

TO: Planning & Policy Development Committee

Date: February 27, 2002

For Action
 For Information
 Meeting Notes

FROM: WIB Staff

SUBJECT: TANF Reauthorization

PROPOSED MOTION: N/A

DISCUSSION: In 1996's welfare reform debate, Congress abolished AFDC—Aid to Families with Dependent Children—and created TANF. Federal TANF funding, authorized under the federal Personal Responsibility and Work Opportunity Act expires September 30, 2002.

What is TANF?

TANF stands for Temporary Assistance for Needy Families. It is the nation's safety net program for no- or low-income families with a pregnant women or at least one child.

Who receives TANF?

72% of TANF recipients are children. As of mid-2001, there were about 5.5 million people receiving TANF benefits.

What is a block grant?

A federal block grant is money given to states by the federal government to run a program within the defined guidelines. Since TANF money is "block granted" to the states, each state is allowed to design and implement its own TANF program, including setting benefit levels and determining who receives assistance.

Under the prior welfare law, states received federal funds as an entitlement, which meant that every family who was eligible for assistance received assistance. When the program was changed to a block grant program, families in need were no longer guaranteed assistance.

Funding

The federal contribution totals \$16.5 billion annually for six years. The amount each state currently receives is based on how much federal welfare funding the state received in the mid 1990s.

In addition to the federal money, states are required to spend at least 75% of the amount they spent on welfare programs in fiscal year 1994. This state contribution is called Maintenance of Effort (MOE).

The Four "Goals" of TANF

- Provide assistance to needy families so that children can be cared for at home
- End dependence on assistance by promoting work
- Prevent and reduce the incidence of out-of-wedlock pregnancies
- Encourage and promote marriage

Major Design Principles

- **Time Limits:** Federal law limits the amount of time any household can receive assistance to five years (60 months)
- **Work Requirements:** Recipients are required to be engaged in "work activities"
- **Sanctions:** Federal law allows financial punishments for clients who fail to comply with program requirements. Furthermore, sanctions can result in permanent eligibility termination.
- **Devolution:** Based on the principle that states know best what their people need and how best to serve them, extensive flexibility in design of assistance programs has been given in most areas of the TANF program.

Key ways TANF plans differ among the states

- **Eligibility:** States can decide who will be eligible for TANF assistance. They can determine if they will or will not impose "family caps" by refusing to increase benefits for families who have more children while on the program
- **Types of assistance provided:** Assistance is defined as any payments directed at ongoing, basic needs. States decide what services and assistance it will provide.
- **Benefit levels:** Vary differently from state to state. Seven states provide less than \$200 per month. Four states provide more than \$500 per month
- **Time limits:** States can impose different time limits than the federal law. Ten states have shorter lifetime limits. Many states have limits to the number of consecutive months you can receive assistance. States can choose to pay their own money for assistance to any household outside the federal eligibility requirements, including those who have reached time limits.

- **Work requirements:** States are given flexibility in defining what constitutes a work requirement. In general this includes work experience, community service, some education and child care. States are held to strict work participation requirements and are subject to financial penalty for failure to meet these rates.
- **Sanctions (loss of benefits):** States are allowed to impose penalties on recipients who refuse to comply with work requirements. States decide what constitutes non-compliance and what the degree of penalty will be.
- **Transitional Services:** States can use TANF funds to provide services other than cash assistance to people as they transition from welfare to work (examples include bus passes, child care). States are allowed to count state money spent on transitional services toward their MOE requirements.

In view of TANF's imminent consideration for reauthorization, the County Welfare Directors Association of California and the California State Association of Counties have made detailed recommendations in six broad policy areas:

- Funding and Flexibility
 - Federal and State Funding Levels
 - Set Asides/Carve-Outs
 - Obligated Funds
 - Definition of "Assistance"
 - Use of Carryover Funds
 - Transfer Authority
 - Contingency Fund
- Families in Poverty
 - Child Poverty
 - Time Limit Flexibility
 - Transitional Medicaid
 - Food Stamps
 - Housing Assistance
 - Transportation Assistance
 - Eligibility for Legal Immigrants
- Child Care
 - Funding and Flexibility
 - Quality
 - Families Who Leave TANF
- Work and Training
 - Allowable Work Activities
 - Improving Coordination with Other Work Programs
- Family Formation
 - Family Formation and Promotion of Marriage
 - Equity for Two-Parent Families
 - Kinship Care
 - Non-Custodial Parents

- Child Support Collections
- Child Support Incentives
- Child Well-Being
 - Providing Foster Care Without Regard to Income
 - Family Maintenance and Reunification
 - Teen Pregnancy Prevention
- Coordination With Other Programs

ATTACHMENT: County Welfare Directors Association of California and California State Association of Counties TANF Reauthorization Comments