A CHILD-FOCUSED APPROACH TO TANF REFORM

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The Temporary Assistance for Needy Families (TANF) program, or block grant, now more than two decades old, is in danger of becoming a general block grant lacking accountability, mission, and purpose. TANF needs to be strengthened in a way that makes it an important antipoverty and anti–child poverty program through the use of cash assistance, poverty reduction efforts, and workforce development targeted to lower-income and harder-to-serve populations and families.

The TANF block grant has been important not just as a direct cash assistance program but also because of the role it plays in other human services, including childcare and child welfare. Mandatory childcare funding is housed under Title IV-A (TANF), but it has also benefited over the years from the regular transfer of TANF funds into state childcare programs. At the same time, surveys over the past 20 years have consistently shown that states have drawn approximately 20 percent of their total federal child welfare funds from the TANF block grant.

That history, however, does not mean that TANF is just an additional, flexible source of funding. TANF plays an important role in child welfare services by supporting some kinship-care and child-only families, and it also includes the flexibility to provide wraparound and in-home supportive services.

When TANF provides critical cash support for childcare, these funds can be an important work support while also enhancing a child's experience in care. But due to the loss of TANF funding and the freeze or very slow growth of childcare funding, childcare and TANF services are being severely restrained. This situation will only be made more severe with new childcare regulations[1] that will raise standards without providing funding.

TANF, first and foremost, is also critical in assisting vulnerable families by providing cash assistance so that a struggling family does not get pushed over a financial or emotional cliff. In 1996, when Aid to Families with Dependent Children (AFDC) was converted into TANF, 68 of every 100 poor families received AFDC assistance.[2] In 2015, according to the Center on Budget and Policy Priorities, only 23 out of every 100 poor families where receiving cash assistance from TANF. In addition, "deep poverty"—earnings of less than half of the federal poverty level (about $10,000 for a family of four)—affected 19.4 million people in 2015, 6.5 million of them children under the age of 18. This represents 6.1 percent of all people in the country and

45.1 percent of all poor people, and it has become worse since TANF began. Again, according to the Center on Budget and Policy Priorities, in 1995, AFDC lifted more than 2 million children out of deep poverty. That number had dropped to 635,000 by 2010 under TANF. In 1995, only 3 states had more families living in deep poverty than receiving assistance. By 2015, 46 states had more families in deep poverty than receiving TANF cash assistance.

Since 1996, TANF funds, currently at $16.5 billion, have lost more than 32 percent of their value due to inflation. In addition, $300 million in supplemental state grants were cut in 2011.[3] As TANF funding dwindles and erodes, states may be making the policy choice to deny assistance to single parents, fund only childcare, or fund child welfare services, in effect pushing families into the most undesirable and vulnerable situations, which will undercut the well-being of those families and their children.

We need to restore TANF, both in funding and in purpose, so that it supports families in staying together, helps parents work while providing their children with needed care, and lifts families and children out of poverty. To do that, we need to refocus and expand the purpose, the funding, and the measures of TANF, in the following ways:

- **Include poverty reduction of as one of the purposes of the act, as proposed** more than a decade ago. This is an important step in helping to focus TANF on assistance for poor families and on lifting children out of poverty. The original purposes of the act were used to craft the first guidance and regulations for TANF in 1999. Adding poverty reduction to the purposes will help refocus the program as well as the national debate.

- **Increase the TANF base block grant above the current $16.5 billion. In the first** reauthorization debate in 2002, legislation was introduced[4] to adjust the TANF block grant by inflation and add new supplemental funds to address poverty, targeted at high-poverty states. Either a flat-out increase or a targeted increase is needed to address two decades of lost funding.

- **Change spending requirements to direct a minimum level of TANF funds for core services originally covered under TANF—cash assistance, childcare, and work support—and restore some of the original maintenance-of-effort state spending rules.** This proposal was under consideration by the House Ways and

Means Committee in 2015.[5] The increased federal funding, coming at the same time as this new spending restriction, should be a fair trade with states and help redirect TANF toward its original purposes and away from becoming a nondescript federal human services block grant.

- **Redesign TANF and state incentives to provide cash assistance while also encouraging work.** Replace the current state incentives, which allow states to reduce work requirement targets if they reduce their cash assistance caseload, with a new incentive structure. The Making Work Pay Act of 2002,[6] developed based on available data, called for a reduction in a state's minimum participation rate by the number of percentage points in the state's employment credit for the fiscal year. The employment credit would be calculated as one credit for every adult who leaves assistance for a job, a credit and a half for an adult who leaves TANF for a higher-paying job, and half a credit for an adult entering part-time work. In addition, states should be granted partial credit toward their work participation rate for recipients engaged in part-time work for an average of at least half the required average number of hours per week.

  To incentivize states to not simply push needy families and adults off assistance, provide them with an incentive if they reduce the level of deep poverty either through separate strategies or by providing cash assistance to families in deep poverty. As an alternative, past legislation included a supplemental grant for states with higher rates of child poverty, proposed to start at $65 million and increase to $130 million, $195 million, $260 million, and $235 million in succeeding years. States that reduce the number of families in deep poverty by providing assistance would be rewarded.

  These incentives both to place families on assistance and also to move adults in those families into a job will strengthen the TANF program and help address negative child outcomes from living in poverty and in deep poverty.

- **Change current work requirements that penalize education and more flexible work options.** Two-parent families should be allowed to participate in more flexible work options through a repeal of the 2005 changes,[7] whose unrealistic work requirements became so onerous to states that it was easier to just drop families than to try to move them into work. In addition, we need to revisit the current work requirements along the lines of legislation such as the Education Works Act of 2003 and the Pathways to Self-Sufficiency Act of 2002.[8]

The Education Works Act would have eliminated the federally imposed 12-month limit on the time TANF recipients can spend in vocational education and the 30 percent cap on the amount of a state's caseload that can be engaged in education and training. It would allow states the flexibility to decide how much education is appropriate for their TANF recipients and their state's economic circumstances.

The Pathways to Self-Sufficiency Act was modeled on Maine's successful Parents as Scholars program. The legislation allows states to establish programs to provide support services to TANF recipients engaged in postsecondary or longer-duration vocational education, with the option to allow up to 10 percent of their caseload to count participation in a Pathways program as work. Moreover, it would allow states to stop the limitation clock for Pathways participants.

- **Reform the way we address adults with substance use problems and addictions.** The 2015 House legislation raised, for consideration, how to deal with the 1996 law's blanket prohibition on assistance to anyone with a past conviction of a drug-related crime. This prohibition should be eliminated. Against the backdrop of an epidemic of opioid abuse, political leaders are beginning to recognize that drug addiction is a disease and thus that blanket restrictions are harmful to moving adults back into work, in turn threatening the stability of families.

  Similarly, how states use drug testing as a condition of receiving benefits must also be realigned. If a state takes the option to require drug testing as a condition of eligibility, then that state should be required to provide drug treatment, as approved by that state's substance abuse agency. Without treatment, drug testing can be merely a tool to chase adults away from the very help (including treatment) that they need. Again, reforming the approach to substance abuse is even more critical today with the explosion of opioids.

- **Align child welfare coordination with TANF.** TANF and its predecessor, AFDC, have always played an important role within states' child welfare services. Child-only caseloads have always included a significant percentage of kinship families. This practice should not stop but should be better coordinated. Since 2009, states have had the option to expand their Title IV-E foster care funds to kinship families.[9] All 50 states should now do so. In addition, states should coordinate the two programs so that families involved in a voluntary child placement are made aware of their options between TANF child-only assistance and Title IV-E kinship care. Stronger data collection and coordination of data between the two systems should also be required so that we have a clear accounting of the number of children in the TANF caseload who are also in state custody.

- **Strengthen childcare funding.** At the advent of TANF, childcare funding was subject to a mandatory increase of $200 million a year, which in turn was leveraged by states through a state match. In 2000, the Child Care Development Block Grant (CCDBG) received an increase of $800 million.[10] Support for childcare was at one of its strongest points at the end of the last century, but this is no longer true. Fewer families are receiving support, and the situation is only being made more severe by new childcare regulations that will raise standards without providing funding. According to the National Women's Law Center, in 2000, $4 billion in TANF funds were used for childcare, but by 2015 that amount had shrunk to $2.6 billion. [11]

  In holding states accountable for using TANF dollars strategically to reduce child poverty, we must ensure adequate childcare services for parents who are out pursuing quality jobs that help them reach self-sufficiency. This means once again increasing childcare funding in TANF by $200 million a year and making sure this funding goes for quality care. The same standards used by CCDBG—including requirements for provider training, inspections and monitoring of childcare sites, and background checks of providers—should also apply to childcare directly funded by TANF.[12]

States need to be strategic in coordinating TANF and CCDBG funds. The recent bipartisan budget agreement included $5.8 billion for CCDBG, doubling the funds available. Increased funding in TANF should be specifically directed toward improving communication and data collection processes across TANF, subsidizing childcare, and supporting workforce development systems. Communication and data collection across sectors go hand in hand when measuring the effectiveness of investing in TANF and quality childcare, but our current system severely lacks the resources necessary to perform these functions.

ENDNOTES

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