Impact of PRWORA and TANF on the Wellbeing of Low-Income Americans in the 21st Century

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About Me

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• TANF policy wonk
• Very happy to get to talk about TANF at NAWRS!
Structure of this Presentation

• This presentation will summarize the findings of the literature review section of this paper.
• The purpose of this literature review was to identify recommended TANF policy changes, and existing evidence supporting those recommendations.
Why is this Relevant?

• Long-term authorization for TANF expired in 2010.
• Congress has been authorizing TANF under continuing resolutions since 2010; latest resolution expires September 2014.
• While Congress will likely continue to delay reauthorization for the foreseeable future, I hope this presentation spreads awareness of the policy changes recommended to improve TANF’s effectiveness.
Literature Review: Policy Recommendations

• There has been little change in nominal TANF funding since its inception, and more funding is needed.
• Several components of TANF programs, such as ARRA-funded TANF subsidized employment programs, have shown promise, and should be considered further.
• Work activity definitions and requirements should be expanded and relaxed to include more education programs.
• Studies have come to different conclusions on the effect on TANF receipt on long-term outcomes of participants.
• More rigorous research should be done to identify which parts of TANF are most effective at alleviating poverty.
TANF

• Temporary cash assistance to low-income families with children
• Also funds related work-activity programs
• Participants required to participate in work activities
• Federally funded with $17 billion block grant to states
• States have “Maintenance of Effort” funds, totaling another $15 billion in 2011.
• Awaiting reauthorization since 2010.
What does TANF provide?

• Cash assistance
• Employment services
• Child care subsidies
• Other work-related services, such as reimbursement of:
  – Vehicle repair
  – Transportation-to-work costs
  – Relocation expenses
How are TANF dollars spent?

2011 Expenditures

- Other Services: 38.3%
- Cash Assistance: 28.8%
- Child Care: 16.6%
- Other Work Support & Employment Programs: 9.4%
- Systems Administration: 6.9%

Source: DHHS Financial Reports, Center for Budget and Policy Priorities
What Changes to TANF Policy have Recent Research Recommended?
Overview of Literature

• 1990’s and early 2000’s literature focused on TANF compared to AFDC.
  – Many studies conducted focused on comparing TANF to AFDC

• During and after the Great Recession, literature has more focused on TANF in the context of the economic downturn.
Increasing TANF Funding

• Schott & Finch (2010): Nominal federal funding for TANF has remained almost entirely flat since inception; real value of benefits has fallen by 30% from inception to 2010.

• Trisi & Parvetti (2012): Percent of families in poverty covered by TANF has fallen from 68% in 1996 to 27% in 2010.
Promising TANF Programs: Subsidized Employment

• Subsidized employment programs have been effective at placing TANF recipients into jobs, and warrant further consideration and research.

• Farrell et. al (2011): Many states used ARRA funds to expand these programs, and placed over 280,000 in FY 2009.
Promising TANF Programs: Subsidized Employment

• Pavetti et. al (2011): These programs are flexible and easy to get up and running quickly.

• Bloom (2013): Subsidized employment in the past have had limited impact on long-term employment outcomes. However, new subsidized employment programs targeted at improving long-term employment outcomes are being piloted by DOL and DHHS.
Other Promising TANF Programs

• Hamilton (2012): Other promising TANF components worth further consideration:
  – Sector-focused skills training
  – Education/training financial incentives
  – Programs that mix job search assistance and job skills training.
Relax Work Activity Definition and Requirements

• Schott & Pavetti (2013): Including more educational activities in work activity definition could lead to better long-term employment outcomes.

• Lower-Basch (2013): Flexible work requirements would allow more TANF recipients to get the education they need to secure a long-term income security.
Conduct More Research on TANF Effectiveness

• Studies measuring the outcomes of TANF recipients have come to different conclusions regarding the effect of TANF receipt on employment outcomes.
Conduct More Research on TANF Effectiveness

• Canciana et. al (2014): Using administrative data, this study found TANF leaver disconnection rates in Wisconsin have fallen from 2001 to 2010, but still remain significant. Recommended additional anti-disconnection measures be taken.

• Butler (2013): In a survey of Maine TANF leavers, losing TANF did not result in a significant increase in employment, 39% of leavers reported a significant barrier to work, and median monthly income was only $260/month.
Conduct More Research on TANF Effectiveness

- Wood et. al (2008): In a survey of New Jersey TANF recipients over a five-year period, poverty rates declined from 65% to 46% and employment rates increased from 20% to 60%. Those who remained unemployed often reported significant barriers to work.

- Hamilton (2012): Brief discussing various options for workforce development of TANF recipients. Highlights the wide-ranging conclusions that studies have come to regarding the effectiveness of TANF programs at addressing barriers to work.
Conduct More Research on TANF Effectiveness

• Lots of descriptive information regarding TANF recipients

• Bloom et. al (2011): Common barriers to employment reported by TANF recipients are:
  – Low education level
  – Little recent work experience
  – Child care needs
  – Poor health
  – Other family members need care

• Rosenberg et. al (2008): A descriptive study of state TANF diversion programs. Calls for more research to be done on the effect of these programs on TANF caseloads and participant outcomes.
Literature Review: Policy Recommendations

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References

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• Elizabeth Lower-Basch (2013). *Goals for TANF Reauthorization*. CLASP.
Comments? Questions?

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