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WHAT'S IN THE FISCAL YEAR 2013 BUDGET FOR 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, is funded with a mix of federal and local funds. DC receives $92 million in federal TANF block grant funds, and in return must spend about $75 million in local funds, although not all funds have to be spent on direct TANF services. The local funds expenditure is known as the "maintenance of effort" (MOE) requirement.

SUMMARY

MAYOR'S BUDGET PROPOSAL

- The FY 2013 budget includes an $8.6 million cut in funding for TANF benefits.
- The largest reduction in cash assistance comes from reducing benefits 25 percent for more than 6,100 families who have received assistance for 60 months or more. These families already experienced a 20 percent cut in April 2011. A family of three will receive just $257 per month.
- As in FY 2012, an additional $3 million in savings is anticipated as a result of a new sanctions policy when parents who do not comply with program requirements. This policy has yet to be approved.
- The proposed budget includes $16 million for TANF employment services. DHS anticipates carryover funds from FY 2012 will bring the total available funding to $18 million.
- The mayor's Revenue Priority List, a set of programs that would get funded if revenues rise above current projected levels, includes $14.7 million for TANF employment services.

Overview of the FY 2013 Budget for TANF

The proposed fiscal year (FY) 2013 budget for cash assistance is $72.4 million and reflects an $8.6 million reduction as a result of two program changes made by the DC Council in 2010:

- A new sanction policy for families that fail to comply with program rules.
- A 25 percent benefit cut for families who have received TANF for more than 60 months. This benefit reduction is on top of a 20 percent reduction in benefits implemented in 2011. The FY 2013 reduction would bring the maximum cash assistance benefit for a family of three to $257 per month.

This budget also includes an increase of $1.44 million for cash benefits in the Program on Work Employment and Responsibility (POWER). POWER serves TANF families whose head of household is unable to meet program requirements due to incapacity, such as a physical health, mental health, or substance abuse problem.

The budget does not include a cost of living adjustment or other increase to the basic TANF cash assistance amount, which has been at the same level since January 2009.

The budget includes $16.0 million for TANF employment services, less than the FY 2012 budget of $18.7 million. But DHS officials anticipate that total available funding for FY 2013 will be $18 million due to carryover funds that are not reflected in the budget.

Other programs funded under TANF, largely through the federal block grant, include initiatives such as the Family-to-Family mentoring program and Strong Families—a program that provides case management to at-risk families. Total funding for these initiatives is $19.7 million, with all of these initiatives flat funded at FY 2012 levels, except for a proposed $50,000 cut in the TANF Home Visitor Program.

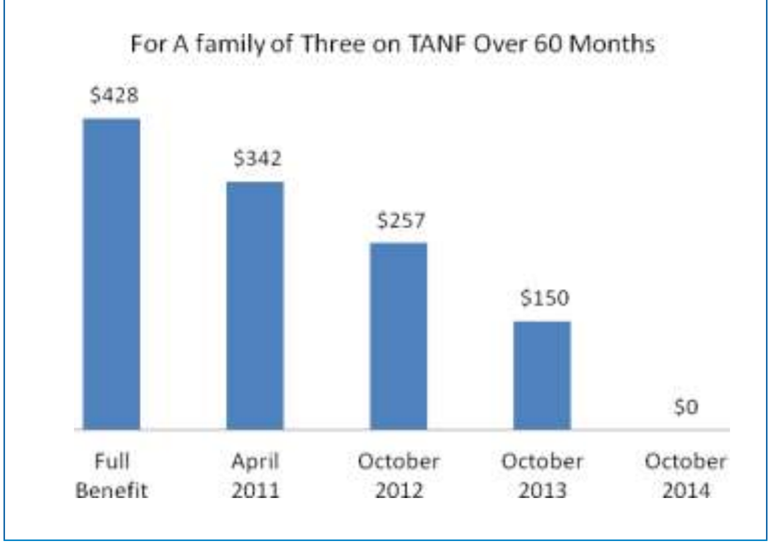
The mayor's Revenue Priority List, a list of programs and services that would be funded if revenues increase beyond current projections, includes $14.7 million to more fully implement the redesigned TANF welfare-to-work program. Even with these funds, TANF employment services will be available to only a fraction of the total TANF caseload.

Looming Benefit Cut

In December 2010, the City Council implemented reductions in cash assistance for families who have received TANF benefits for more than 60 months. Under this plan, benefits for these families were reduced in 2011 and face further reductions in FY 2013 and FY 2014. By 2015, families on TANF for more than 60 months would not be eligible for assistance (See Figure 1.) The reduction scheduled for FY 2013 would reduce the maximum benefit to $257 a month for a family of three.

Figure 1

Monthly TANF Benefit Levels Under Time Limit



The time limit has been applied retroactively, meaning it counted months already spent on TANF at the time the new policy was adopted, rather than setting the time limit going forward as most states did when they first implemented time limits. Additionally, the District did not include any exemptions to time limits, even though most states offer at least some exemptions to protect the most vulnerable families. For example, provisions could be offered to allow them with time to deal with serious issues that interfere with their ability to work such as domestic violence, illness, or caring for an ill family member. DC currently exempts these individuals from work activity requirements during affected months with the understanding that they are accessing services to deal with these issues. But DC does not disregard these months from the time limit, meaning that parents who are dealing with the biggest issues may have little time to prepare for work once they have addressed these issues.

More than 6,100 families will experience a 25 percent benefit reduction in October 2012, resulting in budget savings of $5.6 million. The Council is considering the "Assistance for Needy Families Time Limit Amendment Act of 2012" which would restore benefits to the full level for all families who experienced the April 2011 cut and cancel the planned October 2012 cut. In addition, it ensures that months in which parents are dealing with a serious issue such as domestic violence or disability will not count towards their 60-month time limit.

New Sanctions Policy

Each TANF parent is required to participate in a set number of hours of education, job search, and training activities weekly, as outlined in an Individual Responsibility Plan (IRP). In December 2010, the City Council authorized the creation of a progressive, graduated sanctions policy for non-compliance with these requirements, with each level of sanction further reducing the amount of benefits a client receives. The FY 2012 budget estimated a $3 million savings in cash assistance through the implementation of this new policy, but the policy has yet to be approved. The FY 2013 budget also includes a $3 million cost savings.

Power

The Program on Work Employment and Responsibility (POWER) serves TANF families whose head of household is unable to meet program requirements due to incapacity, such as a physical health, mental health, or substance abuse problem. POWER families are not subject to the TANF time limit policy.

In FY 2012, the Department of Human Services budgeted for additional staff—nine full-time equivalent staff –- to assist POWER participants in applying for Supplemental Security Income (SSI), the federal benefits program for people with disabilities. This would transition those POWER recipients to a federal income source, thus saving the District money and creating greater income stability for the families. DHS estimated that this would save $1.5 million in FY 2012. But as of March 2012, DHS had hired only four additional staff and identified 35 families that may be eligible for SSI. It is unlikely that FY 2012 savings will be achieved as SSI approval often takes 18 months or longer, meaning that it is unlikely that identified families will be approved before FY 2014.

The proposed FY 2013 budget has an increase of $1.44 million for POWER cash benefits for participants who are ineligible for SSI because their incapacities are temporary, related to a substance abuse problem, or not severe enough to qualify. This increase reflects the expectation that a larger number of TANF parents will be referred to the program than in past years. New in-depth assessments being implemented as part of a re-designed TANF program are expected to better identify parents with incapacities, leading to a larger number of referrals.

TANF Re-Design and New Employment Services

In late 2011, the Department of Human Services began to implement a redesigned TANF program to help families move towards employment and become more stable. Rather than the "one-size fits all" nature of DC's TANF employment services up to this point, the new TANF program uses a one-on-one assessment to identify each parent's barriers to employment and then provide a set of services tailored to these needs.

A spring 2011 pilot program with 164 families confirms the promising nature of this approach, as it resulted in a ten-fold increase in the share of recipients participating in work activities.[1] This was achieved in just 5 weeks, indicating that parents enthusiastically participate in work-related and barrier-removal activities if they are matched to their actual needs.

The implementation of the new TANF employment services has been somewhat delayed. Department of Human Services officials had hoped contracts with employment services providers would be in place for the start of the 2012 fiscal year in October 2011, but contracts did not begin until March 1st. As of mid-April, several vendors were still in the process of securing staff and facilities to operate at full capacity. As a result, DHS will spend up to $3 million dollars less than anticipated on TANF employment services in FY 2012. These funds will carryover to FY 2013, bringing the available funds for these services from the budgeted $16 million to $18 million.

The delay in implementing the redesigned program means benefit cuts based on time on TANF are likely to go into effect before families have been assessed to identify needs or referred to new employment services. Only 2,526 of the more than 15,000 work-eligible TANF families have been assessed as of spring 2012, the first step in accessing the new services. Only a small fraction of the families facing the upcoming benefit cut will receive an assessment and have time to access employment services before October.

The proposed budget would potentially add $14.7 million to TANF employment services, as part of the mayor's Revenue Priority List, services that would be funded if revenues rise above current projected levels. These funds will be used to:

- hire 31 staff to provide case managements services to TANF clients with the highest barriers to employment;
- increase staffing to accelerate the implementation of the new assessment tool used to identify client strengths and barriers;
- expand employment vendor contracts by $4 million; and
- staff new family intake centers that will allow families to access TANF and homeless services in the same visit.

Even with this added funding, however, the Department of Human Services will not have sufficient resources to provide employment services to the entire TANF caseload. There are more than 15,000 work eligible clients, and existing contracts with employment services providers can serve only 16 percent of the caseload.

[1] Department of Human Services report: *The Redesign of DC's Temporary Assistance for Needy Families (TANF) Program*. 2011. http://newsroom.dc.gov/file.aspx/release/22363/TANF__RedesignWhitePaperFinal26Aug11.pdf

Related Issues

Benefit Value Continues to Decline

The value of DC's TANF benefit has declined dramatically since 1991, when an automatic cost-of-living adjustment was eliminated. Despite some increases in recent years, the current cash assistance amount of $428 per month for a family of three is just 27 percent of the federal poverty line. The District's TANF benefits have not seen any increase since 2008, and they have lost value steadily since 1990 (see Figure 2).

At its current level, the TANF benefit does not provide enough income for families to meet their basic needs, even when combined with other benefits. Given that only one-third of TANF families receive housing assistance, most TANF families experience an even greater struggle to afford basic necessities.

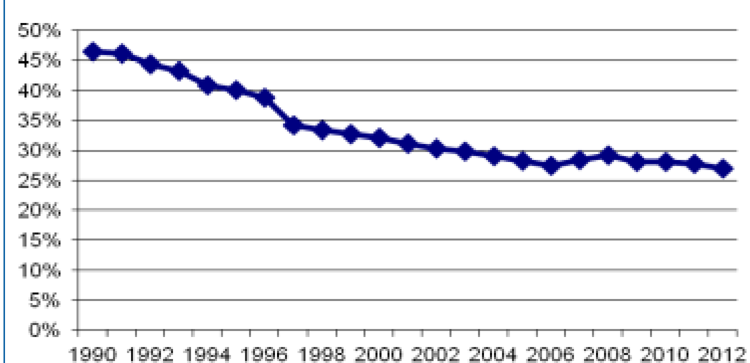
Other jurisdictions with a high cost of living have much higher TANF benefits. The maximum benefit for a family of three is $618 in Boston, $638 in Los Angeles, and $753 in New York City. Maryland has a maximum monthly benefit of $574 for a family of three. The state normally increases TANF benefits annually for inflation, but did not increase the benefits in 2011.

Stimulus Funding

The American Recovery and Reinvestment Act of 2009 created the TANF Emergency Contingency Fund, a fund providing reimbursement to states that saw rising costs in basic assistance, subsidized employment, or short-term nonrecurring benefits in FY 2009 and FY 2010. DHS received $41 million from this Fund to use in fiscal years 2010 through 2013. DHS predicts $4 million dollars will be available for cash assistance in FY 2013.

Figure 2

TANF Benefits as a Percent of the Federal Poverty Line



TANF Benefits and Federal Poverty Line for a family of three

Performance Measures

Each agency's budget includes a number of performance measures intended to provide an indication of how well the agencies are using funds to meet their goals. Unfortunately, the quality of these performance measures is quite uneven, with some lacking clarity and others disconnected from the agency's core functions.[2] Additionally, many performance measures change from year to year. Improving and updating performance measures is a good practice, but without continuity from one year to the next, it is difficult to gauge progress.

The FY 2013 budget includes three TANF-related performance measures from previous years and five new measures related to the TANF Educational Opportunities and Accountability Act of 2010.

The first continuing measure is the average monthly percentage of work-eligible clients meeting full work participation requirements. Prior to 2011, the Department of Human Services reported this measure in terms of number of clients. In 2010, the agency set a target of 800 clients but only 570 clients met the full requirements. In FY 2011, the agency set a target of seven percent and exceeded it with an actual rate of 9.5 percent. The agency estimates rates of nine percent and 11 percent for FY 2012 and FY 2013, respectively.

The second continuing measure is the number of new or recertifying applicants who have completed their preliminary assessment and orientation, the first steps in accessing the redesigned TANF services. DHS expected that 70 percent of applicants would be assessed in FY 2011, but reported that the results of this measure are not available for this year. Because of implementation delays, DHS was able to provide assessments to only a pilot group of 540 participants in 2011. DHS set a goal of 80 percent for FY 2012 but now estimates completing only 6,000 assessments, less than 40 percent of the current work-eligible caseload. The goal for FY 2013 is 100 percent.

The third continuing measure tracks the frequency of sanction for TANF participants who have been assigned a vendor but have completed zero work participation hours. DHS anticipated a 95 percent sanction rate in FY 2011 but achieved a 100 percent rate. DHS predicts a 96 percent and 97 percent rate in fiscal years 2012 and 2013, respectively.

The TANF Educational Opportunities and Accountability Act of 2010 mandated that a number of new annual performance measures be reported to the public. Some of these measures are included in the FY 2013 budget with projected goals.

Measure:	FY2012	FY2013 & FY2014
Vendor-assigned non-employed TANF clients who meet full monthly work participation requirements	26%	31%
Clients placed by Job Placement vendors in unsubsidized employment	9%	11%
Clients placed by Work Readiness vendors in unsubsidized employment	6%	8%
Clients placed in unsubsidized employment by Job Placement vendors who meet full monthly work participation requirements	50%	53%
Clients placed in unsubsidized employment by Work Readiness vendors who meet full monthly work participation requirements	45%	48%

A number of other measures are included in the TANF Educational Opportunities and Accountability Act of 2010, but not included in the budget. These will be critical in understanding

[2] The issues related to DC's performance measurement are discussed further in a 2009 DCFPI report, Ten Ways to Improve the Transparency of the DC Budget. http://www.dcfpi.org/ten-ways-to-improve-the-transparency-of-the-dc-budget.

the effectiveness of the TANF redesign and thus should be included in the Agency Performance Plan in future years.

These measures include the number and percentage of total caseload who:

- remain employed and meet work participation requirements, by month, for up to six months;
- after exiting TANF due to earnings, return to a vendor after 3, 6, 12, and 18 months;
- apply for and receive a domestic violence waiver from work requirements, respectively;
- are referred to and approved for POWER, respectively;
- are referred to and receive treatment for substance abuse or physical or mental disabilities, respectively;
- are placed in subsidized employment, work experience, on-the-job-training, vocational training; and job skills training;
- are referred to, enrolled in, and completed the Tuition Assistance Program Initiative for TANF (TAPIT), respectively;
- are referred to, enrolled in, and completed the University of the District of Columbia Paths; and
- were not referred to work activities within 6 months and 12 months after a positive eligibility determination.

In addition to these, another performance measures could be added based on requirements built into the contracts with employment services providers:

- the number of clients finding "high-wage" jobs, defined as equal to or exceeding $2.50 less than the living wage rate. The current living wage rate is $12.50/hour.

Performance measures related to referrals to and ability to actually access services and treatment are particularly important as data indicate that only a small proportion of residents who needed services in the past were actually able to access them. As the District moves forward with the TANF redesign, this gap may become even larger as the new assessments are expected to identify many needs that were previously undiagnosed.

Finally, there are other measures related to recent changes to the TANF program that would be useful:

- the number of POWER participants who transition to federal SSI as a result of the initiative begun in FY 2012;
- the number of families experiencing benefit cuts related to the 60 month time limit;
- the number of these families who have received a new in-depth assessment, developed an IRP, and received referrals to vendors and other service providers, respectively; and
- the number of these families who had exemptions from work requirements, the number of months they were exempt, and the reasons for these exemptions.

One measure reported in pervious years was not included in this budget: the wait time at a Department of Human Services center. In FY 2012, DHS reported that their goal was to reduce this time to 60 minutes, down from the 105 minutes wait in FY 2011.