PERSPECTIVES ON LOW-INCOME WORKING FAMILIES

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Next Steps for Temporary Assistance for Needy Families

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This is a critical time to review the core of our nation's safety net for families with children. Congress will have to reauthorize the Temporary Assistance for Needy Families (TANF) program before funding runs out at the end of 2010. Yet, despite intensive research at TANF's inception, we know surprisingly little about its recent evolution. The recession has raised fundamental questions about how to conduct an effective work-focused assistance program and how TANF fits into the broad array of safety net programs. At the same time, there may be lessons in how states have responded to staggeringly high budget deficits as well as to the funding and policy opportunities offered them through the federal stimulus package.

To learn more, the Urban Institute convened a roundtable meeting with experts from the federal and state governments, research institutions, and the advocacy community for a broad-ranging discussion (box 1). We began by establishing a shared understanding of recent trends in the TANF program, including caseloads, state program rules, and the characteristics of families served by the program. The group sought to identify lessons learned from the recession—perhaps the greatest test of the program since it began—and concluded with ideas for the future of TANF, as well as insights and perspectives on the upcoming congressional reauthorization.

Although the participants expressed a wide range of perspectives and opinions, shared themes dominated the conversation. These included a broad discussion of TANF program goals, especially of finding the right balance between TANF's dual roles as a work program and a basic assistance program that provides a safety net for struggling families. Participants also had a lively discussion of the TANF work participation rate requirements, questioning the right way to maintain a focus on work without promoting unproductive responses from states. Program funding was another theme, including whether funding should automatically adjust during periods of high unemployment or inflation and how much flexibility states should be given. Another theme covered TANF's role in the safety net.

State TANF Programs Today

The TANF program looks considerably different now than it did when welfare reform first rolled out in 1997. Far fewer families receive cash assistance, and many households that receive assistance do not include a qualifying adult. State programs differ significantly in the proportion of families served and even in whether caseloads have increased at all during this recession. In total, states use more TANF dollars for nonassistance purposes, such as emergency help and child care subsidies, than for cash assistance.

Caseloads. Caseloads have declined dramatically since TANF replaced Aid to Families with Dependent Children (AFDC) (figure 1),[1] though reductions vary dramatically across states. Some (Alaska, D.C., Idaho, Illinois, Louisiana, Wyoming) experienced more than a 75 percent drop, while others (Arizona, Indiana, Iowa, Massachusetts, Oregon, Tennessee) saw less than a 20 percent decline. Researchers note several reasons for the decline, including more single mothers joining the workforce and fewer eligible families choosing to participate in TANF, given its low benefits and strict rules about entry and work participation (Blank 2002). State participants and national observers at the roundtable echoed many of these findings.

BOX 1. Urban Institute TANF Roundtable Attendees

Participants

Gregory Acs, Senior Fellow, The Urban Institute.
Gordon Berlin, President, MDRC.
Douglas J. Besharov, Professor, Welfare Reform Academy, Maryland School of Public Policy.
Kevin Concannon, Under Secretary for Food, Nutrition and Consumer Services, USDA.
Judy Conti, Federal Advocacy Coordinator, National Employment Law Project.
Michelle Derr, Senior Researcher, Mathematica Policy Research Inc.
Peter Edelman, Professor, Georgetown University Law Center.
Gene Falk, Domestic Social Policy Division, Congressional Research Service.
Olivia Golden, Institute Fellow, The Urban Institute.
Naomi Goldstein, Director, Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.
Larry Goolsby, Director of Legislative Affairs, American Public Human Services Association.
Mark Greenberg, Deputy Assistant Secretary for Policy, U.S. Department of Health and Human Services.
Celia Hagert, Senior Policy Analyst, Center for Public Policy Priorities, Texas.
Heather Hahn, Education, Workforce, and Income Security, U.S. Government Accountability Office.
Ron Haskins, Senior Fellow, Economic Studies; Codirector, Center on Children and Families, The Brookings Institution.
Howard Hendrick, Director, Oklahoma Department of Human Services.
Cliff Johnson, Executive Director, Institute for Youth, Education, and Families, National League of Cities.
Avis Jones-Deweever, Director, Research, Public Policy and Information Center for African American Women, National Council of Negro Women.
Julie Kerksick, Administrator, Division of Family and Economic Security, Wisconsin Department of Children and Families.
Pamela Loprest, Senior Fellow, Income and Benefits Policy Center, The Urban Institute.
Elizabeth Lower-Basch, Senior Policy Analyst, Center for Law and Social Policy.
Karin Martinson, Senior Research Associate, The Urban Institute.
Nicole Mason, Assistant Research Professor, Executive Director, Women of Color Policy Network, Robert F. Wagner Graduate School of Public Service, New York University.
Helen Mitchell, Director of Strategic Planning and Policy Development, Office of Representative Danny K. Davis, U.S. House of Representatives.
Robert Moffitt, Krieger-Eisenhower Professor of Economics, Johns Hopkins University.
Emma Oppenheim, Manager, Workforce Development Initiatives, National Council of La Raza.
Sharon Parrott, Counselor to the Secretary for Human Services Policy, Department of Health and Human Services.
Donna Pavetti, Director, Welfare Reform and Income Support Division, Center on Budget and Policy Priorities.
Howard Rolston, Principal Associate, Abt Associates Inc.
Deborah Schlick, Executive Director, Affirmative Options Coalition, Minnesota.
Margaret Simms, Institute Fellow, The Urban Institute.
Douglas Steiger, Deputy Assistant Secretary for Legislation (Human Services), U.S. Department of Health and Human Services.
Sheri Steisel, Federal Affairs Counsel and Senior Committee Director, National Conference of State Legislatures.
Margery Austin Turner, Vice President for Research, The Urban Institute.
Michael L. Wiseman, Research Professor of Public Policy and Economics, George Washington Institute of Public Policy.
Sheila Zedlewski, Director, Income and Benefits Policy Center, The Urban Institute.

Observers

Douglas Call, Research Associate, Welfare Reform Academy, Maryland School of Public Policy.
Brendan Kelly, Senior Social Science Research Analyst, Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.
Elizabeth Laird, Institute for Policy Studies, Johns Hopkins University.
Michael Laracy, Director, Policy Reform and Advocacy, Annie E Casey Foundation.
Jessica LePak, Legislative Fellow, National Congress of American Indians.
Inessa Lurye, Program Analyst, Health and Human Services, Government of the District of Columbia.

BOX 1. (continued)

Emily Schmitt, Research Fellow, Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.
Shelley Waters Boots, Annie E Casey Foundation.

Urban Institute

Ajay Chaudry, Center Director, Center on Labor, Human Services, and Population.
Karina Fortuny, Research Associate.
Jim Kaminski, Research Assistant.
Serena Lei, Research Writer and Editor.
Sarah Minton, Research Associate.
Mary Murphy, Research Associate.
Caroline Ratcliffe, Senior Research Associate.
Gretchen Rowe, Research Associate.
Alexandra Stanczyk, Research Assistant.

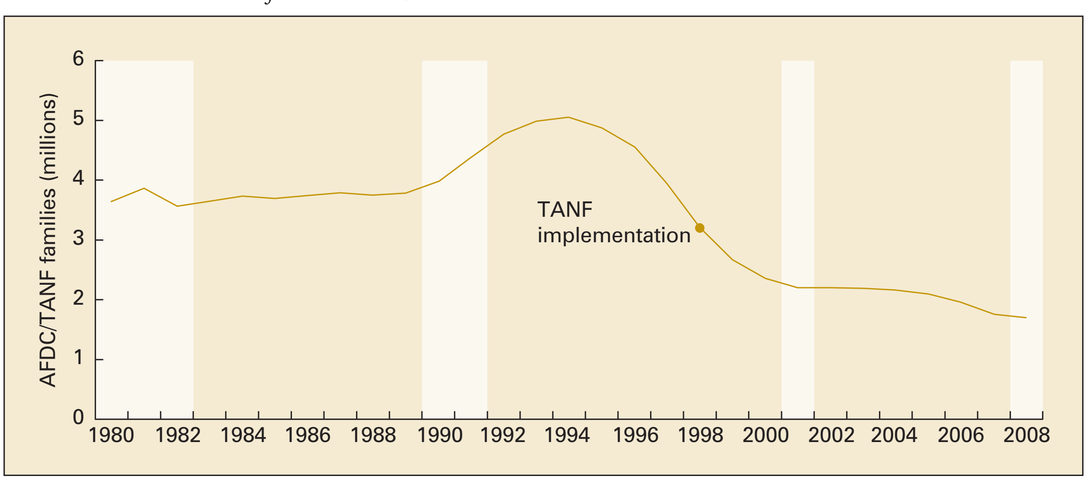
Since the recession began in December 2007, caseloads reversed this trend in 30 states but remained steady or continued to fall in others through 2008 (the latest administrative data available). An Urban Institute web survey of state TANF administrators, conducted in October 2009, found that about two-thirds of responding states (16 out of 24) saw caseloads increase as the recession deepened.

The characteristics of families receiving cash assistance also have changed. Nearly half (46 percent) receive cash assistance only for the children because the parent is absent or ineligible—for example, a noncitizen parent or a parent receiving disability benefits from Supplemental Security Income (SSI)—or has been sanctioned for not complying with some program rule. In some states (Florida, Georgia, Idaho, Illinois, Louisiana), child-only assistance makes up about three-quarters or more of the caseload (table 1).

Fewer poor families receive assistance today than when TANF began. In 1996, an estimated 44 percent of poor families with children received assistance (Zedlewski, Holcomb, and Duke 1998). In 2008, 30 percent of poor families with children received cash benefits. Again, the range varies dramatically across the states from only 4 percent of poor families receiving assistance in Wyoming to more than 73 percent in California.

State programs and policy choices. For TANF, states choose their own benefit levels and entry and work participation requirements. In 30 states, the maximum TANF benefit pays 30 percent or less of the federal poverty level (figure 2). Forty-two states now use formal diversion strategies to direct families away from the welfare rolls (table 2). Those

FIGURE 1. Trends in Welfare Caseloads, 1980–2008



Sources: HHS-TANF (2006); HHS-ACF files at http://www.acf.hhs.gov/programs/ofa/data-reports/caseload/caseload_current.htm.
Notes: Starting from 2000, AFDC/TANF families include families in separate state programs. Shaded areas indicate periods of recession.

TABLE 1. Characteristics of the TANF Caseload

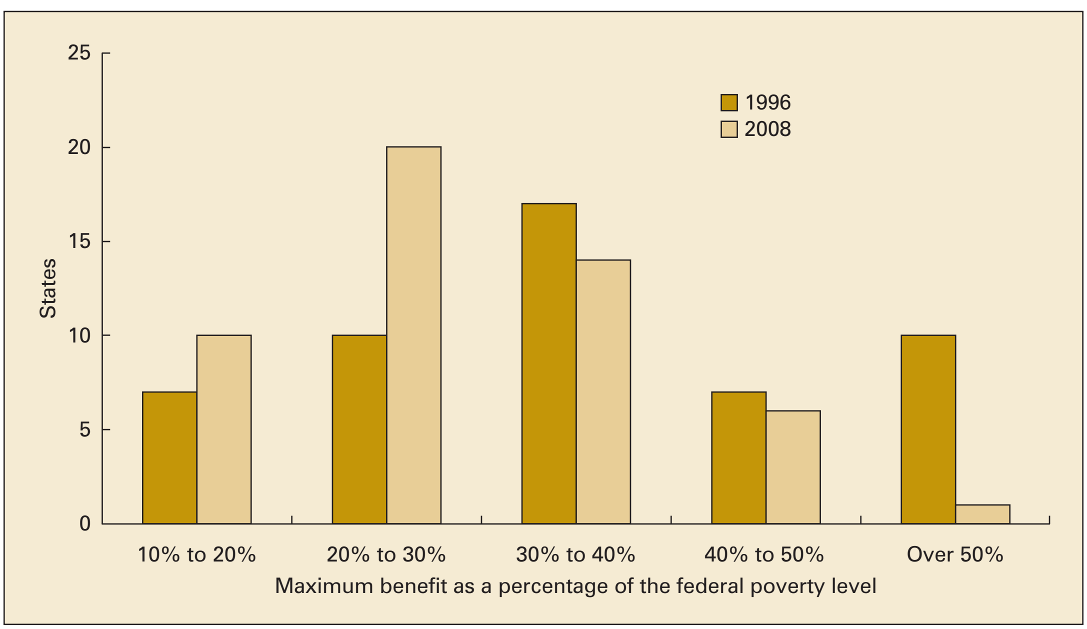
	December 2008 caseload	Change in caseload 1997–2008 (FY average, %)	Change in caseload December 2007–December 2008 (%)	Child-only units (FY 2008, %)	Poor families on TANF (FY 2008, %)
U.S. total[a]	**1,763,397**	**-47**	**3**	**46**	**30**
Alabama	18,476	-36	-1	49	16
Alaska	2,821	-75	-6	33	39
Arizona	38,171	-14	3	51	30
Arkansas	8,664	-59	-1	44	11
California	515,698	-22	8	46	73
Colorado	8,507	-71	-6	50	12
Connecticut	16,570	-45	-15	44	50
Delaware	4,482	-59	12	61	34
Dist. of Columbia	5,726	-78	9	42	47
Florida	54,064	-64	11	78	16
Georgia	21,743	-74	-4	87	11
Hawaii	6,862	-70	4	26	49
Idaho	1,600	-77	5	92	5
Illinois	19,572	-90	-5	81	9
Indiana	40,952	-9	32	28	25
Iowa	18,878	-13	-4	28	41
Kansas	12,193	-21	-5	31	28
Kentucky	29,917	-42	2	60	26
Louisiana	10,502	-76	-5	74	9
Maine	13,042	-13	7	19	54
Maryland	22,606	-56	10	41	35
Massachusetts	63,544	-5	21	30	67
Michigan	64,169	-43	-7	33	32
Minnesota	20,875	-57	-21	44	35
Mississippi	11,501	-63	-1	54	11
Missouri	37,725	-32	-3	25	31
Montana	3,440	-56	8	43	17
Nebraska	8,218	-27	9	44	31
Nevada	7,853	-21	6	45	18
New Hampshire	5,531	-28	23	48	35
New Jersey	33,203	-54	-3	31	31
New Mexico	15,123	-52	24	41	28
New York	150,491	-48	-3	38	42
North Carolina	25,353	-68	3	70	12
North Dakota	2,291	-52	11	28	20
Ohio	86,271	-44	7	54	35
Oklahoma	8,639	-64	-4	65	10

TABLE 1. (continued)

	December 2008 caseload	Change in caseload 1997–2008 (FY average, %)	Change in caseload December 2007–December 2008 (%)	Child-only units (FY 2008, %)	Poor families on TANF (FY 2008, %)
U.S. total[a]	**1,763,397**	**-47**	**3**	**46**	**30**
Oregon	23,353	8	21	40	30
Pennsylvania	46,663	-68	-16	40	25
Rhode Island	8,064	-58	-3	32	54
South Carolina	16,889	-45	17	49	15
South Dakota	2,980	-28	3	70	21
Tennessee	58,329	-3	6	32	38
Texas	50,447	-68	-11	70	9
Utah	5,849	-47	14	53	15
Vermont	3,031	-43	-29	33	45
Virginia	33,276	-32	7	36	27
Washington	58,144	-26	12	39	52
West Virginia	9,301	-70	7	53	19
Wisconsin	17,809	-47	0	69	22
Wyoming	281	-89	6	73	4

Sources: Caseload data were obtained from HHS-ACF files at http://www.acf.hhs.gov/programs/ofa/data-reports/caseload/caseload_current.htm. The number of poor families was obtained from table C17010 of the 2008 American Community Survey 1-Year Estimates at http://factfinder.census.gov/.
Note: Starting from 2000, AFDC/TANF families include families in separate state programs.
a. Data from Guam, Puerto Rico, and the Virgin Islands were included in calculations for the U.S. total, except for the percentage of poor families on TANF.

FIGURE 2. Maximum TANF Benefit for a Family of Three, 1996 versus 2008



Source: The Urban Institute's Welfare Rules Database, funded by DHHS/ACF and DHHS/ASPE, http://anfdata.urban.org/wrd/WDRWelcome.cfm.

TABLE 2. A Snapshot of State TANF Policies, July 2008

State	Diversion program	Job search as a condition of eligibility	Reduction in benefit for initial sanction (%)[a]	Months of assistance before first time limit	Maximum benefit (%)	Maximum income for initial eligibility (%)
Alabama	No	No	50	60	15	18
Alaska	Yes	Yes	40	60	50	80
Arizona	Yes	No	25	60	24	40
Arkansas	Yes	Yes	100	24	14	19
California	Yes[b]	No	19	60	49	80
Colorado	Yes[c]	No	25	60	24	35
Connecticut	Yes	No	25	21	38	59
Delaware	Yes	No	100	36	23	29
D.C.	Yes	Yes	21	—	29	40
Florida	Yes	No	100	48	21	27
Georgia	Yes	Yes	25	48	19	35
Hawaii	Yes	No	100	60	38	107
Idaho	Yes	Yes	100	24	21	44
Illinois	Yes	Yes	50	60	27	33
Indiana	No	No	100	24	20	26
Iowa	Yes	No	100	60	29	72
Kansas	No	No	100	60	29	35
Kentucky	Yes	No	33	60	18	62
Louisiana	No[d]	Yes	100	24	16	25
Maine	Yes	No	46	—	33	70
Maryland	Yes	Yes	100	60	39	48
Massachusetts	No	No	0	24	43	49
Michigan	Yes	No	100	48	33	55
Minnesota	Yes	Yes	17	60	36	76
Mississippi	No	Yes	100	60	12	31
Missouri	No	Yes	25	60	20	38
Montana	No	No	20	60	32	48
Nebraska	No	No	100	60	25	58
Nevada	No	Yes	100	24	26	94
New Hampshire	Yes	No	11	60	43	53
New Jersey	Yes	Yes	33	60	29	43
New Mexico	Yes	No	25	60	30	69
New York	Yes	Yes	33	—	47	53
North Carolina	Yes	Yes	100	24	19	46
North Dakota	Yes	Yes	40	60	33	85
Ohio	No	No	100	36	28	67
Oklahoma	Yes	No	100	60	20	56
Oregon	No	No[e]	28	60	35	42
Pennsylvania	Yes	Yes	22[f]	60	27	34

TABLE 2. (continued)

State	Diversion program	Job search as a condition of eligibility	Reduction in benefit for initial sanction (%)[a]	Months of assistance before first time limit	Maximum benefit (%)	Maximum income for initial eligibility (%)
Rhode Island	Yes	No	19	60	38	87
South Carolina	No	Yes	100	24	18	49
South Dakota	Yes	No	0	60	37	52
Tennessee	Yes	No	100	60	13	90
Texas	Yes	No	100	12, 24, or 36[g]	17	27
Utah	Yes	No	21	36	32	46
Vermont	Yes	Yes	12	—	44	72
Virginia	Yes	No	100	24	22	100
Washington	Yes	No	40	—	38	77
West Virginia	Yes	No	33	60	23	39
Wisconsin	Yes	Yes	Varies[h]	60	43	115
Wyoming	No	No	100	60	23	37

Source: The Urban Institute's Welfare Rules Database, funded by DHHS/ACF and DHHS/ASPE, http://anfdata.urban.org/wrd/WDRWelcome.cfm.
— = data not available

Notes: The policies in this table reflect the rules affecting the majority of the caseload in each state. Where applicable, rules for a family of three are presented. The maximum benefit and eligibility thresholds are shown as a percentage of the federal poverty level.

a. We assume that at the time the sanction is applied, the family is receiving the maximum benefit for a family of three.
b. Counties have the option to vary their diversion programs. These policies refer to Los Angeles County.
c. Counties have the option to vary their diversion programs. These policies refer to Denver County.
d. Although it still exists in the law, Louisiana's diversion program has not received funding since September 2002 and is not included in this table.
e. Job search is not an eligibility requirement but many applicants will be assigned to job search.
f. This sanction applies to noncompliance that occurs during the first 24 months of assistance.
g. The time limit varies depending on a recipient's level of education and previous work experience.
h. The amount of the sanction depends on the number of hours the recipient has not participated. The sanction is equal to the minimum wage times the number of hours of nonparticipation.

strategies can include one-time emergency assistance payments or job search requirements.

Families may also be ineligible due to sanctions and benefit time limits. Nearly half of states (22) now sanction families the first time they fail to meet participation requirements. The processes by which sanctions are applied and benefits are reinstated vary considerably across states and even across local offices within states. Nonetheless, the pervasiveness of strict sanctions indicates states' tough approach to work participation. Some families do not receive benefits because they have reached a time limit or choose to reserve their eligibility time for a period of desperation.[2]

In a sharp contrast to TANF's predecessor, AFDC, the majority (70 percent) of federal and state TANF funds now pay for nonassistance services, such as subsidized child care, child welfare, and nonrecurring emergency assistance. In 1996, AFDC provided $24.6 billion in cash assistance, compared with $8.6 billion in 2008.[3] After adjusting for inflation, the drop represents a 72 percent real decline.

Responses to DRA requirements. The Deficit Reduction Act (DRA) of 2005 reauthorized the original TANF program after several years of debate. DRA implemented much stricter work participation rules. It raised the effective work participation rate, increased the share of participants subject to work requirements, limited the activities that could be counted as work, prescribed hours that could be spent doing certain work activities, and required states to verify work activities for each adult beneficiary.[4]

Roundtable participants working in Minnesota, Texas, and Wisconsin, as well as representatives from national organizations, confirmed that the time they spent verifying work activities detracted from qualifying families for benefits and limited their ability to connect families to needed services. And the strict focus on work verification has distracted states from helping the hard to employ.

Others noted that the DRA rules led some states to shield families from work requirements by funding their benefits through solely state-funded programs. Most commonly, two-parent families have been moved into solely state-funded programs because states have difficulty meeting the separate 90 percent participation rate for these families.

While many participants cited the effects of the DRA, others noted that the policy changes that reduced caseloads were in effect before the DRA. Whatever the reasons, staffing and infrastructure were so sharply reduced that capacity to respond to more applications and work participation requirements was limited. One participant noted that many offices ran on a "skeleton of TANF staff." Several roundtable participants said most states had fewer caseworkers because of budget cuts and because caseworkers were attending to soaring enrollment for other programs such as the Supplemental Nutrition Assistance Program (SNAP) and Medicaid/State Children's Health Insurance Program (SCHIP).

Participants from several states confirmed that TANF applicants could not be enrolled quickly because the eligibility process is so complex and the administrative capacity so limited. In Texas, TANF is administered by two separate agencies—welfare and workforce—and clients have to navigate both agencies. Wisconsin demands clients search for jobs before applying, so eligible clients typically cannot receive a check for six weeks. Some families receive emergency assistance instead, but this usually provides short-term relief (the equivalent of one to three months of benefits) and can only be received once a year.

Funding and federal signals. The nature of federal funding has resulted in a narrow focus on reduced caseloads, changed spending patterns, and policy decisions that have constrained enrollment. One participant argued that states are extremely limited by a block grant that has declined in real value since 1996. Others criticized states for moving money out of welfare to shore up state budgets elsewhere. Still others noted that states may be moving money to make up for a lack of federal funds in other programs that serve vulnerable families, such as the Title XX social services block grant and child welfare programs.

Participants who questioned the large share of TANF funds going for nonassistance purposes worried that TANF has lost sight of its goals. Some participants said that the focus on nonassistance funding, including child welfare, hinders TANF's ability to support families when the economy is weak and demand for services is rising. While welfare has never provided families enough cash to get out of poverty, it does much less so today. Other participants worried that the focus on work and work supports means that families with some earnings receive more total benefits, while those that cannot or do not work receive less. This problem is exacerbated by time limits that disproportionately affect parents with disabilities.

Several observers commented that both federal signals and state politics contribute to reduced welfare caseloads and funding. Caseload reduction has become "a religion," in the words of one participant, even though smaller caseloads do not necessarily mean fewer families living in poverty. Many participants contrasted this federal and state context to other entitlement programs, particularly SNAP and Medicaid. SNAP and Medicaid eligibility and enrollment are far simpler. And with SNAP, states are encouraged to enroll all eligible families. In contrast, TANF focuses on accounting and penalties, and states try to divert eligible families from the rolls. Leaders see political gain in attacking welfare, not in protecting it, according to one participant. Americans expect people to work, and despite TANF's focus on work, the program continues to carry a stigma.

The Recession and the Stimulus Package

This recession has been the most serious test of TANF's role. Can the program successfully help vulnerable families as need grows? Caseloads are skyrocketing for other safety net programs, such as unemployment insurance (UI), SNAP, and Medicaid/SCHIP. As noted earlier, two-thirds of survey respondents (16 out of 24) indicated their TANF caseloads increased by 7 to 50 percent in 2009. Some also reported increasing demands for child care and emergency assistance. One roundtable participant reported that families in some states now go on welfare to get child care—though child care resources were originally intended to help low-income families achieve independence from welfare.

Funding. TANF provided a $2 billion contingency fund states could tap when their unemployment rises. Seven states received contingency funds in fiscal year 2008 and 18 states received funds in fiscal year 2009. As of July 20, 2009, only $228 million remained in the contingency fund (Lower-Basch 2009). It is expected to run out of money in early 2010.

The American Recovery and Reinvestment Act (ARRA) created a new $5 billion TANF emergency contingency fund that allows states to apply for basic assistance, nonrecurrent short-term benefits, and subsidized employment funds. To qualify, states must document increased expenditures for these three purposes. The federal government pays 80 percent of the costs and states must match the remaining 20 percent. By November 25, 2009, 26 states were awarded ARRA funds, accounting for nearly $1 billion of this money.[5] Twenty states received funds to cover basic assistance, 12 paid for nonrecurring short-term assistance, and 12 used the money for subsidized jobs. The ARRA funds are a new federal signal that spending on the TANF safety net for families is important.

Consistent with survey respondents, roundtable participants working closely with states noted the importance of these emergency funds. One participant noted that the funds sent a new message to the welfare agency and its partners: basic assistance to low-income families is important and a new subsidized employment program is potentially valuable. Most states face huge budget gaps and expect 2010 to be worse. The fear is that emergency funds will run out and states will need to choose which programs to continue. The two-year time limit on ARRA emergency funding also limits states' desires to start new subsidized employment programs.

The broader safety net. How does TANF fit into the broader safety net? As other safety net programs have made changes, including in response to the recession, are there lessons that could shape TANF's current or future directions?

UI may have reached more families during the recession, thanks to federal extensions and state program changes that opened up coverage to more jobless workers. By doing so, UI may have helped families that otherwise would have turned to TANF, therefore keeping welfare caseloads low. However, several participants were skeptical that eligibility for UI explains low take-up in the TANF program. Data from Minnesota indicated that 80 percent of parents on cash assistance were working sometime in the two years before applying for assistance and half were working in the same quarter in which they applied for assistance. Despite the widespread recent work connections, many in Minnesota do not qualify for UI during periods of unemployment (Affirmative Options Coalition 2009). Another participant cited a study concluding that UI does not substitute for TANF on a large scale and that nonmonetary reasons for disqualifying low-wage workers continue to exclude far too many from UI benefits (Rangarajan and Razafindrakoto 2004).

Participants also noted the importance of other Department of Labor programs for low-wage adults and TANF recipients. The Workforce Investment Act (WIA) that funds many one-stop job centers across the country does not have sufficient funding for all who need services. Consequently, these offices tend to focus on the most job-ready and therefore most likely to succeed (Zedlewski, Holcomb, and Loprest 2007). Many TANF recipients are hard to employ, but adults with significant barriers to employment typically are not served by the WIA, even if they are seeking work. Participants agreed that the WIA needs restructuring, not merely tinkering.

Lessons for Reauthorization

What should TANF's role be in the future? Most participants agreed that TANF's goals should be made clear and that performance measures should be redesigned to gauge how well we are meeting those goals. Other suggestions for reauthorization related to funding the program and targeting resources.

Program goals. Most agreed that TANF's goals need to be more clearly defined and realistic given its limited resources—it cannot be everything for everybody. TANF is both a work program and a program to help destitute families. The challenge is finding the right balance between those two goals. Many participants argued that federal incentives bend strongly toward the work program side of TANF's dual personality.

Other participants focused on TANF's role in connecting families to work supports. By connecting families to subsidized child care, nutrition assistance, and health insurance, TANF helps stabilize families and support those in low-wage jobs.

TANF also acts as a temporary disability program. Some parents turn to TANF when they cannot work due to health problems. Yet most state TANF programs do not have the infrastructure to provide the right assistance for these families. Some states actively pursue SSI benefits for those with disabilities, but eligibility requires a disability serious enough to prevent work at any job. What about those who cannot qualify for SSI, yet cannot work?

In times of economic distress and high unemployment, TANF should play a countercyclical role, acting as a safety net for vulnerable families with children. TANF can provide cash assistance for families that cannot find work but do not qualify for UI benefits. Even with the recent changes in the UI system, many workers are not eligible for benefits.

Some participants emphasized child development as a goal of TANF, particularly its support for child care. Making child care subsidies—whether funded through TANF or through other federal and state programs—more stable and more supportive of high-quality care would enhance their ability to achieve child development goals. Another participant thought that TANF policies and resources spent encouraging marriage and noncustodial-parent involvement should remain in the mix of strategies.

Participants also talked about state innovation as a goal in itself. Prior to TANF, many states experimented with new programs to encourage work, family formation, and other goals. Wisconsin's W-2, for example, emphasized individualized self-sufficiency plans and ladders out of poverty (Wisconsin 2009) and Minnesota's Family Investment Program provided an integrated, broad set of services to stabilize families (Minnesota 2009). While some program elements continue today, states have lost the incentive to innovate further. Money is tight, funds for rigorous evaluation are not available, and the current federal performance measures are too constraining. If you want states to innovate, one participant noted, you need to give them room to fail.

Learning from other safety net programs, one participant recommended not a set of more specific goals, but a very big goal. She felt that the administration's commitment to ending child hunger had contributed to positive changes in the nutrition programs and thought it worthwhile to consider a similarly ambitious goal for TANF.

Performance measures. TANF performance measures have a hand in shaping state programs. Virtually all participants agreed that TANF's measurement approach is not well linked to the program's goals and may be counterproductive. The DRA's strict work participation measures can lead states to shield families from requirements they cannot meet—and may cause states to lose sight of TANF's true goals. Participants did not reach consensus on solutions but suggested a broad agenda for improving performance measures.

Some participants argued that TANF fails by measuring the process of helping families, not the outcome. Others thought that process measures could work if they were more sophisticated. One participant suggested moving from pass/fail measures to a point system identifying ways a family has stabilized or succeeded. Other participants argued that measuring work is essential for services that encourage work, which eventually helps recipients escape poverty. One participant questioned whether states can measure a broader set of outcomes. Counting work hours, for example, is fairly straightforward compared with measuring whether TANF has made a positive difference in a family's life. The participant suggested backing off accountability might be better to inspire innovation—say, by having states report outcomes without reward or punishment.

Among those participants who thought that outcomes could be measured, many would like to include measures specifically tailored to assess family advancement and stability, rather than limit measurement to caseload reduction and work participation. The number of cases tells us nothing about how well the program is helping families with job quality, job retention, job advancement, and income. It also overlooks success outside of work, such as earning a GED or successfully completing substance abuse treatment. Alternative performance measures could gauge family stability by considering family income, poverty reduction, and improvements in child well-being. Some participants recommend states evaluate caseworkers' efforts to work with clients who are not job-ready.

Others noted that TANF's emergency assistance can help prevent foreclosure and homelessness and thought that this assistance should be included in states' performance assessments. TANF benefits are so low in many states that families only see enrollment as a last resort. Participants expressed frustration over the lack of data on how many families receive emergency assistance and nonassistance benefits. Some asked whether states should be held accountable for all types of TANF spending.

A few participants reflected on ways to design a measurement approach that could thread these needles. For example, a portfolio of measures balanced across key goals might help avoid the limits of a single measure. An emphasis on incentives over penalties might avoid constraining state innovation.

Broader issues. Other issues addressed by the 1996 TANF legislation could become part of the reauthorization discussion. The original legislation restricted children's eligibility for SSI benefits. It expanded child care funding through the Child Care Development Fund and encouraged states to implement marriage education programs. Benefit eligibility for immigrants was a contentious part of the debate. The legislation also substantially changed the child support enforcement system. Policymakers may want to consider how these issues are playing out in today's economic and political climate.

Some participants talked about the political reality of TANF. Even in this recession, Americans still expect people to work. There is no political gain for supporting or funding welfare. Despite TANF's current focus on work, legislators still attack the program.

Participants desiring a tighter-knit safety net talked about establishing minimum TANF standards on the states, possibly accompanied by additional funding. For example, an expansion could follow the ARRA model and limit expenditures to TANF's core purposes and goals. Another participant argued that an inflation adjuster in the TANF block grant was crucial. These points are consistent with comments in the Urban Institute web survey, where 9 out of 24 respondents hoped that Congress would reconsider the fixed block-grant funding formula that restricts states' ability to respond during periods of high unemployment.

In writing the future of TANF, policymakers must consider how it has responded to the test of this recession. Is the program achieving its goals or has it gone off course? Reauthorization must begin by revisiting the goals of this important safety net program and the evidence about the program's evolution, accomplishments, and limitations. As the goals and the evidence are clarified, reauthorization deliberations can focus on ensuring that states are given the tools, funding, and flexibility to succeed.

Notes

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1. The caseloads shown in figure 1 include those receiving TANF cash assistance funded through either federal or state maintenance of effort funds. Individuals in separate state programs funded with TANF monies are included in the total. However, some states now assist selected families in solely state-funded (SSF) programs, financed separately from TANF, that are not counted in states' TANF caseloads. These selected families are often two-parent families that must meet a higher work participation rate (90 percent) that states fear they could not reach. Few families are assisted in SSF programs (Pavetti, Rosenberg, and Derr 2009).
2. One study estimated that 250,000 TANF cases closed due to time limits between January 1997 and September 2005. Some of these cases received post–time limit assistance through state programs (Farrell et al. 2008).
3. Estimate for 1996 from Zedlewski et al. (2002); estimate for 2008 from Administration for Children and Families, Office of Family Assistance, "Approved TANF Emergency Fund Applications by Category," http://www.acf.hhs.gov/programs/ofa/tanf/apprTANFemerfund.html, downloaded November 30, 2009.
4. See Center on Budget and Policy Priorities and Center for Law and Social Policy (2007) for a detailed description of these new requirements.
5. U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, "Approved TANF Emergency Fund Applications by Category," http://www.acf.hhs.gov/programs/ofa/tanf/apprTANFemerfund.html, downloaded November 30, 2009.

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