



How to Transform TANF to Better Serve America's Workers and Families

December 2020

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TANF TODAY

The Temporary Assistance for Needy Families (TANF) program, which provides cash assistance and other supports to families experiencing poverty, has not had substantial updates in more than 20 years. The federal program remains frozen in time, short on funding, and stuck with an outdated work-first approach that does little to address the complex causes of poverty or increase economic mobility.

TANF, which is funded through federal blocks grants to states, has continued providing services through a string of short-term extensions by Congress. The most recent extension is due to expire at the end of this year. But the program needs far more than another temporary fix. TANF needs a major overhaul and a long-term reauthorization that lives up to its original promise of helping families achieve self-sufficiency through work.

Today, overly strict eligibility rules allow only a small fraction of the number of families struggling to make ends meet to receive emergency financial help or other supports from TANF. Only 22 percent of families living in poverty received assistance to pay for food, rent, diapers, transportation, and other necessities in 2018.¹ This reflects a steep drop in the program's reach

since it was created in 1996. Then, 68 percent of families living in poverty received financial assistance.

Which Families Receive TANF?

Over the past 20 years, there's been a steep drop in the number of families receiving TANF. Here are some of the facts about TANF recipients today:

- For every 100 families living in poverty, 10 or fewer receive TANF assistance in 16 states.
- TANF benefits in most states have declined by over 10% since 1996.

41% of TANF families are child-only families, which means only children are eligible for services and no adults in the family unit receive benefits.

Black and Latinx children are likelier than white children to live in states with the weakest TANF programs, so are less likely to receive benefits.

Today, the economic impact of the COVID-19 pandemic, has only expanded the number of people struggling to get by and exacerbated their financial stress. And many of these struggling families live in states with the strictest requirements for TANF eligibility.²

These rules, which vary by state, too often limit work-related activities and participation in education and training, resulting in TANF recipients being underrepresented in both postsecondary education and high-demand industries. When

the COVID-19 crisis ends and the economy bounces back, employers will need skilled workers. But many of the jobs that are projected to be in demand will require higher levels of education and skills. Without the opportunity to participate in education and training, and receive adequate supports for their families, the potential talent pool of TANF recipients will be lost to employers and local economies.

To ensure an equitable economic recovery, it is critical that TANF, and other poverty alleviation programs, focus on helping low-income individuals and historically underserved populations attain the skills and credentials necessary for family-supporting careers. At the same time, federal policy must ensure that other assistance—income supports, food assistance, safe housing, and child care—are available to participants as they engage in education and training programs or make successful transitions to employment.

Recommendations

JFF recommends major changes to TANF to ensure that individuals experiencing poverty have access to the education and training they need to secure good jobs while also receiving essential supports for their families. With the following changes, TANF will have the potential not only to help families advance economically, but also to help employers and local economies find the skilled workers they need.

Increase Skill Development

While TANF funding can be used for activities that support work, including education and training, too many states do not adequately support skill development in their TANF programs. In fact, only about 11 percent of TANF funds nationally are used for work-related activities, a fraction of which is spent on education and training. This is largely due to arbitrary federal caps on education and training and states' decisions to focus grants on activities other than TANF's three core areas—basic financial assistance, child care, and work programs.³ To correct this, TANF should:

- **Eliminate arbitrary limits on education and training.** Among the rules that need to be dropped are the 12-month limit on education and training and the 30 percent cap on the number of TANF recipients who can engage in these opportunities as part of a state's work participation rate. Ending these restrictions would allow states to provide these services based on need rather than on arbitrary limits. At the same time, performance metrics must be developed to ensure high-quality education and training that results in good jobs for TANF recipients.
- **Target more TANF spending on work-related activities.** These activities, which include education, training, case management, career navigation, support services, and wage subsidies, must be encouraged and adequately funded. This also means updating TANF rules to require that no less than 25 percent of TANF funds are used for these activities.
- **Provide more funding for skill development and economic advancement.** Evidence-based strategies, such as sector-focused career pathways, should be significantly expanded. A good example of such an initiative is the [Health Profession Opportunity Grants](#), which trains low-income individuals, including TANF recipients, for well-paying jobs in the health care field. These strategies not only

address the skill needs of individuals from low-income backgrounds, but also the skills gap that will likely affect U.S. employers once the pandemic ends.

- **Better align TANF with other education and workforce development programs.** The Workforce Innovation and Opportunity Act (WIOA) emphasizes support to underserved populations, including TANF recipients. The Higher Education Act (HEA) makes federal financial aid available to students from low-income families to pursue higher education. State and local agencies that administer TANF should leverage these and other federal, state, and local programs to better align services for TANF recipients. The labor market outcomes of TANF recipients who participate in these programs should also count toward TANF performance metrics.

Update Performance Metrics

TANF does not have performance metrics that measure its impact on participants' economic advancement. It should apply performance standards used successfully by other federal programs that measure participants' success in the labor market and, where appropriate, their attainment of skills and credentials. Specifically, TANF should:

- **Adopt WIOA performance measures.** The WIOA's outcome-focused metrics include employment, retention, earnings, educational progress, and credential attainment. TANF's use of the same metrics would help in aligning federal programs and data collection and could assist TANF recipients in finding and retaining family-supporting jobs. TANF should also disaggregate outcomes data on race and ethnicity to better understand how the program serves those who have been historically underserved.
- **Eliminate the Work Participation Rate.** The work participation rate is the states' major performance metric for TANF. It holds states accountable for the percentage of TANF recipients who are engaged in work activities. But the metric does not assess the quality of the work activity nor the individual's progress in the pursuit of skills, credentials, or a career. This creates a compliance-oriented culture rather than one that helps participants get what they need to succeed in the labor market. Applying the WIOA's measures is the better course.

Revise Case Management, Career Navigation, and Support Services

To be more effective, case management should include career navigation and coaching services that begin immediately and continue throughout an individual's time on TANF. The service should start with an assessment of a client's education, skills, and work readiness, as well as an assessment of their family's strengths, barriers, and needs for support, including two-generation services. Clients should work with their case manager to develop a plan for attaining the skills and supports needed to get a family-supporting job in the local labor market. Case managers also must ensure that participants are informed about all the services they are eligible for and provided access to them. To achieve this, the law should:

- **Simplify delivery of poverty alleviation services.** Safety net programs collectively need to support positive, smooth transitions to family-supporting careers for their clients. Meeting basic needs, including child care, food, health care, housing, and transportation services (as well as income supports such as the earned income tax credit) are vital for TANF recipients to succeed in the work world. But the major federal programs providing these supports were developed independently, with their own eligibility, service delivery, administrative rules, and requirements. This siloed approach makes it difficult for recipients to know where to turn for help and for staff to provide comprehensive services. It is critical that policymakers make sense out of these separately authorized programs and better align requirements across multiple public assistance programs like TANF, SNAP, Medicaid, child care, housing, and others. This alignment should also leverage limited resources among programs while reducing the complexity and confusion for clients and frontline staff.

Eliminate the “Benefits Cliff”

While many public benefit programs encourage participants to have a job, most do not adequately protect against a “cliff effect,” where benefits decrease as participants enter or progress in a job. Even slight increases in income can result in dramatic reductions in benefits—in many cases, providing counter-productive incentives not to work. To correct this challenge, policymakers should:

- **Ease transitions to work and self-sufficiency.** TANF and programs like the Child Care Development Block Grant, SNAP, Medicaid, and the Housing Choice Voucher programs should be adjusted to minimize the cliff effect. Policymakers should impose gradual benefit reductions and other strategies to ensure that public

assistance recipients who progress in employment can make positive transitions to work and self-sufficiency. Better alignment across public assistance programs will reduce cliff effects and will help recipients fully understand the impact on program eligibility as their employment status and income changes.

- **Invest in pilot programs.** Results from pilot testing can motivate policymakers to make program changes that will help eliminate cliff effects and support recipients as they successfully transition from public assistance to family-supporting jobs. Policymakers should invest in pilot programs to try innovative strategies, such as pooling funds across poverty alleviation programs or offering financial incentives to public assistance recipients who keep jobs while phasing out of benefits. States and local agencies that participate in pilots should be permitted flexibility in the degree to which they adhere to federal eligibility rules and other program requirements across poverty alleviation programs, specifically TANF, in exchange for positive participant career outcomes (such as higher employment, retention, progression and wages).

Endnotes

¹ Ife Floyd, *Cash Assistance Should Reach Millions More Families* (Washington, DC: Center on Budget and Policy Priorities, March 2020), <https://www.cbpp.org/research/family-income-support/cash-assistance-should-reach-millions-more-families>.

² *Policy Basics: Temporary Assistance for Needy Families* (Washington, DC: Center on Budget and Policy Priorities, February 2020), <https://www.cbpp.org/research/family-income-support/temporary-assistance-for-needy-families>

³ Ashley Burnside and Liz Schott, *States Should Invest More of Their TANF Dollars in Basic Assistance for Families* (Washington, DC: Center on Budget and Policy Priorities, February 2020), <https://www.cbpp.org/research/family-income-support/how-states-use-funds-under-the-tanf-block-grant>.