

Earnings, Benefit Loss, and Job Instability: What Do People Receiving TANF Consider When Offered a Higher-Paying Job?



Overall, most people receiving TANF (71 percent) would say yes to a higher-paying job. But benefit loss matters, too.

84%

would say yes to a higher-paying job if there were **no loss of benefits**.

78%

would say yes to a higher-paying job even if they lost benefits, as long as the benefits could be **automatically resumed** if they lost their job.

71%

would say yes to a higher-paying job even if they lost benefits and **had to reapply** for them if they lost their job.

Being able to **automatically restart lost benefits**, if needed again later, made people receiving TANF more likely to accept a higher-paying job.

People prefer to lose a lower proportion of income to benefit reductions (AKA “effective marginal tax rates”)...



When the **net increase** is the same (\$200), people prefer the job opportunity where they lose a lower **proportion** of their income (33% vs. 69%) to benefit reductions.

...But people **also** pay attention to—and prefer—larger net income increases.



When the **proportion** of income lost due to benefit reductions is the same (33%), people prefer the job opportunity with a higher **net income increase** (\$500 vs. \$200).

Job stability matters!

People receiving TANF are more likely to accept a higher-paying job that is stable.

More stable

86%

would say yes to a higher-paying job with a **low risk** of job loss.

Less stable

69%

would say yes to a higher-paying job with a **high risk** of job loss.

Methods

We conducted a *discrete choice experiment* with 269 individuals currently receiving Temporary Assistance for Needy Families (TANF) to understand how they might consider an opportunity to accept a higher-paying job. Respondents considered five vignettes describing fictional people receiving TANF who were faced with a decision of whether to take a higher-paying job. For each vignette, we asked respondents to decide whether the person should or should not take the higher-paying job. We varied the vignettes in three ways:

- Benefit loss and ease of resuming benefits
- Amount of monthly earnings increase and benefit loss
- Job instability (risk of job loss)

To learn more, refer to Spitzer, Ariella, Jesse Chandler, Bernadette Hicks, and Daniel Thal. “Understanding Economic Risk for Low-Income Families: Economic Security, Program Benefits, and Decisions about Work.” Forthcoming.



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