



## TANF Reform in DC

Temporary Assistance for Needy Families (TANF) is a cash assistance and career development program that provides services to eligible families with dependent children.

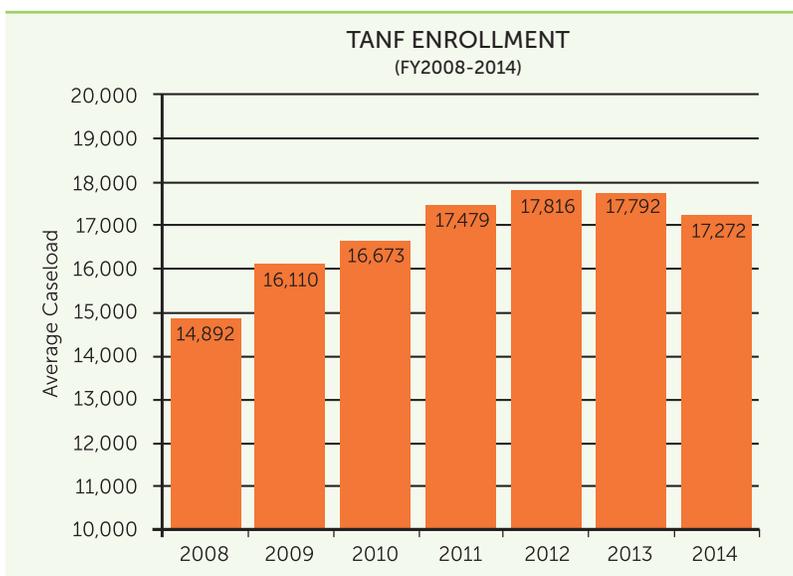
*In 1996, TANF replaced Aid to Families with Dependent Children (AFCD) as the nation's primary cash assistance program for needy families. TANF was intended to incentivize workforce participation and self-sufficiency for recipients: while eligible families could receive cash assistance under the AFCD indefinitely, TANF limited most families to five years of cash assistance.*

*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.*

### TANF in the District of Columbia

The economic impact of the Great Recession contributed to a 20% increase in TANF caseloads between 2008 and 2012, the year of peak enrollment. Since then, TANF enrollment has begun to gradually subside and in 2014, an average of 17,272 families received TANF benefits per month. 53% of the District's families receiving TANF live in Wards 7 and 8, while Wards 1, 2, and 3 account for only 12% of families on TANF.<sup>1</sup>

From 1996 to 2015, the maximum benefit level in the District ranged from \$379 to \$441 per month for a family of three with no other source of income.<sup>2</sup> Benefit levels in the District are comparable to other states: 27 states have lower benefit levels, while 17 states provide a monthly benefit greater than \$500.<sup>3</sup>



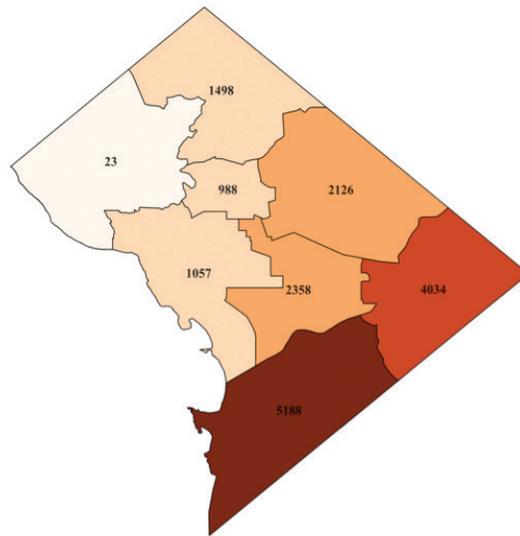
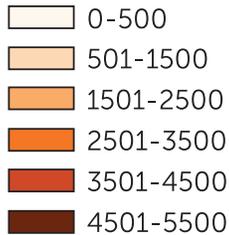
### Acknowledgements:

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## TANF CASELOAD FY2014



### Changes to TANF Policy in the District

Historically, the District has contributed local funding to cover families that exceeded the federal 60-month TANF time limit. However, the District's approach to TANF policy is changing.

The DC Council passed legislation in 2010 to gradually phase out benefits for families who have been enrolled in TANF for longer than 60-months. To date, there have been three reductions in benefits for recipients who have reached or exceeded this time limit. The first, effective April 1, 2011, was a 20% reduction in benefits affecting 6,411 families or approximately 37% of the total caseload. After the passage of emergency legislation delayed further benefit cuts for an additional six months, TANF benefits were further reduced by an additional 25% in October 2013, and by 41.7% in October of 2014.

These changes to the District's time-limit policy took place while the city was completing a sweeping redesign of its TANF program. The centerpiece of these reforms is the TANF Universal Service Delivery Model, a model which was developed by the Department of Human Services (DHS) after conducting a wide-ranging needs-assessment and researching national best-practices for

TANF program design. In contrast to the Federal Work First program, a one-size-fits all approach that emphasizes rapid employment, the TANF Universal Service Delivery Model focuses on building the capacity of recipients through tailored

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services to meet the needs of individual families. Under the new model, all TANF recipients are evaluated to determine their work and education history as well as the barriers to employment they face. Based on this evaluation, an assigned vendor links TANF recipients with services that best match their individual needs, including job placement, work readiness and barrier removal.<sup>4</sup> DHS

has also expanded the number of vendors that provide job placement and work readiness services and adopted a performance-based contracting system for service providers. As a result, the number of customers awaiting assignment to a TANF Employment Program (TEP) vendor has dramatically decreased from 2,600 in January of 2015 to effectively zero today.

Some TANF recipients face additional challenges that make it difficult to move into the workforce, such as health concerns or substance abuse.<sup>5</sup> In 2014, the DC Council expanded the eligibility categories for the POWER Program (Program on Work Employment and Responsibility) which exempts recipients from TANF work participation requirements and stops or pauses the TANF enrollment clock.<sup>6</sup> As the District gradually brings its new TANF policy in line with the federal time limits on TANF eligibility, the debate over the impact of TANF, and its eligibility time limits, are increasingly relevant to the District's low-income families.

### The Effects of Reform

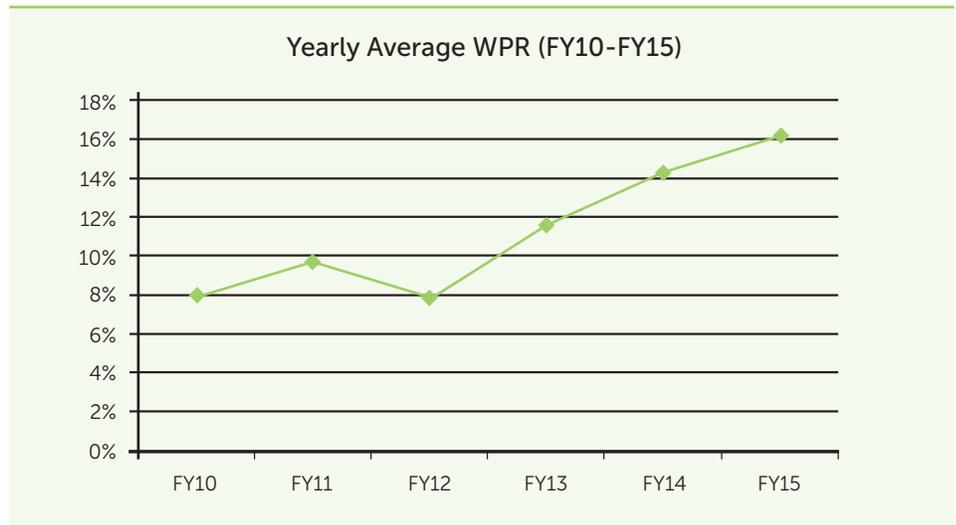
Nationally, changes to safety net policies corresponded with large scale declines in the number of TANF recipients. While the federal law instituting TANF was passed in 1996, many states had already begun passing local reforms starting in 1994. Between 1994 and 2000, the number of families enrolled in AFCD or TANF dropped by 56%, from 5 million families to fewer than 2.5 million families. Between 1994 and 1999, employment rates for single mothers rose by 10% to their highest recorded levels — far exceeding employment gains of married mothers and single women without children — and poverty rates for black children and children in single mother households also reached their lowest recorded levels.<sup>7</sup> Many proponents of TANF have pointed to these trends as evidence that the program's time limits increased employment and economic well-being while reducing dependence on government assistance for many of the country's neediest families.<sup>8</sup> On the

other hand, the reforms under TANF placed a much greater burden on families that face significant employment barriers, especially those headed by disconnected mothers, a term researchers use to describe low-income mothers who are unable to find employment.<sup>9</sup>

Other researchers have begun pushing back against this positive narrative around TANF, arguing that because the program was implemented during a period of strong economic growth, when the country was recovering from the 1991 recession and beginning the dot-com boom, the reduction in caseloads and poverty rates was more attributable to broader economic forces than to TANF program requirements.<sup>10</sup>

While the nineties saw large reductions in TANF enrollment nationally, enrollment in the District declined by only 9% between 1994 and 1999.<sup>11</sup> The District's broader TANF policies may have accounted for some of this difference; however, the city's unemployment rate also remained significantly higher than the national average during much of this time.

Data from recent years point to the emerging impact of the District's TANF reforms. Between FY2012 and FY2015, TANF workforce participation rates in the District have more than doubled. TANF recipients are finding better paying jobs and experiencing greater employment stability. The share of new jobs with low-wages under \$10 an hour declined from 51% to 34% and the share of new jobs with wages above \$10.00 an hour grew from 20% to 28%. Additionally, the number of TANF customers employed for longer than six months has more than doubled and now account for 75% of all



TANF customers with jobs. Despite these positive trends, a large share of TANF recipients remain unengaged or have cycled through numerous service options without success. In fact, in FY2015 56% of the TANF recipients that had been assigned to a vendor did not engage in services at all.

### What to Expect Now and Moving Forward

As the deadline for the full elimination of benefits for TANF recipients enrolled for longer than 60-months approached, additional funding was allocated in both the FY2016 and the mayor's proposed FY2017 budget to preserve the minimum benefit-level for an additional year. These extensions are intended to allow families more time to take advantage of the redesigned program model. While the second proposed extension would push the TANF benefit cutoff to September 2017, it is unclear whether benefits will be extended further after this year.

Over the past several years, DHS's revamped TANF program has created more opportunities for many TANF recipients to find steady employment. However, for unengaged families or families facing especially severe barriers to employment, the impending TANF deadline could have a severe negative impact. As the District's reforms phase-out benefits for long-term recipients, these families are often forced to turn to other forms of financial support, creating an increased burden on other safety net programs that are also facing budget pressures. Indeed, since 2011 the number of families receiving benefits through the Supplemental Nutrition Program (SNAP) has risen by nearly 32%. As the new TANF cutoff approaches, policy makers must balance the need to incentivize workforce participation with ensuring that safety net programs are in place to protect children and families from falling into extreme poverty.

<sup>1</sup> DC KIDS COUNT Analysis of DC Human Services TANF Enrollment data.

<sup>2</sup> DC Department of Health and Human Services (2014). Economic Security Administration fact sheet. Retrieved from, [http://dhs.dc.gov/sites/default/files/dc/sites/dhs/service\\_content/attachments/ESA%20Fact%20Sheets\\_10.pdf](http://dhs.dc.gov/sites/default/files/dc/sites/dhs/service_content/attachments/ESA%20Fact%20Sheets_10.pdf)

<sup>3</sup> Welfare Rules Databook: State TANF Policies as of July 2014. The Urban Institute. Retrieved from, [http://anfdata.urban.org/databooks/2014%20Welfare%20Rules%20Databook%20\(FINAL\).pdf](http://anfdata.urban.org/databooks/2014%20Welfare%20Rules%20Databook%20(FINAL).pdf)

<sup>4</sup> Berns, D. A. (2011). The redesign of DC's Temporary Assistance for Needy Families (TANF) program. DC Department of Human Services. Retrieved from, <http://www.buildingbetterprograms.org/wp-content/uploads/2014/04/DCTANFRedesign-WhitePaperFinal26Aug2011.pdf>

<sup>5</sup> Government Accountability Office (GAO). 2001. *Welfare Reform: Moving Hard-to-Employ Recipients into the Workforce*. Publication No. GAO-01-368. Washington, DC: Government Printing Office.

<sup>6</sup> DC Department of Human Services. Information and facts about the POWER Program. Retrieved from [http://dhs.dc.gov/sites/default/files/dc/sites/dhs/publication/attachments/POWER%20Program\\_0.pdf](http://dhs.dc.gov/sites/default/files/dc/sites/dhs/publication/attachments/POWER%20Program_0.pdf)

<sup>7</sup> Blank, R. M. (2002). Evaluating welfare reform in the United States. *National Bureau of Economic Research*. Retrieved from, <http://www.nber.org/papers/w8983>

<sup>8</sup> *Ibid.*

<sup>9</sup> Loprest, P. J. (2012). Disconnected families and TANF. The Urban Institute. Retrieved from, <http://www.urban.org/sites/default/files/alfresco/publication-pdfs/412568-Disconnected-Families-and-TANF.PDF>

<sup>10</sup> Lichter, D. T. & Rukamalie, J. (2002). Welfare reform: how do we measure success?" *Annual Review of Sociology* 28, 117-141

<sup>11</sup> Simons-Rudolph, A. P. (2003). Economic self-sufficiency and the implementation of TANF in the District of Columbia. *Policy Perspectives*, 10, 36-46. Retrieved from, <http://www.policy-perspectives.org/article/view/4235/2985>