

Policy Brief

Policy Brief: Reallocation Surplus for Needy Children in the Tennessee

Problem Statement

- In Tennessee, there is currently a surplus in place to help needy families. The surplus has thus far increased to over 700 million dollars, more than enough to help the families who need it.¹
- There are currently 22% of children living in poverty. The range between the wealthiest and poorest counties is significant with a low 5.2% in Williamson County to a high of nearly half 49.1% in Lake County. Racial and ethnic differences also contribute to integrational cycles of poverty that can be hard to break. White children are least likely to be in poverty in every category. Hispanic children are more likely to be economically disadvantaged, while black children are most likely to live in extreme poverty.²
- About 15 percent of children live in areas of concentrated poverty, which is associated with high crime rates and low social mobility. Research shows that growth in concentrated poverty is highest in medium-sized metropolitan and suburban areas, while the urban base of concentrated poverty remains high.²
- Deepening poverty is directly linked to homelessness and food insecurity/hunger for many Americans and children are particularly affected by these conditions.³ The increase in surplus would be able to help curb some of these issues faced and allow for families to gain proper access to needed resources.

Current Policy Situation and Gaps

- The Temporary Assistance for Needy Families (TANF) block grant, enacted in 1996, replaced Aid to Families with Dependent Children (AFDC), which provided cash assistance to families with children experiencing poverty.
- Cash assistance received, averages around \$387 dollars per family. These allocation amounts are very low, and families can benefit more from the accumulated surplus. The low cash assistance is not able to meet basic needs such as housing. Most TANF don't receive housing subsidies and TANF benefits alone don't cover average housing cost. The monthly benefits for a family of three is now below the average cost of a modest 2-bedroom apartment.⁴
- TANF case loads fell in the late 1990s due to the 4% fall of unemployment. States then shifted funds for other purposes. When the economy slowed and cash assistance was needed by families, states were unable to reclaim those funds to help the growing number of families that needed it. States responded by cutting TANF benefits and tightening eligibility rules by shortening and tightening limits.⁵

1 Marais, B. (2021, January 31). Proposed "TN Opportunity Act" aimed to use surplus TANF funds to help families in need by end of 2021. WJHL | Tri-Cities News & Weather. <https://www.wjhl.com/news/regional/tennessee/proposed-tn-opportunity-act-aimed-to-use-surplus-tanf-funds-to-help-families-in-need-by-end-of-2021/>

2 Building, A. (n.d.). Tennessee Commission on Children and Youth. Retrieved December 6, 2021, from <https://www.tn.gov/content/dam/tn/tccy/documents/kc/kc-soc/kcsoc17.pdf>

3 American Psychological Association. (2009). Effects of Poverty, Hunger and Homelessness on Children and Youth. <https://www.apa.org>. <https://www.apa.org/pi/families/poverty>

Policy Recommendations

Our recommendations are to reallocate funds to families from the TANF surplus that has accumulated more than 700 million dollars.⁶ For instance, a family of one receives around \$184 a month, that amount can be increased to \$475 using the TANF surplus. The reallocation of funds will be a step to help families meet basic needs like housing and decrease food security. The increase in funds will not cause taxpayers to pay any additional funds because the increase will be coming directly from the surplus.

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The increase in funds during early childhood can significantly improve a child's future. The lack of increasing funds prevents needy families from addressing basic needs which eventually impacts children. The limited access to funding also put these families on a downward spiral making it even harder for them to get back on their feet.⁷

Conclusions

Cash assistance TANF benefits are inadequate to address child poverty in Tennessee. We recommend the increase in cash assistance to the cash assistance program to better support needy families. The increase would be funded by the state's TANF surplus.

4 Floyd, I. (2018, August 21). TANF at 22: Still Failing to Help Struggling Families Meet Basic Needs. Center on Budget and Policy Priorities. <https://www.cbpp.org/blog/tanf-at-22-still-failing-to-help-struggling-families-meet-basic-needs>

5 Trisi, D., & Pavetti, L. (2012, March 14). TANF Weakening as a Safety Net For Poor Families. Center on Budget and Policy Priorities. <https://www.cbpp.org/research/tanf-weakening-as-a-safety-net-for-poor-families#:~:text=%20Reasons%20for%20its%20failure%20include%3A%20%201>

6 Gurak, N. (2021, February 1). What the TANF "surplus" really means for low-income families. Healthy and Free Tennessee. Retrieved from: <https://www.healthandfreetn.org/what-the-tanf-surplus-really-means-for-low-income-families>.

7 Meyer, L., & Floyd, I. (2015, June 16). Cash Assistance Should Reach Millions More Families to Lessen Hardship. Center on Budget and Policy Priorities. <https://www.cbpp.org/research/family-income-support/cash-assistance-should-reach-millions-more-families-to-lessen>