

*June 30, 2016*

## **What's In the FY 2017 Budget For Temporary Assistance for Needy Families (TANF)?**

### **SUMMARY OF 2017 BUDGET**

- The FY 2017 budget extends benefits and employment assistance for one year to 6,200 families with 13,000 children that faced the loss of TANF cash benefits and services in October 2016.
- Families that have received assistance for 60 months or more will continue to receive just \$154 a month for a family of three. Under the budget, all families would lose income and employment assistance in October 2017, regardless of their circumstances.
- This means that the mayor and DC Council have up to one year to develop and fund a less rigid time-limit policy that creates extensions for families in certain circumstances, as most states do.
- The budget preserves planned increases in TANF benefits that were adopted last year. This will increase the maximum benefit from \$441 a month for a family of three to \$508 in FY 2017 and \$644 by FY 2019, which is more in line with benefits in other high-cost jurisdictions.
- The FY 2017 budget includes \$36 million for a broad range of employment services. This is a decrease of \$7 million from the FY 2016 budget<sup>1</sup>. The reduction reflects an expectation that the Department of Human Services would not spend all the funding allocated in FY 2016. The FY 2017 funding level matches what the agency thinks it will spend on these services.

The fiscal year (FY) 2017 budget extends benefits and employment assistance for one year to 6,200 families who otherwise faced the loss of TANF cash benefits and services in October 2016. This repeats a proposal from the FY 2016 budget that called for a one-year delay in implementing a time limit, which was intended to give the new mayor a year to address a troubled TANF program that has not served families well and a rigid time limit that puts many vulnerable families at risk.

While the budget protects families from being cut off for one year, it does not make any progress to reform policies that already have left families with incredibly low benefits, and it does not fix a rigid time limit policy that puts vulnerable families in dire circumstances at risk of losing all assistance. Under the budget, families that have received assistance for 60 months or more will receive just \$154 a month in assistance in FY 2017, and will lose all assistance in October 2017.

At the same time, the FY 2017 budget preserves increases in full TANF benefits, for families who are exempted from the time limit or who have received aid for less than 60 months. These changes, adopted last year, will increase the maximum benefit from \$441 a month for a family of

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<sup>1</sup> All employment funding figures are adjusted for inflation into FY 2017 dollars.

three to \$508 in FY 2017 and \$644 by FY 2019, which is more in line with benefits in other high-cost jurisdictions.

## Background on TANF

The District's Temporary Assistance for Needy Families (TANF) program provides cash assistance and employment resources to help families with children transition from welfare to work. The program, operated by the Department of Human Services (DHS), is funded with a mix of federal and local funds.

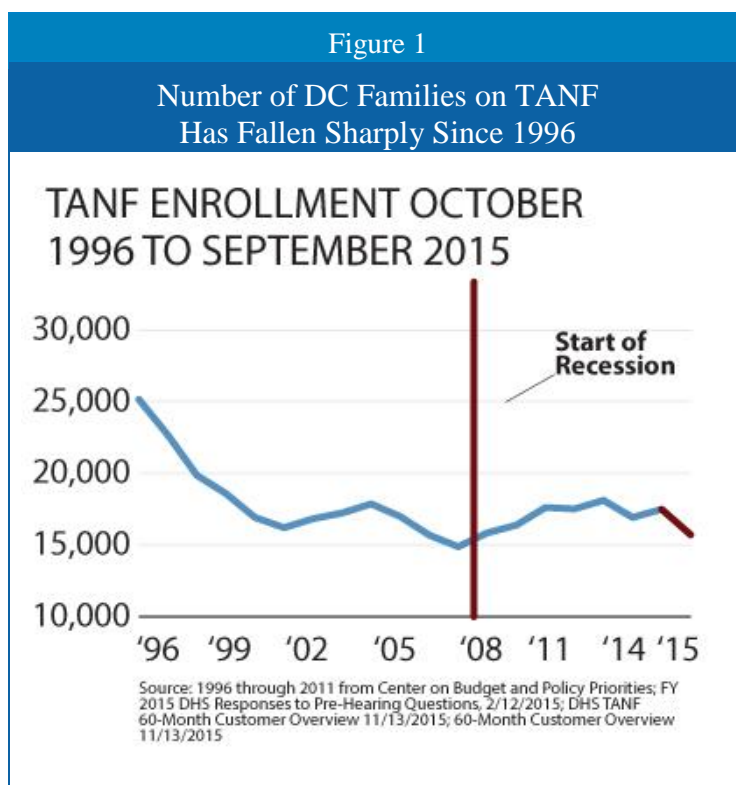
The number of DC families receiving TANF assistance today – about 16,000 – is one-third lower than in 1996, when federal welfare reform legislation was adopted. The District's TANF caseload fell through 2008, until the Great Recession, even though the city did not use a time limit or other policies to remove families from assistance. The number of families receiving TANF rose during the recession but the total remained well below the 1996 level. (See **Figure 1**.)

The caseload decreased from 2014 to 2015, likely reflecting that unemployment has fallen. But the caseload is higher than it was prior to the recession in part because job prospects remain weak for DC residents with less than a bachelor's degree. One-third of DC adults with a

high school degree are either unemployed, working part-time despite wanting a full-time job, or too discouraged to even look for work. Others are working but have seen their wages fall.<sup>2</sup>

Given the numbers of parents and children involved – TANF serves roughly one-third of DC families – an effective TANF program is important to the well-being and future of DC's children and an important component in the city's efforts to reduce unemployment.

## The Budget Extends Assistance for One Year to Families Facing a Time Limit Cutoff, But Offers No Long-term Plan to Protect Poor Children



<sup>2</sup> *Left Behind: DC's Economic Recovery is Not Reaching All Residents*. DCFPI. January 2015. <http://www.dcfpi.org/left-behind-dcs-economic-recovery-is-not-reaching-all-residents>

The budget includes \$11.1 million to continue providing very modest income assistance and employment services to roughly 6,200 families – including 13,000 children – who otherwise face a cutoff of all aid in October 2016. This repeats a proposal from the FY 2016 budget that called for a one-year delay in implementing a time limit.

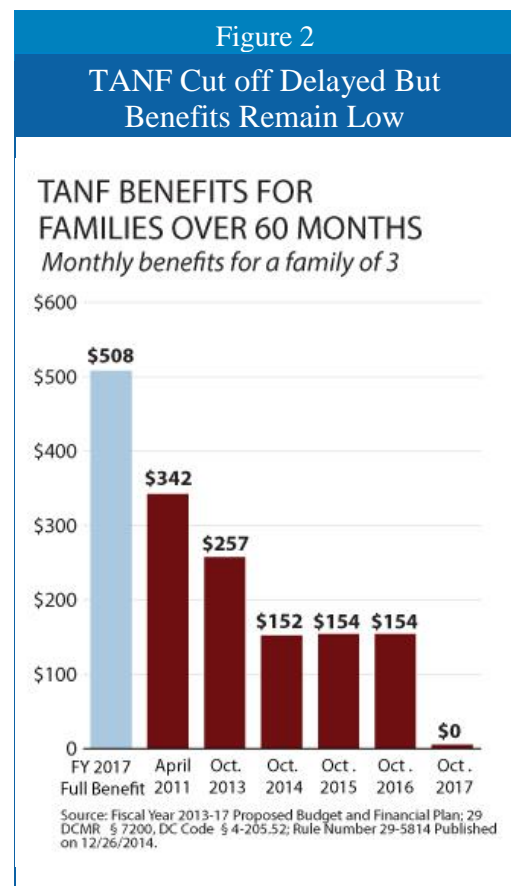
While the budget protects families from being cut off for one year, it does not make progress to reform policies that already have left families with incredibly low benefits, and it does not fix a rigid time limit policy that puts vulnerable families in dire circumstances at risk of losing all assistance.

- Under the budget, families who have received assistance for 60 months or more will receive just \$154 a month for a family of three in FY 2017. This reflects benefit cuts due to time limits that have been implemented since 2011. Given that most TANF families do not receive housing assistance, this is far too low for families to make ends meet.
- Under the budget, all families who have received assistance for more than 60 months will lose both cash assistance and employment services in October 2017, regardless of their circumstances, with no opportunity to receive assistance again.

In remarks surrounding the release of the budget, the mayor indicated that this gives the mayor and DC Council up to one year to develop a more refined time limit that protects vulnerable families. Legislation to reform DC’s TANF time limit was introduced in the DC Council in 2015. While that bill, the Public Assistance Amendment Act of 2015, has not been adopted, it could form the basis for time limit reforms. The bill offers [extensions to families with big barriers to employment such as low literacy and ensures that all children continue to receive benefits](#).

Getting the TANF time limit right – modifying it to ensure that it provides stability to families and children who need it the most – is important to child well-being and to the success of other mayoral initiatives, such as ending homelessness. Nearly 300 families in DC’s Rapid Re-Housing program, which helps families exit shelter, have received TANF for 52 months or more, putting them at risk of going over the cliff. Losing their entire income source would make it incredibly hard to successfully exit homelessness.

DC’s time limit is one of the strictest in the nation, cutting off all families regardless of their circumstances, with no chance to ever receive assistance again. The District’s time limit even cuts off families when they are doing everything expected of them to look for work.



In contrast with DC, most states have used flexibility under federal TANF law to create time limit extensions for families who need more time.

- **Extensions:** Forty-four states have extensions that give parents more time to deal with issues like domestic violence or caring for a family member with a disability. The District's time limit does not offer extensions under any circumstance.
- **Continued assistance after the time limit:** Five other states have other time limit policies to protect families. New York has a separate state cash assistance program that continues to provide benefits to families. California, Indiana, and Oregon remove the parent from the TANF case but allow children to continue to receive benefits. Vermont and Maryland allows families participating in work activities to continue to receive benefits, and in practice almost all families have continued to receive assistance. The District's time limit does not provide any cash assistance or employment assistance after the time limit.

The District's rigid time limit is of concern because a large body of research confirms that families reaching time limits often have substantial problems, including high rates of mental illness, domestic violence, and disabilities. Research from other states finds that the vast majority of families cut off TANF are not able to replace lost benefits with employment income, leaving many to lead chaotic and unstable lives. This leads to increases in homelessness and child neglect as families cannot meet their children's most basic needs.

- **Most do not secure steady employment:** A Maryland Study found that families who left TANF because of time limits work in fewer quarters in the year after leaving TANF than other TANF leavers do.<sup>3</sup> In Washington, only 45 percent were working three years after their case closed due to a time limit.<sup>4</sup>
- **Many experience housing instability or homelessness:** A Maine study found that 1 in 5 families reported being evicted; having to relocate, often to overcrowded living conditions; or needing to go to a homeless shelter.<sup>5</sup> Washington State found that families who left due to time limits had the highest rates of homelessness – 20 percent were homeless at the end of the three-year follow-up; this was a full six percentage points higher than families who were on TANF for more than a year but left on their own.<sup>6</sup>
- **Parents struggle to keep their families together:** When parents are cut off of TANF without a secure job, their children are more likely to be abused or neglected and end up in foster care.<sup>7</sup>

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<sup>3</sup> Hetling, Andrea, Kathryn Patterson, and Catherine Born (2006). *The TANF Time Limit: Comparing Long-Term and Other Welfare Leavers*, Family Welfare Research and Training Group, University of Maryland.

<sup>4</sup> Patton, Deleena, Melissa Ford Shah, Barbara E.M. Felver, Kathryn Beall (2015). *TANF Caseload Decline: The Well-Being of Parents and Children Leaving WorkFirst in Washington State*, Report to the DSHS Economic Services Administration, Office of the Assistant Secretary and the Community Services Division. <https://www.dshs.wa.gov/node/10898/>

<sup>5</sup> Butler, Sandra (2013). *Time Limits and Maine Families: Consequences of Withdrawing the Safety Net*. University of Maine. <http://www.mejp.org/sites/default/files/TANF-Study-SButler-Feb2013.pdf>

<sup>6</sup> Patton, Deleena, Melissa Ford Shah, Barbara E.M. Felver, Kathryn Beall (2015).

<sup>7</sup> Nam, Y., Meezan, W., & Danziger, S. (2006). Welfare recipient's involvement with child protective services after welfare reform. *Child Abuse & Neglect*, 30(11), 1181-1199.

- **Child development is threatened:** When TANF benefits are cut off from mothers of preschoolers, their children are three times more likely to have serious behavior problems than other young children.<sup>8</sup> Children are also more likely to repeat a grade and less likely to be engaged by their parents in important learning activities like reading when they are subject to strict TANF time limits.<sup>9</sup>

As noted above, the Public Assistance Amendment Act, introduced in the DC Council last year, represents one proposal for reforming the TANF time limit to protect children and address the needs of families in dire circumstances. The bill would create extensions that would allow families to receive assistance after the time limit, with extension eligibility reviewed periodically. The legislation also would continue assistance to children when a family reaches a time limit without qualifying for an extension.

## TANF Employment Services Budget Will Fall, But Services Will Remain Unchanged

The FY 2017 budget for the TANF Employment Program (TEP) is \$36 million, a \$7 million decrease from the FY 2016 budget. This reflects the fact that DHS does not expect to spend the entire amount budgeted for employment services in FY 2016. The budget for FY 2017 matches what DHS expects will be spent to provide these services in FY 2016. TEP is operated by for-profit and nonprofit vendors, and it provides job placement assistance and services to enhance a parent's employability – education, vocational training, work experience, and community service. In FY 2016, DHS expanded the capacity in TEP to eliminate a waiting list for services that had stretched up to 12 months in prior years. DHS will be renegotiating TEP contracts in FY 2017, so there may be some change in expenses. If costs rise as a result, the District will be able to use its federal TANF reserves to cover these expenses.

## Budget Repeals Time Limit Exemption for Parents with Newborns

The FY 2017 budget eliminates a provision that was intended to allow parents with newborns to take time to be with their child without having the TANF time clock running.

The Program on Work Employment and Responsibility (POWER) serves TANF families whose head of household faces circumstances that make it difficult or impossible to meet TANF work participation requirements. When families are placed in POWER, the months of assistance they receive do not count towards a parent's 60-month time limit and families receive the full TANF benefit amount, even if they have received TANF for more than 60 months.

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Shook Slack, K., Lee, B. J., & Berger, L. M. (2007). Do welfare sanctions increase child protection system involvement? A cautious answer. *Social Service Review*, 81(2), 207-228.

Beimers, D., & Coulton, C. J. (2011). Do employment and type of exit influence child maltreatment among families leaving Temporary Assistance for Needy Families? *Children and Youth Services Review*, 33, 1112-1119.

<sup>8</sup> Lohman, B. J., Pittman, L. D., Coley, R. L., & Chase-Lansdale, P. L. (2004). Welfare history, sanctions, and developmental outcomes among low-income children and youth. *Social Service Review*, 78(1), 41-73.

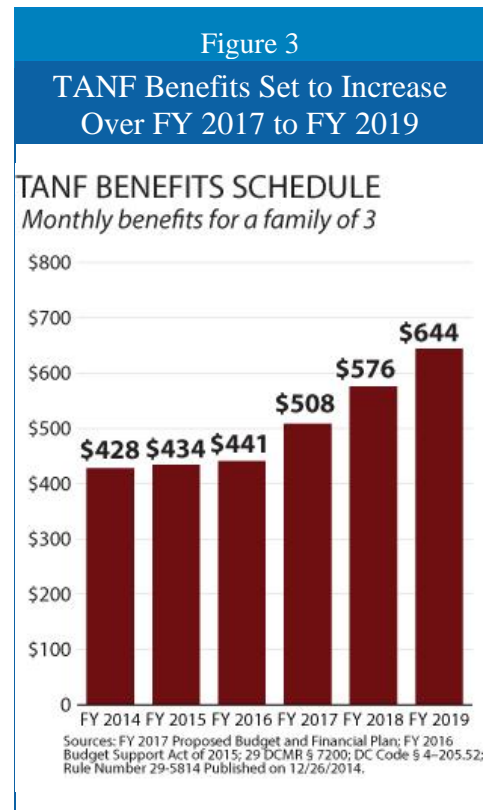
<sup>9</sup> Wang, J.S. (2015). TANF coverage, state TANF requirement stringencies, and child well-being. *Children and Youth Services Review*, 53, 121-129.

TANF parents qualify for POWER if they:

- have a physical health, mental health, or substance abuse problem;
- are teen parents enrolled in school or a GED program;
- are needed in the home to care for a family member with a disability;
- are 60 years of age or older; or
- are dealing with domestic violence.

The budget repeals a provision adopted in 2015, but never implemented, to make single parents caring for a newborn eligible for POWER. This exemption is based on a recommendation from Zero to Three, a national organization devoted to improving the lives of infants and toddlers. They find that “infants and toddlers, particularly those at risk, need dedicated time with their parents to form the critical relationships that are the foundation for healthy social, emotional, and cognitive development.”<sup>10</sup>

Worries about reaching the time limit can jeopardize parents’ ability to spend time with their infants and prevent them from participating in parenting classes. Additionally, they report that research has consistently found an “association between economic hardship and compromised child development,” so it is important that TANF benefits not be reduced during the child’s first year of life.



### Budget Preserves Planned Cash Assistance Increases for Families Who Have Not Reached the Time Limit

The FY 2016 budget included a provision to increase TANF benefits substantially from 2017 through 2019, with annual inflation adjustments after that (see **Figure 3**). The FY 2017 budget maintains the benefit increases, and as a result, monthly benefits for a family of three will increase to \$508. By FY 2019, the maximum benefit for a family of three will be \$644 a month, compared with \$441 in FY 2016. (See **Table 1**.) These benefits will be provided to families that have not reached the 60-month time limit, who are exempt from the time limit and in the POWER program.

**Table 1**

**TANF Benefit Increase Schedule for a Family of Three**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019

<sup>10</sup> Zero to Three. *Charting a New Course for Children in Poverty: The Reauthorization of the TANF Program*. 2010 [www.zerotothree.org/public-policy/policy.../tanf-june-16-2010.pdf](http://www.zerotothree.org/public-policy/policy.../tanf-june-16-2010.pdf)

% Increase	--	1.5%	1.6%	15.3%	13.3%	11.8%
Monthly Benefit	\$428	\$434	\$441	\$508	\$576	\$644

Sources: FY 2017 Proposed Budget and Financial Plan; FY 2016 Budget Support Act of 2015; 29 DCMR § 7200; DC Code § 4-205.52; Rule Number 29-5814 Published on 12/26/2014.

The increases will help reverse a long-term slide in the purchasing power of TANF benefits. The value of DC's TANF benefit has declined dramatically since 1991, when an automatic COLA was eliminated (see **Figure 4**). The increase in benefits now scheduled for fiscal years 2017-2019 will put DC's benefits in line with benefits in other high-cost jurisdictions such as Boston (\$618), Los Angeles (\$704), and New York City (\$789). Even with the increase, cash benefits will be only at 36 percent of the poverty line in FY 2019.

