Shredded Safety Net

Twenty Years of Failed "Welfare Reform"

BY FRED KAMMER, S.J.

In 1996 the Newt Gingrich-led Congress adopted the Temporary Assistance to Needy Families (TANF) "welfare reform" plan, signed into law by President Clinton. It ended the Aid to Families with Dependent Children (AFDC) program first adopted during the Depression to provide a safety net for families with children living in poverty and initially without the support of one or both parents. TANF's first two purposes were to: "(1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; (2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage…"[1] This article examines the record on those two goals in light of Catholic social thought.

TANF shifted from a "categorical assistance" approach (if you fall within the eligibility guidelines, you are legally entitled to assistance at the level set by the state) to a block grant approach (the federal government sets a fixed amount of funding for the states to use for a variety of services and supports). Under TANF, states determine, within federal parameters, the scope of benefits and the allocation of spending to various services including the levels of financial assistance to families, work requirements, and new federal time limits (e.g. five-year lifetime limit). Under both TANF and AFDC, states were required to match the federal funding at various levels depending on state levels of poverty and wealth. States might use the TANF block grant for income assistance, child care, education and job training, transportation, aid to children at risk, and other services. Ideally, states would use this flexibility to move more people from welfare to work as a result of individualized planning and supervision.

The total federal block grant has been set at $16.5 billion for every year since 1996. As a result, "its real value has fallen by one-third due to inflation."[2] The state share of funding, on the other hand, was fixed at 80 percent of their 1994 contribution to the AFDC program. "The amount states are required to spend (at the 80 percent level) in 2013 is about half of the amount they spent on AFDC-related programs in 1994, after adjusting for inflation."[3] The combination of "flat" federal grants and reduced state contributions, together with adjustments for inflation, reveals the first major weakness of the 1996 "reform"—significantly less money for poor families regardless of the state of the economy or, more importantly, the breadth and depth of poverty in this country. As a result, the percentage of low-income families receiving cash assistance under TANF has declined from 68 of every 100 families with children in poverty in 1996 to just 23 in 2014.

An equally or more disturbing trend is the growing number of states with TANF-to-Poverty Rates (TPR) of 10 or less, meaning that fewer than 10 percent of families with children in poverty are receiving cash assistance. Included in the Gulf South are Louisiana (4.2), Mississippi (9.7), and Texas (4.9).[4]

Children in Deep Poverty

"Deep poverty" is defined as those with incomes below half of the poverty line; in 2013 the deep poverty line was $11,917 for a family of four.[5] AFDC, the predecessor to TANF, was instrumental in reaching families, particularly those with children and those in deep poverty; TANF has failed dramatically to do so. "While AFDC lifted more than 2 million children out of deep poverty in 1995, TANF lifted only 629,000 children out of deep poverty in 2010."[6] If the number of such children had declined in this period, this might be defensible; but the number of U.S. households living in "extreme poverty" (a U.N. measure of households living on $2 or less per person per day, even lower than "deep poverty") in any given month "more than doubled between 1996 and 2011, from 636,000 to 1.46 million; the number of children living in such households also doubled from 1.4 million to 2.8 million."[7]

Work Requirements

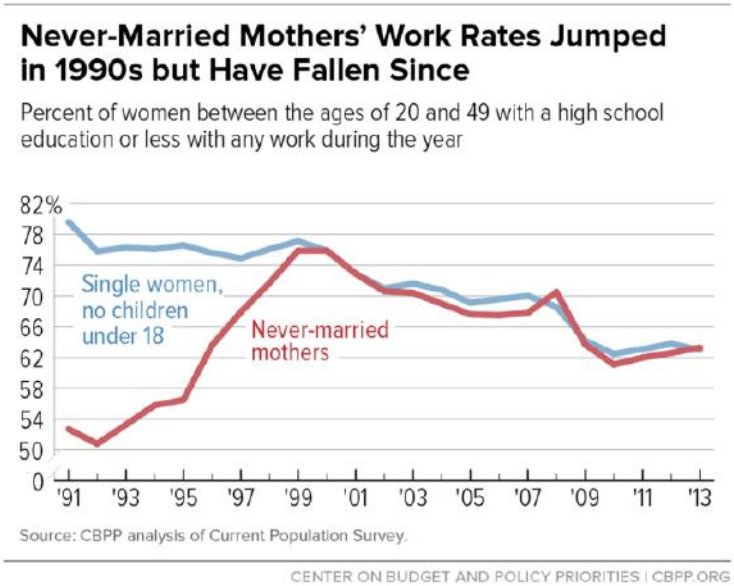
One of the key purposes of the passage of TANF was to move people from welfare-to-work, aiming to end the so-called dependency of poor families on "welfare" (what most people called AFDC). Proponents point to early gains in the employment of never-married mothers in the first years of TANF. However, the longer term picture, reflected in Figure 1,[8] below, gives a very different impression.

As Figure 1 reveals, in the 1990s the gap in employment rates between never-married mothers and single women of similar educational levels actually closed—but that trend began several years before TANF. Even that improvement, however, cannot be credited largely to TANF. "Rigorous research suggests, however, that a strong labor market and the expansion of the Earned Income Tax Credit (EITC) played an even greater role" than TANF in the gains in the 1990s.[9] As Figure 1 indicates, however, the employment levels of both groups of women have steadily declined in the new century despite TANF and *the employment level of never-married mothers in 2013 and in 1996 (the year TANF was adopted) are roughly the same.*

One explanation for the weakness of the welfare-to-work momentum of TANF is the long-term failure of states, after initial modest increases, to sustain investment in helping recipients with job training, job readiness, and work. "Overall, states spent only 8 percent of their state and federal TANF funds on work activities in 2014 … 16 percent of these funds on child care … [and] about a third of their TANF funds on other services such as child welfare, early education, afterschool programs, and college financial aid …"[10] Many states have used the federal block grant funds to replace state spending in these categories, allowing state dollars to be moved to other budgets.

Another obvious explanation is the significant reduction in TANF caseloads from AFDC levels even though there are millions more families living in deep poverty and extreme poverty. Even in the worst days of the Great Recession of 2008 and the slow recovery from it, TANF caseloads increased only "modestly"[11] in contrast to programs such as Supplemental Nutrition Assistance Program (SNAP)[12] and Medicaid. We are a far cry from the *"thorough reform of the nation's welfare and income support programs,"* which the U.S. Bishops have called for, and their principles for comprehensive coverage, adequate levels of support, national eligibility standards, and a national minimum benefit level.[13]

Figure 1



ENDNOTES

1 Center on Budget and Policy Priorities, *Policy Basics: An Introduction to TANF*, updated June 15, 2015, p. 1.

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3 *Ibid.*

4 Ife Floyd, LaDonna Pavetti, and Liz Schott, *TANF Continues to Weaken as a Safety Net*, Center on Budget and Policy Priorities, updated October 27, 2015, p.4.

5 See TalkPoverty.org, Center for American Progress, at http://talkpoverty.org/basics/ (accessed 2/19/16).

6 Floyd et al, *op.cit.*, p. 7.

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MAKING MERCY MATTER: The Call of Pope Francis to Welcome Migrants

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ENDNOTES

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12 "From FY2007 to FY2012, SNAP participation increased by 89.4 percent, compared to a 7 percent increase in TANF." *Ibid.*

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