

TANF Program Briefing for the Senate Finance Sub-Committee on Health and Human Resources

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TANF Briefing Roadmap

- TANF History
- The TANF Program
- The TANF Block Grant
- Current TANF Uses
- General Fund Maintenance of Effort
- TANF Enrollment Trends
- TANF Cash Payments
- TANF Structural Imbalance

TANF History

- Since the implementation of Virginia's welfare reform initiative in 1995, Virginia TANF caseload has decreased by more than 50%
- This decrease in caseload is estimated to have saved Virginia over \$1 billion

The TANF Program

- Temporary Assistance for Needy families (TANF) provides cash and other assistance to eligible needy families with children
- Funded through an annual \$158 million federal block grant
- Virginia is required to spend a minimum of \$128 million annually in state matching funds (Maintenance of Effort)
 - This represents 75% of the amount the state spent on welfare in 1994
- The state has flexibility to design programs that address the needs of Virginia's low-income families – some flexibility removed with DRA

The TANF Program

- TANF programs must meet one of the following four federal purposes of TANF:
 - Must assure children can be cared for in their own homes or homes of relatives;
 - Must end dependence of parents on government benefits by promoting work and marriage;
 - Must reduce the incidence of out-of-wedlock pregnancies; or
 - Must encourage the formation of two-parent families
- Eligibility under the first two purposes of TANF must be means-tested

The TANF Program

- There is a 60-month federal lifetime limit on receipt of cash assistance
- Within the federal time limits, there is a 2-year state limit followed by a 2-year ineligibility period
- Unless exempt, recipients must participate in the Virginia Initiative for Employment not Welfare (VIEW), a program to enhance their employability, as a condition of eligibility for assistance

The TANF Program

- Work Participation Rate
 - States must have 50% of recipients in an allowable work activity or face federal sanctions
 - States may reduce their work participation rate target through their caseload reduction credit
- Sanctions are severe:
 - 5% of the TANF Grant (\$7.9M) the first year increased by 2% for each subsequent year up to a maximum of 21%
 - Increase the State's MOE from 75% to 80% of 1994 spending (\$8.5M)

TANF Program

State Plan Submission

- A State Plan must be submitted every 3 years indicating basic rules of the program and how funds will be spent
- The State plan can be amended at any time.
- HHS does not approve the plan; they certify that it is complete

The TANF Block Grant

- \$158M Annual Award Since October 1997
- The TANF Block Grant has not kept pace with inflation
- The grant is worth only 75% of the 1997 value when the block grant was enacted
- The block grant would be \$211M if it had kept current with 1997 dollars

Current Uses

- TANF Core Services
- Transfers to Other Block Grants
- Expanded TANF Programs

Current Uses

TANF Funded Programs in FY10

- **Core Services**

- TANF Cash Assistance - \$58.2M
- Child Support Supplement - \$4.8M
- Employment Services - \$9.3M
- Child Care - \$2.1M
- Administration (state, local, IT) - \$52.4M
 - Includes \$13M to offset a 2001 federal cut to SSBG

Current Uses

TANF Funded Programs in FY10

- **Transfers to Other Block Grants**
 - Social Services Block Grant (SSBG) - \$13.8M
 - Child Care Development Block Grant (CCDBG) - \$22.6M

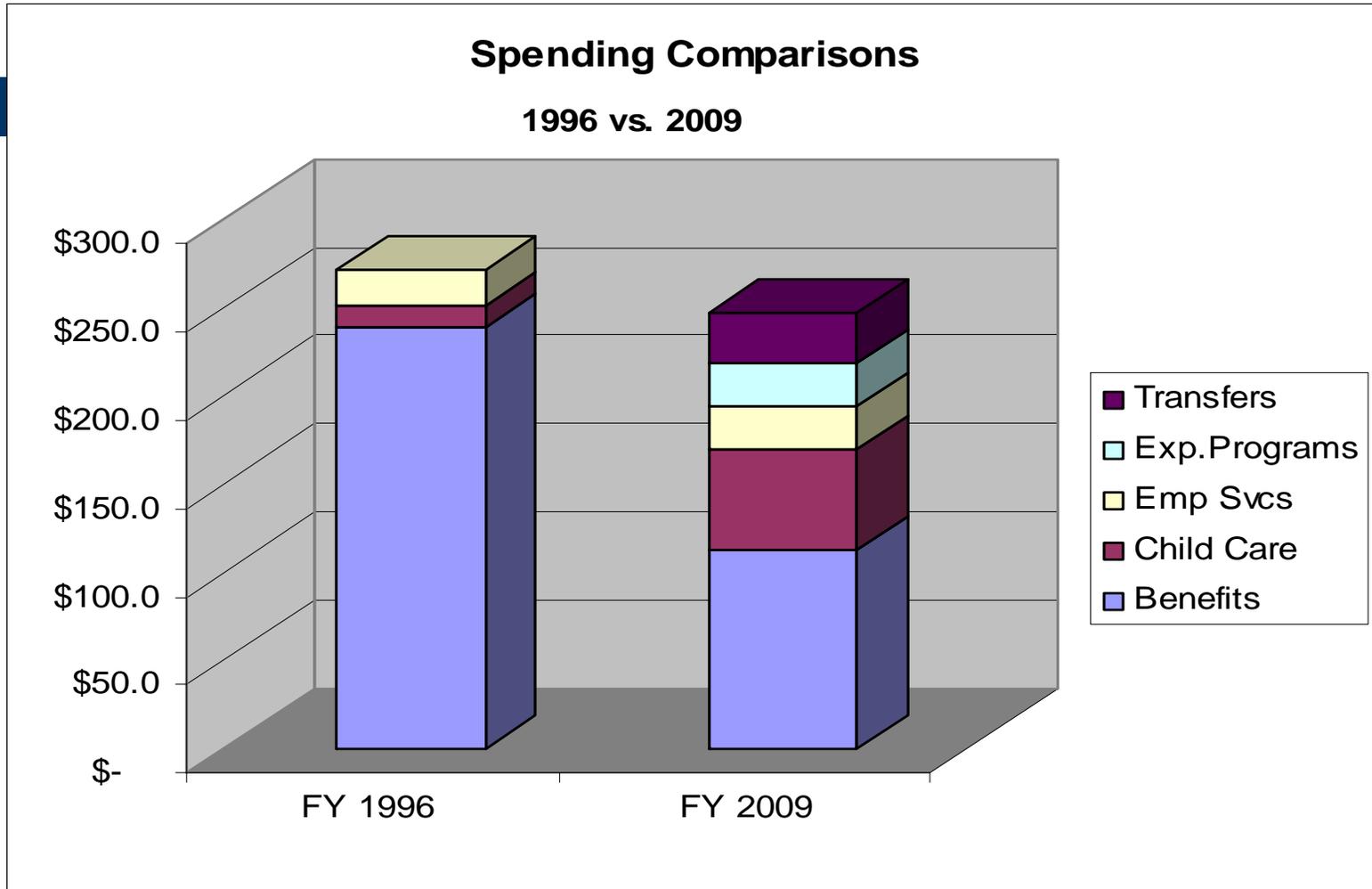
Current Uses

TANF Funded Programs in FY10

- **Expanded Programs**

- Child Advocacy Centers - \$190K
- Community Action Agencies - \$3.3M
- CHIP - \$1M
- Healthy Families - \$5.4M
- Partners in Prevention - \$382.5K
- Teenage Pregnancy Prevention - \$445K
- Statutory Rape Awareness - \$127.5K
- Domestic Violence Programs - \$1.4M
- Centers for Employment and Training - \$637.5K
- Homeless Prevention Programs (DHCD) - \$4.9M
- CSA Trust Fund - \$1M

Current Uses



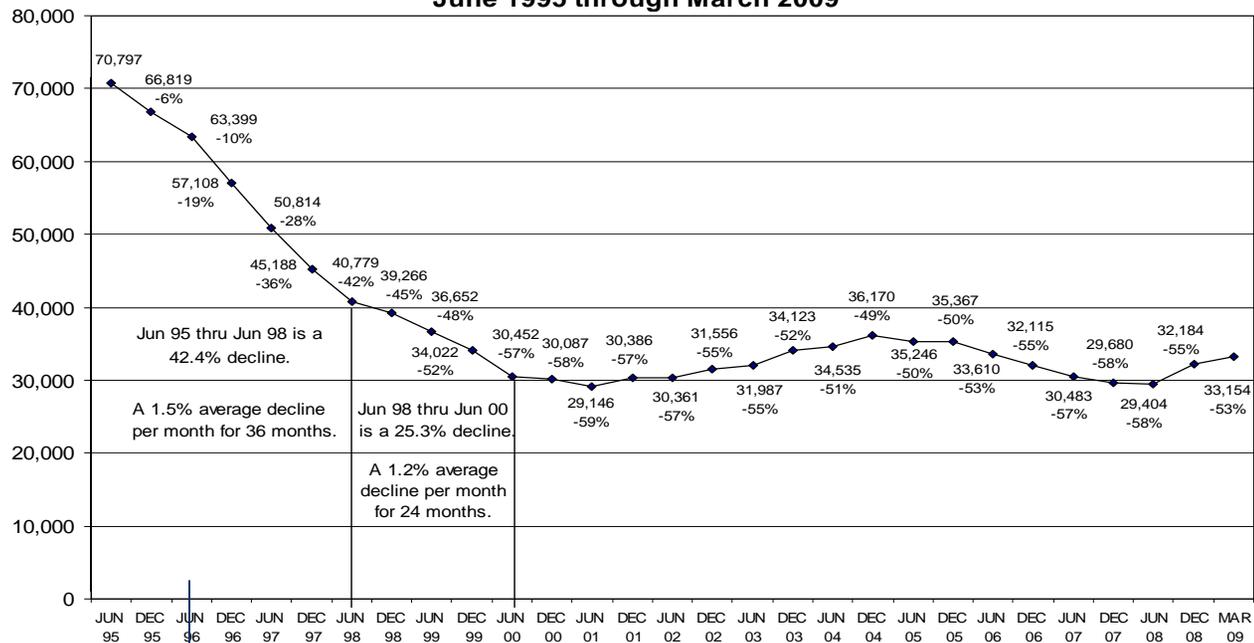
General Fund Maintenance of Effort (MOE)

- The MOE spending amount is dependent on Work Participation Rate (WPR) performance
- MOE requirement is at 75% of 1994 spending if the WPR is met
- The MOE spending requirement increases to 80% of 1994 spending if the WPR is not met

Enrollment Trends

Virginia began welfare reform in July 1995

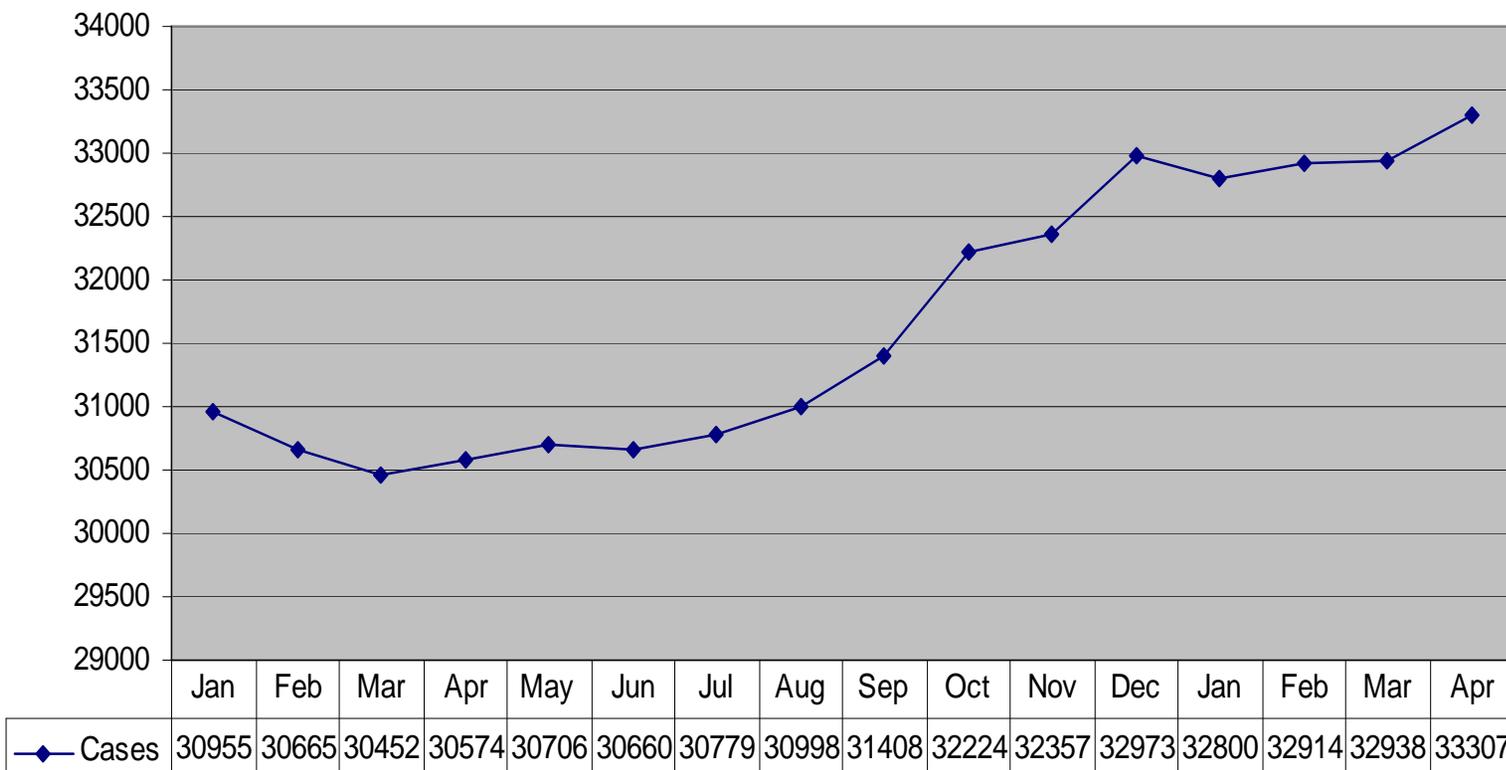
TANF and TANF-UP Cases Paid at Six Month Intervals, except last month
June 1995 through March 2009



TANF began February 1997

Enrollment Trends

TANF Caseload
January 2008 - April 2009



TANF Cash Payments

- Cash assistance to needy families with children is the core purpose of the TANF program
- A family of three with no income in a metropolitan area in the Commonwealth receives \$320 per month in TANF cash assistance; the average benefit is \$267
- Virginia's benefits are the 16th lowest in the nation

TANF Cash Payments

- Virginia's TANF cash assistance benefits are low compared to other states
- Benefits for a family of three in the continental U.S. range from a high of \$673 in Wisconsin to a low of \$170 in Mississippi
- TANF Benefits in Virginia's Border States Are:
 - Maryland - \$472
 - West Virginia - \$453
 - D.C. - \$379
 - Virginia - \$320
 - North Carolina - \$272
 - Kentucky - \$262
 - Tennessee - \$185

TANF Cash Payments

- TANF benefit increases have not kept pace with inflation
- Virginia's TANF cash payments represent about 21% of the federal poverty limit
- According to the Virginia Self-Sufficiency Standard, a family of 3 in Richmond needs \$2,501 per month to be self-sufficient

TANF Structural Imbalance

- There is a structural imbalance in the TANF Program budget
- For FY2009 there is \$187M in TANF spending appropriated; the \$29M deficit will be filled by a portion of the \$54M TANF unspent prior year balances
- For FY2010, there is \$182M in TANF spending appropriated; the remaining \$24M in unspent prior year balances will be used to plug this deficit
- For FY2011, the remaining TANF unspent prior year balances will be reduced to \$87,000

TANF Structural Imbalance

- Beyond 2010, TANF spending will have to be returned to normal levels
- Choices will have to be made whether
 - Core services (cash assistance to needy families) will be reduced
 - Transfers to other block grants (SSBG and CCDBG) will be reduced/eliminated
 - Expanded TANF Programs will be reduced

TANF Structural Imbalance

- The American Recovery and Reinvestment Act (ARRA) created a TANF “Emergency Contingency Fund” of \$5B for fiscal years 2009 and 2010
- These funds have the potential shore up the TANF budget in the short term possibly for one year
- The actual amount of funding available is a function of caseload growth and increased spending

TANF Questions



TANF Emergency Fund

- The ARRA TANF Emergency Fund
- Conditions for Access
- Discussions with Federal Authorities
- Projections for Virginia
- Other ARRA TANF Changes

TANF Emergency Fund

- The ARRA Established a \$5B TANF Emergency Fund
- Under Certain Conditions, States can access up to 50% or one year's TANF award over Federal Fiscal Years (FFY) 2009 and 2010
- For Virginia, the maximum funding available is \$79,142,586

Conditions for Access

- States select a base year – FFY 2007 or 2008
- Three categories of spending increases qualify
 - Basic Assistance with caseload increase
 - Short-term Benefits
 - Subsidized Employment
- Base year can vary by category
- TANF Emergency Funds can be drawn for 80% of spending increases
- Funds can be used for any of four TANF purposes once drawn

Discussions with Federal Authorities

- On-going since ARRA was signed into law
- Specific discussion on the ARRA TANF Emergency Fund on June 11, 2009
- Objective was to see if there were TANF Emergency Fund opportunities outside the three outlined previously
- DSS program and finance staff members were assured by HHS staff that we had an accurate reading and interpretation of the Act
- The bottom line is to access more of these funds, the State has to spend more

Projections for Virginia

- Approximately \$1.5M to \$2M per quarter over eight quarters
- Total \$12M to \$16M over the two year period
- To date, funds have not been drawn but are available to be drawn for the first three quarters of FFY 2009

Other ARRA TANF Changes

- Allows carry over funds to be used for any of four TANF purposes instead of just for purpose one – basic assistance

TANF ARRA Questions

SB 872

§ [63.2-505.2](#). Eligibility for TANF and food stamps; drug-related felonies. A person who is otherwise eligible to receive *Temporary Assistance for Needy Families (TANF)* or food stamp benefits shall be exempt from the application of section 115(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. [104-193](#), and shall not be denied such assistance solely because he has been convicted of a felony offense of possession of a controlled substance in violation of § [18.2-250](#), provided such person is complying with, or has already complied with, all obligations imposed by the criminal court, is actively engaged in or has completed a substance abuse treatment program, participates in periodic drug screenings, and any other obligations as determined by the Department.

SB 872

- The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 imposed a restriction on TANF and Food Stamp eligibility for individuals convicted of drug a felony; states must pass legislation to opt out of the restriction
- The restriction for Food Stamp eligibility was lifted in 2005 with the passage of HB 1761
- This is the only crime for which an individual is denied eligibility for TANF assistance
- It is estimated that 141 individuals currently denied assistance because of this prohibition would become eligible

SB 872

- The benefit increase to eligible households is approximately \$66 per month
- In order to qualify, the individual would have to be engaged in or completed a drug treatment program as well as complied with all of the requirements imposed by the court
- The cost to lift the eligibility restriction is estimated to be \$205,000 the first year and \$378,000 each year thereafter
- Most of the cost increase is associated with increased child care costs
- Once determined eligible, individuals would receive employment services through the VIEW program providing opportunities to get the education and skills necessary to secure gainful employment

SB 872

- 75 percent of the individuals that are denied TANF assistance because of this eligibility restriction are female
- 45 percent are between the age of 25-34
- Less than half have a high school degree

SB 872

- There would be a negligible local administrative cost to add the potential eligible individuals
- Due to the fact that there is a structural imbalance in the TANF block grant, SB 872 required the appropriation of GF to implement this change
- SB 872 was left in the Finance Committee