



**Statement of**  
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**before the**  
**Committee on Finance**  
**United States Senate**

**Welfare and Poverty in America**

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The views expressed are those of the author and should not be attributed to the Urban Institute, its trustees, or its funders.

Thank you for the invitation to testify today. My name is Pamela Loprest. I am a Senior Fellow and labor economist at the Urban Institute, an economic and social policy research organization here in Washington. My research focuses on public policies to improve low-wage labor markets and address barriers to work among disadvantaged populations. I have studied the Temporary Assistance for Needy Families (TANF) program since its inception in 1996, including early studies of the economic well-being of women who left the TANF rolls.

Today I limit my comments to the situation of poor single mother families, given that is the primary focus of the TANF program. I would like to make the following points today:

1. The TANF program is increasingly playing a smaller role in addressing poverty, even for the most needy. While TANF caseloads have fallen by 30 percent in the last fifteen years, the percentage of families in poverty has grown. Many eligible poor families do not receive these benefits.
2. Many poor mothers who are not receiving TANF are also not working. Over time, a growing number of single mothers are without work and TANF benefits. Many of these families face challenges to work, such as low education levels and poor health, and many remain in this situation for many months.
3. There are solutions to bring these families out of poverty. I discuss two. First, improving access to the TANF program so it serves the population it is intended to serve. And second, investing in these mothers' skills to improve their opportunity to work.

#### **TANF caseloads have declined and remain low**

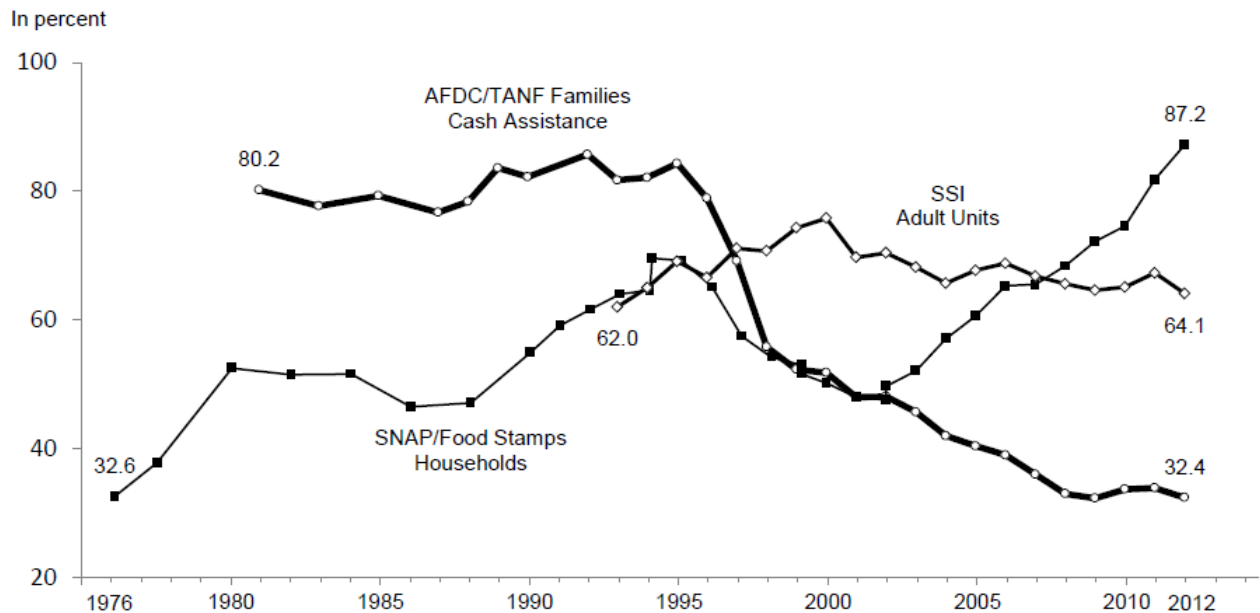
The TANF program provides cash assistance to poor families who must, with some exceptions, participate in work activities. Since the program began in 1996, there has been a more than 60 percent decline in TANF caseloads. In the last fifteen years caseloads have continued to fall, from 2.4 million families receiving benefits monthly in 2000 to 1.6 million families (or 4.2 million individuals) today.<sup>1</sup> This is about a 30 percent decline, while over the same time period, the percent of families in poverty has grown.<sup>2</sup>

The flexibility given states in setting TANF policy (within federally set boundaries) means the program looks very different across states. Differences include benefit levels, the length of time families can receive benefits, work activities allowed or required, and the caseload relative to the population in poverty all vary considerably from state to state. These differences go beyond differences we would expect from state poverty and other economic indicators. For example, just two states—California and New York—account for roughly half of TANF caseloads today, although only about one-quarter of children in poverty live in those states.<sup>3</sup> Across the country, only about one-quarter of families in poverty receive TANF benefits in the US. In ten states, less than 10 percent of families in poverty receive TANF benefits.<sup>4</sup>

#### **Many families eligible for TANF benefits do not receive them**

Over time, fewer and fewer eligible families are receiving TANF. The “participation rate” (figure 1) shows the number of families receiving TANF assistance relative to the number eligible for benefits. This rate has declined from a high of 86 percent in 1992 to 79 percent in 1996, and to 32 percent in 2012, the most recent year available. This means only about one-third of all families eligible for TANF receive these benefits.<sup>5</sup>

**Figure 1. Participation Rates in the AFDC/TANF, Food Stamps/SNAP and SSI Programs: Selected Years**



Source: "Welfare Indicators and Risk Factors: Thirteenth Report to Congress." 2015. US Department of Health and Human Services, Administration on Children and Families. <http://aspe.hhs.gov/report/welfare-indicators-and-risk-factors-fourteenth-report-congress>

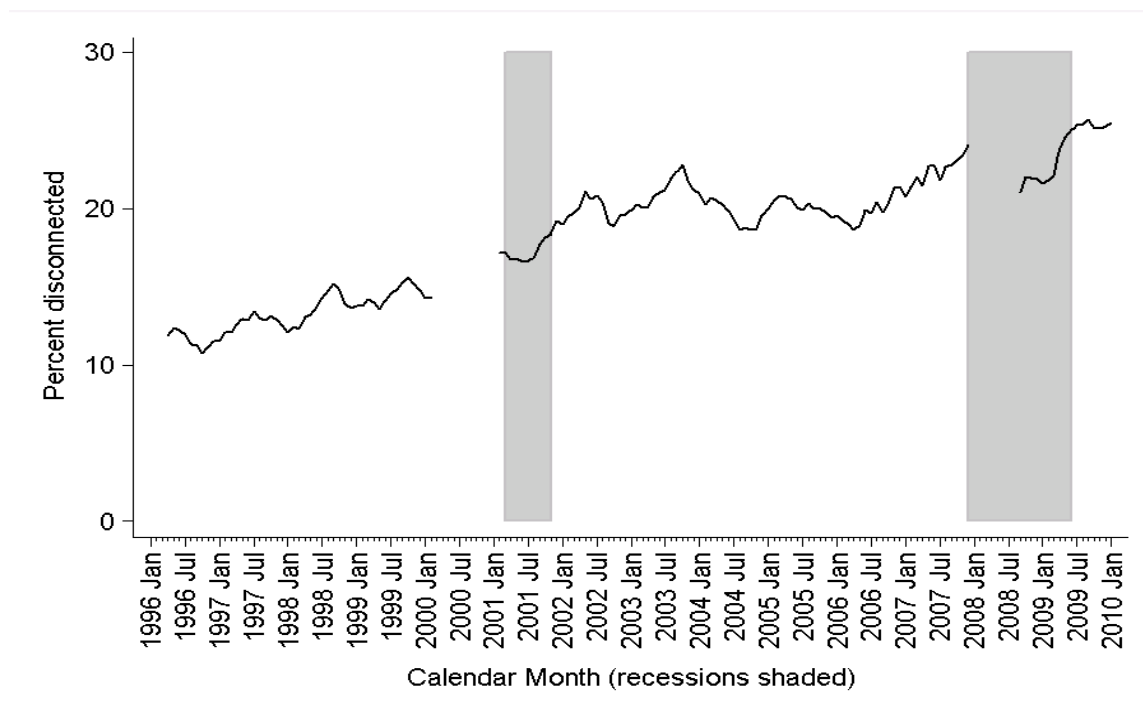
By comparison, USDA's "Reaching Those in Need" publication found the participation rate of Supplemental Nutrition Assistance Program (SNAP) benefits nationally to be 83 percent in 2012.<sup>6</sup> SNAP participation was not always higher than the TANF participation rate. In the years after TANF implementation both programs experienced similar and declining participation rates. Explicit steps to ease access and increase participation among eligible families were taken in the late 1990s early 2000s. To be clear, I am not speaking of expanding program eligibility, but participation among eligible families.

The low participation rate in TANF should be cause for concern. Even as TANF seeks to move families from benefit receipt to self-sufficiency—meaning families no longer need benefits—families in need should be able to access and benefit from this assistance. This is especially true as single mothers who are eligible for TANF, but not receiving it, are generally poor. TANF eligibility rules are such that only very poor families (in most states well below the poverty line) are eligible for these benefits. For example, although the exact calculation of benefits is complicated, in more than half the states a single-mother of two earning as little as \$800 a month would not be eligible for TANF.<sup>7</sup>

### **The share of single mothers not receiving TANF benefits and not working has increased**

The number of single mothers who are neither working nor receiving TANF has increased over time. This increase shows not only that TANF is failing to reach many eligible families, but also that many of these families are not working, the aim of the TANF program and the main avenue out of poverty. Data show that over 20 percent of low-income single mothers (with income less than 200 percent of poverty) in 2010 were disconnected, meaning that they were not working and not receiving TANF or disability benefits.

**Figure 2. Percent Disconnected Among Low-Income Single Mothers, 1996-2010**



Source: Analysis of Survey of Income and Program Participation data. Loprest, Pamela and Austin Nichols. 2011. "Dynamics of Being Disconnected from Work and TANF." Urban Institute. <http://www.urban.org/research/publication/dynamics-being-disconnected-work-and-tanf>

Research dating back to the early years of the TANF program when caseload were declining rapidly focused on this group of so-called "disconnected" families. My own research shows that about one-fifth of families who exit or lose TANF benefits do not find work (or move to disability benefits) in at least the next four months.<sup>8</sup> More recent studies show that many of these mothers and their children have never received TANF.

### **Why are so many poor families not receiving TANF benefits?**

Research shows that many poor families who do not receive TANF lack accurate information or they have difficulty accessing the program and maintaining benefits. To better understand why poor families do not receive TANF requires both large scale national and state level survey data as well as in-depth interviews and ethnographic studies, including the recent book "\$2 a Day" by Luke Schaefer (a co-witness on this panel) and Kathryn Edin. Research by my colleagues interviewing poor single disconnected mothers finds that some mothers lack information about TANF or have misinformation—including rumors among a Latina immigrant community in Los Angeles that benefits would need to be paid back in the future by their children. For the most part, those who had experience with TANF found the program to be difficult to access and benefits difficult to maintain. Programs had long wait times, required multiple office visits and interactions

to provide necessary paperwork, and involved intrusive questions, particularly compared with the SNAP program. Some mothers in this study had received benefits but lost them after hitting time limits, but they were still unable to find work.<sup>9</sup>

### **Why are so many poor single mothers without work?**

If these mothers could find jobs and overcome challenges to keeping those jobs, their circumstances would no doubt be improved. The vast majority of poor disconnected single mothers in the US are without cash income (either earnings or public benefits) because they lost a job. Many of them have worked in the past and work sporadically; however, a central difficulty for these mothers is finding and sustaining work. Reasons for their difficulties include lack of access to affordable child care and to reliable transportation. Disproportionate shares of these mothers suffer from physical and mental illness, sometimes exacerbated by the periods spent struggling without earnings or cash assistance. Almost a third have less than a high school education. Further, there are few jobs available in many of the communities in which these poor mothers and children live.<sup>10</sup>

The struggles of these poor single mothers are in some sense the struggles of all poor families, including low-wage workers and the long-term unemployed. These mothers are simply those who are on the losing end of some of these struggles: Those who couldn't make child care arrangements work, who lost a job due to unreliable transportation or getting sick and having no paid leave, or who were denied or ran out of unemployment benefits.

### **What can we do to help families in poverty who do not have cash assistance or earnings?**

- **Help families access TANF assistance**

As our country's primary means-tested cash assistance program for nondisabled poor families, TANF should be able to encourage work and movement toward self-sufficiency through mandatory work activities *and* be accessible to families. Families eligible for TANF and in need should be receiving this important benefit. Overall TANF is not serving these very poor mothers who are not working—one of the key target groups for the program.

The program should work to correct misinformation and misunderstanding among potentially eligible parents and reduce barriers to access. Just as federal and state policies have worked to make SNAP benefits accessible to eligible families and increase participation, the TANF program should have this as a goal.

State and federal policymakers have made numerous changes to regulations and program practices for SNAP, Medicaid, and child care programs that have reduced the bureaucracy and burden of application and recertification for these programs. One example of this is the Work Supports Strategies initiative.<sup>11</sup> This project has supported the work of six states around the country in improving access to public work supports (SNAP, Medicaid, and child care) for eligible low-income families. Through a combination of changes in state policies and regulation, streamlining the application process, and modernizing technology (in many cases made possible through funds available from the Affordable Care Act) states have been able to make the application process more efficient while improving benefit access for those eligible. While this project did not focus on TANF, similar improvements can be made to TANF. Many poor mothers who are eligible for but not receiving TANF receive SNAP suggesting the possibility of using SNAP application as a point for reaching out to potential TANF recipients—at least for a targeted subgroup of mothers—overcoming misinformation and making initial application and access easier.

However, the low level of TANF benefits in many states and the temporary nature of these benefits suggest that TANF receipt alone, while important, is not the answer to helping families move out of poverty.

- **Invest in skills to increase work**

Work is the path to a better life for the majority of parents and their children, and disconnected poor single mothers are no exception.

Rigorous evidence from studies of a number of different programs shows significant improvements in employment and earnings are possible, even for families with significant work challenges, such as poor health or issues with substance abuse.

Some programs created by states to specifically target families with work challenges have demonstrated success. These programs, dating from the period after TANF was implemented, from the mid-1990s to the present, used a mix of strategies to help recipients prepare for and find work.<sup>12</sup> Some of these programs focus on providing work experiences for families while assessing their needs and providing supports to help them work. Other programs focus on providing treatment (particularly for those with physical or mental health problems) and then moving individuals into work with supports. Some used a mix of the two.

Other programs targeting a broader group of low-skill workers, including TANF recipients, have, through rigorous evaluations, demonstrated positive outcomes. The Sectoral Impact Study used experimental methods to evaluate three industry-specific training programs targeting disadvantaged populations. The study showed significant increases in employment and earnings across a variety of industry sectors.<sup>13</sup> Over a two-year period, program participants worked on average 1.3 months longer than others in a control group and a greater number of hours. The average employment rate for the treatment group was 70 percent, compared to 60 percent for controls. Earnings for participants were about \$4,500 greater than for control group members over this period. One of the programs in the evaluation, JVS-Boston, showed significant earnings gains for participants who had ever received welfare, deriving primarily from increases in employment.

A recent study of the experiences and outcomes of TANF recipients in the Health Profession Opportunity Grant (HPOG) Program (funded by the Department of Health and Human Services) highlights the positive outcomes these recipients can achieve as well as some of the challenges they face.<sup>14</sup> TANF recipients had equally favorable outcomes in terms of completing training and finding employment as non-TANF participants. However, some training providers observed that TANF policies can pose challenges to recipients' participation in education and training programs. Despite this, communication and collaboration between TANF agencies and training programs were able to overcome these obstacles.

The success of these work programs shows that we can increase work through investment in the skills of poor and low-skilled mothers. Unfortunately, these programs require substantial resources, and similar programs are often not available to poor families, through the TANF program or other publicly-funded workforce programs. Helping move more families to work require a greater investment in workforce programs that can improve skills.

- **Improve TANF work programs**

We need to make changes to TANF policies that encourage greater spending by TANF programs on work-related activities. Recent analysis by the Center on Budget and Policy Priorities shows that only about 8 percent of TANF funds are spent on work activities and another 16 percent on child care.<sup>15</sup> The amount of

funds spent per case is far below the cost of programs that have been demonstrated to improve work and earnings for poor low-skill families.

In addition, it makes sense to better integrate TANF work programs with the broader public workforce system to provide the best workforce interventions to those in need. The Workforce Investment and Opportunity Act (WIOA) increased focus on providing services to individuals who have limited skills and face other barriers to work. WIOA also requires unified planning at the state and local level to align and coordinate policies and services and allows that planning to include additional programs such as TANF.<sup>16</sup> These changes signal the value of coordination and collaboration across WIOA and TANF programs. In practice in many states, TANF work programs are not coordinated with the public workforce system. Research has identified some of the biggest obstacles to coordination in the two programs, including differences in the performance measures they use to demonstrate success.<sup>17</sup> Federal policymakers should work to overcome these differences to provide greater and more efficient access to workforce investments for low-skilled mothers.

## Conclusion

One of the important successes of US policy in fighting poverty is the movement to make work pay for low-wage workers. The Earned Income Tax Credit, SNAP and other programs lift millions of people out of poverty. Careful analysis of the impact of these programs on poverty rates (including all government benefits and using the supplemental poverty rate measure that accounts for government benefits and taxes) shows that poverty would be more than twice what it is in 2014 (29.1 percent instead of 13.8 percent) without these public safety net programs.<sup>18</sup>

However, for poor women without work, our work-based safety net is of limited assistance. Investing in ways to improve the work prospects of poor single mothers, through the TANF program and other publicly-funded workforce programs, is an important goal. Improving access to TANF for those poor mothers who are eligible and without work is another important goal.

Of course, it also critical to maintain the existing public work support system for low-income workers, including the EITC, SNAP benefits, subsidized child care, and public or subsidized health insurance. Finally, while our topic today is welfare and poverty, it is important to emphasize that for work to be a road out of poverty, we also need to have a robust economy to create those jobs.

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<sup>1</sup> US Department of Health and Human Services, Office of Family Assistance. TANF Caseload data. <http://www.acf.hhs.gov/programs/ofa/programs/tanf/data-reports>.

<sup>2</sup> The poverty rate in 2000 for all families was 8.7 percent and in 2014 was 11.6 percent. For female headed household (no husband present), the rate over the same period went from 25.4 percent to 30.6 percent. US Census Bureau. Historical Poverty Tables-Families. <https://www.census.gov/hhes/www/poverty/data/historical/families.htm>

<sup>3</sup> US Census Bureau. 2014. State Poverty Report. <https://www.census.gov/content/dam/Census/library/publications/2014/acs/acsbr13-01.pdf>

<sup>4</sup> Center for Budget and Policy Priorities. 2015. "Chartbook: TANF at 19" <http://www.cbpp.org/research/family-income-support/chart-book-tanf-at-19>

<sup>5</sup> Participation rates for TANF do not remove from the eligible pool income eligible families that are not receiving benefits because they are under full family sanction for non-compliance with program rules. My calculations suggest excluding these families could increase these participation rates in 2013/2014 by as much as 5 percentage points. In addition, these results do not include Solely State Funded programs, state programs that generally mimic TANF income eligibility requirements but do not use federal TANF funds and are not subject to TANF program rules. If

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counted as TANF receipt, we estimate these would add at most two to three percentage points to these participation rates. The resulting participation rate in recent years would be approximately 40 percent.

<sup>6</sup> Cunmyham, Karen. 2015. "Reaching those in Need: Estimates of State Supplemental Nutrition Assistance Program Participation in 2012." Prepared by Mathematica Policy Research for the USDA Food and Nutrition Service. <http://www.fns.usda.gov/reaching-those-need-estimates-state-supplemental-nutrition-assistance-program-participation-rates>

<sup>7</sup> Huber, Erika, Elissa Cohen, Amanda Briggs, and David Kassabian. 2015. "Welfare Rules Databook: State TANF Policies as of July 2014." OPRE Report 2015-81. Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

<sup>8</sup> Loprest, Pamela and Austin Nichols. 2011. "Dynamics of Being Disconnected from Work and TANF." Urban Institute. <http://www.urban.org/research/publication/dynamics-being-disconnected-work-and-tanf>

<sup>9</sup> Seefeldt, Kristin and Heather Sandstrom. 2015. "When there is No Welfare: The Income Packaging Strategies of Mothers without Earnings or Cash Assistance Following an Economic Downturn" *The Russell Sage Foundation Journal of the Social Sciences: Severe Deprivation*, vol 1(forthcoming).

<sup>10</sup> Ibid. Seefeldt and Sanstrom (2015); Loprest and Nichols (2011).

<sup>11</sup> For more information go to <http://www.clasp.org/issues/work-support-strategies>.

<sup>12</sup> Bloom, Dan, Pamela Loprest, and Sheila Zedlewski. 2011. "TANF Recipients with Barriers to Employment." produced for the Office of Planning, Research and Evaluation. Washington, DC: The Urban Institute.

<sup>13</sup> Clymer, Carol; Conway, Maureen; Freely, Joshua; Maguire, Sheila; Schwartz, Deena Maguire.2010. "Tuning In to Local Labor Markets: Findings From the Sectoral Employment Impact." Public Private Ventures. <http://www.aspenwsi.org/wordpress/wp-content/uploads/TuningIntoLocalLaborMarkets.pdf>

<sup>14</sup> Rulf Fountain, Alyssa, Alan Werner, Maureen Sarna, Elizabeth Giardino, Gretchen Locke, and Pamela Loprest. 2015. Training TANF Recipients for Careers in Healthcare:The Experience of the Health Profession Opportunity Grants (HPOG) Program, OPRE Report # 2015-89. Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

<sup>15</sup> Schott, Liz, LaDonna Pavetti, and Ife Floyd. 2015. "How States Use Federal and State Funds Under the TANF Block Grant," Center for Budget and Policy Priorities. <http://www.cbpp.org/research/family-income-support/how-states-use-federal-and-state-funds-under-the-tanf-block-grant>

<sup>16</sup> Bird, Kisha, Marcie Foster, and Evelyn Ganzglass. 2014. "New Opportunities to Improve Economic and Career Success for Low-income Adults and Youth: Key Provisions of the Workforce Innovation and Opportunity Act." Center for Law and Social Policy. <http://www.clasp.org/resources-and-publications/publication-1/KeyProvisionsofWIOA-Final.pdf>.

<sup>17</sup> Kirby, Gretchen, Julia Lyskawa, Michelle Derr, Elizabeth Brown. 2015. "Coordinating Employment Services Across the TANF and WIA Programs." Mathematica Policy Research.

<sup>18</sup> Sherman, Arloc, and Danilo Trisi.2015. "Safety Net More Effective Against Poverty than Previously Thought". Center for Budget and Policy Priorities. <http://www.cbpp.org/research/poverty-and-inequality/safety-net-more-effective-against-poverty-than-previously-thought>