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**TESTIMONY OF KATIE KERSTETTER, RESEARCH ASSOCIATE
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**At the Public Hearing on the
Fiscal Year 2009 Budget Request for the Department of Human Services
District of Columbia Committee on Human Services
April 17, 2008**

Chairman Wells and members of the Committee, thank you for the opportunity to speak today. My name is Katie Kerstetter, and I am a Research Associate with the DC Fiscal Policy Institute. DCFPI engages in research and public education on the fiscal and economic health of the District of Columbia, with particular emphasis on policies that affect low- and moderate-income residents.

I am here today to support the Mayor's proposal to increase cash assistance benefits for the District's Temporary Assistance for Needy Families (TANF) program and to encourage the Council to further strengthen this important benefit.

In the FY 2009 budget, the Mayor has proposed increasing TANF cash assistance benefits by \$1.3 million. We estimate that this will increase benefits by 2 percent and increase the maximum monthly benefit for a family of three by about \$9, from \$427 to \$436. We applaud the Mayor's decision to request a cash assistance increase. However, we are concerned that with the recent economic downturn, this increase will not be enough to provide an adequate safety net for many of the District's most vulnerable families.

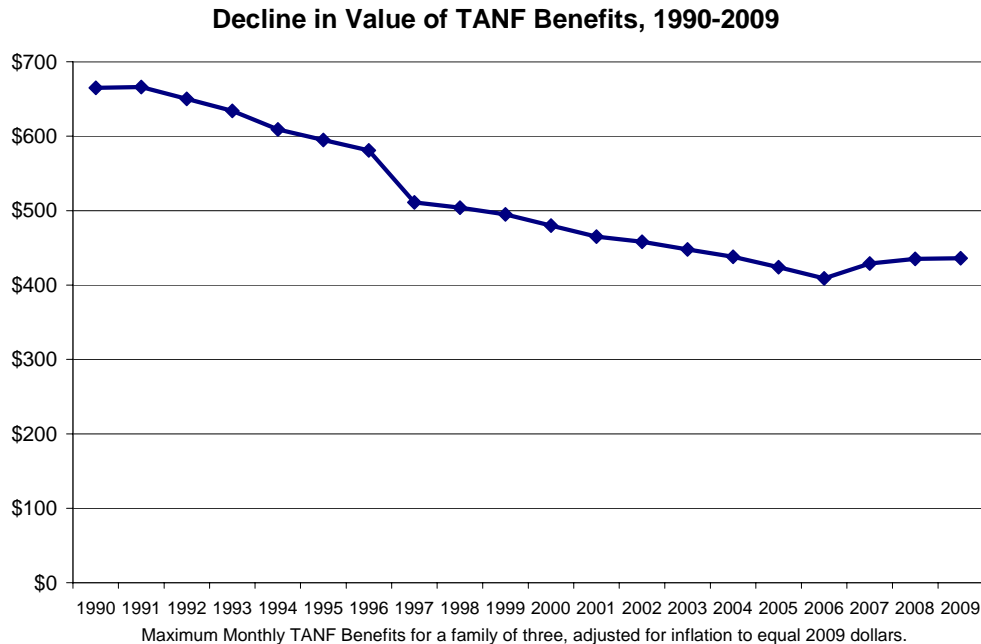
Rising prices and the recent economic downturn are placing significant burdens on low-income families and on the organizations they rely on for assistance. Recent reports from *The Washington Post* find that high rates of inflation are making it difficult for low-income families to purchase basic necessities¹ and also are hurting the ability of food banks to serve these families.² Prices for basic needs like groceries have risen 9.2 percent since 2006, and prices for dairy products have risen 15 percent. As a result, TANF families are able to purchase less for their benefit and also potentially are able to receive less assistance from charitable organizations.

Other programs, such as Food Stamps and housing assistance, can and should be taken into account when we assess our safety net and develop ways to help TANF families move toward self-sufficiency. However, having a full basket of benefits still does not provide enough resources for a TANF family to meet basic needs. We have updated the "basket" analysis you asked us to perform at the last DHS budget hearing to reflect the Mayor's proposed benefit increase. Even with the proposed increase, a TANF family of three still falls \$283 a month short of what is needed to meet basic costs.

¹ Neil Irwin and Alejandro Lazo, "Inflation Hits the Poor Hardest: No Income Group is Untouched, but Staples Are Rising Fastest," *Washington Post*, March 21, 2008, p. A01. Available at <http://www.washingtonpost.com/wp-dyn/content/article/2008/03/20/AR2008032003517.html>.

² Kristin Downey, "Hunger Pains: As Economy Slows, Charities Face Tall Order to Feed Needy." *Washington Post*, April 8, 2001, p. B01.

One reason why this gap is so large is that, after adjusting for inflation, DC's TANF benefits have fallen 34 percent in value since 1991. In 1991, DC TANF benefits equaled 46 percent of the federal poverty line for a family of three, compared to 29 percent in 2008. Under the Mayor's proposal, TANF benefits will remain at 29 percent of the poverty line.



DCFPI supports the Fair Budget Coalition's recommendation of a \$10 million increase in the TANF cash assistance benefit, which would raise the maximum benefit for a family of three from \$427 to about \$490 a month. We understand that these are lean budget times, and we appreciate any efforts you can make to help TANF families meet rising costs.

In addition, we are concerned about the decrease in 82 FTEs proposed for the Income Maintenance Administration in the FY 2009 budget. Over the past two years, caseloads have increased from about 400 to about 650 cases per case worker. The proposed reduction in staff will place significant burdens on both caseworkers and TANF families trying to access benefits.

Thank you Chairman Wells for your continued attention to the challenges facing TANF families. We are committed to continuing to work with you and your staff to strengthen our safety net and help TANF families move toward self-sufficiency. Thank you for the opportunity to provide testimony, and I am happy to answer any questions you may have.

TANF Families Fall Short of Self-Sufficiency, Even With Full Basket of Benefits

Costs for a TANF Recipient With Various Levels of Public Benefits: Single Parent with Two Children			
Proposed FY 2009	TANF Only	Child Care, Food Stamps, Medicaid	Housing, Child Care, Food Stamps, Medicaid
Monthly TANF Income:	\$436	\$436	\$436
Monthly Costs:			
Housing ¹	\$1,350	\$1,350	\$104
Child Care ²	\$1,815	\$0	\$0
Food ³	\$512	\$69	\$111
Transportation ⁴	\$127	\$127	\$127
Health Care ⁵	\$288	\$0	\$0
Miscellaneous ⁶	\$377	\$377	\$377
Total Monthly Expenses:	\$4,469	\$1,923	\$719
Shortfall (-):	(\$3,795)	(\$1,487)	(\$283)
Wage Adequacy (Total Income/Total Expenses):	10%	23%	61%
<p>¹Fair Market Rent for a two-bedroom apartment in DC for 2008, adjusted for inflation to equal 2009 dollars: http://www.huduser.org/datasets/fmr/fmr2008f/fy2008_FMR_SCHEDULEB.pdf</p> <p>²Center for Applied Research and Urban Policy's 2004 Market Rate Survey, adjusted for inflation to equal 2009 dollars.</p> <p>³US Department of Agriculture's monthly low-cost plan for one child 6-8, one child 9-11, and one adult 20-50, adjusted for inflation to equal 2009 dollars.</p> <p>⁴Wider Opportunities for Women's DC Metro Self-Sufficiency Calculator, adjusted for inflation to equal 2009 dollars.</p> <p>⁵Wider Opportunities for Women's DC Metro Self-Sufficiency Calculator, adjusted for inflation to equal 2009 dollars.</p> <p>⁶Wider Opportunities for Women's DC Metro Self-Sufficiency Calculator, adjusted for inflation to equal 2009 dollars. The miscellaneous category includes all other essentials: clothing, shoes, paper products, diapers, nonprescription medicines, household items, personal hygiene items, and telephone.</p>			