

## TANF REAUTHORIZATION: A NEW CONVERSATION ON WOMEN AND POVERTY

October 2010

TANF's pending reauthorization is an opportunity to reconfigure our nation's welfare system as a mechanism for truly reducing poverty and moving low-income women and families toward self-sufficiency. In order to accomplish this, the economic security and well-being of women of color and their families must be a top priority.



## INCLUSION.

### INTRODUCTION

More than a decade ago, Congress reformed the U.S. welfare system with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), replacing the Aid to Families with Dependent Children (AFDC) entitlement program with Temporary Assistance to Needy Families (TANF). Although TANF intended to help families in need transition from poverty to self-sufficiency, the program introduced additional barriers to economic security for many parents receiving assistance, 90 percent of whom are single mothers. The consequences of ineffective TANF policies have been especially devastating for racial and ethnic minority women, a population that is disproportionately poor and vulnerable to changes in the economic landscape. To ensure that TANF is positioned to support all Americans, the needs of women of color must be specifically considered and addressed. As a critical part of the social safety net, TANF must be revised and restructured to become more effective at alleviating poverty.

This brief provided by the Women of Color Policy Network at New York University's Robert F. Wagner Graduate School of Public Service aims to shed light on the barriers to self-sufficiency for low-income racial and ethnic minority women and suggest strategies to enhance TANF's effectiveness. Founded in 2000, the Women of Color Policy Network is the country's only research and policy institute focused on women of color, their families and communities at a nationally ranked top ten public policy school. The Network conducts original research and collects critical data used to inform public policy outcomes at the local, state and national levels.

### POLICY CONTEXT

The enactment of PRWORA and subsequent adoption of TANF in 1996 resulted in several changes that have had reverberating effects on the economic security of low-income women of color. Underscoring the shift from AFDC to TANF was the redefinition of public assistance as a privilege, rather than an entitlement, to be granted on the condition of work and withdrawn after a period of five years. Additionally, federal funds were distributed in the form of block grants, which increased state discretion over TANF implementation and led to considerable variability in program benefits, rules and regulations nationwide. As states began diverting growing numbers of their caseloads into work programs and imposing financial penalties on TANF recipients, the welfare rolls declined even as poverty was on the rise. Rather than providing clear pathways out of poverty, TANF policies have created additional obstacles to self-sufficiency for low-income women of color, their families and communities.

## **TANF'S "WORK FIRST" POLICY**

Since TANF's inception, it has prioritized immediate employment in any available job. As a result, states are mandated to keep a specified proportion of their TANF caseload engaged in federally qualifying employment-related activities or face a penalty. Although education is a key predictor of employment stability and increases access to quality jobs that lead to self-sufficiency, TANF's "work first" approach undervalues its importance. GED programs do not always count as a federally qualifying activity, and recipients hoping to pursue a college education are often deferred to federally qualifying vocational programs.

In practice, TANF's "work first" policy reinforces deleterious trends in the labor force by directing vulnerable populations towards low quality jobs, thereby impeding their likelihood of attaining long-term economic security. Racial and ethnic minorities remain on the margins of the U.S. economy and labor markets, as Black and Latino workers are disproportionately likely to hold jobs that are temporary in nature, offer few benefits, pay low wages and provide minimal opportunities for upward mobility. For women of color, opportunities to succeed economically are also mired by historic patterns of discrimination and labor segmentation that relegate them to low-wage occupations. Black and Latino women are nearly twice as likely as white women to be employed in the service industry. Women of color are also underrepresented in management-level or professional positions and face significant barriers in transitioning from low-wage jobs to professional occupations due to low education levels, lack of training and unclear pathways to career advancement. By promoting low-quality jobs, TANF fails to protect the long-term economic security of women of color.

## **INSUFFICIENT WORK SUPPORT MEASURES**

Although TANF emphasizes employment, the program lacks the work support mechanisms necessary to adequately assist low-income workers in the labor force. Like all working parents in America, TANF recipients – many of whom are single mothers – depend on child care to secure and maintain employment as well as attend education and/or training programs. However, without sufficient child care assistance, the chances of securing and retaining employment opportunities are slim.

In the absence of sufficient and graduated work support measures, TANF fails to help recipients move from poverty to economic security. As benefit recipients work more hours and earn more income, their likelihood of becoming ineligible for public assistance rises, leaving many feeling trapped by the welfare system. Work support measures are particularly important for low-income women of color, single mothers and disconnected women who have historically faced barriers to economic security.

## **TIME LIMITS**

Time limits remove many vulnerable families from the safety net before they are equipped to achieve long-term economic security, placing them at risk of extended periods of poverty. Federal guidelines impose a 60 month ceiling on TANF benefits, with few exceptions, and some states have established even shorter time limits. Connecticut, for instance, allows TANF benefits to expire after only 21 months, well before the 5 year mark. There is currently no comprehensive accountability structure in place to ensure that states are implementing TANF in an equitable manner. Lifetime limits arbitrarily bar access to TANF assistance without regard for explicit need. Only a small percentage of families qualify for extensions that allow them to continue receiving benefits after reaching the federal or state limit.

## **ENROLLMENT AND ELIGIBILITY**

Due to federal incentives for states to reduce their TANF caseloads, many states use eligibility rules and regulations to keep TANF enrollment levels artificially low. While TANF caseloads have been steadily declining over the last few years, poverty and expressed need are on the rise. Nonetheless, the majority of families eligible for TANF are not receiving assistance. In 2005, the Department of Health and Human Services reported that only 40 percent of TANF-eligible families were receiving cash benefits. Over the last five years, poverty and unemployment rates have increased considerably but the number of families receiving TANF has continued to drop, suggesting that the percentage of eligible families receiving benefits today is even smaller. TANF caseloads are not indicative of the number of families in need, but of changing enrollment and eligibility criteria. The clear disconnect between the need to lift families out of poverty and the growing number of eligible families who are not receiving critical assistance must be addressed in the reauthorization of TANF.

## DISCONNECTED MOTHERS

One of the most devastating results of TANF has been the emergence of a new vulnerable population: disconnected mothers. This group is largely comprised of former TANF recipients who were not successfully transitioned out of the welfare system and are now “disconnected” from both the labor and education systems. These low-income single mothers live below the poverty line and face multiple, substantive barriers to employment, including lower education levels, young children requiring costly child care services, ill health and a history of domestic violence. Some of these mothers were disqualified for assistance by their meager earnings or work hours as they re-entered the labor force. Others were obligated by TANF work requirements and time limits to take unstable, low-quality jobs that quickly fell through, resulting in subsequent economic disruptions for their families. No longer eligible for TANF assistance, all disconnected mothers are forced to operate without a safety net and lack the necessary resources to move out of poverty and towards economic security.

## RECOMMENDATIONS:

TANF must adequately address the needs of women and families who qualify for the program. Federal minimum requirements should strive to provide adequate and sufficient safety nets for women and children. Programs implemented at the state level should share these goals and work toward achieving them. Reauthorization legislation should include the following:

1. **Make Poverty Reduction a Central Goal of TANF:** A reduction in the number of TANF recipients within a state’s caseload is currently not a measure of TANF’s ability to reduce poverty and increase economic security. A reauthorization of TANF should include a clear commitment and strategy for alleviating poverty, with special attention paid to vulnerable populations such as disconnected mothers.
2. **Expand TANF Eligibility:** All families with demonstrated need should receive TANF assistance regardless of marital status, citizenship status, family composition or family size. Aid should be awarded to promote and ensure economic stability.
3. **Eliminate TANF Time Limits:** To ensure that recipients are responsibly transitioned off TANF, particularly during an economic climate in which jobs are scarce, it is crucial that the current time limits be lifted. This would protect against the disconnected mother phenomena, where individuals are phased out of the system and deemed ineligible for further assistance before stable jobs or educational opportunities are established.
4. **Provide Comprehensive, Graduated Work Supports:** Increased funding for child care and related work support programs will help TANF beneficiaries meet TANF work requirements. In the absence of child care, single mothers encounter notable difficulties re-entering the workforce. Graduated work supports will help recipients successfully transition off TANF and ensure that they are not penalized for re-entering the labor force.
5. **Offer Meaningful Workforce Development and Education Opportunities:** TANF’s “work first” policy generated structural barriers to educational opportunities for many beneficiaries. Education is inextricably linked to attaining quality jobs that provide critical benefits and livable wages. Work provisions should embrace educational and training opportunities that maximize participants’ employment potential and contribute to their long-term self-sufficiency and economic security.
6. **Offer Aid Amounts That Reflect the Cost of Living:** TANF support should take into account the true cost of living for families, factoring in case-specific variables that shape household expenses: geographic location, number and age of children, transportation requirements and health care needs.
7. **Provide Comprehensive Oversight and Data Collection:** In order to fully evaluate TANF’s effectiveness, it is important that comprehensive data on low-income families and communities be collected. To evaluate the long-term impact of the program and understand what happens to TANF recipients after benefits cease, mechanisms must be put in place to track recipients beyond the 5 year window of the program.

8. **Eliminate Sanctions:** Financial penalties have become a mechanism for tapering state caseloads and preventing individuals from accessing TANF benefits. Many sanctions are applied erroneously and/or disproportionately to the offense and reduce the assistance families ultimately receive. Reducing or withdrawing cash assistance to low-income families only serves to push them deeper into poverty and away from TANF's mission of self-sufficiency.

TANF's pending reauthorization is an opportunity to reconfigure our nation's welfare system as a mechanism for truly reducing poverty and moving low-income women and families toward self-sufficiency. In order to accomplish this, the economic security and well-being of women of color and their families must be a top priority. Women of color face unique challenges in the process of securing quality jobs and accruing personal wealth to help them weather economic storms, which increase their likelihood of enrolling in TANF and impede their economic stability after TANF. In order to address the particular needs of this population, TANF must implement changes that create accountability structures and provide adequate and sufficient safety nets for all women and children.