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Legislative Hearing on Opportunities for Improving TANF in Mississippi

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Good morning. Thank you for inviting me to share my expertise with you today.

I am a Senior Fellow at the Center on Budget and Policy Priorities, a nonpartisan policy think tank that focuses on improving the lives of families with low incomes. I have worked at the Center for the last 13 years and have spent most of that time leading our work on TANF and child support. Before coming to the Center, I was a Senior Fellow at Mathematica Policy Research, a leading social policy research organization, where I conducted research on TANF and related programs for 12 years. I have worked on TANF since it was created and worked on AFDC prior to the advent of TANF. My current work focuses on increasing the amount of TANF funds going directly to families to help them meet their basic needs, expanding the number of families participating in the program, and improving the effectiveness of TANF work programs.

Today, I will first provide evidence on why providing cash to families is important. Then, I will present six different strategies Mississippi could use to get more TANF funds directly to families with little or no income to help them meet their basic needs. I will also briefly talk about ways that Mississippi could improve its TANF program to reach more families in need.

Cash Has Immediate and Long-term Positive Impacts on Children and Families

Providing cash to families has an immediate positive impact: it helps them pay their rent and utilities, put food on the table, and purchase other necessities like diapers and personal hygiene and cleaning products. However, there is a growing body of evidence that shows that providing cash to families also improves children's educational and health outcomes, setting them up for future academic and economic success. Evidence links more assistance with healthier birthweights, lower maternal stress (measured by reduced stress hormone levels in the bloodstream), better childhood nutrition, higher school enrollment, higher reading and math test scores, higher high school graduation rates, higher rates of college entry, and other benefits. Particularly compelling evidence comes from a series of cross-program comparisons of several anti-poverty and "welfare-to-work" pilot programs in the United States and Canada in the 1990s. When programs provided more

generous income assistance, the comparisons consistently showed better academic performance among young children starting school.¹ And research shows that even relatively small amounts of income make a difference. Among families with incomes below \$25,000, children whose families received a \$3,000 annual income boost when the children were under age 6 earned 17 percent more as adults and worked 135 more hours per year after age 25 than otherwise-similar children whose families didn't receive the income boost.²

Improving children's outcomes is not just important for the children themselves, but also for the state as a whole. A study conducted by the Columbia University Center on Poverty and Social Policy estimates that for every \$1,000 provided to families with children, society reaps \$5,603 in benefits. Those benefits mainly come from three areas: (1) increased earnings in adulthood; (2) reduced health care costs; and (3) fewer expenditures related to crime.³

Importantly, providing cash to families also reinforces their dignity by ensuring them the autonomy to make decisions on how best to address their family's needs.⁴ Cash assistance is particularly vital to families facing crisis situations such as domestic violence or job loss. Further, a responsive cash assistance program that meets families' needs can begin to rectify racial and health- and disability-related inequities in housing, education, and employment that make people of color, disabled people, and others likelier to qualify for assistance in the first place.

Unmet Needs Contribute to Negative Consequences for Children

The costs of not helping families to meet their basic needs is significant. When families do not have sufficient resources to meet these needs, children experience what we refer to as toxic stress — high levels of stress that have significant and long-term consequences. When children experience high levels of chronic stress, parents can mitigate the long-term negative consequences by providing a protective environment. But, when parents' ability to do that is compromised because they are unable to meet their basic needs and are experiencing high levels of stress and anxiety themselves, there is a high risk that the stress children experience will overload their systems and have a long-term impact on their brain and biological development.⁵

In fact, a large body of research links hardships such as inability to afford adequate food or housing to poor outcomes for children in health and education. Loss of housing often causes families with few resources to move into crowded housing with family or friends, to different

¹ Claire Zippel and Arloc Sherman, "Bolstering Family Income is Essential to Helping Children Emerge Successfully From the Current Crisis," Center on Budget and Policy Priorities, updated February 25, 2021, <https://www.cbpp.org/research/poverty-and-inequality/bolstering-family-income-is-essential-to-helping-children-emerge>.

² Greg Duncan and Katherine Magnuson, "The Long Reach of Early Childhood Poverty," *Pathways*, Winter 2011, https://inequality.stanford.edu/sites/default/files/media/media/pdf/pathways/winter_2011/PathwaysWinter11_Duncan.pdf.

³ Irwin Garfinkel *et al.*, "The Benefits and Costs of a U.S. Child Allowance," National Bureau of Economic Research, Working Paper 29854, March 2022, [w29854.pdf \(nber.org\)](https://www.nber.org/papers/w29854).

⁴ CBPP, "Why Cash Assistance Matters," <https://www.cbpp.org/why-cash-assistance-matters-0>.

⁵ Carrie Masten, Joan Lombardi, and Philip Fisher, "Helping Families Meet Basic Needs Enables Parents to Promote Children's Healthy Growth, Development," CBPP, October 28, 2021, <https://www.cbpp.org/research/poverty-and-inequality/helping-families-meet-basic-needs-enables-parents-to-promote>.

communities that require their children to change schools, or, for those with the fewest resources, to experience homelessness. Children who live in crowded homes or move frequently have been found to score lower on reading tests, complete less schooling, have difficulty concentrating in school, and experience learning gaps.⁶

Studies link food insecurity among children with reduced intake of some key nutrients, health problems such as iron deficiency (which is linked with long-term neurological damage), and behavioral and mental health issues. These problems, in turn, can lower children's test scores, their likelihood of graduating from high school, and their earnings in adulthood.

The long-term health consequences of adversity are significant — and costly. Children experiencing significant adversity in childhood are at increased risk of many chronic conditions, including heart disease, diabetes, depression, arthritis, gastrointestinal disorders, autoimmune diseases, multiple types of cancer, and dementia, among many others.⁷ And, a growing body of evidence from both the biological and social sciences connects higher incidence of these health conditions to racism and discrimination.⁸

Mississippi Has Multiple Options for Providing More Cash to Families to Help Them Meet Their Basic Needs

There are many ways that Mississippi can use its TANF funds to provide cash assistance to families. None of these options require approval from the federal government and could likely be implemented without state legislation.

- **Increase the TANF cash grant and index it to inflation.** In 2021, Mississippi increased its grant for a family of three from \$170 to \$260. Even with this increase, Mississippi's cash grant provides families with income that is only 13.5 percent of the federal poverty line and remains one of the lowest in the country. Only Alabama and Arkansas provide less cash assistance to families in need. Mississippi should follow Louisiana's lead and raise its grant to at least 25 percent of the federal poverty line — \$484 for a family of three. While that still keeps families far below the federal poverty line, it is a significant improvement from the current grant amount. Additionally, Mississippi should establish an automatic mechanism for increasing the grant every year to account for rising costs of living, as at least 12 states, including South Carolina and Tennessee, have done.
- **Provide extra payments to TANF participants to help them meet unmet needs.** In addition to providing monthly cash grants to families, states can use their TANF funds to provide extra payments to TANF participants to help them meet increased costs. For example, Tennessee provided an extra payment of \$500 to every family receiving TANF on December 1, 2022. Several states used TANF funds to provide extra payments during the

⁶ Will Fischer, "Research Shows Housing Vouchers Reduce Hardship and Provide Platform for Long-Term Gains Among Children," CBPP, updated October 7, 2015, <https://www.cbpp.org/research/housing/research-shows-housing-vouchers-reduce-hardship-and-provide-platform-for-long-term>.

⁷ Harvard Center on the Developing Child, "Health and Learning Are Deeply Interconnected in the Body: An Action Guide for Practitioners," <https://developingchild.harvard.edu/resources/health-and-learning-are-deeply-interconnected-in-the-body-an-action-guide-for-policymakers/>.

⁸ Harvard Center on the Developing Child, "How Racism Can Affect Child Development," <https://developingchild.harvard.edu/resources/racism-and-ecd/>.

pandemic; Alabama provided an extra payment of \$500 for three months. Several states also provide extra payments that are intended to meet a specific need. For example, Oregon provides a clothing allowance of \$270 to each family three times a year to cover the additional costs families incur to purchase clothing for the start of school, in the winter and in the summer. California provides an extra payment of \$30 per month to cover the costs of diapers for all children under the age of 3. Even though the payments are designated for a particular need, they are provided to families as extra cash payments that can easily be added to their electronic benefit card.

- **Provide housing supplements to TANF participants and other families with low incomes and high housing costs.** Recognizing that families without housing assistance face much higher housing costs than those with assistance, some states provide a housing supplement to families without housing assistance. For example, Minnesota provides TANF families without housing assistance an extra payment of \$110 every month. Maine provides a payment of up to \$300 to families whose housing costs exceed 50 percent of their income. This benefit is not limited to TANF participants. A housing supplement provided to families not participating in TANF triggers the same requirements that TANF participants face, including work requirements, time limits, and child support cooperation requirements.
- **Provide “non-recurrent” short-term payments to TANF participants and SNAP households with children and with very little or no income.** Extra cash payments do not need to be restricted to TANF participants, but the design of such payments needs to be somewhat different to avoid triggering work requirements, time limits, and child support cooperation requirements. To avoid these requirements, these payments, referred to as non-recurrent short-term (NRSTs) payments, must respond to a specific and short-term (not to exceed four months) need. For example, Mississippi could provide one or more clothing allowances to TANF and SNAP participants with little or no income, or they could provide a payment during the winter or summer to cover high heating or cooling costs. There is no limit on the number of episodes of need that a state can provide to families as long as the payment will not provide assistance that will cover a need for longer than four months. For example, providing a winter and summer payment to address higher utility payments are two different episodes of need; a payment can be provided for each episode of need, but it cannot cover more than four months of need. Mississippi could have created such a program to address the water crisis in Jackson.
- **Provide emergency assistance payments to families who are experiencing or at risk of experiencing homelessness or fleeing domestic violence situations.** Mississippi could also use its TANF funds to help families who are facing significant crises get on their feet. These emergency assistance payments also need to be designed as non-recurrent short-term benefits to avoid triggering the same requirements that TANF participants face. But they would be more narrowly targeted to families facing special circumstances such as fleeing domestic violence, being at risk of experiencing homelessness, or trying to restabilize after a period of homelessness. Mississippi has lots of flexibility to decide who would be eligible for such a payment, but a common strategy is to provide families with income to cover rent for four months, along with other costs associated with moving into a new apartment, such as money for a security deposit and furniture. The payments can be made directly to a landlord on a family’s behalf or can be provided directly to the family.
- **Create a disaster TANF program.** TANF funds can be used to provide families with low incomes with cash assistance to help them recover from a natural disaster. In 2019, Georgia

created such a program to provide assistance to families who suffered a loss of housing due to Hurricane Michael.

Mississippi Has TANF Funds Available to Provide Additional Cash Assistance to Families

Mississippi receives a federal block grant allocation of \$86 million every year and is required to spend \$22 million in state maintenance-of-effort (MOE) funds each year. Mississippi must spend its state funds every year, but a state can carry over any unused federal funds. Federal funds carried over remain available for the state's use until they are expended. If the state were to face a penalty for the misuse of federal TANF funds, the state's federal block grant allocation would be reduced, and the state would have to replace the lost federal funds with state funds. The state could not use any unspent federal funds to make up for the penalty; any funds lost due to a penalty must be replaced with state funds. That means the state will always have at least \$108 million in state and federal TANF funds available to support families with low incomes, although the mix of federal and state funds may change if the state is eventually penalized for misspending TANF funds.

In 2020, Mississippi reported that it had \$47 million in unspent federal TANF funds. All of those funds are available to provide additional cash assistance to Mississippi families who are struggling to make ends meet. Those unspent funds have accrued because the state often does not spend all its federal funds. In 2020, Mississippi spent only \$55 million (64 percent) of its \$86 million federal TANF allocation, leaving \$31 million in unspent funds for that year alone. Since 2015, Mississippi's federal TANF expenditures were equal to or greater than its federal TANF allocation in only two years, 2017 and 2018. For every \$1 million in unspent funds, Mississippi could provide a \$1,000 cash payment to 1,000 families in need, reducing the significant hardship that many families with children face. This means that with the \$31 million that Mississippi didn't spend in 2020, the state could have provided \$1,000 to every family living in deep poverty (30,850 families were living in deep poverty in Mississippi in 2019).

Mississippi's Choices Now Have Long-Term Consequences

Mississippi operates one of the weakest TANF programs in the U.S. In addition to having one of the lowest TANF grants in the country, it also restricts access through a number of policy choices. It denies additional benefits to children born ten months after a family begins receiving assistance, and requires drug testing and job search as a condition of eligibility. It also takes a family's entire cash benefit away if a parent is unable to comply with work requirements, and limits the receipt of benefits to 60 months. These policies reduce TANF's ability to support families in need, contributing to the state's extremely high rate of child poverty.

Since TANF was created 26 years ago — and when most of Mississippi's policies were put into place — our knowledge about the negative consequences of growing up without enough resources to afford the basics has grown exponentially. We now know that the first three years of a child's life are especially important; deprivation in those early years has significant long-term consequences for adult health and employment outcomes. Those negative impacts are not easily undone, making it imperative for Mississippi to act now. The state has the financial resources and the flexibility to substantially improve the life chances of children whose families do not have enough resources to put food on the table, pay rent and utilities, and buy necessities like toothpaste, soap, laundry detergent, diapers, and period products. The current TANF crisis in Mississippi cannot be undone and will be resolved through the appropriate legal channels. But the state legislature and the

Department of Human Services have an opportunity now to make investments that will improve the life chances of its youngest and most vulnerable citizens. Those investments can begin to build a strong foundation that will help to ensure the health and well-being of Mississippi's future workforce and next generation of parents and leaders.

I am happy to answer any questions you might have.