

SENATE FINANCE COMMITTEE
HEALTH AND HUMAN RESOURCES
SUBCOMMITTEE

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Department of Social Services
Temporary Assistance for Needy Families

January 14, 2013

TANF – Legislative/Budget Background

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- The Temporary Assistance for Needy families (TANF) legislation - cornerstone of federal welfare reform
- Funded through the TANF block grant
- Federal welfare reform was implemented 1997, two years after Virginia implemented its state welfare reform initiative, the Virginia Independence Program
 - Virginia receives \$158 million federal TANF grant
 - Must match with state maintenance of effort (MOE) - \$128 million - which is 75% of the state's 1994 welfare spending

TANF Grant Purposes

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- ❑ Funds must be spent to achieve one of the four purposes of TANF:
 - To provide assistance to needy families so that children can be cared for in their own homes or the homes of relatives;
 - To end dependence of needy parents on government assistance by promoting job preparation, work and marriage;
 - To prevent and reduce the incidence of out-of-wedlock pregnancies;
 - To encourage the formation and maintenance of two-parent families.

TANF Caseload Trends

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- TANF caseload went from a high of 70,797 in June 1995 when welfare reform was implemented to a low of 29,404 in March of 2008
- The caseload increased by nearly 26 percent from March 2008 to 37,121 in November 2010 as a result of the economic downturn
- Since November 2010 it has decreased by 12 percent; the November 2012 caseload was 32,666

TANF Workforce Participation Requirement

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- ❑ States must meet a 50 percent work participation rate(WPR) in order to avoid federal sanctions
- ❑ Estimate the FFY 2012 Virginia's WPR to be 45%
- ❑ A 10% caseload reduction credit is also estimated
- ❑ In 2009, the national average WPR was 29.4%, Virginia's was 44.3%
- ❑ Severe federal sanctions for failure to meet WPR

TANF – Key Long-term Results in Virginia

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- Since the implementation of TANF in Virginia:
 - At least 58% of employed VIEW participants retained employment for at least six months beyond the closure of their TANF cases
 - About 86% of the participants who left TANF with employment did not return to TANF within 12 months

TANF Budget Overview – FY 2014

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- \$177M - TANF grant funds budgeted
 - ▣ \$19M - prior year TANF grant balances budgeted
- Mandated
 - ▣ \$65M - Benefits (projected total of \$102M)
 - ▣ \$27M - Mandated child care/employment services
 - ▣ \$57M - TANF share of local staff providing mandated employment, eligibility, family support, and TANF share of state administration
- Block Grant Transfers
 - ▣ \$10.4M - Child Care block grant
 - ▣ \$13.8M - Social Services Block Grant
- Expanded programming
 - ▣ \$2.6M - Healthy Families
 - ▣ \$0.6M - Family Engagement Activities
 - ▣ \$0.5M - Community Action Agencies

2013 Session TANF Budget Actions

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	FY13	FY14
Healthy Families	\$ -	\$.16M
Community Action Agencies	\$ -	\$.5M
TANF GF Savings	\$5M	\$5M
Family Engagement Activities	\$ -	\$.6M
Adjust TANF Budget to Mandated Expenditures	(\$3.6M)	\$3.7M
<u>Child Care System Operating Costs</u>	<u>\$ -</u>	<u>\$1.8M</u>
Total TANF Changes	\$1.4 M	\$11.8M

TANF Structural Imbalance

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- \$19M structural imbalance into next biennium
- Primarily due to:
 - ▣ Capturing general fund (GF) savings in benefits /mandated services since FY 2010
 - ▣ Increased cost of child care for VIEW recipients