ANOTHER MISLEADING PROPOSAL:

BY FRED KAMMER, S.J.

On July 24, 2014, U.S. House Budget Committee Chairman Paul Ryan released a discussion draft entitled *Expanding Opportunity in America.* That report observed, "Poverty is too high, unemployment is too high, labor-force participation is too low, and wage growth is too slow."[1] The report's proposals for expansion of the Earned Income Tax Credit, education reform, and criminal justice reform merit careful consideration. However, the draft's first chapter—"reforming the safety net"—re-hashes ideas that will worsen poverty and erode what remains of the safety net.

At the heart of this "reform" is a pilot program in certain states called the *Opportunity Grant* (OG) "to coordinate aid for families in need" by allowing states and community groups "to test different ways of fighting poverty that will "help people not just avoid hardship—but build a successful career."[2] Supporting arguments say that the safety net discourages work and federal programs need better coordination. The answer proposed is a block grant for states and local communities to build a more accountable, individualized, and effective safety net.

In these pilots the federal government would "consolidate a number of means-tested programs into the OG program" to which the largest contributions would come from SNAP (the Supplemental Nutrition Assistance Program, successor to the Food Stamp Program), TANF (the Temporary Assistance to Needy Families Program, successor to AFDC—Aid to Families with Dependent Children Program), child-care, housing assistance programs, and others.[3] The funding would be "deficit-neutral" (costing no more or less than the total of the specific programs it replaces) and remain fixed over an unspecified number of years.

The model for OG is the 1996 welfare reform law, which the proposal calls "a remarkable success"[4] in reducing poverty among children of single mothers between 1992, when it was 55 percent, to 39 percent just before the recession of 2000. This precedent purportedly justifies turning more safety net programs over to states because "the recipe for success is more flexibility in exchange for more accountability."[5] Sadly, the report ignores the record since 2000.

OG contains multiple problems, including its flat funding which guarantees that more and concentrated services provided to some people mean fewer dollars for a safety net for others. Moreover, we should look carefully at the entire history of 1996's "welfare reform"—the rationale for OG. Proponents proudly cite outcomes attributed to the law during its first years: more low-income mothers at work, fewer children in poverty, and a reduction in the number and percentage of poor families receiving TANF benefits. But that picture fades upon a longer and closer look.

In August 2014, The Center for Budget and Policy Priorities (CBPP) summarized the impacts of the 1996 law:

- Over time, TANF has provided basic cash assistance to fewer and fewer needy families, even when need has increased.
- During the recession and slow recovery, TANF served few families in need.
- The amount of cash assistance provided to families has eroded in almost every state, leaving families without sufficient funds to meet their most basic needs.
- TANF plays much less of a role in reducing poverty than AFDC did—and the provision of less cash assistance has contributed to an increase in deep or extreme poverty.
- Although a key focus of welfare reform was on increasing employment among cash assistance recipients, states spend little (only 8 percent) of their TANF funds to help improve recipients' employability.
- Employment among single mothers increased in the 1990s, but welfare reform was only one of several contributing factors—and most of the early gains have been lost.[6]

Several explanations for this negative assessment go to the heart of the problems of block-granting safety net programs.

First, unlike SNAP, block grants do not provide benefits to each person who is qualified. States determine who will be eligible and how much assistance they will receive, often shifting funding between programs and recipients. Thus, the percentage of families with children in poverty receiving AFDC/TANF benefits has declined from 82 percent in 1979 to 68 percent in 1996 (when the TANF block grant began) to 25 percent in 2012 (see chart on page 5).

Block grant funding also does not increase in hard times with high unemployment or increased poverty. Moreover, with block grant funding, states often use

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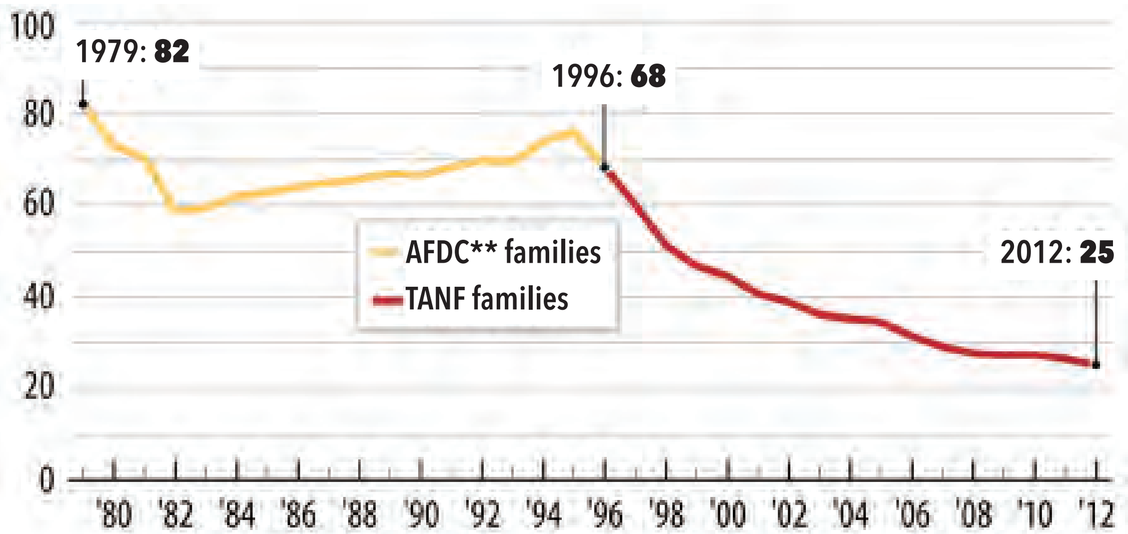
TANF's* Role as a Safety Net Has Declined Sharply Over Time

Number of families receiving ADFC/TANF benefits for every 100 families with children in poverty



* Temporary Assistance for Needy Families

**Aid to Families with Dependent Children

Source: CBPP analysis of poverty data from the Current Population Survey and AFCD/TANF caseload data from Health and Human Services and (since 2006) caseload data collected by CBPP from State agencies.

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federal dollars to replace state funding of anti-poverty programs, despite Congressional efforts to require state "maintenance of effort." *Ultimately, the poor lose.* For example, the child poverty rate in 1996 was 20.5 percent. It declined until 2000, falling to 16.2 percent. But then, as the economy tanked and jobs vanished, the child poverty rate increased to 21.8 percent in 2012 (the last year of available data). Yet, while poverty increased, the percentage of families receiving TANF decreased. As CBPP reported:

> *Over the last 18 years, the national TANF average monthly caseload has fallen by almost two-thirds—from 4.7 million families in 1996 to 1.7 million families in 2013—even as poverty and deep poverty have worsened. The number of families with children in poverty hit a low of 5.2 million in 2000, but has since increased to more than 7 million.*[7]

Families with children in "deep poverty" (with incomes below half of the poverty line) dropped to a low of about 2 million in 2000. Now it is above 3 million, although TANF caseloads continued to drop.

With states shifting funding, individual TANF family benefits also declined. CBPP continues, "In the median state in 2013, a family of three received $428 per month; in 14 states, such a family received less than $300. TANF benefits are below 50 percent of the federal poverty line in all 50 states and below 20 percent of the poverty line in 16 states."[8] AFDC average grants were notoriously low for decades; but, after the 1996 block grant, benefits in 48 states eroded further, so that TANF cash benefits today are worth at least 20 percent less than in 1996.

Chairman Ryan's proposal would continue serious block grant flaws—devastating poor families—and expand them to the SNAP program, which currently is the one almost-universal safety net program that meets the changing needs of the eligible poor in a timely fashion and has significantly improved child and family nutrition in this country.

ENDNOTES

1 Chairman Paul Ryan/House Budget Committee Majority Staff, *Expanding Opportunity in America*, July 24, 2014, p. 5.

2 *Ibid.*, p. 7.

3 *Ibid.*, p. 14.

4 *Ibid.*, p. 12.

5 *Ibid.*

6 Center on Budget and Policy Priorities, *Chartbook: TANF at 18*, at www.cbpp.org/cms/?fa=view&id=3566 (Revised August 22, 2014).

7 *Ibid.*

8 *Ibid.*