First Focus
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Statement for the Record

U.S. House of Representatives Committee On Ways and Means
Subcommittee on Human Resources
Comments on Discussion Draft to Reauthorize the Temporary Assistance for Needy Families (TANF) program

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Chairman Boustany, Ranking Member Doggett and Members of the House Committee on Ways and Means Human Resources Subcommittee, thank you for the opportunity to submit this statement for the record.

First Focus is a bipartisan children's advocacy organization dedicated to making children and families a priority in federal policy and budget decisions. Our organization is committed to ensuring that all of our nation's children have equal opportunity to reach their full potential.

Child poverty in the U.S. remains high, with 14.7 million or 19.9 percent of children living below the poverty line in 2013. The child poverty rate remains significantly higher than for other age groups. Very young children experience the brunt of poverty, with nearly one-half of children under the age of 3 living in poor or low-income households.

For children of color, the poverty rate is even more alarming with 38 percent of African American children, 33 percent of Hispanic children, and 36.8 percent of American Indian and Native Alaskan children falling into this category. Furthermore, poverty is a particularly serious problem for children, who suffer negative effects for the rest of their lives after living in poverty for even a short time.

Child poverty carries a high price tag for our nation in terms of its human toll and fiscal costs. Poor and lower-income children are significantly more likely to experience gaps in their cognitive development as a result of economic insecurity and toxic stress in the lives of their parents and caregivers. It is well documented that exposure to toxic stress, including child abuse, neglect and violence and burdens associated with poverty, such as food and housing insecurity, impede early brain development and academic success, resulting in educational inequalities and an increased school drop-out rate. High school dropouts are at an increased risk of engaging in criminal conduct and becoming incarcerated in our criminal justice system.

Simply put, poverty often robs children of the opportunity to enter school prepared to learn, and increases the chance that children will perform poorly throughout school or drop out of school, and experience unstable employment and poverty as adults. In real terms, child poverty sets children along a tragic trajectory to adult poverty.

Beyond consequences for individual children, child poverty negatively affects the entire nation through increased expenditures on criminal justice and healthcare and through lost revenue and economic output.

The Temporary Assistance for Needy Families (TANF) program is the primary cash assistance program for low-income families with children. Currently, the majority of TANF recipients are children and most TANF caseloads are "child-only," meaning only the child in the household is receiving assistance. These cases occur when there is no parent in the household or the parent(s) in the household is ineligible for TANF.

However, the effectiveness of TANF in reducing child poverty has been eroding over time. Much of this is due to the fact that TANF is legislatively fixed as a capped block grant, meaning that it does not change when a state's caseload increases or decreases. This has made TANF unable to respond to increased need during the recession.

In 1996, TANF could provide assistance to 68 out of very 100 families in poverty. By 2010, the ratio fell to 27 families.[1] TANF caseloads have continued to drop since the recession, despite the fact that need has not decreased. Child poverty rates continue to be higher than before the recession, yet in 2013, a little more than 1.7 million families received TANF nationally, down from 1.9 million in 2006.

The overall block grant has fallen in value by 32 percent due to inflation since 1996. In addition, the supplemental grants that expired in 2011 have not been restored. These grants went to 17 states that had relatively low spending per child in poverty or had experienced high population growth in the early 1990s.[2]

This has serious repercussions for the well-being of America's children. The potential of TANF to lift children out of poverty is illustrated in the following statistic: For children living in a family with an income below $25,000 who received a $3,000 annual income boost when they were under age 6 earned 17 percent more as adults and worked 135 more hours per year after age 25 than similarly-situated children whose families didn't receive the income boost. This signifies the importance of income early in a child's life, and how a loss in that income may result in detrimental effects on a child's earning potential and ability to break the cycle of poverty.[3]

Clearly improvements to TANF are needed – and we urge this Committee to concentrate its efforts on serving and lifting more children and families out of poverty and toward economic security.

We support changes in the discussion draft that aim to incentivize states to increase employment rates and earnings gains among participants, rather than simply reduction of caseloads. This includes changes to the activities that count towards the work participation rate such as basic education, skills training, and vocational education. In theory, these changes could improve the long-term economic security of children and families served by TANF, by providing an opportunity for parents to obtain higher earning jobs.

However, we are concerned that these proposed changes do not go nearly far enough, and without further improvements and increased resources, these changes would not result in reduced poverty for children and families served by TANF.

First Focus urges the Committee to significantly increase resources for TANF to meet increased need. In addition, we have several recommendations to improve TANF's ability to address child poverty and improve economic security for families:

First, as a nation, we cannot afford – either morally or economically – to have 1 in 5 of our nation's children and nearly 2 in 5 African-American children living in poverty. Therefore, reducing child poverty should be an explicit goal of the TANF program, and as mentioned previously, the program should be evaluated based on its ability to serve the needs of low-income children.

Specifically, we recommend the inclusion of language from H.R. 2408, the Child Poverty Reduction Act, which establishes a child poverty target and would set the goal of reducing child poverty in half in ten years and eliminating it in twenty years. The United Kingdom did this in 1999 and, on a tri-partisan basis, they have successfully cut their child poverty rate dramatically and our country should make this a clear priority as well.

By setting a target, it will hold states accountable to take concrete steps to reduce child poverty through implementation of TANF and other measures. It institutionalizes the goal of reducing child poverty, and will be an impetus for public debate around the most effective interventions and policy solutions needed to achieve this target.

Second, any changes in the manner in which states are evaluated in promoting work and reducing poverty and dependence on public assistance take into account the percentage of children and families in need being served. States should be incentivized to serve a target percentage of families in need and rewarded based on this outcome.

Third, we recommend creating Children's Fair Share Grants, which would ensure a more equitable funding system for states by indexing the TANF block grant amount to inflation and the child population, and instituting a minimum floor of funding per poor child in poverty at the state level based on the national average of TANF spending. Such a reform would address a major flaw in the current TANF block grant formula, which is that funding does not follow the need and where states are granted widely disparate resources for families in poverty based on spending levels allocated 20 years ago.

Fourth, we recognize that TANF is one of the primary funding sources for childcare subsidies to low-income parents to enable them to complete school and job training programs and secure stable employment. Childcare assistance helps low-income parents obtain gainful employment, leading to increased earnings and ultimately furthering the goals of the TANF program. However, federal TANF funds used for childcare, including direct spending and transfers to the Child Care and Development Grant Program (CCDBG), have significantly declined, largely because TANF funding has not been adjusted for inflation since its creation, causing it to lose one-third of its value.

The TANF program has always recognized the close connection between parental work and their ability to secure appropriate childcare. We urge this Committee to significantly increase funding for the TANF program and continue to allow states to designate funding for childcare purposes. We note that research has shown high-quality childcare, Head Start and early Head Start to be two-generational programs in that they enable parents to maintain stable employment to provide for their families, and provide young children with a stimulating environment during their earliest years when science has shown their brain development is most rapid. Significantly increasing funding for TANF and Head Start provide a twofold benefit, enabling parents to work and preparing young children to succeed in school and life.

Finally, we also recognize that in recent years, TANF has become a major source of funding for child welfare but not necessarily for wraparound or intervention services. A large portion of flexible funding used by states is used for foster care funding and services and kinship placements.

These services are critical for vulnerable children and families, and therefore we urge that any reform to TANF should do no harm to the child welfare system, and ensure that child welfare is funded adequately and augment support for preventive and early intervention services.

In this same vein, we are supportive of allowing funds to be transferred to Title IV-B, which can be used for preventive and early intervention services for families at-risk of entering the child welfare system. However, given the very limited resources of TANF and the incentives in this legislation to shift funds towards improving employment outcomes, we recognize that realistically, many states would have difficulty in transferring funds to Title IV-B without causing harm to other TANF participants, including children in families receiving cash assistance.

To conclude, TANF's funding structure differs greatly from state to state. Yet children are consistently the majority of TANF recipients, which means that any changes made to the TANF program will impact them greatly. We strongly urge the Committee that any changes made to TANF do no harm to children who already receive funds. We are very concerned that without increased resources, the proposed changes in the discussion draft are likely to result in loss of funds to child recipients. Therefore, reducing child poverty should be an explicit goal of the TANF program, which will ensure that the program is evaluated based on its ability to continue to serve children already receiving funds, as well as serving additional children in need.

We appreciate your consideration of these recommendations, and we look forward to working with you on this and other proposals to improve the well-being of America's children.

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[1] Floyd, I., Pavetti L. and Schott, L. TANF Continues to Weaken as a Safety Net. Washington, D.C.: Center on Budget and Policy Priorities; 2015.

[2] The Supplemental Grants, which were negotiated by Senator Kay Bailey Hutchison (R-TX) as a "compromise" to be added to the TANF bill were make available to the states of Alabama, Alaska, Arkansas, Arizona, Colorado, Florida, Georgia, Idaho, Louisiana, Mississippi, Montana, Nevada, New Mexico, North Carolina, Tennessee, Texas, and Utah each year for fiscal years 1998 through 2001 if the states had lower spending per person in poverty in AFDC and related programs or had experienced high population growth in previous years. This following a "Children's Fair Share" amendment by Senators Bob Graham (D-FL) and Dale Bumpers (D-AR), which would have pushed to end the "inequity" in the TANF funding formula over five years

[3] Greg J. Duncan and Katherine Magnuson, "The Long Reach of Early Childhood Poverty," *Pathways*, Winter 2011, http://www.stanford.edu/group/scspi/_media/pdf/pathways/winter_2011/PathwaysWinter11_Duncan.pdf.