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Helping Low Income Families Succeed Through TANF Recommendations to the New Mayor and DC Council

Summary

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 of DC's children.

TANF is supposed to meet two broad goals. The first goal is to help/encourage parents to get into jobs that will enable them to make ends meet. The District has made tremendous progress in recent years to improve the employment services component of TANF. The District now gives each parent a one-on-one assessment to identify skills and barriers, and then works to develop an Individualized Responsibility Plan (IRP) that outlines services to build skills and overcome identified barriers.

However, despite this great progress, roughly 6,000 families will lose their income assistance in 2015 due to time limits. The District could do more by adopting the practice found in many states to provide intensive services to families who have received TANF the longest. A number of states target additional services on "long-stayers" because they are most likely to have complex problems.

Additionally, DC's welfare reform is hampered by very low TANF benefits – just \$434 for a family of three – that leave families in deep poverty. The chaos and stress of deep poverty have long-term negative effects on children.

The following issue briefs make recommendations that will allow the TANF program to better stabilize families and help those with large barriers make progress towards employment.

- ❖ ***Assisting Families Who Could Face Hardship after Reaching Time Limits.*** Families who have received TANF for more than 60 months are scheduled to be cut off from benefits and services in October 2015. The District should ensure that families who face big barriers or cannot find sufficient employment despite their best efforts can continue to receive benefits and services. Additionally, DC should implement the services that other states have found successful in helping these families secure employment.

- ❖ ***Preserve the TANF Benefit Increase Scheduled for Fiscal Year (FY) 2017.*** TANF benefits are set to increase by 46 percent in the FY 2017 budget. This increase will help families make ends meet so they can focus fully on their employment preparation activities. And will bring benefits to a level that is more in line with other high-cost jurisdictions.

Helping Low Income Families Succeed Through TANF

Recommendations to the New Mayor and DC Council

Issue #1: Assisting Families Who Could Face Hardship after Reaching Time Limits

About 6,000 families with children in DC will lose all income assistance in October 2015 as a result of time limits in the District's welfare-to-work program – Temporary Assistance to Needy Families (TANF). The District's TANF program does not include provisions that are found in many states, including providing intensive employment assistance to families with the most serious barriers to work or continuing cash benefits for families that are likely to face hardship after they reach time limits.

The District should modify its TANF program to create protections for these families. Without such steps, thousands of families are likely to fall into deep poverty, with negative impacts on homelessness, school success, and family health and well-being. Such protections are important now for two reasons:

- 1) ***Employment challenges remain great for many DC residents.*** The District has recovered from the recession, but wage and job growth have been very uneven. Low-wage workers have seen their wages fall, and workers with less than a bachelor's degree face unemployment rates that are far higher than they were in 2007.
- 2) ***Welfare "long-stayers" often have complex and deep problems.*** Research from other states finds that families reaching time limits are far more likely than other TANF recipients to experience employment barriers such as physical and mental health problems and to have lower levels of education that significantly reduce their chances of finding employment.

In the District, most of these families have only recently had access to the services they need to address these issues. Prior to a redesign of DC's TANF program in 2010, focus groups with TANF parents revealed that service providers discouraged them from getting mental health, substance abuse, and domestic violence services.¹ Families also reported that they were not informed about training and educational opportunities that could have led to more secure and better paying jobs. Despite widespread agreement that services were low quality, these months have counted towards a family's 60-month time clock.

The loss of benefits these families will experience in October 2015 will lead to real hardship for many children. A Minnesota study found that families who lost benefits due to time limits had extremely low levels of self-sufficiency.² Only 45 percent were working, mostly in low-paid service

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

² Scarpace, Ramona, Karen Jung, and Leslie Crichton (2003). *The Welfare Time Limit in Minnesota: A survey of families who lost MFIP eligibility as a result of the five-year time limit.* Minnesota DHS.

jobs, and only about 31 percent received any child support. Interviewers found that 47 percent of the families were living unstable, chaotic lives, meaning the parent had no way to meet the family's basic needs, and rates of child maltreatment were high. Not surprisingly, a substantial body of research confirms that loss of family income is associated with negative outcomes for children and adolescents, including higher levels of anxiety and disruptive behavior in school.

The District can take two steps to help ensure that TANF time limits do not create undo harm to children. The city can provide more intensive services to TANF parents with serious developmental disabilities or mental health challenges, and it can extend TANF benefits temporarily for selected families.

Specialized work preparation for TANF parents with severe challenges. Other jurisdictions have found that parents who remain on TANF for long periods often suffer from significant mental health challenges and/or developmental disabilities that are difficult to identify through traditional assessments and case management. These jurisdictions use specialized “vocational rehabilitation” assessments and services to help parents improve their mental health and functioning, develop strategies to cope with their issues in the workplace, and identify suitable employment.

Time-limit extension in certain circumstances. Most states allow some TANF parents to continue to receive cash assistance and services after reaching the time limit. These time limit extensions are temporary and reviewed regularly — such as every six months. They allow families not only to continue receiving cash assistance but also services that can lead to employment. The District should provide time limit extensions under the following circumstances.

- ❖ ***Parents who cannot secure adequate employment despite their best efforts.*** A number of states, including Maryland, provide extensions if the parent is complying with their work participation requirement but cannot find a job with sufficient hours to make ends meet.
- ❖ ***Parents deemed not ready for work.*** Some states provide time limit extensions in these situations. This could include a parent who has low literacy and is enrolled in a literacy program.
- ❖ ***Parents who are on TANF during periods of high unemployment.*** When unemployment is high and competition for available jobs is tough, many TANF parents will face challenges finding employment no matter how hard they try.
- ❖ ***Families who are at risk of hardship.*** DC should provide temporary time-limit extensions if there is evidence that the benefit reduction will lead to serious hardship for the family such as homelessness or involvement with the child welfare system.
- ❖ ***Families facing big barriers to employment.*** Some families face significant barriers to employment such as domestic violence or a substance abuse issue. These families should receive time limit extensions so they have time to address these issues and find employment.

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Issue #2: Preserve the TANF Benefit Increase Scheduled for Fiscal Year 2017

The current low level of DC's benefits, just \$434 a month for a family of three, leaves many TANF families in a state of constant crisis. Most TANF families get no housing assistance and struggle to keep up with rising housing costs in the District, yet DC TANF benefits have largely been frozen for years and have lost ground to inflation. Many families go hungry, face eviction, and sometimes turn to illegal activities such as prostitution to make it through the month.

A provision adopted in 2014 will increase DC's TANF benefits substantially and bring them in line with benefits in other high-cost states, but the bulk of the increases will not go into effect until fiscal year 2017. Mayor Bowser and the DC Council should preserve these increases, which will improve family stability and the chance that children will succeed in school.

DC's TANF benefits equal just 26 percent of the poverty line, and they have fallen in value over time as benefits have not kept up with inflation. TANF and SNAP (commonly known as food stamps) benefits combined bring DC families to just 59 percent of the federal poverty line.³ Not surprisingly, focus groups with TANF parents found that their TANF and SNAP benefits run out before the end of each month.⁴

The deep poverty that TANF families experience threatens the success of the District's welfare-to-work effort and family stability. It is 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

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

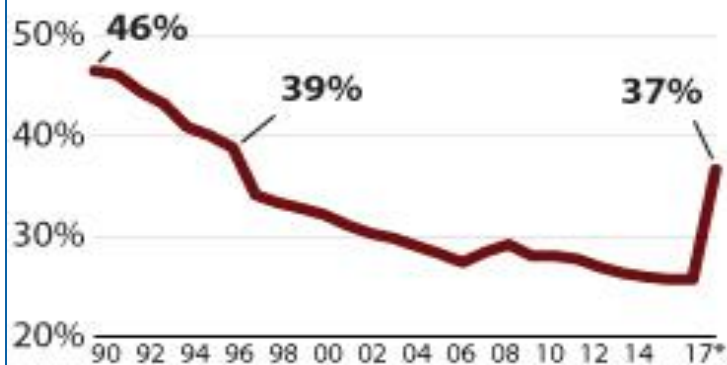
⁴ *Voices for Change: Perspectives on Strengthening Welfare-to-Work From DC TANF Recipients* by Katie Kerstetter and Joni Podschun. DCFPI and So Others Might Eat (SOME). www.dcfpi.org/wp-content/uploads/2009/11/11-12-09TANFreport.pdf

Figure 1

TANF Benefits Now Only 26 Percent of the Federal Poverty Line. Set to Rise to 37 Percent in FY 2017

TANF Benefits as a Percentage of Poverty Line (1990-2017)

TANF Benefits and Poverty Line Based on a Family of Three



Source: 2014 Poverty line from <http://aspe.hhs.gov/poverty/14poverty.cfm>
*Uses a 2.4% inflator for 2015-2017 poverty line and benefit level (inflator used by DC Office of Chief Financial Officer for benefit levels)

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Priorities, a national policy research organization, notes that “The chaos and instability that frequently result from the level of destitution that accompanies these low TANF benefit levels can interfere with these [employment preparation] goals and undermine welfare reform.”⁵ 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.

Moreover, neuroscience research finds that deep poverty can lead to “toxic stress” for children — the result of being continuously exposed to stress — which makes it hard to develop or skills related to attention, memory and language and results in poorer outcomes in adulthood.⁶ Children in poverty are more likely than other children to have behavior problems in school, to drop out, and have a child at a young age.⁷ Research also shows that boosts in income for low-income families with young children can have an impact on the children’s achievement and earnings as adults.

Recognizing the positive effects of income boosts, the District has scheduled a 46 percent increase in benefits in FY 2017. This will bring benefit to \$649 for a family of three, putting the District in line with other jurisdictions with high costs-of-living. The maximum benefit for a family of three is \$638 in Los Angeles and \$789 in New York City. Preserving this benefit increase will allow parents to focus on the activities they need to gain and retain employment and will lessen the deep poverty experienced by these families.

⁵ Ibid.

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/

⁷ *The Foreseeable Harm from Governor Brown’s Proposal to Reduce CalWorks Grants for Children* by Michael Herald and Jessica Bartholow. March 2011.