

## WELFARE REFORM AT AGE 15: A VANISHING SAFETY NET FOR WOMEN AND CHILDREN

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### **SUMMARY**

2011 will mark the fifteenth anniversary of the enactment of the Temporary Assistance for Needy Families (TANF) program in August 1996 to replace AFDC as the national welfare program for needy families and thereby "reform welfare."

TANF's welfare reforms have shredded the safety net. Program enrollment has declined from four-fifths of eligible families pre-reform to two-fifths of eligible families post-reform. The number of children receiving benefits has fallen from three-fifths of poor children pre-reform to just one-fifth of poor children post-reform. Benefits have plummeted far below the poverty level in every state and to less than five dollars a person a day in most states. "Full family sanctions" are widespread and often imposed erroneously or for trivial reasons. TANF's "work first" emphasis perpetuates women's employment in low wage "women's work." Many needy persons are arbitrarily excluded from aid by welfare reform's time limits, family caps, and five year eligibility bans for legal immigrants.

The shriveled safety net condemns millions of women and children to a poverty so extreme that deprivations such as insufficient food, loss of the home, and loss of utility services are widespread. Inaccessible or inadequate TANF aid sometimes deters domestic violence victims from fleeing their abusers.

The shredding of the safety net has had an especially harsh impact on single mother families, as at any given time between one quarter and one third of single mothers are jobless and potentially in need of assistance.

A vanishing safety net is the predictable consequence of federal TANF policy. TANF rules not only incentivize states to reduce aid to the poor, but also lack the protective provisions found in other safety net programs that might counterbalance this incentive – a statutory right for eligible families to receive aid, authority for the federal oversight agency to enforce this right, and a national minimum benefit floor.

Congress must enact legislation by September 30, 2011 to reauthorize or otherwise extend TANF. Change is essential if TANF is to become an effective safety net. Benefits must be raised. The program's intended beneficiaries need an enforceable right to aid. New access protections are required to ensure that aid is provided promptly and that the program is sensitive

to the needs of domestic violence victims. Education and training for living wage employment should be encouraged, not discouraged. Funding for child care and subsidized employment must be increased. Full family sanctions and eligibility exclusions unrelated to need should be banned.<sup>1</sup>

The Obama Administration has recently said that it is interested in exploring with Congress strategies to strengthen TANF's ability to improve outcomes for families and children. This welcome expression of interest in improving TANF could be a first step toward promising change. However, when Congress takes up TANF's reauthorization or extension, Congress might also consider proposals which would make TANF an even less effective safety net.

### I. TANF HAS SHREDDED THE SAFETY NET

### A. Benefits Have Fallen Far Below The Poverty Level

TANF benefits are far below the official poverty line (now \$1,544 a month for a family of three) in every state, and have fallen sharply since TANF was enacted.<sup>2</sup> In July 2010, the state benefit level for a family of three ranged from \$170 to \$923 a month and was \$432 (28% of poverty) in the state with the median state benefit level.<sup>3</sup> Since TANF's enactment, benefits have declined in real value in all but three states, with a decline of 20% or more in 30 states.<sup>4</sup>

TANF benefits are too meager for families adequately to meet their basic needs. In almost all states, the TANF benefit for a family of three is less than the amount needed just for housing as measured by the U.S. Department of Housing and Urban Development (HUD) Fair Market Rent for a two bedroom apartment in the metropolitan area in the state with the lowest

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<sup>&</sup>lt;sup>1</sup> For a more detailed discussion of needed changes, see Legal Momentum, *Improving The Federal Safety Net For Women And Children: An Agenda For TANF Reform* (2009), available at <a href="http://www.legalmomentum.org/assets/pdfs/lm-tanf-reform-agenda.pdf">http://www.legalmomentum.org/assets/pdfs/lm-tanf-reform-agenda.pdf</a>.

<sup>&</sup>lt;sup>2</sup> See Center on Budget Policy and Priorities, *TANF Benefits Are Low And Have Not Kept Pace With Inflation* (2010) (hereafter "*TANF Benefits are Low*"), available at <a href="http://www.cbpp.org/files/10-14-10tanf.pdf">http://www.cbpp.org/files/10-14-10tanf.pdf</a>; Legal Momentum, *Meager And Diminishing Welfare Benefits Perpetuate Widespread Material Hardship For Poor Women And Children* (2009) (hereafter "*Meager And Diminishing Welfare Benefits*"), available at <a href="http://www.legalmomentum.org/assets/pdfs/tanf-meager-benefits.pdf">http://www.legalmomentum.org/assets/pdfs/tanf-meager-benefits.pdf</a>.

<sup>&</sup>lt;sup>3</sup> TANF Benefits are Low, note 2 supra, at 9-10.

<sup>&</sup>lt;sup>4</sup> *Id*. at 4.

rents.<sup>5</sup> In about half the states, the TANF benefit is less than the amount needed just for food as measured by the cost of the Thrifty Food Plan, the cheapest of the four United States Department of Agriculture (USDA) food budget plans.<sup>6</sup>

Many families who receive TANF benefits also receive Food Stamp benefits. However, 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>7</sup>

## B. Enrollment Of Needy Families Has Drastically Declined

Enrollment has plummeted under TANF as bureaucratic enrollment barriers have multiplied.<sup>8</sup> The U.S. Department of Health and Human Services (HHS), the federal oversight agency for TANF, reports that the enrollment rate for eligible families declined from 84% in AFDC in 1995 to 40% in TANF in 2005, the most recent year for which HHS has reported this data.<sup>9</sup> By contrast, the Food Stamp program now enrolls over 85% of eligible children.<sup>10</sup>

The percentage of poor children receiving assistance has also fallen dramatically both because the enrollment of eligible families has declined and because benefit level cuts have made more poor families financially ineligible. In 1995, AFDC's last full year, the number of children receiving assistance equaled 62% of poor children.<sup>11</sup> In 2009, the number of children receiving TANF (3,294,392<sup>12</sup>) equaled only 21% of poor children (15,451,000<sup>13</sup>).

<sup>&</sup>lt;sup>5</sup> Meager And Diminishing Welfare Benefits, note 2 supra, at 2.

<sup>&</sup>lt;sup>6</sup> *Id*. at 2.

<sup>&</sup>lt;sup>7</sup> TANF Benefits are Low, note 2 supra, at 6.

<sup>&</sup>lt;sup>8</sup> See Legal Momentum, *The Bitter Fruit Of Welfare Reform: A Sharp Drop In The Percentage Of Eligible Women And Children Receiving Welfare* (2009) (hereafter *Bitter Fruit*), available at <a href="http://www.legalmomentum.org/assets/pdfs/lm-tanf-bitter-fruit.pdf">http://www.legalmomentum.org/assets/pdfs/lm-tanf-bitter-fruit.pdf</a>.

<sup>&</sup>lt;sup>9</sup> HHS, *Indicators of Welfare Dependence Annual Report to Congress 2008* at Table IND 4a, available at <a href="http://aspe.hhs.gov/hsp/indicators08/index.shtml">http://aspe.hhs.gov/hsp/indicators08/index.shtml</a>.

<sup>&</sup>lt;sup>10</sup> U.S. Department of Agriculture, *Trends in Supplemental Nutrition Assistance Program Participation Rates: 2001-2008* at 14 (2010), available at <a href="http://www.fns.usda.gov/ora/menu/Published/snap/FILES/Participation/Trends2001-2008.pdf">http://www.fns.usda.gov/ora/menu/Published/snap/FILES/Participation/Trends2001-2008.pdf</a>.

<sup>&</sup>lt;sup>11</sup> Bitter Fruit, note 8 supra, at 1.

<sup>&</sup>lt;sup>12</sup> HHS, TANF Caseload Data, available at <a href="http://www.acf.hhs.gov/programs/ofa/data-reports/index.htm">http://www.acf.hhs.gov/programs/ofa/data-reports/index.htm</a>.

<sup>&</sup>lt;sup>13</sup> U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States:* 2009 at 18 (2010), available at http://www.census.gov/prod/2010pubs/p60-238.pdf.

During the recent "Great Recession" whose poverty-increasing consequences still continue, the increase in the number of families receiving TANF was far less than the increase in poor families. While family poverty increased 800,000 from 5.8 million poor families in 2007 to 6.6 million poor families in 2009, <sup>14</sup> TANF enrollment increased only 110,000 from 1.73 million families in 2007 to 1.84 million families in 2009. <sup>15</sup> Similarly, while Food Stamp enrollment increased 48% between December 2007 and March 2010, TANF enrollment increased only 12%. <sup>16</sup>

## C. "Work First" Perpetuates Employment In Low Wage "Women's Work"

Since TANF's creation federal policy has incorporated a "work first" approach emphasizing immediate employment in any available job, rather than a human capital approach encouraging the education and training that lead to steady employment in living wage jobs. States incur a financial penalty if they do not place a specified minimum percentage of recipients in federally countable activities for a specified minimum number of hours. High school attendance generally counts as full participation only if the parent is under age 20, and college attendance as full participation only if the program of study qualifies as "vocational education" and then only for 12 months. In 2008, fewer than 2% of adult recipients were counted as participating based on high school/GED attendance, and only about 4% were counted as participating based on attendance in vocational education. 18

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<sup>&</sup>lt;sup>14</sup> U.S. Census Bureau, *Table 4. Poverty Status of Families, by Type of Family, Presence of Related Children, Race, and Hispanic Origin: 1959 to 2009*, available at <a href="http://www.census.gov/hhes/www/poverty/data/historical/families.html">http://www.census.gov/hhes/www/poverty/data/historical/families.html</a>.

<sup>&</sup>lt;sup>15</sup> HHS, TANF Caseload Data, available at http://www.acf.hhs.gov/programs/ofa/data-reports/index.htm.

<sup>&</sup>lt;sup>16</sup> Legal Momentum, *Since The Recession Began In December 2007 Caseloads Have Increased 48% In Food Stamps But Just 12% In TANF* (2010), available at <a href="http://www.legalmomentum.org/our-work/women-and-poverty/resources--publications/since-the-recession-began-dec-2007-caseloads-increased-food-stamps-not-tanf.pdf">http://www.legalmomentum.org/our-work/women-and-poverty/resources--publications/since-the-recession-began-dec-2007-caseloads-increased-food-stamps-not-tanf.pdf</a>.

<sup>&</sup>lt;sup>17</sup> The federal TANF work rules are complex in detail. For a more thorough discussion than possible here, see Committee on Ways and Means U.S. House of Representatives, *Background Material and Data on the Programs within the Jurisdiction of the Committee on Ways and Means 2008* (hereafter cited by popular name "*Greenbook*") at 7-59 – 7-80 (2008), available at <a href="http://democrats.waysandmeans.house.gov/media/pdf/110/tanf.pdf">http://democrats.waysandmeans.house.gov/media/pdf/110/tanf.pdf</a>.

<sup>&</sup>lt;sup>18</sup> HHS, *Table 6A*, *Temporary Assistance For Needy Families Average Monthly Number Of Work-Eligible Individuals With Hours Of Participation In Work Activities, Including Waivers*, available at <a href="http://www.acf.hhs.gov/programs/ofa/particip/2008/tab6a.htm">http://www.acf.hhs.gov/programs/ofa/particip/2008/tab6a.htm</a>.

The "work first" policy creates barriers to school attendance. Yet unless they increase their level of educational attainment, many TANF recipients have little hope of finding steady family-supporting employment. Forty percent of adult TANF recipients have not completed high school and less than 5% have any college attendance. When mothers leave TANF, they overwhelmingly enter low wage jobs in low wage industries and occupations dominated by women with typical wages of between \$7 and \$8 an hour. Under the federally funded studies of parents who had left TANF ("TANF leavers") found that average earnings in the quarter after leaving TANF were less than the poverty level for a family of three. Most TANF leaver jobs lack basic benefits such as health coverage, sick leave, pensions, and vacation. Many of these jobs are unstable, with the percentage of TANF leavers employed in each of the four quarters immediately after leaving TANF ranging from a low of 35% to a high of only 58% in five state studies.

# D. Many Needy Persons Are Arbitrarily Excluded From Aid By Time Limits, Family Caps, And Five Year Eligibility Bans For Legal Immigrants

Federal TANF rules set a 60-month lifetime limit on TANF receipt and allow states to set a shorter limit. (About a fourth of the states do set a shorter limit.) While some exceptions are allowed, each year many needy families lose their entire benefit solely because they reach the time limit. Studies have found that families who reach the time limit are more likely to have a disabled family member and a parent who lacks a high school degree.<sup>24</sup> Unsurprisingly, studies

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<sup>&</sup>lt;sup>19</sup> HHS, *Temporary Assistance For Needy Families*, *Eighth Annual Report To Congress* at Table 10-25 (2009), available at <a href="http://www.acf.hhs.gov/programs/ofa/data-reports/annualreport8/ar8index.htm">http://www.acf.hhs.gov/programs/ofa/data-reports/annualreport8/ar8index.htm</a>.

<sup>&</sup>lt;sup>20</sup> See Elizabeth Lower-Basch & Mark Greenberg, *Single Mothers in the Era of Welfare Reform* at 175-6 (2008), available at http://www.clasp.org/admin/site/publications/files/0490.pdf.

<sup>&</sup>lt;sup>21</sup> *Greenbook*, note 17 *supra*, at 7-85 – 7-86.

<sup>&</sup>lt;sup>22</sup> See *Single Mothers in the Era of Welfare Reform*, note 20 *supra*; see also Christine Devere, *Welfare Reform Research: What Do We Know About Those Who Leave Welfare* (2001), a Congressional Research Service report for Congress, available at <a href="http://digital.library.unt.edu/ark:/67531/metacrs2069/m1/1/high\_res\_d/RL30882\_2001Mar13.pdf">http://digital.library.unt.edu/ark:/67531/metacrs2069/m1/1/high\_res\_d/RL30882\_2001Mar13.pdf</a>.
<a href="http://digital.library.unt.edu/ark:/67531/metacrs2069/m1/1/high\_res\_d/RL30882\_2001Mar13.pdf">http://digital.library.unt.edu/ark:/67531/metacrs2069/m1/1/high\_res\_d/RL30882\_2001Mar13.pdf</a>.
<a href="http://digital.library.unt.edu/ark:/67531/metacrs2069/m1/1/high\_res\_d/RL30882\_2001Mar13.pdf">http://digital.library.unt.edu/ark:/67531/metacrs2069/m1/1/high\_res\_d/RL30882\_2001Mar13.pdf</a>.

<sup>&</sup>lt;sup>24</sup> The Lewin Group & MDRC, *Welfare Time Limits* (2008), available at http://www.acf.hhs.gov/programs/opre/welfare employ/sep\_state/reports/time\_limits.pdf.

also find that families who reach the time limit experience increased hardship when their benefits are terminated.<sup>25</sup>

Federal TANF rules permit family cap (also known as child exclusion) policies under which a child's needs are ignored when calculating the family's grant if the child is born into a family that is receiving TANF. About 20 states now have these policies. <sup>26</sup> Family cap policies are premised on the absurd and unfounded belief that women have children in order to get higher TANF grants. The TANF increment for an additional child typically is less than \$100 a month.

Federal legislation enacted in 1996 narrowed legal immigrant eligibility for TANF and other public benefits. With limited exceptions, legally present immigrants who entered the United States after August 22, 1996 cannot receive TANF until they have resided in the U.S. for at least five years. This exclusion causes hardship not only for immigrant parents but also for their children, many of whom are U.S. citizens.

# E. Harsh And Punitive "Fully Family Sanctions" Are Widespread And Are Often Imposed Erroneously Or For Trivial Reasons

TANF permits "full family sanctions," meaning a withholding of all of the aid that a family would otherwise receive as a penalty for a parent's alleged failure to comply with a work or a child support cooperation requirement.<sup>27</sup> Full family sanctions are imposed frequently, over 200,000 times a year even according to official statistics that greatly understate the true figure.<sup>28</sup> Multiple studies have found that many sanctions are erroneous and/or imposed for minor violations and multiple studies have found that sanctions cause grave hardship.<sup>29</sup>

 $<sup>^{25}</sup>Id$ .

<sup>&</sup>lt;sup>26</sup>The Urban Institute, *Welfare Rules Databook: State TANF Policies as of July 2009* at 140-41 (2010), available at <a href="http://www.urban.org/uploadedpdf/412252-Welfare-Rules-Databook.pdf">http://www.urban.org/uploadedpdf/412252-Welfare-Rules-Databook.pdf</a>.

<sup>&</sup>lt;sup>27</sup> See Legal Momentum, *The Sanction Epidemic in the Temporary Assistance for Needy Families Program* (2010), available at <a href="http://www.legalmomentum.org/assets/pdfs/sanction-epidemic-in-tanf.pdf">http://www.legalmomentum.org/assets/pdfs/sanction-epidemic-in-tanf.pdf</a>.

<sup>&</sup>lt;sup>28</sup> *Id*.

<sup>&</sup>lt;sup>29</sup> *Id*.

# II. A SHRUNKEN SAFETY NET CAUSES GRAVE HARDSHP FOR THE MOST VULNERABLE FAMILIES AND MAKES IT MORE DIFFICULT FOR VICTIMS TO FLEE DOMESTIC VIOLENCE

Most of the parents receiving TANF are single mothers, over half with a child below age six and over a quarter with a child below age two.<sup>30</sup> One third of parent recipients have a disability and one quarter of TANF recipient families include a child who has at least one chronic health problem or disability.<sup>31</sup>

Though systematic studies of material hardship are very rare in the United States, the available studies show that material hardship is very common among families receiving TANF.<sup>32</sup> For example, an Urban Institute study based on a 2002 national survey found that 25% of the families receiving TANF lived in crowded housing (more than two people per bedroom), and that in the past year, 37% had moved, 40% had been unable to pay rent and/or utilities, 54% had experienced at least two food insecurities, and 30% had used a food bank.<sup>33</sup> Similarly, a study around 2000 in 15 states of mothers who had received TANF in the prior 12 months found that over 30% reported experiencing one or more of the following four hardships: maternal or child hunger; eviction or homelessness; utility shutoff; inability to receive medical care due to cost.<sup>34</sup> It is noteworthy that at the time of these studies TANF benefits were significantly higher in real value in most states than they are now.

Studies also find high hardship rates among families who have recently left TANF. In state surveys the percentage of recent leavers reporting "moved or evicted" ranged from 5% to 21% (11 states); "needed medical care but couldn't get it" from 13% to 54% (eight states); "had

<sup>&</sup>lt;sup>30</sup> Greenbook, note 17 supra, at 7-32.

<sup>&</sup>lt;sup>31</sup> *Id.* at 7-44.

<sup>&</sup>lt;sup>32</sup> See generally, *Meager And Diminishing Welfare Benefits*, note 2 *supra*, at 3 - 4; *The Sanction Epidemic in the Temporary Assistance for Needy Families Program*, note 27 *supra*, at 12 – 13.

<sup>&</sup>lt;sup>33</sup> Pamela Loprest & Sheila Zedlewski, *The Changing Role of Welfare in the Lives of Low-Income Families with Children,* (Urban Institute Occasional Paper Number 73, August 2006), available at <a href="http://www.urban.org/UploadedPDF/311357\_occa73.pdf">http://www.urban.org/UploadedPDF/311357\_occa73.pdf</a>.

<sup>&</sup>lt;sup>34</sup> Children's Sentinel Nutrition Assessment Program, *The Impact of Welfare Sanctions on the Health of Infants and Toddlers* (2002), available at <a href="http://www.childrenshealthwatch.org/upload/resource/welfare">http://www.childrenshealthwatch.org/upload/resource/welfare</a> 7 02.pdf.

a time when no way to buy food" from 13% to 44% (eight states); "electricity shut-off" from 2% to 36% (six states); and "phone cut-off" from 22% to 48% (six states).<sup>35</sup>

The vanishing safety net also imperils children's futures. A substantial body of research has documented that poverty during childhood can hinder development and have harmful life long consequences.<sup>36</sup>

Multiple studies have found that a substantial share of the mothers who turn to TANF have been domestic violence victims.<sup>37</sup> A 2009 national survey by Legal Momentum and the National Resource Center on Domestic Violence confirms that TANF often does provide a path to safety for domestic violence victims who need financial support for themselves and their children in order to flee an abuser.<sup>38</sup> However, the survey responses also show that TANF with its enrollment barriers and sub-poverty benefits often fails to provide victims a path to safety.

Some 600 staff members from domestic violence programs, legal aid and anti-poverty agencies who work with victims on TANF-related issues completed the survey. Forty-three percent of respondents said that fewer than half of family violence victims who needed TANF as part of their safety plan were actually able to enroll in the program. Many respondents commented on inadequate benefits and the potential harm for victims, and 81% agreed that raising benefit levels is "very important" for victims.

## III. THE SHREDDING OF THE SAFETY NET HAS HAD AN ESPECIALLY HARSH IMPACT ON SINGLE MOTHER FAMILIES

Due to reasons such as lack of child care, lack of jobs, or their own or their child's disability or illness, at any given time between one quarter and one third of single mothers are

<sup>&</sup>lt;sup>35</sup> Welfare Reform Research: What Do We Know About Those Who Leave Welfare, note 22 supra.

<sup>&</sup>lt;sup>36</sup> See, e.g., Harry Holzer et al., *The Economic Costs of Poverty in the United States: Subsequent Effects of Children Growing Up Poor* (2007), available at <a href="http://www.americanprogress.org/issues/2007/01/pdf/poverty\_report.pdf">http://www.americanprogress.org/issues/2007/01/pdf/poverty\_report.pdf</a>; Arloc Sherman, *Poverty Matters: The Cost of Child Poverty in America* (Washington, DC: Children's Defense Fund, 1997).

<sup>&</sup>lt;sup>37</sup> See Legal Momentum, *TANF Reauthorization Round II — An Opportunity to Improve the Safety Net for Women and Children*, 14 Domestic Violence Report 65 (June/July 2009), available at <a href="http://www.legalmomentum.org/assets/pdfs/tanf-dvr-article.pdf">http://www.legalmomentum.org/assets/pdfs/tanf-dvr-article.pdf</a>.

<sup>&</sup>lt;sup>38</sup> Legal Momentum & the National Resource Center on Domestic Violence, *Not Enough: What TANF Offers Family Violence Victims* (2010), available at <a href="http://www.legalmomentum.org/assets/pdfs/notenough-what-tanf-offers.pdf">http://www.legalmomentum.org/assets/pdfs/notenough-what-tanf-offers.pdf</a>.

jobless and potentially in need of assistance.<sup>39</sup> Despite a significant increase in single mother poverty rates and joblessness rates over the past decade, the percentage of single mothers reporting TANF receipt continued to decline, falling from 16% in 2001 to 11% in 2007 and to 10% in 2010. In 2009, almost two-fifths (38.5%) of single mother families had an income less than the poverty level and almost one-fifth (19%) had an income less than half the poverty level, the level commonly deemed the "extreme poverty" level. In the same year, 14% of single mothers reported having to turn to a food pantry to feed their families, and 37% of single mothers were found by USDA to be "food insecure." The vast majority of homeless families are single mother families and one-fifth of single mother families now live doubled up in another person's household.

# IV. A VANISHING SAFETY NET IS THE PREDICTABLE CONSEQUENCE OF FEDERAL TANF POLICY

### A. Federal TANF Policy Incentivizes Caseload and Benefit Reduction

TANF is funded as a "block grant." Each state receives a fixed amount from the basic federal block grant which has been frozen at \$16.5 billion since TANF was created. Each state must also spend a specified minimum amount of state funds on TANF, in the aggregate about \$10.4 billion a year.

Federal policy permits states to use TANF funds for purposes other than direct assistance to the poor for their basic needs. Consequently, by reducing their TANF caseloads and benefit levels, states can increase funding for services that typically have broader political support such as social services, child care, early childhood education, and after school programs. From 1997 to 2006, the percentage of TANF funds used for direct cash assistance fell from 73% to 41%.

The federal "caseload reduction credit" policy provides an additional perverse incentive. To avoid a financial penalty, states must achieve a specified minimum work program

<sup>&</sup>lt;sup>39</sup>For the sources of the statistics cited in this section see Legal Momentum, *Single Mothers Since 2000: Falling Farther Down* (2011), available at <a href="http://www.legalmomentum.org/our-work/women-and-poverty/resources--publications/single-mothers-since-2000.pdf">http://www.legalmomentum.org/our-work/women-and-poverty/resources--publications/single-mothers-since-2000.pdf</a>.

<sup>&</sup>lt;sup>40</sup> HHS, *Temporary Assistance to Needy Families*, 8<sup>th</sup> Annual Report to Congress at chapter II (2009), available at http://www.acf.hhs.gov/programs/ofa/data-reports/annualreport8/chapter02/02figa.htm.

participation rate. The "caseload reduction credit" reduces the participation rate needed to avoid the penalty if a state reduces its caseload below the base year level.

# B. Federal TANF Policy Lacks The Essential Protections For Intended Program Beneficiaries Found In Other Safety Net Programs

The three other most important national means-tested safety net programs – Food Stamps, Medicaid, and Supplemental Security Income (SSI) – give eligible individuals and families a federal statutory right to receive benefits. This right allows intended beneficiaries to challenge restrictive policies or practices in court. While AFDC also gave eligible families this right, TANF does not.

Like TANF, the Food Stamp and Medicaid programs are administered by the states.<sup>41</sup> The federal Food Stamp and Medicaid statutes give the federal oversight agency substantial authority to protect the right of eligible families to receive benefits. While the AFDC statute gave similar authority to the federal oversight agency, the TANF statute does not.

The SSI and Food Stamp statutes each set a national benefit level floor and provide for automatic adjustments when the cost of living increases. The TANF statute does not specify a minimum benefit level nor require states to make cost of living adjustments. The current \$1,011 federal SSI benefit for a couple is larger than the TANF benefit for a family of three in any state, and more than twice the \$432 TANF benefit for a family of three in the state with the median benefit level. Although the Food Stamp benefit is intended to be sufficient only for food needs, while the TANF benefit is supposedly intended to be sufficient for all basic needs except health care, the current Food Stamp benefit of \$526 for a family of three exceeds the TANF benefit for a family of three in a substantial majority of states.

## V. LEGISLATION TO REAUTHORIZE OR OTHERWISE EXTEND TANF MUST BE ENACTED BY SEPTEMBER 30, 2011

The 1996 federal law creating TANF authorized TANF to continue until the end of fiscal year (FY) 2002 (September 30, 2002) with the expectation that by that date Congress would pass

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<sup>&</sup>lt;sup>41</sup> SSI is administered by the federal Social Security Administration.

<sup>&</sup>lt;sup>42</sup> Some states supplement the federal minimum SSI benefit level with state funds.

legislation making any changes deemed necessary and reauthorizing the program for another period of years. Congress spent four years considering TANF's initial reauthorization during which it continued TANF with a series of temporary extensions. Ultimately the Deficit Reduction Act of 2005 reauthorized TANF until the end of FY 2010 (September 30, 2010) with the expectation that by that date Congress would again pass legislation making any changes deemed necessary and reauthorizing the program a second time for another period of years.

The American Recovery and Reinvestment Act (ARRA), enacted in the first months of the Obama Administration during the midst of the economic and financial crisis, included an emergency TANF fund. This fund made available to the states an additional \$5 billion in federal funds over the two years FY 2009 and FY 2010 which states could used for on-going cash assistance, emergency assistance, and subsidized employment. By the time this TANF emergency fund expired on September 30, 2010, states had used about \$3.7 billion for cash or emergency assistance, and about \$1.3 billion for subsidized employment. <sup>43</sup>

The Obama Administration's budget proposal for FY 2011 called for the extension of the TANF emergency fund. However, Republican opposition blocked the extension and the emergency fund expired on September 30, 2010.

The Obama Administration's budget proposal for FY 2011 also called for a one year extension of the basic TANF program until September 30, 2011. Congress enacted legislation providing this extension.

The Obama Administration's budget proposal for FY 2012 calls for full current funding for TANF in FY 2012 and states that "[w]hen TANF reauthorization is considered, the Administration would be interested in exploring with Congress a variety of strategies to strengthen the program's ability to improve outcomes for families and children including helping more parents succeed as workers by building on the recent successes with subsidized

available at <a href="http://www.clasp.org/admin/site/publications/files/Subsidized-Employment-Paper-Final.pdf">http://www.clasp.org/admin/site/publications/files/Subsidized-Employment-Paper-Final.pdf</a>.

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<sup>&</sup>lt;sup>43</sup> See generally LaDonna Pavetti, Liz Schott, and Elizabeth Lower-Basch, *Creating Subsidized Employment Opportunities For Low-Income Parents: The Legacy of the TANF Emergency Fund* (2011) (joint publication of Center on Budget and Policy Priorities & Center on Law and Social Policy),

employment; using performance indicators to drive program improvement; and preparing the program to respond more effectively in the event of a future economic downturn."

It is uncertain whether this year Congress will focus on another temporary extension of TANF or instead consider a reauthorization for a period of years. As stated earlier in this report, major changes are needed to transform TANF into an adequate and effective safety net. While the types of changes suggested by the Administration's recent statement seem promising, Congress could also consider proposals that would make TANF an even less adequate safety net.

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Legal Momentum has established the EndPovertyNow coalition and list serve to identify and promote targeted changes to the TANF program that will make it a meaningful safety net and a true stepping stone to economic security. To sign up for the EndPovertyNow list serve, send an email with "join" in the subject line to <a href="mailto:tcasey@legalmomentum.org">tcasey@legalmomentum.org</a>.

(Contact Timothy Casey, tcasey@legalmomentum.org, for further information)

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<sup>&</sup>lt;sup>44</sup> HHS, *FY 2012 President's Budget for HHS* at 5 (2011), available at http://www.hhs.gov/about/FY2012budget/fy2012bib.pdf.

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