

**STRENGTHENING THE TANF PROGRAM:  
PUTTING CHILDREN AT THE CENTER AND  
INCREASING ACCESS TO GOOD JOBS FOR PARENTS**

**Statement of  
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**before the  
Subcommittee on Human Resources,  
Committee on Ways and Means,  
United States House of Representatives**

**JOBS AND OPPORTUNITY:  
LEGISLATIVE OPTIONS TO ADDRESS THE JOBS GAP**

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\*The views expressed are my own and should not be attributed to the Urban Institute, its trustees, or its funders.

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## Introduction

Chairman Smith, Ranking Member Davis, and members of the subcommittee, thank you for inviting me to testify today and share my insights on how to strengthen the Temporary Assistance for Needy Families (TANF) program.

Before I dive into my testimony, I want to note that my previous experience includes serving as director of the Office of Family Assistance (OFA), the US Department of Health and Human Services (HHS) office that administers TANF. The team at OFA works with every state and tribal TANF agency in the nation; as result, during my tenure at OFA, I heard first hand from leaders implementing the program about the federal policy barriers they face and the difficult decisions they make.

But, as important, I have spent much of my career talking with families and seeking to understand the struggles low-income children and parents face every day.

I started graduate school to pursue my MSW in August 1996, the week that President Bill Clinton signed the welfare reform bill—and in many ways, those policy changes helped shape the trajectory of my career. While in graduate school in Missouri, I began working with Reform Organization of Welfare, a grassroots organization of low-income families, many of whom were receiving Aid to Families with Dependent Children, right when the program was transitioning to TANF. Working directly with these parents and meeting their young children, I came to better understand their struggles to make ends meet, as well as their capability, resilience, and ingenuity. I also came to understand how income support can be a lifeline to families who are striving for a better future for their children, yet too strapped to afford school clothes, shoes, and diapers. The voices and perspectives of children and parents are too often left out of conversations about solutions, but it is their experiences—and my own experience with TANF practice, policy, and research—that inform my testimony today.

I went on to do a field placement in the Office of Family Assistance in 1998, during the time HHS was developing the original TANF regulations, and heard the perspectives and concerns of states, community-based organizations, trade associations, and advocacy groups coming from diverse political points of view. Later, during the five years I worked at CLASP, I provided technical assistance to states, tribes, and counties on both TANF and Workforce Investment Act implementation and coordination. As a result, I came to have an even deeper understanding of both programs' opportunities and limitations.

I have now spent more than two decades designing and implementing programs and policies to increase economic opportunity for low-income families, as well as translating research for policy development, including for several years at the Aspen Institute and now at the Urban Institute.

While I am proud of my contributions to each organization where I have had the privilege of working, I want to emphasize that the views I express today are my own and should not be attributed to any of these organizations, their boards, or their funders.

## Context

**We all want to support families to succeed—to provide for and nurture their children, and to see them thrive.** A big part of that success rests on our ability to create access to good jobs, education, and training for parents. But it would be a mistake to assume that everyone has the same opportunities, that the playing field is equal. If our goal is to address child poverty—and, as a part of that, to encourage parents to work—we must be cognizant of the realities that families face.

**There is a persistent, negative, and stigmatizing narrative about people who receive cash assistance that does not come close to matching the reality.** And, there is often a failure to see their humanity. In my experience, parents across the country—from urban, suburban, rural, and tribal communities; white, black, Latino, Asian American, and Native American; with different political points of view—want to work because they want to set a good example for their children and they want a better future for them. I heard this loud and clear just last month in my conversations with young parents in rural Garrett County, Maryland; and just this past weekend from families in Los Angeles, who are part of the statewide Parent Voices group in California.

**But research shows that lower-income parents often face considerable challenges to entering the labor market and retaining employment.** These challenges include limited educations and work histories; caring for newborn children, infants, and toddlers; a lack of stable, affordable, high-quality child care that matches work schedules and young children’s developmental needs; chronically ill children or children with special needs; domestic violence; physical and mental health issues; exposure to trauma and toxic stress; and lack of stable housing. And the more of these challenges that parents face, the less likely they are to be employed.<sup>1</sup>

**It has been 22 years since Congress established TANF’s work requirements, and a lot has changed since then.** Yet the federal government continues to administer, and states continue to implement, a 20th-century program that is not meeting the needs of a 21st-century economy or 21st-century families. We cannot expect that a program designed in the economic, demographic, and scientific contexts of the mid-1990s—and for an entirely different generation of families—will be relevant or effective in 2018 and into the future.

- *The labor market has changed, and the future of work is changing.* TANF was designed in era before we fully recognized
  - declines in jobs that offer good wages, benefits, and opportunities for advancement for lower-skilled workers;<sup>2</sup> in unionization, especially in private sector;<sup>3</sup> and in any worker’s likelihood of working for a single, long-term employer;

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<sup>1</sup> Sheila Zedlewski, “Welfare Reform: What Have We Learned in Fifteen Years?” (Washington, DC: Urban Institute, 2012).

<sup>2</sup> David H. Autor, “Skills, Education, and the Rise of Earnings Inequality among the ‘Other 99 Percent,’” *Science* 344, no. 6186 (2014): 843–51; Jae Song, David J. Price, Fatih Guvenen, Nicholas Bloom, and Till von Wachter, “Firming Up Inequality,” October 22, 2016, draft, [https://fguvenendotcom.files.wordpress.com/2014/04/fui\\_22oct2016\\_final\\_qje\\_submit.pdf](https://fguvenendotcom.files.wordpress.com/2014/04/fui_22oct2016_final_qje_submit.pdf).

<sup>3</sup> US Bureau of Labor Statistics, “Union Members Summary,” Economic News Release USDL-18-0080, January 19, 2018, <https://www.bls.gov/news.release/union2.nr0.htm>.

- increases in alternative work arrangements (contract, temporary, and on-call),<sup>4</sup> people working simultaneously for multiple employers (gig economy jobs), and the fissuring of the workforce across employers by wages and education;<sup>5</sup> and
- the rapid shift in the ways people get jobs (e.g., online job search and recruitment tools) and increased potential for displacement of some lower-skill jobs by automation and artificial intelligence<sup>6</sup> (whether that means cashiers replaced by self-checkouts, bank tellers replaced by ATMs, truck drivers soon to be replaced by autonomous vehicles, or the food delivery robots that are ubiquitous in my neighborhood in Washington, DC).
- *What a dollar will buy has decreased significantly.* The value of the TANF block grant has decreased nearly 38 percent.<sup>7</sup>
- *Demographics have changed.* TANF was designed during a different generation. Today's children in poverty are primarily living in families with Millennial and Gen Z parents or Gen X grandparents. And the composition of state populations has changed. In some states the overall population and the number of children in poverty have increased, while in others the overall population and the number of children in poverty have decreased.
- *Technology is impacting all aspects of our lives, and the pace of technological change is rapidly increasing.* TANF was designed before the Internet was widely used and before Google, the iPhone, LinkedIn, Snagajob, Uber, Lyft, or Amazon existed. There are important lessons to be learned from the human-centered design that many of these products and services embody. Technology companies use these principles in designing solutions that work, but government programs have largely fallen behind.
- *In the midst of these changes, one in five children in the United States continues to live in poverty.*<sup>8</sup> And in rural communities, nearly one in four children lives in poverty.<sup>9</sup>

**There are many, many challenges with a program as complex as TANF and many points of view on how to fix each of them. However, it seems clear that there are several areas with potential room for bipartisan agreement. In the interest of making efficient use of the Subcommittee's time, I focus my testimony on those areas. And, I focus on solutions that put children at the center and strengthen parental job opportunities:**

- Make child poverty reduction an explicit goal of the TANF program.
- Set a floor for spending on core benefits and services.

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<sup>4</sup> Lawrence F. Katz and Alan B. Krueger, "The Rise and Nature of Alternative Work Arrangements in the United States, 1995–2015," Working Paper 22667 (Cambridge, MA: National Bureau of Economic Research, 2016).

<sup>5</sup> David Weil, *The Fissured Workplace* (Cambridge, MA: Harvard University Press, 2014).

<sup>6</sup> David H. Autor, "Why Are There Still So Many Jobs? The History and Future of Workplace Automation," *Journal of Economic Perspectives* 29 (2015): 3–30.

<sup>7</sup> Calculated using Bureau of Labor Statistic Consumer Price Index Calculator, [https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm).

<sup>8</sup> Kids Count Data Center, "Children in poverty (100 percent poverty)," Annie E. Casey Foundation National KIDS COUNT, last modified September 2017. Data from Population Reference Bureau, analysis of data from the US Census Bureau, Census 2000 Supplementary Survey, 2001 Supplementary Survey, 2002 through 2016 American Community Survey. These data were derived from American Fact Finder table B17001 ([factfinder2.census.gov/](http://factfinder2.census.gov/)).

<sup>9</sup> "Rural Poverty & Well-Being," United States Department of Agriculture Economic Research Service, last modified April 18, 2018. Data from US Census Bureau, American Communities Survey, 2016. <https://www.ers.usda.gov/topics/rural-economy-population/rural-poverty-well-being/>.

- Prohibit states from claiming nongovernmental third-party expenditures as maintenance of effort (MOE).
- Expand education and training to create access to good jobs in the 21st-century economy.
- Support technical assistance and demonstration projects for state experimentation with employment outcome measures.
- Support demonstration projects that promote whole-family approaches through public-private partnerships.

**There are some key principles to which I believe Congress should adhere in making these reforms to improve results and to better target taxpayer dollars.**

- I strongly recommend that any changes be informed by the perspectives experiences of low-income families and based on rigorous evidence.
- For innovations where rigorous evidence may not yet exist, the federal government should work closely with states to develop demonstration projects that seek to establish an evidence base before scaling policy changes and practices more broadly.
- Additionally, such demonstration projects should be implemented thoughtfully and in ways that do not unintentionally harm young children's development.

**Reforming TANF alone will not address the challenge of promoting child and family well-being and improving parental employment outcomes.** Many other strategies outside the scope of TANF and the use of TANF funds will be needed, including the following:

- transforming low-quality jobs into good jobs, particularly in fast-growing sectors such as the care sector;
- investing more broadly in skills training linked to in-demand jobs with career pathways;
- expanding other mechanisms tied to work to increase income to families, including the earned income tax credit and the child tax credit;
- transforming other human services programs, such as the child support system, to provide more empowering support to families;
- scaling up evidence-based home visiting programs;
- revitalizing neighborhoods, preserving affordable housing, and expanding access to it;
- increasing access to capital and financial services in banking deserts; and
- addressing issues of safety and justice, particularly in neighborhoods with high poverty, high crime and violence, and high rates of justice involvement.

## **The Current State**

### *Income Support for Children through TANF Has Almost Ceased to Exist*

**TANF only provides income support to a very small number of families, and the cash assistance it provides is primarily supporting children.** As I have often said over years in talking to audiences of practitioners, policy experts, and philanthropists, the "F" in TANF stands for families. The original authors intended to provide assistance to children living in poverty, as outlined in Purpose 1 of the legislation: "Provide assistance to needy families so that children may be cared for in their own homes or

in the homes of relatives.” Yet, many in the general public do not understand just how few children and their families receive cash assistance.

- Fewer than 1.4 million families on average in any given month in 2017 received income support.<sup>10</sup>
- And half of TANF cases are child-only cases, meaning *no financial support is provided for parents or grandparents or other adults caring for these children*.<sup>11</sup>
- More than 70 percent of the people receiving income support from TANF are children, most are young children under the age of 12, and the largest share is children under the age of 6.<sup>12</sup>

**The share of families with children living in poverty who receive income support from TANF has fallen drastically since 1996.** When TANF was enacted, 68 of every 100 families with children in poverty received income support from the program. In 2016, only 23 of every 100 families with children in poverty did so. States’ policy decisions and varying commitments to address child poverty have led to wide variation among state “TANF-to-poverty” ratios, which range from 4 families of every 100 in Louisiana to 66 of every 100 in California. In a growing number of states, 10 or fewer of every 100 families with children in poverty receive income support from TANF.<sup>13</sup> Comparing TANF with programs like Medicaid and the Supplemental Nutrition Assistance Program (SNAP), it is painfully clear that TANF is reaching very few children who could benefit from income support.

- Nearly 46 million children have coverage through Medicaid and the Children’s Health Insurance Program.<sup>14</sup>
- In a typical month, SNAP helps nearly one in four children in the United States. In total, 19,891,200 children received SNAP in 2015.<sup>15</sup>
- Research shows that an increase in family income of as little as \$3,000 per year during children’s development is associated with a 17 percent increase in children’s future earnings.<sup>16</sup>

**The income support that these few children do receive is very meager.** To be eligible for TANF in most states, families must have very low incomes: less than \$1,000 a month for a family of four.<sup>17</sup> Families who earn a little more, but who still struggle to make ends meet, do not qualify for benefits because

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<sup>10</sup> “TANF Caseload Data 2017,” US Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, last modified April 2, 2018, <https://www.acf.hhs.gov/ofa/resource/tanf-caseload-data-2017>.

<sup>11</sup> TANF 12th Annual Report to Congress: <https://www.acf.hhs.gov/ofa/resource/twelfth-report-to-congress>.

<sup>12</sup> “TANF Caseload Data 2017,” modified April 2, 2018; TANF 12th Annual Report to Congress: <https://www.acf.hhs.gov/ofa/resource/twelfth-report-to-congress>; Characteristics and Financial Circumstances of TANF Recipients Fiscal Year 2016: [https://www.acf.hhs.gov/sites/default/files/ofa/fy16\\_characteristics.pdf](https://www.acf.hhs.gov/sites/default/files/ofa/fy16_characteristics.pdf)

<sup>13</sup> Ife Floyd, LaDonna Pavetti, and Liz Schott, “TANF Reaching Few Poor Families” (Washington, DC: Center on Budget and Policy Priorities, 2017).

<sup>14</sup> See <https://www.medicaid.gov/chip/downloads/fy-2016-childrens-enrollment-report.pdf>.

<sup>15</sup> “SNAP Helps Millions of Children” (Washington, DC: Center on Budget and Policy Priorities, 2017). Data from US Department of Agriculture, “Characteristics of SNAP Households, Fiscal Year 2015,” and US Census Bureau 2015 population estimates.

<sup>16</sup> Greg Duncan and Katherine Magnuson, “The Long Reach of Early Childhood Poverty,” *Pathways Magazine*, Stanford Center on Poverty and Inequality (2011): 22–27.

<sup>17</sup> Heather Hahn, Gina Adams, Shayne Spaulding, and Caroline Heller, “Supporting the Child Care and Workforce Development Needs of TANF Families” (Washington, DC: Urban Institute, 2016).

states set their income eligibility thresholds so low. The amount for which families are eligible varies considerably by state, but, on average, a family of three receives, at most, \$400 per month, which equates to about \$100 per week. In Mississippi, a family of three with no other income can only receive \$170 a month,<sup>18</sup> or about \$42 per week. What parent with two young children could imagine covering rent, diapers, school clothes, shoes, and toiletries on \$100 per week, let alone \$42? This is not to mention books, school supplies, and fees for field trips, sports, tutoring, or other educational activities that many middle-class families take for granted and that children need to be exposed to for future success.

### *The Value of TANF Funding Has Shrunk, It Is Inequitably Distributed, and It Is Not Well Spent*

**In the 22 years since TANF was created, inflation has eroded the value of the block grant by over a third.** The annual amount of federal TANF funding that states receive has been the same since 1997, and it has not been adjusted for inflation. The funding formula for TANF is also based on outdated information. State funding levels are based on demographics that have changed since 1997. States where populations and numbers of children in poverty have increased over the past two decades must try to serve more children and their caregivers with no increase in federal funding.

Despite no increase in federal resources, a small number of states have recognized how little financial support is available to struggling children and have increased their benefit amounts in recent years. Notably, between July 2015 and July 2016, Nebraska increased its maximum benefit amount for a family of three to \$436 per month, after holding steady at \$364 a month since TANF was implemented in 1997.<sup>19</sup>

**In 2016, just under half of federal and state TANF funds was spent on core welfare-to-work benefits and services—income support, employment and training, and child care.** Less than a quarter (23.9 percent) of funds was spent on basic assistance, only 9.2 percent was spent on work-related activities, and 16.6 percent was spent on child care. Twenty-five states used less than half their funds on these three core benefits and services. Most funds were used instead for other programs that states have chosen to prioritize over income support, training for high-demand jobs to meet employer needs, and child care to families who are working or participating in education and training to increase their job opportunities.<sup>20</sup> While some of this spending is for programs that might be considered worthy, such as child welfare, these programs were not the intent of the original policy. For example, shockingly,

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<sup>18</sup> Urban Institute, “Welfare Rules Database Project,” downloaded May 6, 2018, <http://wrd.urban.org/wrd/query/query.cfm>.

<sup>19</sup> Linda Giannarelli, Christine Heffernan, Sarah Minton, Megan Thompson, and Kathryn Stevens, “Welfare Rules Databook: State TANF Policies as of July 2016,” OPRE report 2017-82, table L5 (Washington, DC: US Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research and Evaluation, 2017); Elissa Cohen, Sarah Minton, Megan Thompson, Elizabeth Crowe, and Linda Giannarelli, “Welfare Rules Databook: State TANF Policies as of July 2015,” OPRE Report 2016-67, Table II.A.4 (Washington, DC: US Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research and Evaluation, 2016).

<sup>20</sup> “TANF and MOE Spending and Transfers by Activity, FY 2016 (Contains National & State Pie Charts),” US Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, last modified February 2, 2018. <https://www.acf.hhs.gov/ofa/resource/tanf-and-moe-spending-and-transfers-by-activity-fy-2016-contains-national-state-pie-charts>.

Michigan spends only 11.4 percent of its funds on employment and training, child care, and basic assistance combined.<sup>21</sup> And, of even more serious concern, investigative journalists have found that in Michigan, millions of dollars in TANF funds are being diverted to pay for college scholarships for families earning over \$100,000 per year.<sup>22</sup>

**Many states' spending priorities move TANF funds downstream, away from prevention. This choice puts young children at risk of harm and deprivation that can have negative impacts on their development and on society as whole.** When families are deprived of basic needs because they lack enough money to pay for shelter, cleaning supplies, school clothes, laundry detergent, diapers, gas, car repairs, or a bus pass, they can reach a crisis point. The majority of child welfare cases (75 percent) are for neglect—and neglect often stems from an inability to provide basic needs.<sup>23</sup> If states provide basic income support to families with children on the front end, they could help prevent them from spiraling into a crisis due to an eviction, a car that breaks down, or a short-term health issue. Indeed, Arizona, which spent only 11 percent of its TANF and MOE funds on cash assistance in 2016, and has a 12-month lifetime time limit on cash assistance, ended up spending 56.5 percent of its funds on child welfare services in the same year. Similarly, Georgia, which spent only 16.9 percent of its funds on cash assistance in 2016, spent 52.1 percent of its funds on child welfare services.<sup>24</sup>

### *There Is a Lack of Focus on Employment and Training Linked to Good Jobs*

**Restrictions on education and training create disincentives for states to promote access to good jobs for parents—and to meet employer demand for skilled workers.** If we care about children living in poverty, we also must care about the parents and relatives who are raising them. To support their children to thrive, parents need access to good jobs. As noted earlier, there has been a decline in jobs that offer good wages, benefits, and opportunities for advancement for lower-skilled workers. In the 21st century, most good jobs require access to at least some skills training, and often a credential, beyond high school.<sup>25</sup> However, nearly 40 percent of parents with children receiving TANF have less than high school educations.<sup>26</sup>

Unfortunately, current law limits the extent to which states can count parents' engagement in education and training activities toward federal work participation rate requirements. Over the past 20 years, and particularly over the past 5 years, I have consistently heard from state and county TANF administrators that this creates a significant disincentive to engage parents in training that would give

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<sup>21</sup> "TANF and MOE Spending and Transfers by Activity, FY 2016 (Contains National & State Pie Charts)," US Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, last modified February 2, 2018. <https://www.acf.hhs.gov/ofa/resource/tanf-and-moe-spending-and-transfers-by-activity-fy-2016-contains-national-state-pie-charts>.

<sup>22</sup> Krissy Clark, Caitlin Esch, and Gina Delvac, "How welfare money funds college scholarships," June 10, 2016, in *Marketplace*, produced by American Public Media, podcast, 08:52, accessed May 6, 2018. <https://www.marketplace.org/2016/06/09/wealth-poverty/how-welfare-money-funds-college-scholarships>.

<sup>23</sup> "Child Maltreatment: Indicators of Child and Youth Well-Being," Child Trends DATA BANK (September 2016).

<sup>24</sup> "TANF and MOE Spending and Transfers by Activity, FY 2016."

<sup>25</sup> Anthony Carnevale and Jeff Strohl, *Recovery: Job Growth and Education Requirements through 2020* (Washington, DC: Georgetown Public Policy Institute, Center on Education and the Workforce, 2013).

<sup>26</sup> TANF 12th Annual Report to Congress: <https://www.acf.hhs.gov/ofa/resource/twelfth-report-to-congress>.



them the skills for in-demand jobs that employers in local communities are having trouble filling. Due to complex work participation rules, state administrators have shared with me that they are forced to waste an enormous amount of staff time—which equals taxpayer money—trying to adhere to burdensome administrative requirements. This is not to mention the knots that families must tie themselves in, to even receive meager assistance and avoid sanctions.

For parents' work activities to count toward a state's work participation rate, the following rules apply:

- For single parents with a child under age 6, the requirement is 20 hours in core activities, which include unsubsidized employment, subsidized private-sector employment, subsidized public-sector employment, work experience, on-the-job training, job search/job readiness assistance, community service programs, vocational educational training, or providing child care to a participant in a community service program.
- Otherwise, the requirement is 30 hours, of which 10 hours can be noncore activities, which include job skills training directly related to employment, education directly related to employment, satisfactory attendance at secondary school or in a GED program.
- For vocational educational training, which could include community college, apprenticeships, or other postsecondary certificate programs, a lifetime limit of 12 months of this activity can count toward a state's work participation requirement.
- The combination vocational educational training and teen parents participating in high school or GED programs is capped at 30 percent of those counting toward a state's work participation rate.

As noted earlier, the labor market and the nature of work is changing dramatically. These highly prescriptive work activity categories do not provide states with the flexibility to customize their workforce development strategies to meet the changing needs of local employers and labor markets.

**TANF rules limit states' abilities to coordinate service delivery with other federally funded career pathways programs.** Consider the experience from Health Profession Opportunity Grants (HPOG), which Congress authorized for local communities to provide career pathways training in high-demand health care occupations to TANF recipients and other low-income individuals. While HPOG grantees effectively serve large numbers of low-income parents, only 16 percent of participants are TANF recipients.<sup>27</sup> The Office of Family Assistance administers HPOG grants, and during my tenure as director, I heard directly from grantee organizations that these low numbers are largely due to the restrictions described above, and the fact that states are providing cash assistance to so few families.

HPOG grantees include community colleges, local workforce boards authorized under the Workforce Innovation and Opportunity Act, and other community-based organizations. Because of the disincentives in TANF for states to allow to parents to participate in vocational educational training, and the small numbers of families receiving TANF in many states, few TANF recipients are referred to HPOG grantees. Additionally, while states do have flexibility to use TANF funds to create career

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<sup>27</sup> Nathan Sick, Thomas Callan, Pamela Loprest, and Alan Werner, "Health Profession Opportunity Grants: Year Four Annual Report 2013-2014," OPRE Report #2015-64 (Washington, DC: Office of Planning, Research and Evaluation, 2015).

pathways programs so that more workers and employers could benefit, not many have done so due to these same disincentives.

For example, HPOG grantee CAP Tulsa, in Tulsa, Oklahoma, operates *CareerAdvance*,<sup>®</sup> which provides high-quality career pathways training to low-income parents of children enrolled in Head Start and other high-quality early childhood programs. The program coordinates scheduling so parents can participate in training, clinical placements, and internships during hours that their young children have access to high-quality early learning and child care services. With additional support from TANF, the program could be expanded to serve many more parents and employers over time. However, in 2016, Oklahoma spent only 5.4 percent of its federal and state TANF funding on employment and training activities, and provided cash assistance to only a small number of families.

**TANF rules and state spending choices squelch innovative public-private partnerships to create access to good jobs for parents.** There are many excellent examples of local organizations across the country that are providing high-quality, family-centered skills training programs to meet employer demand. However, these programs are often funded by private philanthropy, and as such, are relatively small and do not reach nearly the number of workers and employers would could benefit. TANF funds could be an effective means to help scale these programs to reach more participants, benefiting children living in poverty and their parents, local employers, and local economies.

For example, the Women’s Fund of Greater Birmingham sponsors a Collaboration Institute and uses private funding to make competitive grants to organizations that better align their region’s social services and workforce initiatives to respond to the needs of single mothers and their children. The goal of the program is to help women and their children access education and job skills training, quality child care, career coaches, and support services to achieve economic security—all in one location.<sup>28</sup> With additional support from TANF, a program model such as the one in Birmingham could be expanded to serve many more parents and employers over time. Unfortunately, in 2016, Alabama spent only 2.3 percent of its federal and state TANF funding on employment and training activities.

## **Future Directions: Putting Children at the Center and Increasing Access to Good Jobs for Parents**

**Make child poverty reduction an explicit goal of the TANF program.** Somewhat unbelievably, reducing child poverty is not one of TANF’s core purposes. But it should be. This would signal states to refocus the program to make more progress on a key, quantifiable outcome. Additionally, TANF and MOE expenditures should be required to be targeted to low-income families with children, which could be defined (for example) as families with incomes of 200 percent of the federal poverty level or less. The subsequent recommendations outlined below would help ensure that states take action toward reducing child poverty.

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<sup>28</sup> For further information see <https://www.womensfundbirmingham.org/single-post/2017/10/30/The-Women%E2%80%99s-Fund-announces-selection-of-collaborative-teams-to-create-2Gen-family-hubs-in-three-Alabama-counties>.

**Set a floor for spending on core benefits and services.** Congress should set a floor for spending on core benefits and services and gradually increase this floor over time. For example, Congress could require in FY 2019 that states use an amount equivalent to 55 percent of their federal and state TANF funds for the core welfare-to-work benefits and services: income support, employment and training, and child care. The required share could be increased incrementally over five years to 60 percent in 2023. Failure by a state to reach the required expenditure thresholds could be addressed by imposing a penalty equivalent to the amount of the shortfall, which could be levied against the state's block grant amount the following fiscal year. The state could be required to make up the shortfall with state funds to help ensure children and families are not harmed by the financial penalty to the state. States could avoid a penalty if they spend the shortfall in the following fiscal year (in addition to that fiscal year's spending level requirement).

**Prohibit states from claiming nongovernmental third-party expenditures as MOE.** Currently, states may count third-party nongovernmental spending toward their MOE requirement, which allows states to reduce their own spending on TANF-related programs designed to help address child and family poverty. Barring this practice will help to ensure that states maintain their commitment to these efforts as Congress originally intended.

**Expand education and training to create access to good jobs in the 21st-century economy.** Parents need access to skills training required for current and future jobs that offer advancement, so they and their children do not remain in or fall back into poverty. Congress should increase flexibility of the countable work activities to be more in line with current labor market demand, including eliminating the distinction between core and noncore activities, the 12-month limit on vocational educational training, and the 30 percent cap on vocational educational training and teen parents participating in high school or GED programs.

**Support technical assistance and demonstration projects for state experimentation with employment outcome measures.** Ideally, the outcome measures would be more consistent with other parts of the federally funded workforce system, including programs funded under the Workforce Innovation and Opportunity Act. Lack of uniform performance measures makes coordination more difficult. Virtually every state TANF administrator I have spoken with over the years expresses a strong interest in being held accountable for real outcome measures linked to jobs (e.g., employment, retention, earnings, credential attainment), rather than the current TANF work participation rates, which are process measures. Because of this desire, several states have developed their own employment outcome measures already. With resources for technical assistance, states could receive capacity building support to develop and implement such measures. And, new or existing TANF funds could be allocated for demonstration projects to identify options for outcome measures that make sense across the diversity of state TANF programs.

**Support demonstration projects that promote whole-family approaches through public-private partnerships.** Such demonstration projects could focus on achieving parental employment outcomes concurrently with child and family well-being outcomes. States and local jurisdictions that participated in OFA's 2015–2016 Systems to Family Stability National Policy Academy expressed strong interest in pursuing these types of projects. New or existing TANF funds could be used to help a select group of

state and tribal TANF agencies implement and build the evidence base for strategies that coordinate existing services, engage nonprofit and private philanthropic partners, leverage additional resources, and supplement services to low-income families (e.g., those with income at or below 200 percent of the poverty level). The core components of these whole-family approaches might include workforce development, early childhood development, and social capital development (e.g., via peer support and cohort models, career coaches, connections with potential employers and industry contacts, and networking with school and workplace contacts). Funding could be awarded on a competitive basis and expected to supplement existing resources, not supplant them. Preference could be given to applicants that leverage existing programs and resources to build their whole-family approach. To support rigorous evaluation, funding could be allocated for research and technical assistance, including development of common performance and outcome measures, implementation studies, impact studies, systems change analyses, and the facilitation of peer learning to build the evidence base and disseminate information about effective practices.

## **Conclusion**

TANF as it stands now is not working well—not for children and families, not for states and tribes, not for employers. And, it is not getting good results for American taxpayers.

Any changes to the program must keep our eyes on the prize: the children in poverty for whom TANF was intended to be both a safety net for stability and a springboard to upward mobility. We need to stop stigmatizing children in poverty—and their parents. We need to see their humanity. We need to recognize that there is no us and them. There is only us. These are all our children.

I very much appreciate the Subcommittee's interest in this issue and the opportunity to speak with you today. I look forward to answering any questions you may have.