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Mayor Fenty's TANF Proposal Will Increase Hardship Among Poor Families With Children And Will Not Help Families Move from Welfare to Work

One of the largest program cuts in Mayor Fenty's recent budget plan is a \$6.2 million reduction in the Temporary Assistance for Needy Families (TANF) program — which provides cash assistance and job readiness services to low-income families with children.¹ The Mayor also proposed eliminating a \$2 million employment training program for TANF recipients, as well as a \$1.5 million increase in TANF cash benefits that was included in the FY 2010 budget. The benefit increase was barely enough to cover inflation — and will now leave benefits at just 28 percent of the poverty line.

The goal of these provisions — to encourage more TANF parents to prepare for employment — is reasonable, but the specific elements of the Mayor's proposal have a number of serious problems. Most important, research from other states indicates that increased sanctions do not result in greater compliance with work requirements or better employment outcomes. Instead, steep sanctions tend to fall on families that have the most personal problems and the greatest barriers to work — and result in greater hardships for very poor families with children.

- **Major policy changes are being rushed to achieve budget savings.** Mayor Fenty's proposal is motivated by the current revenue shortfall and the need for budget savings, rather than a thoughtful consideration of TANF policy changes. The Council will have only two weeks to consider the proposal.
- **The proposal does nothing to improve TANF's poor-quality employment services and assessment process.** The employment readiness services within DC's TANF program generally are limited to the most basic resume and job search assistance and focus on moving recipients into employment as quickly as possible. As a result, most TANF recipients find only low-wage work (the average wage is \$9 per hour), and many TANF recipients find these services unhelpful.

Additionally, there is evidence that many recipients who would qualify for work exemptions or supportive services are not receiving this assistance. For example, while an estimated 20 percent of TANF recipients have experienced domestic violence, fewer than one percent of recipients received a waiver under the Family Violence Option in FY 2008.

- **Increased TANF sanctions are unlikely to result in greater compliance with work requirements.** Studies of other states find that full-family sanctions do not lead to improved compliance, largely because the recipients most likely to be sanctioned are those with the greatest personal problems and barriers to work. The fact that DC expects to generate substantial budget savings indicates that Mayor Fenty's plan assumes many families will lose benefits.

¹ The expected savings total \$6.2 million in local funds, but \$3 million of that would come from increased use of federal funds.

- **Proposal would increase hardship for children in low-income families.** The District's TANF benefit — \$428 for a family of three — is already low compared with the city's high cost of living and benefits in other comparable cities. Lowering this amount will leave families with even fewer resources to meet their basic needs and will place low-income children in more desperate circumstances. Compared to TANF families who are not sanctioned, sanctioned households more often have trouble paying for rent, food, medical expenses, and utility bills.²

Other states have instituted practices, such as mandatory orientations and full-family sanctions, that have left many low-income families ineligible for TANF benefits. Nationwide, only 40 percent of families eligible for TANF receive benefits because states have chosen to adopt policies that restrict participation.³ As a result, safety net programs now lift fewer children out of extreme poverty than under the AFDC program that preceded TANF.

- **Families would lose access to benefits in the midst of an economic downturn.** The District's unemployment rate is at a 25-year high. It is unclear in the current economic environment how DC will be able to move a large number of recipients from welfare to work. It's also unclear how recipients who are removed from the TANF program for noncompliance will be able to find jobs.
- **The District does not have plans to assist families with children if they are cut off from benefits.** If full-family sanctions are implemented, they will leave families with no cash income, and many can be expected to become homeless or experience other crises that require intervention. Yet the District has no plans to address the problems that are likely to occur.

Mayor Fenty's proposal appears to be motivated by the need for budget savings, rather than a sincere effort to encourage more families to engage in job readiness activities and to help more families move to employment. For these reasons, the Council should reject the proposal. Instead, the Mayor and DC Council should work with TANF recipients, policy experts, and advocates to re-design the TANF program to provide services that truly help recipients gain the skills needed to leave welfare for work.

² Marcia Meyers, Shannon Harper, Marieka Klawitter, and Taryn Lindhorst, "Review of Research on TANF Sanctions," West Coast Poverty Center, June 2006.

³ Arloc Sherman, "Safety Net Effective at Fighting Poverty But Has Weakened for the Very Poorest," Center on Budget and Policy Priorities, July 6, 2009, <http://www.cbpp.org/cms/index.cfm?fa=view&id=2859>.