

Statement of Legal Momentum

Submitted to the House Committee on Ways and Means to be included in the record of the
Subcommittee on Human Resource February 28, 2013 hearing on
“Waiving Work Requirements in the TANF Program”

Prepared by:
Timothy Casey
Legal Momentum Senior Staff Attorney
tcasey@legalmomentum.org

Chairman Reichert called this hearing in response to HHS' announcement last summer¹ that it was willing to grant states permission to apply different work rules than the rules specified in the TANF statute to allow states to test alternative approaches that might be more effective in improving employment outcomes for TANF recipients. In his announcement of the hearing, Chairman Reichert expressed his opposition to the HHS policy on the ground that alternative work rules might decrease single mother earnings and increase single mother poverty.² However, the reality is that the TANF statute's work rules help perpetuate single mother poverty by preventing single mothers from obtaining the education that is the surest pathway out of poverty to a living wage. Single mother poverty could be reduced if states were allowed to apply work rules that would foster educational opportunity.

There is a strong correlation between educational attainment and the risk of poverty. The poverty rate is about 50% for single mothers who lack a high school degree, compared with about 30% for single mothers with a high school degree, about 20% for single mothers with an Associate degree, and about 10% for single mothers with a Bachelor's degree.³

40% of TANF recipient parents have not completed high school and only 5% have attended college even for a day.⁴ Despite the obvious desirability suggested by these figures of allowing and encouraging TANF parents to improve their educational attainment, the TANF statute has continuously embraced a "work first" approach that discourages participation in education and training. States are penalized unless a specified percentage of recipients participate in federally countable activities. High school attendance generally counts as full participation only if the parent is under age 20, and college attendance as full participation only

¹ HHS Information Memorandum TANF-ACF-IM-2012-03 (July 12, 2012), available at <http://www.acf.hhs.gov/programs/ofa/resource/policy/im-ofa/2012/im201203/im201203>.

² Chairman Reichert's announcement is available at <http://waysandmeans.house.gov/news/documentsingle.aspx?DocumentID=320621>. About 90% of parents receiving TANF are single mothers.

³ Poverty rates calculated by Legal Momentum using the U.S. Census Bureau Current Population Survey Table Creator at <http://www.census.gov/cps/data/cpstablecreator.html>.

⁴ U.S. Department of Health and Human Services, *Temporary Assistance For Needy Families, Eighth Annual Report To Congress*, at Table 10-25, (2009), available at <http://www.acf.hhs.gov/programs/ofa/data-reports/annualreport8/ar8index.htm>. This HHS report indicates that 4.6% of adult recipients had "more than 12 years" education but does not indicate how many had obtained either an Associate or Bachelor's degree.

if the program of study qualifies as “vocational education” and then only for 12 months. In 2008, fewer than 2% of adult recipients were counted as participating based on high school/GED attendance, and only about 4% were counted as participating based on attendance in vocational education.

Work first reinforces women’s employment in unstable, no-benefits, low-wage “women’s work.” When they leave TANF, single mothers overwhelmingly enter low wage jobs in low wage industries and occupations dominated by women with typical wages of between \$7 and \$8 an hour.⁵ Twelve of fifteen federally funded studies of parents who had left TANF (“TANF leavers”) found that average earnings in the quarter after leaving TANF were less than the poverty level for a family of three.⁶ Most TANF leaver jobs lack basic benefits such as health coverage, sick leave, pensions, and vacation.⁷ Many of these jobs are unstable, with the percentage of TANF leavers employed in all four quarters after leaving TANF ranging from a low of 35% to a high of only 58% in five state studies.⁸

Due to low wages and unstable employment, TANF leavers often experience severe hardship. In state TANF leaver surveys, the percentage of leavers reporting “moved or evicted” ranged from 5% to 21% (11 states); “needed medical care but couldn’t get it” from 13% to 54% (8 states); “had a time when no way to buy food” from 13% to 44% (8 states); “electricity cut-off” from 2% to 36% (6 states); and “phone cut-off” from 22% to 48% (6 states).⁹

Among single mothers, those with a high school degree have much higher wage rates and employment rates than those without a high school degree. In 2009, single mothers with a high

⁵ Lower-Basch, Elizabeth & Mark Greenberg, *Single Mothers in the Era of Welfare Reform*, at 175-6 (2008), available at <http://www.clasp.org/admin/site/publications/files/0490.pdf>.

⁶ Committee on Ways and Means, U.S. House of Representatives, *Background Material and Data on the Programs within the Jurisdiction of the Committee on Ways and Means 2008* (popular name “Greenbook”), at 7-85 – 7-86 (2008), available at <http://democrats.waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/tanf.pdf>.

⁷ *Single Mothers in the Era of Welfare Reform*, *supra* n.5.

⁸ Devere, Christine, *Welfare Reform Research: What Do We Know About Those Who Leave Welfare*, at 14, (2001), a Congressional Research Service report for Congress, available at http://assets.opencrs.com/rpts/RL30882_20010313.pdf.

⁹ *Id.* at Table 2.

school degree had an employment rate of 57% and average earnings of \$29,352 when working full-time, year-round; single mothers without a high school degree had an employment rate of only 37% and average earnings of only \$21,764 when working full-time year-round.¹⁰

Similarly, single mothers with a college degree have much higher wage rates and employment rates than those with only a high school degree. In 2009, single mothers with an Associate degree had an employment rate of 70% and average earnings of \$38,677 when working full-time, year-round; single mothers with a Bachelor's degree (or more) had an employment rate of 76% and average earnings of \$59,392 when working full-time, year-round.

The TANF statute's work rules creates a roadblock to the educational opportunity that is a real path out of poverty and into stable, living wage employment. HHS should be allowed to grant waivers to states who wish to test alternative approaches.

¹⁰ Employment rates and average earnings calculated by Legal Momentum using the U.S. Census Bureau Current Population Survey Table Creator at <http://www.census.gov/cps/data/cpstablecreator.html>.