
How Well Does TANF Fit the Needs of the Most Disadvantaged Families?

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A key welfare issue concerns how states can design policy to avoid hardship among the most disadvantaged families. This chapter focuses on the most disadvantaged families who are either currently receiving Temporary Assistance for Needy Families (TANF) or have left TANF but have no family earnings or other significant means of support. The key welfare policy questions for these families are:

A key welfare issue concerns how states can design policy to avoid hardship among the most disadvantaged families.

1. Will the current federal exemption from time limits along with state flexibility in using their own money to continue benefits be sufficient enough to avoid hardship among the most disadvantaged families?
2. To what extent have states developed programs that help families with significant barriers to work?
3. To what extent can these programs increase work among recipients with employment barriers?

Time Limits and State Flexibility

The question about what portion of families would need some assistance beyond five years was central to the welfare reform debate. Many individuals who opposed a hard time limit were worried that all families could not manage to leave welfare for employment that was sufficient enough to sustain their families in a specified time limit. At the same time that these debates were occurring, many researchers were examining this same topic, but there was little consensus among studies.

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Congress debated different levels of exemption from the federal benefit time limits. Various House and Senate versions of the welfare bill increased the exemption from 10 to 15 to 20 percent. The current TANF legislation allows states:

- To exempt 20% of their current, average monthly caseload from the time limit.
- To continue assistance for families by setting up a separate state program funded with maintenance of effort (MOE) dollars. Six states, including Michigan, have announced that they will continue some type of assistance indefinitely. (The other states include California, Indiana, Massachusetts, Minnesota, and Vermont.)

Key Policy Questions

This chapter looks at disadvantage among families currently and recently on TANF based on the National Survey of America's Families. It uses data from the 1997 and 1999 NSAFs and other research conducted by various states to examine three questions:

Many individuals who opposed a hard time limit were worried that all families could not manage to leave welfare for employment that was sufficient enough to sustain their families in a specified time limit.

1. What percentage of adults receiving TANF have barriers to employment, and has the percentage been increasing over time?
2. To what extent do adults with barriers work?
3. What are the barriers to employment among those who recently left TANF but are not working?

What is the National Survey of America's Families (NSAF)?

In 1997 and 1999, the Urban Institute conducted the National Surveys of America's Families (NSAF). The surveys were conducted on a nationally representative sample of 44,000 non-elderly families with oversamples of the low-income population. The families were contacted either by telephone or in person. Each survey contained questions about family well-being and about the family's experience with welfare.

The National Survey of America's Families provides a comprehensive look at the well-being of adults and children and reveals sometimes striking differences among the 13 states studied in depth. The survey provides quantitative measures of the quality of life in America. It pays particular attention to low-income families.

The survey is representative of the noninstitutionalized, civilian population of persons under age 65 in the nation as a whole and in 13 states: Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin. Together, these states are home to more than half the nation's population and represent a broad range of fiscal capacity, child well-being, and approaches to government programs.

Publications and database are available free of charge on the Urban Institute's Web site: <http://www.urban.org>.

The project has received funding from The Annie E. Casey Foundation, the W.K. Kellogg Foundation, The Robert Wood Johnson Foundation, The Henry J. Kaiser Family Foundation, The Ford Foundation, The David and Lucile Packard Foundation, The John D. and Catherine T. MacArthur Foundation, the Charles Stewart Mott Foundation, The McKnight Foundation, The Commonwealth Fund, the Stuart Foundation, the Weingart Foundation, The Fund for New Jersey, The Lynde and Harry Bradley Foundation, the Joyce Foundation, and The Rockefeller Foundation.

We expected to find adults on TANF more disadvantaged in 1999 than they were in 1997. We also expected to find that (1) the individuals who were most able left TANF for work before the less able and (2) those with low levels of disadvantage would be less likely to apply for benefits in the post-TANF era because of state diversion programs and other factors.

The results show that levels of disadvantage, based on the measurable characteristics in the surveys, were not significantly greater in 1999 than in 1997. It is possible that by 1997 most of welfare reform's effects on caseload characteristics had already occurred.

Only one barrier to employment was significantly different in 1999 than in 1997. A much larger percentage of TANF recipients (42%) had some recent work experience in 1999 compared with the percentage in 1997 (27%).

What did the results show about barriers to employment?

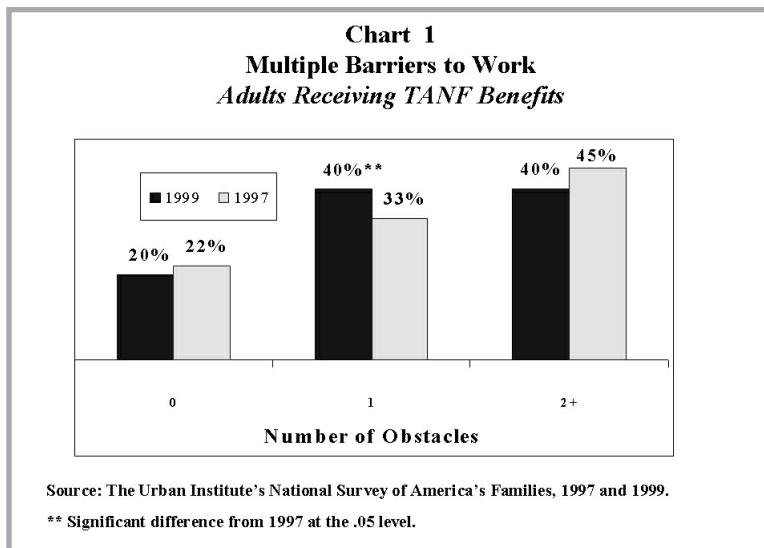
The surveys measured potential barriers to work for adults. These barriers included poor physical health, poor mental health, language barriers, caring for an infant or disabled child, lack of work in the past three years and dropping out of high school. Of adults receiving TANF benefits, the surveys found that:

- The same percentage of adults (17 %) in both 1997 and 1999 reported that their physical health limited their ability to work.
- A larger percentage scored in the very poor mental health category but this was not a statistically significant difference.
- The composite measure of health limiting work and/or a low score on a mental health scale was somewhat higher, 36% in 1999 compared to 32% in 1997. Again, this difference was not statistically significant.

- Although there were small differences in the percentage of adults reporting language, child or education barriers, these differences were not statistically significant.
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Including the health composite and the five other barriers to employment, Chart 1 shows that adults on TANF in 1999 were no more likely to have multiple barriers than in 1997. Between 1997 and 1999, work was the biggest change between the two cohorts of TANF recipients. One-third of adults on TANF were working for pay in 1999 compared to one out of five in 1997, and work increased significantly among individuals with significant barriers to employment.

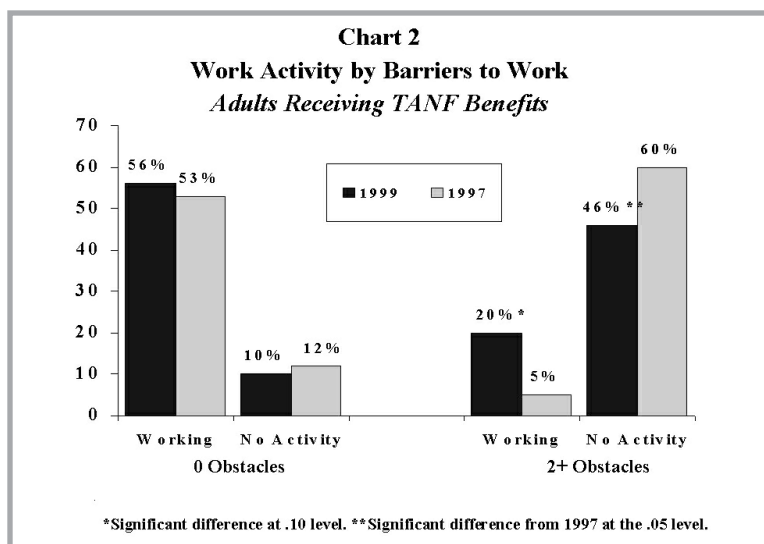
The percent of adults with multiple barriers to employment who were in paid jobs increased from 5% in 1997 to 20% in 1999.



About half of the adults in the multiple barrier group were engaged in no work activity, not even job search.

Chart 2 shows the percent of adults on TANF who said they were working for pay and the percent with no work activity. (The categories of employment training and job search are omitted.) These two groups are separated into those without barriers to employment and those with two or more barriers.

States have made a lot of progress in moving individuals with significant disadvantages (multiple barriers to employment) into paid work. However, many adults receiving TANF are not yet engaged in work.



Those who were receiving TANF for the first time were more likely to be caring for an infant than those who had remained on the program.

This chart shows:

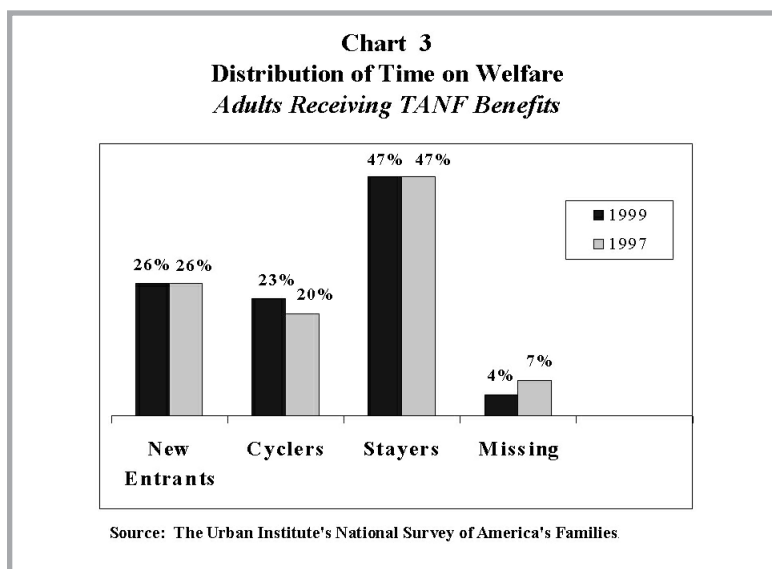
- More than half of the adults without barriers to work were working for pay in both 1997 and 1999.
- The percent of adults with multiple barriers to employment who were in paid jobs increased from 5% in 1997 to 20% in 1999.
- About half of the adults in the multiple barrier group were engaged in no work activity, not even job search.

These results clearly indicate that states have made a lot of progress in moving individuals with significant disadvantages (multiple barriers to employment) into paid work. However, many adults receiving TANF are not yet engaged in work.

What did the results show about the length of time that individuals remain on welfare?

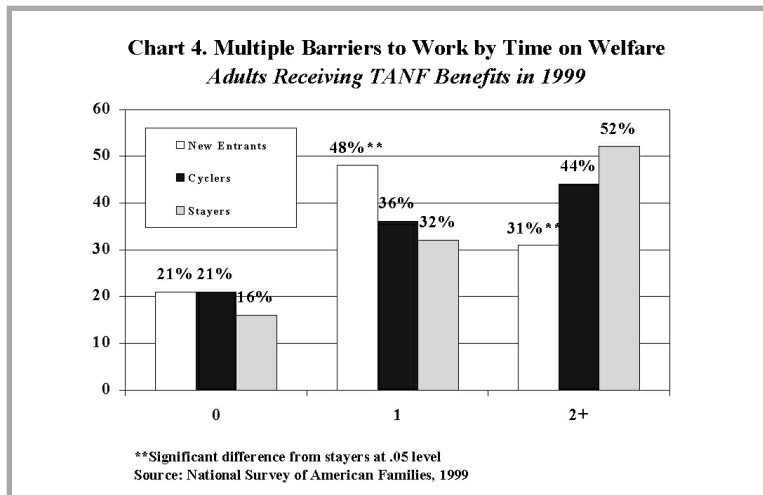
Because the results show that families receiving TANF were not significantly more disadvantaged in 1999 than in 1997, we began to look at time on welfare to see whether this would help explain this result. The amount of time on welfare was divided into three categories: adults receiving TANF for the first time (new entrants), those who left TANF but began receiving benefits again within the past two years (cyclers), and those that have been receiving TANF for more than two years (stayers).

The individuals who continued to receive TANF for more than two years were more disadvantaged in some ways than those who had just entered TANF.



A look at multiple barriers to employment dramatizes the differences among new entrants, stayers, and cyclers. One-half of the stayers had multiple barriers to employment, while only 3 of 10 new entrants had those same barriers.

Chart 3 shows that welfare entry, cycling, and staying had not changed between 1997 and 1999. In both years, about one quarter reported receiving TANF for the first time, about one fifth had left TANF but came back within the past two years, and about half were on TANF for more than two years. The individuals who continued to receive TANF for more than two years were more disadvantaged in some ways than those who had just entered TANF. They had significantly less work experience and significantly lower levels of education (50% had not finished high school compared to 35% of new entrants).



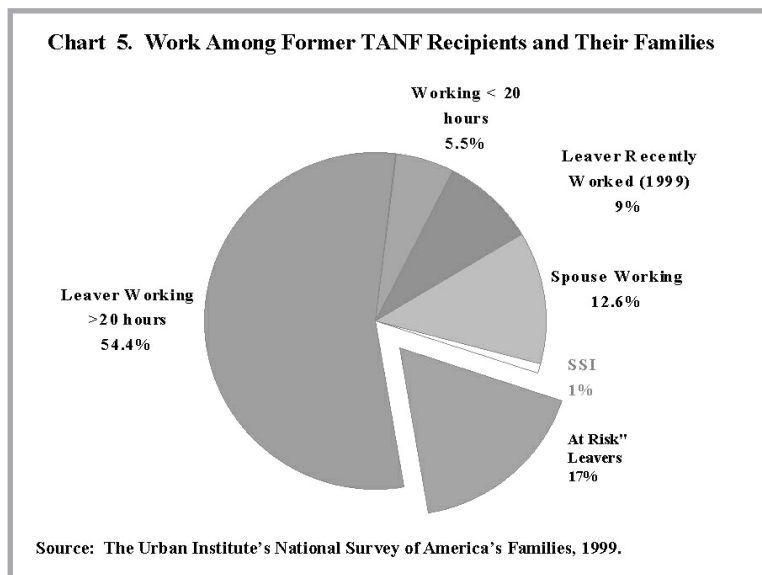
Adults who were currently working or worked sometime during the year of their interview (1999) totaled 69% of former TANF recipients.

One in six of those who left TANF in the past two years are defined as “at risk” leavers.

Chart 4 shows the three groups (new entrants, cyclers and stayers) differentiated by multiple barriers to employment. Half of the stayers had multiple barriers to employment, while only 3 of 10 new entrants had those same barriers.

Of individuals leaving TANF, who is the most “at risk”?

To understand whether there is a group just outside of TANF who are at-risk, the Urban Institute looked at those who had left TANF but were not working.



Among adults receiving TANF benefits in 1999, those who had stayed on TANF for more than two years were more disadvantaged in some ways than those who had just entered TANF.

Chart 5 shows work status among former TANF recipients and their families:

- Adults who were currently working or worked sometime during the year of their interview (1999) totaled 69% of former TANF recipients.
- Individuals living with a spouse or partner who was working made up about 13%.
- Only 1% of adults were receiving federal disability benefits.
- The final 17% of former TANF recipients (one in six of those who left TANF in the past two years with no known source of income) are defined as “at risk” leavers.

TANF leavers who are employed reported fewer barriers to employment than at risk TANF leavers who report no employment activity.

Compared with TANF stayers in 1999, significantly more at risk leavers were also in very poor health, 50% of at risk TANF leavers compared to 39% of stayers.

The data showed that four of ten adults receiving TANF have multiple barriers to employment.

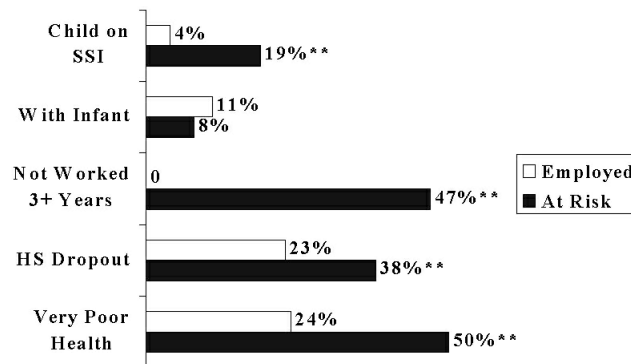
Chart 6
Barriers to Work by Time on Welfare
Adults Receiving TANF Benefits in 1999

Characteristics	New Entrants (%)	Cyclers (%)	Stayers (%)
With Child on SSI	3	7	6
With Infant	33**	20**	6
Last Worked 3+ Years Ago	17*	24	34
LT High School	35*	41	50
Very Poor Health	28	41	39

Source: The Urban Institute's National Survey of America's Families, 1999.
 *Significant difference from continuous stayers at the .10 level.
 **Significant difference from continuous stayers at the .05 level.

Chart 6 indicates that those who had stayed on TANF for more than two years were more disadvantaged in some ways than those who had just entered TANF. They had significantly lower levels of education (50 % had not finished high school compared to 35 percent of new entrants) and significantly less work experience. On the other hand, those who just entered TANF were much more likely to be caring for an infant than those who had remained on the program.

Chart 7
Barriers to Work Among TANF Leavers in 1999

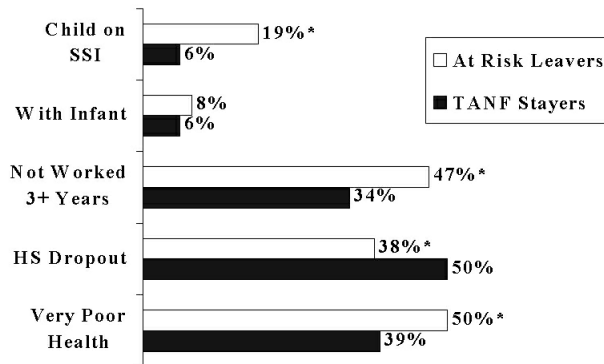


Source: The Urban Institute's National Survey of America's Families.
 **Significant difference at .05 level.

Chart 7 compares the barriers to work among employed and at risk individuals who left TANF in 1999, while Chart 8 compares at risk leavers with stayers.

According to the data, adults who left TANF and are labeled “at risk” appear at least as disadvantaged if not more than those who have remained on TANF long-term. A larger share of the at risk leavers lacked recent work experience and significantly more were caring for a disabled child. Furthermore, at risk TANF leavers were not different from long-term TANF recipients with regards to multiple barriers to employment. About half of both groups reported more than one employment barrier.

Chart 8
At Risk TANF Leavers Compared to TANF Stayers, 1999



Source: The Urban Institute's National Survey of America's Families.

**Significant difference at .05 level.

The data showed that four of ten adults receiving TANF have multiple barriers to employment.

State Studies

The results regarding time on welfare and levels of disadvantage among non-working TANF leavers are consistent with state studies that have shown that about one quarter of those who leave welfare return within a year. State studies have also shown that some families who leave TANF because of sanctions may be significantly disadvantaged and finding it difficult to navigate the new TANF system.

What are the most important results of the NSAF?

- The data showed that four of ten adults receiving TANF have multiple barriers to employment.
- Those working make up 20% of this group, and 4% reported being in a training program.
- Approximately 30% of current TANF recipients will need significant interventions to leave welfare successfully.
- Approximately 20% of those who left TANF had no family earnings and were not in a federal disability program.
- Because hidden barriers, such as domestic violence and substance abuse, are difficult to identify, these percentages are probably lower than the actual values.

What are the states' current challenges?

It is difficult to estimate how many adults with significant barriers to work and the proper support services can move successfully into employment. Most states do not yet have large-scale programs in place designed to provide the types of intensive services that these disadvantaged families need. Some states have simply been exempting individuals with significant barriers to employment from work requirements, but this strategy could backfire in the long run if this disadvantaged group grows over time.

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States are likely to face their greatest TANF challenge in the future.

States are currently challenged with:

Identifying those with special needs. Many states are struggling with assessment tools that help them identify the barriers to employment that require treatment or referral to another agency. Others use failure in a “work first” program to identify those with significant barriers.

Developing strategies to reduce or eliminate barriers to work. Some states have started to develop strategies to reduce or eliminate barriers. Some strategies focus on particular barriers, such as mental health or substance abuse, and others attempt a more generalized approach designed to deal with multiple barriers. For example, the Transitional Work Corporation in Philadelphia focuses on moving those with multiple barriers into transitional community service jobs and eventually into private sector employment. However, most states have a long way to go in developing these services.

Evaluating strategies to learn what works and for whom. Many of the programs that do exist have only been piloted for small groups, and few have been evaluated.

What are the three major policy recommendations?

The results from the NSAF suggest three TANF policy recommendations:

1. Increase the 20% federal exemption from time limits, at least in the short run and during periods of higher unemployment.
2. Maintain federal TANF resources so that states can develop strategies to address barriers to employment.
3. Reward states that develop and evaluate programs that are focused on the most disadvantaged.