

Revised September 5, 2003

FALLING TANF CASELOADS AMIDST RISING POVERTY SHOULD BE A CAUSE OF CONCERN

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On September 3rd, the U.S. Department of Health and Human Services (HHS) issued a press release announcing that participation in the Temporary Assistance for Needy Families (TANF) program continued to decline during 2002 and early 2003.¹ The HHS announcement coincided with the release of new data by the Census Bureau showing a marked rise in child poverty in 2002.^{2,3} Without mentioning the increase in child poverty, Wade Horn, HHS Assistant Secretary for Children and Families, called the continued decline in welfare caseloads “encouraging.”

TANF is a key component of the nation’s safety net program for poor children and provides assistance and services that can both ease economic hardship and help parents find and keep jobs. As a result, it is troubling — rather than encouraging — that fewer families were helped by TANF at the very time that more families were in need. Coming during a period of economic weakness and a substantial decline in the number of jobs in the U.S. economy, and at a time when poverty and unemployment have increased significantly, the continued decline in the number of families receiving assistance through TANF is more appropriately viewed with concern than celebration.

In addition to the Census data on child poverty, other recent evidence indicates that declining TANF caseloads should be seen as a cautionary sign in this economy, rather than as evidence of welfare reform’s success:

- ***Unemployment among single mothers is rising.*** Between 2000 and 2002, unemployment among single mothers rose by 2.1 percentage points to 9 percent. Unemployment is especially high for single mothers with low education levels — 18.1 percent of single mothers without a high school degree were unemployed in 2002.⁴
- ***Families that have left welfare recently are less likely to find jobs.*** According to a recent Urban Institute study, the employment rate among families that have left public assistance declined from 50 percent in a strong economy in 1999, to 42 percent in the weaker economy of 2002.⁵ In addition, the share of families that have left welfare and are “disconnected” — that is, not working or living with a working spouse and not receiving welfare or disability benefits — rose between 1999 and 2002, from 9.8 of all welfare leavers to 13.8 percent.⁶ These disconnected families are more likely than other welfare-leavers to suffer from “food insecurity” (as measured by cutting back on the size of meals or skipping meals involuntarily

because of lack of income). They also are more likely to be disabled, have low education levels, or struggle with other serious barriers to employment than other welfare-leavers.

- ***More children are sinking far below the poverty line.*** The number of children living in families with income below half of the poverty line — \$7,135 in 2001 for a family of three — increased by about 400,000 between 2000 and 2001. When additional Census data for 2002 are issued a few weeks from now, they are likely to show a further increase. These children are among those most likely to meet the eligibility criteria for TANF cash assistance benefits, which typically are targeted on families with the greatest need. Yet despite this increase in the number of children living in families with very low incomes, the number of children receiving TANF assistance *dropped* by about 330,000, or 7.5 percent, over the same time period.
- ***Fewer families eligible for TANF are receiving it.*** In 2000, only about half of *eligible* families — that is, families that were poor enough to qualify for TANF cash benefits — received TANF assistance.⁷ This is a sharp decline from 1996, when nearly 8 in 10 families eligible for TANF participated in the program. Data on TANF participation rates in 2001 and 2002 are not yet available, but the continued decline in TANF caseloads at a time of rising poverty suggests that the proportion of eligible families receiving TANF cash assistance has fallen further since 2000.

The Administration should not ignore these warning signs. Instead of touting caseload declines that are not accompanied by improvements in the economic security of low-income families, federal and state policymakers should work together to ensure that when families are in need, they are able to receive the basic assistance and help in securing employment that the TANF program can provide. This is especially true during periods of economic weakness when jobs are harder to find.

¹ ACF Press Office, “HHS Releases Data Showing Continuing Decline in Number of People Receiving Temporary Assistance,” September 3, 2003, www.hhs.gov/news/press/2003pres/20030903.html.

² U.S. Census Bureau, American Community Survey Change Profile 2001-2002, www.census.gov/acs/www/Products/Profiles/Chg/2002/0102/index.htm.

³ Technically, the recently released poverty data based on the 2002 American Community Survey do not represent calendar year 2002 estimates because of the way in which households were sampled. For a discussion of these issues, see “New Census Data Show an Increase in Poverty,” Center on Budget and Policy Priorities, September 2003.

⁴ Mark Levitan and Robin Gluck, “Recession and Reauthorization: The Economic Downturn and Federal Welfare Policy,” Community Service Society of New York, April 2003.

⁵ Pamela Loprest, “Fewer Welfare Leavers Employed in Weak Economy,” Urban Institute, August 2003.

⁶ Pamela Loprest, “Disconnected Welfare Leavers Face Serious Risks,” Urban Institute, August 2003.

⁷ U.S. Department of Health and Human Services, *Indicators of Welfare Dependence: Annual Report to Congress 2003*, p. II-19.