On August 22, 1996, President Bill Clinton signed into law an historic overhaul of the country’s welfare programs. Fifteen years later, during one of the most prolonged economic downturns in U.S. history, some states are actually seeing declines in the number of their citizens accessing TANF - Temporary Assistance for Needy Families - which is the nation’s cash assistance program for poor families with children.

According to a new report by the Urban Institute, since the start of the recession in 2007 until last year, increases in the unemployment rate clearly outpaced the growth in the national TANF caseload. From 2007-2010, the unemployment rate increased by 88 percent while TANF caseloads grew by 14 percent. According to the Urban Institute report, this pattern was quite different before welfare reform, when TANF caseloads generally kept pace with increases in unemployment.

The Urban Institute points to a few likely reasons for this change, including:

- Unemployment benefits substitute for welfare: three in ten low-income (below 200 percent of the federal poverty level) single parents received unemployment benefits in 2009, double the share receiving in 2005. This suggests that as more single mothers went to work during the late 1990s and early 2000s, more could qualify for unemployment benefits in the event of job loss. Also, many states have recently expanded eligibility for unemployment benefits.

- State TANF policies discourage welfare use: TANF benefits have remained flat over the past 15 years in most states, diminishing the value to low-income families. Maximum TANF cash benefits are less than 30 percent of the federal poverty threshold in 30 states. Also, many states actively discourage applicants from enrolling in TANF.

- Attitudes are changing about participation: the share of families eligible for welfare assistance that enroll in the program has dropped from over 80 percent before TANF in 1996 to 40 percent in 2005.

From 2007-2010, 13 states decreased TANF enrollment, one state stayed the same and 36 reported increases. Arizona reported the biggest decrease in TANF enrollment (-48%) followed by Vermont (-21%) and Rhode Island (-19%). The states with the biggest increases to caseloads included New Mexico (+78%), Oregon (+70%) and Hawaii (+53%).
15 Years After Welfare Reform: Some States Report Declines in Enrollment

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