

Which Safety-Net Programs Responded To The Recession? A Brief Response to Scott Winship

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In “Which Safety-Net Programs Responded To The Recession?,” Scott Winship of the Manhattan Institute argues that the Temporary Assistance for Needy Families (TANF) block grant was responsive to the recession, pointing to a modest increase in caseloads during the most recent recession. He compares its responsiveness favorably to that of the Supplemental Nutrition Assistance Program (SNAP) program.² His analysis is based on trends in the ratio of TANF families to single-mother families and SNAP participants divided by the population, particularly as they relate to trends in the unemployment rate and the share of those who do not work among 25- to 54-year-olds.

It is worth noting that the TANF caseload did rise from 2008 to 2010, from about 1.7 million families to 1.9 million families, which Winship takes as a sign of TANF’s responsiveness.³ What Winship fails to point out is that federal funding over the 2009 to 2010 period was also exceptionally high – by about \$6 billion – as states drew down \$1.3 billion from the regular Contingency Fund (and depleted that Fund) and \$5 billion in additional federal funds from the Emergency Fund, which was authorized by the Recovery Act. To suggest that the TANF block grant itself is responsive to economic conditions is misleading.

Winship presents a variety of charts and explanations about the responsiveness of both TANF and SNAP. The focus of this “response” is TANF, because TANF is seen by conservatives as a model for reforming other safety net programs. Based on his chart, Winship concludes that “TANF did respond to the recession. TANF receipt rose in 2009 and 2010.”

A simple examination of trend lines is not particularly useful in determining what a reasonable increase in the TANF caseload should have been in response to a serious recession or how it should compare to SNAP in determining their relative responsiveness. Even if one assumes Winship’s approach is valid, one could look at his chart and compare other time periods to demonstrate that TANF is not very responsive to changes in unemployment. For example, between 2000 and 2003, the unemployment rate rose from 4.0 to 6.0 percent, even as the ratio of TANF families to single-mother families declined from about 24 to about 22. Between 2000 and

¹ The views in this document reflect my own as a citizen and do not reflect the views of any organization I am now or have ever been affiliated with. I am a conservative and have worked on welfare issues for the Heritage Foundation, the American Enterprise Institute, and the White House under both President Reagan and President George H.W. Bush. This paper assumes the reader has a basic understanding of the TANF program, but for those readers who want more context and background, see Peter Germanis, *TANF is Broken! It’s Time to Reform “Welfare Reform” (And Fix the Problems, Not Treat their Symptoms)*, July 25, 2015 draft, available at: <http://mlwiseman.com/wp-content/uploads/2013/09/TANF-is-Broken.072515.pdf>.

² Scott Winship, “Which Safety-Net Programs Responded To The Recession?,” Manhattan Institute, January 13, 2016, available at: <http://www.economics21.org/commentary/safety-net-programs-recession-jared-bernstein-snap-tanf-01-13-2016/>.

³ Caseload data are from the Office of Family Assistance, <http://www.acf.hhs.gov/programs/ofa/resource/caseload-data-2010>, and reflect the average number of families served by TANF or SSP-MOE funds across the twelve months. The figures may include some families receiving very small amounts of “earnings supplement” payments; the figures exclude families receiving cash aid from states’ solely-state-funded (SSF) programs, since those cases are not reported to the federal government.

2007, the unemployment rate rose from 4.0 percent to 4.6 percent, but the ratio declined from about 24 to about 17.5, and between 2000 and 2014, the unemployment rate rose from 4.0 to 6.2 percent and ratio declined from 24 to 17. If one were to take this approach back to 1994, when the unemployment rate was 6.1 percent, about the same as the 6.2 percent in 2014, the drop in the ratios would have been more dramatic – from about 58 to 17.⁴ TANF has never been particularly responsive to changes in the unemployment rate – TANF caseloads are driven largely by state policy choices about how the funds are used and the erosion of the block grant and related state maintenance-of-effort (MOE) requirement due to inflation.

From an analytic standpoint, there are several problems with Winship’s approach and variables. First, he divides the TANF caseload by “single-mother families.” A non-trivial share of the TANF caseload is composed of two-parent families and families in which the household head is a caretaker relative, e.g., a grandmother. Second, by using the overall unemployment rate, he has a variable that indicates periods when caseloads should be responsive to economic conditions, but provides little insight into how much they should respond. (Since his focus is on single-mother families, he could have used an unemployment rate that is a closer match for this group.)

A better alternative for purpose of assessing the responsiveness of a program is one that compares changes in the caseload to changes in the number of eligible families/households. Such a measure would factor in a range of economic, demographic, and policy factors that might affect eligibility.

The data on TANF and SNAP families/households *eligible* for benefits (the denominator) is estimated using simulation models.⁵ The estimates are produced by experts using survey and administrative data, with careful attention to reporting issues and program rules. For TANF, the eligibility estimates come from the TRIM model, which has been used for over 40 years by administrations of both parties to calculate eligibility for TANF and other programs. Program administrative data are used for the number of families receiving benefits (the numerator).

As Table 1 indicates, between 2007 and 2012, the number of families eligible for TANF rose by 900,000, from 4.8 million to 5.7 million, but the caseload rose by only 200,000. This does not reflect a high degree of responsiveness. Meanwhile, the number of households eligible for SNAP rose by 5.7 million, from 17.5 million to 23.2 million, but the number of participating households grew by 8.8 million, from 11.4 million to 20.2 million. In terms of responsiveness, TANF clearly was not responsive, and SNAP was more responsive than one would expect based on economic factors alone.

For SNAP, one can estimate crudely the increase in households resulting from an increased participation rate compared to the increase due to the economy. If the participation rate in 2012 had remained the same as in 2007 (65.5 percent), the number of participating households would have been 15.2 million; this suggests the increase of 3.8 million families from 11.4 million to

⁴ The 1994 figure is based on AFDC caseloads and the data source used by Winship for the number of single-mother families (actually female-head householders with children under 18). The remaining ratios are based on Winship’s chart.

⁵ For a discussion of these approaches, see U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Welfare Indicators and Risk Factors: Thirteenth Report to Congress*, September 22, 2015, <https://aspe.hhs.gov/sites/default/files/pdf/116161/FINAL%20Fourteenth%20Report%20-%20FINAL%209%2022%2015.pdf>.

15.2 million is due to economic factors. The increase from 15.2 million to 20.2 million would be due to rise in the “participation rate,” which can reflect policy changes and outreach.

Year	TANF			SNAP		
	Eligible (millions)	Participating (millions)	Participation Rate	Eligible (millions)	Participating (millions)	Participation Rate
2007	4.8	1.7	36.0	17.5	11.4	65.5
2008	5.2	1.7	33.0	18.0	12.3	68.4
2009	5.7	1.8	32.3	20.3	14.7	72.2
2010	5.7	1.9	33.7	23.3	17.4	74.6
2011	5.6	1.9	33.9	23.5	19.2	81.8
2012	5.7	1.9	32.4	23.2	20.2	87.2

Source: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Welfare Indicators and Risk Factors*, various issues. Note: 2007 caseload data have been corrected using administrative data.

A more revealing analysis is to look at TANF’s response over the longer-term. Table 2 shows the change in the number of families eligible for assistance compared to the number receiving assistance for selected years from 1996 through 2012. In 1996 (before TANF), about 5.6 million families were eligible to receive benefits, and about 4.4 million (79 percent) did so. By 2012 the number eligible for TANF was higher (5.7 million), but the number receiving benefits had dropped over 50 percent to 1.9 million. Between 1996 and 2012, the number of families eligible for TANF but not receiving it grew from 1.2 million to 3.8 million. Had these families really been “helped,” as TANF advocates claim, why do they still have incomes below TANF’s eligibility thresholds, which are well below the poverty line and have become more restrictive over time? How is this responsive to our nation’s neediest families?

Year	TANF			SNAP		
	Eligible (millions)	Participating (millions)	Participation Rate (%)	Eligible (millions)	Participating (millions)	Participation Rate (%)
1996	5.6	4.4	78.9	15.3	9.9	65.1
2002	4.5	2.2	48.1	16.0	8.0	49.7
2007	4.8	1.7	36.0	17.5	11.4	65.5
2012	5.7	1.9	32.4	23.2	20.2	87.2

Source: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Welfare Indicators and Risk Factors*, various issues. Note: 2007 caseload data have been corrected using administrative data.

In contrast, since 2002, SNAP has been responsive to economic changes. Indeed, policy changes and outreach efforts have also had an impact. One can debate whether its 2012 participation rate of 87.2 percent is too high or too low, but TANF’s 32.4 percent participation rate is indefensible. It is a good example of a process known as “bureaucratic disentanglement.”