



NEWS RELEASE

Center for Public Policy Priorities | 900 Lydia Street Austin, Texas 78702 PH: 512.320.0222/FAX: 512.320.0227 www.cppp.org

FOR IMMEDIATE RELEASE:
August 21, 2006

CONTACT: Lynsey Kluever, 512-320-0222, X112
kluever@cppp.org

TANF AT 10: WAS WELFARE REFORM A SUCCESS IN TEXAS?

Austin, TX— Ten years ago tomorrow, Congress overhauled the nation's welfare system with the promise of helping poor families become self-sufficient by replacing welfare with work. Known as "welfare reform," the Temporary Assistance for Needy Families (TANF) block grant replaced the entitlement program Aid to Families with Dependent Children (AFDC).

Under TANF, states were given great flexibility to design their own rules for cash assistance programs, as well as the authority use the block grant for other programs besides cash assistance. The law imposed a lifetime limit of 60 months on receipt of cash assistance and required that recipients work in order to qualify for benefits. Caseloads have fallen dramatically over the last decade, but has welfare reform been a success?

"What we've found is that although the number of people receiving cash assistance has dropped dramatically, 10 years after welfare reform, child poverty is on the rise and poor families are still struggling to make ends meet," said Celia Hagert, senior policy analyst at the Center for Public Policy Priorities in Austin.

TANF Offers Few Carrots, Carries Big Stick

To qualify for TANF in Texas, families must have an income below 14 percent of poverty—less than \$2,256 annually for a family of three in 2005. In addition, Texas families poor enough to qualify receive one of the nation's lowest benefits, \$213 a month for a family of three in 2003 (the national average was \$396 a month).

What Has Happened Since 1996

Over the past 10 years, the number of families receiving welfare in Texas has decreased by 75%, from 275,000 families to 150,000. Supporters of welfare reform hail these declines and the growth in employment among single mothers as proof that welfare reform was a success. However, a look beyond caseload declines at a broader set of indicators on family and child well-being reveals more mixed results.

- Child poverty did decline in the mid-1990s, but has risen since 2000, and the number and share of Texas children living in extreme poverty (below 50% of the poverty level) has increased.
- The number of poor Texans has increased since 1996, and the share of Texans living in poverty has not changed.
- TANF serves a smaller share of the poor than it did 10 years ago. Only 7% of poor Texans now receive TANF, down from 22% in 1996.

- Though the earnings of single poor mothers have increased, research on those going off the welfare TANF rolls shows that those who find jobs do not earn enough to make ends meet and face various material hardships.
- Many families leaving TANF do not make the transition from welfare to work. In Texas, the majority of the significant recent caseload decline is not the result of recipients finding employment. Instead, an increasing number of families are being sanctioned off the program for failure to comply with TANF program rules.
- Cash assistance caseloads did not decline because fewer Texans sought help. In fact, the monthly average number of TANF applications rose from 43,400 in 1996 to more than 61,000 in 2004.

New requirements in the federal Deficit Reduction Act (DRA) may worsen these trends. The DRA raised the states' "work participation" targets (the percentage of recipients meeting work requirements) without giving them significant new resources to fund child care or employment and training programs. The regulations recently issued to implement the law make it harder for states to design effective welfare-to-work programs and meet the higher participation targets.

Together these changes create an incentive for states to serve fewer families, particularly those recipients who face the greatest barriers to employment and are therefore the hardest and most expensive to serve.

Texas' Use of the TANF Block Grant

Over the last decade Texas has spent an increasing share of the block grant on child protection and foster care – first to "supplant" (replace) the general revenue that used to fund these services and later to expand funding for these services. As a result, fewer TANF funds are spent on cash assistance and other work support programs designed to help parents make the transition from welfare to work. For example, spending on cash assistance accounted for 67% of the block grant in 1997; now it makes up only 22%. Further, funding for employment and training has not increased since 1999, and no federal TANF funds are used to fund child care for "working poor" families – families who make too much to qualify for TANF but too little to afford child care. Texas' use of the TANF block grant to supplant state spending on child protection also leaves funding for child protection vulnerable to potential changes at the federal level, both in the form of cuts to the TANF block grant or changes in how child protection is financed. For more information on Texas and the TANF block grant, visit <http://www.cppp.org/research.php?aid=473&cid=6>.

For more information, call 512-320-0222, X112.

###