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Improving Aid and Outcomes for Citizens Under the “Temporary Assistance for Needy Families (TANF) Program”

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## Abstract

The Temporary Assistance for Needy Families program (TANF) has four goals, to help needy parents reduce their dependency by promoting job preparation, prevent and reduce the occurrence of out-of-wedlock pregnancies, encourage the formation of two-parent families, and aid families so they can care for their children in their own homes [1]. However, in recent decades, TANF has not been effective in assisting impoverished families. This is caused in part by improper management of funding, aggressive anti-saving measures, a lack of focus on the issue of employment that would help allow recipients to begin to move out of poverty, and a limited scope. In this paper, the aim is to address the causes of the perceived problems within TANF and suggest measures of reform that would serve to fix them and potentially improve the program as a whole.

## Background Information

The Temporary Assistance for Needy Families program (TANF) is one of the six major welfare programs in the United States [2]. TANF is a block grant, differing greatly from its predecessor, the Aid to Families with Dependent Children (AFDC) program. AFDC was created by the Social Security Act of 1935 alongside other welfare programs under the name of Aid to Dependent Children [8]. AFDC was made to provide financial support to families with children deemed “dependent,” those defined as deprived of the support of one natural parent through death, disability, or absence from the home [8]. However, this became controversial. The rise of children born out of marriage spurred critics into action, and states began to ask for waivers to opt out of the program [10]. Support of the program plummeted even further when President Reagan introduced the idea of the “welfare queen” [2].

Established in 1996 by the Clinton Administration, TANF replaced the entitlement program of AFDC [3]. Under TANF, no one is entitled to welfare and must work and meet strict requirements to receive aid. Individuals must find work within two years of receiving assistance and are limited to a total of five years of aid in a lifetime [7]. This alleviated the concerns of “welfare queens” living off of the government, however TANF has proven to be ineffective in helping many families. Despite the number of families living in extreme poverty rising since 2000, TANF has done less to assist impoverished families than the Aid to Families with Dependent Children program [4]. TANF assisted only 23% of families living in poverty in 2015 [2], dropping from the 68% receiving TANF in 1996 [9]. This “TANF-to-poverty ratio” reached its lowest point in 2014 and remained the same in 2015 and 2016. While the opportunity to abuse the welfare system has been addressed, the inadequacies within it have been exposed and exacerbated. TANF’s limited reach means that families in hard times due to loss of employment, domestic violence situations, or those facing health crisis of any kind do not have the access to cash assistance to help them get back to normal [4]. Additionally, the amount of aid in block grants TANF gives out has remained stagnant despite inflation [4]. We live in a different time than when TANF was first established, and a lack of reform has rendered the program outdated.

## Reform Suggestions

The first reform suggestion would be to establish a subdivision of the TANF program that tracks where the money of the block grants go in each state. Currently, the Health and Human Services Agency has not estimated TANF improper payment as it should due to the program being administered by the various states. The states have not filled out payment reviews as well, leaving the government with little idea of how effective states are using the welfare that is being given to them. The current projection of mismanaged and improperly used funds totals to around 15% of expenditures of the program [10]. The National Bureau of Economic Research would be wise to look into this issue as to examine the ways in which states spend their block grants and possibly improving said payments. This subdivision would allow the government to observe the effectiveness of different measures in dealing with lifting families out of poverty. If a measure is found to be especially successful, the government can implement it on a larger scale or advise others states to follow the example of the state that found the useful operation. This subdivision would help in the completion of all four goals of the program, as it would improve the usage of funding and provide field research into what practices work.

A second reform suggestion would be to change the \$2,000 saving capacity in assets clause to instead be one in which recipients can no longer receive TANF after their income exceeds the livable wage of their state. This incentivizes recipients to save income to become fiscally independent, as before the \$2,000 saving capacity was a deterrent. The asset limit of \$2,000 causes the problem of not only kicking people who still need the aid off the program, but additionally incentivizes families to spend their money rather than save, an unhealthy habit and a self-destructive measure of the program [6].

In 2015, the federal poverty line of a three-person family was \$1,702 a month and the average family of three under TANF received \$429 a month [2]. This leaves less than a \$300 gap between being impoverished and being off welfare. Raising the bar to the livable wage requirement would allow families to save and use the TANF aid to prepare for a future without it, accomplishing the goal of financial independence.

A third reform suggestion would be to make TANF a more effective work program. Congress can improve work programs and work requirements in states by changing what counts towards the work participation rate and having an increased focus on employment outcomes. This would help states make greater use of employment and job skills training programs that help parents prepare to be fiscally independent members of the workforce [9]. By focusing on employment outcomes and training, those in need will begin to get the assistance they need outside of financial aid. Currently, those on TANF are significantly disadvantaged and would benefit greatly from increased job training. A total of 31.4% of recipients do not have a high school diploma or GED. In a program where adults must participate in a narrow set of work activities for a large number of hours in order to count toward the work participation rate, it is essential those in need are able to find work [5]. Without the necessary skills to join the workforce and with many barriers in their way, TANF recipients will suffer and not be able to use the temporary assistance to become independent and functioning citizens. One measure that could be enforced is mandatory skills workshops and programs to teach job skills to guardians

receiving TANF. If Congress were to work to change what counts towards work participation and restructure the work requirements, these workshops could function to give recipients a sense of choice in what occupation they go into as well as granting them an avenue out of poverty.

In Maryland, parents under their equivalent program, Temporary Cash Assistance, must be doing what they agreed to do in their Family Independence Agreement at the penalty of losing the aid from the program [11]. If Congress were to reform TANF work requirement measures and make a federal work requirements standard that applied to all states, families would not become trapped into these agreements and would have the opportunity to be more independent and have choice over their work conditions. Additionally, it would bring more families under TANF and begin to serve more of the people in need of aid, all accomplishing the goal of job preparation and financial independence.

A fourth measure would be dealing with enhancing the scope of TANF. Currently TANF does not factor in health and mental health crises [4]. These act as barriers for any family to not only get out of poverty, but also to find jobs or live productive lives. After the first two years of TANF, if a job has not been found, TANF funding is reduce or cut off completely [7]. This includes the loss of Medicaid, meaning that the loss of TANF even further harms the impoverished family. With proper counseling, this could be remedied and less cases could be tossed aside due to a lack of support outside of the financial assistance.

## Conclusion

The Temporary Assistance for Needy Families program replaced the highly criticized Aid for Families with Dependent Children program in 1996. However, there is much evidence backing the claims that the new program has in fact been less effective in accomplishing its goals, and in fact has done less to alleviate poverty. The Reagan image of the “welfare queen” heading a bountiful round table has in reality become one of a family struggling to get by. However, measures can be taken to improve the new system and remedy the issues seen in it today. By tracking spending, increasing the saving capacity of recipients, reforming the work program to focus on employment outcomes, and providing proper counseling and support, recipients and state officials alike would enjoy a more productive and useful welfare program. Although, additional money will be needed. One idea to fund this is increased “sin taxes” on unwanted goods alongside the usage of the subdivision tracking funding. Together, these two can not only boost funding but make the usage of it more effective, getting more out of each dollar.

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