

What's In the Proposed FY 2018 Budget for Temporary Assistance for Needy Families (TANF)?

The proposed fiscal year (FY) 2018 budget reforms DC's TANF program to resolve long-standing concerns with the District's rigid 60-month time limit, a problem that has confounded the District for years. The proposed budget allocates \$8.1 million to protect DC's most vulnerable children and prevent approximately 6,000 DC families—including over 10,000 children—from permanently losing their TANF benefits due to the District's time limit, which was set to occur on October 1, 2017.

Under the proposal, which is based on recommendations of a working group established by the Bowser administration in 2016, families would no longer be at risk of permanently losing their TANF benefits once they have exceeded 60 months of benefits in their lifetime; all families facing economic hardship would receive some level of income assistance to meet their children's basic needs, along with subsidized childcare and employment services.

At the same time, the proposed budget leaves a large share of a family's benefits subject to being cut when a parent is not complying with TANF work activity requirements to engage in work preparation activities. The working group recommended that 20 percent of a family's benefits could be subject to sanction for this reason, but the mayor's budget would allow half to be sanctioned. This higher sanction level runs counter to the goal of ensuring a reasonable level of assistance to meet children's needs.

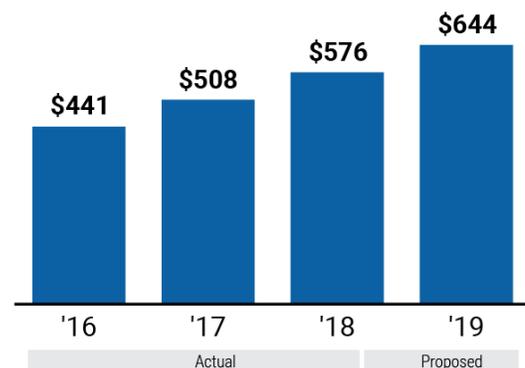
The proposed FY 2018 budget also preserves increases in TANF benefits adopted in the FY 2015 budget and then modified in FY 2016 to alter the timeline for implementation. Under these

changes, the maximum benefit for a family of three will increase from \$508 a month in FY 2017 to \$576 in FY 2018 and \$644 by FY 2019, which is more in line with benefits in other high-cost jurisdictions (*Figure 1*).

FIGURE 1.

TANF Benefits Will Rise for All Families with the Elimination of Time Limits

Monthly benefits for a family of three



Source: 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.

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Background on TANF and DC's TANF Time Limit

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

Prior to 2011, the District of Columbia did not implement a TANF time limit, in full compliance with federal law, which grants states and DC the flexibility to design and implement their own time limit policies.

Even without a time limit, the number of DC families receiving TANF assistance today—approximately 16,000—is one-third lower than in 1996, when federal welfare reform legislation was adopted. Although the argument for time limits has always been that they encourage self-sufficiency and prevent low-income parents from relying on government assistance, the data on DC’s caseload indicate otherwise. The District’s TANF caseload fell through 2008—with a modest temporary increase during the recession of the early 2000s—even though the city did not have TANF time limits in place; the eligibility criteria to obtain TANF did not become more restrictive during this time either.

The fact that DC’s TANF caseloads fell up until the Great Recession instead suggests that receipt of TANF assistance is tied to the strength of the economy and job opportunities; parents find gainful employment on their own and leave TANF when the economy is growing and provides job opportunities. Predictably, the number of families receiving TANF rose during the Great Recession that started in 2008, but the total caseload remained well below the 1996 level (*Figure 2*).

Although the District’s TANF caseload fell significantly without a time limit, District policymakers chose in 2011 to establish a 60-month time limit. Under that policy, any family that had received assistance for more than 60 months in their lifetime faced an immediate reduction in cash assistance benefits. The policy called for reducing benefits further in subsequent years and eliminated benefits entirely for 60-month recipients starting in FY 2015.

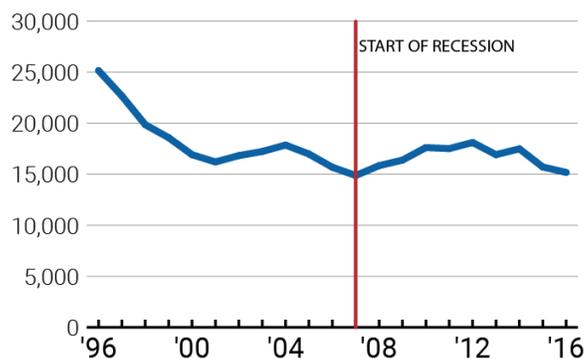
The time limit policy has resulted in substantial cuts to TANF benefits—a family of three that has received aid more than 60 months gets \$154 in assistance this year—but the policy to fully eliminate benefits has not been implemented out of concern that it would create significant hardship. In both FY 2016 and FY 2017, the mayor and DC Council chose to extend benefits at this low level.

In 2016, Mayor Bowser convened a working group within the Department of Human Services to develop a permanent policy to replace DC’s existing TANF time limit.

FIGURE 2.

Number of DC Families on TANF Has Fallen Even Without Time Limits

TANF enrollment October 1996 - September 2016



Source: 1996 through 2011 provided by the Center on Budget and Policy Priorities; FY 2015 DHS Responses to Pre-Hearing Questions, 2/12/2015; DHS TANF 60-Month Customer Overview 11/13/2015; DHS Responses to DCFPI Inquiry, 4/5/2017.

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New Proposal to Reform Time Limit Will Protect Children

The proposed new TANF time limit policy would be implemented in April 2018 and would ensure that parents facing economic hardship have consistent income and resources to meet their children’s basic needs, such as socks, diapers or a winter coat.

FIGURE 3.

Under the mayor’s time limit reform proposal, a portion of a family’s TANF benefit is designated as the child portion and is intended to ensure parents can meet the basic needs of their children. This portion is not subject to either time limit or sanctions for parental noncompliance, and it therefore cannot be cut or reduced. This means families are no longer at risk of losing their full monthly benefit. Under the mayor’s proposal, half of a family’s TANF benefit would be considered the child portion.

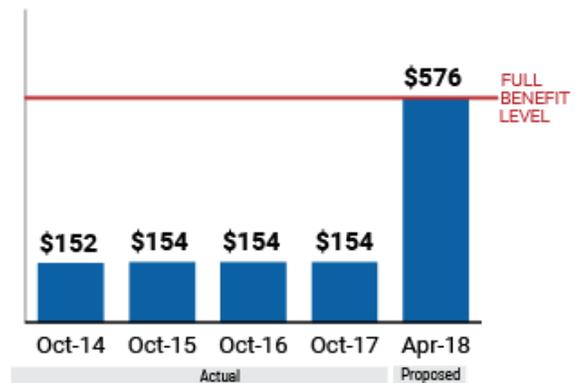
The remaining half of a family’s monthly benefit would be designated as the parents’ portion (referred to by DHS as the ‘parent only’ portion). Unlike the children’s portion, the parent’s portion is subject to sanctions and can be eliminated if a parent is not complying with TANF program requirements.

The TANF reforms are the result of a [working group](#) convened by Mayor Bowser’s Department of Human Services in 2016. The working group was informed by a [significant body of research](#), as well as information from national leading experts on the importance of economic stability for the wellbeing and health of children. That research shows that instability and extreme poverty increase the likelihood of problems in school, chronic health conditions, and other negative outcomes. In addition, the working group recognized that a cut-off of income assistance could contribute to increases in families experiencing homelessness, child welfare referrals, and other social services.

The new proposal will mean a substantial increase in benefits for the nearly 6,000 DC families who have been on TANF 60 months or longer and were scheduled for cut-off in October 2017. These families have received extremely meager cash benefits since 2014; the current benefit for a family of three over 60 months is just \$154 per month. Benefits for these families will increase to \$576 a month when the new policy goes into effect in April 2018 (*Figure 3*).

Eliminating Time Limits Will Greatly Increase Resources for All TANF Parents to Care for Their Children

Monthly benefits for a family of three, after 60 months on TANF



Source: Fiscal Year 2015-18 Budget & Financial Plans. 29 DCMR § 7200; DC Code § 4-205.52; DC Code § 4-202.05(e); Rule Number 29-5814.

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While the proposed budget largely reflects the recommendations of the working group, there is one important way in which the budget proposal differs from the working group’s recommendations. The working group recommended that 80 percent of a family’s benefit be considered the children’s portion, which cannot be cut; under this, only the remaining 20 percent of the family’s benefit—the parent portion—could be sanctioned. This 80/20 split was recommended in order to protect children from suffering economic hardship due to factors out of their control, such as a parent not complying with TANF rules, while still maintaining some level of sanction for parents.

However, the proposed FY 2018 budget designates just 50 percent of a family’s benefit as the children’s portion. A 50/50 split would mean that a family’s benefit could be cut by as much as half solely as the result of sanctions on the parent for noncompliance. Given that TANF benefits are already modest—the full benefit for a family of three in FY 2018 will be \$576 a month—a 50 percent reduction would place undue hardship on

children based on the actions of their parents. This contradicts the large body of research indicating how important economic stability is to child development, as well as the goal of the proposed TANF reform itself: to protect the well-being of children receiving TANF.

Why Addressing the Time Limit Was Important

The District’s TANF time limit policy posed a critical challenge to DC officials, advocates, service providers and TANF recipients themselves since it was adopted in 2011. The proposed FY18 budget’s TANF time limit reform would address one of the most critical social policy issues affecting the well-being of low-income children that the District has seen in years, by removing time limits and prioritizing the well-being of children.

The District’s time limit proposal is a sound approach that will help improve the outcomes of low-income families, especially their children. Strict time limits often push vulnerable families deeper into poverty, with devastating consequences for children, based on [research on time limits in many states](#). This research 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. Current economic conditions in the District would have exacerbated these issues observed nationwide, given the high rate of homelessness, [lack of affordable housing](#), and extreme [economic and racial disparities](#) evident in the District.

Recent research also has revealed more about the characteristics of families who stay on TANF long term, for over 60 months. This research confirms that families reaching time limits often have substantial problems, including high rates of mental illness, domestic violence, and disabilities. A recent [survey](#) of long-term TANF recipients in

the District found that roughly 40 percent had a physical health issue and over 30 percent had depression or anxiety severe enough to prevent them from participating in meaningful work activities.

In contrast, policies that help stabilize the incomes of low-income families have long-lasting [positive effects](#) on a child’s ability to succeed in school, get a high school or college degree, and find work as an adult.

Budget Reserves Planned Cash Assistance Increases

The FY 2018 budget maintains a three-year plan to increase TANF benefits substantially from 2017 through 2019, with annual inflation adjustments after that. As a result, monthly benefits for a family of three will increase to \$576 in FY 2018. By FY 2019, the maximum benefit

SUMMARY

- The FY 2018 budget reforms TANF time limit policy; families are no longer at risk of permanently losing their TANF benefits after 60 months of lifetime assistance. The new proposal would be implemented in April 2018.
- The nearly 6,000 DC families scheduled for permanent cut-off in October 2017—including 10,000 children—will continue to receive income assistance and employment services.
- 50 percent of a family’s monthly benefit would be designated as the children’s portion that could not be cut. The remaining parent portion could be eliminated due to noncompliance with required TANF activities. The working group had recommended that the protected children’s portion should be a much higher share of a family’s benefits—80 percent.
- The new proposal will substantially raise benefits for families that have received 60 months of income assistance from \$154 per month to \$576 in April 2018

for a family of three will be \$644 a month, compared with \$441 in FY 2016 (*Table 1*). 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, however, cash benefits will be only at 36 percent of the poverty line in FY 2019.

TABLE 1.

TANF Benefit Increase Schedule for a Family of Three

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
% 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.