

# TODAY'S SAFETY NET: STRENGTHS AND SHORTCOMINGS

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# SUMMARY

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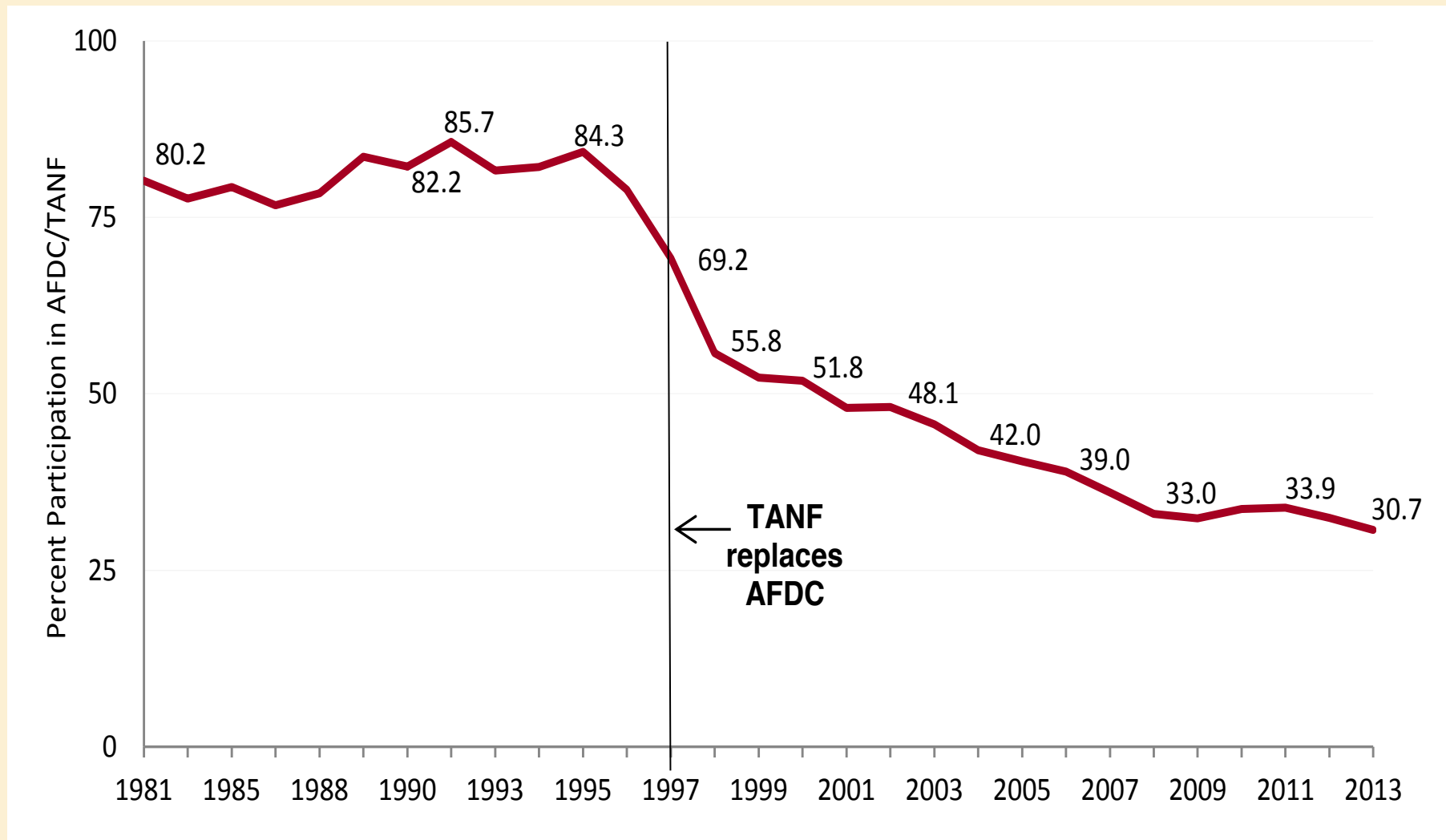
- ❑ The U.S. has increased its financial commitment to fighting child poverty over the past few decades
- ❑ More aid is now directed to low-income, working families
- ❑ Less goes to families unable to maintain employment, and what there is often takes the form of in-kind aid
- ❑ Low-income families today experience high levels of income instability
- ❑ Our safety net is not well designed to address this, both because of its reliance on annual tax credits and its patchwork nature
- ❑ Changes to the safety net should target cash assistance for our very poorest families, and increased stability

# INTRODUCTION

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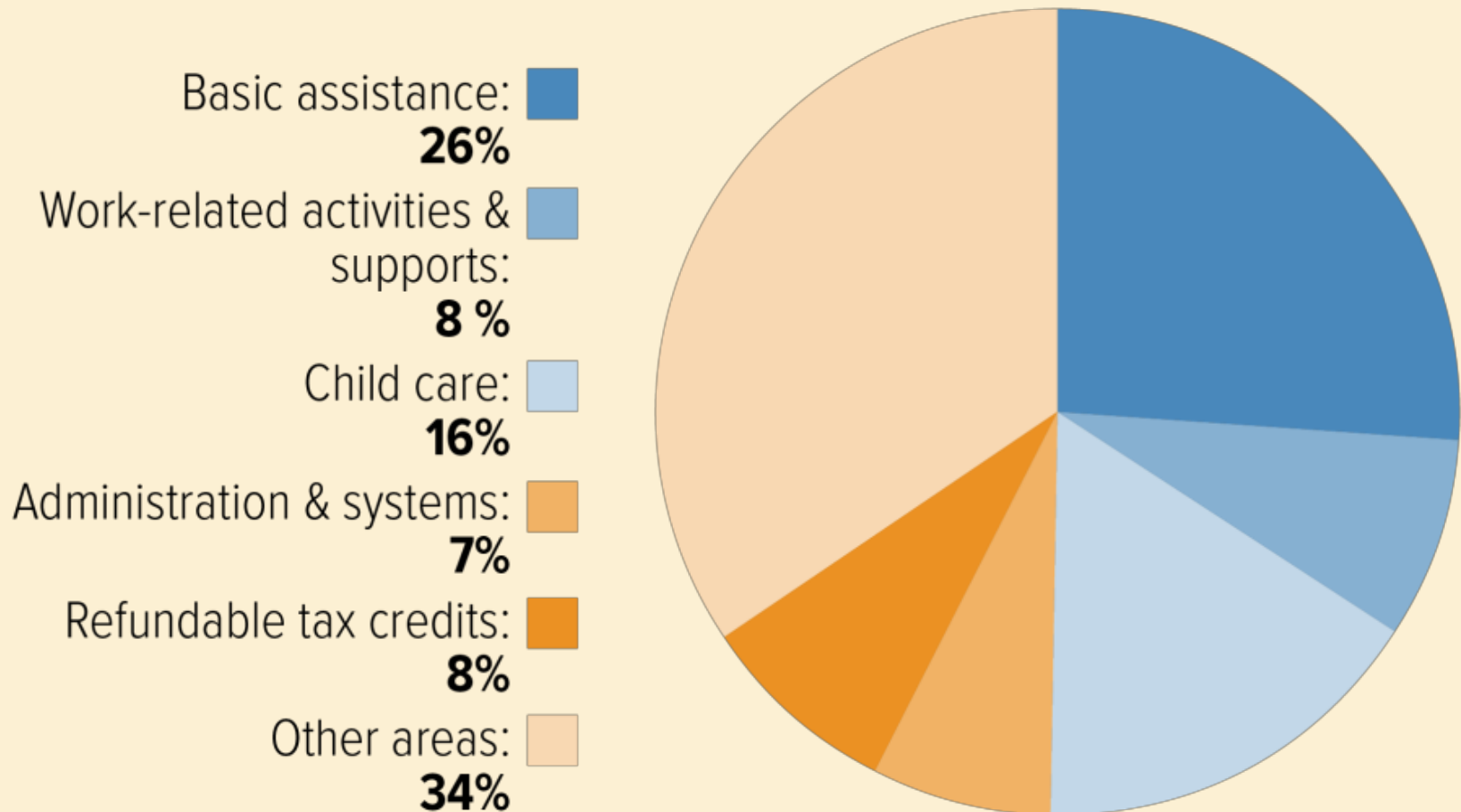
- ❑ The 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) ended the only cash entitlement program for poor families with children, AFDC
- ❑ It was replaced with TANF, a block grant for which a small fractions of dollars are spent on cash assistance
- ❑ TANF is known for imposing time limits and work requirements, but loopholes mean that states are able to circumvent these to a large degree
- ❑ What is the state of TANF?
  - ❑ “They just aren’t giving that out anymore.” – *Modonna, \$2.00 a Day*
  - ❑ TANF declines to 3.9 million recipients (600,000 adults) in 2016
  - ❑ Down from 13.4 million recipients in 1995

**Figure 8. Rates of Participation in AFDC/TANF Cash Assistance, Among Those Eligible to Participate, 1981 to 2013<sup>x</sup>**



Source: Administrative data from the U.S. Department of Health and Human Services, Administration for Children and Families. Microsimulation model TRIM3 and the Current Population Survey's Annual and Social Economic Supplement.

# How States Spent Federal and State TANF Funds in 2014



Note: Total does not add to 100% due to rounding. TANF = Temporary Assistance for Needy Families.

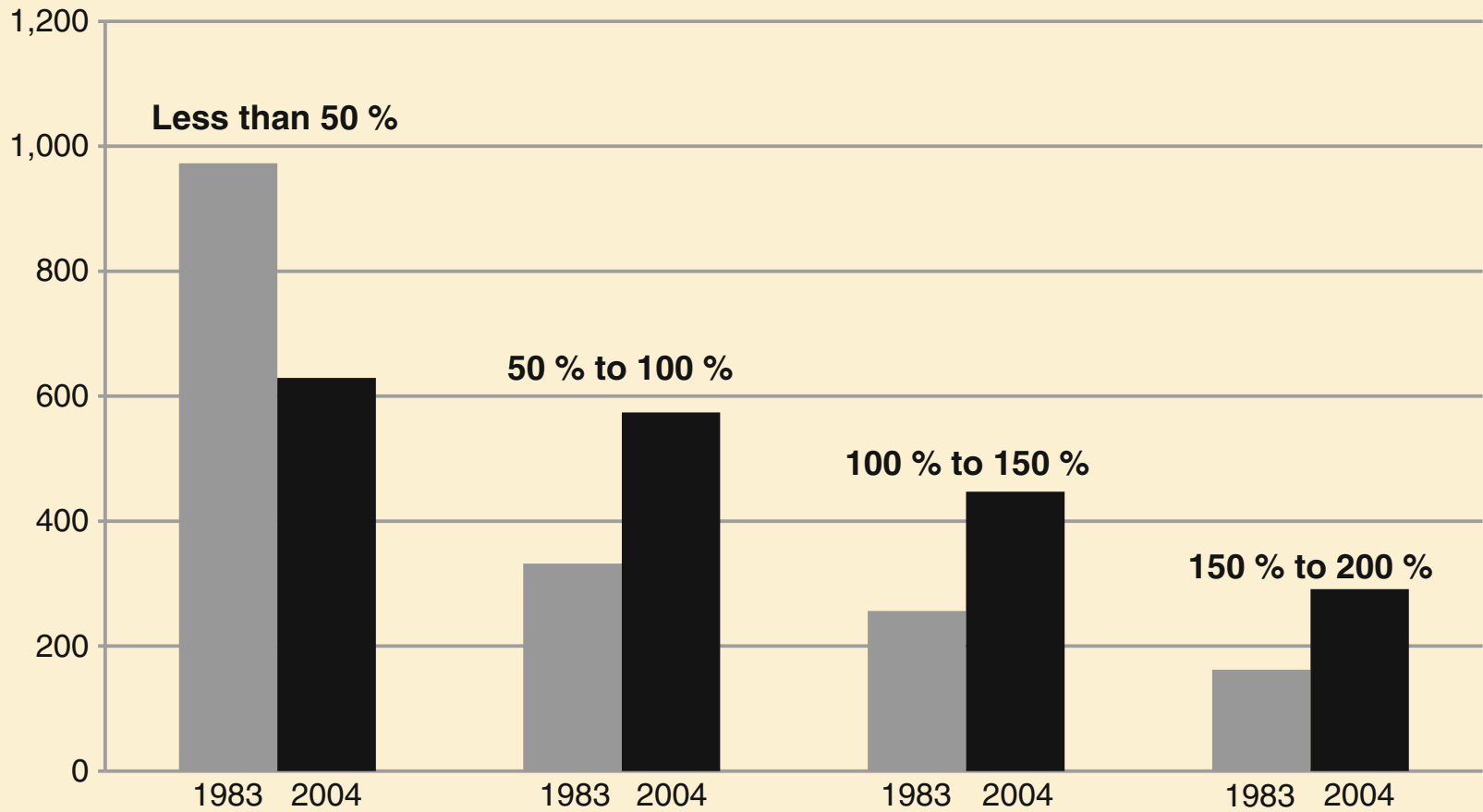
Source: CBPP analysis of HHS 2014 TANF financial data

# INTRODUCTION II

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- ❑ Other means-tested income support has grown since the 1990s, but aid is directed to working poor families:
  - ❑ SNAP eligibility is liberalized in the 2000s, mainly impacting the working poor
  - ❑ Refundable tax credits are greatly expanded
  - ❑ Public health insurance is extended to the children of low-income working families
- ❑ Result: Aid to the poor has become stratified
  - ❑ The amount of federal aid dollars flowing to poor families with children grows, but not uniformly so
  - ❑ More aid is provided to working poor families than ever before
  - ❑ The amount of aid for non-working families has been reduced, and shifted away from cash and toward in-kind sources

# AID INCREASES AMONG SINGLE PARENT FAMILIES ABOVE 50% OF POVERTY; FALLS FOR THOSE BELOW



**Fig. 6** Monthly benefits received in 1983 and 2004 for non-elderly, nondisabled single-parent families by private income level. All values are in 2009 CPI-U-RS dollars

Moffitt, 2015, Data from the Survey of Income and Program Participation

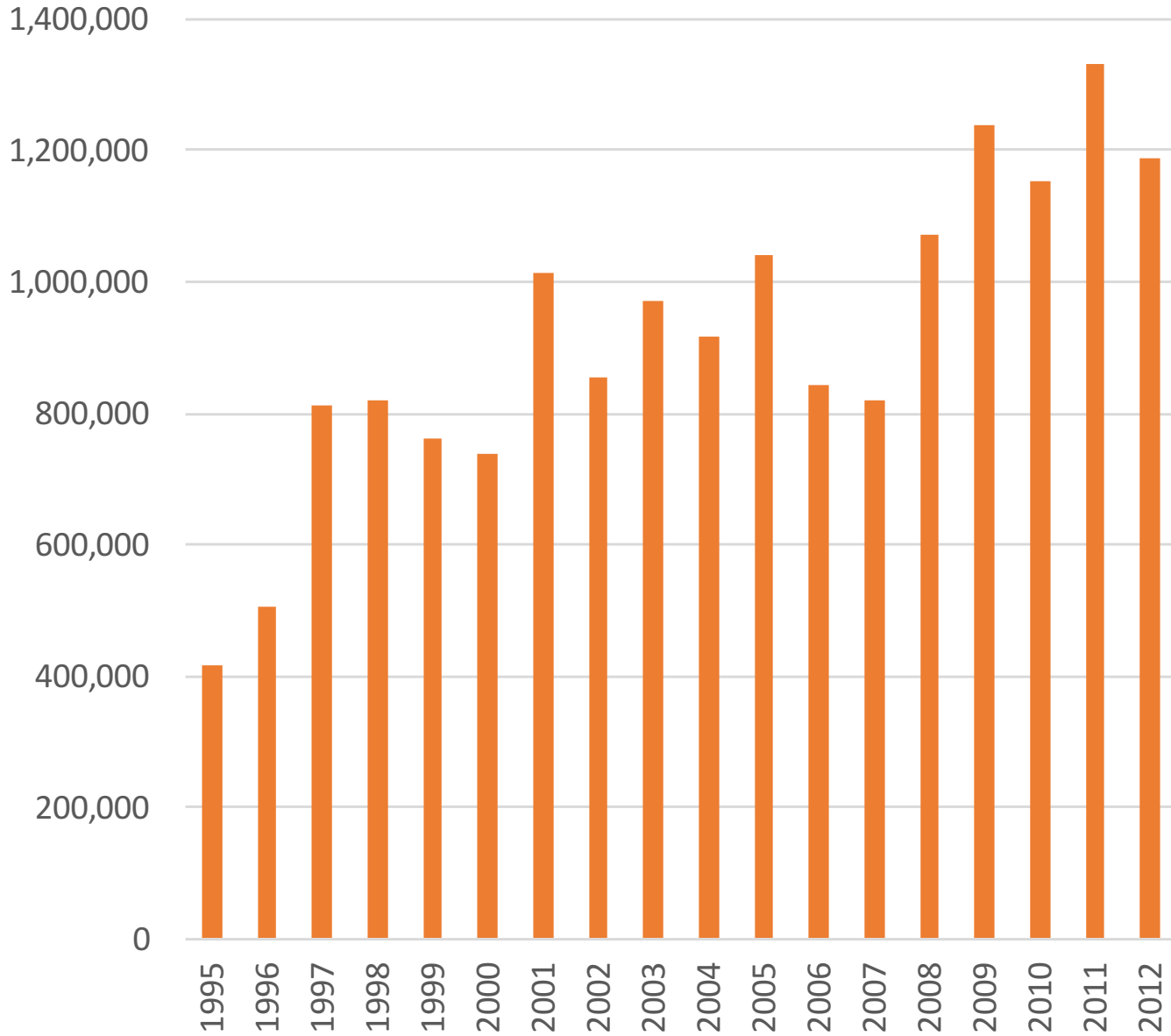
# NUMEROUS RESEARCHERS FIND THAT POLICY SHIFTS HAVE LEFT THE POOREST FAMILIES BEHIND

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- ❑ Moffitt's work (2015) shows stratification of the poor, other research yields similar conclusions (Ziliak 2015; Trisi & Sherman 2016)
- ❑ A series of papers document the rise of “disconnected” single mothers (Blank 2007; Haskins 2004; Loprest 2011)
- ❑ Recent research finds TANF was not responsive during the Great Recession, and deep poverty became more cyclical (Bitler & Hoynes 2016; Garfinkel, McLanahan and Wimer 2016)
- ❑ Circa 2010, I found myself in more and more homes where families were surviving on virtually no cash
- ❑ We wanted to see if there was evidence of this trend in the aggregate
- ❑ Earlier work shows evidence of increases in extreme poverty using a variety of definitions of income

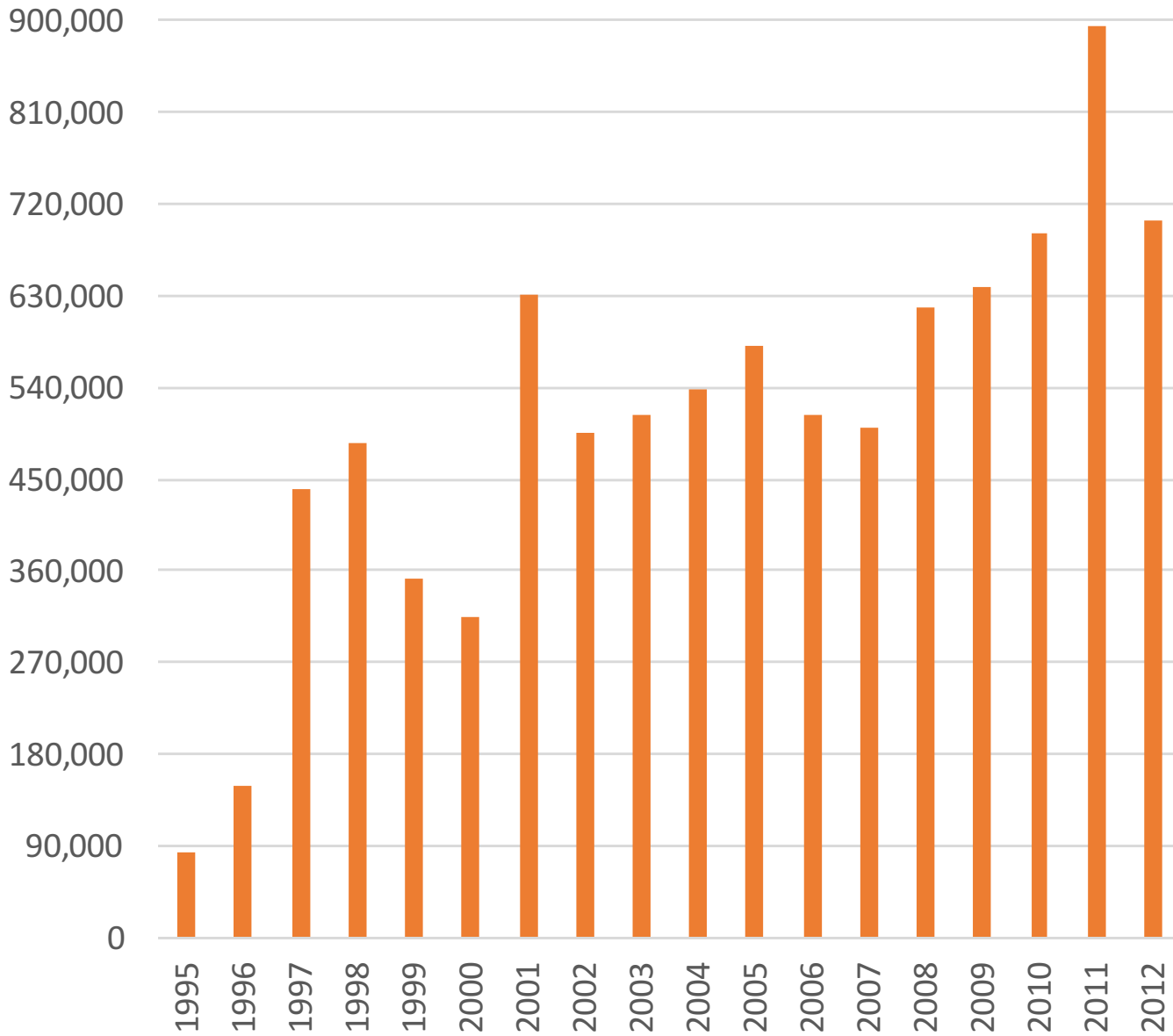


## Number of Children in Annual \$2-a-Day Poverty in TRIM Data Adjusted for Underreporting in TANF and SSI



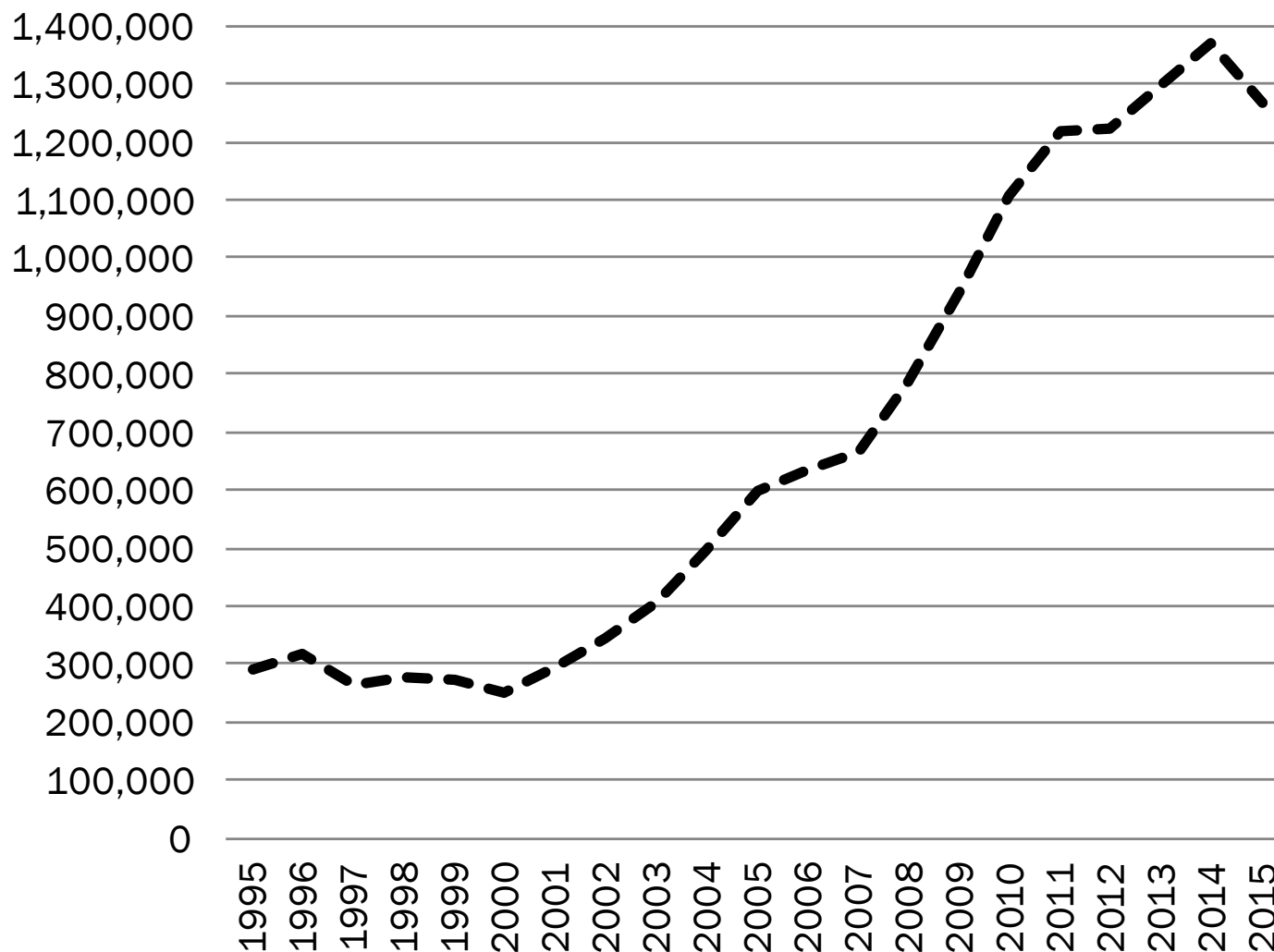
See [www.twodollarsaday.com/blog/](http://www.twodollarsaday.com/blog/)

## Number of Children in Female Headed Households in Annual \$2-a-Day Poverty in TRIM



See [www.twodollarsaday.com/blog/](http://www.twodollarsaday.com/blog/)

## SNAP (Food Stamps) Households with Children Reporting No Other Source of Cash Income

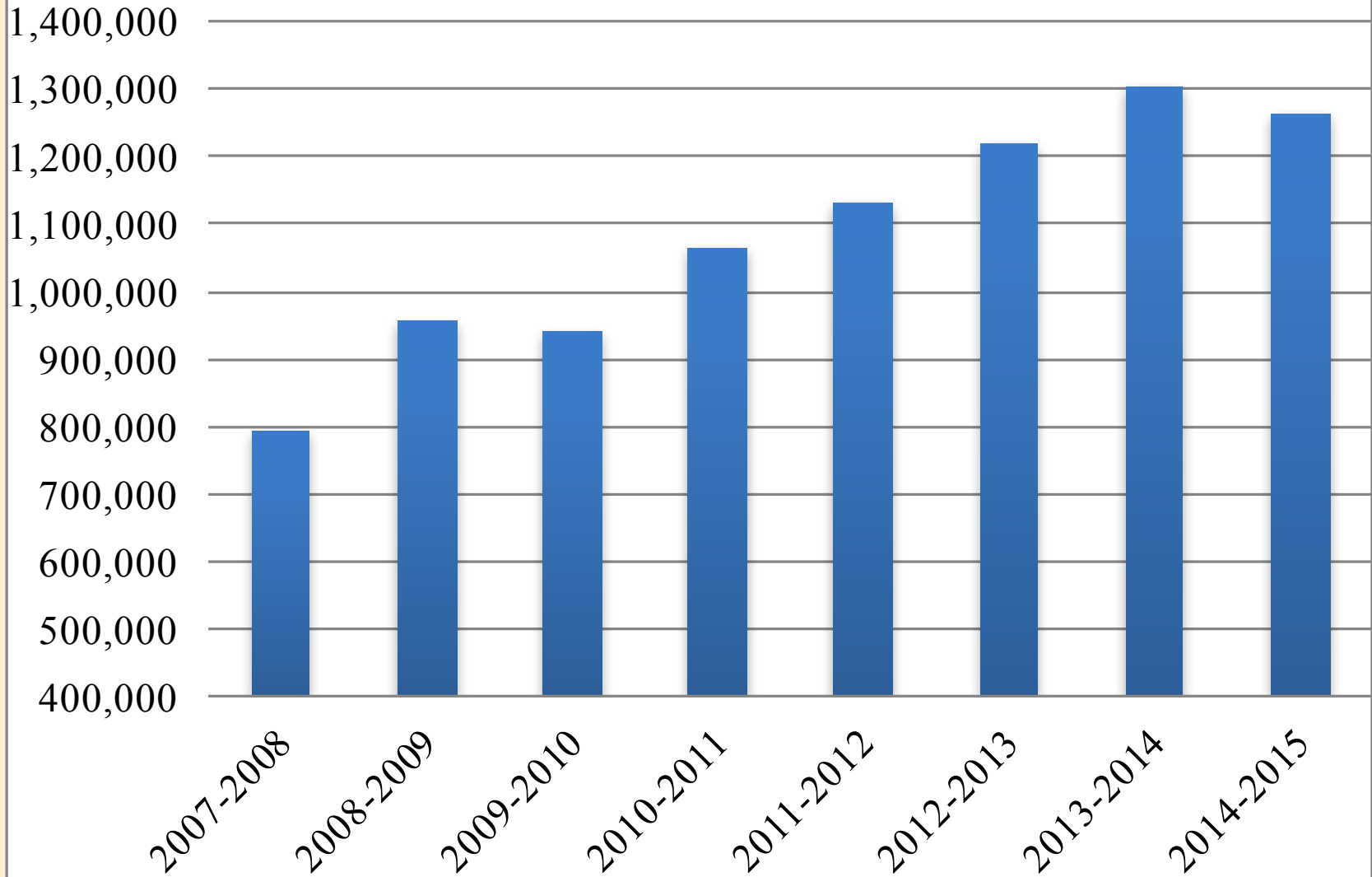


Characteristics of Supplemental Nutrition Assistance Program Households, Income at certification.

Fiscal Years 1995-2015. Reports available by year:

[www.fns.usda/ops/supplemental-nutrition-assistance-program-snap-research](http://www.fns.usda/ops/supplemental-nutrition-assistance-program-snap-research). These Households report no other countable income.

# Count of Homeless/Residentially Unstable Students in the U.S.



Children are counted if doubled up temporarily, in shelters or unsheltered

Source: National Center for Homeless Education, Data Collection Summaries

[http://center.serve.org/nche/pr/data\\_comp.php](http://center.serve.org/nche/pr/data_comp.php)

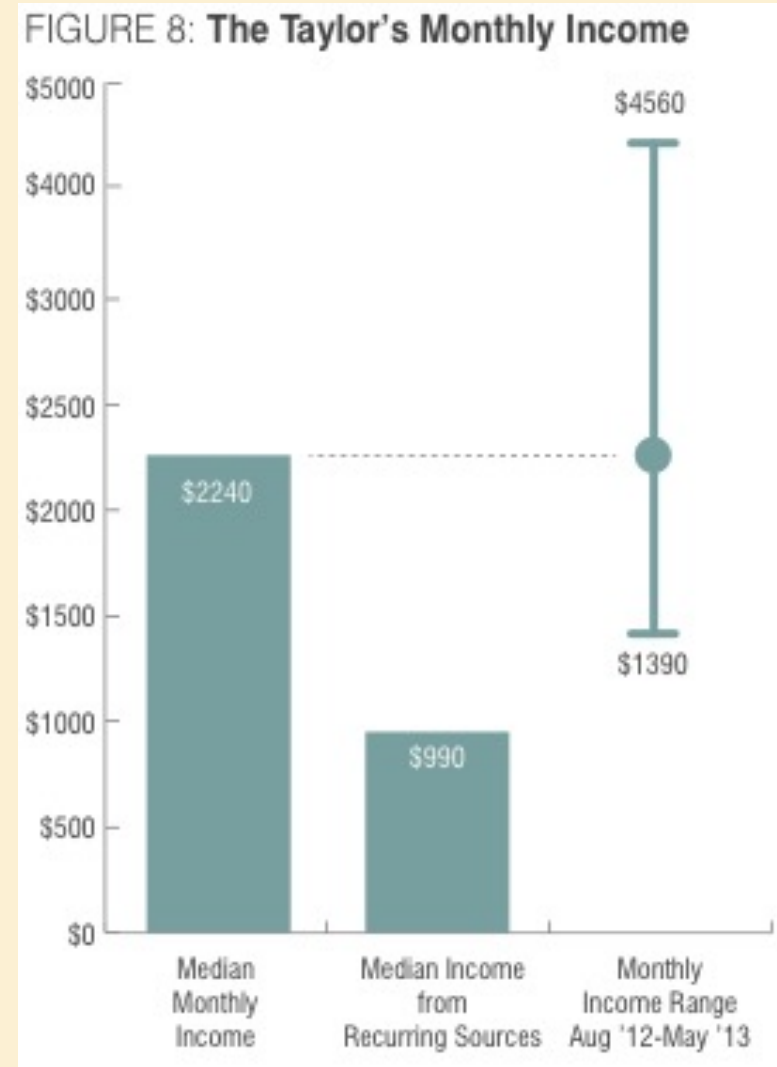
# INCOME INSTABILITY

Recent research further finds that families face significant income volatility, both during and across years, and this appears to be getting worse over time:

- ❑ Sandstorm & Huerta 2013
- ❑ Jacobs & Hacker 2008
- ❑ Morduch & Schneider 2017
- ❑ Western et al 2016

Our reliance on annual refundable tax credits means the safety net is not well designed to account for this

- ❑ Halpern-MeeKin et al. 2015



“Spikes and Dips” The Financial Diaries Project