



# Playing Political Games with Temporary Financial Assistance Waivers

America's Low-Income Families Are the Ones Headed for a Loss Due to House Republican Efforts to Stymie State Experimentation

Joy Moses      September 19, 2012

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## Introduction

House Republicans continue to play election year political games with waivers to the Temporary Assistance to Needy Families program, scheduling a vote tomorrow on a resolution that would stop an Obama administration effort that gives states more flexibility in crafting services to help more poor single mothers find work. The House leadership is pushing the vote in tandem with prominently featured television ads produced by the Romney presidential campaign that falsely claim the waivers sought by Republican and Democratic governors alike will enable low-income Americans in need of temporary financial assistance to not work.<sup>1</sup>

This feigned Republican “outrage” persists despite various fact checkers debunking Gov. Mitt Romney’s claim that the Obama administration wants to eliminate work requirements.<sup>2</sup> What’s more, as governor of Massachusetts nearly a decade ago, Romney actually requested the same leeway to experiment with better ways to help low-income Americans find work.<sup>3</sup>

At risk in this political play is the best interests of low-income mothers and their children who struggle daily to make ends meet.

The current debate is rooted in the history of welfare reform. Between welfare reform’s passage in 1996 under President Bill Clinton and the year right before the next recession in 2000, the poverty rate for families with children dropped from 16.5 percent to 12.7 percent.<sup>4</sup> Welfare reform played a role in this change—states put an intensive new focus on women’s work and substantial new investments were made in work-enabling child care.<sup>5</sup> But the big picture was dominated by a strong 1990s economy defined by low unemployment rates and readily available jobs.<sup>6</sup>

But as the booming 1990s came to a close and the first of two recessions under President George W. Bush approached, significant cracks in the Temporary Assistance for Needy Families program became readily apparent, including:

- Increasing single-mother family poverty
- Working poor mothers with little help with child care or workplace flexibility
- Rising deep poverty—measured at 50 percent of the poverty line, or \$9,062 for a family of three in 2011
- Rising poverty especially for single mothers facing work barriers
- The lingering consequences of the Great Recession

These issues represent significant challenges for families and for states charged with reducing reliance on temporary government financial assistance. This is where flexibility came into play. The Obama Administration asked the states to submit waiver requests to “allow states to test alternative and innovative strategies, policies, and procedures that are designed to improve employment outcomes for needy families.”<sup>7</sup>

So let’s unpack each of these challenges in order to better understand the circumstances affecting states, including those with Republican governors who have previously supported waivers.

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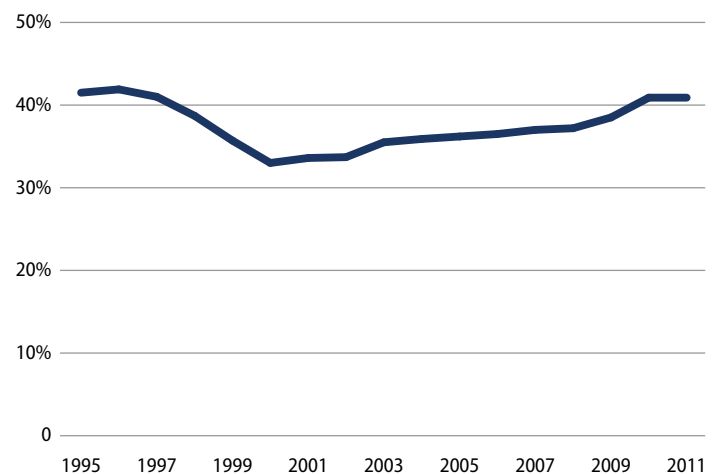
## Increased single-mother family poverty

Households headed by single women, the primary group of Americans targeted by the old welfare program and the current Temporary Assistance for Needy Families program, continue to experience persistently high rates of poverty. Currently, 40.9 percent of these families are poor, compared to 18.5 percent of all American families.<sup>8</sup> A further concern is a reversal in previous gains among these families—their poverty rate reached a low of 32.5 percent in 2000 but has steadily increased since then, closely approaching the number that existed in the year before welfare reform. (see Figure 1)

The most recent decade also witnessed decreases in women’s workforce-participation rates.<sup>9</sup> According to the U.S. Census Bureau, more single-mother households throughout the decade began reporting that they didn’t work during the year because they couldn’t find work, or because

**FIGURE 1**  
**Rising misfortune**

Poverty rate for single-mother families, 1995, 2011



Source: U.S. Census Bureau, “Income, Poverty and Health Insurance in the United States (Historical Table 4)” (2012).

they were going to school. This pattern continued during the Great Recession of 2007–2009, with data suggesting that mothers were struggling to find work and/or were using the downtime in the economy to gain more education to prepare them for future work.<sup>10</sup> State programs may need some flexibility to account for these women.

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### Working poor moms with little help with child care or work flexibility

The majority of poor single mothers participate in the labor force. This means that there were 2.2 million poor single mothers who were either working or actively searching for work in 2011—58 percent.<sup>11</sup> Since 1999, when the Census Bureau began publishing this data, their numbers haven't dropped below 1.8 million.<sup>12</sup>

But if states simply focus on whether women are in the workforce, with no concern about their job stability and level of earnings, the women (and their children) could continue to be poor. Progress requires improvements in areas that improve job stability and earnings such as access to affordable child care and jobs that offer paid leave.<sup>13</sup> State waivers could lead to innovations in these areas and others that would improve women's employment outcomes, decreasing their reliance on public assistance.

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### Deep poverty rising

As with the general child-poverty rates, deep poverty—measured at 50 percent of the poverty line, or \$9,062 for a family of three in 2011—among children dropped during the good economic times of the mid-to-late 1990s, falling from 10.2 percent to 6.4 percent between 1992 and 2000. But in the 2000s, these numbers began to trend upward even before the onset of the Great Recession. They now mirror numbers that existed before welfare reform.

By the end of 2008, the first full year of the Great Recession and the end of the George W. Bush administration, 8.5 percent of children lived in deep poverty. In 2011, as the nation continued down the path to economic recovery, that number rose to 9.8 percent, reflecting the deepening inequality in our economy. Half of those in deep poverty get out of it in a year's time, suggesting that they experience temporary setbacks such as a parent's loss of consistent work or a work-preventing illness.<sup>14</sup> But there is much more still to be learned about this group at the very bottom of the economic ladder—suggesting a need for further research and program innovations at the state level.

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## Rising poverty especially among single moms with work barriers

The emphasis on closing temporary financial assistance cases is associated with increases in the number of “disconnected mothers,” or women living in poverty who are neither working nor receiving any temporary assistance. These women are poor because they face significant or sometimes multiple barriers to entering and remaining in the jobs market.

A Bureau of Labor Statistics study found that the two biggest reasons these women cite for being out of the workplace are the need to provide care for others (for example children with disabilities or ailing parents) and their own chronic illnesses or disabilities.<sup>15</sup> Exact circumstances vary by family.

Access to well-designed work supports such as care arrangements for family members or appropriate accommodations and services for workers with disabilities may allow more of these women to either return to work or work more hours. States may need waivers to develop innovations in these areas.

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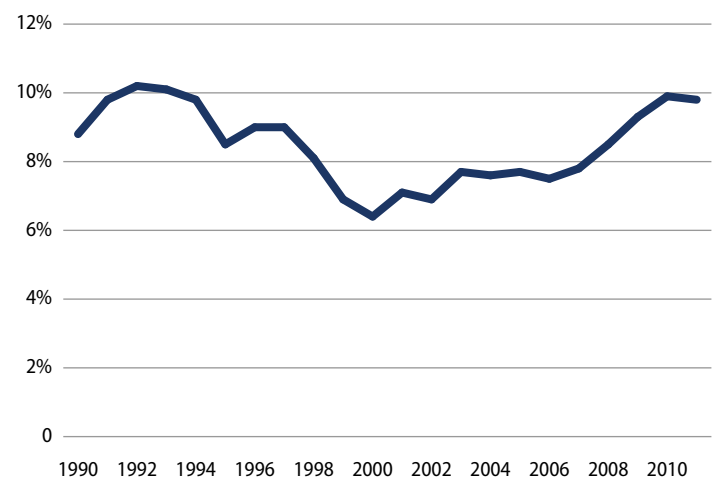
## The lingering consequences of the Great Recession

The two recessions that bookmark the last decade occurred after the welfare reform of 1996 and both were accompanied by increases in poverty. During those periods, however, the Temporary Assistance for Needy Families program was much less responsive than other public benefits programs likely due to the program’s primary focus on caseload reduction.<sup>16</sup>

This emerging pattern was particularly striking after the Great Recession because women workers experienced unemployment rates in 2010 and 2011 that had not been seen since the mid-1980s,<sup>17</sup> suggesting many families and children may not be getting the additional help they need during even the worst of economic times. Waivers could allow states to develop creative responses in such difficult times that are still focused on employment. (see Figure 2)

**FIGURE 2**  
**Children in deep poverty, 1990 to 2011**

As measured by incomes below 50 percent of the poverty line, or \$9,062 for a family of three in 2011



Source: U.S. Census Bureau, “Income, Poverty and Health Insurance in the United States (Detailed Tables POVO1)” (1990-2011).

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## Conclusion

The Obama administration did not initiate waivers to the Temporary Assistance for Needy Families program as a means of abandoning the goal of work for low-income families. Governors from both political parties realized that low-income single mothers were continuing to face significant work and income challenges after welfare reform in 1996—challenges that hindered their ability to get off temporary financial assistance and stay off. This suggests a need for new and innovative approaches. The Obama administration invited proposals, particularly those that would “help parents successfully prepare for, find, and retain employment.”<sup>18</sup> Extra safeguards include a showing that proposals are reasonably likely to meet the work goals of the Temporary Assistance for Needy Families program and the required development of evaluation plans.

Thus it is clear that the intention behind the waivers is a win-win for families and states—parents would have improved work-and-income outcomes that allow them to provide for their children and states would have the flexibility to find new and improved ways to reach their goal of reducing reliance on public assistance programs. Gov. Romney and congressional Republicans who somehow want to translate noncontroversial issues into campaign victories should not be allowed to affect this equation or the outcomes achieved by families and states.

*Joy Moses is a Senior Policy Analyst with the Poverty team at the Center for American Progress Action Fund*

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## Endnotes

- 1 Melissa Boteach, "3 Reasons Why Republican Governors Asked to Reform Their Welfare Programs" (Washington: Center for American Progress, 2012); Republican Governors Association, Letter to Senate Majority Leader Bill Frist (May 19, 2005), available at [http://democrats.waysandmeans.house.gov/media/pdf/112/2005\\_Romney\\_Letter.pdf](http://democrats.waysandmeans.house.gov/media/pdf/112/2005_Romney_Letter.pdf).
- 2 Ari Shapiro, "Despite Fact Checks, Romney Escalates Welfare Work Requirement Charge" National Public Radio, August, 22, 2012, available at <http://www.npr.org/blogs/itsallpolitics/2012/08/22/159791065/despite-fact-checks-romney-escalates-welfare-work-requirement-charge000>
- 3 Melissa Boteach, "3 Reasons Why Republican Governors Asked to Reform Their Welfare Programs."
- 4 U.S. Census Bureau, "Income, Poverty and Health Insurance in the United States (Historical Table 3)" (2010).
- 5 See U.S. Department of Health and Human Services, *National Study of Child Care of Low-Income Families, 1997-2007* (2007).
- 6 See Eileen Appelbaum, "What Explains Employment Development in the U.S.?" (Washington: Economic Policy Institute, 2000).
- 7 U.S. Department of Health and Human Services, *Temporary Assistance for Needy Families Information Memorandum: Transmittal No. TANF-ACF-IM-2012-03* (2012).
- 8 U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2011 (Table POV07)* (2012).
- 9 U.S. Department of Labor, *Labor Force Statistics from the Current Population Survey (Table A-1)* (2012).
- 10 Households that couldn't find work accounted for 0.7 percent of people in impoverished female-headed households in 2000; by 2008, that number was 1.8 percent and in 2010, 3 percent. Households not working due to "school or other reasons" accounted for 6 percent of people in impoverished female-headed households in 2000; by 2008, that number was 8.1 percent and by 2010, 9.9 percent. U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States (Tables POV03 and POV24)* (2000-1010).
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- 13 Heather Boushey and Sarah Jane Glynn, "The Effects of Paid Family and Medical Leave on Employment Stability and Economic Security" (Washington: Center for American Progress, 2012); Institute for Women's Policy Research, "Work Supports, Job Retention, and Job Mobility Among Low-Income Mothers" (2004).
- 14 Peter Edelman, *So Rich, So Poor: Why It's So Hard to End Poverty in America* (New York: New Press, 2012)
- 15 Jeounghee Kim and Myungkook Joo, *Work-Related Activities of Single Mothers Before and After Welfare Reform* (Washington: Bureau of Labor Statistics, 2009).
- 16 LaDonna Pavetti and Liz Schott, "TANF's Inadequate Response to Recession Highlights Weakness of Block-Grant Structure" (Washington: Center on Budget and Policy Priorities, 2011).
- 17 U.S. Department of Labor, *Labor Force Statistics from the Current Population Survey* (2012).
- 18 U.S. Department of Health and Human Services, *Temporary Assistance for Needy Families Information Memorandum: Transmittal No. TANF-ACF-IM-2012-03* (2012).