

**TESTIMONY OF KATIE KERSTETTER, POLICY ANALYST
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**At the Public Hearing on the FY 2009 and FY 2010 Budget Gap-Closing Strategies
District of Columbia Committee of the Whole
July 24, 2009**

Good afternoon, Chairperson Gray and members of the Council. Thank you for the opportunity to speak today. My name is Katie Kerstetter, 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 particular emphasis on policies that affect low- and moderate-income residents.

I am here today to oppose the Mayor's proposal to save \$6.2 million by cutting benefits for Temporary Assistance for Needy Families (TANF) recipients.¹

TANF is a critical program, providing support to one-third of the District's children, including many families who lost jobs in the economic downturn. The Mayor's budget proposal would cut monthly cash benefits for these families if they do not meet requirements to participate in work activities — and for the first time in DC's history, could eliminate benefits entirely for some families.

The goal of these provisions is to encourage more TANF parents to prepare for employment, but the approach is seriously flawed. Rather than incentivize families to move toward work, the new penalties are likely to push vulnerable families deeper into poverty.

Evidence from states that have implemented similar policies shows that:

- **Sanctions do not increase compliance with work requirements.** Studies of other states find that full-family sanctions do not lead to improved compliance, largely because the parents most likely to be sanctioned are those with the greatest personal problems and barriers to work. Sanctioned families tend to have lower levels of education than non-sanctioned participants, higher incidents of health related barriers to work — including mental health problems and domestic violence and have less work experience than non-sanctioned families.²
- **Sanctioning increases hardship for low-income families.** The District's TANF benefit — \$428 a month 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.³ Preschoolers and adolescents in sanctioned families are at

¹ The District expects to save \$3.2 million by cutting cash assistance benefits to families and \$3 million by moving more families into compliance and paying for their benefits with federal funds.

² Heidi Goldberg and Liz Schott, "A Compliance-Oriented Approach to Sanctions in State and County TANF Programs," Center on Budget and Policy Priorities, Oct. 1, 2000.

³ Marcia Meyers, Shannon Harper, Marieka Klawitter, and Taryn Lindhorst, "Review of Research on TANF Sanctions," West Coast Poverty Center, June 2006.

greater risk for academic and behavior problems than children in non-sanctioned families.

- **Sanctioning reduces the percent of low-income children who are served by the TANF program.** 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.⁴

The District's TANF program currently does a better job of covering poor children than many states and surrounding jurisdictions (see attached charts). In 2006 (the most recent data available), for every 100 children in poverty in DC, the District provided TANF benefits to 69 children. Nationally, for every 100 children in poverty in the U.S., only 27 children are served by states' TANF programs. The ratio is even lower in Maryland and Virginia: 24 children served in TANF for every 100 children in poverty. By adopting increased sanctions, the District is likely to see the number of poor children served by its TANF program decrease — leaving these children without a critical form of assistance.

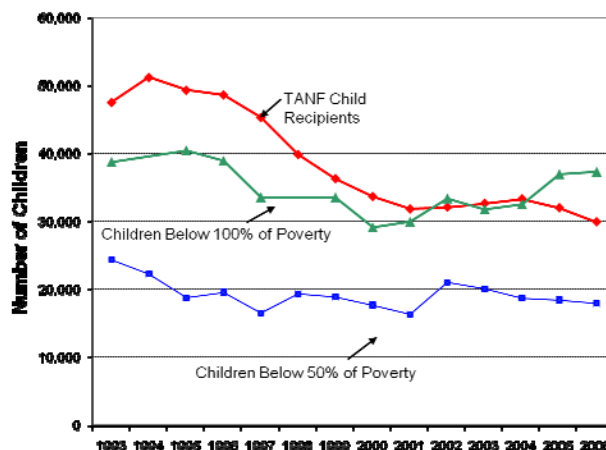
The Council is being asked to approve a major policy change to the District's TANF program in a span of only two weeks, without opportunity for the public to comment on this proposal outside of the budget gap-closing process. Confronted with other major policy changes, such as the recent proposal to change the charter school facilities payment model, the Council has chosen to resolve these issues outside of budget deliberations. We recommend that the Council reject the Mayor's proposal, and instead, the Mayor and 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.

Thank you for the opportunity to testify, and I am happy to answer any questions you may have.

⁴ 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>.

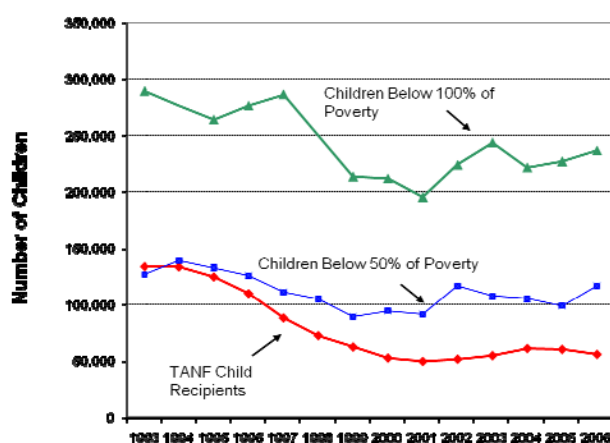
District's TANF Program Currently Does a Better Job of Covering Poor Children than Surrounding Jurisdictions

Comparison of DC Children In Poverty and TANF Child Recipients



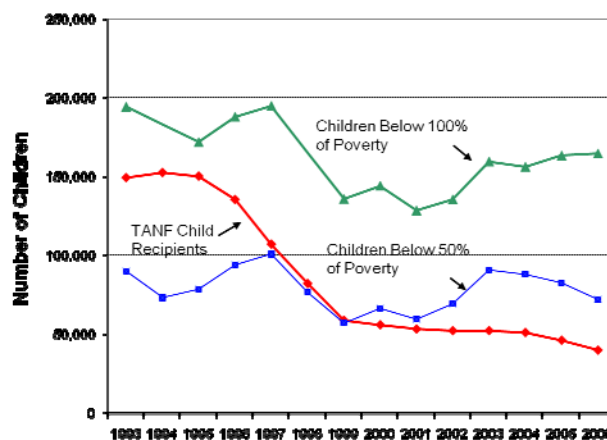
Methodology: Annual number of children in poverty was estimated using SAIPE data for 1993-2004 and 3 year rolling averages of CPS data for 2005-2006. Annual number of children below 50% of the poverty line was estimated by applying the share of poor children found to be below 50% of the poverty line by the 3-year CPS rolling averages to the number of poor children found by SAIPE.

Comparison of Virginia Children In Poverty and TANF Child Recipients



Methodology: Annual number of children in poverty was estimated using SAIPE data for 1993-2004 and 3 year rolling averages of CPS data for 2005-2006. Annual number of children below 50% of the poverty line was estimated by applying the share of poor children found to be below 50% of the poverty line by the 3-year CPS rolling averages to the number of poor children found by SAIPE.

Comparison of Maryland Children In Poverty and TANF Child Recipients



Methodology: Annual number of children in poverty was estimated using SAIPE data for 1993-2004 and 3 year rolling averages of CPS data for 2005-2006. Annual number of children below 50% of the poverty line was estimated by applying the share of poor children found to be below 50% of the poverty line by the 3-year CPS rolling averages to the number of poor children found by SAIPE.

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