state unemployment rates during the recession, removed nearly 12,000 families from its caseload rolls in October 2011.

It is important to note that the growth of unemployment insurance receipt during the recession does not explain the modest increase in TANF receipt. While the number of families with children receiving unemployment insurance grew substantially more than TANF caseload during the recession, even with expanded employment histories, most unemployed low-income parents did not receive unemployment insurance (UI). Many did not qualify due to insufficient earnings or failure to meet nonfinancial requirements, while others may not have applied.⁹

In part due to the weaknesses of TANF, SNAP took on a disproportionate burden during the recession. While SNAP processes can and should be streamlined further, applying is far less burdensome and participants are subject to less onerous requirements. In 2012, 12 percent of

SNAP households with children reported zero gross countable income, while another 15.4 percent of these households also received TANF cash assistance as unearned income.¹⁰ SNAP served as a more secure public support for millions of impoverished families, including those concurrently participating in TANF.

TANF Emergency Fund: A Short-Term Reprieve

During FYs 2009 and 2010, a temporary TANF Emergency Fund was created under the American Recovery and Reinvestment Act to increase spending on cash assistance, subsidized employment, and short-term payments and services. Thirty-nine states, the District of Columbia, Puerto Rico, the Virgin Islands, and eight Tribal TANF programs used \$1.3 billion from the fund to create new subsidized employment programs or expand existing ones. These programs placed about 260,000 low-income individuals in subsidized jobs, split about evenly between year-round programs that served mostly adults and summer and year-round programs that served youth up to 24. Most programs did not start until late 2009 or early 2010, meaning these results were achieved in less than two years.¹¹

These programs received bipartisan support at the state and local levels and helped both disadvantaged workers and employers who were struggling in the recession. With the Emergency Fund no longer available, several states have imposed cuts to cash assistance. In some cases, these cuts are across the board or for specific groups of recipients; in other cases, the cuts are to work programs serving recipients. Even with the Emergency Fund, states were reticent to make changes that would facilitate receipt of cash assistance, particularly since additional funding was time limited. However, the success of programs under the Emergency Fund proved there

was sufficient interest to operate such programs to scale.

Post-Recession Weakness

By the end of 2011, nearly one-third of all states had lower caseloads than at the start of the recession.¹² Since then, national TANF caseloads have continued to decline, reaching a new low of 1.6 million in July 2014.¹³ Some states have continued to enact restrictive policies that further reduce TANF caseloads. Arizona has cut its benefits time limit to an unprecedented 12 months¹⁴, while Kansas has reduced its time limit to 36 months and authorized restrictions affecting access and use of cash assistance.¹⁵

Although the U.S. economy has gradually recovered from its latest trough, the effects of the recession still linger for vulnerable Americans. The number of children living with at least one unemployed parent increased from 7.3 million in 2007 to 10.9 million in 2012.¹⁶ During the Great Recession, low-income people largely depended on elastic social assistance programs such as SNAP and unemployment insurance, as well as beneficial tax supports like the Earned Income Tax Credit and Child Tax Credit.¹⁷ Today, these programs continue to provide necessary relief. However, TANF did not react strongly to poor economic conditions, leaving the program vulnerable to further legislative cuts. It is critically important to correct these issues when TANF is reauthorized.

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

² Arloc Sherman and Danilo Trisi, *Safety Net for Poorest Weakened After Welfare Law But Regained Strength in Great Recession, at Least Temporarily*, Center on Budget and Policy Priorities (CBPP), May 2015, <http://www.cbpp.org/research/poverty-and-inequality/safety-net-for-poorest-weakened-after-welfare-law-but-regained>.

³ CLASP analysis of CBPP TANF caseload data.

⁴ Elizabeth Lower-Basch, *TANF 101: Block Grant*, CLASP, May 2015, <http://www.clasp.org/resources-and-publications/publication-1/TANF-101-Block-Grant.pdf>.

⁵ Ibid.

⁶ 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>.

⁷ LaDonna Pavetti, Ife Finch, and Liz Schott, *TANF Emerging from the Downturn a Weaker Safety Net*, CBPP, March 2013, <http://www.cbpp.org/research/tanf-emerging-from-the-downturn-a-weaker-safety-net?fa=view&id=3915>.

⁸ Delenna Patton, Melissa Ford Shah, Barbara E.M. Felver and Kathryn Beall, *TANF Caseload Decline: The Well-Being of Parents and Children Leaving WorkFirst in Washington State*, Washington State Department of Social & Health Services, April 2015, https://www.dshs.wa.gov/sites/default/files/SESA/rda/documents/research-11-216_1.pdf.

⁹ Julia B. Isaacs and Olivia Healy, *Public Supports When Parents Lose Work*, Urban Institute, May 2014, <http://www.urban.org/research/publication/public-supports-when-parents-lose-work>.

¹⁰ Office of Policy Support, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2012*, Food and Nutrition Service, U.S. Department of Agriculture, February 2014,

<http://www.fns.usda.gov/sites/default/files/2012Characteristics.pdf>.

¹¹ LaDonna Pavetti, Liz Schott and Elizabeth Lower-Basch, *Creating Subsidized Employment Opportunities for Low-Income Parents: The Legacy of the TANF Emergency Fund*, CLASP and CBPP, February 2011, <http://www.clasp.org/resources-and-publications/publication-1/Subsidized-Employment-Paper-Final.pdf>.

¹² Pavetti et al., *TANF Emerging*.

¹³ TANF Caseload Data FY 2014, Administration for Children and Families, U.S. Dept. of Health and Human Services, http://www.acf.hhs.gov/sites/default/files/ofa/2014_family_tanssp.pdf.





















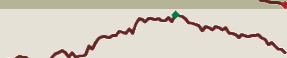




¹⁴ “The Grand Canyon Isn’t the Biggest Chasm in Arizona: Proposed Budget Widens Gap to Economic Security for Low-Income Families”, CLASP, March 2015, <http://www.clasp.org/issues/temporary-assistance/in-focus/the-grand-canyon-isnt-the-biggest-chasm-in-arizona>.

¹⁵ Randi Hall, “Bad Policy for Kansas; Bad Policy for America”, CLASP, June 2015, <http://www.clasp.org/issues/temporary-assistance/in-focus/bad-policy-for-kansas-bad-policy-for-america>.

¹⁶ Julia Isaacs et al., *Public Supports*.

¹⁷ Chuck Marr, Chye-Ching Huang, Arloc Sherman and Brandon Debot, *EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children’s Development, Research Finds*, CBPP, April 2015, <http://www.cbpp.org/research/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens-development?fa=view&id=3793>.

Table 1: Temporary Assistance for Needy Families Caseload Trends

State	TANF Caseloads Sparkline (Dec. 2006 - Dec. 2013)	Minimum Caseload (2006-2013)	Month and Year of Minimum Caseload	Maximum Caseload (2006-2013)	Month and Year of Maximum Caseload	CY 2013 Average Monthly Caseload
Alabama		17,193	Jun-2008	24,792	Dec-2010	19,365
Alaska		2,778	Nov-2008	3,906	Mar-2012	3,541
Arizona		14,791	Dec-2013	40,235	Oct-2009	16,177
Arkansas		5,528	Dec-2013	8,242	Dec-2006	5,844
California		458,799	Jul-2007	601,846	Jun-2011	558,364
Colorado		8,733	Jun-2008	18,659	Oct-2013	17,020
Connecticut		16,496	Aug-2013	19,689	Nov-2009	16,757
Delaware		4,531	May-2007	6,747	Dec-2010	5,879
District of Columbia		14,611	Mar-2008	18,255	Feb-2013	17,382
Florida		46,454	Apr-2007	61,097	Dec-2009	53,192
Georgia		16,481	Dec-2013	25,739	Dec-2006	17,351
Hawaii		7,113	Jul-2008	10,541	Oct-2012	9,715
Idaho		1,480	Jul-2008	1,959	Jun-2011	1,849
Illinois		25,008	Nov-2008	47,270	Dec-2012	46,018
Indiana		11,124	Dec-2013	42,549	Oct-2007	12,203
Iowa		13,308	Dec-2013	18,774	Feb-2010	14,127
Kansas		6,965	Dec-2013	15,059	Dec-2006	7,462
Kentucky		28,582	Jul-2008	31,336	Dec-2010	30,256
Louisiana		6,341	Dec-2013	11,740	Dec-2009	7,165
Maine		7,752	Dec-2013	14,984	Mar-2011	8,713
Maryland		20,725	Mar-2007	29,637	Dec-2010	25,850
Massachusetts		44,029	Jul-2007	53,437	Oct-2012	49,661
Michigan		37,996	Dec-2013	89,333	Mar-2007	44,056
Minnesota		28,749	Oct-2007	34,485	Mar-2011	31,306
Mississippi		9,238	Dec-2013	12,598	Dec-2009	9,685

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Missouri		33,641	Dec-2013	43,749	Oct-2007	36,385
Montana		2,915	Jul-2008	3,859	Dec-2009	3,129
Nebraska		7,352	Dec-2013	11,184	Dec-2006	7,662
Nevada		6,917	Jan-2007	12,543	Oct-2013	11,550
New Hampshire		3,598	Dec-2013	6,681	Apr-2010	3,836
New Jersey		34,662	Dec-2013	41,428	Dec-2011	36,974
New Mexico		13,825	Jul-2007	21,857	Dec-2010	14,818
New York		148,269	Sep-2008	162,523	Dec-2011	160,136
North Carolina		20,080	Jul-2013	28,761	Dec-2006	20,896
North Dakota		1,290	Dec-2013	2,757	Aug-2007	1,328
Ohio		63,727	Dec-2013	105,098	Jun-2010	66,675
Oklahoma		7,439	Dec-2013	10,179	Dec-2009	7,670
Oregon		17,606	Dec-2006	37,078	Feb-2013	35,793
Pennsylvania		75,023	Dec-2013	92,319	Dec-2006	77,199
Rhode Island		5,807	Jul-2013	11,811	Dec-2006	5,964
South Carolina		13,541	Dec-2013	21,691	Oct-2010	14,488
South Dakota		2,704	Jan-2008	3,306	Dec-2011	3,121
Tennessee		50,099	Jun-2013	64,834	Dec-2006	51,416
Texas		34,807	Dec-2013	63,248	Dec-2006	36,440
Utah		4,456	Dec-2013	7,837	Nov-2009	4,661
Vermont		4,758	Dec-2006	6,514	Jan-2013	6,332
Virginia		29,403	Mar-2008	37,846	Oct-2010	31,161
Washington		42,438	Nov-2013	70,318	Jan-2011	45,521
West Virginia		9,335	Jun-2007	12,052	Nov-2010	9,812
Wisconsin		17,627	Apr-2007	27,433	Oct-2013	26,484
Wyoming		255	Jul-2008	437	Oct-2013	411
United States		1,703,075	Dec-2013	2,020,926	Dec-2010	1,748,795