

# 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”)...

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



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.



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 (2024). *Understanding Economic Risk for Low-Income Families: Economic Security, Program Benefits, and Decisions About Work*. ASPE and OPRE Report #2024-324, Washington, DC: Office of the Assistant Secretary for Planning and Evaluation, and Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

