

POVERTY

TO

PROSPERITY:

REFORMING TENNESSEE'S PUBLIC ASSISTANCE PROGRAMS

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EXECUTIVE SUMMARY

Reform of public benefit systems is a perennial topic, but often seems too big to tackle. These programs have been piecemealed together over the years creating a system that is almost impossible for families to navigate and difficult for states to administer. Rather than temporary safety nets, too often these programs serve as multi-generational spider webs by discouraging—and in some cases outright punishing—personal initiative and positive growth. There are over 80 federal programs, at an annual cost of \$1 trillion, designed to provide support to individuals and families with low incomes. These programs have conflicting rules and eligibility requirements.

Individuals have the capacity, strengths, and abilities to succeed, but we must partner with them to tip the scale in their favor to move from poverty to prosperity. We know that a quality education and a good job are the two surest ways a person can have upward economic mobility. Unfortunately, the current system inhibits the attainment of both.

Before we can successfully reform public benefits in Tennessee, we need to better understand who is currently receiving support in our state and more importantly, why. What changes can be made to remove barriers for Tennesseans to successfully transition to prosperity? When more families are able to make the shift to long term stability, communities as a whole become stronger. This research seeks to answer both of those questions and will focus primarily on the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps, the Temporary Assistance for Needy Families (TANF) program known as Families First, and Tennessee's Medicaid program, TennCare.

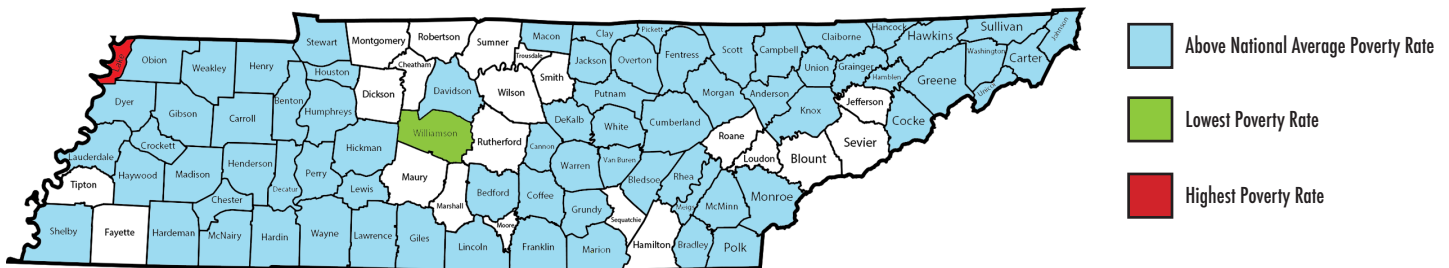
It is important to note that these are not the only public benefit programs available in Tennessee. There are also programs related to housing and utilities, school breakfast and lunch, summer food for children, childcare assistance, and the supplemental nutrition program for women, infants and children known as WIC.

TENNESSEE POVERTY SNAPSHOT

Tennessee ranks above the national average with a poverty rate at 16.7 percent and the rate is even higher for children at nearly 28 percent.¹ This means one in six Tennesseans lives in poverty despite the fact that Tennessee's unemployment rate remains historically low. Many people have fallen through the cracks, and an astonishing 15 percent of 18- to 24-year old Tennesseans are not attending school or working.² This has a devastating impact, not only on those struggling to provide for themselves and their families, but also on Tennessee's economy as a whole.

The Tennessee poverty line in 2019 was \$12,490 in annual income for an individual and \$25,750 for a family of four.³ There are only 20 counties with a poverty rate lower than the national average of 14.6 percent.⁴

Tennessee Poverty Rate vs. National Average



FIVE COUNTIES WITH THE LOWEST POVERTY RATE:

Williamson
Moore
Wilson
Sumner
Robertson

FIVE COUNTIES WITH THE HIGHEST POVERTY RATE:

Lake
Perry
Grundy
Clay
Scott

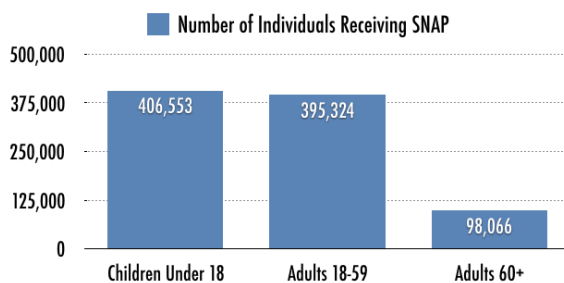
TENNESSEE'S SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

SNAP, formerly known as food stamps, provides food assistance to families living in poverty who meet certain income and asset limits. It is meant to be a supplement and not to cover all food expenses for a household. For example, a two-person household, if it meets the qualifications of a gross income limit of \$1,784 per month and a maximum net income of \$1,372 per month, would receive a maximum monthly allotment for food assistance of \$353. A three-person household has a gross income limit of \$2,252 and a net income limit of \$1,732 with a maximum monthly allotment amount of \$642.⁵

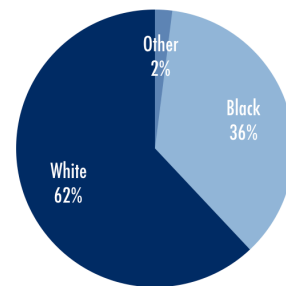
SNAP CASELOAD CHARACTERISTICS

As of August 2019, there were 423,135 cases consisting of 884,173 individuals receiving SNAP in Tennessee. The benefit distribution is over \$106 million a month and is federally funded.⁶

SNAP POPULATION BY AGE

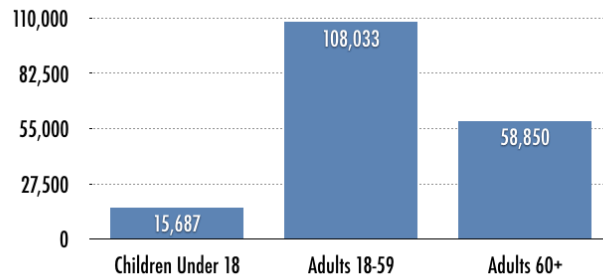


SNAP POPULATION BY RACE



Source: Tennessee Department of Human Services

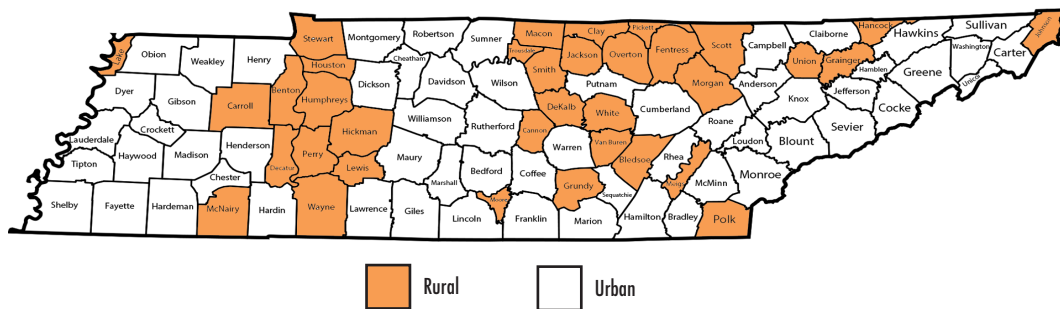
SNAP POPULATION CONSIDERED DISABLED BY AGE



Source: Tennessee Department of Human Services

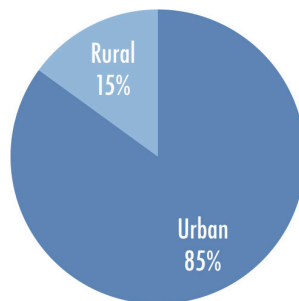
TENNESSEE RURAL VS. URBAN

Using the Index of Relative Rurality for Tennessee counties as described by the Tennessee Advisory Commission on Intergovernmental Relations, 35 out of 95 counties are considered rural when you consider population, density per square mile, and the distance to the nearest metropolitan area.⁷



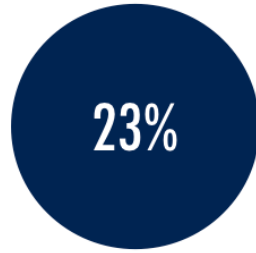
The big four urban counties, Davidson, Knoxville, Hamilton, and Shelby, represent 40 percent of the total SNAP population. Shelby County by far has the largest number of individuals receiving SNAP: 191,734, which makes up 22 percent of the entire statewide caseload.⁸

SNAP URBAN VS. RURAL



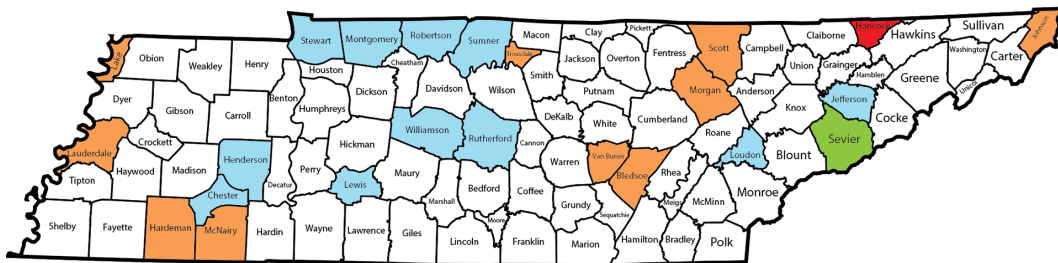
Source: Tennessee Department of Human Services

SNAP EMPLOYMENT



Number of all SNAP recipients age 18-60 who are not disabled and are employed.⁹

EMPLOYMENT LEVELS FOR WORKING AGE SNAP RECIPIENTS



Source: Tennessee Department of Human Services

FAMILIES FIRST: TENNESSEE'S TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) PROGRAM

Families First provides temporary financial assistance to eligible families with children in the form of a cash benefit, as well as employment and job search opportunities. The program is limited to a lifetime limit of 60 months in Tennessee and participants, unless exempted, are required to satisfy a 30-hour work requirement, cooperate with child support requirements, and ensure their children receive immunization shots and health checks and attend school.

TANF is funded through a federal block grant, and Tennessee receives \$190.9 million a year. The state spent \$71.1 million in fiscal year 2019.¹⁰ The unused portion of the block grant each year is placed in a reserve fund. As of September 2019, the reserve balance was \$732.7 million.¹¹

Since TANF is funded through a block grant, states have more flexibility regarding eligibility, the amount of benefits, and ways funding can be spent besides financial assistance. States can use TANF funds for activities that relate to any of these four purposes according to federal law: (1) assisting needy families so children can be cared for in their own homes or the homes of relatives; (2) reducing the dependency of needy parents by promoting job preparation, work, and marriage; (3) preventing out-of-wedlock pregnancies; and (4) encouraging the formation and maintenance of two-parent families.

TANF CASE CHARACTERISTICS

As of July 2019, there were 18,944 families receiving TANF comprised of 40,386 individuals.¹²



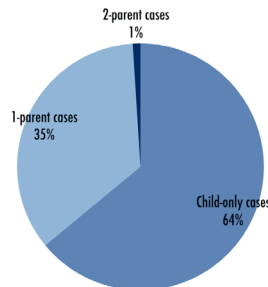
7,588 ADULTS



32,798 CHILDREN

TANF cases can be comprised as child only (meaning the child is living with a relative other than a parent or the parent is ineligible for a reason besides income and is excluded from the case), one parent unit, or two parent unit.

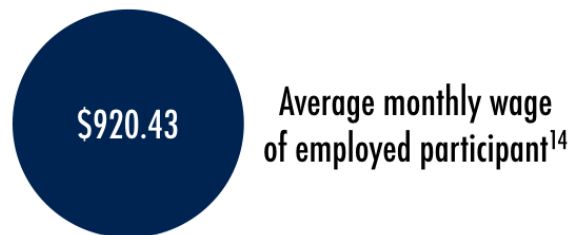
FAMILY CHARACTERISTICS



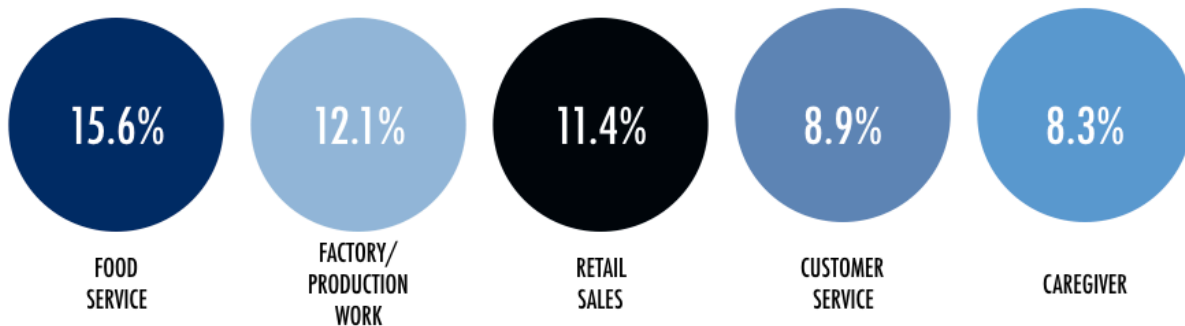
Source: Tennessee Department of Human Services

TANF EMPLOYMENT

Despite TANF being an employment and job training-based program, 92 percent of cases do not have a working adult.¹³ However, unemployed participants who are required to satisfy the work requirement could be participating in employment and job training activities.



TOP 5 INDUSTRIES EMPLOYING ADULTS ON TANF

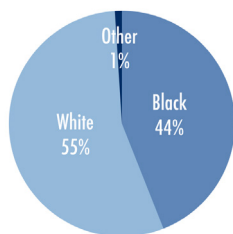


Source: 2017 Families First Case Characteristics Study

2017 FAMILIES FIRST (TANF) CASE CHARACTERISTICS STUDY

According to the last in-depth Families First case characteristics study in 2017, 92 percent of caretakers were female and eight percent were male.¹⁵

TANF POPULATION BY RACE



ASSISTANCE GROUP CHARACTERISTICS



AVERAGE NUMBER
OF PEOPLE PER
ASSISTANCE GROUP

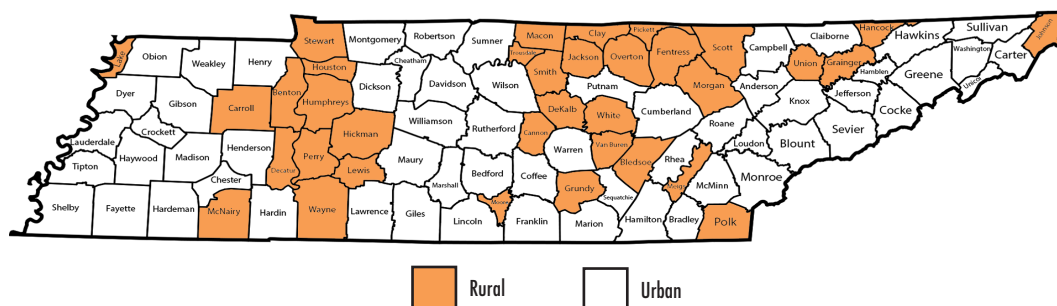


AVERAGE NUMBER
OF CHILDREN PER
ASSISTANCE GROUP

Source: 2017 Families First Case Characteristics Study

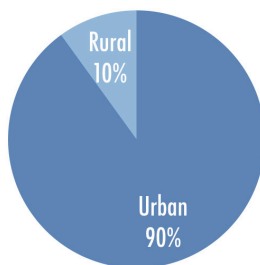
TENNESSEE RURAL VS. URBAN

Using the Index of Relative Rurality for Tennessee Counties calculated by the Tennessee Advisory Commission on Intergovernmental Relations, 35 out of 95 counties are considered rural when you consider population, density per square mile, and the distance to the nearest metropolitan area.¹⁶



The big four urban counties, Davidson, Knoxville, Hamilton, and Shelby, represent 43.5 percent of the total TANF population. Shelby County has by far the largest number of individuals receiving TANF: 5,132, which makes up 23.3 percent of the entire statewide caseload.¹⁷

TANF URBAN VS. RURAL



Source: Department of Human Services

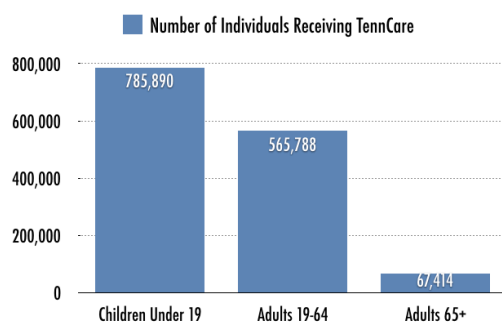
TENNCARE: TENNESSEE'S MEDICAID PROGRAM

Medicaid is a federal and state program that provides healthcare coverage for children, pregnant women, parents and caretakers, the elderly, and the disabled with limited income. It is the largest source of healthcare coverage in the country. Tennessee's Medicaid program is called TennCare.

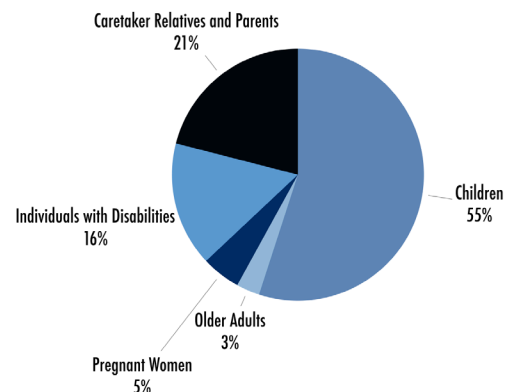
In 2019, TennCare's budget was approximately \$12 billion, of which 65 percent was federally funded and 35 percent was state funded.¹⁸ As of August 2019, there were 1,419,092 Tennesseans enrolled in TennCare.¹⁹ It is the largest entitlement program in the state, and unlike SNAP and TANF, caseloads have increased rather than decreased as the overall economy has improved.²⁰

TENNCARE POPULATION

BY AGE

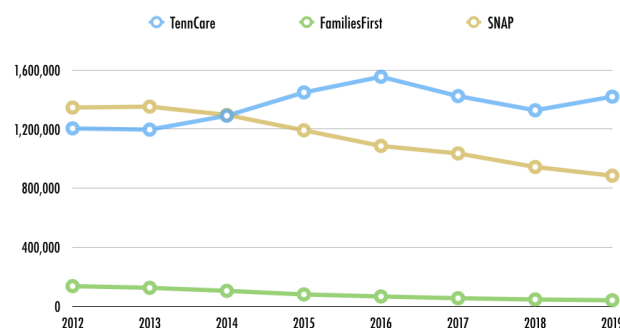


BY ELIGIBILITY CATEGORY



Source: Division of TennCare

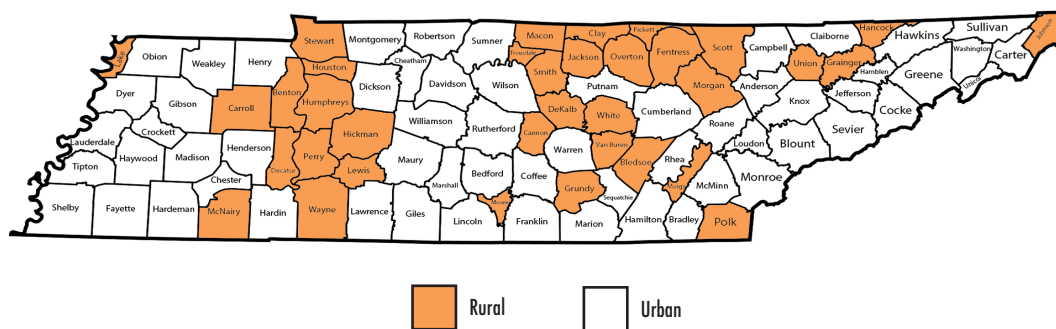
TENNCARE, FAMILIESFIRST, AND SNAP ENROLLMENT OVER TIME



Source: Tennessee Department of Human Services and Division of TennCare

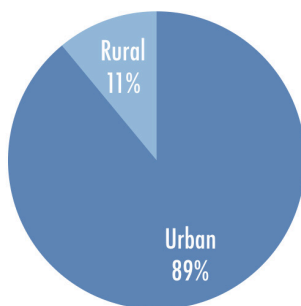
TENNESSEE RURAL VS. URBAN

Using the Index of Relative Rurality for Tennessee counties as described by the Tennessee Advisory Commission on Intergovernmental Relations, 35 out of 95 counties are considered rural when you consider population, density per square mile, and the distance to the nearest metropolitan area.²¹



The big four urban counties, Davidson, Knoxville, Hamilton, and Shelby, represent 37 percent of the total TennCare population. Shelby County has by far the largest number of individuals enrolled in TennCare: 250,292, which makes up 17 percent of the entire statewide caseload.²²

TENNCARE URBAN VS. RURAL



Source: Division of TennCare

TENNCARE AND EMPLOYMENT

Historically, TennCare has not tracked employment data. However, with the new TennCare connect eligibility determination system in place in year 2019, income levels should now be tracked routinely going forward to ensure correct eligibility determination.

TennCare also has a pending Work and Community Engagement Demonstration Amendment pending before the Centers for Medicaid Services (CMS), the federal agency responsible for approving demonstration waivers. It was submitted December 28, 2018 and requires certain members to participate in education, work, or community engagement activities for 20 hours per week.

CONCLUSIONS

TennCare is by far the largest entitlement program in the state both in terms of caseload and cost to the state. SNAP and TANF are both federally funded with limited state contribution in the form of maintenance of effort spending requirements. SNAP and TANF have both trended downward in caseload size since the height of the Great Recession, while TennCare caseloads have continued to grow despite Tennessee's record low unemployment rate.

Shelby County represents the largest caseload size across all three support programs: 22 percent of the SNAP caseload, 23.3 percent of the TANF caseload, and 17 percent of the TennCare caseload.

Over 85 percent of all individuals enrolled in all three support programs live in an urban area. In fact, 40 percent of SNAP recipients, 43.5 percent of TANF recipients, and 37 percent of TennCare enrollees live in one of the big four counties: Davidson, Hamilton, Knox, and Shelby.

RECOMMENDATIONS

SNAP:

There are approximately 287,000 working age adults (18-59) who are not elderly or disabled currently receiving SNAP benefits in Tennessee. Policy reform, education, and work-based support efforts should be focused on this segment of the SNAP caseload.

There are not many state options for changing eligibility or administration of the SNAP program because it is primarily mandated at the federal level. However, Tennessee still has a waiver of work requirements for able bodied adults without dependents in place for seven counties despite low unemployment. The counties where work requirements are waived in Tennessee are Bledsoe, Hancock, Jackson, Lake, Lauderdale, McNairy, and Scott. It is recommended that the waiver be removed and work requirements be reinstated for able bodied adults without dependents in these counties in the next year. Seventeen states have already reinstated work requirements in their entire state, including Alabama, Arkansas, Delaware, Florida, Indiana, Iowa, Kansas, Maine, Mississippi, Missouri, Nebraska, North Carolina, Oklahoma, South Carolina, Texas, Wisconsin, and Wyoming. Work requirement waivers should only be used during extreme economic downturns like the Great Recession. Instead more focus should be placed on providing employment, education, and training opportunities for able bodied adults.

TANF:

TANF has more state flexibility both on eligibility requirements and program administration. Tennessee should rethink the way it spends its TANF dollars and lead with innovative programs that support work and education opportunities. The TANF reserve balance has ballooned to over \$732 million in 2019, and the state is only spending \$71 million of its \$190.9 million annual block grant.

This is the program where states have the most flexibility and most opportunity to impact families in poverty and Tennessee should take the opportunity to lead the nation. Since states can use TANF funds for activities that relate to the core four purposes stated earlier, Tennessee should focus on creating innovative transition services that reward working parents for each move up the economic ladder toward stability and prosperity like transportation and childcare supplements for families who are working.

TENNCARE:

TennCare should take a deep dive into its caseload and conduct a thorough redetermination cycle, since it has not successfully done that in over five years. Additionally, TennCare should request waivers from CMS to innovate and promote more access to care for its enrollees, such as expanding telemedicine opportunities in rural areas.

SHELBY COUNTY:

Shelby County should be a main area of focus for all three programs. Shelby County represents the largest caseload for a single county in SNAP (22 percent), TANF (23.3 percent), and TennCare (17 percent). Tennessee should invest in pilot projects focused on poverty in Shelby County and opportunities to provide more supportive wrap around services for working age adults that need childcare, transportation, education, and employment training services. Successfully partnering with families in Shelby County to tip the scale in their favor to move from poverty to prosperity would have the single greatest economic impact for the state's systems of support.

ENDNOTES

1. Bureau, U. (2019). Census.gov. [online] Census.gov. Available at: <https://www.census.gov/>.
2. *Ibid.*
3. Federal Register. (2019). Annual Update of the HHS Poverty Guidelines. [online] Available at: <https://www.federalregister.gov/documents/2019/02/01/2019-00621/annual-update-of-the-hhs-poverty-guidelines>.
4. Bureau, U. (2019).
5. Federal Register. (2019).
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7. Roehrich-Patrick, Lynnis, and Bob Moreo. 2016. Just How Rural or Urban are Tennessee's 95 Counties. Tennessee Advisory Commission on Intergovernmental Relations.
8. Tennessee Department of Human Services. 2019. [spreadsheet] PILO SNAP Data by County August 2019.
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10. Page, Whitney. "Confirming Data." Message to Stephanie Whitt. 14 October 2019. E-mail.
11. *Ibid.*
12. Tennessee Department of Human Services [online] Available at: <https://www.tn.gov/content/dam/tn/human-services/documents/Families%20First%20in%20Numbers%20July%202019.pdf>.
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20. *Ibid.*
21. Roehrich-Patrick, Lynnis, and Bob Moreo. 2016.
22. Division of TennCare. 2019.



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