PERSPECTIVES ON LOW-INCOME WORKING FAMILIES

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Welfare Reform

What Have We Learned in Fifteen Years?

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The Temporary Assistance for Needy Families (TANF) program is the only federal means-tested cash safety net program for poor families with children.[1] TANF was created in 1996 to replace Aid to Families with Dependent Children (AFDC), in effect for 60 years.[2] Its passage was part of the sweeping Personal Responsibility and Work Opportunity Reconciliation Act, designed to improve the lives of low-income families.

During its 15-year history, TANF has operated in good and bad economic times. What have we learned since its passage? Has the caseload changed substantially? Has the program increased family self-sufficiency? Do we know how to move families into jobs and how to provide critical training and education for disadvantaged parents? How does the program work within the larger safety net? What do we know about family outcomes associated with TANF? What don't we know?

This brief draws primarily from a set of research briefs that address these questions (box 1).[3] The briefs extract lessons for state and federal policymakers from the best available research. This synthesis, augmented by the research briefs, provides the required background for those interested in the program, as well as ideas for how to strengthen it.

What Is in the TANF Legislation?

Most elements of the original TANF legislation remain in place today. The program was reauthorized only once through the 2005 Deficit Reconciliation Act (DRA), and the American Recovery and Reinvestment Act (ARRA) enacted emergency funds to shore up states' programs during the Great Recession.

The key provisions of TANF include giving states primary responsibility for TANF design within broad federal requirements (table 1). Federal rules require states to meet work participation rates (or face financial penalties), prohibit using federal dollars to fund a family's cash assistance for more than five years (with some exceptions), and provide federal block grant funding fixed in 1996 with a maintenance of effort (MOE) requirement for states. Elimination of federal eligibility for documented immigrants in the United States less than five years was a fundamental part of the legislation.

The TANF reauthorization strengthened the original work requirements by more narrowly defining allowable work activities and specifying the number of hours that could be spent in each activity. While the new requirements restricted states' flexibility by defining the types of activities and the hours certain activities can count, the final federal rules helped states meet their new obligations by allowing them to count hours rather than days of participation and expanding the types of assistance credited toward MOE requirements. The DRA also required states to apply work participation requirements to more of their caseloads, and it updated the basis for credits that can reduce states' required work participation rates.

The ARRA provided $5 billion in emergency federal funding for states with a 20 percent match requirement. Funds could be used for cash benefits, emergency assistance, subsidized jobs programs, or supports to help families find work. ARRA also modified the basis for calculating caseload reduction credits, temporarily ameliorating states' work participation requirements.

State program rules vary considerably within broad federal rules, leading to extreme variation in the size and make-up of caseloads across the country. Generally state TANF programs can be

BOX 1. Temporary Assistance for Needy Families Program—Research Synthesis Brief Series

All briefs are available at http://www.urban.org/welfare/TANF.cfm.

1. "TANF Recipients with Barriers to Employment," **Dan Bloom, Pamela Loprest, and Sheila Zedlewski.**
2. "Disconnected Families and TANF," **Pamela J. Loprest.**
3. "TANF Child-Only Cases," **Olivia Golden and Amelia Hawkins.**
4. "TANF and the Broader Safety Net," **Sheila Zedlewski.**
5. "TANF Work Requirements and State Strategies to Fulfill Them," **Heather Hahn, David Kassabian, and Sheila Zedlewski.**
6. "Improving Employment and Earnings for TANF Recipients," **Gayle Hamilton.**
7. "Facilitating Postsecondary Education and Training for TANF Recipients," **Gayle Hamilton and Susan Scrivener.**
8. "The TANF Caseload," **Pamela J. Loprest.**

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characterized by shrinking real benefits, strategies that divert families from enrolling, sanctions that penalize families for failing to meet program requirements, and benefit time limits. For example, 30 states paid maximum TANF benefits at less than 30 percent of the federal poverty level (FPL) in 2008, compared to 17 states in 1996.[4] Only one state's benefit exceeded 50 percent of the FPL in 2008, compared with 10 states in 1996. Diversion strategies, not part of the pre-TANF entitlement program, were used in 42 states in 2008 to provide short-term assistance or simply discourage enrollment. States also use sanctions amply. For example, 22 states now impose full family sanctions (elimination of the entire benefit) the first time a family fails to meet program requirements. Such a sanction was not allowed in the AFDC program.

How Has the Caseload Changed?

Caseloads have declined dramatically since passage of TANF (figure 1). The steepest decline occurred shortly after passage of TANF during a period of strong economic growth. In her TANF research brief, **Pamela Loprest** explains that caseloads have increased somewhat following the 2007 recession, although the number of families receiving assistance remains below prerecession levels. Caseload trends have varied across the states; some declined more than 80 percent between 1997 and 2010 and others, only 25 percent. As a result, the caseload is concentrated in a few states: 30 percent of the national TANF caseload lives in California.

TANF program rules, the economy, and other safety net programs affect caseloads. Studies document that declining unemployment and the strong economy in the late 1990s contributed to the post-TANF caseload decline. TANF policy explained roughly 20 percent of the decline. Changes in other policies, primarily expansion of the earned income tax credit (EITC), also reduced caseloads. While there has been little rigorous study of caseload trends during the most recent recession, most experts believe that TANF is less responsive to an economic downturn than its predecessor.

Research also shows that specific TANF policies can significantly affect caseloads. In fact, most TANF changes have tended to reduce caseloads, including declining real benefits, mandated work activities, and diversion policies that require substantial evidence of job search or offer a one-time payment in lieu of enrollment. Sanctions either eliminate a case or create a child-only TANF unit. Time limits reduce caseloads, although so far only modestly, since most do not stay on long enough to reach the limit. On the other hand, policies that allow TANF recipients to retain more of their earnings and still receive a benefit increase caseloads.

The caseload decline reflects both an increase in the number of families leaving welfare (exits) and a decrease in the number entering (entrants). Studies show that declining TANF entries play an important role in caseload decline, although

TABLE 1. The Temporary Assistance for Needy Families Program: Federal Legislation

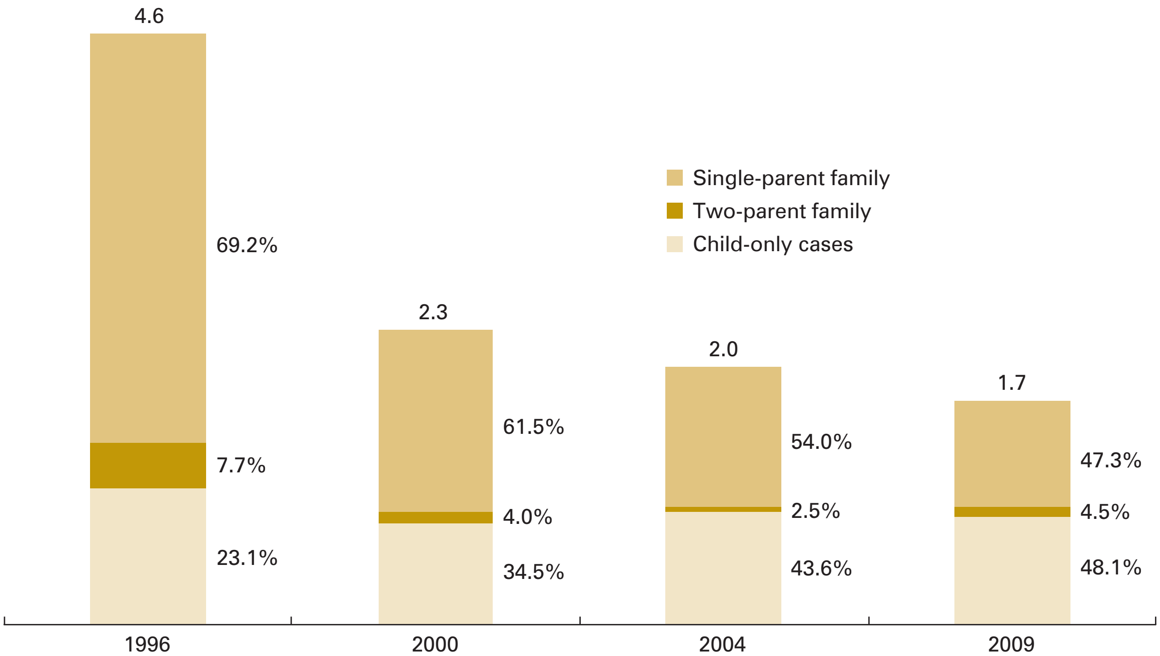
Legislation	Purposes	Key provisions
Personal Responsibility and Work Opportunity Reconciliation Act of 1996, establishing TANF through 2002	Provide assistance so children could be cared for in own homes or homes of relatives. End parental dependence on government benefits by promoting job preparation, work, and marriage. Discourage pregnancies outside of marriage. Encourage formation and maintenance of two-parent families.	Give states primary responsibility for program design. Set state work participation rates within 12 categories of activities. Set minimum hours/week to count as participating. Award caseload reduction credit allowing states to reduce requirement by % of caseload reduction since 1995. Set time limits on federal benefits. Fund fixed block grants and require state maintenance of effort (MOE). Grant bonuses for reducing illegitimacy, achieving high performance.
Deficit Reduction Act of 2005, extending TANF through fiscal 2010	Strengthen work requirements. Increase family self-sufficiency. Improve reliability of work participation data and program integrity.	Define 12 work activities. Define methods for reporting and verifying work. Include all families in work participation requirement. Change the caseload reduction credit by moving base year to 2005 from 1995. Broaden expenditures that count toward MOE. Eliminate bonuses and establish grants for healthy marriage.
American Recovery and Reinvestment Act, effective through fiscal 2010	Emergency funding for state TANF programs in response to recession beginning in 2007.	Award $5 billion with state 20% match required. Increase TANF assistance. Increase short-term benefits. Subsidize employment.

Sources: Personal Responsibility and Work Opportunity Reconciliation Act, Pub. L. No. 104-193, 110 Stat. 2105, (1996); Deficit Reduction Act of 2005, Pub. L. No. 109-171, 120 Stat. 4 (2006); American Recovery and Reinvestment Act, Pub. L. No. 111-115, 123 Stat. 115 (2009).

increasing exits explain most of the decline in the program's early years. TANF "take-up" rates, defined as the share of eligible families that enroll, have declined from 79 percent in 1996 to 36 percent in 2007 (the latest data available).

Similar to patterns found in studies of AFDC, the time spent on welfare remains fairly short for most families with adult recipients. For example, administrative data indicate that only 12 percent of adults on welfare in 2009 had been on for four years or more. We know little about how many not currently on TANF have accumulated years toward their time limits. We also know little about rates of return to welfare. Some evidence shows that returns declined somewhat between 1997 and 2002 after a two-year period of exiting, but we don't know whether this has continued during a weaker economy.

FIGURE 1. *TANF Caseload and Composition: Millions of Families, Selected Years*



Source: Table 3, Characteristics of TANF Active Cases, Various Years. http://www.acf.hhs.gov/programs/ofa/character/.

Child-Only TANF Cases

As shown in figure 1, in 2009 child-only cases, those without a parent eligible for benefits, make up about half of the TANF caseload, compared with about one in five just prior to TANF implementation in 1996. Only 800,000 adults received TANF cash assistance in 2009. Two-parent families remain a small share of the caseload—5 percent in 2009 compared with 8 percent in 1996. While the large increase in child-only cases can be attributed to declining numbers of parent families on TANF, it is critical to understand that in half of TANF cases only the children receive benefits.

Olivia Golden and Amelia Hawkins explain that child-only cases have generated little research given their importance to TANF. About 4 in 10 of these families do not include a parent, and two-thirds of children in nonparental cases live with a grandparent. The 6 in 10 child-only TANF families with parents present include parents ineligible due to citizenship rules (42 percent), parents receiving Supplemental Security Income (SSI) benefits and therefore ineligible (34 percent), and sanctioned parents (10 percent).[5] The child-only shares of cases and the share in each subcategory vary widely across states. Some variations can be explained by state policy or demographic characteristics, but no systematic analysis exists.

Golden and Hawkins describe important connections between nonparental child-only units and the child welfare system. State-specific studies have documented that one-third to one-half of these cases involved child protective services to some degree. Studies have also suggested particular concerns about these children's well-being. Federal and state policies affect how these TANF cases form by whether local agencies seek kin to care for maltreated children and whether kin can be licensed as foster parents who receive caregiver subsidies as permanent guardians or adoptive parents. These subsidies would typically make them ineligible for TANF.

Child-only units created through parent ineligibility present different questions. Children born in the United States to undocumented immigrants are automatically citizens and eligible for TANF if their parents' resources are low enough to qualify. (Some states also fund benefits to the parents.) In most states, parents who receive SSI disability payments are not themselves eligible for TANF (because the SSI benefit is too high), but their children may be. And states that sanction parents but not their children for some or all rule violations create child-only units. Unlike parents in other child-only cases, sanctioned parents may count as work eligible and be included in states' work participation calculations.[6]

Characteristics of Parents Receiving TANF

The characteristics of adults receiving welfare have changed little since passage of TANF. **Pamela Loprest** reports that some state-specific studies find evidence of increases in health problems, and administrative data show small increases in the Hispanic and Native American shares of recipients. The share of noncitizen cases has declined.

When TANF first passed, many hypothesized that parents in the program would become an increasingly hard-to-employ group as the more work-ready recipients moved into jobs. Yet, the share of the TANF adult caseload with barriers to employment has remained fairly constant.

Dan Bloom, Pamela Loprest, and Sheila Zedlewski report that, generally, studies find most adults receiving TANF have at least one barrier to employment, including low education, limited work experience, mental or physical health challenges, and caregiving responsibilities for special needs children. Nationally representative and state-specific studies generally find that about 4 in 10 adults on TANF have multiple barriers. Most barriers are associated with lower employment, and the likelihood of work declines as the number of barriers increases.

Programs that identify and serve TANF recipients with barriers to employment are complex. States often provide a range of services apart from work supports, including intensive case management, rehabilitative services, job coaching, support groups, and referrals. Many create individual plans geared to overcoming multiple, varied challenges.

The literature shows that some services help move these recipients to work. Interventions that have been tested and rigorously evaluated fall along a continuum of service strategies, from models focused on work experience to those focused on treatment. Evaluations of eight post-TANF interventions conclude that most achieved at least some positive impacts. For example, programs focused on employment that include a mix of job preparation and work experience show small increases in employment, sometimes lasting for several years. Programs focused primarily on treatment succeed in their immediate goal of increasing participation in substance abuse or mental health services. However, increases in treatment participation do not typically translate into better health or employment outcomes. Some evidence suggests that expensive, intensive case management models that include small caseloads and a home visiting component hold promise.

As part of states' strategies for serving the hard-to-employ, many help TANF recipients apply for SSI, the federal program for low-income persons with disabilities severe enough to prevent work. The complex, time-consuming SSI application requires extensive documentation of disabilities and, sometimes, multiple hearings. States may connect recipients to legal services or other providers to help them through the process. A few TANF programs have their own medical assessments that mimic those used by SSI to ensure applicants have a high probability of eligibility. States typically exempt TANF recipients applying for SSI from work activities, which could jeopardize their approval. However, federal rules count SSI applicants in states' work participation rate calculations. Some states move SSI applicants into separate state-funded programs so they do not count in the participation rate, and so the applicant's waiting time does not count against the TANF time limit.

How Do States Meet the Work Participation Requirements?

In most states, work is TANF's primary focus. **Heather Hahn, David Kassabian, and Sheila Zedlewski** describe how most states have met the DRA requirements, despite the weakening economy. States adopted multiple strategies, such as creating more unpaid work opportunities, keeping working families in the caseload longer, and moving some families into solely state-funded programs (SSFs) outside of TANF.

Since its inception, TANF has required states to engage at least half of all TANF families with a work-eligible individual and at least 90 percent of two-parent TANF families with two work-eligible individuals in work or work activities. Nearly all TANF adult recipients are classified as work eligible.[7] While states can exclude certain groups from these requirements, federal regulations require states count all work-eligible adults in the participation rate.

With a couple of exceptions, work-eligible TANF recipients must participate in work activities for at least 30 hours a week, including at least 20 hours in a "core" activity (including employment) and the remaining hours in core or "noncore" activities (such as education). Single parents with children under age 6 must participate for a total of 20 hours per week, and teen parents count as participating as long as they are attending school. The DRA carefully defines allowable core and noncore activities and in some cases limits the amount of each activity that can count. Post-DRA regulations allow states to count hourly equivalents toward these requirements. Many states had to set up new systems for reporting and verifying hours of participation to meet the new requirements.

Caseload reduction credits can lower the required participation rates. Credits can be earned either by reducing the TANF caseload relative to a base year or by contributing more than the required MOE on TANF-related activities. The DRA changed the base year from 1995 to 2005, substantially reducing this avenue for achieving credits since most of the TANF caseload declined in the years just after TANF passed. However, excess MOE credits have increased. A state can deduct from its participation requirement the number of cases that could be funded with excess MOE dollars.[8] This has allowed many states to earn enough credits to meet their work participation rates. Just prior to the DRA, 17 states met their rates through caseload reduction credits alone, compared with 21 states in 2009.

States employ numerous strategies to achieve these work participation rates. Most states count a combination of job-related education and training and employment activities. Creative strategies include keeping working families in the caseload and removing nonworking families. More generous earned income disregards or small monthly supplements for families with earnings high enough to otherwise disqualify them increase the share of the adult caseload with earnings. Full family sanctions cut nonworking families from the caseload. Moving hard-to-employ and two-parent families into SSFs also reduces the nonworking part of the caseload. Diversion strategies that offer a short-term cash payment in lieu of enrollment or that require substantial proof of employment search before enrollment also keep nonworking adults off the caseloads.

The national all-families' work participation rate has ranged between 31 and 35 percent for most of TANF history.[9] Individual states' all-families rates ranged from 10 to 68 percent in 2009. Yet, most states were able to meet the federal requirements by combining these work participation rates with caseload reduction credits.[10]

What Employment and Education Programs Increase Self Sufficiency?

Policymakers often want to know what strategies would help TANF parents or those with similar characteristics move into employment and long-term self-sufficiency. **Gayle Hamilton** synthesizes a large body of evidence evaluating such strategies, and **Gayle Hamilton and Susan Scrivener** describe the effectiveness of initiatives to increase postsecondary education and training.

Employment models. Rigorous research shows that both work-first and education-first strategies can increase work and earnings compared with having no program, even after five years. But mandatory job search gets people into jobs sooner, and education-first strategies do not ultimately increase likelihood of holding a good job or even more jobs. Mixed strategies that combine high-quality program services (such as training, case management, and support services) delivered by community colleges with a strong employment focus work best. The literature shows a clear role for skills enhancement, particularly when credentials are earned, but job seeking and work along with education and training are important.

Other research examines the effectiveness of subsidized work models that use public funds to create or support temporary work opportunities. These experiments have typically targeted very disadvantaged individuals. The results suggest these programs have boosted employment in the short run but rarely in the longer term. Transitional jobs programs—defined as providing a temporary, wage-paying job with support services and some case management—may also create useful work opportunities and reduce welfare receipt. However, the one available rigorously-evaluated program did not improve longer-term unsubsidized employment or earnings.

Other interventions focus on sectoral training initiatives that connect employment programs to specific businesses and industries through integrated skills training. One study that rigorously tested the effects of such training for low-income individuals (all of whom had completed high school or GED) showed promise based on increased employment and earnings in a two-year follow-up period.

Many studies show that supplementing low-wage workers' earnings can promote employment, and longer-lasting effects may be attainable. Effects are larger when these incentives are combined with job search services. These studies also show that wage supplements can affect work hours since individuals can work less and still maintain income, suggesting an important trade-off in designing incentives.

Other initiatives seek to increase job retention. Current and former TANF recipients have trouble maintaining employment and consistently earning wages. Programs such as job search assistance after a job loss, job coaching, and assistance in accessing work supports such as food stamps and child care may increase employment retention and earnings. Evaluation results have been mixed. Numerous programs have lacked proven impacts, but others showed success. Financial incentives for employment retention along with job coaching, and close ties between providers or staff and employers seem to work best.

Education models. Whether TANF should promote increased education, particularly postsecondary education, to help recipients to reach self-sufficiency is a long-standing debate. As noted above, the DRA limited how much education can be counted as a work activity, consistent with results showing that education before job placement does not work better than job placement alone. DRA limited vocational training to 12 months for a given recipient, and training and education directly related to employment can only count when combined with 20 hours in a core work activity.

Arguments for increasing education derive from evidence showing more education leads to higher earnings. Over the last 25 years wages have increased for those with college or more, wages for high school graduates have remained stagnant, and wages for high school dropouts have fallen. People with an associate's degree or who completed a certificate program earn more than those with only a high school diploma or GED. Since only one-third of low-income workers with children have more than a high school diploma and one-third are high school dropouts, many seek to increase education among this population.

Gayle Hamilton and Susan Scrivener conclude that the evaluations of models focused on increasing postsecondary education for low-wage workers contradict the broader evidence that more education increases earnings. Initiatives that aim to increase postsecondary education and training typically test whether training occurs and whether the increased education increases earnings. Results for recent models that target TANF recipients by combining referrals to community college or training with at least 20 hours a week of paid work are not encouraging. For individuals with a high school diploma or equivalent, adding education to mandated work when compared with a typical work-first program had little or no effect on participation in education or training or completion of certificates or diplomas. On the other hand, sector-based training models that target individuals with specific aptitudes for specific occupations (such as health care or information technology) and assist with job matching did increase those who began and completed training. Sector-based training programs also increased earnings, although gains were generally modest.

Other programs aim to help those already enrolled in community college stay in school. Performance-based scholarship programs that pay students if they meet academic benchmarks hold promise. Low-income parents in such programs were more likely to attend college full time, earn better grades, and earn more credits. They also registered for college at higher rates.

What Other Services Does TANF Provide?

All discussions about hard-to-employ TANF recipients, work participation rates, and initiatives to increase employment or education miss a large part of the TANF program. In fiscal year 2009, states spent 73 percent of TANF funds (federal and state MOE) for purposes other than cash assistance, compared with 30 percent in fiscal year 1997 (U.S. GAO 2011, 8). This "nonassistance" includes spending that furthers TANF goals, such as child care, transportation, refundable tax credits, short-term assistance (including diversion payments), and employment programs. Some spending directly helps current and former TANF cash assistance recipients and some is directed to a broader population that never received TANF.

A large share of states' nonassistance spending (about 30 percent in 2009) gets categorized as "other" on federal reporting forms, and states were required to provide additional detail on this spending in 2011 (U.S. DHHS 2011). The early results indicate that most goes toward child welfare payments and services (25 percent). Other spending is divided across a wide range of activities, including emergency assistance, domestic violence, and mental health and addiction services.

Many low-income families served through the TANF block grant are not reflected in the caseload counts. There is a wide range of nonassistance spending across states: California spent 62 percent of expenditures on assistance for TANF recipients (including cash payments, child care, and transportation), compared with only 20 percent in Wisconsin.

How Does TANF Fit with the Broader Safety Net?

Sheila Zedlewski shows how TANF often serves as a portal to other safety net benefits for low-income families with children. Families that enroll in TANF typically get enrolled in the Supplemental Nutrition Assistance Program (SNAP) and Medicaid automatically, and working recipients receive child care subsidies. Most families receive these benefits when they transition off TANF, although rules vary across the states. As noted, TANF programs may help those with significant disabilities apply for SSI.

TANF itself represents a relatively small part of the safety net. Medicaid, SSI, SNAP, and the federal EITC expenditures (even considering only the portion focused on families with children), far exceed spending on TANF. In 2009, 81 percent of TANF families also received SNAP, 98 percent received Medicaid, and 16 percent received SSI. Nonetheless, TANF families comprise relatively small shares of these programs. They make up about 19 percent of all SNAP households with children and 14 percent of the SSI awards to nonelderly individuals.

Other important parts of the safety net for TANF families include child care subsidies, Workforce Investment Act (WIA) services, and child support enforcement. TANF parents who work are guaranteed subsidies for child care; other low-income parents not on TANF may also qualify. Rules vary tremendously across states. The latest administrative data indicate that 9 percent of all TANF cases receive child care subsidies. (Since only half of TANF cases have a work-eligible adult and about 30 percent of them engage in work activities, the share requiring child care is relatively small.)

WIA provides employment services (job search and preparation, training and education) that are typically available to low-income individuals outside of TANF. Some states have strong connections between their TANF and WIA programs to create a more streamlined employment support system, while others simply refer TANF clients to WIA agencies. In general, few low-income workers receive WIA employment services owing to limited and declining funds ($3 billion in 2009).

The Office of Child Support Enforcement funds programs to locate parents, establish paternity and support orders, and collect support payments. These services are available automatically for families receiving TANF assistance and for other families upon request. The program distributed $26 billion in child support payments in 2009, an important source of support for custodial parents. In 2009, 14 percent of TANF parents received some child support income.

A small share of unemployed TANF parents receives Unemployment Insurance (UI) benefits. When TANF first passed, many hoped that more low-income parents with children would qualify for benefits as they gained more work experience. UI benefits would then reduce the need for cash welfare benefits. While the share of unemployed single parents receiving UI benefits has increased, it is still only 30 percent (Nichols and Zedlewski 2011).

Studies show that low-income families rarely receive all of the safety net benefits for which they are eligible. Complex program rules and interactions often make it difficult to learn about eligibility and access services, and participation rates vary across programs. Studies documenting post-TANF coordination of benefits show that some states use several structures such as colocation of services, but service delivery in most states is uneven. Studies document that the complexity of forms and regulations, hassles and hurdles to get on and stay on the rolls, and unfriendly offices all contribute to low participation.

How Have Families Been Affected?

Most research on the effect of TANF on family and child outcomes concludes it has had few measureable effects. A 2009 book edited by James Ziliak summarizes these findings: Rebecca Blank's chapter outlines what we know about work and welfare participation (see above in the discussion of caseload decline), health and health insurance, child outcomes and child care usage, and family composition and fertility. One caveat is that most reviewed studies reflect only data through 2000 and 2002; in two cases, data carry through 2004.

Blank's review of the evidence concludes that welfare reform reduced health insurance coverage, but the effects on single women were quite small. Also, any evidence of the impact of insurance changes on health outcomes is limited.

Blank also concludes that children's outcomes do not appear to be significantly affected by welfare reform. Some evidence suggests that young children do slightly better if child care subsidies allow newly working parents to place children in formal child care settings. One motivation of welfare reform was the hope that moving mothers into work would increase children's awareness of the value of education and the need to prepare for work, but little evidence supports or refutes these claims. Evidence of any effects of welfare reform on marriage is also quite weak. Cohabitation has increased, but this is likely because single mothers have more need to share incomes. Research continues to show minor effects of welfare reform on fertility.

More recent attention has focused on disconnected families, a potentially negative effect of welfare reform. As **Pamela Loprest** explains, many pointed to caseload declines and increases in working single parents as evidence of TANF's success. Yet national and state studies also began to note that a significant minority of former recipients did not leave welfare with employment. Coupled with declining TANF enrollment, concerns were raised about families "disconnected" from the labor market and cash public assistance (TANF or disability benefits).

One national study estimates that one in five recipients who left TANF in the past two years were disconnected. Among all low-income single mothers, estimates range from 17 to 26 percent. While incomes are low, child support is one important source of income. Many also receive SNAP or housing assistance.

Studies also show that disconnected families are more disadvantaged than other low-income single-mother families. They have a high rate of barriers to work, such as physical and mental disabilities. Many live with other adults (about one-third with a cohabiter and one-third with relatives and friends) and one-third live alone. Studies that include cohabiters' income show that these families typically still have incomes below poverty.

While the evidence on the length of time spent as a disconnected family is scant, some research indicates that many families move in and out of this state, but a substantial minority are disconnected for long times For example, one study finds 17 percent of disconnected single-mother families were disconnected for an entire year.

Summing Up

TANF is a very different program than its predecessor that primarily paid cash benefits to very low income parents with children:

1. The nature of the caseload and focus of spending have changed dramatically.
   - Only half the TANF caseload—about 800,000 families—includes parents receiving benefits. Child-only units make up the rest. While 6 in 10 of these families include ineligible parents (due to receipt of disability benefits, immigration status, or sanctioned status), 4 in 10 do not. Children in these families live with relatives (mostly grandparents) or legal guardians.
   - Over 7 in 10 TANF dollars pay for services that do not count as assistance or affect the caseload counts. Low-income families with children may receive emergency cash intended to divert them from enrolling, child care or transportation assistance, or even a refundable state EITC. In some states TANF dollars help fund child welfare programs.
2. TANF programs usually focus on moving parents who receive benefits into employment.
   - Federal regulations require states to meet work participation rates of 50 percent for all families. States employ numerous strategies to count adult recipients in work activities, including incentives that allow parents to keep some TANF benefit when working and penalties that remove nonparticipating families from the caseload. States, on average, only reach a 30 percent work participation rate. The remainder of the requirement is met through credits earned through caseload decline and monies spent on services for low-income families in excess of states' MOE requirement.
   - About 8 in 10 parents on TANF have at least one barrier to employment, and 4 in 10 have multiple barriers (poor mental or physical health, lack of a high school diploma, limited work experience, or care of a disabled family member). States often have specialized services for the hardest to employ, although effective solutions seem illusive.
3. Strong evidence is scarce on strategies that move families to self-sufficiency.
   - Rigorously evaluated programs to increase employment or education among TANF recipients or similar populations have not held much promise, especially in terms of long-term employment or earnings increases.
   - Evaluations of both types of interventions suggest that models combining work with skills training and targeting specific industry needs work best.
4. TANF serves as a portal for access to other safety net programs.
   - While TANF families do not make up large shares of other safety net programs, they do tend to receive other benefits, especially SNAP and Medicaid, to augment TANF.
   - Despite increased labor market experience among single mothers over the last decade, few qualify for UI.
   - While some studies conclude that connections across safety net programs should be better coordinated, TANF's assistance with access to disability benefits, SNAP, subsidized child care, and employment and child support services fills a critical need for low-income families.

When Congress finally tackles the next reauthorization of TANF (originally due in 2010), it needs to recognize that TANF does not provide much regular cash assistance. Instead, the program lives up to its name of "Temporary Assistance for Needy Families." Families in need are more likely to receive a helping hand than what many think of as a welfare check. The program's nature leads to concerns, especially in a weak economy, about parents who cannot find a job or who have a disability and do not qualify for other income supports. The share of low-income single parents classified as disconnected from work and cash assistance will likely continue to increase without new reforms.

We could strengthen the safety net through proposals to expand UI coverage for more job losers, offer broad support for specialized training connected to employer needs, subsidize jobs with targeted support services, and guarantee regular, but temporary, cash assistance for families that have no other income. ARRA funded subsidized jobs programs, and states showed they could quickly gear up effective programs. The DRA focused states' resources on counting work activities rather than developing and testing programs that effectively move parents into jobs. TANF reauthorization should learn from these experiences.

Rep. Gwen Moore (D–WI) has introduced the Rewriting to Improve and Secure an Exit Out of Poverty Act (the RISE Act) to overhaul TANF. The bill includes numerous improvements such as updating and indexing of the block grant funds, eliminating time limits on types of work participation (such as education), and eliminating full family sanctions. These proposals, along with other ideas based on 15 years of experience, should be debated to strengthen TANF and the safety net for vulnerable families.

Notes

1. The other means-tested cash assistance program, Supplemental Security Income, serves individuals with serious disabilities.
2. AFDC was created in 1935 through Title IV of the Social Security Act.
3. The research briefs were developed under contract to the Administration for Children and Families of the U.S. Department of Health and Human Services.
4. This summary of rule changes is taken from Zedlewski and Golden (2010).
5. The numbers do not add to 100 percent because 14 percent of these families cannot be categorized.
6. States may disregard an adult penalized for refusal to work in that month, unless the adult has been penalized for more than 3 of the last 12 months (U.S. DHHS 2011).
7. At state option, single parents of children under age 1 may be excluded. Child-only families are not included.
8. The excess MOE credit is deducted from the number of cases required to participate in work activities.
9. The two-parent rate has averaged between 40 and 50 percent.
10. In 2009, eight states failed to meet the all-families rate but nearly all avoided penalties by providing reasonable cause or submitting corrective compliance plans to HHS.

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This brief is part of the Urban Institute's Low-Income Working Families project, a multiyear effort that focuses on the private- and public-sector contexts for families' success or failure. Both contexts offer opportunities for better helping families meet their needs.

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