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TANF turns 20

In 1996, legislation that “ended welfare as we know it” was signed into law. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) ended the cash entitlement of the Aid to Families with Dependent Children (AFDC) program and replaced it with the block grant-funded Temporary Assistance for Needy Families (TANF). The new program made cash assistance contingent on work activity and time limited. In addition, welfare reform sought to reduce nonmarital births and increase the formation and maintenance of two-parent families; restricted Supplemental Security Income (SSI) for children and noncitizens and food stamps for adults without dependents; stepped up child support enforcement; consolidated childcare funding; and permitted government funding of religious organizations to provide social services (“charitable choice”).¹ TANF increased states’ flexibility in operating a program designed to meet any of its four goals: (1) assist needy families to enable children to be cared for in their own home or by relatives; (2) end dependence of parents on government benefits by promoting job preparation, work, and marriage; (3) prevent and reduce nonmarital pregnancies; and (4) encourage formation and maintenance of two-parent families. The flexibility spawned significant state-to-state variation, in a sense creating 50 different state programs from TANF federal law. Many see PRWORA as the outcome of a historical tug-of-war between those concerned about dependency and those concerned about poverty.

The final legislation was a bipartisan compromise between a Democratic president and a Republican-controlled Congress. Twenty years after its passage, a group of experts—researchers who have closely tracked reform’s progress, policymakers who helped enact it, and practitioners who have been implementing it—met to discuss the effects of the landmark legislation, what it sought to do, its effects on target groups, and to draw lessons for current policy debates. The event² sought to produce a bipartisan synthesis on the effects of welfare reform with an eye toward future improvements in the national safety net that still encourage work while also supporting the disadvantaged, especially children.³ This brief summarizes the meeting’s presentations and remarks.⁴

Child well-being

Meeting participants agreed that, overall, the well-being of children, especially African American children, has improved since the early 1990s. Compared to 20 years ago, children are better off on a host of health outcomes: mortality rates for black males ages 5 to 19 have dropped; attainment (education, employment) among 20-somethings in disadvantaged groups has increased; alcohol and tobacco use among eighth-graders is down; teen pregnancies have declined, especially for blacks; and hospitalizations for black children with chronic illnesses born after 1983 have decreased. Even in a time of growing income inequality, the well-being of the young has significantly improved, especially among blacks and the poorest Americans.⁵ This progress is lauded, but researchers to date have not attributed these improvements to TANF per se, and instead lean toward wider changes in the safety net, such as expanded health insurance via Medicaid and State Children’s Health Insurance Program (SCHIP) or expanded incomes from the Earned Income Tax Credit.

Meeting participants also identified challenges for children, especially lack of access to quality, affordable childcare and pre-K programs, and limited school-to-work transition opportunities that boost parents’ earning potential. Unaddressed needs of the working poor identified include expanded child tax credits; legislation for paid family medical leave; and, for those who are unemployed, unable to work, and don’t receive disability benefits, there is an urgent need for basic cash income.⁶ Also left behind are those with criminal records, who face poor employment prospects,⁷ making welfare reform’s work requirements and child support payment challenging without state help finding and maintaining employment. There was agreement that the loss of cash assistance coupled with tying antipoverty programs to work has created a population of nonworking families with significant barriers to employment who are disconnected from the safety net and live in deep poverty (i.e., income under half the poverty threshold). Since passage of reform, there is some evidence of a substantial increase in deep poverty among children,⁸ suggesting that the withdrawal of cash assistance has exacerbated disadvantage among the most vulnerable, although there is not consensus on this point.

Marriage and families

PRWORA’s goals all mention families in some respect, but evaluations show the law had little impact on family formation and stability in terms of increasing two-parent, married households, and especially reducing nonmarital fertility.⁹ Marriage among cohabiting couples has increased, except among the poor, who are less likely than better-off couples to transition from cohabitation to marriage. The majority of first births to women with less than a high school degree and under age 30 are still outside of marriage,¹⁰ and first-marriages among women of reproductive age have actually declined, from 40 percent in 1995 to 36 percent in 2010. The percentage of births that are nonmarital has risen, from 32 percent in 1995 to 41 percent in 2013. Recent estimates for single women under age 30 suggest that about 73 percent of pregnancies and 60 percent of births are either unwanted or unplanned.¹¹ Reducing unplanned pregnancies seems possible and some suggest it should be a priority given likely improvements for children and parents and reductions in government program spending.^{12,13}

Children born to married parents and living in married-parent households have much greater access to resources than poor children. But the share of children growing up in two-parent families has not changed after 20 years of government efforts and expenditure to promote marriage and reduce nonmarital childbearing (perhaps because the decline of marriage reflects a change in social norms, which cannot be legislated). Meeting participants noted that these results make it hard to show a causal effect of TANF on marriage and family structure.¹⁴

Work and poverty

Perhaps the greatest achievement of welfare reform was that it raised work participation levels among less-educated single mothers, by 2 to 4 percentage points. However, meeting participants observed that there were no major positive effects of TANF on average income, and

work rates of never-married mothers have actually fallen since 2000 (though they have fallen for women without children as well so this is unlikely to be related to TANF or welfare reform).¹⁵ TANF policy is complex, which makes it difficult to separate the effects of the reform, given state policy variation, concurrent expansion of the EITC (which prominent economists find increased employment more than TANF), and deficiencies in data, combined with the robust economy following PRWORA's passage. TANF lowered welfare caseloads, lifted incomes among mothers with skills, but resulted in lower incomes among the less skilled, which accounts for the lack of significant positive effects of TANF on average family income.¹⁶ Single-mother family poverty rates have declined under TANF, but there is evidence that deep poverty has increased. As stated above, many researchers find that the EITC has had a greater impact than TANF on increasing labor force participation.¹⁷ In addition, it is widely acknowledged that certain disadvantaged groups were left behind, leading many analysts to note that the personal responsibility emphasis of welfare reform was not balanced by a public responsibility to create jobs. Indeed, a bipartisan working group on poverty recently examined the evidence and concluded that a work support system should include public investment to ensure that jobs are available and, for the hard to employ, should subsidize job creation¹⁸ to ensure people can and do find gainful employment.

Meeting participants noted that many think TANF ties states' hands in terms of requirements of welfare-to-work policy, with restrictions on training and education. TANF mandates that half of each state's recipients work at least 30 hours per week (35 hours for two-parent families), a level some assert is unattainable. To avoid the workload requirement, some states take advantage of caseload reduction credits. It was observed that others have moved the most work-ready off of federal TANF rolls. Child support collection has increased since 1996, but men who didn't pay child support before the reform—low-income minorities with low skills—didn't obtain job skills, find work, or pay support after the reform. Men who do not make payments face growing arrears; 80 percent of men with arrears make \$20,000 or less per year. Meeting participants suggested these work deficiencies could be addressed by creating jobs through criminal justice reform and tax policies that encourage business expansion and hiring of those with criminal records.¹⁹

State policy choices

TANF reauthorization expired in 2010 and has been continued through a series of budgetary extensions, providing an opportunity to consider the evidence and use it to reform the program. What follows is experts' evaluation of the major TANF changes and recommendations for improving the program based on two decades of evidence.²⁰

Meeting participants observed that TANF block grants give states too much flexibility in allocating funds away from core aid (cash, childcare, work supports), making it less efficient in helping those most in need, while the structure of the program, some say, works against the goal of helping the poor.²¹ Experts noted that there exists an ongoing tension between the need for flexibility at the state level and the uses of block grant money in ways that don't directly benefit the poor. In 1997, 70 percent of combined federal and state TANF dollars went for basic assistance; by 2014, that level had fallen to 23

percent.²² The flexibility has resulted in considerable state variation in benefits, and it has also enabled states to avoid requirements devolving the block grant into what some call a form of revenue-sharing for states.²³ At the same time, several experts argued that TANF does not give states enough flexibility in designing programs to foster the transition to stable employment, and provides too few incentives to improve outcomes aimed at self-sufficiency.²⁴ The block grant also lacks effective safeguards in reporting to Congress. The absence of an automatic trigger to increase funding during economic shocks has led to an erosion in benefit levels.²⁵ Over 20 years, the nominal value of the federal block grant funding level has not changed: Its nominal value in 1996 was \$16.5 billion with a real value today of about \$11 billion, or a reduction of over one-third in inflation-adjusted terms.²⁶

Many see the eligibility requirements as unrealistic, too, reducing the caseload among needy families. As a result, it is estimated that take-up rates among eligible families have fallen from about 80 percent under AFDC to about 30 percent under TANF. The number of children living in poor families receiving TANF assistance (from 70/100 families in the mid-1990s to 23/100 in 2016) has dropped precipitously, perhaps resulting in a large number of families with little cash income.²⁷ Despite reform's emphasis on work and self-sufficiency, meeting participants observed that states provide limited help for people to get jobs. Some experts note that this suggests there could be significant risk for children if TANF-style work requirements were implemented across the safety net (e.g., on Supplemental Nutrition Assistance Program or SNAP, Medicaid, or housing vouchers).²⁸

Conclusion

The original goal of TANF was to increase states' flexibility to reduce needy parents' reliance on public benefits, encourage work and marriage, and increase economic self-sufficiency. The good news is 20 years since the passage of welfare reform, the rolls have dwindled, more single mothers are working (but not married), and (disadvantaged) children overall are better off on a host of health outcomes. How much of the improvement can be attributed to TANF per se as opposed to other policy and economic factors is hard to say. A downside, it appears that many of those with the greatest barriers to employment may have been cut off of assistance. Unfortunately, given widespread consensus that child well-being is better on average for children raised in two-parent families, promoting marriage and reducing nonmarital births was welfare reform's least realized goal. The "work-first" approach many states took toward TANF work requirements seems to have polarized outcomes among families. Skilled workers realized higher incomes and those with few skills lost income, potentially leading to a rising pool of deep poor who have little cash income. The nation has been retrenching from education and job training efforts that can lead to stable employment and fulfill TANF's original aim, leading many analysts to recommend reestablishment of welfare-to-work programs,²⁹ with special attention to men coming out of prison, the majority of whom are fathers. The findings summarized during the meeting and presented in this brief result from studies taken from many angles and points of view. The next step is to use what has been learned to address the less successful aspects of reform while retaining those that have worked well as TANF is reauthorized. ■

For a list of the sources used for this brief and further reading, visit www.irp.wisc.edu/publications/fastfocus.htm.

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