

Statement of Senior Staff Attorney Timothy Casey on Behalf of Legal Momentum

Submitted to the Subcommittee on Income Security and Family Support of the House Committee on Ways and Means to be included in the record of the Subcommittee's October 8, 2009 "Hearing on the 'Safety Net's' Response to the Recession"

Millions of women and children are living in extreme poverty, many experiencing hunger, eviction, and other deprivations, in significant part due to fundamental flaws in the safety net and the safety net's failure adequately to respond to the recession. Such hardship in a country as rich as ours violates basic principles of social justice and human rights.

TANF -- Temporary Assistance to Needy Families -- is the national social assistance program for families with children created in 1996 to replace AFDC and end "welfare as we know it." Congress must reauthorize TANF by September 30, 2010. Congress should act now, without delay, to make TANF more accessible and TANF benefits more adequate both during the recession and beyond.

TANF offers a critically important safety net for single mother families as they experience an exceptionally high poverty rate of over thirty five per cent. About ninety per cent of parents receiving TANF are single mothers.

Legal Momentum has recently released two reports describing fundamental shortcomings in the adequacy of TANF benefits, and in the ability of poor women to access and/or retain TANF: *Meager And Diminishing Welfare Benefits Perpetuate Widespread Material Hardship For Poor Women And Children* (July 2009) [hereafter "*Meager Benefits*"], available at <http://www.legalmomentum.org/assets/pdfs/tanf-meager-benefits.pdf>; *The Bitter Fruit Of Welfare Reform: A Sharp Drop In The Percentage Of Eligible Women And Children Receiving Welfare* (June 2009) [hereafter "*Bitter Fruit*"], available at <http://www.legalmomentum.org/assets/pdfs/lm-tanf-bitter-fruit.pdf>.

Our *Meager Benefits* report described the ever increasing inadequacy of benefits under TANF. July 2008 is the most recent month for which comprehensive information is available, but there is little if any reason to suppose that benefits have become more adequate since then. At that time, the monthly benefit for a family of three was less than \$700 in forty eight states, less than \$600 in forty two states, less than \$500 in thirty six states, less than \$400 in twenty two states, less than \$300 in thirteen states, and less than \$200 in two states, and was

\$426 in the state (Iowa) with the median benefit level. For a family of three, the daily benefit per person was less than \$8.00 in all but one state, less than \$5.00 in thirty states, and as low as \$1.86 in one state (Mississippi). The real value of the benefit had declined under TANF in all but four states, with a decline of 20% or more in twenty eight states, and a decline of 17% in the median state benefit. **The TANF benefit was far below the official poverty guideline in every state, ranging from a low of 12% of official poverty in Mississippi to a high of 50% of official poverty in Alaska, and equaling 29% of official poverty in the median state.**

Legal Momentum's *Bitter Fruit* report described the drastic drop in poor children's participation under TANF. The number of children receiving TANF declined from 62% of the number of poor children in 1995, AFDC's last year, to 24% in 2007, the most recent year for which official poverty data was available at the time our report was issued. *Bitter Fruit* also depicted how the percentage of eligible families receiving benefits has also declined precipitously under TANF, falling from 84% in 1995 to 40% in 2005, the most recent year for which the federal TANF agency, the Department of Health and Human Services (HHS), has reported on the number of families eligible for, but not receiving, TANF.

The new Census Bureau poverty report indicates that the national poverty rate rose to 13.2% in 2008, the highest poverty rate since 1997, reflecting the impact of the recession that began in December 2007. Since unemployment has been much higher in 2009 than in 2008, the poverty rate will almost surely jump again this year.

TANF participation has continued to decline during the recession relative to the number of poor and potentially eligible families. Poor children's rate of TANF participation was even lower in 2008 than in 2007, with the number of children receiving TANF in December 2008 equal to only 23% of the number of poor children in 2008. Though the number of child TANF recipients increased by 102,000 (3.8%) from December 2007 (3,069,996) to December 2008 (3,171,697), the increase in child poverty was far greater. The number of poor children increased by 744,000 (5.6%) from 2007 (13.324 million) to 2008 (14.068 million), and the number of extremely poor children by 510,000 (8.8%) from 2007 (5.768 million) to 2008 (6.278 million). There was but one "new" TANF child recipient for each seven new poor children and for each five new extremely poor children. **Overall, in 2008 the number of poor children was more than four times the number of children receiving TANF, and the number of extremely poor children almost twice the number of children receiving TANF.**

A comparison of TANF with Food Stamps underscores TANF's inadequate response to the recession. Food Stamps, like TANF, is a needs-based safety net program in which participation should rise when unemployment and poverty rise. In fact, Food Stamp participation has increased substantially since the recession began, rising 16% from 12,313,466 recipients in December 2007 to 14,284,017 recipients in December 2008. **The 16% Food Stamp participation increase was more than four times the 3.8% TANF participation**

increase, with the number of TANF recipients (both children and adults) increasing from 4,014,265 in December 2007 to only 4,168,746 in December 2008.

December 2008 is the most recent month for which national TANF caseload data is currently available from HHS. However, the Center on Budget and Policy Priorities has collected TANF caseload data for the first half of 2009 from forty five states. (See statement of witness LaDonna Pavetti, Ph.D., Director, Welfare Reform and Income Support Division, Center on Budget and Policy Priorities, available at <http://waysandmeans.house.gov/hearings.asp?formmode=view&id=8091>) This data suggests that the TANF non-participation problem did not get significantly better and may have worsened.

Congress has also failed in other ways to adjust federal TANF policies to the realities of a recession. Current federal TANF rules set a 60-month lifetime limit on TANF receipt and allow states to set a shorter limit, as about a fourth of the states do. Legal Momentum opposes ever terminating assistance to needy women and children solely because they have been poor too long. **But even assuming that time limits should be permitted when jobs are readily available, Congress surely should have suspended time limits in the face of high and rising unemployment** -- with now six unemployed workers for every job opening -- just as Congress saw the need to extend unemployment insurance benefits in response to persistently high unemployment.

Similarly, Congress should have acted promptly as the economy weakened to reform TANF's "work first" approach. Legal Momentum has criticized "work first" for reinforcing women's occupational segregation in low wage/no benefit work, and for preventing women from receiving the education and training they need to earn a living wage. But the continuance of "work first" in a recession makes even less sense, as illustrated by the testimony to the subcommittee by the director of the Michigan TANF agency, Ismael Ahmed. (*Statement of Mr. Ismael Ahmed, Director, Michigan Department of Human Services, Lansing, Michigan*, available at <http://waysandmeans.house.gov/hearings.asp?formmode=printfriendly&id=8087>.) His statement explained how federal work first policies were deterring participation in activities such as basic adult education, English as a Second Language, and high school completion, despite the fact that recipients in need of these services have extremely bleak employment prospects during a recession.

New federal TANF policies are needed during the recession and beyond to assure that benefits are accessible and adequate and are not terminated arbitrarily, and to allow TANF to be a real stepping stone to living wage employment. Unless and until Congress enacts new policies, millions of women and children will continue to live in deep poverty.

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