

# Understanding TANF Caseload Decline

American Enterprise Institute

Karin Martinson, *The Urban Institute*

Pamela Holcomb, *Columbia Pike*

*Revitalization Organization*

November 14, 2008

# Convergence of Several Factors Led to TANF Caseload Decline

- **Economic factors**
  - ◆ Particularly strong in late 1990s although caseloads have remained low in economic downturns
- **Strong work supports**
  - ◆ EITC, increased child care funding, higher earned income disregards
  - ◆ Decoupling of TANF from Medicaid; Food Stamps outreach
- **TANF program design elements**
  - ◆ Work Requirements
  - ◆ Sanctions
  - ◆ Diversion
  - ◆ Time Limits
- **Incentives for states to reduce caseloads**
  - ◆ Caseload reduction credits
  - ◆ Block grant structure

# Urban Institute TANF Case Studies

- Conducted several field-based welfare reform studies between 1996 and 2000, including:
  - ◆ Assessing the New Federalism (two rounds of site visits to 17 sites/13 states)
  - ◆ Immigrants and the Application Process for TANF and other Public Benefits (6 sites/states)
  - ◆ Evaluation of Indiana's Welfare Reform Demonstration (two rounds of site visits to 8 sites/1 state)
  - ◆ Building a Work-Oriented Welfare System (5 sites/states)
  - ◆ State Welfare to Work Programs for People with Disabilities (4 sites/states)
- Administrative interviews and on-site observations to examine similarities and variations of intake/application, work first programs, exemptions, sanctions and time limits, and organization and delivery of services

# Key Programmatic Features Driving Caseload Decline

- Stringent work requirements and limited exemptions:  
“hassle factor”
- Sanctions:
  - ◆ Over half states moved to full family sanction in initial years of TANF implementation
- Changes in “the front door:” requirements for receiving assistance or offering alternative forms of assistance
  - ◆ In our study placed less emphasis on attempting to divert applicants than on letting them know that the terms and conditions of welfare had changed, particularly that work is required
- Time limits:
  - ◆ For period of most dramatic caseload decline few families were reaching time limit

# Poor Families Who Are Not on TANF

- Increasing rate of “disconnected” families who are not working or receiving cash assistance or have working spouse
  - ◆ In 2002, 20 percent of welfare leavers were disconnected
- Low “take-up” of TANF among eligible families
  - ◆ Under AFDC, 75 percent of those poor enough to qualify received cash assistance. Under TANF, 40 percent of those eligible receive it.

# Concluding Thoughts

- States had strong incentives to reduce caseloads and used a variety of program strategies to do so (diversion, sanctions, stringent work requirements)
- Key issue is understanding what is happening to families who do not apply for assistance: is TANF an adequate safety net particularly given recent economic crisis

# Key Program Features Driving Caseload Decline

- Stringent work requirements and limited exemptions
- Diversion programs
- Large increase in number states using full-family sanctions
  - ◆ Over half states now have this policy
- Time limits

# Concluding Observations (continued)

- Too early to determine effectiveness of different models, but team-based approach appears to offer advantages
- In spite of barrier focus, most programs included emphasis on finding employment. Strengthened employment and retention services may be needed given work levels
- Continuing problem of defining “hard-to-employ” and identifying who can benefit
- Services addressing mental and physical health issues are important given prevalence of these barriers