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**TESTIMONY OF KATE COVENTRY, POLICY ANALYST
At the Public Hearing on
B20-414: Temporary Assistance for Needy Families Cost-of-Living Adjustment
Amendment Act of 2013;
District of Columbia Committee on Human Services
October 3, 2013**

Chairman Graham and members of the committee, thank you for the opportunity to testify today. My name is Kate Coventry, and I am a policy analyst with the DC Fiscal Policy Institute. DCFPI engages in research and public education on the fiscal and economic health of the District of Columbia, with a particular emphasis on how policies impact low-and-moderate income families.

I am here today to testify in support of the Temporary Assistance for Needy Families Cost-of-Living Adjustment Amendment Act of 2013.

Temporary Assistance for Needy Families (TANF) is the welfare-to-work program for needy families with children. While TANF caseloads have dropped by about one-third since the adoption of welfare reform in the 1990s, TANF still provides monthly support to one in three children in the District. Given the numbers of parents and children involved, the TANF program plays a critical role in the well-being DC's children.

TANF is supposed to meet two broad goals: stabilize families in times of need and help/encourage parents to get into jobs that will enable them to make ends meet. The District has made great progress in recent years to improve the employment side of TANF, but the income assistance component has been ignored. Benefits have remained flat for the last five years, and the purchasing power has decreased nearly one-third since 1996. This bill addresses these issues by increasing benefits by 15 percent plus a cost-of-living adjustment in the first year and making annual cost-of-living adjustments in subsequent years. A parent with two children, who currently receives just \$428 per month, would see these benefits rise to at least \$492 per month.

The current low level of DC's benefits leaves many families in a state of constant crisis. When DCFPI held focus group with TANF parents, they reported that both their TANF and SNAP (commonly known as food stamps) benefits run out before the end of each month.¹ This is not surprising as DC's TANF and SNAP benefits bring families to just 58.6 percent of the federal

¹ *Voices for Change: Perspectives on Strengthening Welfare-to-Work From DC TANF Recipients* by Katie Kerstetter and Joni Podschun. DCFPI and So Others Might Eat (SOME). www.dcfpi.org/wp-content/uploads/2009/11/11-12-09TANFreport.pdf

poverty line.² In addition, many TANF recipients struggle to afford housing as most do not get housing assistance and benefits have not kept pace with rising housing costs. In 2013, benefits cover only 31.5 percent of the rent of a fair market two-bedroom apartment.³ Families go hungry, face eviction, and sometimes must turn to illegal activities to make it through the month.

The deep poverty that TANF families experience threatens the success of the District's welfare-to-work effort. DC has invested a great deal of time and energy to improve employment services for TANF parents. But it is very difficult for parents to focus fully on job preparation activities if they are worried about how to meet their kids' most basic needs. The Center on Budget and Policy Priorities, a national policy research organization, agrees, arguing that now that TANF is time limited, "families should be able to be stable and to focus on getting work and skills that enable them to leave welfare. The chaos and instability that frequently result from the level of destitution that accompanies these low TANF benefit levels can interfere with these goals and undermine welfare reform."⁴ Many families who cannot afford their own apartments end up "couch surfing," moving frequently among family and friends, which makes things like regular attendance at school and job training much more challenging.

This deep poverty also threatens the success of the District's children. A substantial body of research has found that children in poverty:

- score lower on tests of cognitive skills;
- have more behavior problems;
- are more likely to have a child at a young age;
- are more likely to drop out of high school;
- if they do graduate, less likely to start or graduate from college; and
- more likely to be poor as adults⁵

New neuroscience research from the Harvard University's Center on Child Development has found that some of these effects are related to the "toxic stress" that poor young children are more likely to experience than other children. This stress disrupts the development of brain architecture leading to negative effects into adulthood.⁶ They report that "we know that income does indeed matter, and we know that income early in life matters the most for achievement, because it establishes the foundation for healthy development throughout childhood and into adulthood."

Even with the proposed increase, the District will trail behind other jurisdictions, particularly those with high costs-of-living. DC currently ranks 26th in the nation in terms of benefit levels, this bill will

² Forthcoming publication updating *The Value of TANF Cash Benefits Continued to Erode in 2012* by Ife Finch and Liz Schott, Center on Budget and Policy Priorities. March 2013. www.cbpp.org/files/3-28-13tanf.pdf

³ Ibid.

⁴ *The Value of TANF Cash Benefits Continued to Erode in 2012* by Ife Finch and Liz Schott, Center on Budget and Policy Priorities. March 2013. www.cbpp.org/files/3-28-13tanf.pdf page 9

⁵ *The Foreseeable Harm from Governor Brown's Proposal to Reduce CalWorks Grants for Children* by Michael Herald and Jessica Bartholow. March 2011.

⁶ *The Long Reach of Early Childhood Poverty: Pathways and Impacts: Q&As with Drs. Greg Duncan, Katherine Magnuson, Tom Boyce and Jack Shonkoff*. developingchild.harvard.edu/index.php/download_file/-/view/623/

bring us to 18th.⁷ This will still leave DC behind many lower cost jurisdictions like Wyoming, Montana, and South Dakota. DC's benefits will remain significantly lower than those in other jurisdictions with high costs-of-living. The maximum benefit for a family of three is \$618 in Boston, \$638 in Los Angeles, and \$789 in New York City. Maryland has a maximum monthly benefit of \$574 for a family of three.

Moving forward, it is critical that the purchasing power of DC's TANF cash benefits does not erode as it has done since 1996. The Center on Budget and Policy Priorities argues that a state statutory mechanism for a cost-of-living adjustment (COLA), like the one included in this bill, is the best way to accomplish this. While states have suspended these adjustments in lean budget years, "TANF agencies will fare much better in their state budget process when starting with a "COLA" in the baseline of a current-needs budget."⁸

The Temporary Assistance for Needy Families Cost-of-Living Adjustment Amendment Act of 2013 is the first step in ensuring that DC families are able to meet their basic needs while preparing for and finding employment.

Thank you for the opportunity to testify, and I'm happy to answer any questions.

⁷ Forthcoming publication updating *The Value of TANF C Cash Benefits Continued to Erode in 2012*.

⁸ *The Value of TANF Cash Benefits Continued to Erode in 2012*