



COALITION ON HUMAN NEEDS

1120 Connecticut Avenue, NW · Suite 312 · Washington, DC 20036 · 202.223.2532 · Fax 202.223.2538 · www.chn.org

July 29, 2015

The Honorable Charles Boustany, Chairman
The Honorable Lloyd Doggett
Subcommittee on Human Resources
U.S. House of Representatives
Washington, DC 20515

Re: Comments on the TANF Reauthorization Discussion Draft

The Coalition on Human Needs thanks you for your work in opening thoughtful consideration of the reauthorization of Temporary Assistance for Needy Families (TANF), and for this opportunity to comment on the discussion draft, Improving Opportunity in America Welfare Reauthorization Act of 2015.

The Coalition on Human Needs (CHN) is made up of more than [100 national organizations](#), representing service providers, faith-based organizations, civil rights, labor, and policy experts concerned with meeting the needs of low-income and vulnerable people. CHN has a long history of work related to TANF since its inception in 1996. With expertise drawn from directly serving families who have received TANF (or who have been denied TANF benefits) and from long-term analysis of policy choices, our members have long supported approaches that would improve TANF's functioning as a safety net protection for extremely poor families with children as well as its capacity to provide effective preparation for work and work supports. We urge your attention to comments we are aware of submitted by three CHN members, the Center for Law and Social Policy (CLASP), the Center on Budget and Policy Priorities, and the Child Welfare League of America, which contain valuable detailed responses to the draft.

We have noted that TANF has provided powerful incentives to states to deny benefits to families rather than to serve them, and to divert funding from cash assistance and work supports and preparation to other services that may have in the past been funded by states. We are very pleased to see that this discussion draft attempts to address these problems. Provisions intended to reward states for good outcomes for families – with services to alleviate barriers to work at above-poverty wages – are most welcome. Redefining allowable work activities to include education and training most likely to result in jobs with decent pay is an important improvement, as is the draft's elimination of higher participation rate requirements for two-parent families. We strongly support these improvements.

However, it is important to acknowledge that broadening the kinds of services allowed for TANF parents, although highly desirable, is no automatic path to better outcomes in the absence of adequate funding. The TANF block grant has eroded by about one-third since 1996 because of inflation, and lost even more when supplemental grants provided to 17 of the poorest states were discontinued in 2012. It has often been pointed out that the caseload is down precipitously since TANF's beginnings, but this is

not a justification of reduced funding, because the funds have been so considerably diverted away from the core uses for cash assistance, child care, and work preparation. According to [CLASP](#), states spend on average only 28 percent of federal TANF and state Maintenance of Effort (MOE) funds on income assistance, 6 percent on work activities, and 16 percent on child care. The discussion draft seeks to redirect \$608 million in funding from the current Contingency Fund to a number of grant programs to states, but states now using those contingency funds may see their overall funding decline still further.

In particular, it would be very disappointing if the intent of the draft legislation to shift incentives to encourage states to provide services rather than deny assistance were undermined by inadequate funding. We note that Elizabeth Lower-Basch in her [comments](#) on behalf of CLASP called for a \$5 billion increase in the TANF block grant, to restore the initial value of the block grant, and then to adjust it for inflation. A funding increase could allow adequate investments in proven initiatives such as subsidized jobs. The \$1.3 billion invested in TANF subsidized employment during the Great Recession resulted in 260,000 temporary jobs. The discussion draft would provide \$75 million in grants to states for this purpose (from the repurposed Contingency Fund). We strongly support reinstating this successful program, and would like to see more people able to benefit from it. That is just one example of the need for more funding. Child care and increased access to effective training and post-secondary education are other areas where increased funding would result in more opportunities for families to escape poverty.

The following comments respond to specific proposals within the draft:

Adding poverty reduction as a TANF purpose: The draft adds the following purpose: “reduce poverty by increasing employment entry, retention and advancement.” We strongly support adding poverty reduction as a TANF purpose. We urge you to consider language that recognizes that TANF should be a source of assistance to stabilize families facing health, housing, domestic violence or other crises, and that providing such assistance is a necessary precursor to employment success.

Individual Opportunity Plans: We support individualized plans that allow parents to engage in activities most likely to result in better outcomes for their families, including stable housing, access to appropriate health/mental health/substance abuse services, effective education/training and supports such as child care and transportation. We urge you to include in Section 5 (E) commitments by the state to provide services as well as by the adult to engage in activities as measurable benchmarks. Individuals should not be penalized if the state is unable or unwilling to provide services (child care, for example) needed before other activities can be undertaken. Under (H) in that section, we recommend that the state must commit to provide substance abuse treatment if it requires a parent to participate.

Work Requirements: Changes to reflect what workers really need to compete for above-poverty jobs are most welcome. We applaud eliminating the unhelpful distinction between core and non-core work activities, and strongly support allowing states to receive partial credit if adults’ individualized plans call for fewer hours of employment activities. People with disabilities or trying to secure housing to escape homelessness may require accommodation in their work schedules, and that flexibility will make better outcomes far more likely. Recognizing that rigidly counting up hours is not the most effective way to help prepare parents for work, we support the state options included in Section 6 to propose alternative work participation rate calculations. We also strongly favor counting secondary school as an allowable

activity for people up to age 26, up from the current 20 year-old limit, and also support counting two years of vocational education as a work activity, up from the current limit of one year.

The draft includes the open issue in Section 6, c6, as to whether the cap on counting educational activities towards the work participation rate should be lifted. We strongly believe that the cap should be lifted. By broadening the kinds of education that counts as a work activity, the Committee is recognizing that education, including post-secondary education, is vitally needed if the goal is stable, above-poverty work. That being the case, there is no justification for limiting the percentage of the caseload that can be engaged in education.

We applaud the elimination of a higher work participation requirement for **two-parent families**. The 90 percent participation rate in current law is so unworkable that 25 states and the District of Columbia have stopped serving two-parent families, as reported by [CLASP](#). Whatever role this may have in driving parents apart is obviously highly negative and unnecessary.

A very important change in this section is the **elimination of the caseload reduction credit**. We believe this is the right thing to do. The practices of states over nearly 20 years have demonstrated that many will make it hard for families to apply for TANF or comply with its rules if the resulting caseload reduction allows the states to be counted as satisfying MOE requirements. But, as noted above, loss of the caseload reduction credit will mean that many states will no longer be in compliance with MOE rules. Placing parents in education, subsidized jobs, or other services costs money. States may still find it in their interest to erect strong bars to TANF participation, since getting to the required proportion of a smaller total number is cheaper and easier. We again urge an increase in TANF funding, to more fully carry out the Subcommittee's intent to change state incentives. We do also urge greater coordination among federal departments to maximize use of services provided outside of TANF. Making training definitions and requirements consistent with the newly developed provisions in WIOA under the Department of Labor will help with such coordination, although we recognize that WIOA funding is inadequate to meet the needs of workers beyond TANF, and that more TANF funds to augment the limited WIOA program would be very beneficial.

Outcomes-based Performance Measures: The draft bill creates new measures of success in the TANF program by attempting to measure employment of adults leaving TANF in the second and fourth quarters, and showing the change in employment over that period. We agree that the current TANF program is deeply flawed in not giving states any credit for helping families to leave TANF for stable work, instead rewarding states when the caseload declines, with no assessment of what happens to those families. But our expert members CLASP and the Center on Budget and Policy Priorities show in detail that the draft as now written is not realistic. The comparison points are too near in time to show anything clear about whether families are making earnings gains. (The comparison would be aggregate earnings at those two points, rather than specific tracking of what might have happened to individual families.) We urge you to consider a look at all TANF recipients and leavers after a year, to gauge levels of participation in work and earnings, and differences among leavers and continued participants.

State Penalties related to Performance Measures: The draft would impose large reductions in the amount states receive in TANF funding if the performance measures for TANF leavers are not met. This sets up a vicious circle – with still less funding, states will be ill-equipped to improve on their services,

and will be that much more likely to find ways to drop families from the caseload without worrying about their preparation for work. An alternative approach would be to require states to spend more of their own money when they are not meeting the performance measures. [LaDonna Pavetti](#), testifying for the Center on Budget and Policy Priorities, suggests a two-step process to build compliance, with the first step technical assistance to help states improve their performance, and the second step, if better compliance does not result, a required increase in MOE. We agree that the best course is to help states to provide effective activities and supports likely to result in good outcomes, rather than to impose a penalty when that does not occur.

Improving Opportunity Fund: We have mixed feelings about eliminating the current Contingency Fund and re-directing \$608 million to a number of grant programs for states. The Contingency Fund was initially devised to provide states with a source of funding to accommodate the needs of a growing caseload during economic downturns. Restrictive requirements in the Fund have meant that it has not served this purpose well, and many states have not been able to tap the fund. Some states do use it, though, and they will lose access to those funds. Further, it is still true that TANF ought to be able to respond to hard times, and bipartisan concern was raised after the Great Recession when many states continued to see caseload reduction even in the face of dramatic increases in unemployment and hardship. We would prefer to see, as part of an overall funding increase, access to an improved contingency fund. However, we do support grants for purposes similar to those listed in the draft. We would like to see an appropriate balance between funding for case management services and for the services or benefits case managers would need to refer their clients to. Case managers cannot be effective if they identify a parent's or family's needs and then cannot do anything to address those needs. As noted above, we strongly support a return to funding for subsidized jobs, and would support far more than the \$75 million provided here.

Helping Families with the Greatest Need: The discussion draft would restrict TANF funding to support families with incomes less than 200 percent of the federal poverty line. In current practice, some states are providing assistance to families with higher incomes. In general we believe the discussion draft to be taking the right approach. We urge you to consider an exception with regard to TANF funds transferred to the Child Care and Development Block Grant. There is bipartisan concern that families do not face steep cliffs, losing benefits as soon as they start to earn above-poverty wages. CCDBG allows child care subsidies to families at 85 percent of the area median; child care provided through TANF funding transfers should follow the same rules as the rest of CCDBG.

There are other provisions in the draft that make improvements to allow TANF to target those with the greatest needs. Individualized Opportunity Plans can lead to targeted help, and allowing states to count partial work participation when families' needs require lower work hours is an important advance for families facing major or multiple hardships.

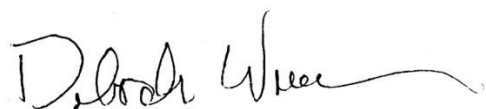
There are two open issues in the discussion draft that relate to serving families with the greatest need: whether individuals convicted of drug-related crimes should be eligible for benefits and whether to create a floor on the share of TANF funds that must be spent on cash assistance, child care, and work activities. We believe strongly that adults convicted of **drug-related crimes** should be eligible for TANF benefits. Their children's well-being depends on their parent being able to return to society. Because of the tremendous barriers to employment faced by ex-offenders, a parent trying to provide for his or her

children needs some assistance. It is clearly in the state's interest to help the parent to stave off homelessness and to get help in securing employment. As advocates, we understand how much it is in the children's interest, too. If parents can get help, they have a much better chance of making better choices than a return to criminal activity.

We also support creating a **minimum floor for state expenditures** on cash assistance, child care, and work activities. Requiring a minimum level of expenditures in these core areas will provide at least some incentives for states to respond to stubbornly high levels of poverty. The [Kids Count](#) report on child well-being sponsored by the Annie E. Casey Foundation was released last week, and found nearly 3 million more poor children in 2013 than at the time of the Great Recession in 2008. We also know from the [Center on Budget and Policy Priorities](#) that TANF is only serving 26 out of every 100 poor families, and that in a growing number of states, only 10 out of 100 poor families are served. We appreciate and share the concern expressed by members of the Committee on Ways and Means about unacceptably high levels of poverty, and believe that TANF must reverse its dangerous trend of serving fewer and fewer needy families with children. Requiring states to spend about half of their TANF funding on these core services will be a step in the right direction, although, again, more funding will be needed to provide the services families need.

It was striking to attend hearings by the Human Resources Subcommittee in which witnesses agreed that it was essential that TANF move towards rewarding states that can demonstrate good outcomes for families, and that good outcomes could not be achieved without making post-secondary education or training available to parents, who also needed the opportunity to get individualized help to address critical barriers to employment. Some of the most effective routes to work combine such training with on-the-job experience. States should be able to develop approaches without being barred from incorporating effective training. Parents should get the chance – and the tools – to raise their children out of poverty. We appreciate your efforts to consult widely to address the open issues in the draft, and strongly urge you to continue in a bipartisan manner to make Temporary Assistance for Needy Families a more effective anti-poverty resource.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Deborah Weinstein", with a long, sweeping horizontal line extending to the right.

Deborah Weinstein,
Executive Director