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WHAT'S IN THE FY 2014 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 (DHS), 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. In recent fiscal years, the District has also had carryover funding to spend on the TANF program. Carryover funds are federal TANF dollars unspent in the year awarded and thus available to be spent in the next year.

SUMMARY OF THE FY 2014 BUDGET

- The FY 2014 budget includes a $6 million increase to adjust the timing of the TANF benefit cuts for families who have received benefits for more than 60 months.
- The budget includes $3.6 million to fund five of the six time limit protections for vulnerable TANF families that were included as part of the FY 2013 budget, but never implemented because funds were not made available. These protections, which most states offer, give families a break from the 60-month time limit on benefit receipt to give them time to deal with serious issues that interfere with their ability to work such as domestic violence or caring for a family member with a disability.
- The budget includes a $2.5 million increase for a contract with the Department of Behavioral Health to provide substance abuse treatment for TANF parents.
- The budget also includes $20 million in local funding for the TANF program to replace federal TANF carryover funds that were available in FY 2013 due to under-spending in previous fiscal years but will not be available in FY 2014.
- The budget includes $33 million for employment service vendors. This is sufficient to sustain the same maximum capacity for unemployed TANF parents, at 3,630 slots. This is not enough however, to serve all unemployed parents who need assistance. As a result, more than 3,250 parents are on a wait list for training. The average wait is between three to six months.

Overview of the FY 2014 Budget for TANF

The fiscal year (FY) 2014 budget includes $78.6 million for cash assistance. This includes $6 million to make adjustments to the schedule of benefit cuts, adopted in 2010, for families who have received benefits for more than 60 months. It also includes $3.6 million to fund five of the six time limit protections for vulnerable families that were included in the FY 2013 budget but not funded due to inadequate revenues.

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 a $2.5 million increase to provide substance abuse treatment for parents in the TANF program, though a contract with the Department of Behavioral Health. The budget also includes local funding to replace federal TANF carryover funds that are available in FY 2013 and will be spent down by the end of the year, and thus will not be available in FY 2014. Due to under-spending in previous fiscal years, DHS had $42.7 million in carryover funds for use in the FY 2013 TANF program. DHS anticipates $22.7 million less in carryover funds for FY 2014. The budget includes a $20 million increase to replace these funds.

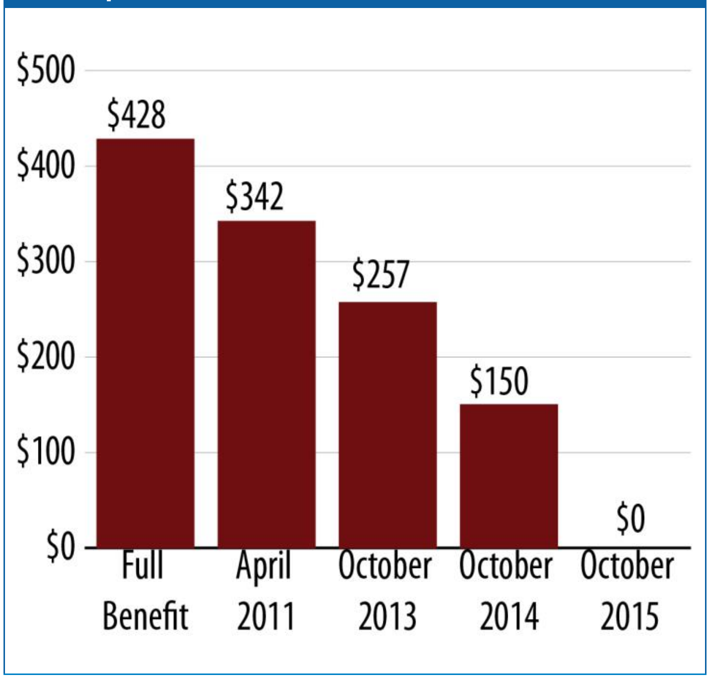
The budget includes $33 million for contracts with employment vendors who provide job placement and work readiness services. This funding will sustain FY 2013's maximum capacity of 3,630 slots for unemployed TANF parents. This is not enough to serve all TANF parents who are ready for training to help them secure employment. In fact, more than 3,250 parents were on a waitlist for training as of April 2013, and the average wait time is three to six months.

New Benefit Reduction Schedule

Starting in December 2010, the DC 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 20 percent in April 2011, with the maximum monthly benefit for a family of three falling from $428 per month to $342 per month. Additional benefit reductions were adopted subsequently in a way that would phase out benefits entirely in three steps by October 2014.

FIGURE 1

Monthly TANF Benefits for Long-term Recipients Under New Reduction Schedule



Since then, further benefit reductions have been delayed, through September 2013, because many TANF families had not received a comprehensive assessment of their work barriers and had not been referred to a new TANF employment services provider.

Prior to the passage of the FY 2014 budget, the next two steps of the benefit phase-out were slated to go into effect in October 2013. For a family of three, this would reduce benefits from $342 a month to $150 a month. To prevent families from facing two benefit cuts at one time, $5.9 million was added to the budget so that the cut in October will be just one step of the phase-out. This means that in FY 2014, a family of three will experience only one benefit cut, reducing benefits to $257 per month (See **Figure 1**). The next benefit cut will occur in October 2014, and families on TANF for more than 60 months will not be eligible for assistance starting in October 2015.

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 the time limit protections most states offer. These protections allow families additional time to deal with serious issues that interfere with their ability to work. The District doesn't require these families to be looking for employment, but each family's 60-month time limit clock would continue to run, leaving many families little or no time to prepare for and secure employment.

The Council's adopted budget for 2013 included time limit protections for these families, but these protections were put on a contingent list that was not funded due to inadequate revenues. The Council was able to identify $3.6 million in the FY 2014 budget to fund five of the six protections that were included in the FY 2013 budget. Parents caring for a family member with a disability, dealing with domestic violence, and finishing training or secondary education will all be given more time to transition to employment. Additionally teen parents will not have months enrolled in high school or a GED program counted towards their limits, meaning teens will not be forced to quit school and find low-wage work because their TANF time clock is running. Finally, grandparents acting as guardians will receive protections as they can face age discrimination in the labor market, making it more difficult to secure a job. They will receive needed benefits until they qualify for Social Security.

The remaining unfunded exemption is for parents caring for an infant under 12 months of age. This exemption would exclude up to 12 months spent caring for an infant from the parent's time limit. A parent would only be allowed to take this exemption one time. 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."[1] 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," it is important that TANF benefits not be reduced during the child's first year of life.

TANF Re-Design and New Employment Services

In late 2011, DHS 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.[2] This was

[1] 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

[2] 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

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 new approach requires a significant increase in DHS staff to perform the one-on-one assessments and provide ongoing case management for parents who are not receiving services from an employment vendor, the Department of Employment Services (DOES), or a nonprofit provider. This includes parents who are on the wait list and have not yet received vendor services. The budget includes funding to hire 34 additional staff and to retain 39 staff hired with one-time funding in FY 2013. It is not yet clear if this is sufficient staff to ensure every TANF parent has case management services.

The budget includes $33 million for TANF employment vendors, sustaining FY 2013's maximum capacity to serve 3,630 unemployed TANF parents. This is not sufficient to meet the need for these services and as a result there is a waitlist of more than 3,250 TANF parents for these vendors. As of April 2013, the average wait time to access vendor services is between three and six months. This wait time is likely to increase as DHS plans to assess the remaining 9,000 parents who have not yet received an assessment by the end of June 2013. It is anticipated that the vast majority of these parents will be referred to an employment vendor based on the results of their assessments.

Program on Work Employment and Responsibility (POWER)

The Program on Work Employment and Responsibility (POWER) serves TANF families whose head of household is unable to meet TANF 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 limits. As part of the new time limit protections funded in the FY 2014 budget, POWER eligibility will be expanded to include teen parents enrolled in school or GED program, parents caring for a family member with a disability, and parents dealing with domestic violence.

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 while providing a higher and more stable household income for the recipient. The monthly SSI benefit for an individual is $710 a month in 2013, and benefits are adjusted for inflation each year. This is much higher than DC's TANF benefit. DHS estimated that this initiative would save $1.5 million in FY 2012. But as of January 2013, only five employees had been hired, and they had not yet started working with families. Progress in transitioning POWER families to SSI can free up funding to pay for the increased POWER caseload.

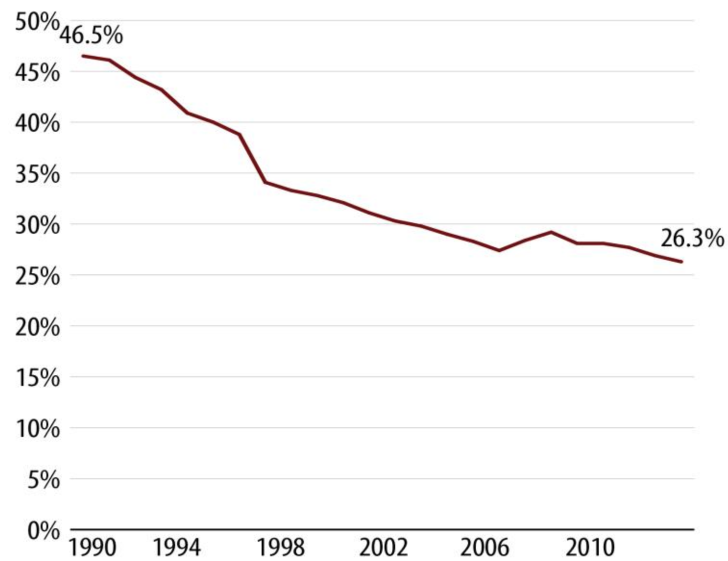
Related Issues

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 26 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**).

Figure 2

TANF Benefits Now Only 26 Percent of the Federal Poverty Line



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.

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 $576 for a family of three. The state adjusts TANF benefits to ensure that TANF benefits plus Supplemental Nutritional Assistance Program (SNAP) benefits, commonly known as food stamps, meet a Minimum Living Level as determined by the state.

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.[3] Additionally, the performance measures reported 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 2014 budget includes six TANF-related performance measures from previous years and two new measures. One of the new measures, similar to an existing measure, is the percentage of new or recertifying work-ready applicants who completed their preliminary assessment and orientation. Beginning in March 2013, all new or recertifying TANF applicants are required to complete an assessment and Individual Responsibility Plan (IRP) in order to receive benefits. The IRP outlines the activities parents must complete in order to continue receiving their full benefits. The other new measure is related to the mayor's One City Action Plan. This measure is the number of TANF recipients who exit off of TANF due to increased income. The baseline for this measure will be established in FY 2013, and the target will increase 7 percent from this baseline in FY 2014 and FY 2015.

[3] 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.

All of the TANF performance measures are summarized in the **table** below.

Measure:	FY 2012 Projection	FY 2012 Actual	FY 2013 Projection	FY 2014 & FY 2015 Projections
Percentage of new or recertifying applicants who completed their preliminary assessment and orientation.	80%	Not Available	100%	100%
NEW in FY 2014: Percentage of new or recertifying work-ready applicants who complete their preliminary assessment and orientation.	80%	Not Available	50%	100%
Vendor-assigned non-employed clients who meet full monthly work participation requirements	26%	22%	31%	31%
Clients placed by Job Placement vendors in unsubsidized employment	9%	10%	11%	11%
Clients placed by Work Readiness vendors in unsubsidized employment	6%	6%	8%	8%
Clients placed in unsubsidized employment by Job Placement vendors who meet full monthly work participation requirements	50%	61%	53%	53%
Clients placed in unsubsidized employment by Work Readiness vendors who meet full monthly work participation requirements	45%	68%	48%	48%
NEW in FY 2014: Number of recipients who exit off TANF due to increased income	N/A	N/A	Baseline	+7%

A number of other measures are included in the TANF Educational Opportunities and Accountability Act of 2010, the bill that reformed DC's TANF system, but not included in the budget. These are critical in understanding 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:

- after exiting TANF due to earnings, reapply 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 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 program; and

- are on the waitlist for vendor services for 6 months and 12 months, respectively, after the date of referral.

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 in the contracts as equal to or exceeding $2.50 below the living wage rate. The current living wage rate is $12.50/hour, which means that "high wage" job for TANF recipients are defined as those paying more than $10 per hour.

Performance measures related to referrals to social services and the ability to actually access services are particularly important. Available data indicate that only a small proportion of TANF recipients who needed services in the past were actually able to access them.[4] 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; 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.

[4] DCFPI and SOME, Inc. (So Others Might Eat). Voices for Change: Perspectives on Strengthening Welfare-to-Work from DC TANF Recipients. http://www.dcfpi.org/voices-for-change-perspectives-on-strengthening-welfare-to-work-from-dc-tanf-recipients.