First Focus
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Statement for the Record

U.S. House of Representatives Committee on Ways and Means
Subcommittee on Human Resources
Comments on Discussion Draft to Reauthorize the Temporary Assistance for Needy Families (TANF) Program
May 15, 2018

Chairman Brady, Ranking Member Neal, Subcommittee Chairman Smith, Subcommittee Ranking Member Davis and Members of the House Committee on Ways and Means Human Resources Subcommittee, thank you for the opportunity to submit this statement for the record.

First Focus is a bipartisan children's advocacy organization dedicated to making children and families a priority in federal policy and budget decisions. Our organization is committed to ensuring that all of our nation's children have equal opportunity to reach their full potential.

Child poverty remains high in the U.S., with 18 percent of children living in households with incomes below the poverty line. Children continue to disproportionately experience poverty in our society – while they make up 23 percent of the overall population, they account for 33 percent of the population living in poverty. While there are effective anti-poverty programs in the U.S. that lift millions of children out of poverty each year, the persistently high level of child poverty indicates that we are not doing enough in the U.S. to ensure that every child has a fair shot at succeeding.

Research makes clear that money matters to child well-being. Numerous studies[i] show that when family income rises, it has positive effects for healthy child development, including academic achievement and educational attainment. Yet reaching economic security is a long road for many families. While parents and caregivers are working towards upward mobility, we need to ensure that every family is provided with enough cash assistance to provide sufficient resources for children while their brains are undergoing critical stages of development.

The Temporary Assistance for Needy Families (TANF) program is the only federal program that provides cash assistance for families. The overwhelming majority of TANF recipients are children, yet fewer and fewer children are receiving cash assistance, with just under 25 percent[ii] of all poor families with children receiving cash assistance today. As a result, the effectiveness of TANF in reducing child poverty continues to diminish.

Due to its nature as a fixed block grant, TANF is not able to be effective in responding during times of increased need and the block grant has fallen in value by over 30 percent due to inflation since 1996.

In addition, most TANF funds no longer actually go towards cash assistance. In fact, states overwhelmingly use TANF funds for a number of other priorities other than its original intent: reducing child poverty and getting families back to work. For the funds that are allocated towards cash assistance, monthly amounts are not enough to lift children out of poverty, and states have placed harsh restrictions on these small amounts, such as strict work requirements and time-limits that severely limit access to these funds.

We were pleased with some of the changes included in the legislative discussion draft, *Joining Opportunity with Benefits and Services (JOBS) for Success Act.* This includes the addition of child poverty reduction as an explicit goal of TANF. However, we remain very concerned that the changes to TANF proposed in the discussion draft would not significantly strengthen TANF's ability to reduce child poverty and may pose a barrier for some states in furthering this goal.

Overall, this discussion draft does not propose to increase funding for the block grant or improve upon the responsiveness of TANF in responding during times of increased need. Without improvements to these aspects of the program, TANF's ability to reduce child poverty in the U.S. remains limited.

Implications of Shift in TANF Funding Formula

The discussion draft proposes to reduce each state's mandatory grant to 75 percent of its FY2018 State Family Assistance Grant (SFAG) allocation. The remaining 25 percent would be allocated to states in the form of capped matching grants, which could be spent on "core activities" that include cash assistance and work-related activities. These grants would be based on each state's percentage of the national population of children living in poverty.

The implications of this change vary greatly for states. For some states, this change would result in a reduced federal mandatory grant while also technically resulting in an increased Maintenance of Effort (MOE) requirement. This is only technically an increase for some states, because the majority of states spend beyond the amount needed to meet their MOE requirement and draw down their maximum federal grant.

However, some states do not and would have to spend additional state money to get this match. For states that do spend beyond their MOE requirement, these additional funds are spent on a wide variety of activities. Some states choose to spend a significant portion of their TANF grant on activities that are "non-core" activities. For states that opt not to spend enough on core activities to draw down the maximum federal match, their unused funds would be distributed to states that apply for them in the following year.

The potential consequences of this significant adjustment in the TANF funding formula for states varies greatly – for example, according to the Congressional Research Service, New York could potentially stand to lose nearly $1.7 billion in TANF funds. Therefore, before any changes are made, additional analysis is needed on the implications on TANF spending on children in states that may experience significant shifts in funding.

In addition, states would now be prohibited from spending TANF funds directly on child care or child welfare activities. Instead, they would be allowed to transfer funds, an increase of up to 50 percent of their mandatory funds, to the Child Care and Development Fund (CCDF) and a limited amount to child welfare systems (only up to 10 percent). However, states would no longer be allowed to transfer funds to the Social Services Block Grant, which many states currently spend towards child care and child welfare services.

Child Welfare

For states that use a large percentage of their TANF dollars to fund services through their state child welfare systems, this will require a large shift. This is especially true for states that also used to transfer funds to SSBG and may now also be restricted in the type of child welfare services they can fund through Promoting Safe and Stable Families (PSSF) program (Title IV-B, Subpart 2 of the Social Security Act).

We agree that rather than just plugging budget holes, states should use TANF funds more strategically, such as for cash assistance and other forms of evidence-based prevention, intervention and kinship services to ensure families are not pushed into the child welfare system because they were not able to access cash assistance to provide basic necessities for their children.

Yet we also recognize that it is important for states to fund services that provide critical support to children experiencing abuse and neglect, and we are concerned that, in some states, this change would be devastating to child welfare systems. Therefore, we recommend that states are required to come up with a strategy to ensure that no children, youth and families are harmed or fail to receive services during this transition. In addition, states should not be limited to transferring funds to child welfare services just through the PSSF program, since this is limited to just four services.

TANF funds used for child welfare services, including child-only kinship care households, should be a complementary and coordinated service that assists families that enter either program. States should coordinate the two programs so that families involved in a voluntary child placement are made aware of their options between TANF child-only assistance and Title IV-E kinship care. This includes requiring state TANF agencies to inform child-only kinship families of their options under the state's child welfare program, especially the 37 states that provide IV-E subsidized guardianship.

Families need to be informed of these generally higher grant levels and the potential benefit of casework and assistance when it is appropriate for the family. In addition, stronger data collection and coordination of data between the two systems should also be required so that we have a clear accounting of the number of children in the TANF caseload who are also in state custody.

This is especially important during a time when due to our country's opioid epidemic, relative caregivers are playing an increasingly important role for children of parents suffering from opioid addiction. We need to ensure that states are being thoughtful as to the best way to support relative caregivers, including grandparents, and ensure that they do not face work requirements or other unintentional bureaucratic barriers to receiving the cash assistance and other supports needed to help them provide for the children in their care.

Child Care

When it comes to child care spending, we are encouraged that the draft would now require any TANF funds spent on child care to go towards programs that comply with CCDF quality measures. However, despite the recent increase in child care funding in the FY18 federal spending bill, we know that current federal and state expenditures on child care assistance still fall far short of meeting current need.

Since its inception, TANF child care funding has only seen one modest increase. At the inception of TANF in 1996, child care funding had an initial large increase of more than $500 million in TANF funding that required a new state match. In addition, child care funding through TANF increased by $150 to $200 million each year over five years.

We believe these significant increases went a long way in increasing the number of adults leaving TANF for work. Understanding that quality and affordable child care assistance is critical to helping parents find and maintain employment, we believe it is time to once again increase mandatory child care funding through TANF. This action will allow for leveraging more state funds without having to change the restriction on direct TANF funding on child care.

Measuring Outcomes

We support changes in the draft that aim to incentivize states to increase employment rates and earnings gains among participants, which could result in reductions to child poverty. These changes include replacing the current work participation rate with an outcome-based performance accountability system that measures performance based on the percentage of work-eligible individuals in employment after receiving TANF.

However, in order to ensure that TANF is truly effective in reducing child poverty and helping families work towards economic security, performance should be measured by how many people exit with *quality* employment that provides their family with a wage sufficient for long-term household economic security. This proposal must also ensure that states do not avoid serving households with the most barriers to employment out of concern of the negative effect on their performance measures.

For TANF to help parents successfully exit into stable and quality employment, states must allow wide flexibility for parents to meet the work requirements through pursuing higher education, skills training or vocational education. In addition, child care and transportation assistance must be provided while parents are pursuing education, training or employment. For example, an evaluation of Maine's Parents as Scholars[iii] program, created during the first years of TANF, found that enrolled parents were more likely to find jobs that provided economic mobility. In addition, outcome performance measures should also be expanded to include educational and/or skills attainment for individuals of all ages.

Ensuring Child Poverty Reduction

Further, these performance measures only track parental employment and do not include outcomes to track the added goal of lifting children out of poverty. Considering that the overwhelming majority of TANF funds go to children, and 50 percent of TANF cases are "child-only," meaning that only the child in the household is receiving assistance, it is critical that state performance is not only measured on parental employment upon leaving TANF, but also on how many children are lifted out of poverty in all TANF caseloads.

This means that child-only grants need to be accompanied by assessments to determine how the children in the household are faring and if they need increased support, as well as whether a child would be better served through other systems and resources. While this discussion draft reaffirms that states need to report on the number and percentage of child-only cases and the reason why cases are child-only, further information is needed to ensure that states are being strategic in reducing poverty for children in these households.

We thank you for the opportunity to submit comments for the record and are looking forward to working with you on this and other proposals to improve the well-being of America's children and youth.

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[i] Cooper, Kerris and Stewart, Kitty, *Does Money Affect Children's Outcomes? An update.* Centre for Analysis of Social Exclusion, London School of Economics, available at: http://sticerd.lse.ac.uk/dps/case/cp/casepaper203.pdf.
[ii] Floyd, Ife, Pavetti, LaDonna, and Schott, Liz, "TANF Reaching Few Poor Families," Center for Budget and Policy Priorities, updated December 13, 2017, https://www.cbpp.org/research/family-income-support/tanf-reaching-few-poor-families.
[iii] Butler, Sandra and Deprez, Luisa, S., *The Parents as Scholars Program: A Maine Success Story*, Maine Policy Review, Volume 17, Issue I., 2008, https://digitalcommons.library.umaine.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1108&context=mpr.