

## **DISTRICT OF COLUMBIA'S TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) PROGRAM**

### **Overview**

Temporary Assistance for Needy Families (TANF) is a federal block grant that DC and the states receive to provide income assistance, job training, and other supportive services to low-income families with children. Created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the TANF block grant replaced the Aid to Families with Dependent Children (AFDC) program, which had provided cash assistance to poor families with children since 1935.<sup>1</sup> States operate a variety of TANF-funded programs under federal guidelines that give a great deal of flexibility to determine who is eligible and what specific services are covered.

Federal guidelines allow states to use federal TANF funding on programs or services that meet one of the four main purposes of the TANF block grant: assist needy families so that children can be cared for in their own homes; reduce dependency by promoting job preparation, work, and marriage; prevent out-of-wedlock pregnancies; and encourage the formation and maintenance of two-parent families. DC and the states are required to spend a set amount of their own funds on programs for TANF-eligible families in order to receive federal TANF funds. This is referred to as a maintenance of effort (MOE) requirement.

Most of the TANF and MOE funds spent in the District are used to support DC's welfare-to-work program, called the TANF program. The TANF welfare-to-work program is administered by the Department of Human Services' Economic Security Administration and provides child care, income assistance, job readiness, and other services. Some TANF block grant funds are used for other services, such as homeless services and family preservation.

This policy brief provides information on the District's TANF program and other uses of TANF block grant funds. It also identifies three key issues currently facing the TANF program.

- Recently, DC has undertaken steps to improve the ways TANF recipients are assessed for barriers and the education, training, and other services they receive to help them get back on their feet. This redesign stems from concerns that have been raised about the quality of services available to TANF participants. TANF participants generally faced a "one-size fits all" approach to employment training that did not take into account the variety of significant barriers to employment, such as substance abuse, or domestic violence, that many TANF recipients face.
- The District has adopted steep cuts in benefits to families that have received TANF for more

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<sup>1</sup> To learn more about the federal TANF block grant and history of the federal TANF program, see: Liz Schott, Center on Budget and Policy Priorities, "What is TANF?" available at: <http://www.cbpp.org/cms/index.cfm?fa=view&id=936>

than 60 months. There are concerns that the time-limits could reduce benefits to very low levels before families have had a chance to take part in the improved services.

- The District will soon implement a new “full family sanctions” policy that will cut some families off cash assistance if they fail to comply with program requirements. Information from other states suggests that families cut off by these sanctions tend to have multiple barriers to work and suffer hardship after the benefit termination.

**TABLE 1: Income Eligibility Limits for TANF Income Assistance**

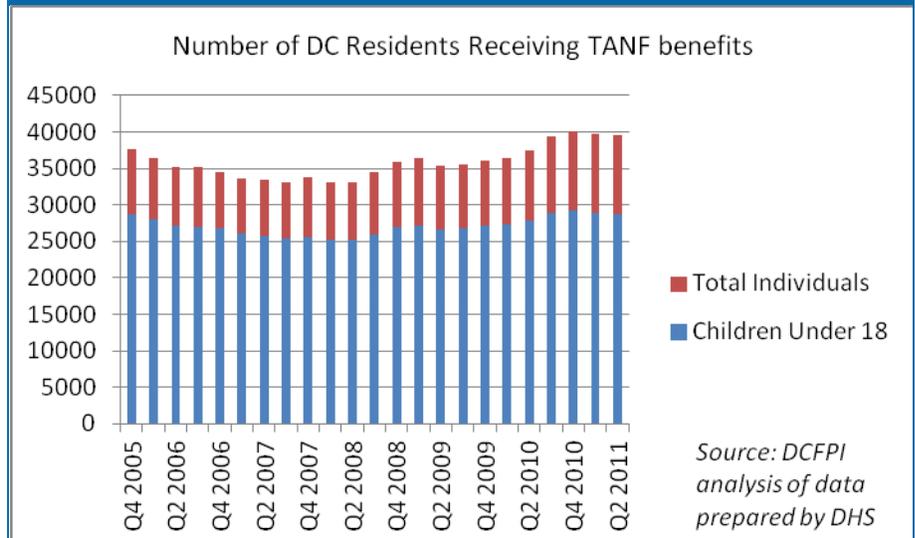
Family Size	Income Cannot Exceed
1	\$430
2	\$496
3	\$588
4	\$683
5	\$762
6	\$868

**Population Served by DC’s TANF Program**

Only families with very low-incomes are eligible to apply for DC’s TANF program. This program provides cash assistance, job training, and other supportive services. For a family of three, monthly income cannot exceed \$588, and families cannot have assets that are greater than \$2,000.

(If the family includes someone 60 years or older or someone with a disability, the asset limit increases to \$3,000.) Table 1 provides a breakdown of the income eligibility requirements for DC’s TANF program. Once a family starts receiving TANF, their benefits phase out slowly as earnings rise, which means that they are able to remain on the program at higher income levels than indicated in the table.

**FIGURE 1: TANF’s Caseload has Risen Marginally Over the Past Five Years**



Enrollment in the District’s TANF program has fallen from approximately 70,000

children and adults in 1996 to 40,000 as of July 2011, a drop of almost 50 percent since the federal TANF program was created. More recently, since the start of the Great Recession, enrollment in DC’s TANF program has increased by just 2,000 participants, from 37,600 at the end of 2005 to the most recent total of 40,000 (see Figure 1). More than 70 percent of total people enrolled in DC’s TANF program are children under 18.

The modest increase in DC’s TANF program during the recession is much smaller than the increase in poverty and unemployment, which suggests that changes made to DC’s welfare program under TANF have lessened the ability of TANF to serve as a safety net for low-income families with children. While the TANF caseload has risen by only 5 percent in the past five years, the unemployment rate has increased by almost 70 percent. Additionally, in 2005 there were 40 TANF

enrollees per every 100 District residents in poverty, and as of 2010 there are only 37 TANF enrollees per 100 District residents in poverty.

**TANF Benefits and Services**

The District provides over 14 programs and services under its TANF program. These include cash assistance, job training, job readiness, child care, tuition assistance, case management, and other supportive services.

DC’s TANF program provides a monthly cash benefit for very-low income families. This sum provides assistance to low-income families while they are searching for a job, enrolled in educational programs, caring for a child with a disability, or receiving other TANF services. Currently, the monthly benefit for a family of three is just \$428 a month (see Table 3). Since the cost-of-living adjustment was eliminated in 1991, this benefit has decreased as a percent of the federal poverty line. In 1990, the monthly benefit met almost 50 percent of the federal poverty level. Over the past 20 years though, this percentage has decreased to just 30 percent (see Figure 3).

**TABLE 3: Monthly Income Benefit for TANF Recipients**

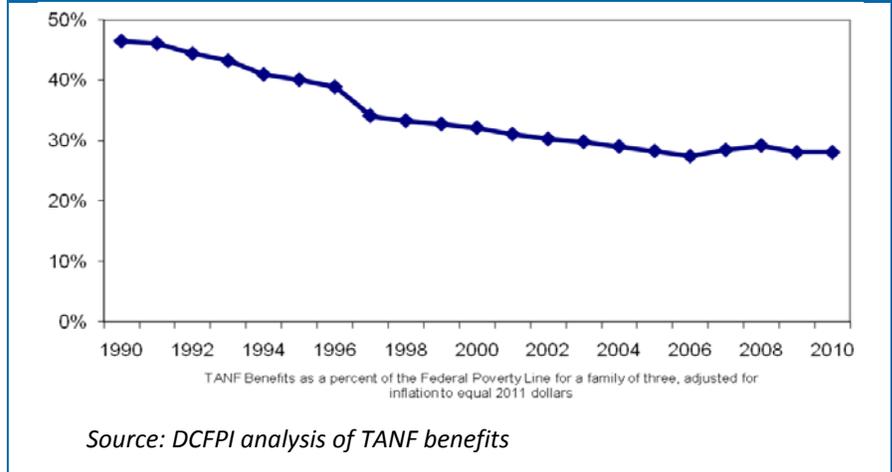
Family Size	TANF
1	\$270
2	\$336
3	\$428
4	\$523
5	\$602
6	\$708
7	\$812
8	\$897

*Source: DC Economic Security Administration*

Most TANF families are expected to participate in work preparation activities, though some are exempt due to family circumstances (such as a parent with an infant). Currently, most TANF recipients participate in the “TANF Employment Program,” under which they are referred to a contractor that provides short-term job readiness services, although a recent re-design of the TANF program will expand the range of education and training options. (This is discussed in more detail under “Current Issues” below.) Beyond job readiness, the District’s TANF employment services include Paving Access Trails for Higher Security (PATHS), which is a specialized job readiness and skill training program offered through the University of the District of Columbia, and tuition reimbursement for those in school.

Other TANF services include assistance for victims of domestic violence and the Teen Parent Assessment Project which empowers teen parents in TANF toward self-sufficiency.<sup>2</sup>

**FIGURE 3: TANF Benefits as a Percent of the Federal Poverty Line, 1990-2010**



<sup>2</sup> For a comprehensive list of TANF programs (as well as more information on the recent redesign of the program), please go to:

## TANF Work Requirements

Federal TANF law requires DC and the states to engage TANF recipients in a set of defined work preparation activities, such as job skills training or education related to employment. In the District, TANF recipients have varied work requirements which depend on the age of the child in the family and whether the household has one or two parents. These requirements are summarized in Table 2.

<b>TABLE 2: Work Participation Requirements Under DC's TANF Program</b>			
	<b>Single parent household</b>	<b>Two parent household without funded child care</b>	<b>Two parent household with funded child care</b>
Child under 1 year old	Exempt	30 hours/week	30 hours/week
Child 1-6 years of age	20 hours/week	35 hours/week	55 hours/week
Child over 6 years of age	30 hours/week	35 hours/week	55 hours/week
<i>Source: DC Department of Human Services</i>			

Under the District's TANF program, a number of activities are counted toward filling the work participation requirement. These include subsidized employment (meaning that the employer receives a subsidy from TANF or other public funds to offset some of the employment costs) unsubsidized employment, on-the-job training, work experience, community service, job search and job readiness assistance, and vocational education. Job skills training, education related to employment, and education connected to obtaining a high school diploma or GED also count, but only after the TANF recipient fulfills 20 hours of work activities per week (30 hours per week if the recipient is part of a two-parent family).

As noted, most DC TANF recipients are referred to a program that provides short-term job readiness services, while a small number participate in more targeted education or training programs. In 2011, the District developed and started to implement a new set of education and training services in an effort to provide services that are better matched to the employment needs of TANF recipients. This is discussed under "Current Issues" below.

The District exempts certain populations from work requirements. These include: single parents with children under 12 months, recipients 60 years old or older, recipients with a medical exemption or domestic violence waiver, those caring for an ill or injured family member, women in their second or third trimester of pregnancy, and full-time AmeriCorps or VISTA volunteers.

## TANF Sanctions

Parents who fail to meet the work requirements are subject to a sanction, which means that the amount of their monthly cash benefit is reduced. Under current rules the monthly benefit for a family of three would be cut from \$428 a month to \$336 a month as a result of a sanction. This sanction remains in effect for the minimum sanction period (one month for the first violation, three for the second, and six for the third and subsequent violations) or until the recipient complies with program requirements, whichever is longer. However, if recipients can prove "good cause" for not complying with the work requirement (examples include verified illness or medical condition, threat

[http://newsroom.dc.gov/show.aspx?agency=dhs&section=2&release=22363&year=2011&file=file.aspx%2frelease%2f22363%2fTANF\\_RedesignWhitePaperFinal26Aug11.pdf](http://newsroom.dc.gov/show.aspx?agency=dhs&section=2&release=22363&year=2011&file=file.aspx%2frelease%2f22363%2fTANF_RedesignWhitePaperFinal26Aug11.pdf)

of domestic violence, and lack of available or affordable childcare for a child under 6), then they are not sanctioned.

The Department of Human Services is in the process of developing a new sanctions policy to be implemented in 2012. The new policy, required under legislation adopted by the DC Council in 2010, will include steeper penalties than currently imposed, including “full family sanctions” that will terminate benefits entirely for some families. This is discussed in more detail under “Current Issues” below.

## **TANF Time Limits**

Federal TANF law includes time limits over the use of federal funds, but DC and the states have flexibility over the application of time limits when benefits are funded with local dollars

Under federal rules, families generally cannot receive TANF assistance for longer than 60 months (whether or not consecutive), though DC and states may use federal dollars to extend these time limits for up to 20 percent of the caseload.

Federal law does not impose a time limit on families receiving assistance funded entirely with state dollars, and about half of states and the District have developed solely state-funded programs (SSF) to help those families who have significant barriers to work. SSF programs allow states to assist families that may not meet federal work requirements in a given month because of an emergency or have exhausted the 60 month time limit.

Until recently, the District had not reduced or eliminated benefits to families based on a time limit. However, in recent years, the city has adopted steep benefit reductions for families that have received benefits for more than 60 months. In April 2011, the maximum monthly benefit for a family of three was reduced from \$428 to \$342 for families that have received aid for 60 months. As discussed below under “Current Issues,” the structure of DC’s time limit could reduce benefits even further before families have had a chance to take advantage of new education and training options, as well as for some families that have been deemed not ready for employment

## **Other Uses of the TANF Block Grant**

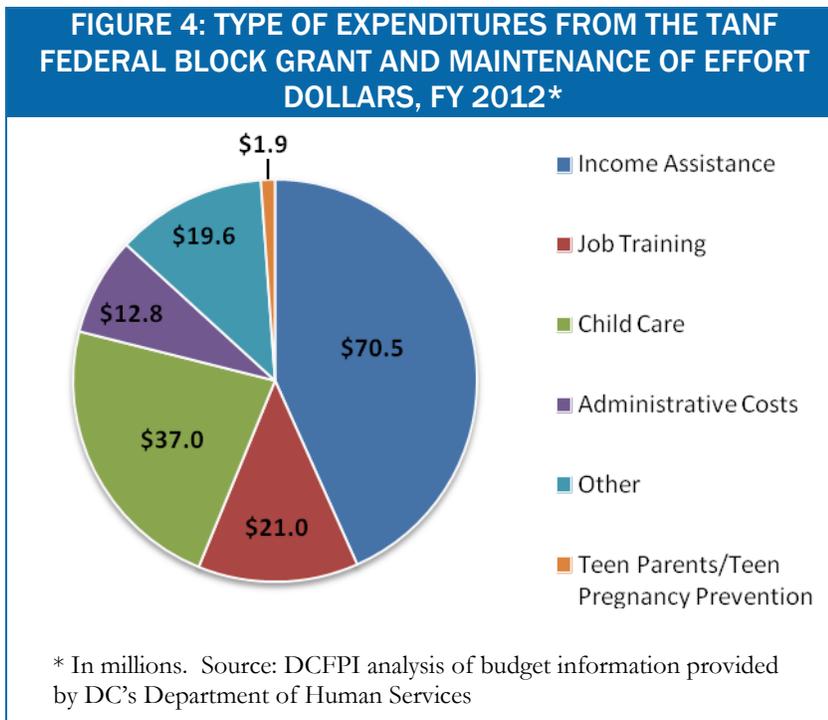
While most of DC’s TANF block grant and MOE funds are used to support the welfare-to-work program, DC also uses some of its TANF block grant to support other programs and services. These services are available for both TANF families and non-TANF families. For example, DC spends about a third of its federal TANF block grant on childcare services that are prioritized for TANF participants, but open to families with incomes up to 250 percent of the poverty line, or \$46,333 for a family of three. The District also uses a large portion of its federal TANF block grant to provide services to support homeless services and family preservation.<sup>3</sup>

## **Funding**

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<sup>3</sup> Appendix I contains a breakdown of the allocations of DC’s federal TANF block grant in FY 2012.

TANF is funded through a combination of both federal and state funds.<sup>4</sup> Each year, DC receives approximately \$92 million in federal TANF block grant funds and contributes approximately \$75 million through maintenance of effort (MOE) requirements. Appendix I contains a table that displays how the FY 2012 federal and local TANF funds were allocated. In FY 2012, approximately two-fifths of the total funds will be spent on income assistance, just over one-fifth on child care, and just under 13 percent on job training (see figure 4).



### Current TANF Issues

There are three major issues currently affecting TANF:

- A redesigned TANF employment services component
- New “full family sanctions” for families that fail to comply with program rules
- New benefit reductions tied to time limits

**Re-designed TANF Employment Services:** Recently, DC has taken steps to improve both the quality of services and the assessment TANF participants are given. Beforehand, the District had a “one-size fits all” approach that often meant that TANF participants were not properly assessed and significant barriers to employment, such as mental health issues or domestic violence, went unaddressed.<sup>5</sup> As a result, TANF participants were often connected with services that didn’t meet their needs, and many families chose not to participate as a result.

The Department of Human Services is currently undertaking TANF reforms, including a new assessment system to identify client strengths and needs, and a broader range of education and employment options to reflect the varying needs of different recipients.<sup>6</sup> The District is in the

<sup>4</sup> See Appendix I for a breakdown of the TANF federal block grant and local funds.

<sup>5</sup> To learn more, see: DCFPI and SOME, Inc. (So Others Might Eat), “Voices for Change: Perspectives on Strengthening Welfare-to-Work From DC TANF Recipients,” available at: <http://www.dcfpi.org/voices-for-change-perspectives-on-strengthening-welfare-to-work-from-dc-tanf-recipients>

<sup>6</sup> For more information on the redesign of the District’s TANF program, see: [http://newsroom.dc.gov/show.aspx?agency=dhs&section=2&release=22363&year=2011&file=file.aspx%2frelease%2f22363%2fTANF\\_RedesignWhitePaperFinal26Aug11.pdf](http://newsroom.dc.gov/show.aspx?agency=dhs&section=2&release=22363&year=2011&file=file.aspx%2frelease%2f22363%2fTANF_RedesignWhitePaperFinal26Aug11.pdf)

process of the implementing these reforms, although it is unclear when the reforms will be fully implemented. A pilot program for the redesigned TANF services, run in 2011, resulted in tremendous increases in participation in employment services, which suggests that the new services are better suited to the needs of TANF recipients.

**Full Family Sanctions:** Legislation adopted in 2010 requires the Department of Human Services to develop new and steeper benefit sanctions for families that do not fully participate in assigned work activities. The new sanctions policy will eliminate benefits entirely for some families with children that are not in compliance with program rules. The new sanction is intended to serve as a strong incentive for TANF parents to comply with education and job activity requirements, but research indicates that sanctions have not been shown to improve compliance and instead lead to increased hardship for families that often face multiple barriers to employment.<sup>7</sup>

**Time Limits:** Starting in April 2011, families who had been on TANF for more than 60 months (regardless of whether or not those months were consecutive) had their benefits reduced by 20 percent, from \$428 to \$342 a month. The FY 2012 budget reduced benefits further – to \$258 a month in October 2012 -- and will phase out benefits completely for these families by October 2014.

While many states have adopted TANF time limits, the approach taken by the District to create time limits is inconsistent with the approach taken by most states and could threaten the success of the re-designed TANF employment program. The time limit is retroactive, which means that those who have already been in the program for a few years may have already reached time limits or will be quickly approaching the limit and have little time to prepare for benefit reductions. In most states, time limits are set going forward, which gives families time to prepare for employment. The retroactive nature of DC's time limit also means that many families will face steep benefit reductions before they have had a chance to participate in DC's new TANF education and training services.

Moreover, most states have time limit exemptions for families that are exempt from work requirements, and many states provide extensions to families that have reached time limits but are complying with program rules. DC's program effectively includes no exemptions or extensions.

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<sup>7</sup> For more information on the proposed sanction policy, visit: <http://www.dcfpi.org/dcfpi-comments-on-proposed-tanf-full-family-sanctions-policy>

## Appendix I: Total FY 2012 TANF Funding Allocations

Program	TANF Federal Block Grant	District Local Funds	Total
TANF Cash assistance <sup>8</sup>	\$23,074,200	\$47,403,200	\$70,477,400
TANF Employment Program <sup>9</sup>	\$12,333,013	\$6,333,223	\$18,666,236
TANF Domestic Violence Support	\$190,000		\$190,000
Community Youth Initiative	\$375,000		\$375,000
TANF Family-to-Family Mentoring	\$835,000		\$835,000
TANF Home Visitor Program	\$1,800,000		\$1,800,000
TANF New Heights Program (DCPS)	\$400,000		\$400,000
Other	\$395,000		\$395,000
Tuition Assistance Program Initiative for TANF (TAPIT)	\$250,000		\$250,000
Teen Pregnancy Prevention	\$1,450,000		\$1,450,000
Early Care Early Education (Child Care/OSSE)	\$36,947,695		\$36,947,695
UDC Paving Access Trails for Higher Security (PATHS) for TANF	\$1,500,000	\$500,000	\$2,000,000
Family Preservation (CFSA)	\$10,000,000		\$10,000,000
Homeless Services	\$4,027,000		\$4,027,000
Strong Families	\$1,725,331		\$1,725,331
UDC Theatre Arts Program for TANF	\$300,000		\$300,000
Administrative Cost	\$12,780,652		\$12,780,652
Over the Cap	\$5,413,196		\$5,413,196
<i>Total</i>	<i>\$113,795,087</i>	<i>\$54,236,423</i>	<i>\$168,031,510</i>
Source: DCFPI Analysis of budget information presented by the Department of Human Services			

<sup>8</sup> This figure includes the total amount of TANF federal block grant spent on cash assistance in FY 2012 which includes carryover funds from prior year TANF federal block grants. Total funding for cash assistance in FY 2012 was \$65.6 million. This total included \$17.5 million in Recovery Act carryover funding, \$32.5 million in local funding, and \$10 million in intra-district funding.

<sup>9</sup> This figure includes the total amount of TANF federal block grant spent on the TANF employment program in FY 2012 which includes carryover funds from prior year TANF federal block grants. Total funding for the TANF employment program was \$18.7 million in FY 2012 and included \$6.3 million in local funding for FY 2012.