

Updated May 5, 2009

WHAT'S IN THE FY 2010 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 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. The local funds expenditure is known as the "maintenance of effort" (MOE) requirement.

Summary of Mayor's Proposed Funding Level

The FY 2010 proposed budget does not include any major changes to TANF benefit levels or services. It provides \$5.5 million in funding to support the creation of an automated case management and client eligibility system. The budget does not include any cost of living adjustment or other increase to the TANF cash assistance amount, and it maintains a cut in TANF benefits that was made last fall. Other highlights include a reduction of 27 eligibility determination staff, following a reduction in 2009, and plans to create a new TANF "Work Advantage" program using federal stimulus funds.

The FY 2010 proposed budget would maintain funding for TANF by using remaining carryover funds (unspent TANF block grant funds from previous years) and spending the entire FY 2010 federal block grant amount. These funds would be used for some one-time expenses, such as the new case management system, but \$8 million also would be used for ongoing TANF services. While use of TANF reserves makes sense, it is not clear how services will be funded in future years when reserves are gone. These are discussed in more detail below.

Council Committee Mark-Up

At its mark-up on April 30, the Committee on Human Services did not recommend any changes to the TANF budget. However, during its mark-up on April 29, the Committee on Public Works and Transportation recommended a \$1.5 million increase in TANF cash assistance benefits to be

KEY FINDINGS

MAYOR'S BUDGET PROPOSAL

- The FY 2010 proposed budget for the Department of Human Services Budget maintains funding for TANF benefits and services.
- TANF cash assistance benefit remains at FY 2009 levels (\$428 a month for a family of three).
- The budget includes a reduction of 27 Eligibility Determination Services positions.
- The agency expects to receive \$1.5 million to \$6 million in TANF stimulus funds and proposes to use these funds to create a new Work Advantage Program for TANF eligible families who are close to meeting the work requirement.

COUNCIL MARK-UPS, APRIL 29-30

- The Committee on Human Services did not recommend any changes to the TANF budget.
- The Committee on Public Works and Transportation recommended a \$1.5 million increase to TANF cash assistance benefits. This would increase benefits by about \$9 per month for a family of three.

funded by revenues from increased parking enforcement. This action reflected a desire by the committee to restore funding for affordable housing and low-income programs that were cut during the Council's efforts to close a budget gap in November. Originally, these programs were to be funded with the increase in parking meter rates the Council passed in December, but the Mayor proposed to use these funds in FY 2010 to balance the budget. The TANF increase would raise monthly benefits for a family of three by about \$9 per month in FY 2010.

Analysis

The Mayor's proposed FY 2010 budget does not include major changes to benefits or services provided by the District's TANF program. While the TANF activity in the DHS budget shows a \$52 million decrease for FY 2010, according to agency staff, this does not appear to represent a cut in benefits or services. The proposed budget includes \$5.5 million in carryover funding to create the automated case management and client eligibility system. This system is expected to increase the efficiency of IMA operations by providing more ways for residents to apply for benefits and better tracking of existing client information.

The budget also raises several questions about the use of TANF carryover funds, the elimination of 27 benefits eligibility positions, and the decision not to increase TANF cash assistance levels.

- **Replacing Local Funding with Carryover Funds:** The budget proposes to spend the full \$28 million of unspent TANF funds that were carried over from prior years as well as the entire federal block grant amount in FY 2010. Some \$8.2 million of the carryover would replace a similar amount of local funds for basic TANF services. While it makes sense to use carryover funds to avoid cuts in benefits or services, it also raises the question of how these services will be funded in FY 2011 when carryover funds are no longer available.
- **Eliminating 27 Eligibility Determination FTEs:** The FY 2010 budget includes a reduction of 27 positions in the eligibility determination services line, while also stating in the narrative that there are no reductions to direct client-serving staff. These reductions are in addition to the loss of 72 eligibility determination services positions in FY 2009. While these positions have decreased, the TANF caseload has increased from 14,900 households in December 2007 to 16,200 households in December 2008. Moreover, these staff have taken on new functions in recent years — such as determining eligibility for the DC HealthCare Alliance — and the FY 2010 budget indicates that they will start performing eligibility determination for energy assistance in FY 2010. It is not clear how they will handle the additional tasks with fewer staff.
- **Cash Assistance:** In addition to providing job training and supportive services, the District's TANF program provides a monthly cash assistance benefit to families to support them while they are searching for jobs, receiving services for a health or other issue, or caring for a disabled child. The value of DC's TANF benefits has declined sharply since 1991, when automatic cost-of-living adjustments were eliminated.

Despite some increases in recent years, the current cash assistance amount is \$428 a month for a family of three, just 28 percent of the federal poverty line.¹ TANF benefits have lost value significantly since 1990 (Figure 1).

The FY 2009 budget included a \$1.3 million increase to TANF cash assistance, which would have added about \$9 a month for a family of three. The Council rescinded the increase in November 2008, however, as part of their proposal to address a revenue shortfall. As noted above, the Committee on Public Works and Transportation's FY 2010 budget mark-up included \$1.5 million to restore this cut next year.

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. A family of three with TANF, housing assistance, child care assistance, Food Stamps, and Medicaid can only cover 70 percent of the expenses needed to be self-sufficient according to the Wider Opportunities for Women Self-Sufficiency index (Table 1).

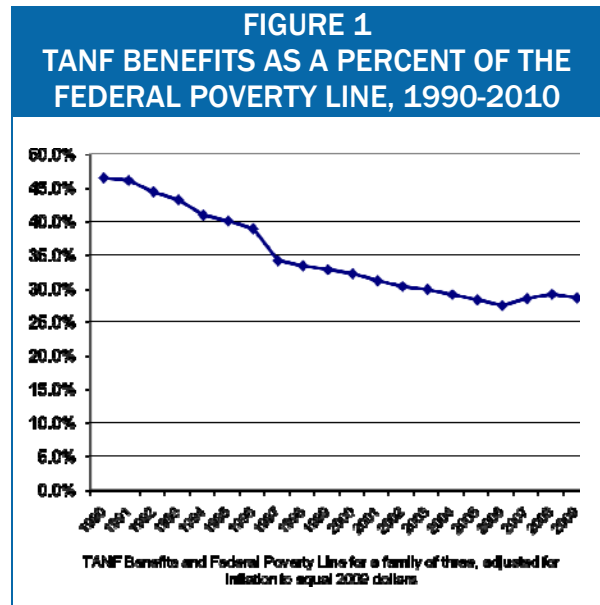


TABLE 1
COSTS FOR A TANF RECIPIENT WITH VARIOUS LEVELS OF PUBLIC BENEFITS:
SINGLE PARENT WITH TWO CHILDREN

	TANF Only	Child Care, Food Stamps, Medicaid	Subsidized Housing, Child Care, Food Stamps, Medicaid
Monthly TANF Income:	\$428	\$428	\$428
Monthly Expenses:*			
Housing	\$1,288	\$1,288	\$107
Child Care	\$1,815	\$0	\$0
Food	\$422	\$0	\$47
Transportation	\$118	\$118	\$118
Health Care	\$295	\$0	\$0
Miscellaneous	\$336	\$336	\$336
Total Monthly Expenses:	\$4,274	\$1,742	\$608
Shortfall (-):	(\$3,846)	(\$1,314)	(\$180)
Adequacy (Income/Expenses):	10%	25%	70%

*Transportation, Health Care, and Miscellaneous: Wider Opportunities for Women's DC Metro Self-Sufficiency Calculator, 2008. Housing: Fair Market Rent for a two-bedroom apartment in DC for FY 2009: http://www.huduser.org/datasets/fmr/fmr2009f/SCHEDULE%20B_FINAL_091108R.pdf. Child Care: Center for Applied Research and Urban Policy's 2004 Market Rate Survey, adjusted for inflation to equal 2009 dollars. Food: US Department of Agriculture's monthly Thrifty Food Plan for one child 4-5, one child 9-11, and one adult 20-50, August 2008: <http://www.cnpp.usda.gov/Publications/FoodPlans/2008/CostofFoodAug08.pdf>. The miscellaneous category includes all other essentials: clothing, shoes, paper products, diapers, nonprescription medicines, household items, personal hygiene items, and telephone.

¹ The 2009 federal poverty line for a family of three is \$18,310.

Given that only one-third of TANF families receive housing assistance, most TANF families experience an even greater struggle to meet basic costs. When families are not able to meet their basic needs, it makes it even more difficult to participate in job training and other services.

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, \$691 in New York City, and \$723 in Los Angeles. Maryland, which increases its TANF benefit annually, has a maximum monthly benefit of \$565 for a family of three.

Using Stimulus Funds to Create a New “Work Advantage” Program

The Department of Human Services (DHS) expects to receive between \$1.5 million and \$6 million in federal stimulus funds from the TANF Emergency Contingency Fund. This fund provides a reimbursement to states that have seen rising costs in basic assistance, subsidized employment, or short-term nonrecurring benefits.

DHS proposes to use these funds to create a new “Work Advantage” program, which would provide rental assistance, matched savings accounts, and case management to TANF eligible families who are homeless and working at least 20 hours per week. The budget does not describe the goal of this program, how many families would be eligible, or how services will be provided. It also is not clear whether the program will continue after stimulus funding ends.

Improvements Needed in Performance Measures

The FY 2010 budget includes three performance measures related to the TANF program. The first is the percentage of TANF Employment Program (TEP) participants that have obtained employment. TEP is the District’s primary method for providing employment services to TANF recipients. The program contracts with private and non-profit organizations to provide six-week job search and job readiness training to TANF recipients. In FY 2008, less than half (44 percent) of TEP participants obtained a job. The FY 2010 goal is 50 percent.

The other two performance measures were introduced in FY 2009. One tracks the percent of TANF recipients that move from being sanctioned into employment or a work activity. If an adult TANF recipient in the District does not meet the work requirement (and is not exempt from it for any reason), the recipient is sanctioned, meaning that their benefit is partially reduced. A family of three that is sanctioned would see their benefit decrease from \$428 a month to \$336 a month. Currently, about one fifth of TANF recipients in the District are sanctioned. The stated FY 2010 goal is 10 percent.

The third measure tracks the performance of a pilot program to increase the earnings of 3,000 TANF families that have child support payments in arrears. The performance measure proposes to count the number of families where income increases at least 5 percent. The target for FY 2009 is 100 families, and the target for FY 2010 is 800 families.

Key Information Lacking in Performance Measures

The Department of Human Services tracks the average wage of recipients who find a job, and the number of recipients who retain a job up to six months. These are not published as part of its performance measures, however, despite the importance of helping families find stable jobs at living wages. In FY 2008, 46 percent of TANF recipients who obtained a job were still employed at six months, and the average wage of recipients who found a job was \$9 an hour. It is not clear whether DHS has set goal for employment retention or wage levels for former TANF recipients.

The performance measures for TANF also do not include any tracking of participation in education and supportive services that are offered through TANF. This is of concern because ensuring access to education and supportive services is critical to helping more recipients can transition successfully to employment, and because agency data indicate that only a small proportion of residents that need services may actually be receiving them. For example, a 2002 study of the District's TANF caseload² indicated that 21 percent of DC TANF recipients had an experience with domestic violence in the past year. However, during any given month in FY 2008, only 2 to 13 recipients (less than one percent of the caseload) were receiving domestic violence services through the TANF provider.

² Acs, Gregory and Pamela Loprest, "A Study of the District of Columbia's TANF Caseload," The Urban Institute, October 2003, http://www.urban.org/UploadedPDF/410863_DC_TANF.pdf.