

Temporary Assistance for Needy Families

A Presentation to the Commission on Youth

TANF Study Advisory Committee

August, 2016



TANF Origins

- TANF replaced the Aid to Families with Dependent Children Program with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
- It changed the program from an entitlement program with very strong federal oversight to a block grant with maximum state flexibility.

TANF Goal

- To maximize opportunities for TANF recipients to gain the training and job skills they need to become self-sufficient by providing supportive services and a benefit that meet the subsistence needs of the family.

TANF Overview

- Provides cash and other assistance to eligible needy families with children.
- Funded through an annual \$158.2 million federal block grant.
- The state has flexibility to design/fund programs that address the needs of Virginia's low-income families.
- State is required to spend \$128 million annually in state general funds known as Maintenance of Effort (MOE.)
 - This represents 75% of the amount the state spent on welfare spending in 1994.

TANF Overview

- TANF programs must meet one of four federal requirements:
 - Provide assistance to needy families so children can be cared for in their own homes or homes of relatives;
 - Must end dependence of needy parents on government benefits by promoting job preparation, work and marriage;
 - Prevent and reduce the incidence of out-of-wedlock pregnancies; and
 - Encourage the formation of two-parent families.
 - Services under the first two purposes are means-tested and activate work requirements and time limits.

TANF Overview

- There is a 60-month federal lifetime limit on receipt of cash assistance; 2-year state limit.
- Recipients must participate in a program to enhance their employability as a condition of eligibility for assistance, unless exempt (Virginia Initiative for Employment not Welfare - VIEW.)
- State must have 50 percent of recipients in an allowable work activity or face federal sanctions.

TANF Overview

- TANF was reauthorized in 2005 – Deficit Reduction Act (DRA); it should have been reauthorized again in 2010 – currently operating on a Continuing Resolution.
- Last reauthorization implemented significant changes in work requirements – narrowly defined work activities.
- Changed the baseline for the caseload reduction credit.

TANF Benefits

- The TANF income eligibility threshold is about 20% of the federal poverty limit (\$336 for a family of 3.)
- Virginia's benefits are 15th lowest in the nation, only states like Mississippi, South Carolina and Georgia being lower.
- By comparison, Virginia ranks 11th highest in per capita income.
- 3 Locality Groupings – different benefit levels.

TANF Funding Conditions

- Funding for TANF is dependent on the state meeting a 50 percent Work Participation Rate (WPR).
- Failure to meet the WPR results in a 5 percent reduction in the TANF block grant - \$7.9M.
- Additionally, the state must increase its MOE from 75 to 80 percent of FY 1994 spending - \$8M.

TANF Work Requirements

- States can offset their 50 percent WPR with a caseload reduction credit – a percent reduction in the required WPR for each percentage reduction in the caseload since 2005.
- For FFY 2014, after applying a caseload reduction credit of 17.7 percent, Virginia's new WPR target became 32.3 percent.
- Virginia's actual WPR was 43.9 percent.

TANF Uses

- While a sizeable portion (\$74.9M) of TANF funds go to direct services to families under purposes 1 and 2 (cash assistance, employment services, child care), TANF funds are also used for program administration:
 - State and Local Staff and Operations (\$53.6M)
 - Reserve for new eligibility system (\$2M)

TANF Uses

- Under purposes 3 and 4, TANF can be used to fund a variety of programs and services.
- “Expanded Funding” is currently used for:
 - Healthy Families (\$9.0M)
 - Domestic Violence (\$3.3M)
 - Community Action Agencies (\$4.25M)
 - Comprehensive Health Investment Project (\$2.4M)
 - Boys and Girls Clubs (\$1M)
 - Resource Mothers (\$1M)
 - EITC Grants (\$186K)

TANF Uses

- States may also transfer up to 30% of the block grant for programs under the Child Care and Development Block Grant and Social Services Block Grant:
 - CCDF for At-Risk child care – (\$15.6M)
 - CCDF for Head Start – (\$2.5M)
 - SSBG for local staff support – (\$6.4M)
 - SSBG for CSA – (\$9.4M)

TANF Surplus

- SFY 16 closed with a TANF surplus of \$70.5M.
- There remains a structural imbalance in TANF funding; each year we are appropriating more than we receive in the block grant funding.
- Projected surpluses:
 - \$48.1M SFY 2017 (\$180.6M Appropriated)
 - \$20.7M SFY 2018 (M185.7M Appropriated)

TANF Surplus

- At the height of the recession, October 2011, we were serving over 37,000 households per month (\$116M per year.)
- We are now serving 22,500 per month (\$73M FY 2016.)
- In FY 16 alone, we spent nearly \$43M less in TANF cash assistance than we did in FY 12.

TANF Surplus- Challenges

- The challenge with the TANF surplus is making long-term commitments that may not be sustainable.
- If caseloads start to increase, we must insure that there is sufficient funding to meet the primary purpose of TANF – financial assistance and supportive services to needy eligible families and children.