



## CENTER FOR FAMILY POLICY AND PRACTICE

TANF HEARING: IMPROVING WORK AND OTHER WELFARE REFORM GOALS

Testimony of Jill Groblewski, Submitted to the Ways and Means Committee  
of the United States House of Representatives

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### ABOUT CFFPP

Founded in 1995 as the policy arm of the *Strengthening Fragile Families Initiative*, the Center for Family Policy and Practice (CFFPP or the Center) is a nonprofit, nonpartisan organization that analyzes the impact of national and state welfare, fatherhood, and child support policy on low-income parents and their children. Because of limited advocacy and policy analysis from the perspective of very low-income and unemployed men of color, the Center focuses on their perspective with regard to these issues. In particular, the Center's work concentrates on parents who are in financial positions that would qualify them for Temporary Assistance for Needy Families (TANF) and other public assistance programs. These parents typically have very low earnings (\$10,000 a year or less) and unstable, intermittent employment. While this scope may seem narrow, it includes large numbers of Americans.

Although the Center's work concentrates on the unique barriers affecting no- and low-income (typically noncustodial) fathers, throughout our history, CFFPP has also reached out to and worked with women's organizations and domestic violence advocates. In advocating for the well-being of low-income men, CFFPP is concurrently attentive to the needs and well-being of low-income women and children. The Center promotes policies to improve life outcomes for all community members, and provides education and information about the need for comprehensive social services – for men and women – that address the complex issues low-income families face.

### INTRODUCTION

TANF is the primary safety net program for families in poverty, however, less than half of the families who are financially eligible for the program currently receive services.<sup>1</sup> TANF has the structure and, therefore, the potential to address the economic needs of low-income families, but the focus of services and outcome goals could be

improved to better address income insecurity. To that end, TANF reauthorization must take into account the realities of: growing and deepening poverty, persistently high unemployment, and the range of barriers that prevent low-income parents from achieving economic stability. Ideally, poverty would be eliminated by stable, full-time employment; however, the reality facing extremely low- and no-income families is that such employment is largely unavailable. Even preceding the Great Recession, adults who live in America's impoverished neighborhoods have not had adequate access to jobs, in general, and even less opportunity to secure employment that pays a family-supporting wage.

It is imperative that the greater economic picture inform the TANF reauthorization process. This country would benefit from a welfare reform program whose key components address the overwhelming need for education and training, job creation, and poverty reduction. TANF could be reauthorized to provide greater options and support to low-income parents who want to participate in education and training programs that prepare them to meet the demands of local labor markets. Adults who are trying to find work, but are unable to secure unsubsidized employment would benefit from being able to access a TANF-subsidized transitional job. And, for families who experience significant barriers to obtaining or maintaining secure, stable employment – as is the experience of the majority of parents currently receiving TANF cash assistance – our national goal should be to increase economic security and reduce poverty. Due to a range of issues (including chronic physical and mental health problems for themselves or a child, low cognitive functioning, etc.), not all parents are able to work outside of the home. The initial legislation that authorized TANF in 1996 recognized and addressed this fact by providing states exemptions to work participation rate requirements and 60-month time limits. There will always be circumstances that prevent some parents from being able to work outside the home. Therefore, further tightening TANF work requirements would be misguided and detrimental to children, families, and states, particularly in the current economic climate. TANF reauthorization should focus on 1) connecting adults to stable jobs that pay a living wage; 2) making sure that every adult who wants to work has access to a job, even if it means providing work subsidies; and 3) assuring the income security of the most economically vulnerable of America's families. In other words,

TANF’s overarching goal should be to reduce poverty and improve the well-being of low-income families.

## **POVERTY**

Since the implementation of TANF, the number of families receiving cash assistance has dropped significantly. Initially, this reduction in the welfare caseload coincided with the booming economy of the late 1990s, which saw a national decrease in poverty. However, the economic gains of the 1990s all but disappeared with the 2001 recession – well before the Great Recession. Poverty rates across all populations in the U.S. have been increasing steadily since 2001, and poverty itself is deepening. The 2010 poverty level for a parent and two children was \$17,568 annually; and extreme poverty is defined as half the poverty level, or \$8,784 for the same family of three. According to the U.S. Census Bureau’s most recent data, the current poverty rate of 15.1 percent is the second highest it has been since 1965. Extreme poverty is the highest on record at 6.7 percent, which means that of the 46.2 million Americans who are living in poverty, nearly 45 percent now live in extreme poverty.<sup>2</sup>

Disaggregating the numbers by race, poverty rates are currently higher for white Americans (including white children) than they were in 1995, the year before TANF was enacted. Furthermore, the percentage of white Americans living in extreme poverty is at an all-time high. For African Americans and people of Hispanic origin, the 2010 poverty rates (overall poverty, extreme poverty, and child poverty) are lower than they were in 1995, however, the numbers have spiked dramatically in the past two years. Child poverty, in particular, grew a considerable 4.4 percentage points for African American and Latino children between 2008 and 2010.<sup>3</sup> Consistent with historic patterns, racial disparities are stark. African Americans and people of Hispanic origin are two to three times more likely to be in poverty than their white counterparts.

2010 rates <sup>4</sup>	Poverty	Extreme poverty	Child poverty
White Americans	9.9	4.3	12.4
African Americans	27.4	13.5	39.1
People of Hispanic origin	26.6	10.9	35.0

Recent growth in extreme poverty is partially attributable to welfare reform and the current structure of the TANF program.<sup>5</sup> In 1995, AFDC (the income support program that preceded TANF) provided cash assistance to 84 percent of low-income families who were eligible. By comparison, 40 percent of eligible families received assistance under TANF in 2005 (the most recent year for which data is available).<sup>6</sup> The federal Government Accountability Office (GAO) reports that 800,000 fewer children would live in extreme poverty if the percentage of TANF-eligible families receiving assistance returned to the 1995 participation rate.<sup>7</sup> In other words, if 84 percent (rather than 40%) of eligible families received assistance, more than three-quarters of a million children would be lifted out of extreme poverty. This is a worthwhile goal.

A particularly distressing recent trend is that an increasing number of single mothers in the United States are “economically disconnected.” That is, they do not have employment earnings and are not receiving TANF cash benefits. In 2008, 35 percent of poor single mothers were not working or receiving cash assistance. This number is up from 16 percent in 1995.<sup>8</sup> Similarly, six million Americans are now reported to have no income other than food stamps.<sup>9</sup> However,

All of these who are in families with children should be eligible for TANF. This implies that there are millions of people in families who have severe need, who have sought out public assistance, and who have navigated the system successfully enough to receive food stamps, but who are not receiving TANF cash assistance.<sup>10</sup>

Some of this economic disconnection could be reduced by eliminating TANF diversion policies and practices. Forty-two states use formal diversion strategies, such as requiring up-front job search.<sup>11</sup> Although many custodial parents apply for TANF because their search for employment has been unsuccessful, they may be instructed to apply for jobs while their TANF application is being processed. This practice may not be an inherently bad idea, however, such requirements often have the effect of discouraging parents from applying for needed assistance. Also, regardless of a parent’s ability or the barriers that may impede a successful search, failure to meet such a requirement can be grounds for denying an application for cash assistance, a practice which contributes to the growing number of economically disconnected families.

Reauthorization could take steps to alleviate deep poverty by 1) eliminating diversion policies and practices that discourage or disqualify families from receiving

TANF and 2) giving states incentives and rewards for providing income assistance to a greater percentage of eligible families. It is worth noting that deep poverty would be reduced if more eligible families simply received cash assistance; however, expanding the caseload will not affect the overall poverty rate. TANF benefits are too low to lift any family above the poverty line. Benefit levels are less than one-third of poverty in 30 states, and “...even the combined TANF and food stamp benefit is below the federal poverty level in all states, and less than 75% of the poverty line in over 40 states.”<sup>12</sup>

## **EMPLOYMENT**

TANF focuses on employment as the route out of poverty; however, this approach is limited by the realities of the labor market. First, it is important to recognize that most low-income mothers work – as they did before welfare reform – in low-wage, often unstable service sector jobs. Although parents are working, they experience intermittent spells of unemployment and earn insufficient wages, contributing toward the large number of families in poverty. The average wage for most women leaving TANF is between \$7-8 an hour<sup>13</sup> (or \$14,000 to \$16,000 annually, assuming full-time, year-round employment), which is decidedly below the poverty level for a family of three. Despite the fact that education has greater potential for moving parents into higher-wage occupations, this path out of poverty is constrained by TANF’s “work first” philosophy that emphasizes taking any available job rather than pursuing education or training.

Another limitation to eliminating poverty through work is, obviously, the current jobs crisis. Since May 2009, the official unemployment rate has dipped below nine percent only twice (in February and March 2011).<sup>14</sup> Aside from 1982-1983, this is the highest rate of unemployment the United States has experienced since the early 1940s,<sup>15</sup> and the Congressional Budget Office projects that unemployment will remain at 9 percent through 2012.<sup>16</sup> The official unemployment figure does not take into account people who have become discouraged from actively seeking work or those who are working part-time but would prefer (or need) full-time employment. Therefore, actual unemployment is likely higher than the official rate. Also, according to the Economic Policy Institute, the United States is facing a shortfall of 11 million jobs.<sup>17</sup> In other words, there simply are not enough jobs for the number of people looking for work.

These numbers highlight not only the need to create jobs and provide education and training to ensure that adults possess the skills local employers need, but the unemployment landscape also calls into question the feasibility or reasonability of any suggestion to increase states' TANF work participation rate requirements. Rather than requiring stricter work requirements, the current economy justifies expanding the activities that count as work participation. TANF reauthorization can better respond to the recent economic downturn by encouraging participation in education and training programs and counting these hours toward work participation, eliminating limits on attending school, and extending the length of time parents can engage in job search as a work participation activity.

As the primary economic safety net program, it is reasonable to assume that TANF would have seen a dramatic caseload increase in response to the need brought on by the Great Recession. With so many adults and families out of work, the food stamp program (or "SNAP," the Supplemental Nutrition Assistance Program), which is still an entitlement to those who apply and are eligible, increased its caseload by 67.8 percent from December 2007 to December 2010. Over the same time frame, TANF experienced only a 14.3 percent increase in the number of families served by the program.<sup>18</sup> Unemployment Insurance (UI) cannot be relied upon as a safety net for formerly-employed low-income Americans either, since low-wage workers are frequently ineligible for unemployment benefits. UI requires a minimum number of quarters worked, number of hours worked, or amount earned, and thereby excludes people in low-wage occupations from being eligible to collect benefits. In fact, in 2008, less than 40 percent of unemployed workers received UI.<sup>19</sup> As a social welfare program, TANF has shown that it does not respond well to the economic needs of no- and low-income families. Reauthorization should strengthen TANF to better act as a safety net and respond to increased need, particularly during economic downturns.

While it is outside the purview of TANF to directly address the current economic situation and jobs crisis, reauthorization cannot be considered separate from or outside of this context. To assert that parents can work their way out of poverty is an impossibility, given high and persistent levels of unemployment and underemployment, the fact that wages have stagnated over the past 30 years, and the educational and skill deficits that

many low-income parents must overcome. Low-income parents and employers both would benefit if TANF were reauthorized to place greater emphasis on 1) providing support to adults to attend education and training programs that match local labor market needs and 2) connecting low-income parents to local employers. Furthermore, jobs should be available to every adult who wants to work, even if it means providing subsidies for transitional jobs. These kinds of programs have proven successful<sup>20</sup> and should be expanded by TANF reauthorization.

### **FURTHER BARRIERS TO ECONOMIC SECURITY**

In 1997, states spent around 70 percent of TANF funds on cash assistance.<sup>21</sup> Today, 70 percent of TANF is spent on work supports like child care, transportation, and emergency assistance, and 30 percent goes toward cash assistance.<sup>22</sup> Providing supplemental support to working families is something that TANF has done well and should continue to do. As a social welfare program, however, TANF is ill-equipped to respond to the needs and circumstances of parents who face the greatest barriers to employment. Families currently receiving TANF payments are generally considered “the hardest to serve.” In other words, these are families who are dealing with some of the most intractable obstacles to securing or maintaining employment. For some families, it is not reasonable or realistic to expect that economic support will only be needed temporarily or that a work-based program can address the kinds of ongoing challenges parents are facing. While most low-income parents work at least part-time or intermittently, many are unable to work consistently for a host of reasons, including:

- chronic mental or physical health problems that are severe enough to impede or interrupt work efforts, but not severe enough to qualify for disability benefits;
- needing to provide care for a child or other relative with a serious physical or mental health problem;
- coping with the consequences of domestic and/or sexual violence victimization;
- substance abuse and/or addiction;
- limitations in cognitive functioning and/or undiagnosed learning disabilities;
- low educational attainment; and
- housing instability.

Many low-income adults struggle with one or more of these issues, while simultaneously trying to make ends meet for their family. As a temporary program that focuses on getting parents to work, TANF was not designed to address these challenges. However, as the primary income support program for families in poverty, TANF reauthorization is an opportunity to take these realities into account. Some very low-income parents will never be able to work consistently outside of the home and it is important to increase TANF's capacity to provide families in such positions with stable, reliable income. Improving TANF for parents whose circumstances have been determined to inhibit their ability to work would include: increasing benefit levels to bring families up to at least a subsistence standard of living; discouraging the use of sanctions, which add to economic instability and family stress; and eliminating the 60-month lifetime limit.

#### **CONCLUSION: MOVING FORWARD**

Poverty in the United States is deeply entrenched. Despite the resilience of the “American Dream,” the majority of Americans do not experience economic mobility; our parents' incomes are highly predictive of our incomes as adults; and people at the bottom of the economic ladder are among the least likely to achieve upward economic mobility.<sup>23</sup> These circumstances have been structured and maintained by a variety of policies, which have proven to exert greater influence on life outcomes than individual efforts or characteristics have.<sup>24</sup>

As one example, housing policies have had far-reaching effects on the access low-income communities of color – particularly African American communities – have had to education, employment, and, consequently, economic stability. Historically, the unequal distribution of GI Bill home loans (between white and black servicemen post-WWII), Federal Housing Authority (FHA) redlining policies, and “urban renewal” policies of the 1970s all contributed to the formation of racially segregated, economically disadvantaged communities that still exist today. In effect, these policies limited where African American families could live, prevented them from building assets through home-ownership, and depressed the value and quality of housing stock in communities of color.<sup>25</sup> Since funding for public schools is primarily raised from the property tax base, these housing policies created an educational disadvantage in low-income communities. Low property values have resulted in insufficient resources and poorer quality schools for

low-income students. This educational disadvantage places limits on students' future career opportunities and income possibilities.

Community resources and economic stability were further undermined as jobs shifted away from the stable-income manufacturing sector into the lower-wage service sector, and as jobs moved from downtowns to the suburbs and exurbs in the 1980s. For many inner-city residents and others living in economically-distressed communities, stable, well-paying employment is out of reach – both academically and geographically. Over time, these policies and circumstances have combined to create a self-supporting, reinforcing cycle in which high concentrations of poverty, poor housing stock, low-quality schools, and minimal job opportunities prevent residents of low-income neighborhoods from being able to attain economic security and stability.

Taking into account these realities – of history, the economy, the current jobs situation, and the fact that some parents face ongoing challenges that will consistently disrupt their work efforts – CFFPP supports focusing on a goal of poverty reduction and including the following policies in this round of TANF reauthorization:

- Expand opportunities for education and training that meet local labor market needs and connect low-income adults to employers.
- Change work participation rate requirements to include education and training and longer periods of work search.
- Create funding streams for transitional jobs so that every parent who wants to work has access to a job.
- Eliminate diversion policies and practices that discourage or disqualify parents from TANF eligibility.
- Provide incentive funding and rewards to states that meet a higher standard of providing TANF services and cash assistance to eligible families.
- Improve income stability for the most economically vulnerable Americans by increasing benefit levels, reducing the use of sanctions, and eliminating time limits.

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- <sup>1</sup> U.S. Government Accountability Office “Highlights of GAO-10-164, Temporary Assistance for Needy Families: Fewer Eligible Families Have Received Cash Assistance Since the 1990s, and the Recession’s Impact on Caseloads Varies by State,” February 2010; LaDonna Pavetti (CBPP) and Dorothy Rosenbaum (CLASP) “Creating a Safety Net That Works When the Economy Doesn’t: The Role of the Food Stamp and TANF Programs,” April 2010.
  - <sup>2</sup> U.S. Census Bureau “Income, Poverty, and Health Insurance Coverage in the United States: 2010,” September 2011.
  - <sup>3</sup> Ibid.; and Children’s Defense Fund “The State of America’s Children: 2011.”
  - <sup>4</sup> U.S. Census Bureau “Income, Poverty, and Health Insurance Coverage in the United States: 2010,” September 2011.
  - <sup>5</sup> Pavetti and Rosenbaum “Creating a Safety Net That Works When the Economy Doesn’t,” April 2010; U.S. GAO “Highlights of GAO-10-164,” February 2010.
  - <sup>6</sup> Ibid.
  - <sup>7</sup> U.S. GAO “Highlights of GAO-10-164,” February 2010.
  - <sup>8</sup> Elizabeth Lower-Basch “CLASP TANF Policy Brief: Goals for TANF Reauthorization,” January 2010.
  - <sup>9</sup> Jason DeParle “Living on Nothing But Food Stamps,” January 2, 2010. Webcast at: *The New York Times*, [www.nytimes.com/2010/01/03/us/03foodstamps.html](http://www.nytimes.com/2010/01/03/us/03foodstamps.html) [Accessed 8/29/11].
  - <sup>10</sup> Elizabeth Lower-Basch “CLASP TANF Policy Brief: Goals for TANF Reauthorization,” January 2010.
  - <sup>11</sup> Sheila Zedlewski and Olivia Golden (The Urban Institute) “Next Steps for Temporary Assistance for Needy Families,” February 2010; Elizabeth Lower-Basch (CLASP) “Testimony for the Record: Hearing on TANF’s Role in Providing Assistance to Struggling Families,” March 11, 2010.
  - <sup>12</sup> Legal Momentum “Welfare Reform at Age 15,” April 2011.
  - <sup>13</sup> Ibid.
  - <sup>14</sup> National Council of State Legislatures “National Unemployment Summary,” 2011. Webcast at: *NCSL*, [www.ncsl.org/?tabid=13307](http://www.ncsl.org/?tabid=13307) [Accessed 9/21/11].
  - <sup>15</sup> U.S. Bureau of Labor Statistics “Employment status of the civilian noninstitutional population, 1940 to date,” 2011.
  - <sup>16</sup> Matt Cover “CBO: Unemployment Will Remain Near 9 Percent Through 2012,” September 13, 2011. Webcast at: *cnsnews.com*, <http://cnsnews.com/news/article/cbo-unemployment-will-remain-near-9-percent-through-2012> [Accessed 9/21/11].
  - <sup>17</sup> Rebecca Thiess (EPI) “The Great Recession’s Long Tail: Third Anniversary Underscores Severity of Labor Market Woes,” February 2, 2011.
  - <sup>18</sup> Legal Momentum TANF Program Reports and Caseload Updates, May 2010 and July 2011.
  - <sup>19</sup> Rebecca M. Blank (Brookings Institution) “High Priority Poverty Reduction Strategies for the Next Decade,” August 2008.
  - <sup>20</sup> Pavetti and Rosenbaum “Creating a Safety Net That Works When the Economy Doesn’t,” April 2010.
  - <sup>21</sup> Legal Momentum “Welfare Reform at Age 15,” April 2011.
  - <sup>22</sup> Zedlewski and Golden (Urban Institute) “Next Steps for TANF,” February 2010.
  - <sup>23</sup> Ray Boshara (New America Foundation) “Promoting Defiant Apples: Exploring the Potential of an Economic Mobility Policy Agenda,” April 2011; Tom Hertz (Center for American Progress) “Understanding Mobility in America,” April 26, 2006.
  - <sup>24</sup> Patrick Sharkey (Economic Mobility Project) “Neighborhoods and the Black-White Mobility Gap,” July 2009; Tom Hertz (CAP) “Understanding Mobility in America,” April 26, 2006.
  - <sup>25</sup> Racial disparities in income and wealth, along with the policies that helped to create and perpetuate them, are well documented. Resources include United for a Fair Economy’s 2011 “State of the Dream” report and the Insight Center’s Closing the Racial Wealth Gap Initiative.