

# Threats to the Safety Net and Why They Matter

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# AFDC Becomes TANF: A Cautionary Tale

# Some History of AFDC

- A New Deal program for widows and orphans.
- Gradually expanded to cover more poor families.
- Entitlement program.
- Federally funded and state administered.

# More History

- Benefits established at state level but with national regulations.
- Limited purpose area—cash support of poor families.
- In 1979, 82% of poor families with children received AFDC.

# Not A Perfect Program

- Work disincentives.
- Man in the house! Disproportionate effect on African-American women.
- No national benefit standard.
- But still, an important support for poor families.

# AFDC Becomes TANF

- Increasing concerns that AFDC discouraged employment and marriage.
- Belief that AFDC encouraged “dependency”.
- In 1996, President Clinton signed the Personal Responsibility and Work Opportunity Act, ending AFDC and creating TANF.

# New Purposes

- Provide assistance to needy families so that children can be cared for in their own homes.
- Reduce the dependency of needy parents by promoting job preparation, work and marriage.
- Prevent and reduce the incidence of out-of-wedlock pregnancies.
- Encourage the formation and maintenance of two-parent families.

# Major Changes

- Work requirements.
- 5 year lifetime limit.
- Marriage and fatherhood promotion.
- More eligible purposes.



**And Most Important.....**

**Block grant means no  
entitlement for  
assistance**

# What Have We Learned?

- Fixed block grant at 1997 level.
- Value of grant has declined 32%.
- 70% of funds diverted from cash assistance.
- Benefits have lost 20% of value.
- TANF caseload has fallen by two-thirds, even as child poverty has increased.
- Only 25% of poor families now receive TANF.

# **The “Success” Of Welfare Reform Is The Model For “Reform” Of Major Anti-poverty Programs**

SNAP/Food Stamps

Medicaid and CHIP

Medicare

Social Security

Housing Assistance

Veterans’ health care

Education assistance to states

And on, and on, and on.....

# Sequestration in the Budget Control Act

- Automatic annual budget cuts of 2%-5%.
- In 2014, \$109 split between defense and non-defense programs.
- Total of 18% cut in NDD spending since 2010.
- Programs include housing vouchers, education, WIC, child care, Head Start, veterans' health care, homeless services.

# The Ryan Plan

- Converts SNAP to block grant with 30% cut in funding by 2024.
- Repeals ACA.
- Converts Medicaid and CHIP to block grant that would lose 26% of value by 2024.
- Eliminate traditional Medicare and replace it with vouchers for private insurance.
- Reduces Social Security COLAs and creates private retirement accounts.

# Ryan Budget Plan Also Cuts Programs

- Pell grants by \$125 billion.
- Student loans by \$48 billion.
- Eliminates Social Security Block Grant.
- Cuts \$150 billion from unspecified NDD spending.

# Ryan Plan Cuts Taxes for the Rich

- Exempt capital gains, dividends, and interest from taxation.
- Repeal federal estate and gift taxes.
- Repeal the corporate income tax.
- Create 8.5% value added tax.

# A Second Constitutional Convention

- For purpose of passing Balanced Budget Amendment to U.S. Constitution.
- Advocated by ALEC.
- 34 states needed, 24 (including AL) have passed resolutions.
- Not all resolutions are identical and most are over 30 years old. Do they count still?
- Congress decides, not the Courts.



# A Federal Balanced Budget Would Do Great Harm

- It would devastate social welfare, health, and education programs.
- It would prevent borrowing for infrastructure.
- It would threaten Social Security and other retirement programs even when trust funds are healthy.
- It would seriously harm the economy during recessions.

# Other Risks From a Constitutional Convention

- A convention could write its own rules, no one even knows how delegates would be chosen.
- A convention could consider any subject, not just a balanced budget amendment.
- A convention could change the process by which the Constitution is amended in the future.
- Neither the courts, nor Congress, nor state legislatures has authority over Convention delegates.

# It's Going to Be a Tough Couple of Years

- Ending sequestration is important but the cost may be too high.
- TANF has taught us that block granting devastates programs.
- A Constitutional Convention could revolutionize the very structure of American government.