

PENNSYLVANIA CASH ASSISTANCE BEHIND THE TIMES

Steady Decline of TANF Cash Grants and Impact on Families

OVERVIEW

TANF is an important piece in supporting families with low or no income. However, Pennsylvania has not increased TANF cash grants in 30 years to keep up with inflation and rising cost of living. Pennsylvania caregivers striving to afford basic needs for themselves and their children need more support than TANF currently provides. While any increase in assets would help, raising basic cash assistance is the most effective strategy. The flexibility of cash ensures families can meet their unique needs and reduces the number of children living in deep poverty.

BACKGROUND

Temporary Assistance for Needy Families (TANF) was created in 1996 by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). Under TANF, the federal government provides block grants to states. States then use

those funds to operate their own programs for families that fall under an income threshold. Most TANF funds support work programs, child care, and direct monetary grants, commonly referred to as “cash assistance.”

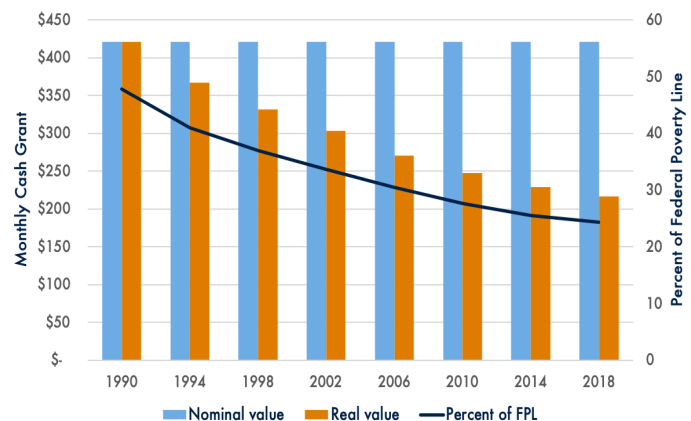
TANF CASH GRANT AMOUNT OVER TIME

State spending on cash assistance is less than when the program began. Disinvestment in direct cash assistance has inhibited families from developing self-sufficiency and protecting children living in poverty. This is true in Pennsylvania, where the child poverty rate remains high (at 16.7% in 2018¹), TANF participation is low, and the TANF cash grant has steadily declined in real terms.

Pennsylvania has not increased cash assistance amounts since 1990, under the Aid to Families with Dependent Children (AFDC) program. When accounting for inflation, the buying power of cash grants has dropped by approximately 50%.

In order to stay on par with inflation, Pennsylvania would need to provide \$813 per month to a family of three. As of today, it provides just \$403 for a family of three in most counties. This is less than 23% of the Federal Poverty Line (FPL). Research shows families need an income about twice the FPL threshold to meet their basic needs.²

VALUE OF PENNSYLVANIA TANF CASH GRANT FOR FAMILY OF THREE OVER TIME: NOMINAL VS. REAL VALUE



Graph by Gabe Halperin-Goldstein utilizing the Bureau of Labor Statistics CPI Inflation Calculator^{3,4,5}

KEY TERMS AND DEFINITIONS

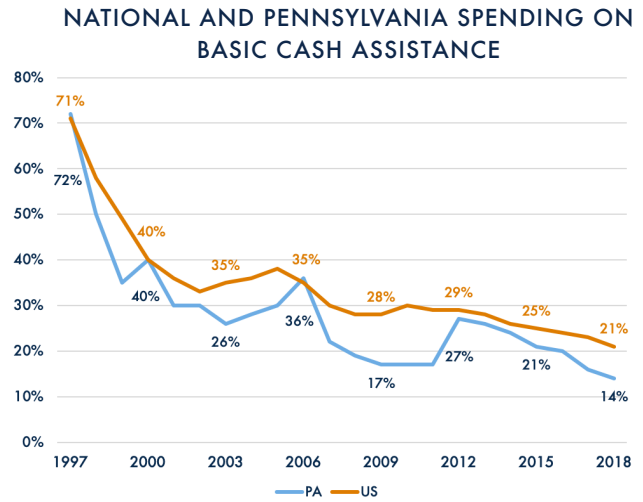
- **Temporary Assistance for Needy Families:** Federal program that provides state grants “to help needy families achieve self-sufficiency.”
- **Cash Assistance:** Monthly cash payments provided to TANF-qualified families by the government

DISINVESTMENT IN CASH ASSISTANCE

The TANF cash grant amount continues to decline because Pennsylvania has chosen to invest their block grant away from direct cash assistance.

When TANF was first created, states spent \$14 billion on cash assistance, or 70% of their TANF block.⁶ Since then, states have increasingly dedicated TANF funds to other purposes. These include core areas (child care, work assistance, cash assistance) and non-core areas (EITC expansion, pre-K education, unrelated budget deficits, etc.). In 2018, states spent only \$6.7 billion on cash assistance, just 21.4% of their TANF blocks.⁷

Pennsylvania spends one of the lowest amounts on cash grants of all states. In 2018, it spent just 14.5% of its TANF block on basic cash assistance, far below the national average.^{8,9} The federal block grant has not increased since 1996.



Graph by Gabe Halperin-Goldstein; US HHS TANF expenditure data as analyzed by Center on Budget and Policy Priorities^{10,11}

RACISM IN TANF FUNDING

A consensus of research shows state policy decisions regarding TANF blocks disproportionately harm Black families. States where they compose a larger share of TANF recipients have less generous TANF policies, specifically including smaller cash grants^{12,13}. Pennsylvania is no exception to this trend.

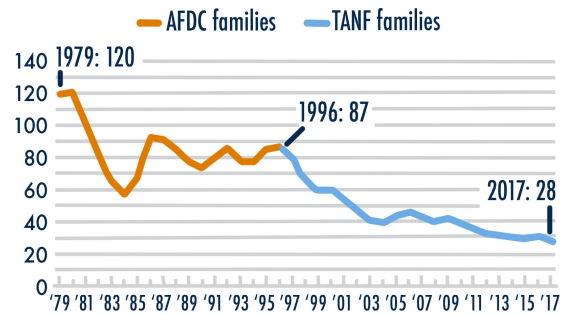
In 2018, 51.9% of the state's TANF recipients identified as Black, significantly higher than the 28.9% national average.¹⁴ Meanwhile, Pennsylvania spends less of their block grant on basic assistance compared to other states with fewer Black recipients.

FAMILIES RECEIVING TANF CASH ASSISTANCE

The number of Pennsylvania families receiving cash assistance is declining. The percentage of people living in poverty who are enrolled in TANF is at an all-time low.¹⁵ This reveals an alarming trend. The state has not adjusted for the declining value of the cash grant even as there are fewer families to pay.

Many families that received cash benefits in the past are no longer enrolled in TANF. Some common reasons Pennsylvania families are not enrolled include navigating the burdensome application process, having their income rise just above eligibility, feeling the cash grant is too small, and not knowing they are eligible. Research shows families removed from TANF almost always continue living in poverty.¹⁶

PENNSYLVANIA FAMILIES RECEIVING AFDC/TANF CASH ASSISTANCE FOR EVERY 100 FAMILIES WITH CHILDREN IN POVERTY



Graph by Center on Budget and Policy Priorities¹⁷

COMMUNITY VOICES ON IMPACT OF DISINVESTMENT

"I feel helpless sometimes when I don't have enough cash to even out everything. It's hard to balance bills, do things you want to do with your children, take them certain places. You have to make sure you have the necessities first like diapers. It just makes you feel helpless. [More cash assistance] will help people thrive, where we won't have such a continuous cycle of the same people coming back and forth. It would allow people to do a little bit more. Right now, I can't invest in something that I am passionate about. That is a stepping stone for me to thrive financially." - Tyrezzy

"People that have been on [TANF] for five years are the ones that need extra help, like me. I have kids, and even with a job, I still need the welfare because my paycheck is not enough. I just don't make enough. I still have to pay rent, clothe my kids, and then pay water, gas, electric, and Internet. I don't have enough to pay for my food after that." - Jenne'

IMPACT ON FAMILIES IN RAISING TANF CASH GRANTS

TANF should protect low-income families during times of greatest need and shield children from poverty as families improve financial stability. The current cash grants are insufficient for families to achieve either.

Today's cash grants are not enough to cover rent, let alone other basic necessities such as clothing, diapers, transportation, school supplies, personal care items, and utilities. Fair Market Rent in Pennsylvania has increased by roughly 70% since 1996, depending on the county.¹⁸ The cash grant for a family of three is now less than the Fair Market Rent for an efficiency home in all 67 Pennsylvania counties.¹⁹ Less than 21% of TANF families in the US receive HUD housing assistance.²⁰

When families do not have enough money to afford rent or basic necessities, their physical and mental health suffers and stress increases.²¹ This inhibits children from living healthy lives and parents from finding stable employment.

Research shows that increased income during childhood improves life chances.²² A Duncan and Magnuson study found that children under the age of six in low-income families ended up earning 17 percent more as adults and working 135 more hours per year if their family received a \$3,000 boost to annual household income.²³ This shows that even small boosts to family income can make large impacts on a child's life.

Policy Recommendations

In 2017, 6% of all Pennsylvania residents and 8.5% of those under 18 (over 2.5 million Pennsylvania children) lived in deep poverty.²⁴ The situation is even more dire in Philadelphia, which has the highest deep poverty rate of the 10 largest US cities with 14% of Philadelphians living in deep poverty.²⁵

In Pennsylvania, the TANF cash grant has not been adjusted since 1990. This means the real value has decreased by 50%. Leaving the TANF cash assistance unchanged ensures that TANF will not reach its potential as a program. The following necessary changes would support thousands of Pennsylvania families as they seek financial stability.



Raise the Pennsylvania TANF cash grant to remain at or above 50% of the Federal Poverty Line (FPL).

Raising the TANF cash grant amount to 50% of the FPL would make it feasible for families, and specifically children, to meet their basic needs and not fall into deep poverty. For a Pennsylvania family of three in 2019, this would raise the cash allotment from \$403 to \$888.75 per month.



Develop a Cost of Living Adjustment (COLA) that ensures the cash grant is adjusted each year for changes in inflation.

Many states, including California and Ohio as well as Washington D.C., have adopted this strategy. This change ensures that the cash grant will not be stagnant and lose value over time.



Raise the Earned Income Disregard (EID).

The EID allows the state to disregard a portion of household earnings when families on TANF obtain employment. It makes the transition off TANF smoother. Raising the EID would support those families on the verge of achieving self-sufficiency through work.

SUMMARY

TANF has become less effective in promoting financial wellness as cash assistance has failed to adjust with the rising cost of living. Increasing the TANF cash grant would better support the program's goal and give both individuals and communities the tools to maximize their potential. Evidence demonstrates that economic security programs can be effective interventions for promoting long-term health and success of children living in deep poverty when those programs meet the needs of those served.

The Center for Hunger-Free Communities is a community-engaged research, service, advocacy, and policy center of Drexel University's Dornsife School of Public Health. The Center offers multi-faceted research and action with the goal of developing innovative, empirically-tested solutions to the challenges of hunger and economic insecurity. In partnership with families, researchers, policymakers, and community leaders the Center seeks to find solutions to hunger and poverty based on both science and the human experience.

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FOR MORE INFORMATION, PLEASE CONTACT:

Mariana Chilton, PhD MPH, Director, at mariana.chilton@drexel.edu
Gabe Halperin-Goldstein, Communication and Policy Fellow, at gh382@drexel.edu

centerforhungerfreecommunities.org
3600 Market Street, 7th Floor, Philadelphia, PA 19104 | Tel: 267.359.6237 | Fax: 267.359.6239
Drexel University Dornsife School of Public Health