

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

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# About Me

- Masters Student in Public Policy at University of Maryland
- Analyst at IMPAQ International, a public policy research firm in Columbia, MD
- 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

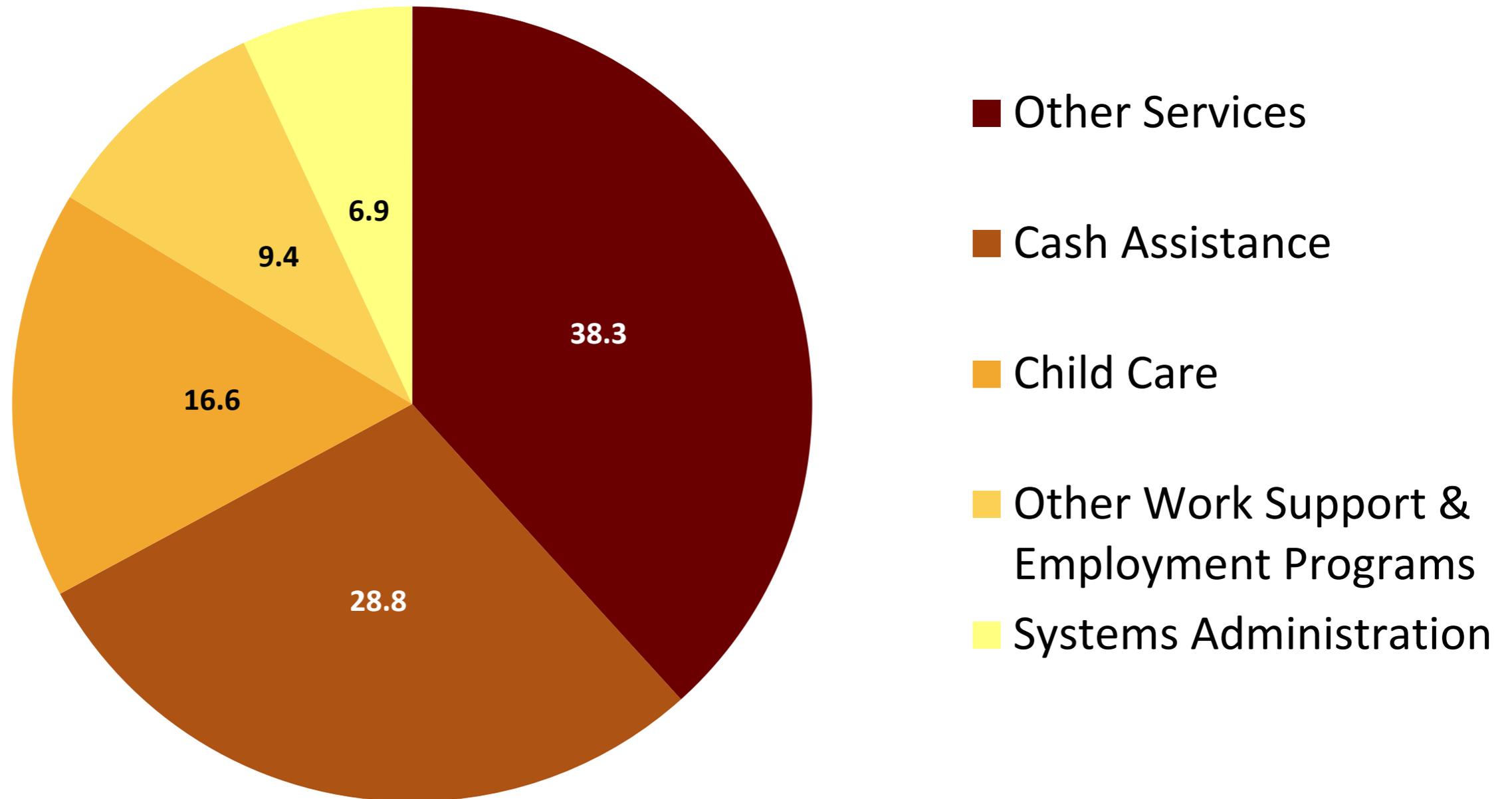
- Temporary cash assistance to low-income families with children
- Also funds related work-activity programs
- Participants required to participate in work activities
- Federally funded with \$17 billion block grant to states
- States have “Maintenance of Effort” funds, totaling another \$15 billion 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



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.

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# Comments? Questions?

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