

MEAGER AND DIMINISHING WELFARE BENEFITS PERPETUATE WIDESPREAD MATERIAL HARDSHIP FOR POOR WOMEN AND CHILDREN

Welfare benefits have become even more meager since 1996 federal welfare reform legislation replaced Aid to Families with Dependent Children or “AFDC” with Temporary Assistance to Needy Families or “TANF” as the national welfare program for families with children. In July 2008 for a family of three, the daily benefit per person was less than \$8.00 in all but one state, less than \$5.00 in thirty states, and as low as \$1.86 in one state (Mississippi).¹ Benefits this scant perpetuate widespread material hardship for the women and children who rely on TANF to meet their basic needs, now over four million in number. Indeed, even when benefits were somewhat higher than they are now, substantial shares of recipients were reporting hardships such as being forced to move, overcrowding, utility disconnects, not having enough food to eat, inadequate winter clothing, and inability to pay for needed medical care.

Congress must reauthorize TANF by September 30, 2010. This report on TANF benefit levels is the second Legal Momentum report on key TANF reauthorization issues. Our first report, *The Bitter Fruit Of Welfare Reform: A Sharp Drop In The Percentage Of Eligible Women And Children Receiving Welfare*, described the drop in the percentage of eligible families receiving benefits from 84% in 1995, AFDC’s last full year, to 40% in 2005, the most recent year for which the number of TANF eligible families is available.²

Table One, appended to the end of this report, shows monthly TANF benefit levels in July 2008 for a family of three in the fifty states and the District of Columbia. The monthly benefit was less than \$700 in forty eight states, less than \$600 in forty two states, less than \$500 in thirty six states, less than \$400 in twenty two states, less than \$300 in thirteen states, and less than \$200 in two states. The monthly benefit was \$426 in the state (Iowa) with the median benefit level.

Table One also expresses the July 2008 state TANF benefits as a percentage of: 1) the real value of the state TANF benefit in July 1996; 2) the official poverty guideline; 3) the cost of the USDA Thrifty Food Plan; 4) the HUD Fair Market Rent; and 5) the sum of the cost of the Thrifty Food Plan and the Fair Market Rent.

¹Daily per capita amounts were calculated by dividing the monthly benefit for a family of three first by 3 and then by 30.5.

² This report is available at <http://www.legalmomentum.org/assets/pdfs/lm-tanf-bitter-fruit.pdf>

When TANF was enacted, there was speculation that its strict work requirements and time limits might lead to higher benefits by countering the perception that welfare did not do enough to encourage single mothers to work outside the home. However, since TANF's enactment benefits have declined in real value in all but four states, with a decline of 20% or more in twenty eight states. The median state benefit was about 17% lower in real value in 2008 than in 1996.

In every state the July 2008 TANF benefit was far below the official 2008 poverty guideline of \$17,600 a year/\$1,467 a month for a family of three.³ The TANF benefit ranged from a low of 12% of the poverty line in Mississippi to a high of 50% of the poverty line in Alaska and was 29% of the poverty line in the state (Iowa) with the median benefit level.

While TANF benefits are thus woefully inadequate even when measured by the official poverty line, the poverty line is itself unrealistically low. It has not been adjusted in response to the rise in real income and the changes in general living standards since it was formulated over forty years ago. More than a decade ago the National Academy of Sciences recommended substantially revising the poverty line, but no action was taken by the federal government to do so.⁴ The poverty thresholds for family sizes three and four have declined from 31% (three)/36% (four) of median income for these family sizes in 1968 to 26% (three)/28% (four) of median income in 2007.⁵ The official poverty line is now only about half of the poverty standard of 50% of median income commonly used in comparative analyses of poverty in rich industrialized nations.⁶

In twenty five states the July 2008 TANF benefit was less than the amount needed just for food as measured by the \$426 average monthly cost in July 2008 of the Thrifty Food Plan. The Thrifty Food Plan is the cheapest of the four United States Department of Agriculture (USDA) food budget plans and is used by USDA as the basis for Food Stamp benefits. The Food Research and Action Center reports that USDA research shows that only 12 percent of low

³ The poverty line figures are for the continental United States. The poverty line is higher for Alaska and Hawaii than for the rest of the country, \$22,000 and \$20,240 a year respectively in 2008.

⁴ *Measuring Poverty: A New Approach* (Citro & Michaels eds., National Academy Press, 1995). Legislation was recently introduced in the House of Representatives to revise the poverty line based on the Academy's recommendations, H.R. 2909, The Measuring American Poverty Act of 2009.

⁵ The weighted average poverty thresholds for family sizes three and four were \$2,774 and \$3,553 in 1968 and \$16,530 and \$21,203 in 2007; the median incomes for family sizes three and four were \$8,934 and \$9,843 in 1968 and \$64,403 and \$75,263 in 2007.

⁶ See, e.g., Gornick & Jantti, *Child Poverty in Upper-Income Countries: Lessons from the Luxembourg Income Study*, (revised May 2009), available at <http://www.lisproject.org/publications/liswps/509.pdf>

income households who spend at the Thrifty Food Plan level get their recommended dietary allowances for eleven key nutrients.⁷

In all but five states the July 2008 TANF benefit was 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 rents. HUD establishes Fair Market Rents as a benchmark for use in the administration of the federal low income rental assistance programs, generally setting the levels at the 40th percentile of area rents for “modest (non-luxury)” privately owned housing.

In every state the July 2008 TANF benefit was substantially less than the amount needed just for food and housing as measured by the sum of the Thrifty Food Plan cost and the Fair Market Rent in the state’s lowest rent metropolitan area. The TANF benefit was less than 50% of this sum in thirty nine states.

The federal Food Stamp program provides food benefits to households whose income is less than the poverty level. Most TANF recipients are eligible for Food Stamps. Table Two, appended to the end of this report, shows the combined monthly TANF and adjusted Food Stamp benefit in July 2008 for a family of three. The combined benefit ranged from a low of 44% of the poverty line to a high of 79% of the poverty line and was 56% of the poverty line in the state with the median TANF benefit level. Actual Food Stamp benefits in July 2008 were adjusted to reflect a recently enacted 13.6% increase.

Though systematic studies of material hardship are very rare in the United States, the available studies indicate that material hardship is very common among families receiving TANF or its predecessor AFDC. An Urban Institute Study based on 1997 and 2002 national surveys found that 25%(2002)/20%(1997) of TANF families lived in crowded housing (more than two people per bedroom), 37%(2002)/30%(1997) had moved in the last year, 40%(2002)/34%(1997) had been unable to pay rent and/or utilities in the last year, 54%(2002)/59%(1997) had experienced at least two food insecurities in the past year, and 30%(2002)/(no data 1997) had used a food bank.⁸ State surveys of families who left TANF in the late 1990’s found that while receiving TANF 41%(AZ)/27%(DC)/45%(IL)/25%(SC) had fallen behind on rent/mortgage, 21%(AZ)/8%(DC)/15%(IL)/19%(SC) had been forced to move because of housing costs, 18%(AZ)/27%(IL)/20%(MA) had had utilities turned off, and 26%(IL)/4%(SC) did not get

⁷ Food Research and Action Center, *Food Stamp Program Frequently Asked Questions*, available at http://www.frac.org/html/federal_food_programs/programs/fsp_faq.html

⁸ Loprest & 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 http://www.urban.org/UploadedPDF/311357_occa73.pdf

medical attention when needed.⁹ An Economic Policy Institute study based on national surveys conducted in 1993 and 1997 found that 34% of AFDC/TANF recipients had experienced critical hardship (defined as: being evicted, having utilities disconnected, doubling up in others' housing due to lack of funds; skipping meals or not having enough food to eat; or not getting or postponing necessary medical care) and that 78% had experienced serious hardship related to food, housing, health care, or child care.¹⁰ A longitudinal study of families receiving TANF in Michigan in 1997 found that over the period 1997 to 2004, 50% experienced food insufficiency, 32% a utility disconnect, 54% a telephone disconnect, 56% unmet medical needs, 48% poor housing, and 20% improper winter clothing.¹¹ A non-random sample study of families receiving AFDC in the late 1980s and the early 1990s found that 31% had experienced food hardship, 25% housing problems, 34% a telephone disconnection, 17% a utility disconnection, 12% inadequate winter clothing, and 7% an unmet medical need.¹²

As well as perpetuating widespread hardship while families are receiving benefits, TANF's meager benefits imperil children's future. There is a substantial body of research finding that poverty during childhood hinders development and has deleterious effects continuing into adulthood.¹³ Reauthorization legislation must require that TANF benefits be adequate and at least sufficient to raise family income to the official poverty line.

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. You can sign up for the EndPovertyNow list serve by sending an email with "join" in the subject line to tcasey@legalmomentum.org.

(July 30, 2009. Contact Timothy Casey, tcasey@legalmomentum.org, for further information)

⁹ Acs & Loprest, *Final Synthesis Report of the Findings from ASPE's "Leavers" Grants*, Report to the U.S. Department of Health and Human Services, (Washington, DC: Urban Institute, 2001), available at http://www.urban.org/UploadedPDF/410809_welfare_leavers_synthesis.pdf. The cited report summarizes the findings from fifteen state "welfare leaver" studies. Only some of these studies collected data on hardship while receiving TANF, and these studies did not use a consistent set of hardship questions.

¹⁰ Boushey & Gunderson, *When Work Just Isn't Enough*, (EPI Briefing Paper, June 2001), available at <http://www.epinet.org/briefingpapers/hardshipsbp.pdf>.

¹¹ Heflin, *Dynamics of Material Hardship in the Women's Employment Study*, (Institute for Research on Poverty Discussion Paper No. 1315-06, March 2006), available at <http://www.irp.wisc.edu/publications/dps/pdfs/dp131506.pdf>.

¹² Edin & Lein, *Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work*, (New York: Russell Sage Foundation, 1997).

¹³ See, e.g., Holzer, Schanzenbach, Duncan & Ludwig, *The Economic Costs of Poverty in the United States: Subsequent Effects of Children Growing Up Poor*, (Center for American Progress, January 2007), available at http://www.americanprogress.org/issues/2007/01/pdf/poverty_report.pdf; Sherman, *Poverty Matters: The Cost of Child Poverty in America*, (Washington, DC: Children's Defense Fund, 1997).

Table One: Monthly TANF Benefits for a Family of Three in July 2008 as a Percentage of Selected Measures of Adequacy

	TANF Benefit in July 2008	TANF Benefit in July 2008 as a Percentage of:				
		Poverty Guideline	Thrifty Food Plan (TFP) Cost	Fair Market Rent (FMR)	Sum of TFP & FMR	Real Value TANF Benefit July 1996
Mississippi	\$170	12%	40%	32%	18%	105%
Tennessee	\$185	13%	43%	36%	20%	74%
Arkansas	\$204	14%	48%	40%	22%	73%
Alabama	\$215	15%	50%	45%	24%	92%
Louisiana	\$240	16%	56%	49%	26%	91%
Texas	\$244	17%	57%	44%	25%	98%
Kentucky	\$262	18%	62%	48%	27%	74%
South Carolina	\$263	18%	62%	48%	27%	94%
North Carolina	\$272	19%	64%	49%	28%	74%
Georgia	\$280	19%	66%	54%	30%	73%
Indiana	\$288	20%	68%	52%	29%	73%
Oklahoma	\$292	20%	69%	56%	31%	71%
Missouri	\$292	20%	69%	58%	31%	74%
Florida	\$303	21%	71%	55%	31%	74%
Idaho	\$309	21%	73%	54%	31%	73%
Delaware	\$338	23%	79%	45%	29%	74%
West Virginia	\$340	23%	80%	66%	36%	101%
Arizona	\$347	24%	81%	48%	30%	74%
Colorado	\$356	25%	85%	69%	38%	73%
Nebraska	\$364	26%	90%	47%	31%	82%
Nevada	\$383	26%	90%	47%	31%	82%
Virginia	\$389	27%	91%	73%	40%	80%
Ohio	\$410	28%	96%	74%	42%	87%
Pennsylvania	\$421	29%	99%	77%	43%	74%
New Jersey	\$424	29%	100%	47%	32%	74%
Iowa	\$426	29%	100%	81%	45%	74%
DC	\$428	29%	100%	32%	24%	77%
Kansas	\$429	29%	101%	82%	45%	73%
Illinois	\$434	30%	102%	82%	45%	85%
New Mexico	\$447	30%	105%	85%	47%	85%
Montana	\$472	32%	111%	81%	47%	78%
North Dakota	\$477	33%	112%	90%	50%	81%
Oregon	\$485	33%	114%	76%	46%	77%
Maine	\$485	33%	114%	78%	46%	85%
Michigan	\$489	33%	115%	85%	49%	79%
Utah	\$498	34%	117%	81%	48%	87%
Wyoming	\$506	34%	119%	91%	52%	105%
Minnesota	\$532	36%	125%	93%	53%	74%
South Dakota	\$539	37%	127%	103%	57%	92%
Rhode Island	\$554	38%	130%	57%	40%	74%
Washington	\$562	38%	132%	94%	55%	75%
Maryland	\$565	39%	133%	102%	58%	110%
Massachusetts	\$618	42%	145%	81%	52%	81%
New Hampshire	\$625	43%	147%	64%	44%	84%
Hawaii	\$636	38%	94%	39%	28%	66%
Wisconsin	\$673	46%	158%	121%	69%	96%
Connecticut	\$674	46%	158%	78%	52%	78%
New York	\$691	47%	162%	99%	61%	89%
Vermont	\$709	48%	166%	70%	49%	82%
California	\$723	49%	170%	118%	70%	90%
Alaska	\$923	50%	180%	105%	66%	74%

Table One Source Note

The July 2008 TANF benefit levels are the figures compiled by the Center on Budget and Policy Priorities as reported in Schott & Levinson, *TANF Benefits Are Low And Have Not Kept Pace With Inflation*, (November 24, 2008), available at <http://www.cbpp.org/pdf/11-24-08tanf.pdf>.

TANF benefits in July 2008 as a percentage of the poverty guideline were calculated by dividing the state TANF benefit 1) by \$1,467 for states other than Alaska and Hawaii, 2) by \$1,833 for Alaska and 3) by \$1,687 for Hawaii.

TANF benefits in July 2008 as a percentage of the cost of the Thrifty Food Plan were calculated by dividing the state TANF benefit 1) by \$ 426 for states other than Alaska and Hawaii, 2) by \$514 for Alaska and 3) by \$678 for Hawaii. The \$426/\$514/\$678 Thrifty Food Plan cost figures were derived from the USDA Food Plan tables found at <http://www.cnpp.usda.gov/Publications/FoodPlans/2008/CostofFoodJul08.pdf> and at <http://www.cnpp.usda.gov/Publications/FoodPlans/2008/CostofFoodAKandHI2008secondhalf.pdf>. The Thrifty Food Plan cost varies by the age and gender of the persons in the household. This report's calculations assumed a household consisting of a woman between age 19 and age 50 and two children between age 6 and age 8. Most adult TANF recipients are women between age 19 and age 50; the average age of child TANF recipients is 7.8 years.

TANF benefits in July 2008 as a percentage of the Fair Market Rent in the metropolitan area of the state with the lowest rents were calculated by dividing the state TANF benefit by the applicable Fair Market Rent figure reported in the HUD document titled *SCHEDULE B - FY 2008 FINAL FAIR MARKET RENTS FOR EXISTING HOUSING* available at http://www.huduser.org/datasets/fmr/fmr2008f/FY2008_FMR_SCHEDULEB.pdf.

TANF benefits in July 2008 as a percentage of the real value of TANF benefits in 1996 were calculated by dividing the July 2008 benefit expressed as a percentage of the 2008 poverty guideline by the July 1996 TANF benefit expressed as a percentage of the 1996 poverty guideline. The 1996 figures used in the calculations are those reported in Table 7-22 in the House Committee on Ways and Means document titled *Background Material and Data on the Programs within the Jurisdiction of the Committee on Ways and Means 2008* (popular name "Greenbook 2008"), available at <http://waysandmeans.house.gov/Documents.asp?section=2168>.

Table Two: Monthly TANF and Adjusted Food Stamp Benefits for a Family of 3 in July 2008

	TANF Benefit	Adjusted Food Stamp Benefit	Combined TANF & Food Stamp Benefit	Combined Benefit as % of Poverty Guideline
Alabama	\$215	\$460	\$675	46%
Alaska	\$923	\$532	\$1,455	79%
Arizona	\$347	\$420	\$767	52%
Arkansas	\$204	\$463	\$667	45%
California	\$723	\$307	\$1,030	70%
Colorado	\$356	\$417	\$773	53%
Connecticut	\$674	\$322	\$996	68%
Delaware	\$338	\$423	\$761	52%
DC	\$428	\$396	\$824	56%
Florida	\$303	\$433	\$736	50%
Georgia	\$280	\$440	\$720	49%
Hawaii	\$636	\$636	\$1,272	75%
Idaho	\$309	\$432	\$741	50%
Illinois	\$434	\$394	\$828	56%
Indiana	\$288	\$438	\$726	49%
Iowa	\$426	\$396	\$822	56%
Kansas	\$429	\$396	\$825	56%
Kentucky	\$262	\$446	\$708	48%
Louisiana	\$240	\$452	\$692	47%
Maine	\$485	\$379	\$864	59%
Maryland	\$565	\$355	\$920	63%
Massachusetts	\$618	\$339	\$957	65%
Michigan	\$489	\$378	\$867	59%
Minnesota	\$532	\$365	\$897	61%
Mississippi	\$170	\$473	\$643	44%
Missouri	\$292	\$437	\$729	50%
Montana	\$472	\$383	\$855	58%
Nebraska	\$364	\$415	\$779	54%
Nevada	\$383	\$409	\$792	54%
New Hampshire	\$625	\$337	\$962	66%
New Jersey	\$424	\$397	\$821	56%
New Mexico	\$447	\$390	\$837	57%
New York	\$691	\$317	\$1,008	69%
North Carolina	\$272	\$443	\$715	49%
North Dakota	\$477	\$381	\$858	59%
Ohio	\$410	\$401	\$811	55%
Oklahoma	\$292	\$437	\$729	50%
Oregon	\$485	\$379	\$864	59%
Pennsylvania	\$421	\$398	\$819	56%
Rhode Island	\$554	\$358	\$912	62%
South Carolina	\$263	\$445	\$708	48%
South Dakota	\$539	\$363	\$902	61%
Tennessee	\$185	\$469	\$654	45%
Texas	\$244	\$451	\$695	47%
Utah	\$498	\$375	\$873	60%
Vermont	\$709	\$312	\$1,021	70%
Virginia	\$389	\$408	\$797	54%
Washington	\$562	\$356	\$918	63%
West Virginia	\$340	\$422	\$762	52%
Wisconsin	\$673	\$322	\$995	68%
Wyoming	\$506	\$372	\$878	59%

Table Two Source Note

The July 2008 TANF benefit levels are the figures compiled by the Center on Budget and Policy Priorities as reported in Schott & Levinson, *TANF Benefits Are Low And Have Not Kept Pace With Inflation*, November 24, 2008, available at <http://www.cbpp.org/pdf/11-24-08tanf.pdf>

The July 2008 adjusted Food Stamp benefits were calculated using the formula: Monthly Food Stamp Benefit = adjusted Food Stamp Allotment - .3(TANF Benefit – July 2008 Food Stamp standard deduction). The adjusted Food Stamp Allotment figures used were the actual allotments for a household of three in July 2008 (\$426 in the continental states, \$651 in Alaska [Rural 1], and \$678 in Hawaii), increased by 13.6% (to \$484 in the continental states, \$740 in Alaska [Rural 1], and \$770 in Hawaii) to show the effect that the 13.6% Food Stamp allotment increase enacted by the American Recovery and Reinvestment Act of 2009 (ARRA), Pub. L. 111-5, would have had if the increase had been in effect in 2008.

Combined benefits in July 2008 as a percentage of the poverty guideline were calculated by dividing the combined benefit 1) by \$1,467 for states other than Alaska and Hawaii, 2) by \$1,833 for Alaska and 3) by \$1,687 for Hawaii.