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Poorest Children of Single Mothers Became Poorer over First Decade of TANF

As the Temporary Assistance for Needy Families (TANF) program reaches its 20-year anniversary, there have been a wide range of stories that describe its impact on families (see, for example, CFFPP July 2016 Policy Briefing). The Center on Budget Policies and Priorities (CBPP) has chosen instead to look at the income of the poorest tenth of children of single mothers over a ten-year period, from 1995 to 2005. These years were chosen because they were the most similar years in which TANF was in place in terms of the overall economy, which means that their differences can more credibly be said to result from the TANF program itself. Among the findings of the analysis:

- Over the ten-year period, the average family income of the poorest one-tenth of children in single-mother families fell by nearly $2,400, or 18 percent. This group represents approximately 2 million children in the poorest families in the United States.
- The losses in income were driven by a $2,800 decline in TANF cash assistance for this group over the period that was not made up by other sources of assistance or income.
- Children in families with the next lowest tenth of income saw a modest 2 percent increase in income. For all other income groups, incomes rose between 10 and 18 percent over the period.

- While the second-lowest tenth of income group lost the most in TANF benefits ($3600 over the ten-year period), it made up the loss through expanded Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) gains, as well as through increased Social Security Income (SSI).

The analysis points out that changes in welfare policy over this period reflect a shift in the safety net, away from helping the very poorest children through TANF and other supports and toward assisting families that have slightly higher incomes through the expansion of tax credits for low- and modest-income working families.

http://www.cbpp.org/research/family-income-support/incomes-fell-for-poorest-children-of-single-mothers-in-welfare-laws

HHS Releases Report on State TANF Spending for Fiscal Year 2015

The US Department of Health and Human Services Office of Family Assistance has released its report on states' use of federal Temporary Assistance for Needy Families (TANF) program funds in Fiscal Year (FY) 2015. Included in the report, and in a summary by the Center for Budget and Policy Priorities, are the following notable changes to the TANF program in recent years:

- Expenditures for basic assistance (defined as assistance in the form of cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs) represented just 1 of every 4 TANF dollars (approximately $7.5 billion) spent overall. This was a drop of 8.7%, or approximately $738 million, compared to FY 2014. In FY 1997, more than 70 percent of TANF and Maintenance of Effort (MOE) funds were used for basic assistance.
- Seven states spent less than 10 percent of their TANF and MOE funds on basic assistance, and only three states spent more than 75 percent on core activities.
- The percentage of eligible families receiving TANF cash assistance has decreased from 69 percent in 1997 to 32 percent in 2012. In Louisiana, just 4 percent of families living in poverty currently receive TANF benefits. Louisiana spends just 8 percent of its TANF funds on basic (cash) assistance, 3 percent on work-related activities, but 66 percent on "other areas."
- Less than half of the $31.3 billion in TANF and MOE funds were spent on basic assistance; work, education, and training activities; and child care combined.
- Overall, states spend 8 percent of TANF funds on child welfare services and 6 percent on early childhood education programs, neither of which were originally intended to be services funded through the TANF block grant. Georgia and Texas spent approximately 50 percent and 36 percent, respectively, of TANF and MOE funds on child welfare services; Louisiana

and Texas spent roughly 30 percent and 38 percent, respectively, on early childhood education programs.

- Work-related activities/expenses were reduced by a total of $118 million, or 5.4%, from FY 2014 to FY 2015.
- Expenditures for prevention of out-of-wedlock pregnancies fell by 60% between FY 2014 and 2015. Two-parent family formation and marriage expenditures also fell by more than 50% in the time period.

Spending pie charts of all 50 states and the District of Columbia are available on OFA's website at: http://www.acf.hhs.gov/ofa/tanf-and-moe-2015.

The reports are available at
http://www.acf.hhs.gov/sites/default/files/ofa/2015_tanf_financial_data_report_factsheet_final.pdf
and
http://www.acf.hhs.gov/sites/default/files/ofa/tanf_financial_data_fy_2015.pdf

An analysis of TANF state spending based on the reports is available from CLASP at http://www.clasp.org/issues/temporary-assistance/topics/federal-tanf-policy

An NPR story on the TANF reports is available at
http://www.npr.org/2016/08/22/490245470/20-years-since-welfares-overhaul-results-are-mixed

Survey Reveals Wide Racial Disparities in Top Mental Health Concerns for Children

A national survey on children's health concerns by the C.S. Mott Children's Hospital National Poll on Children's Health asked a national sample of adults to rank their concerns for the health of US children and teenagers aged 0 to 17. Overall, mental health concerns made up 7 of the top ten health concerns among all respondents. The results were then broken down according to the race of the respondent, and the following differences across groups were found:

- Black adults ranked racial inequities and school violence #2 and #3 among their top ten concerns. For white adults, these concerns did not appear in their list of top ten concerns.
- Among all groups, only black adults ranked gun injuries and hunger as among the top ten concerns.
- Teen pregnancy was ranked as a top ten concern by Hispanic adults, but not by any other group.
- Depression was ranked either #9 or #10 across all groups, but suicide was ranked in the top ten only by white adults.

A summary of the survey is available at:
http://mottnpch.org/sites/default/files/documents/081516_top10.pdf

Installment Loans Are Replacing Payday Loans and Might Be Just As Predatory

New federal regulations to curb the payday loan industry's predatory behavior toward borrowers might be pushing the industry to drive up its use of installment loans, which can avoid the new regulations while having a very similar impact on borrowers and communities. With installment loans, borrowers take out loans that are paid off a portion at a time over a longer time period than is true for payday loans. The loans have been in existence for some time, but they are becoming more widespread since the impending regulation of the payday loan industry. In 2015, lenders provided nearly $25 billion in installment loans to individuals with credit scores below 600, 78 percent more than was the case in 2014. An article in *The Atlantic* describes some of the implications of the development:

- Installment loans often require monthly payments that exceed the 5-percent-of-income threshold deemed an affordable loan, and often require borrowers to pay between 7 and 12 percent of their monthly income on repayment.
- Loans might have extremely long repayment periods in which, for example, a $500 loan might be paid back over the course of a year, allowing the lender to receive more in interest payments. This leads borrowers to remain indebted for long periods of time and to pay much more than was actually borrowed, as with payday loans.
- The new payday lending rules include some regulation of installment loans, but are focused on their more egregious terms, such as open-ended loan terms, or terms that allow lenders to access checking accounts or car titles in the event of nonpayment. Lenders seem to be planning to meet just the minimal regulations, while targeting Americans living in poverty for the installment loans and still charging them high rates.

The article is available at
http://www.theatlantic.com/business/archive/2016/08/what-will-replace-payday-loans/495656/

Seven States Cutting Eligible Residents from Federally Funded Food Stamp Benefits

Seven states have declined federal waivers for some able-bodied Supplemental Nutrition Assistance Program (SNAP, or food stamp) recipients, even though the benefits would be fully funded by the federal government. The waivers were created as part of the 2009 federal stimulus bill. They allow states to waive a provision in the food stamp program that limits benefits to three months for able-bodied adults in areas of high unemployment who are under the age of 50 unless they work or participate in a job-training activity. The waiver was created to address a rising need for food assistance as a result of the recession of 2008. Enrollment in SNAP remains at almost twice the pre-recession level, but as of May of this year, enrollment had declined by 9 percent, to a rate that is the lowest since 2010.

Lower participation rates are a result of an improved economy, but also of efforts to reduce caseloads in some states. These efforts include refusing the waivers, which could push up to 1 million individuals off food stamp benefits nationwide when the 3-month limit on benefits is reestablished. In the seven states—Arkansas, Florida, Missouri, Mississippi, North Carolina, South Carolina and New Jersey—the waiver is being refused sooner than required by an improving economy. The effect of this refusal can be seen in the following:

- SNAP caseloads fell by approximately 1 million people in both 2014 and 2015, but they fell by 1.6 million people over just the four-month period between January and April 2016.
- Roughly 20 states have returned to the three-month time limit beginning in January 2016, which contributed to the falling caseloads, particularly in April, when those subject to the time limit began exhausting their three months of benefits.
- Nationally, 773,000 fewer individuals participated in SNAP in April 2016 than in the prior month.
- Eight of the ten states with the largest April caseload drop initiated the time limit in January. These include Florida, Missouri, and Arkansas, all states refusing the waiver.
- Caseloads fell by 2.8 percent in the states that began cutting people off SNAP in April due to time limits, while falling 0.8 percent in the other states.

For more detailed information, see:
http://www.cbpp.org/research/food-assistance/snap-caseload-declines-accelerated-in-recent-months
and
https://bangordailynews.com/2016/08/16/news/nation/states-follow-maine-in-declining-federal-funds-for-food-stamps/

ACA Expansion of Healthcare Coverage Found to Have a Range of Benefits for Low-Income Families

The Affordable Care Act (informally known as Obamacare) provides for an expansion of healthcare coverage for low-income residents. States choosing to expand coverage can do so through a Medicaid expansion, as 30 states have implemented, or by expanding coverage through private insurance (the "private option"). A recent study, *Changes in Access to Care in Low-Income Adults After Medicaid Expansion*, was published by JAMA Internal Medicine in August. The study surveyed residents of three states: Kentucky, which expanded Medicaid coverage; Arkansas, which expanded coverage using the private option; and Texas, where there was no expansion of coverage. The study's key results:

- By 2015, expansion, whether public or private, was associated with a 22.7 percent reduction in the uninsured rate compared with non-expansion.
- Expansion was also associated with significant increases in access to primary care, fewer skipped medications due to cost, reduced out-of-pocket spending, reduced likelihood of emergency room visits, and increased outpatient visits.
- Screening for diabetes, glucose testing for patients with diabetes, and regular care for chronic conditions all increased significantly after expansion of care.
- Among survey respondents, ratings of quality of care and the proportion reporting excellent health increased significantly in the two states that expanded coverage, compared to ratings by Texas respondents.

The authors suggest that the findings provide important new evidence of the benefit of expanding care, whether the expansion occurs through Medicaid or through the private option.

To access the study, see JAMA Intern Med. doi: 10.1001/jamainternmed.2016.4419

State Child Support Enforcement News

- A ruling by the 1st District Court of Appeals in **Florida** upheld an earlier decision that spared a prison inmate from being required to pay child support. The appeals court rejected efforts of the state Department of Revenue, which oversees the state's child support enforcement system, to impose a child support obligation on a parent who was sentenced to 18 months in prison for vehicular manslaughter. The ruling says that state laws and Supreme Court precedent "do not permit imputation of income for child-support purposes in these circumstances."
- In **New Jersey's** Hudson County this month, the Sheriff's Department and Department of Family Services put food stamp benefits on hold for noncustodial parents who owed child support. The hold was part of a sting operation in which 50 parents who appeared at the county's welfare office to inquire about their benefits were arrested for nonpayment of child support.
- Noncustodial parents in **Michigan** can now make child support payments at 7-Eleven and Family Dollar stores throughout the state under a partnership between the state and electronic payment provider PayNearMe. Parents pay a $1.99 fee to use the service.
- For the fifth year in a row, **New Mexico** Governor Susana Martinez is implementing a child support bench warrant operation lasting through the end of the month. During the period, parents who respond to the bench warrant by paying the full amount of child support owed will receive amnesty from enforcement actions. At any point during the amnesty period, however, parents who owe support can be arrested if they are stopped by state police or local law enforcement partners. The program also will conduct a roundup in which state police and local law enforcement will actively seek out parents who have not responded to the bench warrant.

- A budget shortfall in **Oklahoma** and additional planned cuts to the state's Department of Human Services programs, and child support enforcement in particular, have led one District Attorney to stop providing child support enforcement services for the state. The DA cites a 25 percent cut in the office's budget, a 27 percent increase in the total number of child support cases, and the loss of administrative judges to hear cases among the reasons that the contract with the state has become unworkable. Without administrative judges, for example, she says that emotional and vulnerable situations are now handled by telephone hearings.

Also Of Note

- A county program created by the Alabama legislature in 2009 that the state calls a work-release program, is described by Cherokee County Sheriff Jeff Shaver as a great success. Under program rules, an eligible inmate can be employed by an outside employer, who must provide transportation for the inmate and submit the inmate's paycheck to the detention center. The Sheriff's Office then claims a percentage of the earnings for law enforcement purposes, and pays the court for fines, fees, and child support owed by the inmate before allowing the inmate to receive the remaining wages. The Sheriff's Office reports that they have used their portion to purchase three patrol vehicles, including two new Dodge trucks. In addition to the work-release program, the county operates an inmate work detail for which inmates are allowed to wash county vehicles, cook, clean, and do laundry inside the detention center and perform other manual labor as needed on a daily basis. Work detail inmates have picked up multiple tons of trash from Cherokee County roadways, painted in the county schools during the summer, cleaned for events at the local community college, and have made repairs in the courthouse, jail, Sheriff's Office, and other county buildings.

- A US Court of Appeals for the 9th Circuit has ruled against a County's attempt to use the "domestic support obligation" ("DSO") exception to debt discharge under bankruptcy law to recover the costs of juvenile detention from a mother. The ruling will allow parents who cannot pay the bill for their child's incarceration and who receive a bankruptcy discharge to be released from this debt. In the case, Maria Rivera, who is the mother of a son held in juvenile detention for more than a year, was billed $16,372 for the cost of her son's detention and legal fees. Rivera sold her house to pay down the debt, but still owed more than $9,000 when she filed for bankruptcy. Despite the bankruptcy, Orange County refused to discharge the debt, labeling it a DSO, like alimony or child support, that is excepted from discharge in a bankruptcy in order to protect the interests of children. The court disagreed, stating that "the discharge of Rivera's debt will almost certainly benefit her son, who has much to gain from his mother's fresh start. The only entity affected negatively by discharge in this case is the County, which will suffer only by losing the portion of its cost of incarceration that it seeks so adamantly to recover, surely not a loss that is inconsistent with furthering the objectives of family support." The decision also states that "not only does such a policy unfairly conscript the poorest members of society to bear the costs of public institutions, operating 'as a regressive tax,' but it takes advantage of people when they are at their most vulnerable, essentially imposing a tax upon distress."

The case can be viewed at https://cdn.ca9.uscourts.gov/datastore/opinions/2016/08/10/14-60044.pdf

- A recent article on fusion.net describes the system of child support enforcement and its disproportionate impact on black fathers. The article makes the following points:

    - The racial wage gap, with white males earning an average $21/hour while black males earn $15/hour on average, means that child support is disproportionately owed by black men. This could be better understood if child support data were collected by race.
    - The article quotes David Pate (founder of CFFPP): "Twenty percent of the people in this system shouldn't be in there because they're too poor." Pate notes that the government is owed $115 billion in child support, but 70% of that money is owed by individuals who make less than $10,000 a year.
    - While alternatives to incarceration for individuals in poverty have received support by federal government officials and the Supreme Court, when programs are run by the child support enforcement agency, there is an inherent conflict of interest.

  The article can be found at http://fusion.net/story/335124/child-support-hurts-poor-parents/

- A recent Pew Charitable Trusts analysis looked at 15 years of data and found that there are no cost or caseload benefits to lowering TANF asset limits. Under TANF law, states can determine what limits to set on the value of applicants' assets. If applicants have assets above the limit, they are ineligible for TANF benefits. Asset limits can create a cycle in which families divest themselves of their assets to meet eligibility requirements and later exceed the limit, losing eligibility and having few assets for support, only to re-enroll later. This cycle adds to administrative costs for states with low asset limits. The analysis also found that raising or eliminating the limits does not affect the number of monthly TANF applicants.

The report is available at http://www.pewtrusts.org/en/research-and-analysis/analysis/2016/08/22/low-tanf-asset-limits-show-no-cost-or-caseload-benefits-for-state-programs.