The Responsiveness of the Temporary Assistance for Needy Families Program during the Great Recession

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My friend and colleague Richard Bavier conducted all the analyses of data from the Survey of Income and Program Participation (SIPP) reported below. Richard enjoyed a widespread reputation for the exactness and originality of his thinking and for his skill as an analyst of large data sets, especially SIPP. Over the years I called on Richard many times to conduct data analyses for our Center on Children and Families. I also often called him for help when I had questions about research issues, especially when they involved the interpretation of data. He was unfailingly helpful and insightful. When Richard analyzed the SIPP data for this study, roughly in the spring, summer and fall of 2012, he was gravely ill with cancer. I knew very little about his condition because he rarely talked about his health. On two or three occasions, he told me that it would be a week or so before he could complete a set of data runs because he was undergoing treatment which could “interfere with my schedule.” On June 29, 2012 I sent him an e-mail threatening to call him at 5:00 a.m. the next morning to discuss his latest runs. Here’s his reply:

> I’ve been taking a ton of prednisone to counteract a reaction to a trial drug. Call away. I’ve been getting up at 4:30 am to listen to the birds wake up and watch Venus and Jupiter coming up just before the sun.

Richard sent me his last e-mail on December 14, 2012. He had read, for at least the second time, a draft of the SIPP section of this report. He had checked the tables against the text and told me my explanations of his analyses were correct. On April 1, 2013 he died at home with his family in Vienna, Virginia. RIP.

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Executive Summary

The question addressed by this report is how the Temporary Assistance for Needy Families (TANF) program responded to increased unemployment during the Great Recession. Enacted in 1996, the Temporary Assistance for Needy Families (TANF) program replaced the Aid to Families with Dependent Children (AFDC) program, changing the culture of cash welfare by imposing strong work requirements backed by sanctions and a five-year time limit on benefit receipt. In response, the rolls declined in record numbers, both because people left the rolls, most of them for work, and because fewer people entered welfare. Between 1995 and 2000, welfare rolls declined by more than 55 percent nationwide, while poverty among children in single parent families and among black children, both of which groups were disproportionately represented on the TANF rolls, fell to their lowest levels ever.

However, during the Great Recession that officially lasted from December 2007 to June 2009, as unemployment skyrocketed, TANF performance as part of the safety net was held by many advocates, policymakers, and researchers to be inadequate. This report analyses this claim from a variety of perspectives. In the three studies report here, we examine changes in the TANF rolls in relation to two alternative measures of rising unemployment in each state and in relation to how the AFDC program responded during previous recessions. We show that the increase in the TANF rolls was greater—12 and 30 percent greater under two different methods—when examined during the unique period of rising employment in each state. We also show that TANF increased more in the recession of 2001 and the Great Recession of 2007-2009 than AFDC did during previous recessions. We also show, as have a number of other researchers, that the nation's safety net as a whole performed well during the Great Recession and prevented millions of people from falling into poverty.

In the second study, based on data from the Survey of Income and Program Participation, we found that as compared with the 1990 recession before welfare reform, single mothers were less likely to receive benefits from the TANF program during the 2001 and 2007 recessions. However, they were more likely to receive Unemployment Compensation, Supplemental Nutrition Assistance, Supplemental Security Income, and other work-related benefits and that the mothers took actions on their own, such as finding new jobs and living with other families, usually relatives, to counteract the income loss from increased unemployment. Thus, based on a broad measure of income, poverty among single mothers and their children was lower during the Great Recession than during the recession of 1990 before welfare reform.

In the third study, based on interviews with 44 directors of state TANF programs, we found that states had several sources of paying for increased TANF benefits, that the directors rated their state's response to the increased unemployment during the Great Recession as at least adequate, and that the directors has several suggestions for federal actions that would help states respond appropriately to increased unemployment during recessions.

All in all, the American system of balancing work requirements and welfare benefits worked fairly well, even during the most severe recession since the Depression of the 1930s.

The Problem

The Great Recession that officially began in December 2007 and ended in June 2009 was the most severe recession since the Depression of the 1930s. It is fortunate that a major feature of American social policy is a series of programs, often referred to as the safety net, that are designed to provide people with cash and other benefits when they fall on hard times – which they are more likely to do during a recession. There have now been numerous studies showing that many safety net programs, especially Unemployment Compensation, the Supplemental Nutrition Assistance Program (SNAP; formerly food stamps), and Medicaid increased dramatically and prevented many families from falling into poverty during the recession.[1] In contrast, the number of people receiving benefits from the Temporary Assistance for Needy Families Program (TANF) increased only modestly during the Great Recession, and in some states hardly increased at all.[2]

The purpose of this study is to examine the responsiveness of the TANF program to rising unemployment during and following the Great Recession. We examine the variation across states in the level of TANF responsiveness; the responsiveness of TANF compared to the responsiveness of Aid to Families with Dependent Children (AFDC), TANF's predecessor program, across several recessions; and how mothers heading families who lost or left jobs responded in the Great Recession as compared with previous recessions. We also provide information from the directors of state TANF programs on how and why their program responded the way it did and how TANF and other federal programs provided help to states during the Great Recession. Based on these analyses, we discuss possible changes in TANF and other safety net programs that could make them more responsive to future recessions.

Under many measures, the Great Recession was the most serious recession since the Depression of the 1930s. Table 1 compares selected measures of unemployment across the recessions that began in 1980, 1981, 1990, 2001, and 2007. Except for the peak unemployment rate, which reached 10.8 percent in the second of the back-to-back recessions of the early 1980s but "only" 9.5 percent during the Great Recession, all measures show that the Great Recession was exceptionally serious. Especially notable is that the median length of unemployment spells reached 17.4 weeks, well above that of previous recessions. Another striking measure of the unemployment problem is that at the height of the recession there were 6.8 people looking for work for every one job opening. Michael Greenstone and Adam Looney, of the Hamilton Project, estimate that it could take a decade or more following the recession to reach the pre-recession level of unemployment, much longer than it took during previous recessions.[3] An important question is whether the response of the nation's safety net program in general and the TANF program in particular was commensurate with the challenge posed by the huge level of unemployment during and following the Great Recession.

Table 1
The Great Recession in Perspective

Recession	Recession Start	Recession End	Maximum Unemployment Rate	Increase in Unemployment Rate[1]	Number of Unemployed per Job Opening[2]	Median Length of Unemployment[3]
1980	Jan-80	Jul-80	7.8	1.5	-	7.0
1981	Jul-81	Nov-82	10.8	3.6	-	10.0
1990	Jul-90	Mar-91	6.8	1.3	-	6.7
2001	Mar-01	Nov-01	5.5	1.2	2.3	7.7
2007	Dec-07	Jun-09	9.5	4.5	6.8	17.4

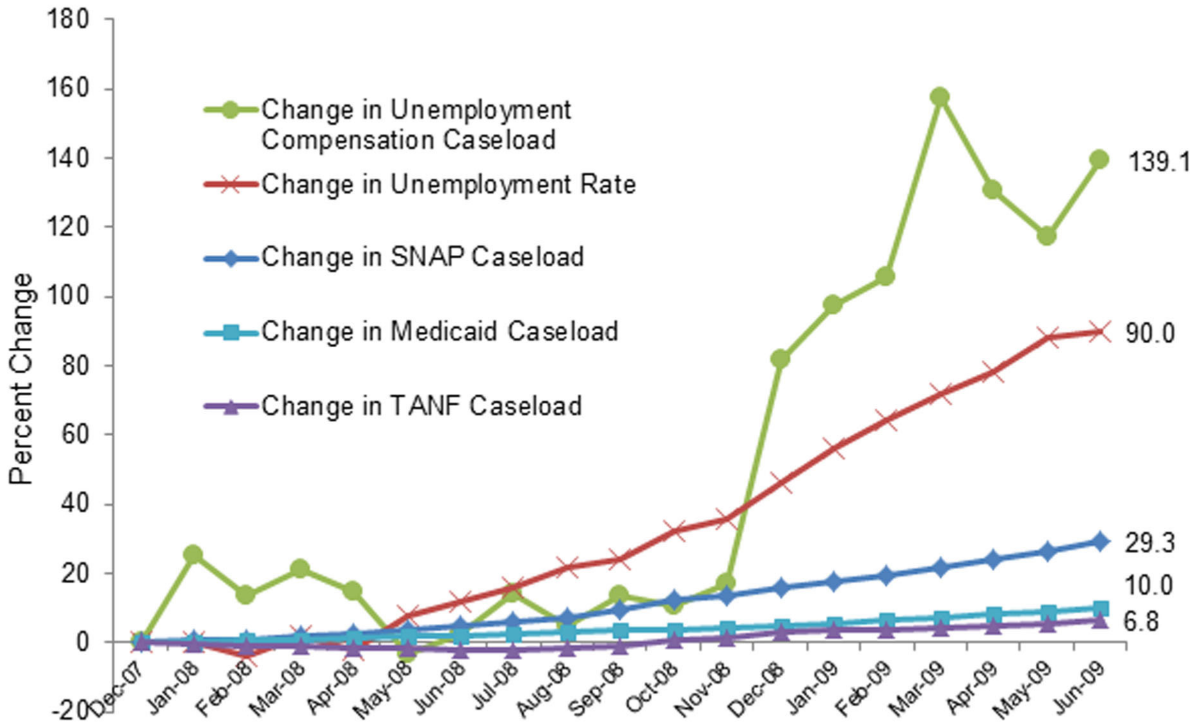
[1] In percentage points from the peak of the previous business cycle to the trough of recession.
[2] Highest level during recessionary period. The JOLTS survey was started in 2000. Data are not available prior to 2000.
[3] Highest level during recessionary period.

Sources:
Recessionary Periods: National Bureau of Economic Research, "US Business Cycle Expansions and Contractions"
Unemployment: Bureau of Labor Statistics, "Unemployment Rate, Civilian Labor Force, LNS14000000," Labor Force Statistics Including the National Unemployment Rate (Accessed 9/12/2011)
Job Openings Per Labor Seeker: Bureau of Labor Statistics, "Seasonally Adjusted total Nonfarm Job Openings, JTS00000000JOL" Job Openings and Labor Turnover Survey (JOLTS), and Bureau of Labor Statistics, "Seasonally Adjusted Total Nonfarm Employment, LNS13000000," Labor Force Statistics from the Current Population Survey
Duration of Unemployment: Federal Reserve Bank of Saint Louis, "Median Duration of Unemployment (UEMPMED)," compiled from Bureau of Labor Statistics Data (Accessed 9/12/2011)

Study 1: TANF Performance in Comparative Perspective

It is commonly accepted that an effective safety net program provides benefits to more people when unemployment increases and finding work becomes more difficult. The “safety” in “safety net” means that the program tends to at least partially protect people from hardship and occasionally even destitution caused by loss of employment and earnings. Figure 1 portrays the responsiveness of selected safety net programs to the substantial increase in unemployment during the Great Recession. The line graphs plot the monthly caseload for SNAP, Medicaid, Unemployment Compensation, and TANF from December 2007 to June 2009, the official dates of the Great Recession, as a percentage of their December 2007 level. The TANF program stands out for the modesty of its increase compared to the increasing caseloads in the other programs. From December 2007 to June 2009, while the number of unemployed workers was increasing by 90 percent, the Unemployment Compensation program increased by 139 percent, the SNAP program by 29 percent, the Medicaid program by 10 percent, and the TANF programs by only 6.8 percent.

Figure 1
Percent Change in Unemployment Compensation, SNAP, Medicaid, and TANF Caseloads and Percent Change in Unemployment Rate during the Great Recession



Sources:
SNAP Data from from Pavetti, Center on Budget and Policy Priorities, "TANF Responded Unevenly to Increase in Need During Downturn," available at http://www.cbpp.org/cms/index.cfm?fa=view&id=3379; Unemployment Insurance from Brookings Tabulations of State-level UI data from http://workforcesecurity.doleta.gov/unemploy/claims.asp; Unemployment Rate from Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, Seasonally Adjusted Unemployment Rate ; Medicaid Data from the Kaiser Family Foundation, "Medicaid Enrollment: December 2010 Data Snapshot"; TANF Data from the Department of Health and Human Services, Administration for Children and Families

Table 2 compares the responsiveness of four major safety net programs to all five recessions that occurred between 1980 and 2007.[4] Of the four programs, only Unemployment Compensation increased during all five recessions, although Medicaid increased during the two recessions for which we have appropriate Medicaid data. Averaged across the five recessions, Unemployment Compensation increased by far the most of all five programs. In fact, averaged across the five recessions, Unemployment Compensation increased in percentage terms more than the unemployment rate, 53.9 percent compared to 36.0 percent. The SNAP program was less responsive, with an average increase of 11.6 percent. It increased in all but the 1981 recession, perhaps because SNAP rolls had already increased by more than 9 percent during the recession that occurred just 12 months before the 1981 recession. In addition, the SNAP program, then called Food Stamps, had been reformed to include a gross income limit which disqualified some from receiving the benefit.[5] Between 2007 and 2010, SNAP experienced a huge expansion of over 50 percent, much more than during previous recessions.[6] This impressive increase was caused by both the deterioration of the economy but also by legislative changes in the SNAP program that were designed specifically to make the program more generous. In addition, SNAP has weak work requirements, especially compared with TANF, so recipients have to do little other than apply to receive the benefit.

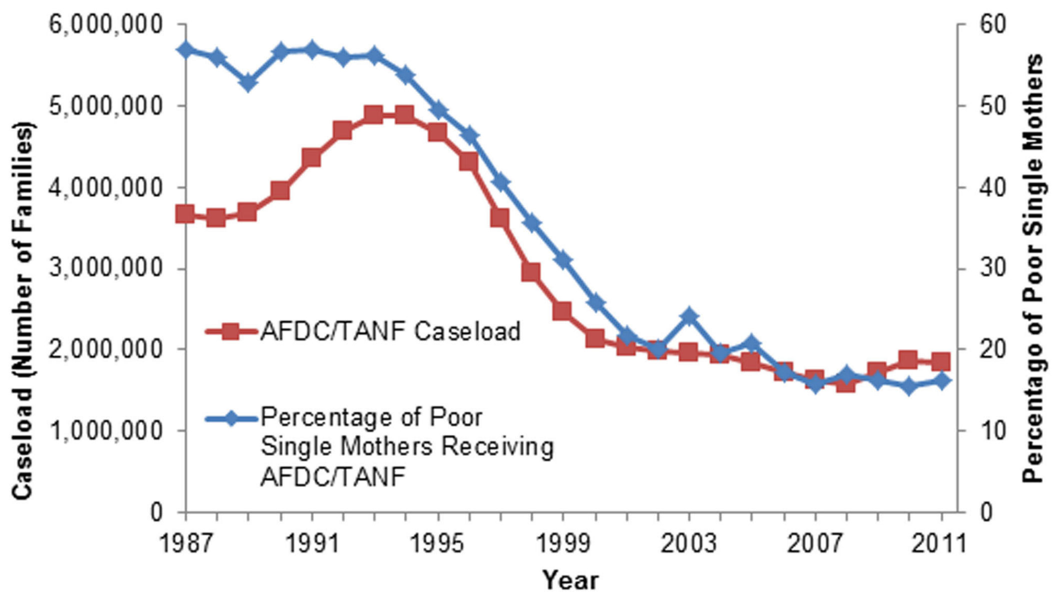
Table 2
Percentage Increase in Selected Safety Net Program Caseloads during Five Recessions, 1980-2007

	Percentage Increase				
Recession	Unemployment Rate	Unemployment Compensation	SNAP	AFDC/TANF	Medicaid
1980	11.8	4.4	9.1	3.2	-
1981	40.7	45.7	-0.8	-8.2	-
1990	30.3	70.6	13.4	8.8	-
2001	7.1	9.5	6.8	0.0	6.4
2007	90	139.1	29.3	6.8	10.0
Mean	36.0	53.9	11.6	2.1	8.2

Note: Changes are calculated between the official first month and the last month of each recession.
Sources:
Unemployment Rate: Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey.
Unemployment Compensation: Department of Labor, "Weeks Claimed," Monthly Program and Financial Data
SNAP: Personal Communication with FNS Employees
AFDC/TANF: Department of Health and Human Services, Administration for Children and Families, TANF Caseload Data Medicaid: Kaiser Family Foundation, "Medicaid Enrollment: December 2010 Data Snapshot"

By contrast with both the Unemployment Compensation and SNAP programs, the AFDC/TANF program had enrollment increases during only three of the five recessions and even then by considerably less than the other two programs. During the recession of 1981, the second most serious of the five recessions by almost any measure, the AFDC rolls actually declined by over 8 percent – again, as in the case of SNAP, perhaps because the rolls had recently expanded in response to the 1980 recession. An even more likely explanation for the lack of increase in rolls, again like SNAP, is legislative changes in the AFDC program. Specifically, the Omnibus Budget Reconciliation Act of 1981 had scaled back the AFDC earnings disregard. The income disregard allowed welfare officials to ignore a specific amount of earnings when calculating eligibility for AFDC as well as in calculating the amount of the AFDC benefit. In effect, greatly reducing the disregard rendered many recipients ineligible for the benefit, thereby reducing the size of the rolls.[7] Averaged across all five recessions, the AFDC/TANF program increased by only 2.1 percent, well below the 53.9 percent increase of Unemployment Compensation and the nearly 12 percent increase of the SNAP program. It seems clear that TANF's relatively modest 6.8 percent increase during the Great Recession was not an anomaly.

Figure 2
Trends in the AFDC/TANF Caseload and Percentage of Single Mothers Receiving AFDC/TANF, 1987-2011



Source: Thomas Gabe, *Welfare, Work, and Poverty Status of Female-Headed Families with Children: 1987-2011* (Congressional Research Service, 2013).

The modest responsiveness of the TANF program to the Great Recession may be part of a long-term trend in the size of the TANF caseload. Since the 1990s, and especially after the welfare reform legislation of 1996, the number of families on the TANF caseload had declined dramatically, from about 4.8 million families in 1995 to about 1.6 million families at the beginning of the Great Recession in 2007.[8] As shown in Figure 2, taken from a study by the Congressional Research Service, as the AFDC/TANF caseload declined, so did the share of the poor who received cash welfare, either AFDC through 1996 or TANF after 1996.[9] Child advocates often use the data in Figure 2 to argue that the decline in the TANF caseload is a serious problem because it leaves too many of the poor destitute.[10] Despite this long-term decline in the share of the poor receiving cash welfare, the share of all single mothers with children who are in poverty has declined relative to the mid-1990s before welfare reform, though it has increased in recent years.[11] We will return to these issues below.

Between-State Comparisons of TANF Responsiveness

As mentioned before, a common way to look at TANF responsiveness to the recession is to measure the change in TANF caseload from the start of the national recession to the end. However, based on inspecting separate graphs for all 50 states and the District of Columbia of changes in unemployment rates and changes in the TANF caseload from 2006 to 2011, we quickly realized that states varied greatly in when, relative to the dates of the national recession, unemployment began to increase, the TANF caseload began to increase, and the lag between the time unemployment began to increase and the TANF caseload began to increase in a given state. Equally important, there were huge differences across states in the extent to which the TANF caseload rose and fell over the study period.[12] Further, it was immediately apparent that the inclusive dates of growth in unemployment rates during the official national recession – December 2007 to June 2009 – usually did not coincide with the dates of unemployment growth in individual states.

Unemployment began rising before the onset of the national recession in December 2007 in 36 states. Five of those states experienced increased unemployment beginning in December 2006, a full year before the beginning of the national recession. The range of months in which unemployment began increasing across the states was December 2006 to April 2008.

Given the diversity of both the patterns of rising unemployment and the relationship between rising unemployment and the rising TANF caseload across the states, we decided to use more than one method to compute the magnitude of the TANF caseload increase. As in Table 1, a basic method that many analysts have used is to simply compute the rise in the national TANF caseload during the inclusive dates of the national recession (December 2007 to June 2009). This method yields a rise of 6.8 percent in the TANF caseload. But this measure is flawed because if we calculate the increase in the TANF caseload relative to the beginning and end of the national recession, for most states we are not measuring the caseload increase during the period of rising unemployment.

To capture the TANF caseload increase during the period of rising unemployment in each state, we adopted two additional methods of computing the TANF caseload rise by defining two periods of rising unemployment for each state. One of our methods seems likely to lead to a constrained estimate of the TANF caseload growth while the second method seems certain to yield the maximum estimate of the size of caseload growth. We present a summary of the advantages and disadvantages of all three of the methods which we call, respectively, the national recession measure, the constrained state-level measure, and the robust state-level measure.

The constrained state-level method captures the change in the TANF caseload in each state over that state's period of rising unemployment. This period is defined as beginning in the month in which unemployment began to rise within 12 months before the beginning date of the national recession (December 2007) and ending when the unemployment rate last peaks within two years of the end of the national recession. We then calculate the constrained TANF change as the change in TANF caseload over that period. Because there was always a lag between the month in which unemployment began increasing in the state and the month the TANF caseload began increasing (the lag averaged 12 months), and because in some states the TANF caseload continued rising after the month in which unemployment began declining, the constrained method yields a somewhat conservative estimate of the state-level TANF responsiveness to the recession.

The measurement period for the robust measure of TANF increase begins with the month of the lowest TANF caseload during the state period of rising unemployment and continues until the TANF caseload peaks between that month and the end of the study period (December 2011).

Table 3 summarizes our results both for unemployment and for the two state-level definitions of the rise in the TANF caseload defined above (and in Appendix A). To begin with unemployment, the rate of unemployment increased in every state. The state with the lowest increase was Alaska with a 39 percent rise; the state with the highest increase was Utah with a 246 percent rise. The average increase was 133 percent, with 36 states experiencing increases of greater than 100 percent. These figures provide some insight into why so many reporters, analysts, and politicians use the term "Great Recession" when referring to the national downturn that officially began in December of 2007.

Turning to the magnitude of the increase in the TANF caseload, we begin with the constrained state-level measure. Two findings produced by this measure are notable. The first is that under this measure the average rise in the TANF caseload was 12 percent, a little less than twice the 6.8 percent rise yielded by the national recession measure. As we suspected, TANF is more responsive to the Great Recession when measured relative to unemployment in each state. Second, this measure reveals wide variation in TANF caseload change. Sixteen states had a decline in their TANF caseload across the period of rising unemployment in the state, averaging 7.5 percent. The decline of the TANF caseload in so many states is one of the major reasons some observers have concluded that the TANF program did not perform like a good safety net program should.

Table 3

Base Months, Peak Months, Lags, and Growth for State Unemployment and TANF Caseload in Response to the Great Recession

	State-Level Recessions				TANF Responsiveness					
State	Unemployment Rate Base Month[1]	Unemployment Rate Peak Month[2]	Duration (Months)	Growth in Unemployment Rate (Percent)	TANF Caseload Base Month[3]	TANF Caseload Peak Month[4]	Duration (Months)	Lag[5] (Months)	Constrained State-Level Measure[6] (Percent)	Robust State-Level Measure[7] (Percent)
Alabama	Apr-07	Dec-09	32	231	Jun-08	Dec-10	30	14	20	44
Alaska	Apr-07	Jan-10	33	39	Nov-08	Aug-11	33	19	-6	37
Arizona	Jul-07	Mar-10	32	209	Jun-08	Oct-09	16	11	1	11
Arkansas	Mar-08	Jun-11	39	65	Jun-11	Dec-11	6	39	-5	2
California	Jan-07	Oct-10	45	153	Jul-07	Jun-11	47	6	26	31
Colorado	Apr-07	Nov-10	43	157	Jul-08	Oct-11	39	15	28	87
Connecticut	May-07	Dec-10	43	114	Jun-08	Nov-09	17	13	2	9
Delaware	May-07	Jan-10	32	150	Jun-07	Dec-10	42	1	30	48
Dist. of Col.	Jun-07	Jan-10	31	94	Mar-08	Dec-11	45	9	11	21
Florida	Feb-07	Feb-10	36	226	Apr-07	Dec-09	32	2	22	32
Georgia	Apr-07	Jan-10	33	139	May-09	Dec-09	7	25	-13	4
Hawaii	Dec-06	Dec-09	36	209	Jul-08	Nov-11	40	19	-1	47
Idaho	Mar-07	Dec-10	45	230	Jul-08	Jun-11	35	16	12	32
Illinois	Jan-07	Jan-10	36	153	Nov-08	Dec-11	37	22	-11	85
Indiana	Jul-07	Jul-09	24	140	Jun-09	Jul-09	1	23	-4	0
Iowa	Mar-07	Nov-10	44	75	Jul-08	Feb-10	19	16	3	24
Kansas	Mar-08	Aug-09	17	90	May-08	Oct-10	29	2	12	23
Kentucky	Jul-07	Jan-10	30	95	Jul-08	Dec-10	29	12	4	10
Louisiana	Dec-07	Nov-10	35	114	Mar-09	Dec-09	9	15	4	17
Maine	Mar-07	Mar-10	36	87	Jul-08	Mar-11	32	16	8	15
Maryland	Feb-08	Mar-10	25	142	Mar-08	Dec-10	33	1	26	39
Massachusetts	Jan-08	Feb-10	25	93	Jul-08	Dec-10	29	6	10	16
Michigan	Apr-07	Aug-09	28	109	Oct-08	Oct-10	24	18	-18	23
Minnesota	Dec-06	Jun-09	30	89	Oct-07	Mar-11	41	10	9	20
Mississippi	Mar-08	Feb-10	23	79	Mar-09	Dec-09	9	12	11	16
Missouri	Apr-07	Aug-09	28	106	Jun-08	Jan-11	31	14	-3	9
Montana	Dec-06	Dec-10	48	126	Jul-08	Dec-09	17	19	20	32
Nebraska	Apr-07	Feb-10	34	75	May-09	Dec-09	7	25	-2	11
Nevada	Feb-07	Oct-10	44	233	Mar-07	Dec-10	45	1	79	74
New Hampshire	Dec-07	Jan-10	25	97	Jan-08	Apr-10	27	1	43	46
New Jersey	Jun-07	Apr-10	34	131	Apr-09	Dec-11	32	22	-1	13
New Mexico	Jun-07	Oct-10	40	135	Jul-07	Dec-10	41	1	54	58
New York	Mar-07	Jan-10	34	107	Sep-08	Apr-11	31	18	2	9
North Carolina	Apr-07	Feb-10	34	148	Jul-08	Oct-09	15	15	0	16
North Dakota	Mar-08	May-09	14	50	May-09	Jun-09	1	14	-14	1
Ohio	Feb-07	Jan-10	35	96	May-07	Jun-10	37	3	26	38
Oklahoma	Apr-08	Feb-10	22	118	Jul-08	Dec-09	17	3	12	22
Oregon	Apr-07	Jun-09	26	132	Jul-07	Dec-11	53	3	42	91
Pennsylvania	Apr-07	Mar-10	35	107	Feb-09	Aug-10	18	22	-4	13
Rhode Island	Mar-07	Jan-10	34	148	Aug-09	Oct-09	2	29	-31	2
South Carolina	Mar-08	Dec-09	21	118	Jun-08	Oct-10	28	3	33	45
South Dakota	Feb-08	Feb-10	24	104	Mar-08	Dec-11	45	1	12	18
Tennessee	May-07	Jul-09	26	150	Feb-08	Nov-10	33	9	-2	22
Texas	Feb-08	Dec-10	34	91	Apr-09	Dec-10	20	14	-1	16
Utah	Mar-07	Jan-10	34	246	Feb-08	Nov-09	21	11	35	51
Vermont	Dec-06	Jun-09	30	188	Jan-07	May-11	52	1	16	27
Virginia	May-07	Jan-10	32	152	Mar-08	Oct-10	31	10	22	29
Washington	Dec-06	Mar-10	39	240	Sep-07	Jan-11	40	9	26	46
West Virginia	Apr-08	Nov-10	31	118	Jun-08	Nov-10	29	2	24	25
Wisconsin	Apr-08	Jan-10	21	114	Aug-08	Aug-11	36	4	16	54
Wyoming	Feb-08	Jan-10	23	188	Jul-08	Mar-10	20	5	23	50
Average	-	-	**32**	**133**	-	-	**28**	**12**	**12**	**30**

[1] Unemployment rate base month is the month of minimum unemployment rate before unemployment began to rise to its peak

[2] Unemployment rate peak month is the month of maximum unemployment rate between December 2006 and June 2011

[3] TANF caseload base month is the month of minimum TANF caseload between the unemployment rate base month and unemployment rate peak month

[4] TANF caseload peak month is the month of maximum TANF caseload after the TANF caseload base month and no later than December 2011

[5] Lag is the number of months between the unemployment rate base month and the TANF caseload base month

[6] Growth in TANF caseload from unemployment rate base month to unemployment rate peak month

[7] Growth in TANF caseload from TANF caseload base month to TANF caseload peak month

Sources: Unemployment rate: Bureau of Labor Statistics, labor force statistics from the Current Population Survey; TANF caseload: Center on Budget and Policy Priorities, personal communication with LaDonna Pavetti.

Table 4
Advantages and Disadvantages of Three Definitions of TANF Caseload Increases

Measure	Advantages	Disadvantages
National Recession	Most frequently used measure	Does not account for heterogeneity in recession severity across states
Constrained State-Level Recession	Accounts for heterogeneity in recession severity across states	Misses any increase in TANF rolls that occurs after the period of rising unemployment in the states
Robust State-Level Recession	Measures rise in TANF rolls relative to rising rates of unemployment in each state; Includes period of rising TANF that occurs after period of rising state unemployment	Ignores periods of declining TANF caseload that occur during period of rising state unemployment

The robust state-level measure of the TANF caseload increase, guaranteed to produce the most expansive measure of the caseload increase, yields an average increase of 30 percent. Under this robust state-level measure, the 16 states that had shown TANF declines under the constrained state level measure showed an average TANF increase of 19 percent, and only one state (Indiana) showed no increase.

There are advantages and disadvantages to all three measures of TANF responsiveness to the recession (Table 4). The most important disadvantage of the national recession measure is that it bears no necessary relationship to rising unemployment at the state level. States have very different economies and they respond differently to recessionary periods. A remarkable feature of the Great Recession was that nearly every state was hard hit, but the timing of the hit varied substantially across states. To measure the responsiveness of the TANF caseload during a period in which unemployment was not rising much in many states seems guaranteed to produce an underestimate of whether the TANF program was responsive to the recession. The most appropriate measure of TANF responsiveness is how the program responded during a period of rising state-level unemployment.

Both the constrained state-level measure and the robust state-level measure have the advantage of expressing state TANF caseload increases relative to rising unemployment in the state. The robust measure has the additional advantage of capturing the entire period of TANF caseload increase once the increase had started during the state period of rising unemployment. However, given the complex patterns of rising and falling state

TANF caseloads, this measure ignores all the declines in the state TANF caseload, many of which occurred during the period of rising state unemployment. In Georgia, for example, the caseload fell by 13 percent if measured from the beginning to the end of the period of rising unemployment. Nonetheless, there was a brief period during which the TANF caseload increased and that is what the robust measure captures. This example clearly illustrates the major disadvantage of the robust method because it focuses on the brief period of caseload increase and ignores the overall pattern of TANF decline. The constrained measure, by contrast, captures the overall pattern of decline while ignoring the brief period of caseload growth. Under the robust measure, the Georgia caseload increased by 4 percent, while under the constrained measure it declined by 13 percent during the period in which unemployment rose by 139 percent. Below we return to a more detailed discussion of the relationship between unemployment increases and changes in the TANF caseload. Here we want to emphasize that all three methods of measuring the responsiveness of TANF as a safety net program have strengths and weaknesses.

To further explore TANF performance, we took a closer look by state. The standard explanation for why a safety net is an important part of American social policy is that as people lose jobs or encounter other unexpected negative shocks in income – especially ones that are not their fault – they should be able to count on assistance from government programs, at least temporarily. Keeping this standard in mind, Figure 3 shows four different patterns of responsiveness by state TANF programs to rising unemployment during the study period. To bring some order to the combination of the magnitude of the increase in unemployment and the rise of the TANF caseload, we divided the distribution of the increases in state unemployment rates at the median and then within the high-increase- and low-increase-in-unemployment groups subdivided each group into states that were above the median and below the median in the rise of their TANF caseload. This procedure created four groups of states (see Appendix B).

The top left quadrant of Figure 3 shows the changes in New Mexico which responded to the recession as a safety net program is expected to do; namely, with a TANF caseload that rose roughly in sync with increasing unemployment. While unemployment in New Mexico rose by 135 percent, the TANF caseload rose by 58 percent. The rise in the TANF caseload was more or less continuous, with increases nearly every month as unemployment rose over a 40-month period. Eighteen states followed this pattern of above average increases in both unemployment and TANF. We dub the states that follow this pattern as “responsive.” North Carolina, in the bottom left quadrant, represents what might be thought of as the opposite pattern; namely, rapidly rising unemployment and a modest increase in the TANF caseload. Over the period of the state-level rise in unemployment, the unemployment rate increased by

148 percent while the TANF caseload rose only 16 percent. Moreover, in November 2009 while the unemployment rate was still increasing, the TANF caseload began to fall and did so for the next ten months while the unemployment rate remained high. Only seven states followed the North Carolina pattern of above-average increase in unemployment and below-average increase in TANF. We label these states “unresponsive.” This unresponsive pattern is the one that is of greatest concern to child advocates and critics of welfare reform.

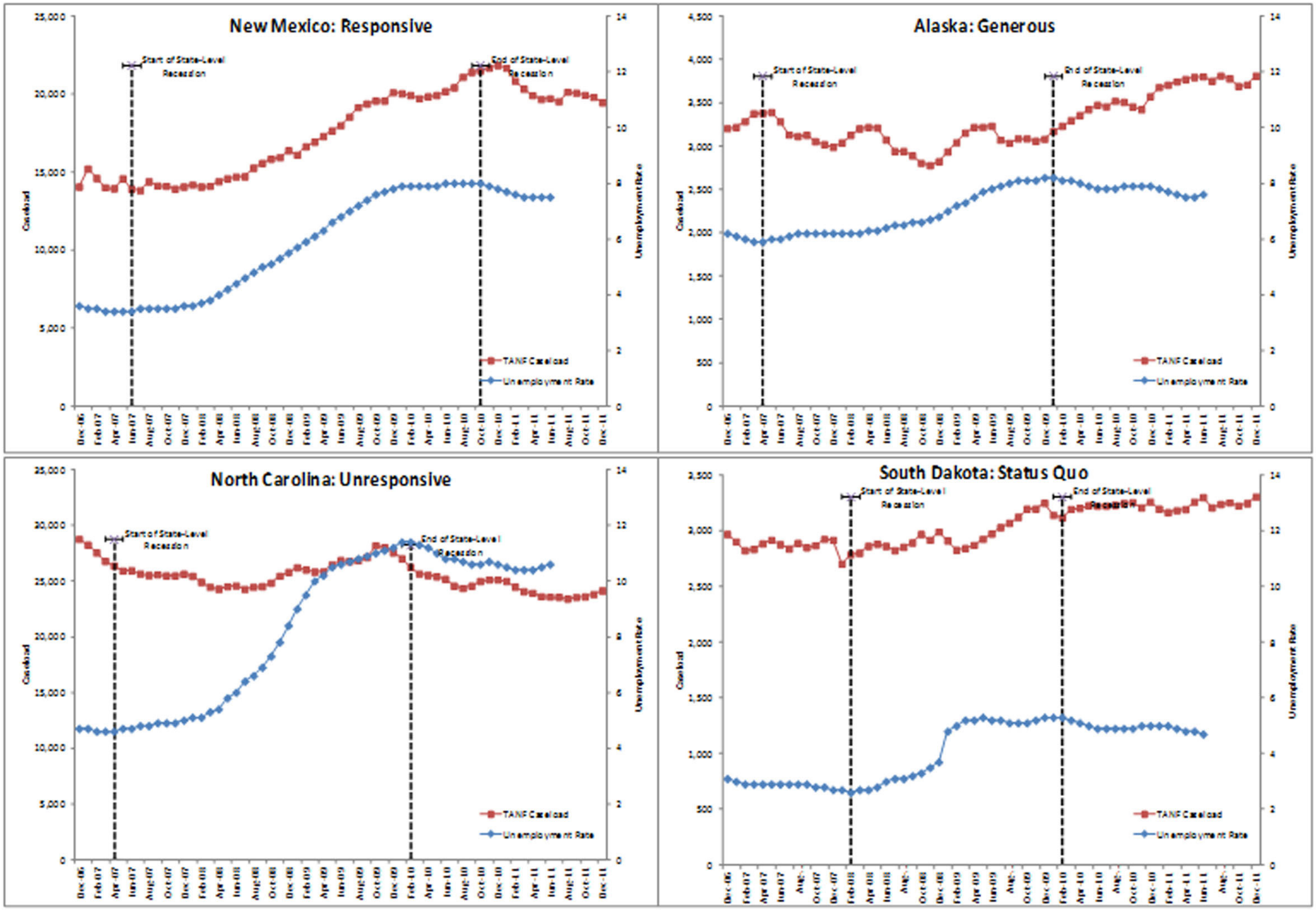
The remaining two patterns are less interesting. Alaska, in the top right quadrant of Figure 3, shows an unusual pattern in which the increase in unemployment was modest (only 39 percent as compared with the 133 percent average across all states), yet the TANF caseload rise of 37 percent put Alaska above the rise in the average state of 30 percent. An inspection of the Alaska caseload in Figure 3 shows that the caseload is subject to periodic swings, perhaps seasonal. Only seven states followed this “generous” pattern of experiencing an above-average increase in TANF recipients despite a below-average increase in unemployment. The fourth pattern, low increase in unemployment and low TANF responsiveness which we label “status quo,” might also be considered an appropriate response for a safety net program. If unemployment increases are moderate, it seems reasonable that the increase in the TANF caseload should also be moderate. In the case of South Dakota, unemployment rose 104 percent while the TANF caseload rose 18 percent. While a caseload rise of 104 percent may seem high, it is below the average 133 percent rise. Further, it is notable that the rise in unemployment in South Dakota began at the very low rate of 2.6 percent and rose only to 5.3 percent, at which point unemployment was still well below the national average. Nineteen states followed this pattern of a low rise in unemployment and a low rise in the TANF caseload.

Figure 4 shows how TANF responsiveness varied across the country during the recession. All states in the west experienced a high increase in unemployment and almost all, with the exception of Arizona, also had a high increase in TANF caseload. By contrast, most states in the Midwest and New England did not experience a high increase in unemployment rates and, in response, had modest changes in the TANF caseloads. The states of most concern – those with a high increase in unemployment yet little increase in their TANF caseload – were Arizona, Georgia, Indiana, New Jersey, North Carolina, Rhode Island, and Tennessee. There is no obvious geographical pattern to the location of unresponsive states.

It seems appropriate to argue, based on the standard interpretation that safety net programs should increase as unemployment increases, that the TANF program in 37 states (18 that had high TANF rises in response to high rises in unemployment; 19 that had low TANF rises in response to low rises in unemployment) was consistent with this understanding of good safety net programs. Of course, critics could argue that the increases in TANF caseloads

Figure 3

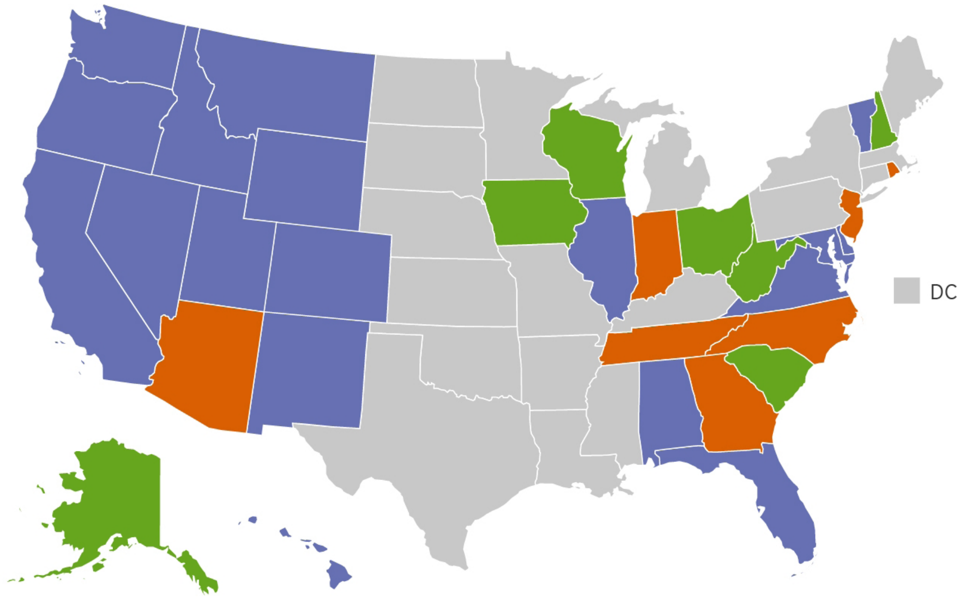
Four Patterns of State TANF Program Responsiveness to Rising Unemployment, 2006-2011



Month and Year

Month and Year

Figure 4: Four Groups of States Based on Increases in Unemployment Rate and TANF Caseload Growth



LEGEND:

Group	*Average unemployment rate growth (%)*	*Average TANF caseload growth (%)*
RESPONSIVE (High unemployment increase, high TANF increase)	**183**	**50**
UNRESPONSIVE (High unemployment increase, low TANF increase)	**152**	**10**
GENEROUS (Low unemployment increase, high TANF increase)	**94**	**39**
STATUS QUO (Low unemployment increase, low TANF increase)	**94**	**14**

were still too low in many states. Another seven states were generous in that they had above average rises in their TANF caseload despite the below-average rise in their unemployment rate. Seven states, however, followed the pattern of greatest concern – low TANF rises in response to high rises in unemployment. We note that the seven unresponsive states contain less than 16 percent of the nation's population.

A final finding from Table 3 that seems worthy of note is the lag between the onset of increasing unemployment and the onset of rises in the TANF caseload. The lag averaged 12 months across the states. In eight states the lag was 20 months or more. It does not seem surprising that there would be at least some lag between a rise in unemployment and a rise in the TANF caseload. Consider the typical case of a low-income single mother losing her job during the recession. In this case, many mothers would probably engage in something like the following set of options:[13]

- look for another job
- apply for Unemployment Compensations if she can't find work
- rely on food stamps (which she already may have been receiving but which would increase in response to her loss of earnings)
- move in with friends or relatives to save on housing (as we show below, many single mothers were already doing this before losing their job)
- apply for TANF and other welfare benefits

These are not necessarily the steps every mother would follow, or follow in the order listed above, but the point is that mothers have choices they must make to support themselves and their children when they lose a job. Trying these various options can require several months, delaying the time between job loss and receipt of TANF cash. Delay before receiving the TANF benefit is especially likely because the TANF program has administrative processes in many states that are designed to require the mother to work or train first in order to receive the cash benefit. In addition, there is some stigma attached to receiving welfare, especially during the period after welfare reform in 1996 when so many poor mothers went to work. Cash welfare, in short, may not (and many would say "should not") be the first place mothers would turn for help. As we will see below, based on data from the Survey of Income and Program Participation, mothers who lost or left their job during the Great Recession exercised one or more of the options listed above to maintain their household finances, and most exercised several.

Study 2: Changes in How Single Mothers Respond to Recessions

Introduction

In Study 1 we examined how state TANF programs responded to increased unemployment during the Great Recession compared to other safety net programs and AFDC/TANF responsiveness in previous recessions. We also analyzed the relationship between the response of state TANF programs and the rise in unemployment during the Great Recession. In our view, the well-being of single mothers and their children is the most important issue in our analyses of the performance of TANF during the Great Recession. So what about single mothers themselves? How have they responded to recessions? Has there been any change in their response or their well-being during the recessions of 2001 and 2007 after the welfare reform legislation of 1996 as compared with the recession of 1990 before welfare reform?

Polls show that most Americans want able-bodied, non-elderly people to support themselves.[14] But Americans understand that hard times in the life of an individual or family are inevitable, especially during recessions, and they want to provide government help during these periods, at least on a temporary basis. Hence the safety net. Even during tough times, however, Americans expect those getting welfare or unemployment benefits to continue searching for employment and to work toward self-sufficiency. Not only does the public expect job losers and those entering the labor force to look for work but it also expects both the TANF and Unemployment Compensation laws to require recipients to prepare for and find work or risk losing their cash benefit.[15]

To understand how single mothers met the expectation of self-sufficiency, and to determine whether they were able to maintain their own well-being and that of their children as measured by avoiding poverty during the recession, we need to be able to follow these mothers over time, especially after they have left a job. Given the concern among advocates, scholars, and policymakers that the TANF program did not respond like a good safety net program after the changes enacted during welfare reform, we examine and compare how mothers fared during the recessions that began in 2001 and 2007 after the 1996 welfare reform legislation had been implemented with how they fared during the recession that began in 1990.

Methods

The Survey of Income and Program Participation (SIPP) conducted by the Census Bureau is ideal for our purposes. The major goal of SIPP is to provide information about the income and participation in government programs of individuals and households. SIPP is a longitudinal survey that follows nationally representative panels of individuals and households for between 2 ½ and 4 years. The size of SIPP panels range from 20,000 to 40,000 households. SIPP has periodically drawn new samples since 1984; the last panel was started in 2008.

Census workers attempt to interview all household members age 15 and over, but proxy interviews are conducted when some household members are not available. Each household is interviewed every 4 months to gather retrospective monthly data on a core of labor force, income, and program participation questions that provide a detailed picture of the economic condition of the household, including the household's use of public programs. In addition to the core questions, alternating topical modules are added to the interview, which cover issues such as personal history, child care, wealth, child support, use of health care, school enrollment, and taxes. It is notable that SIPP does not regularly collect information on taxes, including tax credits such as the Earned Income Tax Credit (EITC) and the Additional Child Tax Credit, both of which are refundable and often provide working poor and low-income families with thousands of dollars a year.

We took two approaches to analyzing the SIPP data on single mothers during the three most recent recessions. First, we examined all single mothers during the recession to see how many were receiving government benefits, living with others with income, and living in poverty, by employment status. Employment status was classified as employed, unemployed (no job, looking for work), out of the labor force (no job, not looking for work), and other (e.g., on layoff with no pay). The state-level recession was calculated in the same way as the constrained methods reported above; namely, beginning with the month in which the unemployment rate began to rise and continuing until the unemployment rate was at its maximum during the study period. It will be recalled that the analysis of changes in unemployment rates at the state level showed that increases in state unemployment rates during the Great Recession began at very different times across the states. Unemployment began rising in some states as early as December 2006, twelve months before the official beginning of the national recession, and in other states as late as April 2008, four months after the beginning of the national recession. Similarly, the duration of increased unemployment (the number of months between the beginning of increased unemployment and peak unemployment within each state) differed substantially across states. To account for these differences in the onset of rising unemployment in each state, we analyzed the SIPP data, to the extent possible given the dates for elevated unemployment in each state and the inclusive dates for data collection in each SIPP panel, for each single mother with children during the months of increased unemployment in each individual state.

In the second approach we used to analyze SIPP data, we identified all single mothers who left employment during the state-level recession and followed their program participation, living arrangement, work status, and poverty status for the next 12 months. Single mothers who could not be followed for 12 months were not included in the sample. Thus, this second approach looks at only the subgroup of single mothers who left employment during the recessions and could be followed for 12 months. It is not possible to identify in SIPP data single mothers who lost their job because of employer action to offset the impact of the recession as contrasted with single mothers who left employment for some other reason. Thus, we can observe single mothers leaving work during each of the three recessions, but not the reason individual single mothers left work.

A problem we encountered was that interviews of the 2008 SIPP sample did not begin until August 2008, well after the beginning of the Great Recession. However, because the Great Recession lasted 18 months and because the frequency of mothers leaving jobs during this period was so high, we were able to observe a large sample of single mothers who left jobs during the Great Recession. The effect of not being able to observe single mothers who left their job during the first 6 months of the Great Recession on our measures is unknown, but seems likely to be modest if we assume that the reason for and response to leaving jobs remained relatively constant during the course of the recession.[16]

Because we were interested in the impact of program participation and earnings on poverty rates, the official measure of poverty would be inaccurate for our purposes. The official rate does not include noncash benefits or even cash benefits received through the tax code from the EITC or the Additional Child Tax Credit. Thus, the measure of poverty used in our tables is pre-tax money income plus SNAP and housing for households.[17] As discussed in more detail below, we believe this definition has its own limitations.

Table 5
Personal Characteristics and Employment Status of Female Family Heads with Children in Three Recent Recessions

	Recession					
	1990		2001		2007	
Employment Status	Mean	Std Err	Mean	Std Err	Mean	Std Err
Number of Female Heads with Children (in millions)	9.7		10.3		12.0	
Personal Characteristics:						
Average Age	35.0	0.2	36.4 [1]	0.2	37.1 [2] [3]	0.2
Black or Hispanic (%)	46.3	1.0	48.4 [1]	0.7	49.8 [3]	0.7
Completed High School (%)	70.4	0.9	82.0 [1]	0.7	86.3 [2] [3]	0.5
Never-Married Mothers (%)	35.5	0.9	42.6 [1]	0.9	48.7 [2] [3]	0.9
Condition that Limits Work (%)	13.9	0.7	18.0 [1]	0.5	16.1 [2] [3]	0.5
Average Number of Children	1.7	0.02	1.7	0.02	1.7	0.00
Employment Status:						
Employed (%)	56.2	1.0	67.3 [1]	0.7	63.6 [2] [3]	0.6
Unemployed (%)	5.6	0.5	6.2	0.2	8.9 [2] [3]	0.3
Out of Labor Force (%)	37.1	1.0	25.1 [1]	0.6	26.0 [3]	0.5
Other (%)	1.1	0.2	1.4	0.1	1.5 [3]	0.1

[1]Single mothers in 2001 differed significantly from single mothers in 1990 at the p<0.1 level.
[2]Single mothers in 2007 differed significantly from single mothers in 2001 at the p<0.1 level.
[3]Single mothers in 2007 differed significantly from single mothers in 1990 at the p<0.1 level.
Source: Survey of Income and Program Participation

Results

Table 5 summarizes the number of single mothers heading families with children, selected personal characteristics of the single mothers, and the employment status of these mothers in an average month during each of the three recessions as defined by state-level unemployment data. The first row shows that, based on population estimates from the SIPP representative national samples, in 1990, 2001, and 2007, there were about 9.7 million, 10.3 million, and 12.0 million mothers respectively heading families. The increasing number of single mothers with children is the result of the rising number and share of non-marital births as well as the increase in population across the time period of the three recessions.[18]

Turning to personal characteristics of the single mothers, the panels differed significantly across the three recessions on all our measures except the average number of children. The mothers had an average of 1.7 children in all three SIPP panels. Although mothers in the 2007 panel were slightly older than mothers in the other two panels, on average the single mothers in all three panels were in their mid-30s. Two changes suggest that the 2001 and 2007 samples are more disadvantaged than the 1990 sample. First, a higher percentage of single mothers were black or Hispanic in the later panels than the 1990 panel, although the 2007 and 2001 panels did not differ from each other. Given that poverty rates are higher among black and Hispanic families than white families, the increased share of black and Hispanic families in the later panels would tend to increase disadvantage in these panels as well. Second, the percentage of single mothers who were never-married increased over time, reflecting the increasing incidence of non-marital births over the time period.[19] Given the higher poverty rate and other differences in the general population between families headed by divorced mothers as compared with families headed by never-married mothers, the increase in the share of families across recessions headed by never-married mothers implies that the later samples could be more disadvantaged.[20]

Single mothers were more likely to report a work-limiting condition in both the 2001 and 2007 recessions than in the 1990 recession. This finding may play a role in the results reported below, but unfortunately SIPP interviewers do not ask follow-up questions about the work-limiting conditions so there is little or no information that would help us examine the importance of these conditions. Even with little information, many researchers have observed that both applications and benefit awards for disability programs rise during periods of high unemployment.[21]

There are three important differences in employment status of single mothers across the three recessions. First, more single mothers were employed during the 2001 and 2007 recession (56.2 percent in the 1990 panel vs. 67.3 percent and 63.6 percent in the 2001 and 2007 panels respectively) and the 2001 panel had a higher employment rate than the 2007 panel. Second, the 2007 panel had a higher unemployment rate (8.9 percent) than either the 2001 panel (6.2 percent) or the 1990 panel (5.6 percent). Third, many single mothers were without jobs and were not looking for a job during all three recessions. This out-of-the-labor-force status is generally considered to be even further away from employment than unemployment as indicated by the term “discouraged workers” that is sometimes applied to this group.[22] Thus, it is consistent with the employment data that the 1990 panel’s out-of-the-labor-force rate of 37.1 percent is significantly higher than the rate for both the 2001 panel

(25.1 percent) and the 2007 panel (26.0 percent). Before welfare reform, many more single mothers, both on and off welfare, were neither working nor looking for work. Despite the very high and sustained level of unemployment during the Great Recession, single mothers heading families were about 30 percent less likely to be out of the labor force during the 2007 recession than the 1990 recession. Some mothers stayed in the workforce in order to qualify for Unemployment Compensation benefits.

Summarizing the employment status data, single mothers were more likely to be employed and less likely to be out of the labor force in post-welfare reform recessions than in the 1990 recession, perhaps in part because they were more likely to have a high school degree. However, not surprisingly given the very high level of unemployment during the Great Recession, the 2007 panel was, despite its higher employment level, also more likely than both other panels to be unemployed. The positive side of this result is that, by definition, unemployed mothers are looking for work and hence are still part of the labor force.

Table 6 addresses three aspects of how the entire group of single mothers with children fared during the three recessions. These include their income from selected government programs, their sources of non-governmental income and support, and their poverty status. The data are presented in four separate panels that include the entire sample, single mothers who were employed, single mothers who were unemployed, and single mothers who were out of the labor force. Beginning with the entire group of single mothers in the top panel, mothers were more likely to be getting Unemployment Compensation during the 2007 recession than the two previous recessions, were less likely to be getting AFDC or TANF and more likely to be getting SNAP during the 2007 and 2001 recessions than the 1990 recession, and were more likely to be getting at least one government benefit during the 2007 recession than either of the previous two recessions. There were no differences across the recessions in the frequency of living with others or in monthly poverty rates.

The analyses that are the most pertinent to our questions about how single mothers tried to make ends meet during recessions are the differences seen across the three employment statuses. Beginning with the group of employed single mothers (second panel), four differences across recessions are apparent. First, employed single mothers were less likely to receive TANF benefits during the 2007 recession (4.9 percent) and the 2001 recession (4.1 percent) than the 1990 recession (7.1 percent).[23] Second, employed single mothers were significantly more likely to receive SNAP benefits during the 2007 recession (27.1 percent) than during either the 2001 recession (13.5 percent) or the 1990 recession (12.2 percent). It is pertinent to note here that the 2002 federal farm bill contained numerous provisions designed to help states ensure that poor and low-income working families receive SNAP benefits. In addition, the ARRA contained several provisions that expanded SNAP benefits including a 15

Table 6

Average Monthly Sources of Income and Poverty Rates for Female Family Heads with Children in Various Employment Statuses During Three Recessions

	Recession					
	1990		2001		2007	
Source of Income and Poverty Rate	Mean	Std Err	Mean	Std Err	Mean	Std Err
All						
Government Benefits:						
Unemployment Comp (%)	4.1	0.4	4.2	0.3	6.3 [2,3]	0.4
AFDC/TANF/GA (%)	25.8	0.9	9.8 [1]	0.5	10.9 [2,3]	0.4
SNAP (%)	29.6	0.9	21.5 [1]	0.6	38.9 [2,3]	0.8
SSI (%)	3.4	0.4	5.5 [1]	0.4	6.9 [2,3]	0.4
One or More (%)	35.8	0.9	27.5 [1]	0.6	44.6 [2,3]	0.7
Lived with Others (%)	64.5	1.1	65.2	1.0	64.1	1.0
Poor in Month (%)	47.9	1.0	49.2	0.8	44.9	0.7
Employed						
Government Benefits:						
Unemployment Comp (%)	4.0	0.5	3.3	0.3	3.6	0.3
AFDC/TANF/GA (%)	7.1	0.7	4.1 [1]	0.3	4.9 [3]	0.3
SNAP (%)	12.2	0.9	13.5	0.6	27.1 [2,3]	0.8
SSI (%)	1.1	0.3	1.2	0.2	2.3 [2,3]	0.3
One or More (%)	16.7	1.0	16.9	0.6	30.6 [2,3]	0.8
Lived with Others (%)	64.6	1.5	62.1	1.1	61.3 [3]	1.2
Poor in Month (%)	28.9	1.2	38.7 [1]	1.0	32.0 [2,3]	0.8
Unemployed						
Government Benefits:						
Unemployment Comp (%)	17.6	3.2	20.4	1.7	31.4 [2,3]	2.2
AFDC/TANF/GA (%)	39.0	4.1	21.5 [1]	1.8	19.9 [3]	1.5
SNAP (%)	45.0	4.2	43.8	1.6	65.0 [2,3]	1.6
SSI (%)	1.6	1.0	1.7	0.4	3.3 [2]	0.6
One or More (%)	58.2	4.2	55.7	1.5	79.1 [2,3]	1.3
Lived with Others (%)	64.9	4.9	62.2	2.9	60.6	2.5
Poor in Month (%)	70.4	3.9	76.9	1.5	74.1	1.6
Out of Labor Force						
Government Benefits:						
Unemployment Comp (%)	1.9	0.5	2.4	0.3	3.7 [2,3]	0.4
AFDC/TANF/GA (%)	52.4	1.6	22.2 [1]	1.2	22.9 [3]	1.1
SNAP (%)	53.8	1.6	37.5 [1]	1.1	58.7 [2,3]	1.2
SSI (%)	7.1	0.8	18.3 [1]	1.2	19.7 [3]	1.1
One or More (%)	61.3	1.6	48.6 [1]	1.1	66.3 [2,3]	1.1
Lived with Others (%)	64.8	1.8	74.4 [1]	1.7	71.9 [3]	1.5
Poor in Month (%)	73.2	1.4	70.0 [1]	1.1	65.7 [2,3]	1.0

[1]2001 differs signicantly from 1990 at the p<0.1 level.

[2]2007 differs significantly from 2001 at the p<0.1 level.

[3]2007 differs significantly from 1990 at the p<0.1 level.

Note: Those employed and out of the labor force are technically ineligible for Unemployment Compensation. We find a small percentage of these mothers reporting receipt of Unemployment Compensation likely due to changes in employment status over the period in question or survey error.

percent expansion in the average benefit. The third difference is that employed single mothers were more likely to live in households that received SSI during the 2007 recession (2.3 percent) than during either of the earlier recessions (1.1 percent and 1.2 percent), although the rates of receipt were quite low during all three recessions. Fourth, and not surprisingly given the data on SNAP, during the 2007 recession employed single mothers were almost twice as likely to receive at least one public benefit (30.6 percent) than during either the 1990 recession (16.7 percent) or the 2001 recession (16.9 percent). Despite their employment and the high rate of receipt of public benefits in all three recessions, employed single mothers were more likely to be poor during the 2007 recession (32.0 percent) than the 1990 recession (28.9 percent) and more likely to be poor in the 2001 recession (38.7 percent) than either of the other two recessions. We will have more to say about the accuracy of the data on poverty rates.

Turning to the group of single mothers who were unemployed, we also find several important differences across the recessions. One important difference is that, as compared with the average of the 1990 and 2001 recessions (19.0 percent), the receipt of Unemployment Compensation during the 2007 recession was up by 65 percent. This increase in receipt of Unemployment Compensation was probably due at least in part to the substantial increase in generosity of the Unemployment Compensation program, especially the expansion in weeks of eligibility from the 26 weeks of the regular program to as high as 99 weeks in states with high unemployment.[24] Allowing recipients to collect benefits for a longer period of time means that they will build up on the rolls. Apart from the generosity of the program, the increase in receipt of Unemployment Compensation during the 2007 recession is probably a sign that female heads have become increasingly attached to the labor force because a strong employment record (as well as involuntary job loss) is necessary to qualify for the benefit. It is useful to note that, regardless of the rise in Unemployment Compensation coverage across the three recessions, around 70 percent of mothers who were unemployed did not receive the benefit even in the 2007 recession.

As could be expected from our earlier analyses, single mothers who were unemployed were much less likely to receive the TANF cash benefit during the two recessions after welfare reform than in the 1990 recession before welfare reform. By comparison with the 1990 recession, receipt of TANF was down by 45 percent during the 2001 recession and nearly 50 percent during the Great Recession from 39.0 percent in 1990 to 21.5 percent in 2001 recession and 19.9 percent in 2007. Although only received by a modest percentage of families, receipt of cash from the Supplemental Security Income program by unemployed single mothers went up somewhat to 3.3 percent in the 2007 recession from 1.6 percent and 1.7 percent in the previous two recessions respectively (Table 6).

If TANF receipt among unemployed single mothers was down in the 2007 recession as compared with the two earlier recessions, receipt of SNAP benefits was decidedly higher. Compared with the 45.0 percent and 43.8 percent who received it during the 1990 and 2001 recessions, 65.0 percent received SNAP during the 2007 recession. As with employed single mothers, and again primarily because of SNAP receipt, unemployed single mothers were more likely to receive at least one benefit during the 2007 recession (79.1 percent) than during the 1990 recession (58.2 percent) or the 2001 recession (55.7 percent).

The differences across recessions in receipt of government benefits for the group of single mothers who were out of the labor force is quite similar to receipt of benefits by unemployed single mothers. Specifically, this group of mothers was less likely to receive TANF benefits in 2007 (22.9 percent) and 2001 (22.2 percent) than in 1990 (52.4 percent). The pattern for SNAP receipt was somewhat surprising because although single mothers who were out of the labor force were more likely to receive SNAP during the 2007 recession (58.7 percent) than either of the previous two recessions, SNAP receipt was significantly lower in the 2001 recession (37.5 percent) than the 1990 recession (53.8 percent). Another striking difference across recessions is that only 7.1 percent of single mothers who were out of the labor force received SSI during the 1990 recession as compared with 18.3 percent and 19.7 percent during the 2001 and 2007 recessions respectively. As with the other two employment groups, single mothers who were out of the labor force were more likely to receive one or more benefits during the 2007 recession (66.3 percent) than during the 1990 recession (61.3 percent) or the 2001 recession (48.6 percent).

In addition to the entire group of single mothers with children examined in all the SIPP analyses presented thus far, we also selected mothers who left employment during the recessions and followed them for 12 months. The results of these analyses are reported in Table 7. As with the full sample of single mothers, single mothers who left employment were more likely to receive Unemployment Compensation in the 2007 recession than the 2001 recession (Table 7). By following the mothers for 12 months after they left employment, we also found that they received unemployment benefits longer (6.7 months) during the 2007 recession than the 2001 recession (4.1 months). Similarly, the full sample receipt of TANF welfare was replicated in the group of single mothers who left employment. Job leavers were less likely to receive TANF during both the 2001 and 2007 recessions than the 1990 recession and less likely to receive TANF during the 2007 recession than the 2001 recession. In addition, even when they did receive TANF, job leavers received it for a shorter period of time during the 2001 recession (6.2 months) and the 2007 recession (6.5 months) than the 1990 recession (8.8 months). Like the sample of all single mothers, job leavers were more likely to receive SNAP and for more months during the 2007 recession (66.3 percent received SNAP for 8.8 months

Table 7
Governmental and Non-Governmental Sources of Income and Poverty Rates for Female Family Heads with Children within 12 months of Leaving Employment in Recent Recessions

	Recession					
	1990		2001		2007	
Sources of Income and Poverty Status	Mean	Std Err	Mean	Std Err	Mean	Std Err
Percent Receiving Governmental Benefits Within a Year of Leaving Employment, by Source:						
Unemployment Compensation:						
Percent Receiving	21.9	7.2	19.8	1.6	27.2 [2]	2.0
Average Duration (Months)	4.7	5.4	4.1	0.2	6.7 [2]	0.4
Cash Welfare (AFDC/TANF):						
Percent Receiving	42.0	8.6	22.4 [1]	1.6	16.0 [2,3]	1.4
Average Duration (Months)	8.8	1.0	6.2 [1]	0.3	6.5 [3]	0.4
SNAP (Food Stamps):						
Percent Receiving	55.2	8.7	51.1	1.5	66.3 [2]	1.9
Average Duration (Months)	9.0	0.9	8.1	0.2	8.8 [2]	0.2
Supplemental Security Income (SSI):						
Percent Receiving	5.3	3.9	4.5	0.9	5.2	0.9
Average Duration (Months)	6.4	3.2	5.7	0.6	4.7	0.6
Percent Receiving Non-Govermental Income Sources:						
Lived With Others with Income:						
Percent	71.2	7.9	59.0	1.9	62.1	2.4
Average Duration (Months)	9.4	0.7	9.6	0.2	8.0 [2,3]	0.2
Went Back to Work:						
Percent	66.0	8.3	67.5	1.8	54.9 [2]	2.0
Average Duration (Months)	7.0	0.6	6.7	0.1	5.3 [2,3]	0.2
Poverty Rate:						
Percent Poor (any months)	69.3	8.1	76.0	1.6	75.8	2.0
Average Duration (Months)	7.2	0.8	7.4	0.2	6.7 [2]	0.2

[1] 2001 differs significantly from 1990 at the p<0.1 level.

[2] 2007 differs significantly from 2001 at the p<0.1 level.

[3] 2007 differs significantly from 1990 at the p<0.1 level.

Note: Data from 1990, 2001, and 2008 waves of Survey of Income and Program Participation for female heads with children who lost jobs and could be followed for at least 12 months in each recessionary period. Duration is within 12-month observation period.

Source: Survey of Income and Program Participation on average) than during the 2001 recession (51.1 percent received SNAP for 8.1 months on average).

Federal policy in general, and TANF policy in particular, aims to encourage, cajole, or require single mothers with children to work and be as independent from public benefits as possible, even during recessions. The results in Tables 6 and 7 also show that many unemployed single mothers relied on private as well as public resources to make it through the recessions. Data from the samples of job leavers show that a major strategy single mothers used to cope during recessions was to try to go back to work (Table 7). After losing their jobs, over 65 percent of single mothers went back to work during both the 1990 and 2001 recessions. But during the Great Recession, single mothers probably had more trouble finding jobs because their reemployment rate was only 54.9 percent in the first 12 months after leaving employment, a decline of nearly 20 percent from the average reemployment rate during the 1990 and 2001 recessions. The difficulty single mothers had in finding a job during the Great Recession is not a surprise because the number of job seekers per job opening during the Great Recession was higher than at any previous time since the Department of Labor began keeping this information.[25]

Another important strategy of self-reliance single mothers who lost or left jobs used to cope with financial pressures was to live with someone else who had income, a decision that probably allowed most of them to save on rent. As other studies have shown, poor single mothers often use living with others as a coping strategy.[26] Averaged across the recessions, nearly 65 percent of all single mothers in the average monthly data and 64 percent of the sample of job leavers lived with someone with income. There are interesting differences by employment status (Table 6). The highest average rate across all three recessions was for those out of the labor force at 70.4 percent as compared with an average 63 percent for both the employed and unemployed. It appears that single mothers without job prospects are more likely to live with someone with income, although single mothers in every employment group were highly likely to use this strategy.

The SIPP data allow us to distinguish between single mothers who lived with relatives from those who lived with non-relatives. For each of the three recessions, of the single mothers who lived with others, between 70 and 75 percent lived with relatives. The substantial majority of all the single mothers living with another adult with income, then, are not living with boyfriends.

Finally, both Tables 6 and 7 show that rates of poverty were very high among single mothers. Single mothers who worked and their children had poverty rates that averaged about 33 percent across the three recessions as compared with poverty rates that averaged about 74 percent for unemployed single mothers and 70 percent for mothers out of the labor force.

However, poverty rates for employed single mothers were somewhat higher during the post-welfare reform recessions (average of about 35 percent) as compared with the pre-welfare reform recession (about 30 percent). Following mothers who left jobs for 12 months shows that between about 69 percent and 76 percent of them were poor during the three recessions and that they were poor for an average of about 7 months. Although we will have more to say about this finding below, at first blush unemployed single mothers were significantly more likely to be poor during the two post-welfare reform recessions (76.9 percent and 74.1 percent) than during the 1990 recession (70.4 percent).

Discussion

Several findings from the SIPP analysis bear emphasis. The first is that single mothers were more likely to be employed during both post-welfare reform recessions than during the 1990, pre-welfare reform recession. Compared with employment during the 1990 recession, the average employment rates during the 2001 and 2007 recessions were up by around 15 percent. The increased employment rate during the 2007 recession is particularly remarkable because the peak unemployment rate and the duration of unemployment were so much greater during that recession than during either the 1990 or the 2001 recessions. In addition to being more likely to be employed, fewer single mothers were out of the labor force during both post-welfare reform recessions than during the 1990 recession. Both of these summary points indicate that more single mothers were committed to the labor force after the welfare reform law of 1996, although other factors were almost certainly at play as well.

A second important finding is that single mothers were more likely to be unemployed during the 2001 and 2007 recessions. A possible if partial explanation for this surprising result is that in the 1990 recession, single mothers who had a poor employment history or low education, two characteristics that make it difficult to find a job, were more likely to be out of the labor force (and probably on welfare) and therefore could not be unemployed. However, after welfare reform, many of these single mothers with relatively low job readiness had nonetheless left or avoided welfare in favor of work. Data from the Bureau of Labor Statistics, for example, show that there was more than a 40 percent increase in the employment-to-population ratio of never-married mothers – the group of single mothers with the lowest education, least workforce experience, and highest probability of being on welfare – in the five years between 1995 and 2000.[27] Once the recessions hit in 2001 and 2007, these relatively marginal employees might have been the first to lose their jobs. Yet despite the fact that the employment data and the out-of-labor-force data show that many of them managed to keep their jobs during the two post-welfare reform recessions or get new ones, many were still unemployed.

The third finding that bears emphasis is that roughly 65 percent of single mothers and their children lived with other adults, usually relatives, across all three recessions. Whatever else might be said about combining households, it is a way for all involved to save money on rent and utilities and possibly food and other expenses. In addition, the family units can support each other in various informal ways such as by helping with child care, running errands, shopping, loaning a car, and so forth. Some worry that single mothers living with men are at increased risk of abuse, as are their children.[28] There is no question that this concern is well placed,[29] but it is somewhat reassuring to find that of the single mothers and children who lived with someone else, around 75 percent were living with relatives. At least some of the remaining 25 percent must have been living with non-relative females, so the percentage of single mothers living with boyfriends must be even lower than 25 percent. Moreover, there is little reason to think that all the boyfriends mothers are living with are dangerous to the mother or children. Some of the boyfriends are the father of the mother's children; others may serve as substitute fathers to the children and good companions and providers for the mothers.[30]

Nonetheless, multi-family living could create problems for some families. Crowding may be an issue and sharing resources often leads to conflict. The crowding and conflicts might lead to mothers trying to find new living arrangements, leading to a lack of stability in children's lives. Just changing schools, let alone homes, disrupts children and is associated with declines in academic achievement and increases in acting out in school.[31]

In addition to the findings on employment and housing arrangements, a fourth interesting set of findings concerns government safety net programs. Despite the fact that TANF receipt was down during the Great Recession, receipt of other government benefits was higher, leading to a 25 percent increase in receipt of one or more benefits during the Great Recession as compared with the 1990 recession. Even among the group of employed single mothers, receipt of TANF was down by more than 35 percent for the average of the 2001 and 2007 recessions as compared with the 1990, pre-welfare reform recession.[32] Of greater importance because of potential destitution among single mothers with children who were unemployed or out of the labor force, receipt of TANF among these two groups of single mothers without jobs was down substantially in the two post-welfare reform recessions. For unemployed single mothers TANF receipt was down by 47 percent. Even more remarkable, TANF receipt was down by 56 percent among the group of single mothers who were out of the labor force.

On the other hand, receipt of SSI was up somewhat for unemployed single mothers during the 2007 recession, although still only a little more than 3 percent of single mothers received the benefit. This finding is consistent with the greater use of SSI (as well as Social Security Disability Insurance) in recent years by low-income families, not least because many states did everything they could to get poor mothers on SSI and off TANF because the SSI benefit is paid for entirely by the federal government.[33] But SNAP receipt was up almost 45 percent and Unemployment Compensation was up by almost 80 percent. Given the increases in SSI, SNAP, and Unemployment Compensation enrollment during the 2007 recession, it is not surprising that the percentage of unemployed single mothers who received one or more government benefits was 36 percent higher in the 2007 recession than in the 1990 recession.

Several points about the poverty data reported here are important. Perhaps the most important is that employment is a more effective way to avoid poverty than collecting cash welfare benefits while being unemployed or out of the labor force. The average poverty rate across all three recessions was 33.2 percent for the employed as compared with 73.8 percent for the unemployed and 69.6 percent for those out of the labor force. Because the combined TANF and SNAP benefits cannot lift a family out of poverty, except under unusual circumstances the only way for single mothers and their children to avoid poverty is for the mother to have earnings.

Employment is clearly a way to avoid poverty, but a second finding on employment and poverty seems at first blush to be unfortunate. A major claim of supporters of the 1996 welfare reform law was that more single mothers would work and that the poverty rate would decline as a result of their work. But the poverty rate for employed single mothers in the 1990 recession, before welfare reform, is actually lower than the rate during either the 2001 or 2007 recessions. This seems to be the opposite of what was predicted by supporters of welfare reform.

However, an explanation for this surprising result lies readily at hand. The measure of poverty used in our tables is pre-tax money income plus SNAP and housing for households.[34] This measure does not include tax credits because SIPP does not regularly collect data on income from the Earned Income Tax Credit or the Additional Child Tax Credit, which taken together provided around $87 billion to poor and low-income families in 2009.[35] Thus, by not including income from the EITC and the Additional Child Tax Credit, our measure of poverty provides an overestimate of the poverty level and the overestimate is likely to be greater during the two post-welfare reform recessions than the 1990 recession because the cash value of the child-related tax credits increased so much during and after the 1990s.

Empirical support for this hypothesis can be obtained by examining data from the Census Bureau’s Current Population Survey. Under a poverty definition that includes income from the tax credits, two impacts on poverty rates among single mothers are notable. First, the poverty rate based on income that includes the tax credits is lower in all three recessions than the official poverty rate that does not include tax credits income. Second, due primarily to the increasing generosity of the EITC over the past two decades and the creation of the Additional

Child Tax Credit in 1997, the post-tax poverty rate for households headed by single mothers in 2008 (22.3 percent) is about one-third lower than the post-tax poverty rate in 1990. Similarly, the poverty rate under this broader measure of income was lower in the 2001 recession than the1990 recession.[36] A recent analysis by Thomas Gabe of the Congressional Research Service showed that counting benefits not included in the official definition of poverty, especially the tax benefits, reduced the poverty rate among female-headed families in 2009 from 43.4 percent to 32.1 percent, a reduction of more than 25 percent.[37] The Gabe analysis provides strong support for our claim that the SIPP data we use seriously underestimates the impact of government benefits on poverty rates. Unfortunately, the SIPP data cannot be used to quantify how serious the underestimation problem might be because we don't know how many in the SIPP sample received the EITC or the Additional Child Tax Credit or how much they received.

Nonetheless, it is clear that the SIPP data do underestimate the impacts of government programs that subsidize the income of working families on poverty rates in all three recessions, but especially in the two post-welfare reform recessions. And given the fact that only families that work receive the EITC and the Additional Child Tax Credit, the overestimate of poverty caused by ignoring the tax credits is confined to working families.

A final issue related to poverty deserves attention. Researchers have long been concerned about a group of single mothers at the bottom of the income distribution who are usually referred to as "disconnected." These are mothers who have no earnings from work and no income from cash assistance programs. According to a review of studies about disconnected mothers by Pamela Loprest, about 11 percent of spells of disconnection start because single mothers lost their TANF benefits and 5 percent start due to loss of SSI benefits.[38] Loprest reports that about 75 percent of disconnected women physical or mental barriers to work and 82 percent live in poverty, a much larger poverty rate than that for all single mothers (41 percent[39]). Our SIPP analysis did not set out to identify disconnected mothers but their numbers probably increased during the Great Recession because so many mothers left employment and receipt of TANF remained below historic averages. But disconnected mothers are not primarily a problem caused by recessions. Even so, the size of this group and their poverty rates suggests that actions at the state and local level to help them would be appropriate. The actions could include helping them meet the TANF work requirements, developing special programs to help them find and retain employment, helping sanctioned TANF recipients to surmount the reason they were sanctioned, and helping them receive other benefits such as SNAP and Medicaid. It would be appropriate for Congress to appropriate several million dollars to fund a program of rigorous research by states on how to help these disconnected mothers without lowering TANF work requirements.

Study 3: Interviews with State TANF Directors

Arguably the people who know the most about the goals and operation of state TANF programs and how the programs responded to the recession are the state TANF directors. They were, after all, the point persons for state TANF programs before and during the Great Recession. Interviews with TANF directors can provide an insider's view of the TANF issues that we have so far analyzed from the outside.

Methods

We used several methods to schedule phone interviews with state TANF directors. Our first approach was to work with the American Public Human Services Association (APHSA), the professional organization to which almost all TANF directors belong.[40] The APHSA sent two letters to the TANF directors describing the interview study and asking them to send the Brookings team an e-mail if they were willing to participate. We scheduled about 25 interviews with state directors in this way. We also obtained a list of state TANF directors from the HHS website and proceeded to send e-mails to and then call the directors who had not yet responded. In three cases, state TANF directors declined to participate in the study. In these three cases, we contacted previous state TANF directors and in all three cases they agreed to participate. In the end, we completed interviews with 44 of the 51 current or former directors of state and Washington, D.C. TANF programs between March 2012 and January 2013. Our analyses are based on these 44 interviews.

The questionnaire, which took 25-35 minutes by phone to complete, probed TANF directors to obtain information in four general areas (see Appendix C for the interview protocol). These included:

- Work history of the TANF directors
- Their assessment of how serious the recession was in their state and their rating of how successful their state was in helping the unemployed and poor during the recession
- Their use of special funds during the recession & how helpful the special funds were in dealing with the impacts of the recession; these funds included:
    - — TANF surplus funds states had left over from previous years[41]
    - — "Rainy day" funds that states (not the TANF program) accumulated, primarily during non-recession years, from sources other than the TANF program
    - — The TANF Contingency Fund, a regular part of the TANF program included in the original 1996 legislation specifically to help states that had major increases in unemployment or hardship as shown by increases in

SNAP enrollment[42]

— TANF Emergency Funds provided to states as part of the American Recovery and Reinvestment Act (ARRA) of 2009.[43]

- The directors' thoughts and recommendations about how the various federal programs designed to help states during recessions could be improved.

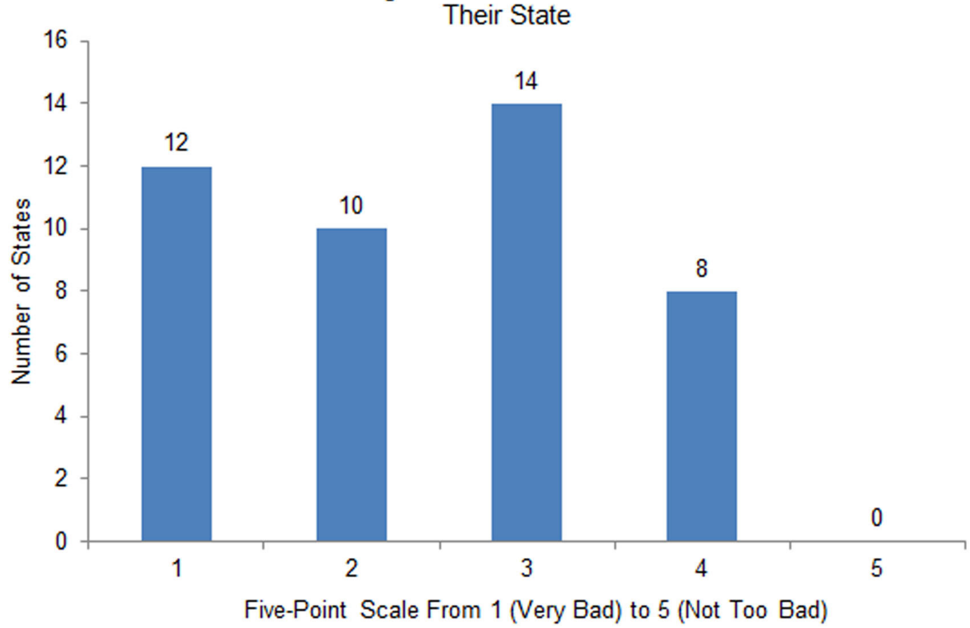
Several of the questions asked directors to indicate how strongly they felt about their answer. Directors were asked, for example, to rate between "1" and "5" how bad the recession had been in their state (with "1" being very bad and "5" being not too bad).

Results

Work histories of TANF directors. TANF directors were highly experienced. The average TANF director had worked in the general field of social services for 23 years. In addition to having lengthy experience in organizing, delivering, or administering social services, TANF directors had served in the state in which they were the director for 18.4 years on average and had served an average of 5.5 years as the TANF director.

Seriousness of state-level recession. Consistent with our analysis of the diversity across states when the Great Recession began, when it ended, how much unemployment increased during the recession, and how long the increase in unemployment lasted, state TANF directors showed substantial diversity in rating the severity of the recession in their state relative to other states (Figure 5). No state director rated the recession in their state with the lowest rating on

Figure 5
TANF Directors' Rating of Seriousness of the Great Recession in Their State

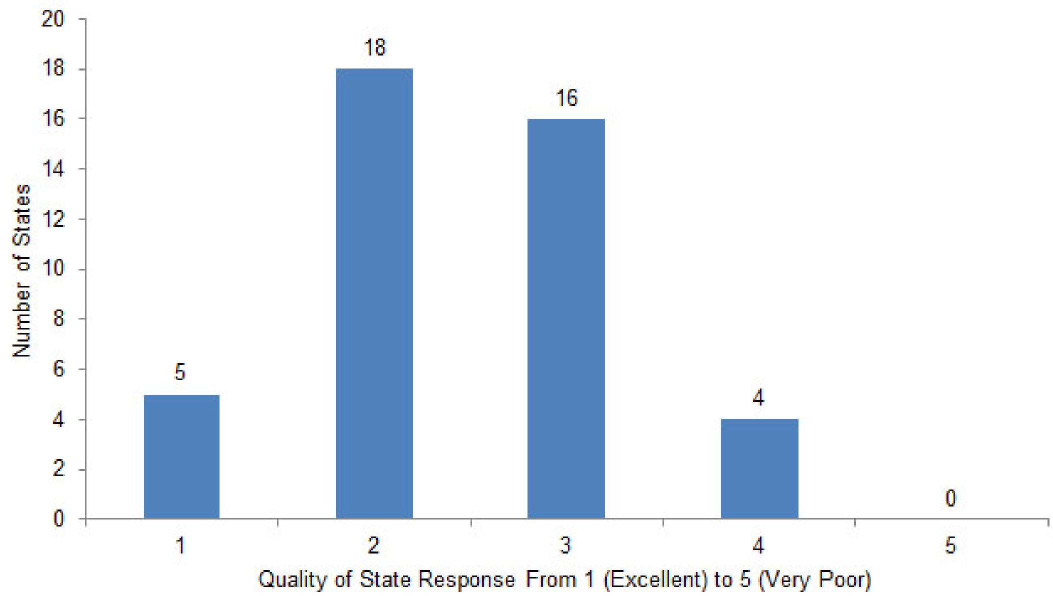


Source: Personal Interviews with State TANF Directors, 2012.

a 5-point scale of severity (characterized by the interviewer as “not too bad”), but twelve state directors gave the recession in their state the most severe rating of 1.

Quality of state response to recession. Both at the beginning and near the end of the interview, we asked state directors to rate how well their state government responded to the needs of the poor and unemployed during the recession. The directors seemed to be quite measured in their evaluation of how responsive their state had been. No director gave their state the lowest rating of 5 (characterized in the interview as “very poor”), and only four directors rated their state as 4, the next-to-lowest category (Figure 6). If most directors avoided rating their state’s responsiveness as being poor, only five directors gave their state the top rating of 1 (characterized as “excellent”). Thus, 39 of the 43 state directors who answered this question[44] (91 percent) believed their state responded adequately or better to the needs of the poor and unemployed during the recession.[45]

Figure 6
TANF Directors' Rating of the Quality of Their State's Response to the Great Recession



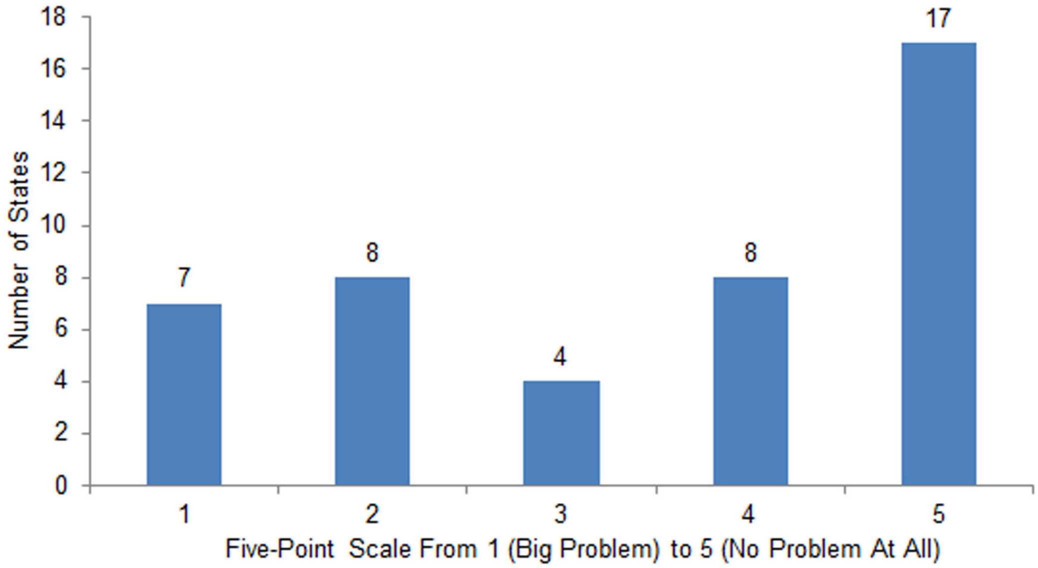
The diversity of the directors’ ratings of the adequacy of their state’s response to the needs of the poor and unemployed during the recession leads us to conclude that the directors were quite balanced in their evaluation of how successful their state was in responding to the recession. At the very least, there was no halo effect in which state directors automatically assumed their state had been very successful in helping the poor during the recession. Both on the rating of their state’s responsiveness to the recession and other questions, the directors seemed to indicate that they believed both that their states had made a serious effort to help the poor and unemployed during the recession, but that their state could have done more.

Use of special funds. Perhaps the biggest problem recessions bestow upon state governments is making it difficult or even impossible for state officials to find the money needed to meet the needs of the rising number of poor and unemployed while maintaining funding of regular states responsibilities like schools, roads, and prisons. States suffer from a double blow during most recessions – their revenues decline at precisely the time their need for money to meet the needs of the poor and unemployed increase. The Great Recession caused states' revenues to decline more and for a longer period on average than any recession since the Depression of the 1930s. State revenues began to decline in the first full year of the Great Recession (2008) and had still not been restored to pre-recession levels in most states even by 2013. In the third year of the Great Recession, state revenues were $15.5 billion below their pre-recession level as compared with revenue declines of $1.9 billion and $2.5 billion respectively in the third year of the 1990 and 2001 recessions.[46] These revenue declines impose huge and immediate problems on state policymakers because states typically adopt budgets that match their spending and revenue on a year-by-year basis, and most states have constitutions or laws that prevent them from running deficits. Although some states find ways around their deficit restrictions, states are far more responsible about matching their spending and revenues than the federal government. It was in this environment of state deficit threats that the needs of the poor and unemployed increased during the Great Recession.

An important issue for our study about expansion of the TANF rolls during the Great Recession is whether state TANF directors had trouble finding money to pay for additional recipients who wanted to join the rolls. This question is especially important because some observers believe that it was precisely because states had trouble finding money to pay for additional TANF cases that they adopted administrative or legislative policies to keep their caseloads low. The problem of having enough money to pay for additional cases, according to many observers, is that most states use their TANF block grant for any of a wide variety of purposes that, although authorized by the broad set of goals allowed by the TANF block grant, could mean that not enough money was left in the block grant to pay cash benefits to additional TANF cases during recessions.

Thus, we asked the directors to rate whether "paying for the benefits of additional cases coming onto the rolls" was a problem on a scale of 1 ("big problem") to 5 ("no problem at all"). Only seven states (16 percent) rated the problem of finding the money as a 1 and eight states (18 percent) rated it as a 2 (Figure 7). The average rating was 3.5 on the 5-point scale, suggesting that in most states finding money to pay TANF benefits, at least in the views of the state TANF directors, was not a serious problem. In fact, the most frequent answer, given by seventeen directors (39 percent) was that finding the money was a 5, which the interviewer defined as "no problem at all."

Figure 7
TANF Directors' Rating of Difficulty of Paying for Additional TANF Cases during the Great Recession



Source: Personal Interviews with State TANF Directors, 2012.

A reason that a few states may have had trouble paying for increases in the TANF caseload is that, due to the great flexibility in state use of block grant funds, many states removed money from the TANF block grant to use in other programs for low-income families. When we asked the state directors if their state used TANF funds to finance other programs, 41 of the 44 directors (93 percent) said their states did spend TANF funds in this way, thereby removing cash from the block grant that might have been used to pay TANF benefits in an emergency.[47] Programs mentioned by the directors that received funds from the block grant were child care, child protection, refugee programs, Head Start, and several others. For some of these expenditures, especially child care, the TANF program itself might have elected to pay for the service. In cases like this, the money removed from the TANF block grant does not represent funds that are not available for TANF purposes, although they would not be available to pay for cash benefits.

We wondered if state directors could get back some of the money being spent on other programs when they needed it during the recession. Thus, we asked the directors if it "proved difficult" to "get these [TANF] dollars back to pay for additional TANF benefits" when their caseload was rising during the recession. On our 5-point scale, ranging from 1 for a "big problem" to 5 for "no problem at all," the average score was 3.68, indicating that the directors' responses tilted toward the "no problem" end of the scale. However, twelve of the 41 directors (30 percent) whose state removed money from their block grant for non-TANF purposes, responded with either a 1 or a 2, indicating that not being able to get the money back was a problem in several states. That 30 percent of the states had trouble accessing TANF funds to pay the cash benefits of needy families during the recession seems to us to indicate that this issue deserves serious discussion, including whether modification of block grant rules might be appropriate.

Table 8
Potential Sources of Additional Funds to Pay TANF Benefits

Source	Explanation
Regular State Budget Process	As part of their regular state budget process, states may estimate that their TANF rolls will increase and appropriate state funds to meet the increase if there is not enough money in their TANF fund
State Rainy Day Funds	Many states set aside money when their state economy is good and the state is receiving substantial revenues from their state taxes
TANF Carryover Funds	The federal TANF statute allows states to leave unused funds from their annual TANF expenditures in the U.S. Treasury and to use the money in subsequent years
Contingency Fund	The original 1996 TANF legislation had a $2 billion fund that states could draw on if they had a substantial increase in unemployment or in their food stamp (SNAP) caseload
Emergency Fund	The federal government, as part of the 2009 stimulus bill, created a $5 billion fund for states to use in their TANF programs

Despite the decision of almost all states to use TANF funds in other programs, which apparently made the transferred funds unavailable for TANF cash benefits in some states, directors had several potential sources of funding available to the TANF program (Table 8). One source of additional funds could be increased funding for TANF from the annual state budget. In most states, as part of the routine procedure for planning the state annual budget, the TANF director and her staff work with the state budget office to estimate TANF enrollment for the next fiscal year. The allocation for TANF in the state budget for the next fiscal year is dependent in large part on this estimate of the expected size of the TANF caseload. If the TANF program is estimating caseload increases, there could be pressure from the chief administrator of the cabinet-level agency in which TANF is located, from the state budget director and his staff, or even from the governor’s office to find ways to contain the TANF caseload rise. Similarly, there could be pressure from the state legislature.

Under most circumstances, additional funds for any given program must come either from cuts in other state programs or from state tax increases. Many programs are in heated competition for state dollars during recessions and are unlikely to take spending cuts without a fight. Reducing program A in a state budget while simultaneously increasing program B can lead to intense conflict and resentment among state agencies.

Another solution to tight budgets is to increase state taxes. But states are usually reluctant to increase taxes during recessions because of the widespread belief that raising taxes could deepen a recession. Thus, few states increased taxes during the 2007 or 2008 recession years. Beginning in 2009, however, when the recession was weakening in some states but still intense in others, a few states did enact tax increases. In 2009 only 14 states increased taxes; but in 2010, 29 states increased taxes; and in 2011 23 states increased taxes.[48] Even during the Great Recession some states were able to conduct a routine budget process in which their TANF program officials, anticipating caseload increases, requested and often received additional state funds to cover additional TANF cases. In some cases, the additional funds were enabled by increased state taxes.

An additional possible source of money for the TANF program is state "rainy day funds," which are programs that many states operate that put aside money to use when the state budget is in the red, usually during recessions. Although the directors of 31 of the 43 states who answered this question (one of the state directors did not answer) told us their state had a rainy day fund, only two TANF directors reported actually getting money out of the fund. It seems safe to conclude that state TANF programs did not receive much support from general funds states saved up to use for a rainy day.

Another source of state-controlled funding during recessions is related to the way the federal government finances state TANF programs. Under the terms of the original 1996 legislation, each state was designated to receive an annual block grant of a specific amount.[49] States had almost complete flexibility in how these funds were used, as long as the money was spent to achieve TANF goals (roughly to finance any practice or policy designed to help needy parents care for children at home; reduce or end parents' dependence on government benefits by promoting work and marriage; or reduce nonmarital births or encourage formation and maintenance of two-parent families). The money given to states under the TANF block grant could be spent "without fiscal year limitation,"[50] meaning that money left over in each state's block grant at the end of a given year is carried over to the next year, and then the next year after that, and so on without limitation. Given the substantial decline in the TANF caseload during the years immediately following enactment of the welfare reform law in 1996,[51] many states were able to carry over money in the TANF block grant year after year. According to the TANF directors, 28 states (of the 44 we interviewed) had carry over funds in their block grant during the Great Recession and 23 of these states used the funds to help operate their TANF program during this time.[52]

In addition to these three state-controlled sources of additional TANF funds during the recession (state budget, rainy-day funds, TANF carry-over funds), the federal government provided two more sources of additional funds. First, the original TANF legislation contained a complex provision called the Contingency Fund that was designed to provide additional funds to individual states during a serious economic downturn. The measure of a serious downturn was an increase in unemployment according to a set of stiff criteria or an increase in SNAP (food stamp) enrollment, also according to stiff criteria. In addition, the state had to spend from the state budget more funds than it spent in 1994 on cash, emergency assistance, and job training in the programs that preceded TANF.[53] If states met either the unemployment or SNAP criteria and spent the amount required from their own funds, they received an additional amount of cash from the TANF Contingency Fund that did not need to be repaid. For nearly a decade after welfare reform, the economy was so strong that only one state received money from the Contingency Fund (in 1998).[54] Even during and following the 2001 recession, no states received money from the Contingency Fund. But starting in 2005, states began receiving funds each year. In the final year of the original $2 billion Contingency Fund (2011), 20 states qualified for funds.[55] When the American Recovery and Reinvestment Act (ARRA) was enacted in February 2009, Congress knew, based on CBO estimates, that the Contingency Fund was about to run out of money. Thus, Congress included a new source of additional money for states in the ARRA called the Emergency Fund. The Emergency Fund contained $5 billion that states could use for any of three purposes: to provide regular monthly TANF benefits, to make one-time payments to the destitute to cover emergencies while keeping recipients off the regular welfare rolls, and to subsidize employment. States made use of both the Contingency Fund and the Emergency Fund. Twenty-one of the 44 TANF directors or 48 percent said they received money from the Contingency Fund at some point; 43 of 44 directors or 95 percent said they received money from the Emergency Fund.[57]

Not only did the states make use of the additional federal funds, but they rated the funds as helpful in their efforts to help the poor and the unemployed during the Great Recession. On a five-point scale, with 1 being “very helpful,” directors rated the Contingency Fund at 1.14 with only one director selecting the rating of 2 and one director the rating of 3. Almost all the states that got money from the Contingency Fund used some or all of the money to pay for TANF benefits. Directors rated the Emergency Fund on the same scale at 1.43, with only nine of 40 directors rating the helpfulness of the money at less than 1. In the case of the Emergency Fund, in contrast with the Contingency Fund, states used $1.3 billion of the $5 billion given to them by the federal government to subsidize employment.[58]

Between its TANF block grant and the additional sources of revenue just discussed, most states did not have much trouble finding the funds needed to finance their caseload increases. Even so, critics have charged that states were able to minimize their need for additional money by making their TANF programs tougher in order to keep poor families off the rolls. To examine this possibility, we asked the directors whether their state took legislative or administrative action intended to affect the caseload. Fourteen of 44 directors (32 percent) said that their state had taken legislative or administrative action that could have affected the caseload.[59] Of these fourteen, nine cases were administrative only, two were legislative only, and three were both. However, most of the changes intended to reduce the caseload did not seem very strict and most were reforms that had been implemented by other states in the TANF program long before the recession. These reforms included strengthening the work requirement, strengthening sanctions, reducing the size of the TANF benefit, and requiring job search before sending the initial TANF check. According to our interviews and confirmed by a database of welfare rules in all the states, two states clearly did make changes that seem designed to hold down the TANF caseload.[60] Michigan strengthened sanctions, implemented time limits, and implemented a stronger work requirement. Likewise, Arizona reduced the maximum benefit amount, shortened the time limit for receiving benefits, and stopped allowing pregnant mothers to qualify for TANF benefits in the 3rd trimester of their pregnancy.[61]

Most helpful sources of federal support. In the array of federal aid to states during recessions, TANF is rather small. In 2009, for example, states or their residents received $120 billion from Unemployment Compensation,[62] $56 billion from SNAP, $251 billion from Medicaid, and a relatively modest $16.5 billion (not counting TANF reserve funds) from the regular TANF program.[63] While it is entirely legitimate to focus attention on the performance of TANF during the recession as we do here, it nonetheless seems important to place TANF within the broader context of overall federal spending and how helpful the other programs were to the states. It seems especially important to understand whether TANF directors themselves place the program they administer in the broader context of other federally-funded programs intended to offset the effects of unemployment and to help states deal with poverty and destitution during the Great Recession. Thus, we named four means-tested programs and one insurance program the federal government created or expanded to help states cope with increased unemployment and poverty during the Great Recession. The means-tested programs are Medicaid, SNAP, the regular TANF program, and the special TANF supplemental funds provided by the Contingency Fund and the Emergency Fund (these two were treated as one source of funding for purposes of this question); the insurance program is Unemployment Compensation. TANF directors were asked to rank order these five programs in terms of “the most important sources of federal support your state received during the recession” (Figure 8).

The resulting order and average rating by the directors on a 1 to 5 scale with higher scores indicating more important sources of funding for the state, were as follows: Unemployment Compensation (average score=3.07), SNAP (2.73), Medicaid (1.73), regular TANF (1.34), and the TANF special funds (1.25). This rank ordering by the TANF directors

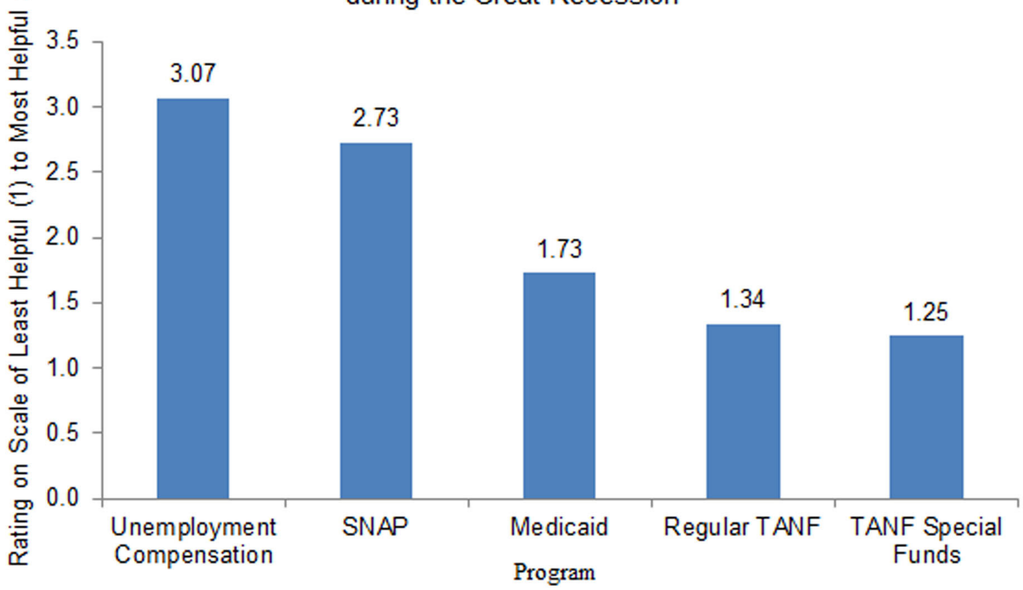


Figure 8
TANF Directors' Rating of Most Helpful Sources of Federal Support during the Great Recession

Source: Personal Interviews with State TANF Directors, 2012.

as the “most important” sources of federal support directly reflects the number of dollars each program sends to the states both on a regular basis and during recessions. It is worth noting that all the programs, except the regular TANF program and TANF special funds, expand automatically because they are entitlements with open-ended funding. In other words, any person who meets the eligibility requirements gets the benefit if they apply. Thus, as unemployment rises, many of the unemployed qualify for Unemployment Compensation and many also qualify for SNAP and Medicaid as they fall below the income eligibility thresholds. Accommodating these additional cases on the rolls of the three programs requires no legislative action at the federal or state level. All three of these entitlement programs also received additional federal funds as a result of the ARRA: the duration of Unemployment Compensation benefits was dramatically expanded (up to a maximum of 99 weeks compared with the regular duration of 26 weeks; most of the increase was financed by 100 percent federal funding[64]); the value of the SNAP benefit was increased (financed again by 100 percent federal funding); and states were given additional money (around $87 billion) to finance a reduced matching rate in the Medicaid program.[65] In addition to these changes, the federal government also expanded both the EITC and Additional Child Tax Credit programs to provide more cash directly to working low-income families.

<u>Suggestions for helping states deal with recessions.</u> TANF directors had numerous suggestions for how to improve the TANF program although there was little consistency in their suggestions. The suggestions mentioned most frequently by the directors were granting

more flexibility to the states in their administration of the TANF program, especially in the work participation rates and in gaining access to the Contingency Fund. There were several specific suggestions about the work requirements, all of which would be addressed by giving states more flexibility. An unsurprising recommendation by the directors was to suspend work requirements, or at least reduce them, during recessions. Other recommendations included encouraging states to place a greater emphasis on job training, making the state maintenance of effort requirement easier to meet, and continuing the Emergency Fund, especially the support for work programs.

General Discussion

The purpose of this study was to examine how TANF responded to increased unemployment and hardship during the Great Recession of 2007–2009. By almost every measure, the Great Recession, as its name implies, was the worst recession since the Depression of the 1930s. Thus, the Great Recession was a severe test of the adequacy of the nation's safety net in general and TANF in particular. Our general conclusion is that, unlike most programs in the safety net, which on the whole functioned quite well (assisted by several boosts from the ARRA of 2009), in many states TANF was not as responsive as a safety net program is expected to be. There is no standard criterion by which to judge the performance of a safety net program, but one criterion that is often mentioned is providing benefits to more people when unemployment increases in at least rough proportion to the severity of the increased unemployment. By this criterion, TANF was the least responsive of the safety net programs examined here if responsiveness is measured by the increase in the caseload during the inclusive dates of the national recession. We also showed that the percentage of poor people receiving TANF reached historic lows during the recession, precisely the time a safety net program would be expected to cover more of the poor.

Along with LaDonna Pavetti, one of the leading critics of the TANF program, and many others, we agree that these two pieces of evidence lead to the conclusion that the performance of TANF during the Great Recession is open to criticism.[66] However, we believe that our examination of TANF from several perspectives shows that its performance during the Great Recession was not as bad as many analysts and child advocates have claimed. There are five empirical results of our study that we think bring somewhat more balance to the assessment of TANF's performance.

First, the increase in TANF during the recession over the dates of the national recession (December 2007–June 2009) is substantially less than its increase during the period of rising unemployment in each state. Whereas TANF national rolls increased only around 7 percent during the inclusive dates of the national recession, the TANF rolls in the average state increased by 12 percent and by 30 percent respectively when measured using our two methods of calculating the unique period of increasing unemployment in each state. As shown in Table 3, there were substantial differences across states in when unemployment began to rise, when it peaked, the duration of increased unemployment levels, and the percentage growth in unemployment. Given these substantial difference across states, it is little wonder that the state TANF program's responsiveness to the recession also varied in the month the caseload began to rise, the month it peaked, the duration of increasing caseloads, and the overall growth of the TANF caseload. In some sense, the nation experienced 51 different recessions and 51 different responses by the TANF program to the recession. But the key point is that measuring the rise of the TANF caseload in response to the unique increase in unemployment in each state rather than during the dates of the national recession shows TANF to be more responsive to the recession.

Second, by reviewing the response of the Aid to Families with Dependent Children program (AFDC) during previous recessions, we found that the responsiveness of the AFDC program to recessions was modest. During the three recessions before the welfare reform law of 1996 (beginning in 1980, 1981, and 1990), the average increase in the AFDC caseload was about 1 percent and the caseload change during the back-to-back recessions of 1980 and 1981 was actually negative. It would be difficult to argue, at least based on the performance of AFDC during the recessions of 1980, 1981, and 1990, that AFDC responded better on average than TANF to recessions.

Third, we believe the performance of TANF should be viewed in the context of the responsiveness of the entire safety net, not just the TANF program itself. If the poor had received relatively little help from the safety net during the Great Recession, the modest responsiveness of the TANF program would be a bigger problem. But in fact, the safety net performed remarkably well during the Great Recession. Arloc Sherman of the Center on Budget and Policy Priorities used Census data to estimate that in 2010, the Additional Child Tax Credit and the EITC removed 7.7 million people from poverty, Unemployment Compensation removed 1.2 million people from poverty, and SNAP removed 3.4 million people from poverty. As impressive as these numbers are, all three of these programs were expanded by the ARRA and another program, called the Making Work Pay Credit, was created by the ARRA. Taken together, these ARRA initiatives removed another 7.5 million people from poverty.[67] Similarly, Richard Bavier, based on the SIPP data set, found similar major effects of safety net programs in substantially reducing the poverty rate in 2009, the first full year of the Great Recession.[68] Thus, if reducing poverty is an important criterion for judging the performance of the safety net, despite the severity of the Great Recession the safety net performed well, notwithstanding of the modest responsiveness of the TANF program.

A fourth approach we take in judging TANF's performance during the Great Recession is adopting a broader perspective on how single mothers with children responded during the recession, especially mothers who lost or left jobs. The SIPP data allow us to examine differences across the recessions of 1990 (before welfare reform) as compared with the recessions of 2001 and 2007 (after welfare reform) in how the mothers responded and how they used both insurance and welfare benefits to promote their economic security. An important finding from the SIPP analysis of all single mothers is that during both the post-welfare reform recessions, as compared with the pre-welfare reform recession, single mothers were about 16 percent more likely to be employed and more than 30 percent less likely to be out of the labor force (Table 5). However, when we examined success in finding a job within 12 months by single mothers who left their job during the three recessions, we find that they were about 18 percent less likely to find a job than during the average of the 1990 and 2001 recessions (Table 7). Thus, although single mothers were more likely to have a job during the Great Recession as compared with the 1990 recession, if they left their job they were less likely to find a new one than during either the 1990 or 2001 recessions. Still, the higher probability of being employed and remaining in the labor force is consistent with the claim that single mothers were more committed to the labor force after welfare reform, even during the most severe recession since the Depression.

Unemployment is a perennial issue in a capitalist economy – it just gets worse during recessions. To offset at least some of the impacts of unemployment, federal and state policymakers have developed an elaborate unemployment system that covers most (but not all) workers hit by unemployment. Now that a major goal of TANF is to attach single mothers to the labor force, the Unemployment Compensation program is more important to them than in the past. So the performance of the Unemployment Compensation program should be a part of the broader analytic perspective we are urging. Both our samples of all single mothers and of single mothers who left jobs were more likely to receive Unemployment Compensation during the Great Recession than in previous recessions. Still, more than 70 percent of those who left jobs were not covered by Unemployment Compensation.

Thus, we should examine the Unemployment Compensation program to determine whether changes might be called for to cover more mothers and their children during recessions. The issues raised by this analysis are different than the issues surrounding the analysis of additional welfare benefits from safety net programs because Unemployment Compensation is an insurance program to which the mothers and their employers contribute. Coverage by public insurance is preferable to welfare coverage under almost all circumstances, not least because insurance implies labor force attachment and personal responsibility whereas welfare implies dependency.

Two key characteristics of the nation's Unemployment Compensation program are that it only covers workers with a substantial work history and that it does not cover workers who voluntarily leave employment or who are fired for cause. Even without abandoning these two fundamental principles, reforms that would allow more mothers to qualify for Unemployment Compensation would include allowing part-time employment to count as work in every state and adjustments in the number of hours and quarters of work required to qualify for Unemployment Compensation benefits.[69] Along with these changes that might help more deserving mothers qualify for Unemployment Compensation, we hold that the most important reform, as many others have argued, would be to have an improved workforce system that would help mothers without jobs find jobs more quickly or train for good jobs available in the local economy.[70] If all else fails, subsidies for moving to a new area in which jobs are available is another policy worth considering.

Congress offered many of these policies to states as part of the ARRA expansions of Unemployment Compensation. The federal government offered a share of $7 billion in incentives to states to adopt UC policies that paid benefits to individuals who have just entered the work force, workers seeking only part-time work, and people who voluntarily quit their jobs for "compelling family reasons." A number of states took advantage of the opportunity to share in the pot of funding and expanded their programs accordingly. Some of these states have since rescinded the UC expansions, but some still remain in place. Many observers undoubtedly wish that Congress had gone even further with these reforms, but again Congress actually enacted policies, backed by incentives, to help even more of the unemployed during the Great Recession.

A fifth consideration in evaluating the performance of the TANF program during the Great Recession is to give credence to the fact that TANF represents a sharp change from the purposes of cash welfare in the past as represented by the AFDC program. A major goal of TANF is to encourage self-reliance among those at risk of not working and of becoming dependent on welfare. Since 1996, many states have come to regard TANF as a program of last resort for those who fail to work and cannot figure out ways to support themselves and their children. Most state programs are designed to encourage and cajole potential workers, most of whom have low skills, poor education, and modest work experience, to find and accept jobs. New York, for example, has detailed instructions for its administrative offices throughout the state on how to enforce the work requirement. Their instructions to TANF administrators are explicit: "Resources must be so utilized as to eliminate or reduce the need for [TANF], rehabilitate the client, and conserve public funds . . . ."[71]

Consider mothers who were out of the labor force during the three recessions. Single mothers put together a series of strategies to enable themselves and their children to be housed, clothed, and fed. Perhaps the most notable change across the three recessions is that after the 1996 welfare reform law, single moms who weren't working were much less likely to have the cash TANF benefit. In the 1990 recession, well over 50 percent of the mothers who had given up looking for work received monthly cash payment from AFDC. But in both the 2001 and the 2007 recessions, the percentage receiving cash welfare fell by more than half. This trend was offset slightly because the percentage of single moms who were out of the labor force fell by an average of 30 percent, another probable effect of the TANF reforms. Still, the substantial drop in TANF benefits for this group left a number of moms and their children open to destitution. But surprisingly, they were less likely to be poor during both the post-welfare reform recessions than during the pre-welfare reform recession, probably because our preferred definition of poverty, unlike the official definition, includes benefits from additional safety net programs and the income tax code as income. Mothers were more likely to receive SNAP during the Great Recession than either of the previous recessions; they were 1.7 times as likely to receive SSI during the two post-welfare reform recessions; and they were more likely to have income from Unemployment Compensation during the Great Recession than during the pre-welfare reform recession.[72] They also received substantial income from the tax benefits.

In the end, the most basic question about TANF is whether the nation wants a welfare program that does everything possible to require work. The TANF program represented a serious break with the past when it was enacted in 1996 because it eliminated the entitlement to cash welfare and required most single mothers, including those with young children, to work or lose their cash welfare benefit. Following welfare reform millions of mothers left the rolls and most of them found jobs.[73] In addition, poverty rates among black children, who were and are disproportionately likely to live in female-headed families, as well as all children in female-headed families, reached their lowest level ever. When the mothers found jobs, including low-wage jobs, they received generous work support subsidies on an entitlement basis from food stamps, the Additional Child Tax Credit, and the EITC. All these work support benefits are more generous now than they were when welfare reform passed in 1996. In addition, virtually all the children of these mothers are covered by Medicaid and many of the mothers and children receive child care, school lunch and breakfast, housing, and other benefits. Thus, a mother with two children earning even as little as $11,000 per year could and still can escape poverty, as measured by income that includes non-cash benefits and tax credits, because of the generosity of these benefits. In our view, the combination of strong work requirements and generous work support benefits is a reasonable policy, despite the fact that fewer mothers receive TANF now than in the past.

Even for those who think it fortunate that the TANF program emphasizes work, good government requires an openness to some changes in the program, especially during recessions. The performance of TANF during the Great Recession was modest as compared with other safety net programs. This issue should prompt some consideration of potential changes that would not damage TANF's achievements in creating a culture of work and self-reliance. The search for possible reforms hinges on the willingness of congress and the public to realize that some people are involuntarily unemployed, both during recessionary and non-recessionary periods. A number of TANF directors, nearly all of whom appear to support the work first thrust of TANF, thought that congress should consider suspending the work requirement during recessions. But this recommendation, at least in our view, runs the risk of damaging the work first culture of TANF.

At least two possible reforms that do not suspend the work requirement seem worthy of consideration. First, although TANF is a work first program, it nonetheless allows education to count as work under some circumstances. Specifically, what the statute calls "vocational educational training"[74] is limited to 12 months and the number of work participants that can fulfill their work obligation by vocational education training or, for some TANF recipients, attending high school, is limited to 30 percent. The 12 months seems reasonable because most vocational training programs are less than 12 months duration, but perhaps Congress could consider raising the percentage limit from 30 percent to 40 percent or 50 percent when unemployment reaches some specified level in the state. It is, after all, commonly thought that people who can't find jobs during periods of high unemployment should use the occasion to expand their skills through job training.

Second, Congress should also consider changing the 12-week limit on job search during periods of high unemployment, perhaps to as much as six months. This reform would be consistent with the fact that the average period of search before finding a job increases sharply during periods of high unemployment.

During a recession, the basic question about the balance between work requirements and cash welfare benefits is intensified. Many workers, and not just former or potential welfare mothers, have great difficulty finding employment. The number of people seeking employment, which often required many months of job search, was the highest ever during the Great Recession. The nation's safety net performed well during this time of high unemployment and prevented millions of people from falling into poverty. Our study shows that compared with most other safety net programs, TANF was the least responsive to the Great Recession if judgment is based on the increase in the TANF rolls during the inclusive dates of the national recession (December 2007 to June 2009). Even so, TANF responded quite well in many states, a majority of single mothers who lost jobs found new ones and many more than in the past continued to search for work. Further, despite the continuing toughness of the TANF program, single mothers were more likely to receive Unemployment Compensation and other benefits than in the past. Finally, states received numerous sources of funding to provide TANF benefits to destitute mothers, allowing the TANF rolls in the average state to increase by 30 percent during the period of increasing unemployment in the state. All in all, the American system of balancing work requirements and welfare benefits worked fairly well, even during the most severe recession since the Depression of the 1930s.

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[1] Arloc Sherman, "Poverty and Financial Distress Would Have Been Substantially Worse in 2010 without Government Action, New Census Data Show" (Washington DC: Center on Budget and Policy Priorities, 2011), http://www.cbpp.org/cms/index.cfm?fa=view&id=3610.

[2] LaDonna Pavetti, Danilo Trisi, and Liz Schott, "TANF Responded Unevenly to Increase in Need During Downturn: Findings Suggest Needed Improvements When Program Reauthorized" (Washington DC: Center on Budget and Policy Priorities, 2011), http://www.cbpp.org/cms/index.cfm?fa=view&id=3379; Arloc Sherman, "Safety Net Effective at Fighting Poverty But Has Weakened for the Very Poorest" (Washington DC: Center on Budget and Policy Priorities, 2009), http://www.cbpp.org/cms/index.cfm?fa=view&id=2859&saved=1.

[3] Adam Looney and Michael Greenstone, "Shrinking Job Opportunities: The Challenge of Putting Americans Back to Work" (Washington DC: The Hamilton Project, 2012), http://www.hamiltonproject.org/papers/shrinking_job_opportunities/.

[4] For each recession, the percentage change in the recession for each program is computed as the change between the month before the recession officially began and the month the recession officially ended.

[5] The Food Stamp reforms were part of the Omnibus Budget Reconciliation Act of 1981; see http://www.fns.usda.gov/snap/rules/Legislation/history/PL 97-35.htm.

[6] Margaret Andrews and David Smallwood, "What's Behind the Rise in SNAP Participation" (Washington, DC: U.S. Department of Agriculture, March 2012).

[7] Committee on Ways and Means, 1994 Green Book, WMCP: 103-27 (Washington, DC: U.S. Government Printing Office), pp. 439-440; Vicky Albert, Welfare Dependence and Welfare Policy: A Statistical Study (New York: Greenwood Press, 1988).

[8] These figures are based on the TANF caseload data reported to HHS by states; see http://www.acf.hhs.gov/programs/ofa/programs/tanf/data-reports.

[9] Thomas Gabe, "Welfare, Work, and Poverty Status of Female-Headed Families with Children: 1987-2009" (Washington, DC: Congressional Research Service, 2011).

[10] Peter Goodman, "Back at Square One: As State Repurpose Welfare Funds, More Families Fall through the Cracks," Huffington Post, June 19, 2012.

[11] Ron Haskins, "What Works Is Work: Welfare Reform and Poverty Reduction," Journal of Law and Social Policy 4 (2009), http://scholarlycommons.law.northwestern.edu/njlsp/vol4/iss1/3.

[12] We thank Donna Pavetti of the Center on Budget and Policy Priorities for allowing us to use her data set on TANF caseload increases in every state.

[13] We chose our study period to cover one year prior to the official start of the national recession to two years following the official end of the national recession. Thus, we considered unemployment rates from December 2006 to June 2011. We extended the inclusive dates for the TANF caseloads through December 2011 to allow for the lag between unemployment and TANF caseload response.

[14] More and more states have installed welfare eligibility systems that use an integrated application process for programs that provide benefits for poor and low-income households. In these systems, when someone applies for, say, food stamps, their application is automatically used to determine eligibility other programs such as TANF and Medicaid. In states that have these integrated systems, it would be less likely that individuals would not be receiving a benefit for which they are eligible, which might in turn might influence their actions upon losing a job.

[15] 83% of Americans favor a work requirement for welfare recipients according to a July 2012 poll by Rasmussen Reports.

[16] The TANF work requirement is spelled out in Section 407 of the Social Security Act; the requirement that recipients of Unemployment Compensation must be available for work and actively looking for work is found in Section 303(a) (12) of the Social Security Act.
[17] In a few states, the recession as measured by increased unemployment began even before December 2007. Thus, the SIPP panel data is even further from the beginning of the recession in those states.
[18] Because so many single mothers lived with another adult with income (as we have seen, mostly relatives), measuring poverty of families rather than households would miss the income of other adults living with the mother and the children.
[19] The nonmarital birth rate, the number of births to unmarried women per 1000 unmarried women aged 15-44, increased from 43.8 in 1990 to 52.5 in 2008. The population of women age 15-44 increased from 60.6 million in 1990 to 64 million in 2008, an increase of 5.6%. See Joyce Martin, "Births: Final Data for 2009," National Vital Statistics Report 60 (2011) and "Population: Estimates and Projections by Age, Sex, Race/Ethnicity," Statistical Abstract of the United States: 2012 (Washington DC: U.S. Census Bureau).
[20] Joyce Martin, "Births: Final Data for 2009," National Vital Statistics Report 60 (2011).
[21] Lawrence L. Wu and Miodrag Stojnic, "Poverty among the Poorest-Poor in the United States: Trends for Never-Married Women and their Children," Presentation at the Inaugural Conference for the Center for Research on Inequalities and the Life Course, Yale University, May 2007, http://www.yale.edu/ciqle/INAUGURAL%20PAPERS/pp070502.pdf.
[22] Matthew S. Rutledge, "The Impact of Unemployment-Insurance Extensions on Disability Insurance Application and Allowance Rates," Working Paper 2011-17 (Boston, MA: Center for Retirement Research at Boston College, 2011); Alan Krueger and Andreas Mueller, "Applications for Disability Insurance and the Exhaustion of Unemployment Insurance Benefits: New Evidence from a Survey of Unemployed Workers," in progress.
[23] The Census Bureau notes that a substantial number of mothers who are out of the labor force say they are not looking for work because they are caring for family members.
[24] Those employed and out of the labor force are technically ineligible for Unemployment Compensation. Nonetheless, we find a small percentage of these mothers reporting receipt of Unemployment Compensation likely due to changes in employment status over the period in question or to survey error.
[25] The 2009 American Recovery and Reinvestment Act, in addition to greatly expanding the number of weeks for which unemployed workers could claim Unemployment Compensation (UC) benefits also provided for an automatic increase of $25 per week for everyone receiving UC. This provision, which raised the income of low-wage workers by a greater percentage than the income of higher-wage workers, expired at the end of 2010. See http://www.dol.gov/opa/media/press/eta/ETA20090196.htm.
[26] The Department of Labor began collecting data on job openings in 2000. The number of unemployed persons to job openings peaked in July 2009 at 6.7-to-1. See Economic Policy Institute analysis at http://www.epi.org/publication/job-seekers-ratio-july-2012/.
[27] Kathryn Edin and Laura Lein, Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work (New York: Russell Sage Foundation, 1997).
[28] Brookings tabulations of data from the Annual Social and Economic Supplement to the CPS, 1980-2010.
[29] Sara McLanahan and others, "Strengthening Fragile Families," Policy Brief (Princeton, NJ: Princeton University, Fall 2010).
[30] Richard Tolman and Jody Raphael, "Domestic Violence and Birth Control Sabotage: A Report from the Teen Parent Project" (Center for Impact Research, 2000), http://www.impactresearch.org/documents/birthcontrolexecutive.pdf; Elijah Anderson, Code on the Street: Decency, Violence, and the Moral Life of the Inner City (W.W. Norton 1999).
[31] Kathryn Edin and Timothy J. Nelson, Doing the Best I Can: Fatherhood in the Inner City (Berkeley, CA: University of California Press, 2013).
[32] Kathleen Ziol-Guest and Claire McKenna, "Early Childhood Residential Instability and School Readiness: Evidence from the Fragile Families and Child Wellbeing Study" (New York: Institute for Children and Poverty, 2009); Kristen Anderson, Sharon Vandivere, and Jennifer Ehrle, "Turbulence and Child Well-Being" (Washington DC: The Urban Institute, 2000); David Murphey, Tawana Bandy, and Kristin Moore, "Frequent Residential Mobility and Young Children's Well-Being" (Washington DC: Child Trends, 2012), http://www.childtrends.org/Files/Child_Trends-2012_02_14_RB_Mobility.pdf.
[33] The TANF program in many states provides benefits to mothers who are working part time and earning very modest amounts of money. In addition, because of the way data is collected in the SIPP survey, a mother leaving

the TANF program for employment could get both earnings from work and her last TANF check in the same month.

[34] Richard V. Burkhauser and Mary Daly, The Declining Work and Welfare of People with Disabilities: What Went Wrong? (Washington, DC: AEI, 2011).

[35] Because so many single mothers lived with another adult with income (as we have seen, mostly relatives), measuring poverty of families rather than households would miss the income of other adults living with the mother and the children.

[36] Tax Policy Center, "Tax Facts: Spending on the EITC-Child Tax Credit, and AFDC/TANF, 1975-2011" (Washington, DC: Urban Institute and Brookings Institution), http://www.taxpolicycenter.org/taxfacts/displayafact.cfm?Docid=266. The table in the link shows annual payments in the regular Child Tax Credit and the Additional Child Tax Credit separately; we used the figures for the Additional Child Tax Credit because this credit goes to people with little or no federal income tax liability.

[37] Analysis by Richard Bavier of the Current Population Survey, Annual Social and Economic Supplement, 1990-2010.

[38] Thomas Gabe, "Welfare, Work, and Poverty Status of Female-Headed Families with Children: 1987-2011" (Washington, DC: Congressional Research Service, 2013).

[39] Pamela J. Loprest, "Disconnected Families and TANF," Policy Brief 2 (Washington, DC: Urban Institute, November 2011).

[40] U.S. Census Bureau, Table 4, Poverty Status of Families, by Type of Family, Presence of Related Children, Race, and Hispanic Origin: 1959 to 2012, available at http://www.census.gov/hhes/www/poverty/data/historical/families.html.

[41] We give special thanks to Robert Ek of APHSA whose help was invaluable in contacting TANF directors.

[42] A provision in the TANF legislation allowed states to reserve any unspent funds from their TANF block grant every year; these could be accumulated for as many years as states had unspent funds and would continue being available to the state "without fiscal year limitation;" See Section 403(e) of Title IVA of the Social Security Act.

[43] States could receive up to 20 percent of their block grant amount if they qualified for the Contingency Fund.

[44] Section 2101 of the ARRA provided $5 billion for states to spend on basic TANF assistance, one-time payments to families, or subsidized employment. States received 80 percent of the amount by which they increase spending over either 2007 or 2008. States must also have an increase in their TANF caseload to qualify for Emergency Funds. States used the entire $5 billion from the Emergency Fund.

[45] One state was not comfortable answering this question.

[46] Comparing the two times this question was asked (in slightly different form) on the questionnaire, 24 of 43 state TANF directors gave a different answer on how well their state responded to needs of the poor during the recession. Of these, 21 directors varied in their rating by only 1 point, while three varied by 2 or more. The fact that more than half the directors gave a different response on the two occasions, plus the modest correlation of .40 between their two answers, suggests that the directors were somewhat inconsistent about how well their states responded to the needs of the poor during the recession.

[47] Tracy M. Gordon, "What States Can, and Can't, Teach the Federal Government about Budgets" (Washington, DC: Brookings Institution, Budgeting for National Priorities, March 2012).

[48] There is no question that states use a major portion of their TANF block grant for purposes other than paying for TANF cash benefits and TANF employment programs. Donna Pavetti, of the Center on Budget and Policy Priorities, reports that: "Spending on basic assistance accounts for a relatively small share of TANF and MOE expenditures. At TANF's onset, 70 percent of the combined federal TANF and state MOE [Maintenance of Effort] funds were used for basic assistance for poor families. By contrast, that figure fell to only about 29 percent of TANF and MOE funds in 2011. Nine states spent less than 15 percent of their TANF/MOE funds on basic assistance in 2011." See http://www.cbpp.org/cms/index.cfm?fa=view&id=3808#_ftn6. Similarly, a Government Accounting Office report finds that: "In fiscal year 2011, federal TANF and state expenditures for purposes other than cash assistance totaled 71 percent of all expenditures. This stands in sharp contrast with 27 percent spent for purposes other than cash assistance in fiscal year 1997, when states first implemented TANF." See http://www.gao.gov/assets/600/591372.pdf.

[49] For more information on state taxes, see http://www.imf.org/external/pubs/ft/wp/2012/wp12184.pdf and http://www.ncsl.org/documents/fiscal/TaxPolicyandRecessions.pdf.

[50] The fixed amount of money in the block grant was supplemented in many states by various federal performance

bonuses and other supplements; See Section 403 of Title IV of the Social Security Act.
[51] See Section 404(e) of Title IV of the Social Security Act.
[52] The number of average monthly TANF recipients declined from 13,660,132 in 1995 to 5,943,450 in 2000, a 56 percent decrease.
[53] For ACF data on carry over funds, see http://archive.acf.hhs.gov/programs/ofs/data/2007/tableG_2007.htm.
[54] Gene Falk, "The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Regulations" (Washington, DC: Congressional Research Service, 2013).
[55] Gene Falk, Personal communication, February 5, 2013.
[56] There is confusion around which year the Contingency Fund was depleted because funds have occasionally been added to it. According to the Center on Budget and Policy Priorities, "The original $2 billion that Congress allocated to the fund in 1996 was used up by December 2009. Congress added (and then partially pulled back and redirected) funding for fiscal year 2011; the additional $334 million in funds available for this year [2011] were depleted by December 2010." (see: http://www.cbpp.org/cms/?fa=view&id=3512). In addition, according to Gene Falk, the expert on TANF for the Congressional Research Service, "For FY2011 through FY2013, new funding for the TANF contingency fund has been provided in each year" (see http://www.fas.org/sgp/crs/misc/RL32748.pdf). The source for the number of states receiving awards each year is the Administration for Children and Families: http://www.acf.hhs.gov/programs/ofa/resource/tanf-contingency-awards.
[57] The state directors may have been confused about their state getting money from their carry over funds, the Contingency Fund, and the Emergency Fund. An HHS table shows that 18 states had received money from the Contingency Fund by 2009; see http://www.acf.hhs.gov/programs/ofa/resource/tanf-contingency-awards. According to data from HHS, every state received money from the Emergency Fund; see http://www.acf.hhs.gov/programs/ofa/resource/tanf/apprtanfemerfund. The state director who said that he did not receive money from the Emergency Fund may have confused the Emergency Fund and the Contingency Fund.
[58] Three states did not respond to this question and one state (Montana) reported during our interview that it did not receive money from the Emergency Fund. Thus, we report the scores for the 40 directors who answered this question.
[59] LaDonna Pavetti, Liz Schott, and Elizabeth Lower-Basch, "Creating Subsidized Employment Opportunities for Low-Income Parents: The Legacy of the TANF Emergency Fund" (Washington, DC: Center on Budget and Policy Priorities, 2011).
[60] The states were Arizona, California, Connecticut, Florida, Hawaii, Illinois, Indiana, Michigan, North Carolina, New Hampshire, New Mexico, Oregon, Tennessee, and Utah.
[61] See the Welfare Rules Database maintained by the Urban Institute at http://anfdata.urban.org/wrd/Query/query.cfm.
[62] Donna Pavetti mentions Georgia as a state that implemented caseload-limiting policies but in our interview, the Georgia state TANF director said "I can only speak from a state agency perspective, but Georgia did not change its TANF program in any way. As a matter of fact, we took advantage of the emergency fund, but the TANF program itself remained the same. The eligibility criteria did not change or our regular TANF cash program. There was no attempt to keep people off the rolls. We did not change the eligibility process for TANF at all." Even so, Pavetti is certainly right to argue that the Georgia TANF caseload declined in nearly every year as the state's unemployment rate increased; see Danilo Trisi and LaDonna Pavetti, "TANF Weakening as a Safety Net for Poor Families" (Washington, DC: Center on Budget and Policy Priorities, 2013), http://www.cbpp.org/cms/?fa=view&id=3700.
[63] The Unemployment Compensation program has complex financing in which employers in every state pay a tax into a special fund kept by the federal government for each state. States set both the tax rate and the benefit amounts. If states run out of money and cannot pay all the benefits called for by their states rules, the federal government will lend money to states and charge an interest rate. However, during recessions, the federal government uses federal dollars to help states defray the costs of having more people on the rolls and to pay for extended benefits that last beyond the 26 weeks of regular benefits. The $120 billion mentioned in the text was federal dollars given to states to pay these additional benefits.
[64] The TANF block grant makes $16.5 billion available to the states every year on a formula basis. However, if states don't spend their entire allocation in a given year, the federal government will carry over a credit for the remainder to subsequent fiscal years. Thus, states probably received more than the regular $16.5 billion from the federal government in 2009 because they were calling on these carry-over funds from previous years.
[65] On June 30, 2008, the Emergency Unemployment Compensation program was created by Congress to

extend benefits past the normal 26 weeks of the regular Unemployment Compensation program. Over the next five years, Congress took action on ten separate occasions to extend unemployment benefits or to reauthorize previously-extended benefits. Most recently in the American Taxpayer Relief Act passed on January 2, 2013, the Emergency Unemployment Compensation program was extended through the end of 2013 with 100 percent federal funding at a cost of $30 billion.

[66] See Kaiser Commission on Medicaid and the Uninsured, "American Recovery and Reinvestment Act (ARRA): Medicaid and Health Care Provisions" (Washington DC: Kaiser Foundation, 2009).

[67] LaDonna Pavetti, Ife Finch, and Liz Schott, "TANF Emerging from the Downturn a Weaker Safety Net" (Washington, DC: Center of Budget and Policy Priorities, 2013).

[68] As a result of program overlaps, the total number of people removed from poverty with no double counting was 6.9 million; see Arloc Sherman, "Poverty and Financial Distress Would Have Been Substantially Worse in 2010 without Government Action, New Census Data Show" (Washington, DC: Center on Budget and Policy Priorities, 2011).

[69] Richard Bavier, "Effects of ARRA Transfers on 2009 Poverty in the Survey of Income and Program Participation," Presentation at the Annual Fall Research Conference of the Association for Public Policy Analysis and Management, November 4, 2011.

[70] As part of the ARRA expansions of Unemployment Compensation (UC) discussed elsewhere, states were offered a share of $7 billion in incentives if they adopted UC policies that paid benefits to individuals who has just entered the work force, workers seeking only part-time work, and people who voluntarily quit their jobs for "compelling family reasons." A number of states took advantage of the opportunity to share in the pot of funding and expanded their programs accordingly. Some of these states have since rescinded the UC expansions.

[71] Harry J. Holzer and Demetra Smith Nightingale, editors, Reshaping the American Workforce in a Changing Economy (Washington, DC: Urban Institute, 2007). It is useful to note here that the financing of the Unemployment Compensation (UC) program is a perennial issue at both the federal and state levels. The regular 26-week program is financed by a tax on employers. Most economists argue that this tax is passed by employers to workers in the form of reduced wages. But employers nonetheless pay the tax and in most states they exert political pressure to keep the tax low by keeping benefits low. During recessions, states often spend all the tax dollars in their federal UC account and must then borrow money from the federal government, which they are required to repay with interest. Fortunately for employers, most of the additional benefits paid during the Great Recession were financed by 100 percent federal funding and therefore did not put the states further in debt. But this brief overview of UC financing shows that any reforms that expand the program will cost money and therefore must be financed either by employer taxes or paid by the federal government (which would in turn increase taxes on someone over the long run). It seems likely that a lively discussion about financing would be a part of any debate about expanding coverage for unemployed mothers.

[72] New York State Office of Temporary and Disability Assistance, Temporary Assistance Source Book (Albany: Center for Employment and Economic Supports, 2011), p. 19-1.

[73] Gregory Acs and Pamela Loprest, Final Report: TANF Caseload Composition and Leavers Synthesis Report (Washington, DC: Urban Institute and U.S. Department of Health and Human Services, 2007).

[74] See Social Security Act, Title IV-A, Sections (C)(2)(A)(i), (C)(2)(D), and (d)(8).

Appendix A

This appendix provides details on our calculations of state-level recession dates and TANF's responsiveness to the Great Recession.

Defining State-Level Recessions

In order to account for differences in the timing of the recession across states, we define the state-level recession as the period in which the unemployment rate was increasing in the state. We define the start of a state-level recession as the month that the unemployment rate began rising, no earlier than one year before the start of the national recession. Specifically, we found the last month in which the unemployment rate was at its minimum before beginning to rise to its peak. We define the end of a state-level recession as the month in which the unemployment rate peaked for the last time, after the start date and within two years of the end of the national recession.

Defining TANF Responsiveness

Definition 1: National Recession Measure
The percentage change in the TANF caseload from the first month of the national recession (December 2007) to the last month of the national recession (June 2009) according to the National Bureau of Economic Research.

Definition 2: Constrained State-Level Measure
The percentage change in the TANF caseload between the first month of the state-level recession and the last month of the state-level recession, as defined above.

Definition 3: Robust State-Level Measure
The measurement begins with the month of the lowest TANF caseload during the state period of rising unemployment and continues until the TANF caseload peaks between that month and the end of the study period, December 2011. This measure ignores any declines in the TANF caseload during the period of rising unemployment.

Appendix B

Four Groups of States Based on Increases in Unemployment Rate and TANF Caseload Growth

Group	States	Average Unemployment Rate Growth (%)	Average TANF Caseload Growth (%)
Responsive (High Unemployment Increase, High TANF Increase)	AL, CA, CO, DE, FL, HI, ID, IL, MD, MT, NV, NM, OR, UT, VT, VA, WA, WY	183	50
Unresponsive (High Unemployment Increase, Low TANF Increase)	AZ, GA, IN, NJ, NC, RI, TN	152	10
Generous (Low Unemployment Increase, High TANF Increase)	AK, IA, NH, OH, SC, WV, WI	94	39
Status Quo (Low Unemployment Increase, Low TANF Increase)	AR, CT, DC, KS, KY, LA, ME, MA, MI, MN, MS, MO, NE, NY, ND, OK, PA, SD, TX	94	14

Appendix C

Survey Questionnaire for State TANF Directors

Person Interviewed:
Person Conducting:
State:
Date of Interview:

We greatly appreciate your willingness to talk to us about your state TANF program and the recent recession. We are calling you and all other state TANF directors to get your views on how TANF and other safety net programs responded during the recession. Our hope is to make recommendations about steps the federal government could take in the TANF program and in contingency or emergency funds that states would find helpful in responding to increased unemployment and poverty during future recessions. We will send you a copy of our conclusions. Your answers will remain confidential unless we get permission from you to use something you say.

1. How long have you worked for (state)?

2. How long have you been the TANF director?

3. How long have you been working in the general field of social services?

4. Compared to other states, how serious was the recession in your state?

Very bad 1__ 2__ 3__ 4__ 5__ Not too bad

Comments:

5. Overall, how would you rate how your state government responded to the needs of poor or unemployed residents during the recession?

Excellent 1__ 2__ 3__ 4__ 5__ Very Poor

Comments:

6. In the average state, the TANF rolls went up by ____ percent; in your state they went up by ____ percent. *[We will fill in the blanks based on state-reported data before we call each state.]*

a. For states in which the rolls went up by more than average:

- Why do you think the rolls went up by more than average in your state?

- Did your state take administrative or legislative actions that were intended to enable more people to qualify for TANF? If so, what were they?

- If your state took actions to enable more people to qualify for services or benefits, what forces were responsible for the expansions? Who headed the drive to expand?

b. For states in which the rolls went up by average or less than average:

- Why do you think your rolls did not go up more?

- Did your state take administrative or legislative actions that were intended to prevent the caseload from rising too much?

- If your state took actions to prevent the caseload from rising too much, what forces were responsible for the actions? Who headed the drive to prevent the caseload from expanding?

7. Was paying for the benefits of additional cases coming onto the rolls a problem in your state?

Big problem 1__ 2__ 3__ 4__ 5__ No problem at all

Comments:

8. Did your state have a rainy day fund at the beginning of the recession? If so, were rainy day funds taken, at least in part, from TANF?

9. If your state had a rainy day fund, did the money in the rainy day fund get used? If not, why?

10. When the recession hit, some states had been using funds from the TANF block grant for other social programs such as child protection. It then often proved difficult to get these dollars back to pay for additional TANF benefits. How big a problem was this in your state?

Big problem 1__ 2__ 3__ 4__ 5__ No problem at all

Comments:

11. Please respond to this statement: The federal government should have emergency funds to help states during recessions.

Strongly agree 1__ 2__ 3__ 4__ 5__ Strongly disagree

Comments:

12. Did your state get money from the Contingency Fund? If so, were the funds helpful?

Very helpful 1__ 2__ 3__ 4__ 5__ Not helpful at all

Comments:

13. How was the money used?

14. How do you think the Contingency Fund could be improved?

15. Did your state get money from the Emergency Fund? If so, were the funds helpful?
Very helpful 1__ 2__ 3__ 4__ 5__ Not helpful at all

Comments:

16. How was the money used?

17. How do you think the Emergency Fund could be improved?

18. From the perspective of a state administrator, what do you think were the most important sources of federal support your state received during the recession? Rank order the choices.

___ Unemployment Compensation
___ Medicaid
___ Food Stamps (SNAP)
___ TANF
___ TANF Contingency Fund or TANF Emergency Fund

Why did you choose this order?

19. All things considered, how successful was your state in helping the poor during the recessions?

Very successful 1__ 2__ 3__ 4__ 5__ Not successful

Comments:

20. Do you have ideas on ways to improve TANF's ability to respond to future recessions?

21. Do you have any other ideas about how the federal government could help states during recessions?