



WRITTEN TESTIMONY

Of the

AMERICAN PUBLIC HUMAN SERVICES ASSOCIATION

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HOUSE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON INCOME SECURITY AND FAMILY SUPPORT

“The ‘Safety Net’s’ Response to the Recession”

October 26, 2009



Chairman McDermott, Ranking Member Linder, and honorable members of the Income Security and Family Support Subcommittee of the House Committee on Ways and Means, thank you for your interest in the status of the nation's safety net programs and for the opportunity to submit written comments for the record on how these programs are responding in the face of our recent recessionary period. The American Public Human Services Association (APHSA) is a non-profit organization representing the nation's health and human services commissioners as well as the administrators of the programs which comprise the social services network through our various affiliates including, among others, the National Association of State TANF Administrators (NASTA), the National Association of Public Child Welfare Administrators (NAPCWA), the National Association of State Child Care Administrators (NASCCA), and the American Association of SNAP Directors (AASD).

The countercyclical nature of the social services is a reality known all too well by APHSA's commissioners and program administrators. Just when the need for support and services is greatest, state and local resources for such services are strained the most and meeting demand becomes the most difficult. However, the strain that our members are now witnessing both at intake offices as well as in state capitals is unprecedented in recent decades. With this in mind, states are bracing not only for this current storm but to weather the continuing needs of those who will suffer as the national economy begins what many economists believe is a long and slow return to prior levels of productivity and employment.

Thanks to innovative implementation of existing state and federal policy as well as new funding made available through the American Recovery and Reinvestment Act of 2009 (ARRA), states are continuing to keep supports and services for low-income families afloat through lean economic times. Nevertheless, states are being forced to make extremely difficult decisions in program work force (including pay freezes, furlough days, and hiring freezes) as well as cutting back on hours of operation and service delivery (such as shortened hours and scaling back new or existing services).

Our comments for the record will illustrate the specific challenges we face for the various programs comprising the safety net and how these programs are responding. We have provided comments both for TANF and for other safety-net programs that are closely related to TANF or that were cited during testimony in your hearing of October 8, 2009.

TANF

The Temporary Assistance for Needy Families (TANF) state block grant, the product of the 1996 welfare reform effort, has promoted employment and reduced dependence on

cash assistance. From 1996 to 2005 the number of families enrolled in basic cash assistance programs shrank from over five million to fewer than two million. Usage of cash assistance has become more episodic. A significant amount of the work being done by TANF administrators happens not only with those on the caseload, but with those on the periphery through one-time payments for eviction prevention, restoration of water and electricity, auto repair, and other forms of emergency assistance. Cash assistance has become a last resort. Creative state programming has increased access to education, employment, training, and income supports, and has made it possible to access services without being on cash assistance. Welfare is no longer the gateway to other forms of social service programs. These realities, combined with changes to the unemployment insurance system, earned income tax credits, expansion of eligibility for nutrition benefits, and other program changes have made cash assistance less necessary.

There is some concern about the changing role of TANF and cash assistance. The Urban Institute has reported that monthly participation in the TANF program has declined from about 80 percent of TANF-eligible families to roughly 40 percent of these families around the time that welfare reform was implemented; however, we know that while this decline occurred around that period, it did not happen at the exact same time as welfare reform. Declines in welfare caseloads can be traced back as far as 1994, a full two years before welfare reform, when states were actively experimenting with work-focused cash benefit programs. As already noted, other programs outside of the TANF universe, such as the Earned Income Tax Credit and other tax credits for low-income families, have also buttressed families who are working but still struggling to make ends meet.

State TANF administrators believe strongly that the continued viability of TANF depends on maintaining the focus on work. All agree that to move away from this focus risks the gains states have made in terms of increased employment and reductions in the poverty rate. However, there are changes that can be made to the program that would strengthen TANF's ability to help move the unemployed into work and ensure that they can retain and progress in those jobs.

The stringent definitions of work activities, cumbersome work verification procedures, and the 90 percent two-parent work rate are all parts of the TANF program that are impediments to encouraging clients to find and maintain steady employment. They place too great a burden on states and create pressure to place into work activities those who cannot work. States need increased discretion to place TANF clients who are facing severe barriers to employment in alternative programs that can provide needed treatment or rehabilitation services. In this way, even those who are least able to work may ultimately succeed in workplace

Congress should seriously consider expanding the list of countable activities toward the TANF participation rate and rewarding maximum engagement through partial participation credits. These changes, along with adequate funding to account for the lost dollar value of the original 1996 block grant amounts, will enable state TANF programs to encourage all clients to engage in either work or work-readiness activities to the greatest degree possible. The answer for how best to improve public social services

during this time of extreme need is to build a better program that moves forward, not regresses backward. A work-focused program is the best solution during all business cycles, including times of high unemployment.

Child Care and Development Block Grant

The child care program has played a vital role in helping to rebuild our nation's economy. It has done so through the additional child care funds that ARRA provided to the Child Care and Development Block Grant (CCDBG). With these funds, states, territories, and tribes have been able to allow more low-income families access to child care so that parents can obtain employment. Simultaneously, these funds have been used to invest in improving the quality of care and education that children receive in child care settings so that young children can be ready for school, as well provide a safe, stimulating environment for youth in after-school settings.

Like the TANF program, the Child Care and Development Fund was created by the passage of Personal Responsibility and Work Opportunity Reconciliation Act of 1996, which gave states a set amount of funding and flexibility to design programs. Child care programs have benefited greatly from this flexibility since they receive a substantial amount of child care money from the TANF program's transfer of funds. Today, this block grant flexibility has allowed states, territories, and tribes to be creative and customize their efforts of immediately putting the child care ARRA money to work in the economy. For instance, in many places where unemployment has grown sharply, child care ARRA funds have been used to increase families' periods of eligibility to accommodate job search activities. In other places, funds have also been used to lower child care co-payments to improve affordability for families during this economic downturn. Some states, territories, and tribes have also increased provider payment rates – an important incentive to help child care providers keep their businesses open. Some states are using ARRA funds to continue serving the same number of children that otherwise would have been cut due to extreme budget constraints. Some jurisdictions have combined some or all of these efforts. All of these efforts have substantially reduced child care waiting lists.

On another front, since the ARRA funds are a one-time investment, many states are using the funds to improve the child care infrastructure in ways that will last for years to come. Examples of this investment include technology enhancements that improve the efficiency of data collection and reporting. Other infrastructure advancements include the planning and implementation of quality rating and improvement scales in child care settings, as well as needed professional development opportunities for child care providers.

The addition of ARRA funds to CCDBG has been a critical economic support to the country since federal child care program funding levels have not kept up with program needs and inflation since 2002. Without ARRA funds, child care waiting lists would continue to soar; a significant number of child care providers would have to close their

businesses; and increased numbers of low-income parents could not find child care and, subsequently, could not work.

ARRA funds continue to support the great child care needs of our country. Currently, state, territories, and tribes are working to expedite their ability to draw down ARRA funds. Although they so far have been able to only draw down only about 10 percent of child care ARRA funds, this rate of spending will soon accelerate for a variety of reasons. For instance, some states have long legislative and budgetary processes in their jurisdictions that must be followed before money can be spent. Also, the accountability measures that states must report on were only issued by the federal government as recently as late September 2009. In an effort to be responsive to the increased accountability measures, many states wisely chose to wait for this guidance first before spending. Another relevant trend is that states typically spend state dollars first and then later draw down federal dollars afterwards, causing the appearance of a lag in usage of federal funds. According to the federal CCDBG rules, states, territories, and tribes have one year to obligate funds, and we anticipate that states will be able to make use of the child care ARRA funds before their expiration.

Child Welfare

Many families receiving assistance under TANF are also involved in the child welfare system. These families struggle with substance abuse, mental health issues, and domestic violence that cause barriers to employment and parenting.

States face a significant challenge in their inability to use Title IV-E of the Social Security Act to fund child welfare services that prevent children from coming into state custody. As a result, states must find other flexible federal funding streams to provide these services, and TANF is one avenue. TANF thus provides significant help to states for serving abused and neglected children. The flexibility allowed under TANF gives states the opportunity to best serve their child welfare populations' needs, and continuing to allow TANF spending for child welfare services in TANF reauthorization is vital. In 2006, nearly 20 percent, or \$2.4 billion, of child welfare spending came from the TANF program. States use the program in varying degrees ranging up to using TANF spending for nearly half their child welfare funding.

In particular, TANF is used to provide cash assistance and supportive services for relative care providers that step forward to care for their grandchildren or nieces and nephews, eliminating the need to enter foster care in the first place. Services supported by TANF dollars such as child care, transportation, and respite care allow relatives to provide a safe place for a needy child.

TANF also allows families and their children to stay safely together through supportive in-home services. The President and Congress are currently focused on expanding home visitation services, some of which are funded through TANF and other federal funding streams. Yet, these dollars are limited and in some cases shrinking to due other demands in the TANF program.

During the upcoming reauthorization of the TANF program, Congress must consider reforming the child welfare financing structure. Today, 90 percent of all federal child welfare funds support only children in out-of-home care; the other 10 percent are dedicated to preventing them from coming into foster care. Moreover, the reauthorization should address the Aid to Family with Dependent Children (AFDC) eligibility criteria, known as the “look-back” issue.

Supplemental Nutrition Assistance Program

We also wish to address briefly the Supplemental Nutrition Assistance Program (SNAP), which we realize is not under the Committee’s jurisdiction but was raised in testimony by one of the October 8 witnesses. That testimony proposed additional SNAP administrative funds to help states with this rapidly expanding program. SNAP has responded rapidly and effectively to the recession, as it was designed to do. Two ARRA provisions aided this response: the 13.6 percent increase in the maximum benefit and the \$290 million provided for administrative expenses in FYs 2009 and 2010 with no state match requirement. States have used the administrative funds to avoid actions they would have otherwise been forced to take without this infusion; with ARRA, they have been able to retain staff that determine SNAP eligibility, hire temporary staff, and improve information technology and application procedures.

However, the ARRA administrative funding has been far outstripped by the rapid rise in SNAP applications and participation. Between July 2008 and July 2009, there was a 23.4 percent increase in the number of persons participating in the program, from just over 29 million to just under 36 million. In 2008, states spent approximately \$3.2 billion as their share of administrative costs; the total for 2009 is not yet available but will certainly increase as a result of the recession. While many believe that states still provide only 50 percent of SNAP administrative costs, they in fact must pay as much as 59 percent due to cost allocation changes enacted in 1998. The \$145 million provided to states for FY 2009 is only about 4.5 percent of the total states invested in the program in 2008. The amount is certainly helpful, but unfortunately does not even cover the \$197 million shortfall in annual state SNAP match due to the 1998 cost allocation cuts.

APHSA strongly supports additional federal SNAP administrative funding, but opposes with equal conviction any move to attach a state match or maintenance-of-effort requirement to any such funding. Instead, as was the case in ARRA, this funding should be made available with no match or MOE so that all states can readily access this much-needed new infusion of funds.