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## NEWS RELEASE

### **RESPONSE TO HHS'S ANNOUNCEMENT THAT TANF CASELOADS FELL IN 2003 Trend Touted by HHS but Should Be Cause for Concern**

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The U.S. Department of Health and Human Services announced today that caseloads in the Temporary Assistance for Needy Families (TANF) program fell in 2003. In the press release announcing the decline, Secretary Tommy Thompson said that "American families are improving their lives by leaving public assistance and entering the workforce." Last year, shortly after the Census Bureau released data showing a marked rise in child poverty in the United States in 2002, HHS issued a similar press release that trumpeted TANF caseload declines in 2002 and called them "encouraging."

Just as last year's release failed to note that child poverty increased in 2002, this year's release fails to note that the proportion of single mothers who are employed *fell* in 2003 and the unemployment rate rose markedly among single mothers.

- The employment rate among single mothers fell from 71.5 percent in 2002 to 69.8 percent in 2003 — a larger decline than among other parents or the population overall.
- The unemployment rate among single mothers rose from 9.5 percent to 10.2 percent.

Although poverty data for 2003 will not be released until Thursday, both conservative and liberal analysts agree that the data likely will show that the number of children in poverty rose again in 2003.

It is reasonable to expect that the number of families receiving TANF assistance will fall when the number of needy families — poor families with no or limited employment — declines. The new data released by HHS are troubling because they show that fewer families were helped by TANF at the very time that the number of jobless single mothers was rising and the number of payroll jobs in the economy overall was declining. (Payroll jobs fell by 410,000 from 2002 to 2003.)

"Contrary to Secretary Thompson's statement, the decline in TANF caseloads does not appear to mean that more families are leaving welfare for work. The decline in employment rates among single mothers suggests that more families may have fallen deeper into poverty in 2003 because they neither had a job nor received cash assistance," said Sharon Parrott, the Center's director of welfare reform policy.

While cash assistance caseloads have not increased, caseloads in other low-income programs — including food stamps and Medicaid — have grown as would be expected during a period of labor market weakness and increased poverty. HHS

should examine why TANF cash assistance programs do not appear to be responding to increases in joblessness and poverty.

### **Caseload Decline May Not Be Related to Improved Employment Outcomes: Evidence from Two States**

There is evidence from at least two states that posted significant TANF caseload declines that these declines may not be related to improving employment outcomes for recipients. Illinois has consistently been among the states with the largest caseload declines since 2001 when the economy began to weaken. An independent report by Northwestern University found that caseload declines through 2002 were associated with a growing number of former welfare recipients who both were unemployed and did not receive assistance. This research suggests that caseload decline in Illinois may have left large numbers of families without either earnings or cash aid, thereby pushing them deeper into poverty.

Texas is another state that saw significant caseload declines between 2002 and 2003. A large portion of the decline in the caseload in Texas appears to be driven by a policy change implemented during this period which terminated assistance to the entire family when an adult did not meet certain program expectations. Prior to this policy change, if a parent did not comply with a program requirement, the family lost a portion of its grant. While there is no research available on how families cut off from the TANF cash assistance program under this new rule have fared in Texas, research from other states consistently has shown that such families have low employment rates after being cut off from aid and often have significant “barriers to employment” — such as disabilities, children with health problems, and low literacy levels — that affect their ability to find and retain employment.

For additional information on employment for single mothers in 2003 and the decline in TANF participation by families who are poor enough to qualify, see the Center’s paper: “Employment Rates For Single Mothers Fell Substantially During Recent Period Of Labor Market Weakness” at <http://www.cbpp.org/6-22-04ui.htm>.

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