



## TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM RECOMMENDATIONS FOR 2010 REAUTHORIZATION

Prepared by the National Association of State TANF Administrators  
An Affiliate of the American Public Human Services Association

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### EXECUTIVE SUMMARY

#### Overview

The National Association of State TANF Administrators (NASTA), an affiliate of the American Public Human Services Association, believes strongly that the Temporary Assistance for Needy Families program should be reauthorized in 2010 with adequate funding; additional flexibility for states; and a continued emphasis on preparing clients for work, moving clients into employment, and facilitating access to work supports by low-income workers. The specific recommendations can be framed by four overarching priorities for the reauthorization of TANF:

- **Adjust the TANF block grant to reflect current purchasing power and index funding going forward.**
- **Maintain a focus on work as the expected avenue for most program participants to attain economic security, while providing the necessary ability to tailor work preparation activities in a manner that is often necessary to help stabilize families and most appropriately prepare able-bodied parents to both enter and maintain employment.**
- **Restore and enhance areas of state flexibility that were greatly undermined in the Deficit Reduction Act.**
- **Provide a state option to develop additional performance measures over and above the work participation rate (WPR).**

The recommendations themselves are the product of a year of work by state TANF administrators who met regularly to review the current program and develop recommended changes to the TANF statute and regulations that will help states and localities effectively

serve their varied clientele. To better focus this effort, NASTA divided the recommendations into four broad categories:

- Appropriate level of TANF funding;
- Allowable uses of TANF funds;
- Employment services and outcome measures; and
- Special program and population concerns related to TANF.

Considerable weight should be given to the recommendations advanced by TANF state administrators, since they have clear first-hand experience regarding TANF's attributes as well as its shortcomings with respect to serving low-income families throughout the nation. They operate the programs and have developed these recommendations based on the operational realities associated with state TANF administration. The flexibility within the original 1996 TANF block grant legislation allowed states to develop programs to address the self-sufficiency needs of each family on assistance, not just those who may be most ready for full-time employment. The TANF program also provided states the needed flexibility to provide non-assistance services to low-income families to help avoid the need for assistance and to support work efforts. Unfortunately, the 2005 Deficit Reduction Act (DRA) greatly reduced the very state flexibility that made the program successful.

Perhaps most importantly, TANF has changed the cultural message of financial assistance for the better, as clients recognize that although a temporary safety net exists, they are ultimately held responsible for acting on their own behalf and on behalf of their children. Public perception of the program has been greatly enhanced by this sense of mutual responsibility and the focus on work for able-bodied recipients. The recommendations included in this report are intended to further advance these efforts.

## **Level of TANF Funding**

The amount of the TANF block grant was established in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) statute based on historical state spending. This amount has not been adjusted to take into account the declining purchasing power of the dollar since that time and the enormous change in the populations served under the block grant. Today, states continue to try to meet the needs of 2010 with funding fixed at 1996 levels. The work focus under TANF has helped numerous households move to employment and to be better off economically, while the success of caseload reduction has enabled states to make significant investments to help stabilize families in the workforce through such means as child care, transportation, expanded employment services, earnings disregards, and state tax credits that supplement low wages and other critical work supports. Currently, as caseloads begin to again rise in response to the severe recession, the resultant increased costs of cash assistance payments could jeopardize these post-TANF investments for working poor households if overall funding is not increased. Without adequate funding it will be very difficult to sustain this important dual focus of

providing a cash safety net and stabilizing other low-income families in employment. It is critical that the level of funding available to states under the TANF block grant be sufficient to reflect current realities and the multiple services and supports the program provides to those on assistance as well as economically struggling working families. The following changes should be included in reauthorization:

- **Maintain the base TANF funding and formula allocation, and fold current supplemental funds into each eligible state's base.**
- **Increase the current level of overall funding for the basic TANF block grant using the Consumer Price Index (CPI) increase since 1996 and employ reasonable allocation methodologies for new funds.**
- **Extend availability of existing Emergency Contingency Funds (ECF) through FY 2011 and explore adding funds prior to reauthorization.**
- **Replenish the base Contingency Fund and create reasonable access during emergency periods.**
- **Increase funding for the Child Care and Development Fund (CCDF).**

## **Use of TANF Funds**

TANF began in 1996 as a very flexible state block grant that shifted both expenditure and policy choices to states within a defined level of funding. Over the past several years the program has become more narrowly defined. Additionally, erosion of the real dollar value of available funds, inflexible restrictions on the allowable uses of TANF funding, and limitations of countable state maintenance-of-effort (MOE) funding have become an increasing barrier to states looking to effectively (1) work with a varied caseload on assistance, some of whom have complicated barriers to employment and (2) serve post-TANF households to help them avoid the need to return to TANF. Additionally, a disturbing trend has been the reemergence of a quality control-based (QC) evaluation of TANF that was expressly eliminated in favor of measuring work preparation and work participation program outcome measures in the 1996 legislation. This QC approach interferes with the program's core goals and diverts valuable staff resources away from an outcome focus.

NASTA recommends the following changes should be included in TANF reauthorization:

- **Establish a standardized MOE requirement at 75 percent.**
- **Restore counting MOE under TANF purposes 3 and 4 without restriction to "eligible families."**
- **Oppose establishment of a national error rate for TANF and child care under the Improper Payments Information Act (IPIA).**
- **Exclude transportation and child care expenditures from the definition of "Assistance."**
- **Align Income Eligibility Verification System (IEVS) mandates for TANF with the SNAP program and/or allow alternative verification methods.**

## **Employment Services, Data Reporting, and Penalties**

Since enactment of PRWORA, TANF has been a program predicated on employment but also cognizant of the need for individualized activities that help stabilize families, promote full engagement, and support job retention. It has often been difficult to balance the expectation of work and personal responsibility and the need to provide critical services to families so that children are best served. It is vital that cash assistance should be underpinned in both good and bad economic cycles by the fundamental goal of employment, job retention, and the provision of TANF work supports for those who can work; this powerful work message has led to major cultural changes that have effectively helped clients and gained broader acceptance for the program. A complementary goal is to ensure that those who are eligible for federal disability benefits seek and are assisted in accessing those benefits, since they are more likely to require long-term cash assistance. The Work Participation Rate in TANF is an important measure that should be maintained, but must be tempered with the recognition that many reasonable work preparatory activities are no longer countable as they were prior to the DRA. Additionally, the provision of TANF work supports, which comprise over 60 percent of TANF expenditures, is often not reflected in the basic WPR measurement that states must achieve. The following changes would be most beneficial for the TANF program going forward:

- **Maintain a focus on work in balance with individualized activities that help stabilize families and prepare able-bodied adults for employment.**
- **Restore and enhance state flexibility regarding activities that are countable toward the WPR.**
- **Maintain the Caseload Reduction Credit (CRC) and Excess MOE credit.**
- **Establish a pro-rata credit for partial work/hourly participation for all countable hours, including non-core activity hours, with the condition that such credit shall only be granted if at least 10 hours of core activities are satisfied.**
- **Eliminate the 90 percent two-parent rate and maintain the 50 percent all-families rate.**
- **Restore the pre-DRA exclusion of families without an aided adult from the WPR calculation.**
- **Allow states, on a case-by-case basis, to remove cases from the WPR during the month of application and the month following application.**
- **Expand countable work hours to include activities such as Voc Ed for up to 24 months; Job Search/Job Readiness training for longer periods of time; and ESL as Job Readiness training.**
- **Exclude teens and low-income working families from the 30 percent cap on countable vocational education activities.**

- Establish additional performance measures for employment wages and job retention and provide states the option to utilize alternative performance measures to mitigate WPR penalties.
- Add language requiring that the Administration for Children and Families ACF must negotiate with states to waive penalties for failing to meet the WPR for the current recessionary period of FFs 2008-2010, if the failure is clearly attributable to the economic environment and/or the state's status as a "needy state."
- Modify work verification plan requirements and related penalties.

## **Related Population and Policy Considerations**

As a state block grant with a broad mission outlined by the program's four purposes, TANF touches many of the other human service programs. Some additional recommendations of related concern include the following:

- Enact child support reforms including restoration of federal 66 percent match for reinvested child support incentive funds; encouraging "family first" distribution of child support at state option; providing temporary 90 percent FFP in child support for automated systems upgrades; and eliminating the assessment of child support penalties to TANF.
- Establish TANF law that would encourage collaboration and give states the option to share basic information between TANF and child welfare agencies.
- Enhance responsible fatherhood programs and employment training programs for low-income non-custodial parents by increasing overall funding.
- Increase the level of child care funding under CCDF to support those on TANF transitioning to employment as well as low-income working families.
- Amend the TANF statute to exclude from the WPR those persons receiving state TANF funds who live in Alaska Native/American Indian reservations where unemployment is particularly high.
- Provide adequate overall funding for states to address the often unique circumstances of child-only cases.
- Continue to address avenues to prevent teen pregnancy.

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