



D.C. Rolls Out 5-Year TANF Time Limit

Temporary Assistance for Needy Families (TANF) is a program providing cash assistance and career development services to qualifying families with dependent children, with the goal of moving them toward self-sufficiency. In the District, more than 16,000 families benefited from TANF in 2010, and the number is already greater in 2011.

TANF is funded through both a federal block grant and local dollars. While federal law mandates a five-year (60-month) time limit for TANF benefits, states have considerable discretion over eligibility, benefits and program rules. Historically, the District has contributed local funding to cover families who exceed the federal time limit.

This is changing. As of April 1, 2011, the District is implementing a 60-month lifetime limit on TANF benefits, with benefits gradually phasing out for recipients who have exceeded the new limit. More than 6,000 families have seen their TANF benefits reduced as a result.

The new time limit is part of a broader TANF reform effort underway in the District. The success or failure of this effort will directly affect our most vulnerable children. Poverty can have a profound impact on a young child's ability to learn.¹ A new study has shown that programs providing direct income assistance to low-income families can greatly boost a child's success over his or her lifetime, from educational achievement to future earnings as adults.²

How are benefits changing and who is affected?

As of April 1, 2011, District families who have received TANF benefits for 60 or months or

longer experienced a 20-percent reduction in their monthly benefit check. For a family of three, the maximum monthly benefit is \$428.³ A family of three that has exceeded the 60-month time limit will now receive at most \$342 per month, with further reductions over the next few years until the benefit is completely eliminated on October 1, 2015.

- 6,411 families experienced the first reduction, approximately 37 percent of the total caseload.
- During each month over the next fiscal year, 5,080 additional families will receive reduced benefits as they reach their time limit.
- Additional reductions will occur over the following years, until no benefits are paid to families who exceed the 60-month limit.

A limited number of TANF recipients are exempt, including disabled clients eligible for the POWER program⁴ and child-only cases. The new policy does not allow for any other exemptions or extensions.

What's the policy behind the change?

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the federal law that transformed Aid to Families with Dependent Children (AFDC) into TANF, set a

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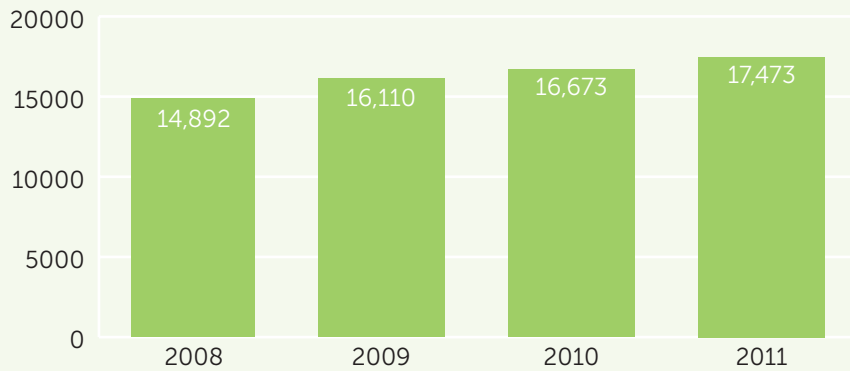
Table 1: TANF Benefit Reductions after 60 Month Limit (March 2011–October 2015)

Time Period	Reduction*	Maximum Monthly Benefit**
March 2011	Prior benefit level	\$428
April 2011	20%	\$342
October 2013	25%	\$257
October 2014	41.7%	\$150
October 2015 and after	100%	\$0

Source: District of Columbia Fiscal Year 2012 Budget Support Act of 2011. The Urban Institute, Welfare Rules Databook, 2010. *Reduction is applied to previous year's benefit level. **Benefit level for a family of three with no other income.

AUGUST 2011

Figure 1: TANF Caseloads Have Increased in D.C. (FY 2008–2011)



Source: Department of Human Services. Income Maintenance Administration.

60-month lifetime limit on benefits using federal funds. States have the option of extending benefits using their own funds, and until now the District has used local funds for this purpose.

In the current fiscal environment, the District is under increased pressure to cut costs and justify spending on safety net programs. Because TANF was designed to move recipients from welfare to work, the fact that so many families remain on the program for longer than intended underscores the need for broader changes. The D.C. Department of Human Services (DHS) is working to address barriers to employment and self-sufficiency by providing more individualized services.⁵

How does D.C.'s TANF program compare with other states?

From 1996 to 2009, the maximum benefit level in the District ranged from \$379 to \$428 per month for a family of three with no other income. Benefit levels in the District are comparable to other states: 22 states have lower benefit levels, while 21 states provide a monthly benefit greater than \$500.⁶

Compared with other states, the District has been more generous in providing benefits beyond the time limit. The majority of other states (37) enforce a 60-month limit, and nine states have even shorter time limits. California and Arizona recently shortened their time limits, and other states are considering similar actions. Only five states have no lifetime limits, including Maine, Massachusetts, New York, Vermont, and Washington State. Many states offer exemptions to certain recipients and some states only limit the adult portion of the benefit.⁷

What to expect now

With so many families in the District experiencing deep economic hardship, the demand for TANF continues to rise. DHS does not expect to see the TANF caseload decline significantly as a result of the new time limit. Figure 1 shows the steady increase in the TANF caseload in recent years, with an increase of more than 17 percent from fiscal year (FY) 2008 to FY 2011. As this policy change affects more families each month, long-term recipients are likely to turn to other forms of support, creating an increased burden on other safety net programs that are also facing budget cuts.

Time limits are part of a broader redesign of TANF in D.C. The District is focusing on building the capacity of recipients and tailoring services to the needs of individual families, with a higher expectation that recipients take advantage of available services. DHS is working to expand the number of vendors that provide job placement and work readiness services. Some long-term TANF recipients face additional challenges that make it difficult to move into the workforce, such as access to child care, transportation,⁸ low educational attainment, health concerns or substance abuse.⁹

DHS is pursuing other changes to TANF, including the implementation of a full-family sanction for recipients who do not meet work participation requirements. Currently, only adult heads-of-households who do not meet work participation requirements lose their benefits.

1. Lee, V. E. & Burkam, D. T. (2002). *Inequality at the Starting Gate: Social Background Differences in Achievement as Children Begin School*. Washington, D.C.: Economic Policy Institute.

2. Duncan, G.J. & Magnuson, K. (2011). "The Long Reach of Early Childhood Poverty." *Pathways*, Winter 2011.

3. Rowe, G., Murphy, M. & Mon, E.I. (2010). *Welfare Rules Databook, 2010: State TANF Policies as of July 2009*. Washington, D.C.: The Urban Institute.

4. The POWER Program provides an array of career services. It assists TANF recipients who are parents or caretakers experiencing a physical and/or mental disability that presents barriers to work.

5. District of Columbia Department of Human Services. Press release, February 15, 2011.

6. See endnote 3.

7. Schott, L. & Pavetti, L. (2011). *Many States Cutting TANF Benefits Harshly Despite High Unemployment and Unprecedented Need*. Washington, D.C.: Center on Budget and Policy Priorities.

8. Ovwigho, P.C., Saunders, C. & Born, C.E. (2005). *Barriers to Independence among TANF Recipients: Comparing Caseworker Records and Client Surveys*. Baltimore, MD: Family Welfare Research and Training Group.

9. Government Accountability Office (GAO). 2001. *Welfare Reform: Moving Hard-to-Employ Recipients into the Workforce*. Publication No. GAO-01-368. Washington, D.C.: Government Printing Office.