



Highlights of [GAO-10-164](#), a report to the Chairman, Subcommittee on Income Security and Family Support, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

Following sweeping changes made to federal welfare policy in 1996 with the creation of the Temporary Assistance for Needy Families (TANF) program, the number of needy families who received cash assistance fell by more than half to 1.7 million in 2008. Poverty among children also fell from about 21 percent in 1995 to about 16 percent in 2000, rising again to 19 percent in 2008. The current recession deepened in 2008, raising questions about state TANF programs' response to increased needs. GAO was asked to provide Congress with information on the (1) factors contributing to the decline in the number of families receiving assistance; (2) characteristics of participating and nonparticipating eligible families; (3) impact of higher participation in TANF cash assistance on child poverty; and (4) changes states are experiencing in caseloads and spending in the current recession. GAO's methodologies included using microsimulation analyses; reviewing relevant research and federal laws; interviewing TANF officials in 21 selected states; analyzing state cash assistance data; and interviewing researchers, federal officials, and other experts.

What GAO Recommends

GAO is not making recommendations in this report. In its comments, the Department of Health and Human Services noted that the report was informative and did not disagree with GAO's findings. GAO also addressed technical comments as appropriate.

View [GAO-10-164](#) or [key components](#). For more information, contact Kay E. Brown at (202) 512-7215 or BrownKE@gao.gov.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Fewer Eligible Families Have Received Cash Assistance Since the 1990s, and the Recession's Impact on Caseloads Varies by State

What GAO Found

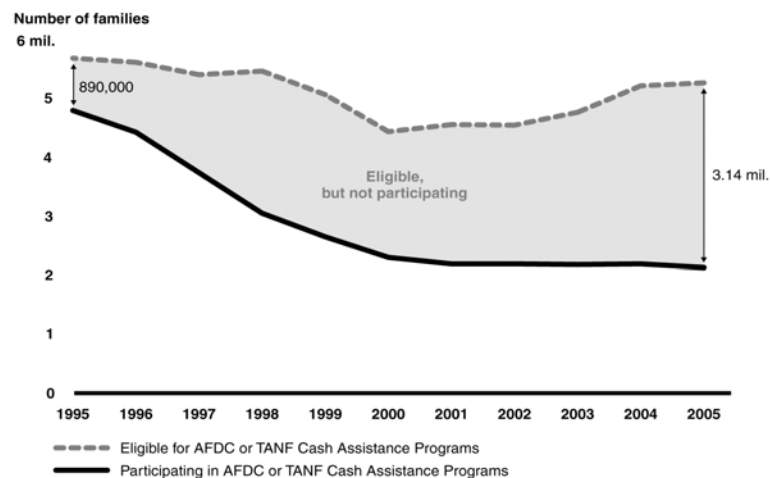
The decline in the number of poor families receiving cash assistance from 1995 to 2005 reflects declines in both the number of eligible families and in eligible families' participation. The strong economy of the 1990s, TANF's focus on work, and other factors contributed to increased family incomes and a decline in the number of eligible families. However, most of the caseload decline—about 87 percent—resulted from fewer eligible families participating in the program, perhaps in response to TANF work requirements, time limits, and sanction and diversion policies.

Compared to TANF families, eligible nonparticipating families worked more and had higher incomes and educational levels. However, among eligible families who did not participate, 11 percent did not work, did not receive means-tested disability benefits, and had very low incomes.

800,000 fewer children would live in extreme poverty—below half the federal poverty threshold—if participation increased from 40 percent to 84 percent of eligible families, the level it reached in 1995, the year before TANF was created. While TANF benefits would generally increase incomes, higher participation would not significantly change the number of children in poverty overall, partly because many children in poverty are not poor enough to be eligible for TANF and because TANF cash benefits are typically low.

From June 2008 to June 2009, the number of families receiving TANF cash assistance rose in 12 of the 21 states GAO surveyed, although the recession's impact on cash assistance caseloads varied by state. To offset higher costs of cash assistance, few states reported reducing TANF-related spending on family- and/or work-supports during this time period. Instead, states paid for increases by using funding sources such as 2009 emergency stimulus funds.

Families Estimated as Eligible for and Participating in AFDC or TANF Cash Assistance Programs, Monthly Average, by Calendar Year, 1995 through 2005



Source: GAO analysis of data from HHS's *Indicators of Welfare Dependence*, based on the TRIM3 model.