CHILDREN LIVING IN POVERTY NEED TANF REFORM

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INTRODUCTION

Since 1996, the number of U.S. children living in extreme poverty has doubled, from 1.4 million to 2.8 million.[1] Over time, safety net programs created to help lift children and families out of poverty have undergone changes so dramatic that certain programs, such as cash assistance under Temporary Assistance for Needy Families (TANF), are helping fewer families meet their basic needs. Today, TANF is less effective than its predecessor, Aid to Families with Dependent Children (AFDC), at lifting children and families out of deep poverty. Three of the primary reasons that the TANF program has become less effective are its block grant funding structure, its devolutionary design, and specific eligibility requirements. This section lays out those weaknesses in the program and then offers ways to improve TANF in order to reduce the number of children living in poverty.

TANF'S DECLINE

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 replaced the AFDC program with the TANF program. This legislation fixed annual expenditure for the TANF block grant at $16.5 billion. Congress has not increased this limit since 1996. As a result, the funds, when adjusted for inflation, have lost about 25 percent of their value.[2] Previously, funding for AFDC was based on need and would fluctuate to efficiently and effectively respond to financial downturns and environmental crises.[3] However, TANF's block grant funding makes the program unable to respond to recessions and disasters.[4] As a result, TANF leaves poor families without benefits when they most need support. In addition to losing value over time, TANF is reaching fewer poor families than it was in 1996. According to the Center on Budget and Policy Priorities, 68 percent of families living in poverty received cash assistance in 1996; by 2016, this percentage was down to 23.[5]

Not only is TANF reaching fewer families, but those receiving TANF benefits, even when combined with other public benefits, still struggle to meet their basic needs. "In 2012, only about 25 percent [of TANF families] had any cash income from a source other than TANF, and that income was about $600 a month, on average—about 45 percent of the poverty threshold for a family of two."[6] The majority of adult TANF recipients receive Medicaid, and the majority of TANF families also receive benefits under the Supplemental Nutritional Assistance Program (SNAP).[7] However, benefits from SNAP and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) are restricted to food. As a result, TANF families cannot stretch a monthly benefit (such as $432 in Illinois for a family of three) to cover rent, utilities, clothing, and other necessities.[8]

While other programs in the United States provide cash relief to poor families, they do not reach the same families that are inadequately served by TANF. For example, the earned income tax credit (EITC) is highly effective at lifting families out of poverty, but it is a once-a-year payment that mostly helps families with a significant work history. Likewise, Supplemental Security Income (SSI), cash assistance for people with disabilities, is unable to fill the TANF gap because most states do not allow people to receive both SSI and TANF.[9] TANF's work requirements and lifetime limits for parents and guardians keep money out of the hands of needy families.

DENYING FAMILIES SUPPORT

Under law, adults in families receiving TANF are permitted to receive cash assistance for a maximum of five years during their lifetimes. Due to the devolutionary design of TANF, one-third of states have even shorter time limits for adults.[10] "In 2012, about three-quarters of cash assistance was provided on behalf of children. Of those children, roughly half lived in families in which the adults were ineligible for cash assistance, and most of the others lived with one adult recipient."[11] Although children can continue to receive TANF benefits even if their adult guardian has reached his or her time limit, removing cash assistance from parents and guardians hurts children living in the household by removing much-needed financial assistance that could be used to meet basic needs such as housing, utilities, hygiene products, diapers, and clothing.

Further, the inflexibility of the lifetime limit denies families access to assistance when it is needed most. For example, a family struggling due to an unexpected job loss, fleeing domestic violence, or experiencing a mental or physical illness that renders a family member unable to work would be unable to access TANF assistance if the lifetime limit has already been reached.[12] This major flaw in the TANF program harms children and their caregivers, placing financial stability further out of reach. One study found that families in Washington state who lost TANF benefits due to the state-imposed time limit were more likely to have suffered from mental and physical illnesses that made it difficult for them to find and maintain employment.[13] The study also found that three years after losing TANF due to time limits, more than half of its former recipients were unemployed.[14] This lack of support resulted in higher rates of homelessness compared with families that left TANF voluntarily or for other reasons.[15]

At the same time that TANF's lifetime limit for adults has made the program less accessible to parents and children living in poverty, its stringent work requirements have also resulted in the elimination of necessary cash assistance for needy families and their children. Under current federal guidelines, states can lose a portion of their TANF funding if they are unable to prove that 50 percent of single-parent TANF recipient families and 90 percent of two-parent families are "engaged in work."[16] To be considered "engaged in work" under these guidelines, a single parent is required to work (or be involved in a work-related activity such as a job search, educational program, or job training program) 20 hours a week and the adults in a two-parent family are required to be so engaged for a combined 55 hours a week.[17] However, almost all states have circumvented this requirement to take advantage of the caseload reduction credit. This credit decreases the percentage of TANF recipients required to be engaged in work or work-related activities if states reduce their caseload. The caseload reduction credit does not incentivize states to provide quality skills training, but rather incentivizes them to impose harsher eligibility requirements on poor families in order to reduce the number of recipients.

USING TANF BLOCK GRANT FUNDS FOR OTHER PURPOSES

Because the constitution of every state except Vermont requires a balanced budget every year, states regularly draw on the TANF block grant for purposes other than the ones Congress intended. TANF funding has gone from being "a specific funding source for cash assistance" to being "a broad funding stream for various programs supporting low-income families."[18] The transfer of the TANF block grant to fund foster care services is particularly common, with TANF "mak[ing] up about 19 percent of federal spending on child welfare services."[19] According to a 2011 Government Accountability Office report, 31 states reported spending at least some TANF funds on child welfare services.[20] Some states transfer more TANF funds to child welfare than others. Texas reportedly "devotes more than half the state's TANF and MOE [maintenance of effort] spending to child welfare" and Michigan uses "close to 40 percent" of its TANF grant to fund foster services.[21] While foster care is a worthy source of state funding, states receive other dedicated federal funding for that purpose and there is concern that states are simply raiding TANF funds to pay for foster care systems they would have funded anyway. If TANF funds are merely displacing state effort in foster care, poor children—TANF recipients or not—suffer.

RECOMMENDATIONS

To effectively address child poverty, significant changes need to be made to the TANF program. First, Congress should, for the first time since it created TANF in 1996, increase the total TANF block grant amount. In order to prevent the deterioration of this funding over time, Congress should pair that increase with a provision that indexes the TANF grant to inflation. Second, Congress should provide greater flexibility to states by removing lifetime limits for parents and guardians. Third, Congress should eliminate the harsh work requirements that take money away from impoverished families. Congress should also take away the perverse incentives for states by eliminating the caseload reduction credit. Finally, in order to prevent states from raiding TANF funds for other purposes, Congress should require them to spend a significant percentage (such as 33 percent) of their TANF block grant on cash assistance.

CONCLUSION

The TANF program can provide crucial emergency support to some of the poorest families in the country. However, the block grant structure, lifetime limits, and work requirements make it difficult for states to deliver support when poor children and their families need it most.

ENDNOTES

1. Ife Floyd, Ladonna Pavetti, and Liz Schott, "TANF Reaching Few Poor Families," Center for Budget and Policy Priorities, December 13, 2017, https://www.cbpp.org/research/family-income-support/tanf-reaching-few-poor-families.

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3. Ibid.
4. Andrew Hammond, "Welfare and Federalism's Peril," Washington Law Review 92, no. 4 (2017): 1721–1770, https://www.law.uw.edu/wlr/print-edition/print-edition/vol-92/4/welfare-and-federalism-s-peril/.

5. Floyd, Pavetti, and Schott, "TANF Reaching Few Poor Families."

6. Congressional Budget Office, Temporary Assistance for Needy Families, 4.

7. Congressional Budget Office, Temporary Assistance for Needy Families.

8. Ibid.

9. Ibid.

10. "Policy Basics: An Introduction to TANF," Center on Budget and Policy Priorities, June 15, 2015, https://www.cbpp.org/research/policy-basics-an-introduction-to-tanf.

11. Congressional Budget Office, Temporary Assistance for Needy Families, 4.

12. Floyd, Pavetti, and Schott, "TANF Reaching Few Poor Families."

13. Ibid.

14. Ibid.

15. Ibid.

16. Congressional Budget Office, Temporary Assistance for Needy Families.

17. Ibid.

18. Heather Hahn, Olivia Golden, and Alexandra Stanczyk, State Approaches to the TANF Block Grant: Welfare Is Not What You Think It Is (Washington, DC: Urban Institute, 2012), v https://www.urban.org/research/publication/state-approaches-tanf-block-grant-welfare-not-what-you-think-it/view/full_report.

19. Ibid., vii.

20. U.S. Government Accountability Office, Child Welfare: States Use Flexible Funds, but Struggle to Meet Service Needs, GAO-13-170 (Washington, DC: U.S. Government Accountability Office, 2013), https://www.gao.gov/assets/660/651667.pdf.

21. Hahn, Golden, and Stanczyk, State Approaches, 28.