Fiscal Research Center

# policybrief

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## Data Snapshot: Temporary Assistance for Needy Families: Impact of Work and Marriage Incentives

In 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act, which ended the entitlement status of cash assistance payments. The new welfare program was named Temporary Assistance for Needy Families (TANF), and states were given block grants to administer. The legislation also included participant work targets that each state had to meet, and it established a five-year limit on recipient benefits. In 2003, Congress passed additional legislation creating incentives for states to promote marriage, and many states subsequently changed their eligibility requirements to make it easier to assist two-parent families.

The Fiscal Research Center houses TANF data from the Georgia Department of Human Services. This data snapshot looks at monthly changes in the composition of the TANF caseload between 2000 and 2014 and the extent to which recipients are more or less likely to hold a job or be married after receiving TANF benefits.

**Figure 1: Georgia's Welfare Entry and Exit in the Post-Reform Period**

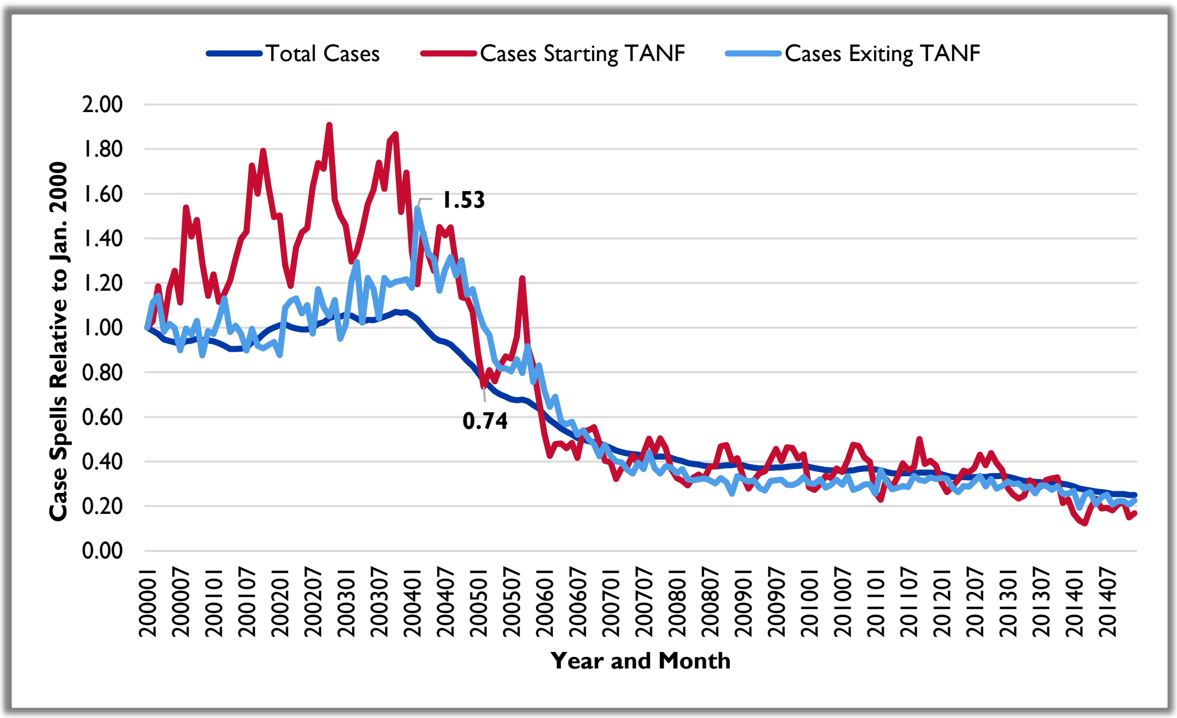

Figure 1 shows the relative change in the number of people entering and exiting Georgia's TANF program every month from January 2000 to December 2014. All numbers on the Y axis are normalized at one for January 2000, which means that each number can be interpreted as a percentage difference relative to January 2000. So in August 2014, the total TANF caseload was 20 percent of the January 2000 amount. The X axis shows the year and month of entry or exit. The values of the X axis are displayed in five-month intervals for space reasons, 200001 is January 2000, 200006 is June 2000, and so forth.

A household is counted as having exited if it did not return to the welfare roll for at least two months after exiting; therefore, the graph is capturing "welfare spells" because often people cycle on and off of welfare with intervals between exit and re-entry. If a household were to re-enter the TANF program after two months, it would be considered a new entry. The two-month observation interval allows measurement of the entry of new cases into the TANF system with the understanding that a new case does not necessarily mean a new household.

To give a sense of the magnitude of the changes, in 2000, the total caseload was 55,984; 2,504 new cases were recorded, and 3,398 cases were closed, so the cases closed are slightly overstated relative to the base year, and new cases are slightly understated. In 2014, the total caseload was 13,979; 422 new cases were recorded, and 767 exited.

Between 2000 and 2003, overall the number of welfare cases entering TANF was larger relative to the reference year than cases exiting. The caseload grew to 59,844 in the final month of 2003. In 2003, Gov. Sonny Perdue was elected and initiated a major effort to shift emphasis away from cash welfare benefits to work. The impact of this policy shift was significant. In the first quarter of 2004, those leaving the TANF roll increased by 53 percent over the January 2000 base month, and in the first quarter of 2005, new entrants declined to 74 percent of the base year amount. By the end of 2005, the caseload was 35,674 (63 percent of the base year amount, or a 47 percentage point decline). Since 2005, the caseload steadily declined throughout the sample period, reaching 20 percent of the base year amount in 2014 (an 80 percentage point decline). Notably, the caseload continued to decline throughout the Great Recession. In December 2008, the caseload was at 39 percent of the base year amount and stayed below this amount throughout the recession; in December of 2013, the state caseload was at 30 percent of the base year amount.

**Figure 2: Georgia's Welfare Entry and Exit in the Post-Reform Period**

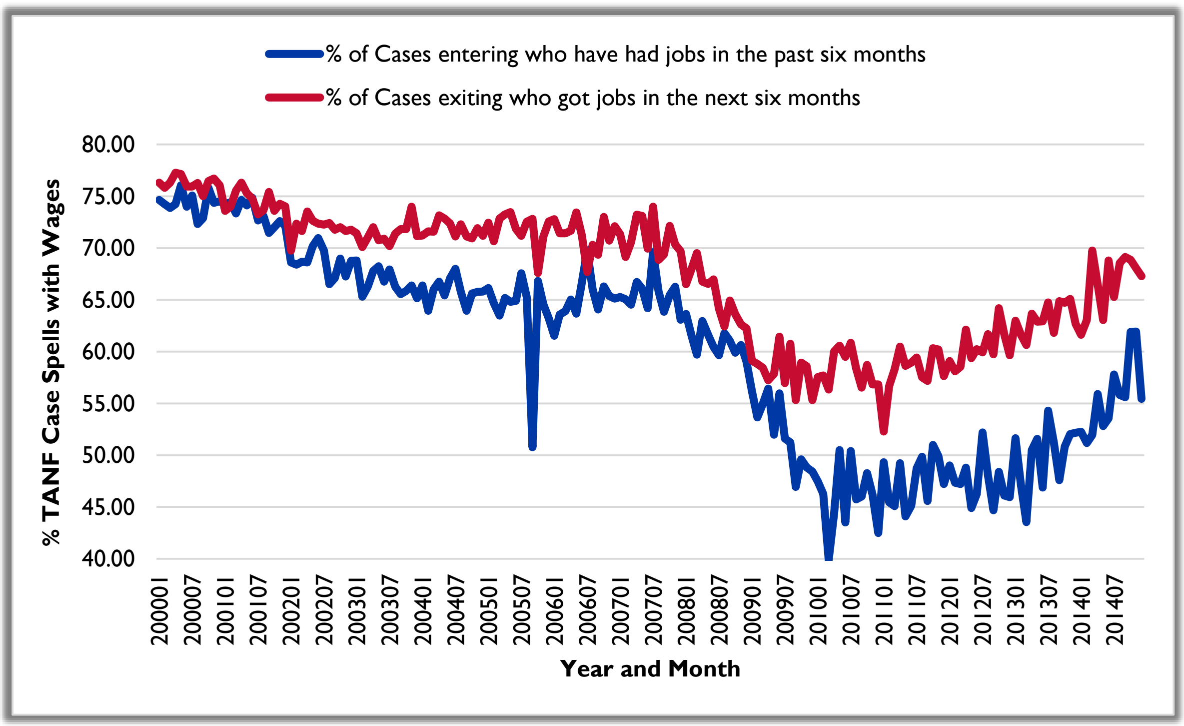

Figure 2 compares the percentage of cases each month entering Georgia's TANF program that had held jobs in the previous six-month period with the percentage of cases exiting the program who were able to attain employment within six months after exiting. Both groups were similar at the beginning of the period, but their trajectories began to diverge after 2002, with a larger gap opening in 2004, again coinciding with the change of administration.

On the one hand, over this period, those entering welfare were increasingly less likely to have had a job in the preceding six months, suggesting that the cases were likely to be more difficult to place. Although further analysis would be required to be conclusive, this chart supports the assertion that the effort to get people into jobs was effective because more people had jobs after leaving welfare than had jobs prior to entering the program. The effect of the recession is evident in the 2008 to 2009 period, when the lines converge, but there is a noticeable difference in employment in the population coming in and the population leaving from 2009 onward.

**Figure 3: Difference Between Percent Leavers with Wages and Percent Starters with Wages**

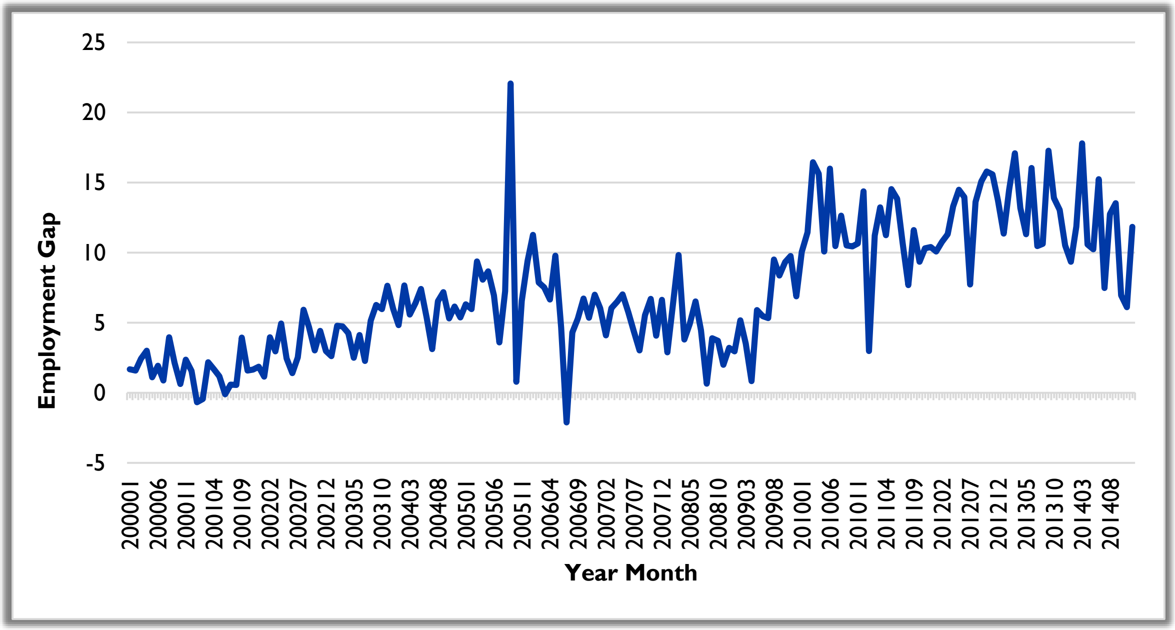


Figure 3 shows the same data in a different way, subtracting the difference in percentages between the TANF starters with wages (within six months) from the leavers with wages (within six months).

**Figure 4: Married Couples and TANF**

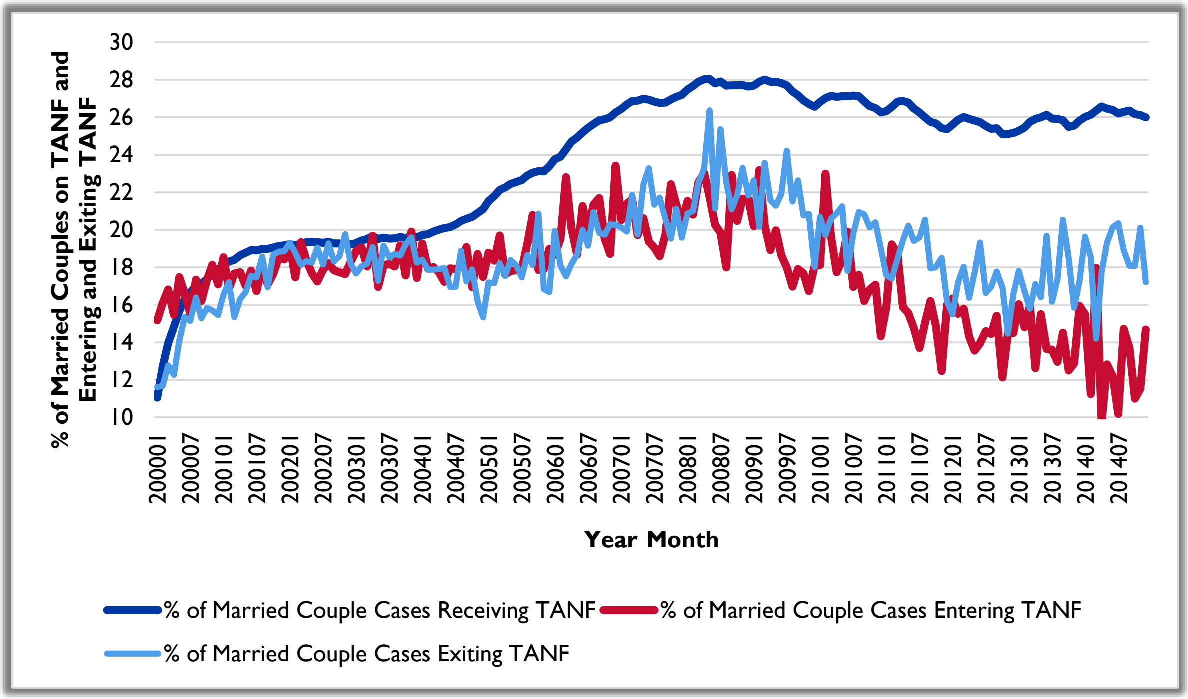


Figure 4 shows the percentage of married couple cases receiving TANF benefits, as well as the percentage of married couple cases entering and exiting Georgia's TANF system. There are several jumps in the number of married couples as a percentage of the caseload. Between 2000 and 2001, the percentage leapt from 11 to 19 percent, and then from the beginning of 2004 to 2008, the percentage climbed from 19 to 28 percent. Meanwhile, the percentage of those married upon entering the system compared to those married when leaving largely stayed equivalent until around 2009, when the percentage who were married and entering the welfare system began to drop consistently below those leaving. By July 2014, the percentage of married couple cases entering TANF had fallen to 10 percent whereas the percentage of married couple cases exiting TANF had risen to 20 percent.

**Figure 5: Heads of Household**

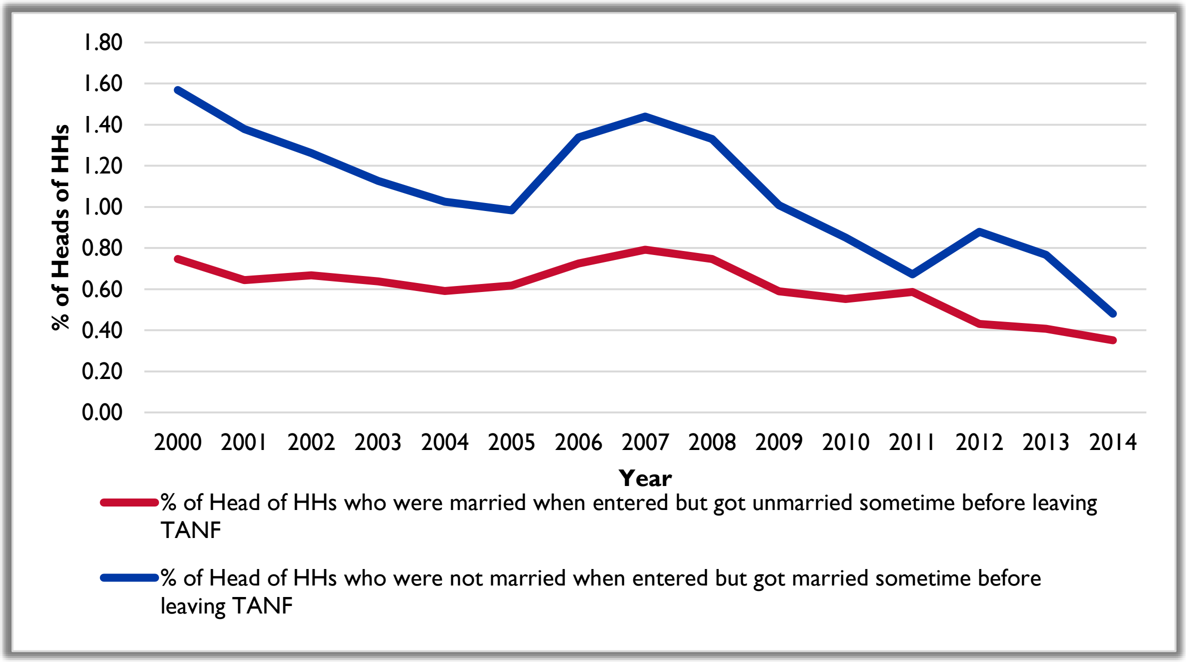


Figure 5 depicts percentage changes in the marital status of heads of households among Georgia's TANF cases between 2000 and 2014. In general, since 2000, more people got married while on Georgia's TANF than "got unmarried," but the lines are converging. The difference between these two groups was widest in 2000 and has declined and converged steadily since then, with only a brief reversal in the mid-2000s prior to the recession. Also, the overall degree of percentage change for both groups is only slightly more than 1 percent, meaning that the data overall do not show that the TANF program had much impact on the marital status for program beneficiaries.

## About the Authors

**Lakshmi Pandey** is a senior research associate with the Fiscal Research Center. He specializes in working with administrative data and also provides analytical and technical support on research projects, such as welfare to work, the Supplemental Nutrition Assistance Program and unemployment insurance for U.S. Department of Agriculture, census data analysis, geographical information systems, incorporation and cityhood studies, and many others. He received his doctorate from Banaras Hindu University in India and has worked at Washington State University and State University of New York at Buffalo prior to Georgia State University.

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