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## Life After TANF in Kansas: For Most, Unsteady Work and Earnings Below Half the Poverty Line

By Tazra Mitchell and LaDonna Pavetti\*

Beginning in November 2011, Kansas Governor Sam Brownback and a Republican-controlled legislature enacted a series of punitive eligibility changes in the state’s Temporary Assistance for Needy Families (TANF) cash assistance program that made it harder for parents who lose their job or cannot work to receive the support needed to pay rent and utilities and afford basic goods. Supporters claimed that removing these supports would push families to work — implying that TANF recipients do not work, though most do — and the Brownback administration has since claimed that affected families’ experiences demonstrate that “employment is the most effective path out of poverty.”<sup>1</sup> However, the facts available do not support these claims.

Our analysis of state-collected data on the employment and earnings of Kansas parents leaving TANF cash assistance between October 2011 and March 2015 indicates that the vast majority of these families worked before and after exiting TANF, but most found it difficult to find steady work and secure family-sustaining earnings. For those exiting due to work-related sanctions and time limits, TANF policies left these families with children without access to cash assistance that they could draw upon when they hit hard times. Our main findings include:

- **Most parents leaving TANF had jobs at some point, before and after leaving the program.** The vast majority — 84 percent — of parents that left TANF worked at some point over the period examined (namely, the calendar quarter in which they exited TANF as well as the four quarters before and the four quarters after their exit). Moreover, work was just as common in the year *before* exit as in the year *after* exit: 7 in 10 parents worked at some point in each period.
- **Work was common but for most it was unsteady.** About a third of the TANF parents were steady workers, working in at least seven of the nine quarters. Just over a fourth worked in four to six quarters and about one-fifth worked in just one to three quarters (see Figure 1). Because work was unstable, in any given quarter of the post-exit year, only 55 percent of parents that left TANF were working. This suggests that the barriers to work that many families face, such as lower

\* Yixuan Huang conducted the data analysis for this report.

<sup>1</sup> “New Report Details Success of Kansas Employment Policies,” Kansas Department for Children and Families, August 1, 2017, <http://www.dcf.ks.gov/Newsroom/Pages/New-Report-Details-Success-of-Kansas-Employment-Policies.aspx>.

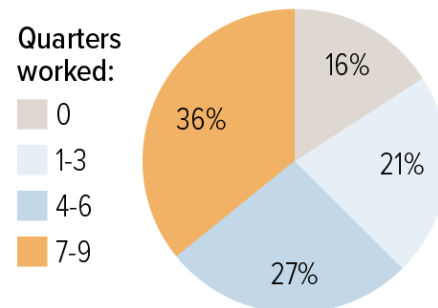
education and volatile work schedules, continue to affect their employment prospects after they leave TANF.

- **Although some parents' earnings rose after leaving TANF, the majority remained far below the federal poverty line.** Some parents had earnings increases after exit, but in the year after leaving TANF, nearly two-thirds of parents had either no earnings or earnings below 50 percent of the poverty line (or below \$10,080 for a family of three in 2016, hereafter “deep-poverty earnings”).<sup>2</sup> Nearly the same share had deep-poverty earnings *four* years after exit, data for the parents who exited TANF in the early part of the study show. Among the parents with four years of post-exit data, their median annual earnings in the fourth year after exit were just 71 percent of the income a family would have received from TANF if they had no earnings and received the full benefit for a family of three every month that year.
- **Evidence does not support proponents' claims that families terminated from TANF due to policies such as harsh work sanctions and shorter time limits were thriving.** For the parents exiting due to work sanctions and time limits for whom we have four years of exit data, median earnings in the fourth year after exit were especially low: \$2,175 (11 percent of the poverty level) and \$1,370 (7 percent of the poverty level), respectively. For the parents exiting due to work sanctions, after four years more than one-third of them had no earnings, nearly 7 in 10 had no earnings or earnings below the deep-poverty level, and more than 8 in 10 had no earnings or earnings below the poverty level.

FIGURE 1

## Work Was Common But Not Steady for Kansas Parents Leaving TANF

Share of parents by number of quarters\* worked



\*The period examined covered nine calendar quarters, including the year before the parents left TANF, the quarter in which they left, and the year after leaving

Source: CBPP analysis of state-collected data on the employment and earnings of Kansas adults leaving TANF cash assistance between October 2011 and March 2015

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These outcomes demonstrate that most families exiting TANF did not make considerable progress towards economic security. They are consistent with other TANF studies suggesting that work requirements and other rigid eligibility policies in TANF do little over the long term to help families find work and escape poverty.<sup>3</sup> These findings sharply contradict claims by Kansas and the Foundation for Government Accountability (FGA), an organization that promotes state work requirements in economic security

<sup>2</sup> While parents' earnings alone may have not lifted a family out of poverty and/or deep poverty, other sources of income — such as child support or food assistance — may have lifted them above the threshold. This report focuses only on reported earnings as detailed in the Appendix I: Methodology section of this report.

<sup>3</sup> LaDonna Pavetti, “LaDonna Pavetti Testifies Before the House Ways and Means Committee, Subcommittee on Human Services,” Center on Budget and Policy Priorities, April 30, 2015, <https://www.cbpp.org/family-income-support/ladonna-pavetti-testifies-before-the-house-ways-and-means-committee>.

programs such as federal food assistance and Medicaid.<sup>4</sup> As our companion report, “Study Praising Kansas’ Harsh TANF Work Penalties Is Fundamentally Flawed,” details, even FGA’s deeply flawed analysis does not support the claim that families that exited TANF because of a work sanction are thriving.<sup>5</sup>

The substantial evidence that harsh eligibility policies harm families living on the edge should serve as a cautionary tale not only to policymakers in other states, but also to President Trump and Republican congressional leaders, who may seek this year to severely cut other programs — such as SNAP (formerly food stamps), housing assistance, and Medicaid — and encourage (or even mandate) states to pursue similar harsh policies in those programs.

Further, considerable research suggests that extremely low family income, which does not allow families to meet their basic needs, is likely to have long-term negative consequences for the health and development of the children in these Kansas families.<sup>6</sup>

## Recent Policy Changes Reduced Access to TANF Cash Assistance

States have virtually unfettered flexibility to set eligibility policies and processes in TANF.<sup>7</sup> Over the last six years, Governor Brownback and like-minded Kansas lawmakers have used this flexibility to make it more difficult for families to obtain, maintain, and regain TANF benefits by implementing a range of stringent work-related sanctions and time-limit policies.<sup>8</sup> These policies include:

- **Application changes, including upfront job requirements that make it harder for families to receive assistance.** In November 2011, the state began requiring TANF applicants to complete 20 job contacts per week as a condition of eligibility, which means they had to complete these job contacts before their application could be approved.<sup>9</sup> In July 2013, policymakers replaced the pre-

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<sup>4</sup> Nic Horton and Jonathan Ingram, “Work Requirements are Working for Kansas Families: How Welfare Reform Increases Incomes and Improves Lives,” Foundation for Government Accountability, July 31, 2017, <https://thefga.org/wp-content/uploads/2017/07/Work-Requirements-are-Working-for-Kansas-Families.pdf>.

<sup>5</sup> Tazra Mitchell, LaDonna Pavetti, and Yixuan Huang, “Study Praising Kansas’ Harsh TANF Work Penalties Is Fundamentally Flawed,” Center on Budget and Policy Priorities, January 24, 2018, <https://www.cbpp.org/research/study-praising-kansas-harsh-tanf-work-penalties-is-fundamentally-flawed>.

<sup>6</sup> Arloc Sherman and Tazra Mitchell, “Economic Security Programs Help Low-Income Children Succeed Over Long Term, Many Studies Find,” Center on Budget and Policy Priorities, July 2017, <https://www.cbpp.org/research/poverty-and-inequality/economic-security-programs-help-low-income-children-succeed-over>.

<sup>7</sup> Kansas imposes work requirements on most adults applying for and receiving cash assistance and imposes sanctions if an individual does not participate in required work activities. States have flexibility to design their own policies and work programs under TANF, but they must meet a work participation rate (WPR), which measures the share of adults receiving TANF-funded assistance who are participating in a federally defined set of required activities for a certain number of hours per week. Although states have flexibility to permit parents to participate in activities that will not count towards the WPR, most states, including Kansas, generally shape their work requirements to meet the federal activity and hourly requirements to count toward the WPR. In Kansas, work-eligible adults must participate in work activities for an average of 30 hours per week (20 for a single parent of a child under age 6).

<sup>8</sup> Kansas TANF Caseload Reduction Reports for Fiscal Years 2015 and 2016, <http://www.dcf.ks.gov/services/ees/Documents/Reports/Kansas%20FFY%202015%20TANF%20All%20Families%20Caseload%20Reduction%20Report.pdf> and <http://www.dcf.ks.gov/services/ees/Documents/Reports/FY%202016%20TANF%20Caseload%20Reduction%20Report.pdf>.

<sup>9</sup> The state required applicants to complete 20 job contacts before eligibility determination and then to complete 20 job contacts per week before meeting with a caseworker to develop a self-sufficiency plan.

eligibility job search requirement with a requirement that recipients register in the state's public workforce system and complete a work skills assessment before assistance would be approved.<sup>10</sup>

- **Harsher penalties for not meeting the program's work requirements.** In November 2011, Kansas enacted new rules disqualifying an entire family from TANF for three months the first time the family fails to meet the work requirement and for progressively longer periods for repeat instances of noncompliance.<sup>11</sup> (Under the prior policy, sanctioned families could return to TANF as soon as they came into compliance.) Also, in July 2013, the state made it much easier to sanction families for missing a work program appointment, meaning that a family in crisis may lose the help that they need if at the last minute they are not able to inform their caseworker of what's preventing them from attending the scheduled meeting.
- **Shorter time limits.** When Kansas first implemented TANF, it imposed a 60-month limit on receipt of assistance, like the majority of states. But Kansas cut the time limit to 48 months in 2011, to 36 months in 2015, and to 24 months in 2016.<sup>12</sup>
- **Shorter work exemption for parents of infants.** In May 2013, the state narrowed the exemption from work activities for parents with very young children so that only parents whose youngest child is two months old or less can qualify, rather than six months as under the previous policy. This means that parents now have far less time to stay home to bond with their infants during a critical period of cognitive and social development and face the difficult task of finding child care for infants.

These policy changes are not new and not unique to Kansas. In recent years, a number of states implemented harsher work requirements and shorter time limits, despite evidence that these rigid policies exacerbate, rather than reduce, poverty for some of the most vulnerable families.<sup>13</sup> As a result, TANF is largely disappearing in a growing number of states; in 15 states (including Kansas), ten or fewer families receive TANF cash benefits for every 100 families in poverty.<sup>14</sup>

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<sup>10</sup> Lawmakers eliminated an existing work readiness screening at the same time they began requiring the work skills assessment in July 2013. In January 2014, the state began requiring TANF families to produce a valid excuse if they failed to register in the workforce system.

<sup>11</sup> The entire family is disqualified for three months for the first time a family fails to meet the work requirement, for six months for the second instance of noncompliance, for 12 months for the third instance, and for ten years for the fourth. To regain assistance after the disqualification period, the TANF adult(s) must first participate in work activities for the required number of hours.

<sup>12</sup> Ife Floyd, "Kansas Cuts TANF Time Limits – Again," Center on Budget and Policy Priorities, May 16, 2016, <https://www.cbpp.org/blog/kansas-cuts-tanf-time-limits-again-0>. In some cases, the state may grant a hardship extension allowing receipt of TANF cash assistance until the 36-month limit is reached.

<sup>13</sup> LaDonna Pavetti, "Work Requirements Don't Reduce Poverty, Evidence Shows," Center on Budget and Policy Priorities, updated June 7, 2016, <https://www.cbpp.org/research/poverty-and-inequality/work-requirements-dont-cut-poverty-evidence-shows#finding1>.

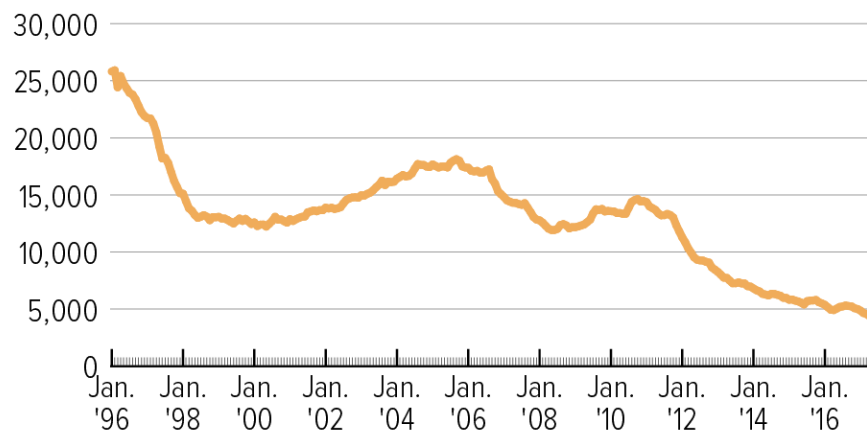
<sup>14</sup> Center on Budget and Policy Priorities, "Kansas' TANF Cash Assistance Is Disappearing for Poor Families," 2016, [https://www.cbpp.org/sites/default/files/atoms/files/tanf\\_trends\\_ks.pdf](https://www.cbpp.org/sites/default/files/atoms/files/tanf_trends_ks.pdf).

## Number of Families Served Fell by Half After Policy Changes

Kansas' TANF cash assistance caseload, hereafter referred to as families served, has fallen substantially since the state implemented its new work and time limit policies (see Figure 2). The number of families served has plummeted by more than half, from 13,014 in October 2011 to 5,231 in October 2016. Previously, that number ebbed and flowed as the economy and low-income programs changed. The steepest drop in families served occurred in the mid-to-late 1990s due to a strong economy, the 1996 welfare law, and other factors such as expansions in the Earned Income Tax Credit. Thereafter, the number rose in the early 2000s, fell in the mid-2000s, and increased again when the Great Recession caused poverty and joblessness to spike. With the recent changes, few families living in poverty now have access to benefits that help them meet their basic needs when work is not feasible or available. For every 100 Kansas families in poverty in 2015-16, only ten received cash assistance from TANF — down from 17 families in 2011-12 and 52 families in 1995-96.<sup>15</sup>

FIGURE 2

### Number of Kansas Families TANF Serves Has Fallen Over Time, But More Sharply After 2011 Policy Changes



Note: Beginning in 2011 Kansas imposed harsh new policies related to TANF work requirements.  
 Source: Caseload data for Aid to Families with Dependent Children and Temporary Assistance for Needy Families from U.S. Department of Health and Human Services for 1996 to Aug. 2006 and CBPP-collected data from states for Sept. 2006 to 2016.

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The decline in the number of families receiving TANF cash assistance reflects both a drop in the number of applications submitted and approved and a rise in the number of people exiting the program. The state estimates that changes in its application requirements and processes — including its upfront work activity requirements — have led to fewer approved TANF applications and are a major cause of the decline.<sup>16</sup> The

<sup>15</sup> *Ibid.*

<sup>16</sup> See Kansas' TANF Caseload Reduction Report for the 2015 fiscal year, which estimated that the sharpest monthly decline in the caseload was because of the upfront work and application requirements (2,501 cases, on average). It also estimated that the time limit led to a monthly decline of 972 cases, on average, and the work appointment policy led to a decline of 674 cases, on average. The Caseload Reduction Report is a mandatory report that states prepare for the U.S. Department of Health and Human

state estimates that other policy changes, including the harsher sanctions and shortened time limit, are another significant factor. The state also estimates that nearly twice as many families will be forced off TANF due to the time limit in fiscal year 2019 as in 2015.<sup>17</sup>

## Analysis Shows How Much Families Earn But Not Why Changes May Have Occurred

In this analysis, we used a data set created by the state that matches data for families exiting TANF with earnings data from the state’s quarterly unemployment insurance wage records. We examined the quarterly employment and earnings patterns for all Kansas households with a parent exiting TANF between October 2011 and March 2015.<sup>18</sup> Any earnings in a quarter — no matter how small — indicate that a person was employed in a job that was required to provide quarterly wage data to the state. Because our analysis is limited to data available from quarterly unemployment insurance records, we do not know how many hours parents worked or their hourly wage. We also do not capture earnings for TANF recipients who may have worked in a neighboring state. Nor do we know whether parents later returned to TANF, unless they returned and then left again within the period examined.

For all families, we compared the data for the four quarters prior to the family’s exit to the four quarters after their exit from TANF. (The full “study period” thus includes nine quarters: the exit quarter along with the four quarters before it and the four quarters after it.)<sup>19</sup> Four years of post-exit data are available for the earliest cohort of leavers, or the “2012 cohort,” and we use these data to examine households’ employment and earnings four years after exiting TANF. We analyzed data for *all* families exiting TANF as well as for subgroups of families according to the reason they exited TANF. Further, we compared earnings to the federal poverty line; while other sources of income — such as child support or food assistance — may have lifted above the poverty or deep-poverty thresholds some families whose earnings alone left them below those thresholds, the state data do not include those sources of support. See Appendix I for more details on the methodology of this study.

This study is a “descriptive” study that allows us to describe employment and earnings trends over time and assess how outcomes differ among various groups of TANF families. These data do not enable us to explain *why* the documented outcomes occur. The gold standard for testing the effectiveness of an intervention is a randomized control trial, which randomly assigns families to a treatment group that is subject to a new set of policies (such as a shorter time limit or work requirement) and compares their

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Services to explain the reduction in the state’s TANF caseload in the previous federal fiscal year. The 2015 fiscal year report is available at <http://www.dcf.ks.gov/services/ees/Documents/Reports/Kansas%20FFY%202015%20TANF%20All%20Families%20Caseload%20Reduction%20Report.pdf>.

<sup>17</sup> *Ibid.*; and A. Deckard, “Estimated Effect of TANF Policies Since Nov 2011,” Department for Children and Families, Testimony to the Legislative Budget Committee, Kansas Legislature, November 8, 2017, [http://www.kslegislature.org/li/b2017\\_18/committees/cte\\_leg\\_budget\\_1/documents/testimony/20171108\\_03.pdf](http://www.kslegislature.org/li/b2017_18/committees/cte_leg_budget_1/documents/testimony/20171108_03.pdf)

<sup>18</sup> While the policy changes began in November 2011, we included October 2011 data in our analysis in order to evaluate the same cohorts of parents that the Foundation for Government Accountability evaluated. Also, the state-created data set included earnings data on a quarterly basis, so including October data enabled us to provide a full quarter of data for the last quarter in 2011.

<sup>19</sup> We include the employment and earnings data for the exit quarter (that is, the quarter in which the household leaves TANF) when analyzing employment over the study period but not when comparing a household’s earnings in the year before and after exit.

outcomes with those from a control group subject to the previous policies. Only then can the differences between the two groups be attributed to the intervention.

Descriptive studies like this one do not provide evidence of whether recent policy changes in Kansas boosted employment and earnings — policymakers’ purported goal — but they can increase our understanding of the economic and work experiences of TANF families, highlight groups of families whose outcomes may be troubling such as those with very low earnings, and suggest areas for rigorous experimentation aimed at improving such experiences.

### Case Characteristics and Reasons for Exits

Some 22,505 household heads (hereafter “parents”) exited TANF between October 2011 and March 2015. The average household included approximately three people (see Table 1). Most of the households — about 83 percent — were single-parent households; 17 percent were two-parent households. Our unit of analysis in this study is adults in the family, meaning that parents’ earnings are combined for multiple-parent households.<sup>20</sup>

TABLE 1

#### Characteristics of Exiting Cases, October 2011 to March 2015

Household Size	Count	Percent
1 member	1,073	4.8%
2 members	8,607	38.2%
3 or more members	12,825	57.0%
Average	2.94	/
Total number of exiting households	22,505	100%
Number of Households by Number of Adults	Count	Percent
1 adult	18,587	82.6%
2 adults	3,905	17.4%
3 adults	13	<1.0%
Average	1.17	/

Parents in this study left TANF for various reasons. Nearly 3 in 10 exited due to failure to meet work requirements, just over 2 in 10 exited due to income above the eligibility limit, and about 1 in 10 exited due to time limits. The rest exited for reasons including failing to cooperate with child support enforcement requirements, moving out of state or ending contact with caseworkers, and vague or unspecified household decisions such as requesting to close their case.<sup>21</sup>

<sup>20</sup> In any given quarter, nearly 80 percent of the two-adult households had only one adult working in that quarter. Also, fewer than 5 percent of all households overall included no children. As such, “parents” is a reasonable proxy for adults in the household in this study.

<sup>21</sup> Case closures due to failure to cooperate with Child Support Enforcement requirements and households moving out of state or loss of contact accounted for small percentages: 5 percent (1,056 cases) and 4 percent (996 cases), respectively. About 29 percent, or 6,635 case closures, were due to vague and/or unspecified household decisions.

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## TANF Serves Kansas Families Living on the Edge, Most with Young Children

The 1996 welfare law replaced the Aid to Families with Dependent Children entitlement program with the TANF block grant, which provides funds to states for short-term income assistance, work programs, and other crucial supports for families with children living in poverty. Families often turn to TANF when a change in their circumstances — such as losing a job, giving birth, getting divorced, fleeing domestic violence, or experiencing a medical issue — places them in a particularly vulnerable situation. The average family using TANF cash assistance in Kansas consists of one parent and two children, with two-thirds of families having children ages 5 and under.

To be eligible for assistance initially, families must earn no more than \$519 per month (for a family of three). For families already receiving cash assistance, access to regular benefits ends when their income exceeds \$1,162 per month (for a family of three). To smooth the transition off TANF, families reaching this income level become eligible for a special \$50 “post-TANF” payment for five months.<sup>a</sup> (These families account for about 20 percent of all exits in this leavers study.) A family of three with no income receives a maximum monthly cash grant of \$429.<sup>b</sup>

<sup>a</sup> Families that leave the program but later return can receive this payment for an additional five months.

<sup>b</sup> Kansas benefit levels vary within the state, either by county or by region; the thresholds used here are the ones that apply to the majority of the state. Data come from Tables I.E.4., II.A.4, and IV.A.6 in the 2015 Welfare Rules Databook, Urban Institute, [http://wrd.urban.org/wrd/data/databook\\_tabs/2015/I.E.4.xlsx](http://wrd.urban.org/wrd/data/databook_tabs/2015/I.E.4.xlsx), [http://wrd.urban.org/wrd/data/databook\\_tabs/2015/II.A.4.xlsx](http://wrd.urban.org/wrd/data/databook_tabs/2015/II.A.4.xlsx), and [http://wrd.urban.org/wrd/data/databook\\_tabs/2015/IV.A.6.xlsx](http://wrd.urban.org/wrd/data/databook_tabs/2015/IV.A.6.xlsx).

## Most TANF Parents Worked During Study Period, but Work Was Unsteady for Many

Kansas’ imposition of shorter time limits and work requirements (with harsh penalties for not meeting them) reflected the assumption that public benefit recipients do not work, but the data do not support this assumption. Eighty-four percent of the 22,505 exiting TANF parents worked at some point from the year before exiting through the year after exiting. Attesting to their strong attachment to the labor force, the work rate for exiting parents was just as high before they left the program as after: approximately 71 percent worked in the year prior to exit and 71 percent worked in the year after exit (see Figure 3). The high work rates both before and after exit suggest that parents’ stays on TANF may have been quite short, with families using the program as it was intended — as a temporary safety net when work is not available or feasible.

High work rates among public benefit recipients are not unique to Kansas — or to TANF, as studies of other programs show:

- **Food assistance.** A study of the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) showed that among SNAP households with at least one working-age, non-disabled adult, more than half work while receiving SNAP and more than 80 percent work in the year before or the year after receiving SNAP. The figures are even higher for families with children: more than



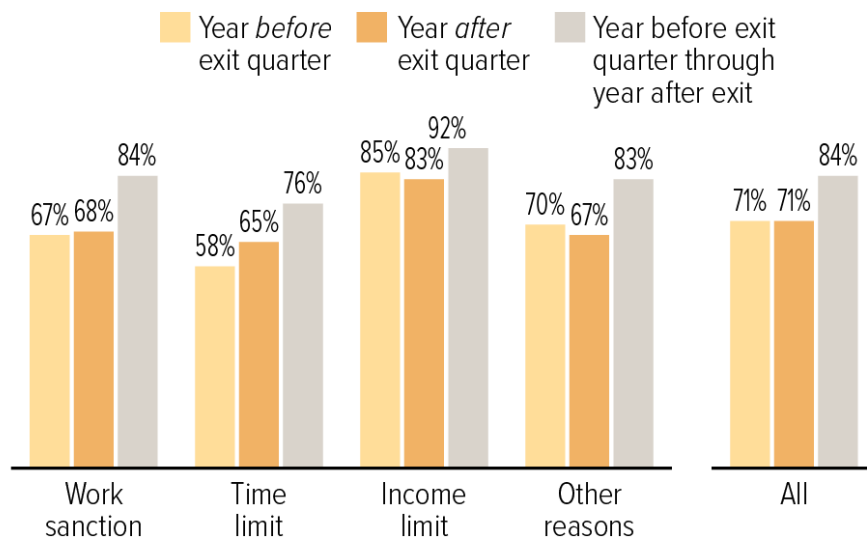
60 percent work while receiving SNAP, and almost 90 percent work in the prior or subsequent year.<sup>22</sup>

- **Rental assistance.** Nearly 70 percent of non-disabled, working-age households participating in the Housing Choice Voucher program have at least one member who is working or worked recently.<sup>23</sup>
- **Medicaid.** Nearly 8 in 10 non-disabled adults with Medicaid coverage live in working families, and nearly 60 percent are working themselves. Of those not working, more than one-third reported that illness or a disability was the primary reason, 28 percent reported that they were taking care of home or family, and 18 percent were in school.<sup>24</sup>

FIGURE 3

## Most Kansas Parents Worked Both Before and After Leaving TANF

Share employed at any point by time period and by reason for leaving TANF



Source: CBPP analysis of state-collected data on the employment and earnings of Kansas adults leaving TANF cash assistance between October 2011 and March 2015

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<sup>22</sup> Dorothy Rosenbaum, “The Relationship Between SNAP and Work Among Low-Income Households,” Center on Budget and Policy Priorities, January 30, 2013, <https://www.cbpp.org/research/the-relationship-between-snap-and-work-among-low-income-households>.

<sup>23</sup> Alicia Mazzara, “Housing Vouchers Work: Providing Stable Housing to Low-Wage Workers,” Center on Budget and Policy Priorities, April 12, 2017, <https://www.cbpp.org/blog/housing-vouchers-work-providing-stable-housing-to-low-wage-workers>.

<sup>24</sup> Edwin Park *et al.*, “Frequently Asked Questions About Medicaid,” Center on Budget and Policy Priorities, updated March 29, 2017, <https://www.cbpp.org/research/health/frequently-asked-questions-about-medicaid>.

## Although Work Is Common, It Is Often Unsteady

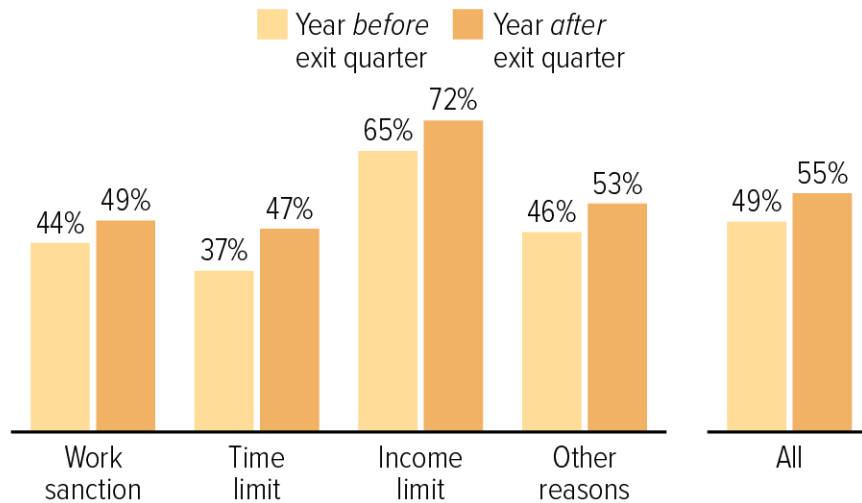
While the vast majority of parents worked, their employment was unsteady. Many struggled with periods of joblessness that left them with earnings that were far too low to support the needs of a family, as explained below. Only about a third of the TANF parents had steady employment, working in at least seven of the nine quarters. Just over a quarter worked in four to six quarters and about one-fifth worked in one to three quarters.

Because work was unsteady, the share of TANF leavers working in any single quarter was substantially lower than the share that worked at any point in the year before or after exit. In any given quarter over this period, about half of the parents had no earnings. On average, TANF families saw modest gains in their quarterly work rate from the year prior to exit to the year after exit: before leaving TANF, 49 percent were employed in an average quarter; after leaving, 55 percent were (see Figure 4).

FIGURE 4

### Parents Exiting TANF Due to Work Sanctions Experienced Only Small Employment Gains

Average quarterly employment rate, by reason for leaving TANF



Note: work sanctions = family cut off TANF assistance for failure to meet work requirements.

Source: CBPP analysis of state-collected data on the employment and earnings of Kansan adults leaving TANF cash assistance between October 2011 and March 2015

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### Little Increase in Employment After Work Sanction

The majority of parents who left TANF because of a work sanction worked both before and after exiting TANF; over that period, including the exit quarter, 84 percent worked — and they were just as likely to work before exiting TANF as after. Their work was very unsteady, however, with only about a quarter working between seven and nine quarters over the study period. As a result, in any given quarter the share working never reached 50 percent and increased only slightly after they exited TANF, from 44 to 49

percent. Parents who exit TANF due to a work sanction may not be able to return for assistance if they later lose their job, even if they have no other means of support.

### **Parents Reaching Time Limit Were Least Likely to Work**

Parents that left TANF because they reached the time limit saw the biggest increase in their work rates, but in the average quarter the year after exiting, their work rate remained extremely low, at 47 percent. Three-quarters worked at some point (including the exit quarter) during the study period, but only about a quarter worked steadily, between seven and nine quarters. The share working at any point in the year after exiting TANF rose only modestly over the year prior to exiting — from 58 to 65 percent.

And, because of the time limit, these families cannot return to TANF if they are laid off from a job, their hours are substantially reduced, or they are confronted with a personal or family emergency. Research shows that families exiting due to time limits are likelier than the average TANF family to have significant barriers to employment, including limited education and physical and mental health challenges.<sup>25</sup>

### **Majority of Parents Had Earnings Below Half of Poverty Line**

Although most parents worked in the year before and/or after leaving TANF, most had earnings below half the poverty line, (or \$10,080 for a family of three in 2016) in the year after exit. Working adults enrolled in economic security programs are concentrated in low-wage and low-quality jobs<sup>26</sup> and are often saddled with volatile work schedules, no benefits such as paid sick leave, and fluctuating work hours over which they have no control. This not only causes workers' incomes to fluctuate but also creates barriers to retaining employment and advancing in their careers by making it harder to arrange child care, search for a new job, or attend school or training. As such, it is not uncommon for adults receiving cash assistance to regularly move in and out of low-wage work and have very low earnings as a result.

In the year after exiting TANF, nearly two-thirds of parents in the study had either no earnings or annual earnings below half the poverty line. This includes the 6,636 parents who never worked in the post-exit year as well as the roughly 8,000 parents who worked at some point in that year but had earnings below this level. Only 14 percent of the parents — or 3,160 parents — had earnings at or above the federal poverty level (see Table 2).

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<sup>25</sup> LaDonna Pavetti and Jaqueline Kauff, “When Five Years Is Not Enough: Identifying and Addressing the Needs of Families Nearing the TANF Time Limit in Ramsey County, Minnesota,” Mathematica Policy Research, March 30, 2006, <https://www.mathematica-mpr.com/our-publications-and-findings/publications/when-five-years-is-not-enough-identifying-and-addressing-the-needs-of-families-nearing-the-tanf-time-limit-in-ramsey-county-minnesota>.

<sup>26</sup> David Cooper, “Balancing Paychecks and Public Assistance: How Higher Wages Would Strengthen What Government Can Do,” Economic Policy Institute, February 3, 2016, <http://www.epi.org/publication/wages-and-transfers/>.

TABLE 2

## One Year After Exit, Earnings for Vast Majority of TANF Parents Were Below Poverty and Deep Poverty Lines

Annual earnings by earnings group, adjusted for inflation, 2016 dollars and 2016 federal poverty level

Earnings Group	Number of Parents	Share of All Parents
\$0 Earnings	6,636	29.5%
Below 25% federal poverty level (FPL)	4,985	22.2%
25 - 49% FPL	3,063	13.6%
50 - 74% FPL	2,658	11.8%
75 - 99% FPL	2,003	8.9%
100% FPL and Above	3,160	14.1%
<b>Total</b>	<b>22,505</b>	<b>100%</b>

Note: Figures may not add up to 100 percent due to rounding.

Although the majority of parents had earnings below half the poverty line after they left TANF, some did see their circumstances improve. About a third of parents had sufficient annual earnings to move them above the deep poverty line in the year after exiting TANF, compared to about a fifth of parents in the year before exiting (see Figure 5). Given that families often turn to TANF at times of crisis or other serious need, it is not surprising that after leaving TANF some are able to work more consistently. Further, Kansas' economy, like the nation's, was improving during the time this study covers, so we would expect some earnings gains simply due to the strengthening economy, although we do not know the magnitude or the impact of these overall trends.

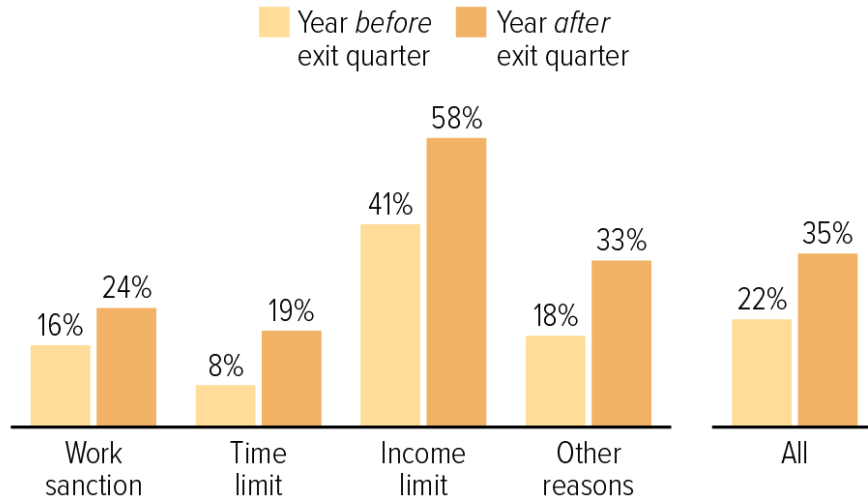
Despite the earnings gains, median earnings for the 7 in 10 parents with earnings in the year after exit remained far too low to cover a family's basic needs: \$9,602, or about 48 percent of the federal poverty level (FPL) for a family of three (see Appendix II). This descriptive study does not look at other supports or resources that may have lifted families' total incomes closer to the poverty threshold, such as tax credits for working families and child support. The vast majority of parents with earnings increases likely saw increases in their income from the Earned Income Tax Credit, a refundable tax credit for families that work but earn low wages so they can better support their children.

Parents leaving TANF due to a work sanction or time limit had the highest rate of deep-poverty earnings in the year after leaving TANF. Only 24 percent of parents leaving due to a work sanction had annual earnings above the deep poverty line in the post-exit year, up from 16 percent in the year prior to exit. Parents exiting due to the time limit saw the largest improvement but remained the least likely group to have annual earnings above the deep poverty line in both years: only 19 percent in the post-exit year, up from 8 percent in the pre-exit year, further evidence that the group affected by time limits has significant barriers to employment.

FIGURE 5

## Only 35 Percent of Kansas Parents Leaving TANF Had Earnings Above “Deep Poverty”

Share of parents with annual earnings above deep poverty (at or above 50 percent of the federal poverty line), by reason for leaving



Source: CBPP analysis of state-collected data on the employment and earnings of Kansas adults leaving TANF cash assistance between October 2011 and March 2015. Figures are in 2016 dollars; poverty line is for 2016.

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## TANF Families Still Doing Poorly Four Years After Exit

For the 2012 cohort, we can observe how TANF parents fared over a four-year period. While some parents’ earnings increased above the poverty line over the four years, more than 6 in 10 had either no earnings or deep-poverty earnings in the fourth year after exiting TANF (see Table 3). Especially troubling, the share of parents with no earnings rose, from 31 percent in the first year after exit to 37 percent in the fourth year.

The share of parents with earnings above the poverty line rose from 13 percent in the first year after exit to 21 percent in the fourth year, but this group still accounted for just one-fifth of those that left TANF four years earlier. The vast majority (about 80 percent) of the parents with earnings above the poverty line after four years left TANF due to increased earnings or for other, often unspecified, reasons. Parents that left due to work sanctions or time limits accounted for less than a fifth of the parents with earnings above the poverty line even though they accounted for more than 40 percent of all exits.

TABLE 3

### Four Years After Exit, Vast Majority of TANF Families in 2012 Cohort Had Poverty or Deep-Poverty Earnings

Annual earnings by earnings group, adjusted for inflation, 2016 dollars and 2016 federal poverty level

Earnings Group	Share of All Parents (One Year After Exit)	Share of All Parents (Four Years After Exit)
<b>\$0 Earnings</b>	31.0%	37.2%
<b>Below 25% federal poverty level (FPL)</b>	22.6%	15.9%
<b>25 - 49% FPL</b>	14.1%	9.4%
<b>50 - 74% FPL</b>	11.7%	8.6%
<b>75 - 99% FPL</b>	7.6%	8.1%
<b>100% FPL and Above</b>	12.9%	20.9%
<b>Total</b>	100%	100%

Note: Figures may not add up to 100 percent due to rounding.

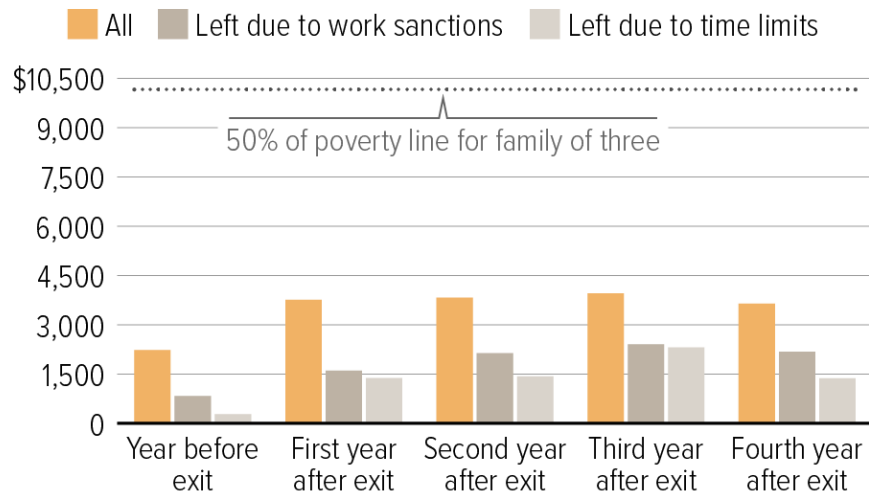
Median annual earnings for the 2012 cohort remained almost unchanged and extremely low over the four-year period (see Figure 6), at about \$3,600 in the fourth year after exit or nearly 20 percent of the FPL for a family of three. In another sign that families generally were not better off from earnings alone<sup>27</sup> after exiting TANF, the median annual earnings for this cohort of parents in the fourth year after exit were just 71 percent of the income a family would have received from TANF if they had no earnings and received the full benefit for a family of three every month that year.

<sup>27</sup> Again, parents with earnings increases likely saw increases in their income from the Earned Income Tax Credit but our analysis focuses on earnings alone.

FIGURE 6

## Kansas Families Leaving TANF Still Had Incomes Far Below Half of Poverty Line Four Years Later

Median annual earnings for parents in 2012 cohort\*



\*2012 cohort = parents exiting between fourth quarter of 2011 and first quarter of 2012.

Source: CBPP analysis of state-collected data on the employment and earnings of Kansan adults leaving TANF cash assistance between October 2011 and March 2015. Figures are in 2016 dollars; poverty line is for 2016.

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For the parents in the 2012 cohort exiting due to work sanctions, the picture is even more troubling. In the year after exit, their median earnings were just \$1,601 (\$133 per month), or only 8 percent of the FPL for a one-parent, two-child household and only about a third of the TANF grant for a single-parent family with two children. That isn't even enough to cover the typical monthly expenditures on natural gas and electricity for an average family in the Midwest, let alone other basics such as rent and water.<sup>28</sup> Their median annual earnings rose in years two and three and then fell slightly to \$2,175 in the fourth year, or about 11 percent of the FPL. After four years, more than one-third of parents exiting due to work sanctions had no earnings, nearly 7 in 10 had no earnings or earnings below the deep-poverty level, and more than 8 in 10 had no earnings or earnings below the poverty level (see Table 4).

Families in the 2012 cohort that exited because they reached the time limit fared worst of all. Four years after exiting, more than 60 percent had either no earnings or earnings below 25 percent of the poverty line (\$5,040 for a family of three in 2016). Their median earnings in the fourth year were just \$1,370 — less than 7 percent of the FPL and slightly below their \$1,378 median earnings in the first year after exit.

<sup>28</sup> *Consumer Expenditure Survey, 2015-2016*, Bureau of Labor Statistics, Table 1800: Region of residence: Average annual expenditures and characteristics. We converted the annual average expenditures for natural gas and electricity into a monthly average.

TABLE 4

### Four Years After Exit, Earnings for Vast Majority of TANF Parents in 2012 Cohort That Exited Due to Work Sanctions or Time Limits Were Below Poverty and Deep Poverty Lines

Annual earnings by exit group and earnings group, adjusted for inflation, 2016 dollars and 2016 federal poverty level

Earnings Group	Share of All Parents Exiting Due to Work Sanctions	Share of All Parents Exiting Due to Time Limits
\$0 Earnings	37.0%	38.3%
Below 25% FPL	19.6%	25.3%
25 - 49% FPL	11.2%	14.4%
50 - 74% FPL	9.3%	7.1%
75 - 99% FPL	6.3%	7.6%
100% FPL and Above	16.7%	7.3%
Total	100%	100%

Note: Figures may not add up to 100 percent due to rounding.

## Conclusion

The findings of this study indicate that the vast majority of Kansas families leaving TANF did not find steady work opportunities that positioned them to make ends meet and avoid raising their children in poverty. Indeed, the median annual earnings for parents in the 2012 cohort in the fourth year after exit were just 71 percent of the income a family would have received from TANF if they had no earnings and received the full benefit for a family of three every month that year. That's a far cry from proponents' claims that the state's harsh eligibility policies lead to "Higher incomes, better lives, and more opportunity."<sup>29</sup>

Policymakers in other states and federal policymakers considering sharp cuts and harsh policy changes in economic security programs should heed these findings, which show that work sanctions and time limits do not address the scourge of poverty or the fact that many jobs pay inadequate wages. Rather, these findings reiterate that state and national policymakers should focus on building an economy that works for all, making work pay, and creating effective work programs that help parents prepare for work and build skills that put them on a path to economic security. The outcomes also point to the need for rigorous evaluations to determine the effectiveness of public policies, particularly those that terminate income supports entirely.

<sup>29</sup> See Mitchell, and Horton and Ingram.



## Appendix I: Methodology

In addition to the discussion in the body of this report, the following details on the methodology of this study are worth noting:

- Four years of post-exit data are available for the earliest cohort of leavers, allowing us to assess their employment and earnings outcomes over a longer period. This subset of the sample, the “2012 cohort,” exited TANF between the fourth quarter of 2011 and the first quarter of 2012.
- The Kansas Department for Children and Families paired the TANF caseload data with quarterly earnings data from the Kansas Department for Economic and Employment Services. Because the state aggregated the earnings data on a quarterly basis, it is not possible to know the amount of time each adult spent working or to infer hourly or monthly wages. Also, this data set does not capture out-of-state earnings or non-covered employment earnings, either prior to after exit from TANF. The data set also doesn’t indicate how long households were enrolled in TANF or whether they worked before enrolling in the program.
- Subgroups are defined by the reason for their exit and by the year(s) in which they exited (e.g., the 2012 cohort). We disaggregated the data by the “closure code” that the state assigns to each household to identify the reason for the exit. We focus our analysis on three primary closure codes, which are related to families reaching the TANF time limit, failing to comply with the work rules, or earning income above the eligibility limit; we combine all other codes into one group labeled “other reasons.” The “other reasons” category includes cases of the adult failing to cooperate with Child Support Enforcement requirements, households moving out of state or loss of contact, and vague or unspecified household decisions.
- Due to eligibility rules, sanctions, and families’ changing circumstances, it is not uncommon for a small share of families to become ineligible for TANF benefits but regain eligibility soon thereafter. We treat households with multiple eligibility spells as separate cases upon their return to TANF. Of the 22,505 households that exited TANF during this period, 146 had multiple spells with at least two exits. The data set we use is centered on exit data, so we do not know how many households exited TANF and returned but didn’t exit again before the end of the study period.
- This report provides earnings outcomes for all parents, including those with \$0 in earnings, as well as for parents with earnings only. We adjusted all earnings to 2016 dollars using the CPI-U-RS.

## Appendix II: Earnings Rose Among Parents With Earnings But Not Enough to Sustain a Family

Typical annual earnings for parents with earnings in the full cohort rose in the year after exit compared to the year before exit but remained far too low to cover a family’s basic needs. Their median earnings — i.e., earnings directly in the middle of the earnings distribution for parents with earnings only — stood at \$9,602, (about 48 percent of the FPL for a family of three), an increase from \$5,685 in the year prior to exit (see Table 5).<sup>30</sup>

Every subgroup of parents with earnings experienced an increase in median annual earnings in the year after exit compared to the year before exit, but those gains failed to lift them above the FPL or into an economically secure life. Parents with earnings exiting TANF due to a work sanction had the smallest gains of any subgroup of parents with earnings, and their post-exit median earnings (\$6,199) were the second-lowest of any subgroup, slightly above the time limit group (\$5,940). The median parent exiting due to work sanctions or time limits had earnings so low that, if annualized on a monthly basis, they would still have qualified financially for cash assistance if not for these policies. They also would have qualified for access to quality work programs that, with adequate state investment,<sup>31</sup> could help them acquire skills for in-demand jobs.

This descriptive study does not look at other supports or resources that may have lifted families’ total incomes closer to the poverty threshold, such as tax credits for working families and child support. The vast majority of parents with earnings increases likely saw increases in their income from the Earned Income Tax Credit, a refundable tax credit for families that work but earn low wages so they can better support their children.

TABLE 5

### Earnings Grew for Many Parents Exiting TANF but Remained Extremely Inadequate to Meet Family Needs

Mean and median annual earnings among parents with earnings only, adjusted for inflation, 2016 dollars

Group	Pre-Exit-Year Earnings	Post-Exit-Year Earnings	Absolute Change	Percentage Change
<b>All Parents with Earnings</b>				
Mean	\$8,124	\$12,099	\$3,975	48.9%
Median	\$5,685	\$9,602	\$3,917	68.9%
<b>Those Exiting Due to Work Sanctions</b>				
Mean	\$6,886	\$8,841	\$1,955	28.4%
Median	\$4,194	\$6,199	\$2,006	47.8%

<sup>30</sup> Parents with earnings in the pre-exit year may not have been the same parents with earnings in the post-exit year.

<sup>31</sup> In the 2015 fiscal year, Kansas only spent 2 percent, or \$3 million, of its TANF block grant on work programs. Center on Budget and Policy Priorities, “State Fact Sheets: How States Have Spent Funds Under the TANF Block Grant (Kansas Fact Sheet),” January 5, 2017, <https://www.cbpp.org/research/family-income-support/state-fact-sheets-how-states-have-spent-funds-under-the-tanf-block>

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Mean and median annual earnings among parents with earnings only, adjusted for inflation, 2016 dollars

Group	Pre-Exit-Year Earnings	Post-Exit-Year Earnings	Absolute Change	Percentage Change
<b>Those Exiting Due to Time Limits</b>				
Mean	\$5,554	\$8,238	\$2,684	48.3%
Median	\$3,786	\$5,940	\$2,154	56.9%
<b>Those Exiting Due to Excess Earnings</b>				
Mean	\$11,349	\$16,927	\$5,578	49.1%
Median	\$9,582	\$15,463	\$5,881	61.4%
<b>Those Exiting for Other Reasons</b>				
Mean	\$7,376	\$12,046	\$4,670	63.3%
Median	\$4,863	\$9,664	\$4,801	98.7%

Note: Parents with earnings in the pre-exit year may not have been the same parents with earnings in the post-exit year.