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TAFDC: Declines in Support for Low-Income Children and Families

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OVERVIEW

One way that Massachusetts helps its poorest children is by providing direct cash assistance through a program known as TAFDC, or Transitional Aid to Families with Dependent Children. Over time, the value of the cash grant provided through TAFDC has not kept pace with inflation. In fact, since 1989, it has lost over 40 percent of its value.

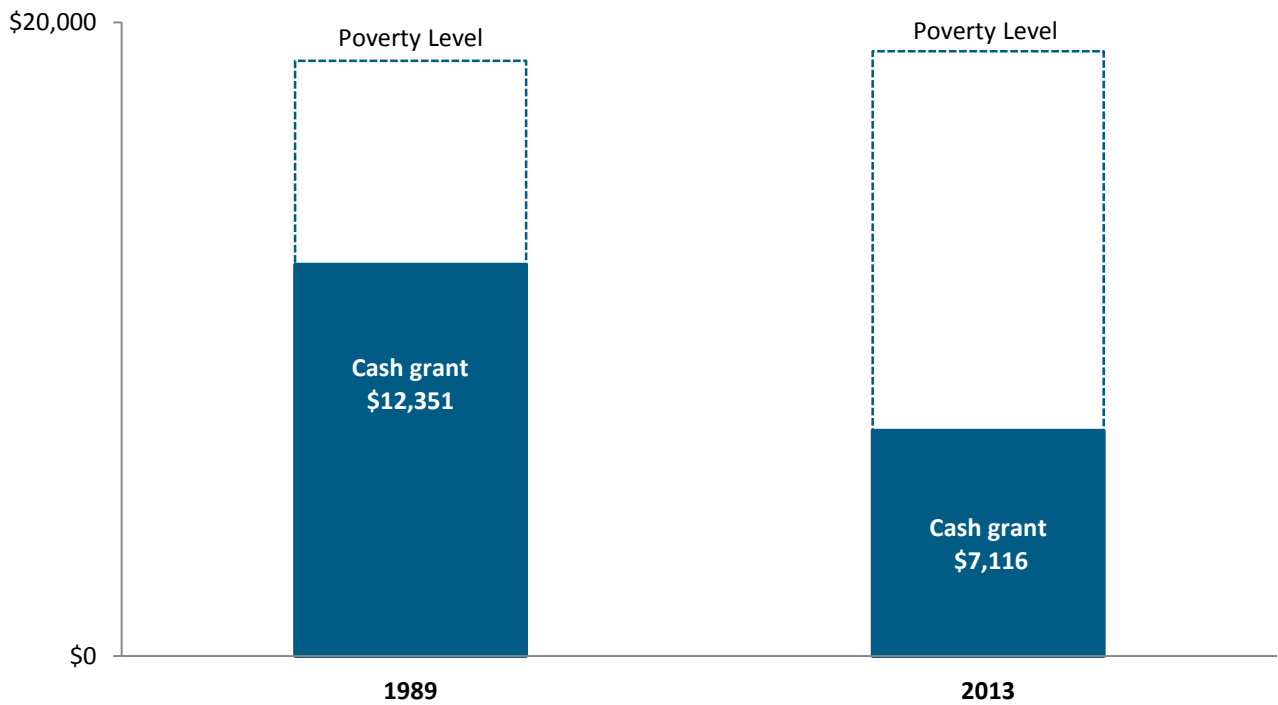
TAFDC affords a baseline safety net of financial support for low-income families with children. Program participants receive a cash grant, and may also receive job training and assistance, education support, and child care to help parents find and keep jobs. In recent years, even as the value of the cash assistance has shrunk, so too has the availability of training and education assistance. (See the MassBudget [Children's Budget](#).)

Apart from those who are disabled or caring for a disabled child, parents must meet basic work or training requirements to receive cash assistance via TAFDC, and they are only eligible for a limited period of time.

The Value of the TAFDC Grant

The cash grants have not been sufficient to lift the Commonwealth's poorest children out of poverty. The maximum grant for a three-person family in FY 2013 is \$7,116 annually, or \$593 a month (see chart below). The current poverty threshold for a family of three is approximately \$19,500. In Fiscal Year 1989, the cash value of the grant for a three-person family was \$12,351 annually, when adjusted for inflation.

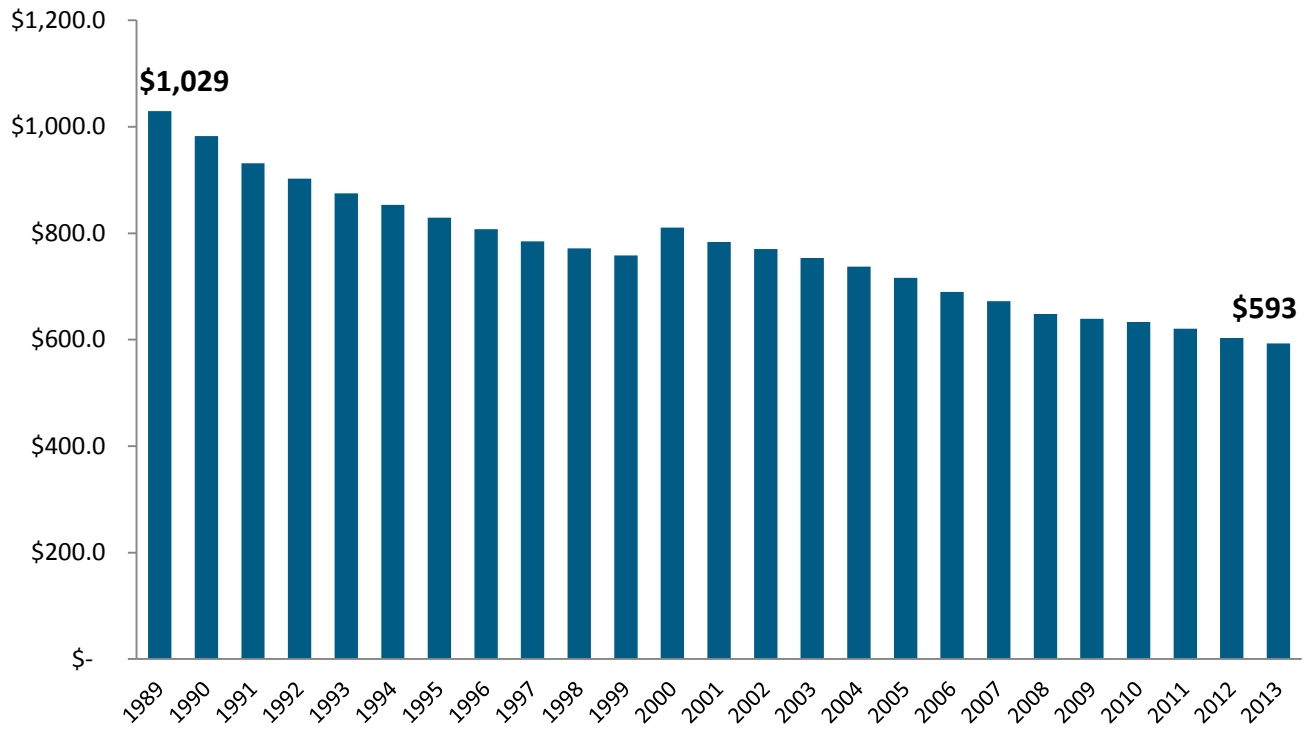
The TAFDC Cash Grant Does Not Lift Families Out of Poverty



Numbers adjusted for inflation using the CPI-U
Cash grant data from Mass. Dept. of Transitional Assistance
Poverty data from U.S. Dept. of Health and Human Services

Not only is the grant insufficient to lift a family out of poverty, its value has not even kept pace with inflation. If the value of the maximum grant for a three person family in FY 2013 was the same as in FY 1989, a family would receive \$1,029 a month. Instead, the value of the monthly grant has declined by \$436 per month to \$593, a 42 percent drop (see chart below).

The Value of the Maximum Monthly Cash Grant for a 3-Person Family Has Declined by \$436 or 42% Since 1989

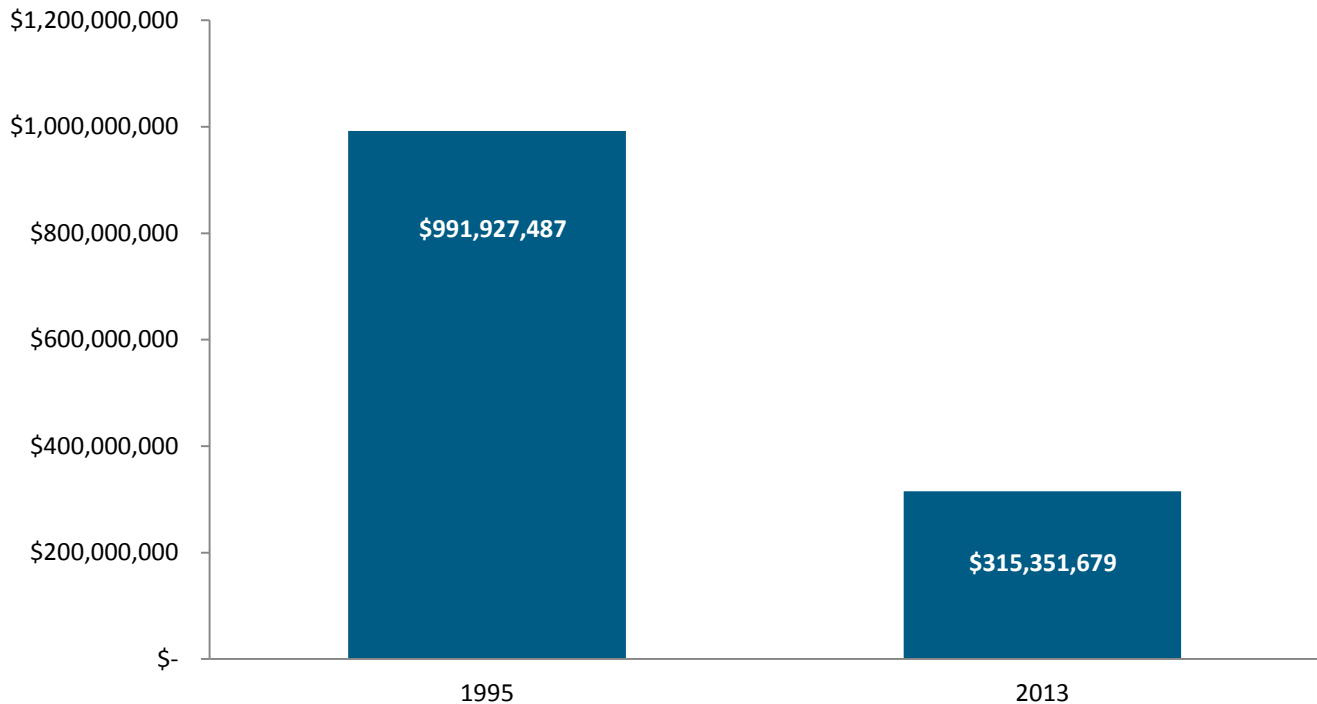


Maximum monthly grant for 3-person work-exempt family. Does not include rent or clothing allowance. Adjusted for inflation using CPI-U.

Total state spending on the TAFDC grant payments has also dropped over time. Between FY 1995 and FY 2013, total spending on cash assistance dropped by 68 percent due to the significant loss in the value of the grant coupled with a sharp decrease in the caseload after welfare reform in the mid-1990s (see chart below).¹

¹ See Mass. Budget and Policy Center, "Declines in Spending on Early Education and Care in Massachusetts," available at http://massbudget.org/report_window.php?loc=early_ed_care.html.

Total State Spending on TAFDC Has Declined by 68% Since 1995



Adjusted for inflation using CPI-U

The Number of Children Supported by the TAFDC Grant

The number of families supported by the TAFDC program has dropped over time, largely due to program changes that have tightened eligibility. Time limits and program requirements have caused some families to drop out of the program. And because eligibility standards have failed to rise with inflation, families must be worse off financially to qualify for benefits.² The number of families receiving cash assistance dropped from 103,000 in FY 1995 to approximately 50,000 in FY 2010.³ In 2010, approximately 83,000 children in Massachusetts were in families supported with cash assistance grants.⁴ Parents and children may only receive 24 months of assistance in any continuous 60 month period and can lose eligibility when they reach the time limit. (Many families are exempt from this time limit, such as families with a disabled parent, or a family caring for a child with a disability.)

Children & Families in Poverty

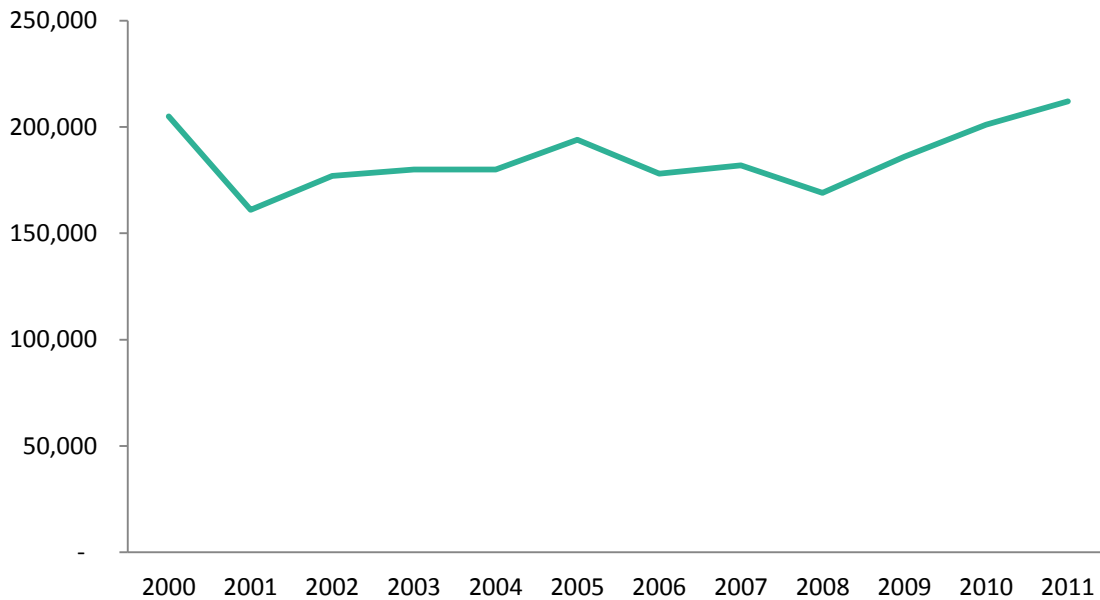
² There are two income eligibility tests for families applying for TAFDC assistance. Families must meet standards for both tests to qualify for TAFDC support. Both income eligibility tests are based on the value of the maximum grant (also called the payment standard). The payment standard has not been adjusted since FY 2001. Because of this, eligibility levels have also not been adjusted over this time. For more information about the two eligibility tests, see a description of financial eligibility at <http://www.masslegalhelp.org/income-benefits/tafdc-advocacy-guide/financial-eligibility.pdf>, or the state financial eligibility regulations at <http://www.mass.gov/eohhs/docs/dta/g-reg-204.pdf>

³ Ibid. See also See Pamela J. Loprest, "How Has the TANF Caseload Changed over Time?" Urban Institute, available at http://www.acf.hhs.gov/sites/default/files/opre/change_time_1.pdf.

⁴ Data from the Mass. Department of Transitional Assistance. Data includes all children even though some children included in this count do not qualify for assistance if they are receiving SSI, subject to the family cap, or other reasons.

The decline in the number of people receiving cash assistance over time is not due to a significant drop in child poverty in Massachusetts. In 1990, in Massachusetts, approximately 13 percent of children were poor, which amounts to close to 173,000 children⁵. This number did not decline over the next two decades (see chart below). In 2011, approximately 15 percent of children were poor, defined in 2011 for a family of three as an income under \$18,530 annually. This is close to 212,000 children and approximately the same as the number of poor children in 2000.⁶

The Commonwealth's Children in Poverty



Data from the KIDS COUNT data center, <http://datacenter.kidscount.org>

As noted earlier, the number of families receiving cash assistance has dropped. TAFDC is also providing assistance to a much smaller share of families in poverty. In 1994-95 over 100,000 families received assistance supporting approximately 92 percent of the families in poverty in Massachusetts. By 2010-11 around 50,000 families received assistance, less than 50 percent of the families in poverty in Massachusetts.⁷

⁵ 1990 data collected by Population Reference Bureau from Steven Ruggles, J. Trent Alexander, Katie Genadek, Ronald Goeken, Matthew B. Schroeder, and Matthew Sobek. Integrated Public Use Microdata Series: Version 5.0 [Machine-readable database]. Minneapolis: University of Minnesota, 2010.

⁶ U.S. Department of Health and Human Services, "The 2011 HHS Poverty Guidelines," available at <http://aspe.hhs.gov/poverty/11poverty.shtml>. Poverty data 2000-2004 collected by the Population Reference Bureau from the Census Bureau's Web Data Server.

⁷ <http://www.cbpp.org/files/3-1-13tanf/MA.pdf>

A Smaller Share of Families in Poverty Receive Benefits: Percentage of Families in Poverty Receiving Cash Assistance (TANF to Poverty Ratio)



Data from Center on Budget and Policy Priorities, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3700>