Informational Briefing Before the Human Services Committee on TANF

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Commissioner, DSS
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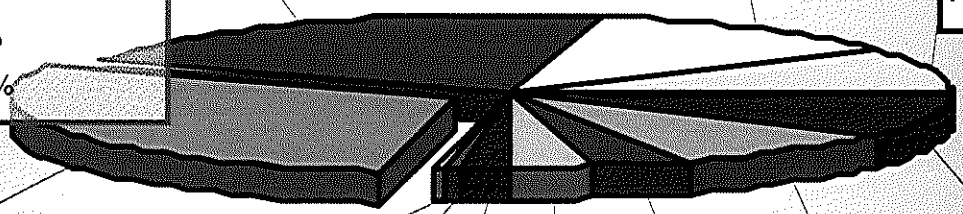
Connecticut Department of Social Services
Making a Difference

Overview of The Department of Social Services

State of Connecticut Appropriations (General Fund)
SFY 2009 $17.1 Billion

(Legend Amounts in Millions)



Education 3,773.5

22.0%

12.1%

Non-Functional 2,087.1

Human Services (DSS) 4,908.6

Medicaid 3,724.0 21%

Temp Assist Families 115.9 0.7%

Disproportionate Share 85.3 0.5%

Health & Hosp. 1,666.3

Corrections 1,584.7

9.2%

28.6%

Debt Service 1,543.9

9.0%

0.5%

Legislative 80.7

3.2%

General Government 609.4

3.50%

0.6%

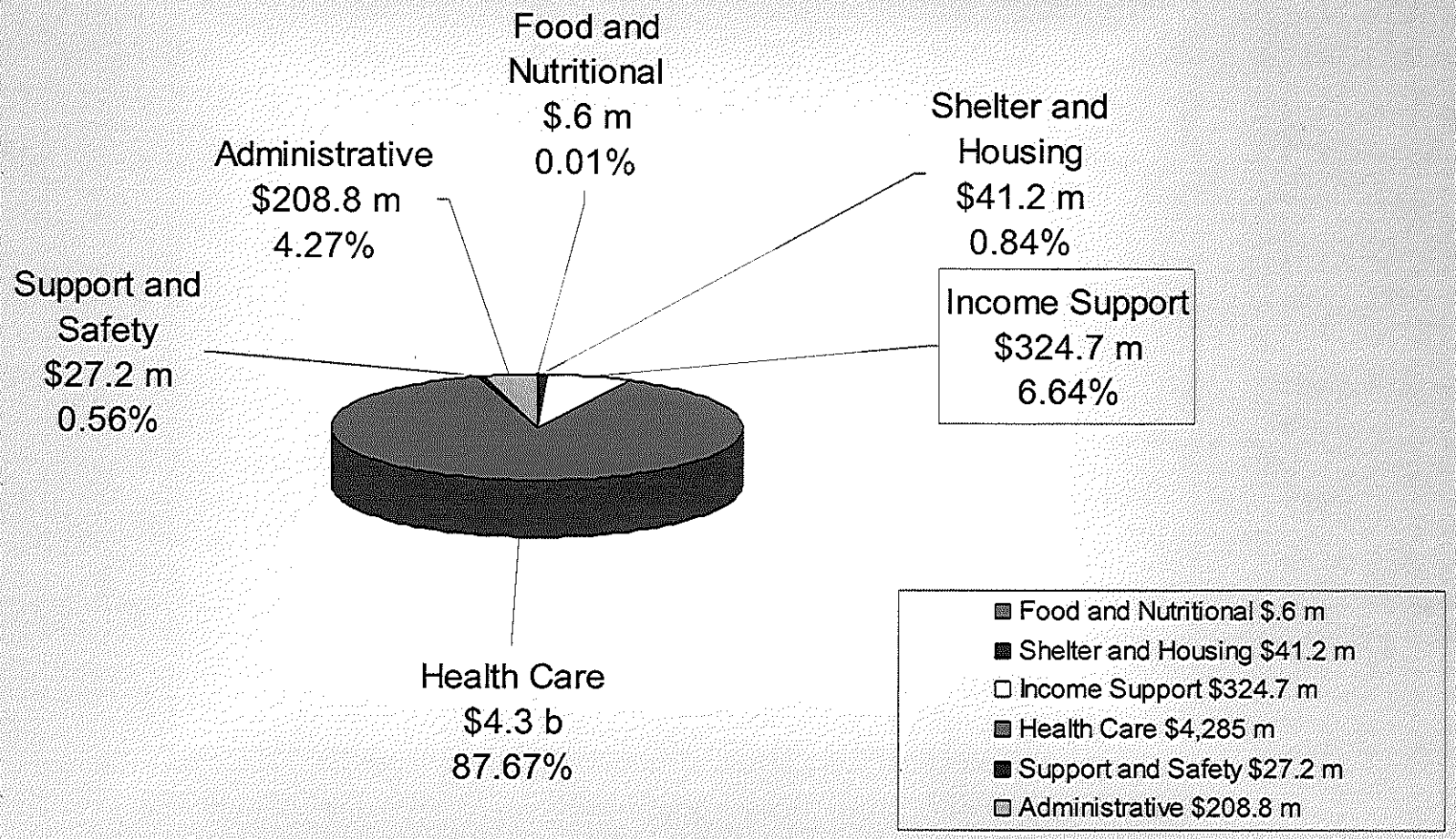
Judicial 544.3

Cons. & Develop. 110.6

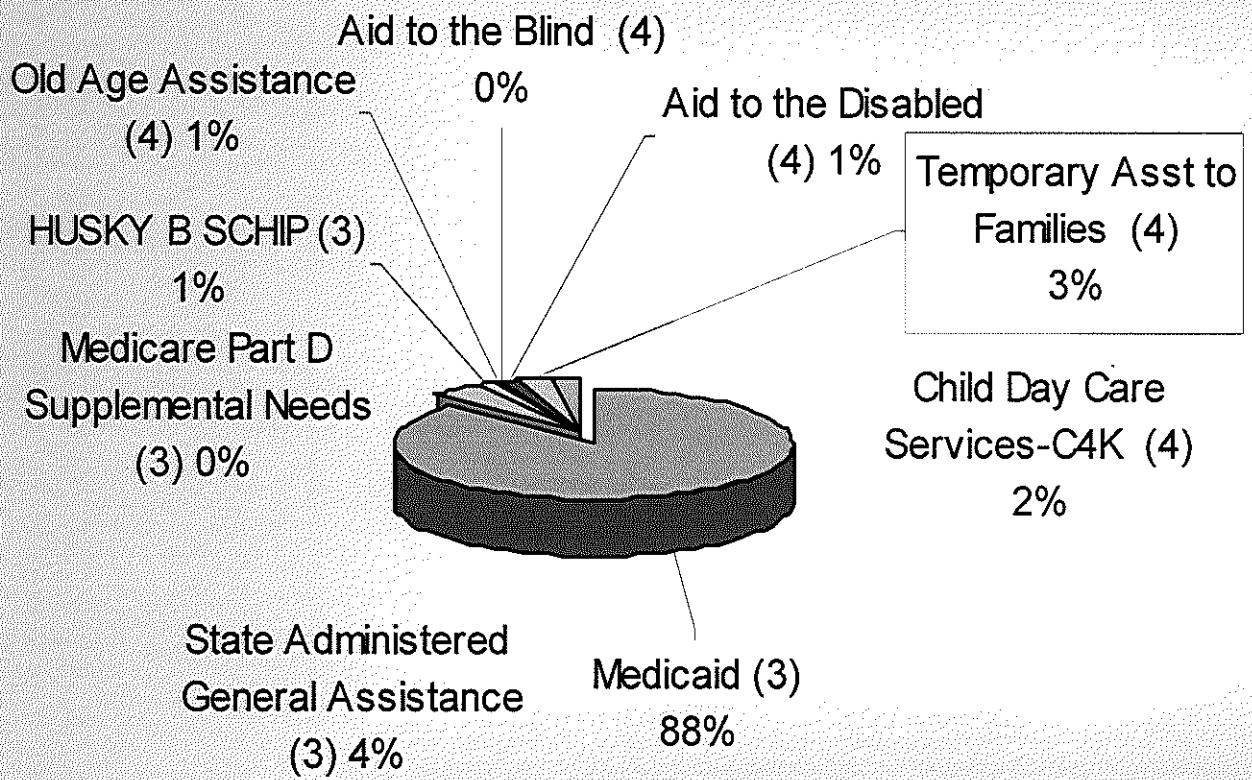
1.6%

Reg. & Prot. 281.5

Core Programs Based on Appropriated SFY 2009 Funds



SFY 2009 DSS Appropriation for Core Programs

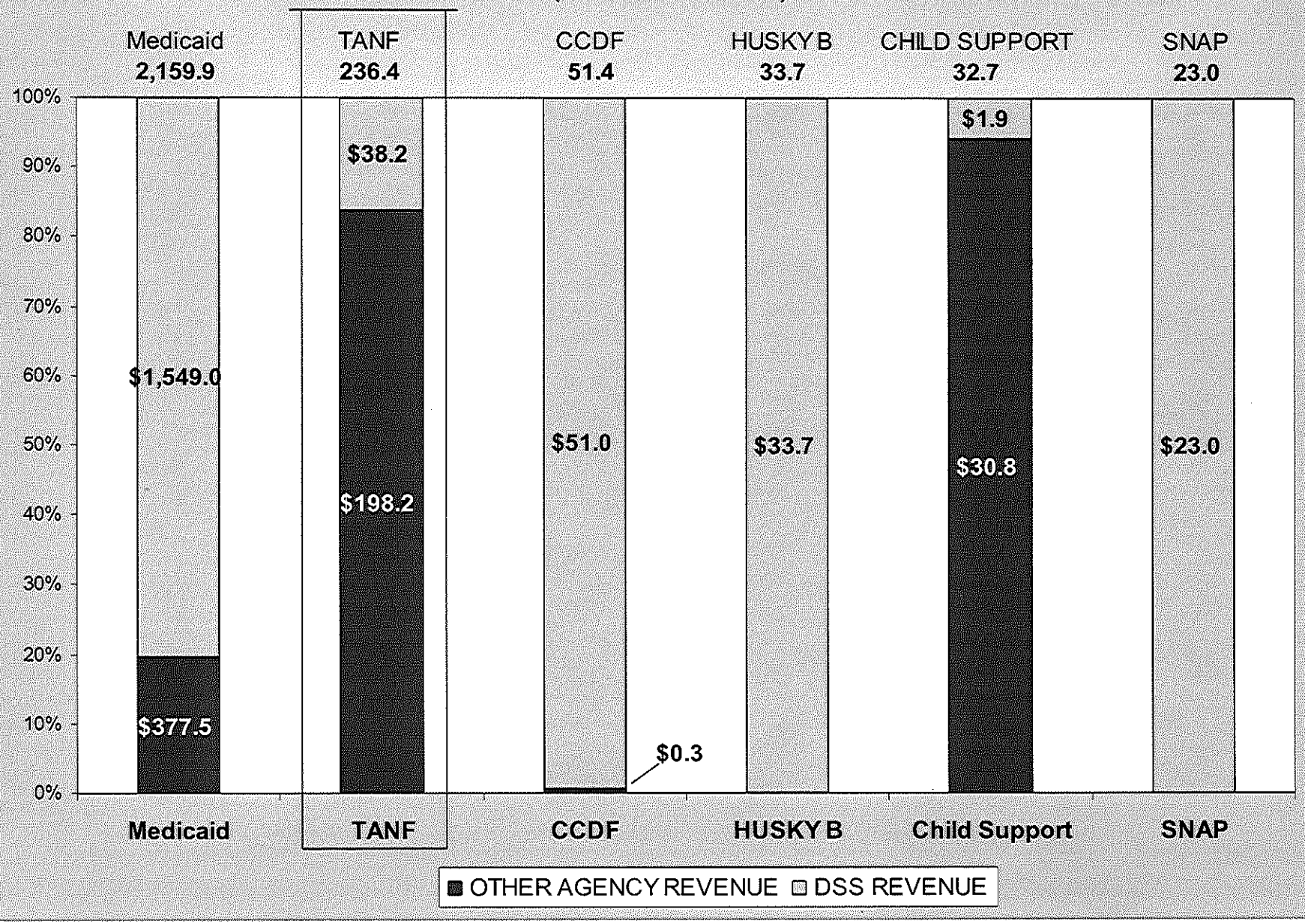


Core Program Categories:

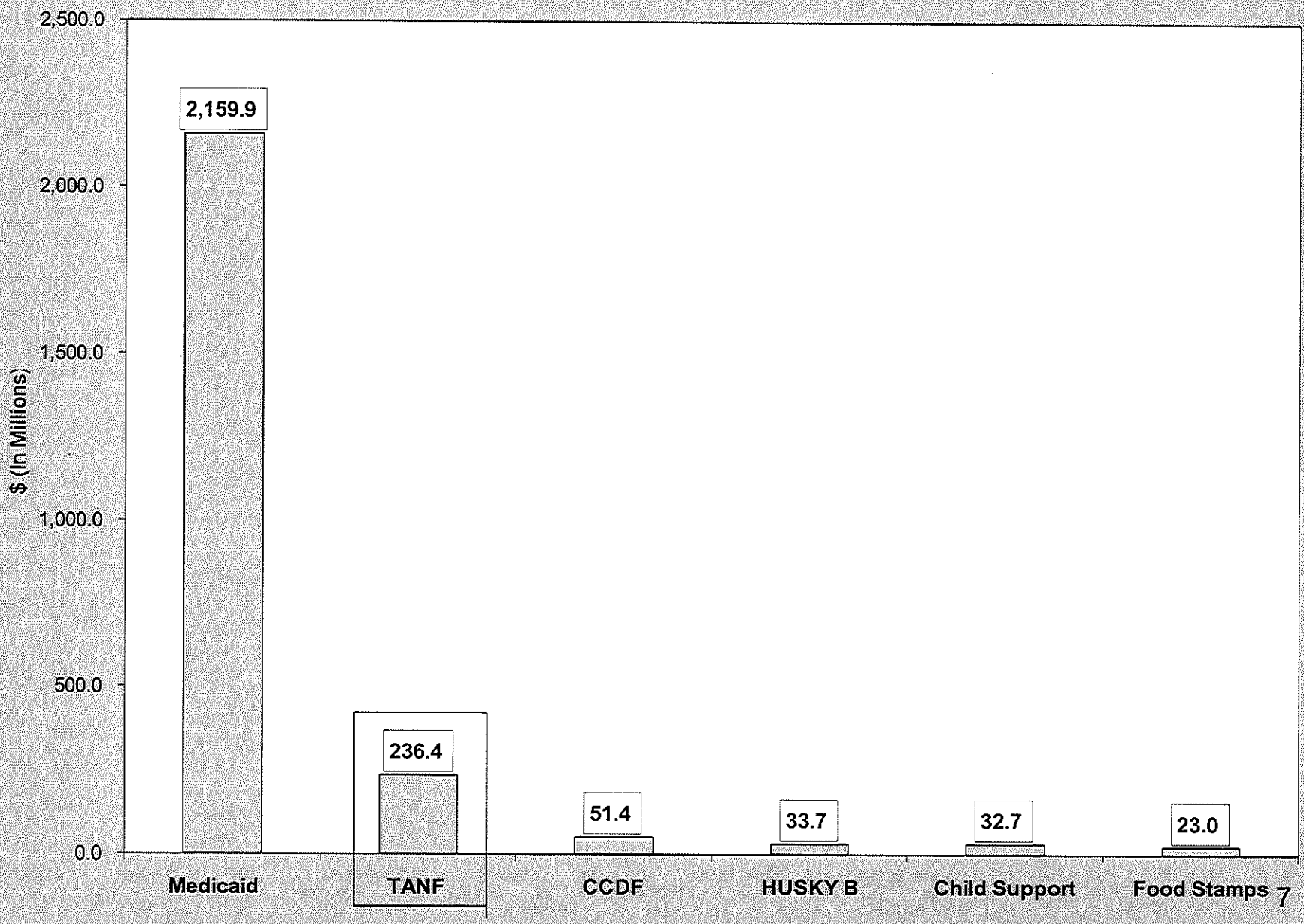
1. Administration
2. Food and Nutrition
3. Health Care
4. Income Support
5. Shelter and Housing
6. Support and Safety

DSS SFY 2008 REVENUE - TOTAL $2,537

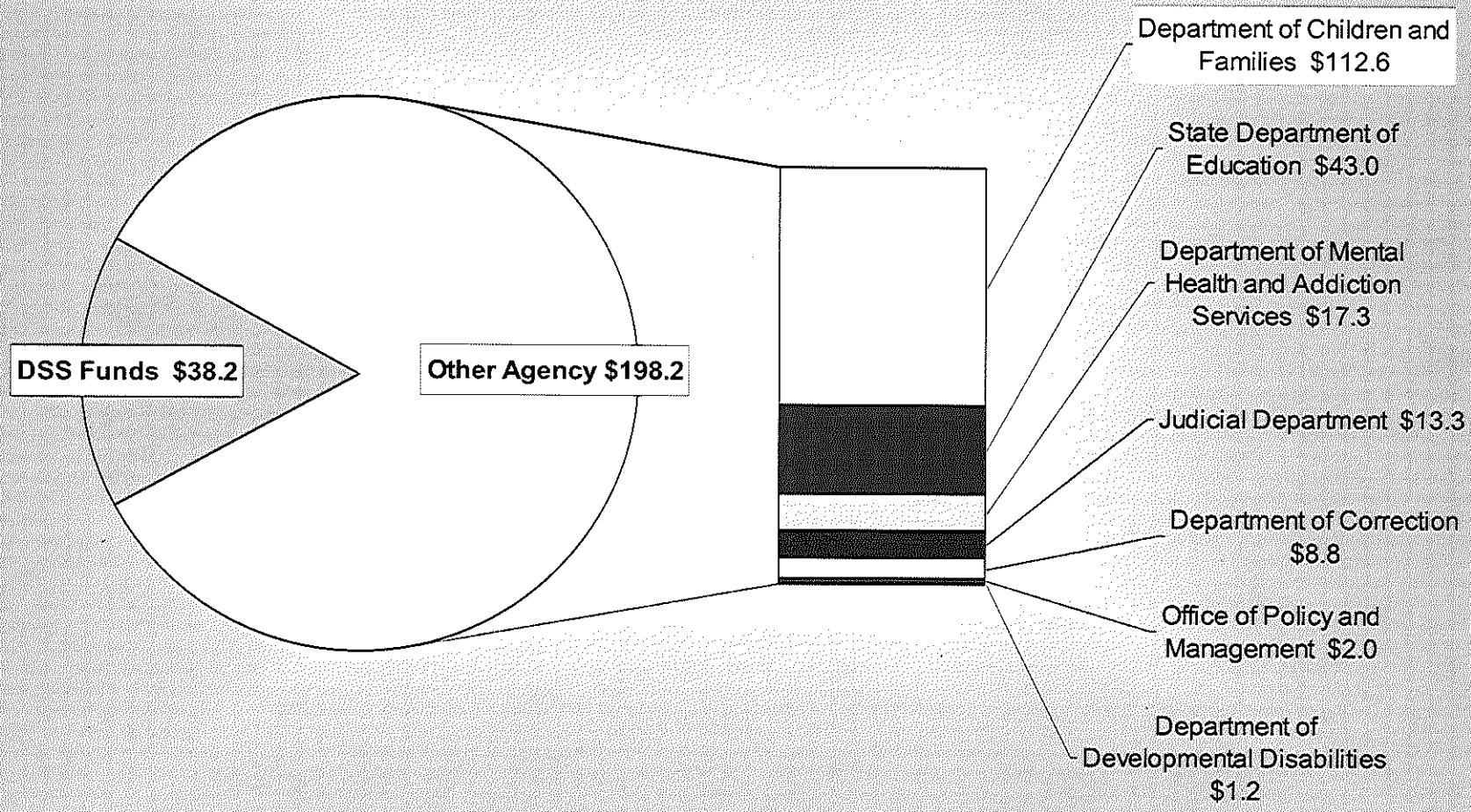
(Dollars in Millions)



DSS SFY 2008 REVENUE



SFY 2008 TANF REVENUE $236.4
(Dollars in Millions)



What is TANF?

Temporary **A**ssistance for **N**eedy **F**amilies

- Created in August 1996 by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 ("PRWORA")

- Replaced the Aid to Families with Dependent Children (AFDC) Program, AFDC Jobs Program and AFDC-Related Child Care Programs.

What is TANF?

TANF is a funding stream, not really a "program"

- Capped block grant: $266.7 million per year for Connecticut (same as original 1996 level)
- No entitlement for individuals to assistance
- States have flexibility to design TANF programs
- However, TANF includes some general and specific mandates and prohibitions as well as accountability measures

What is TANF?

TANF is a funding stream, not really a "program"

- Different from other block grants in that funds must be appropriated by the legislature
- Funds are drawn down as revenue from federal government in same manner as old AFDC program
- There is a State "maintenance of effort" requirement

What is TANF?

TANF is <u>not</u> synonymous with TFA (Temporary Family Assistance) or Jobs First

- TFA is an assistance program funded by state dollars; TANF funds reimburse the State for some TFA costs

- Jobs First includes TFA, Jobs First Employment Services (JFES), and Safety Net Services

- TANF can be and is used for other programs

What is TANF?

- TANF currently funds approximately 50 state programs in ten state agencies other than DSS

- Programs claimed as TANF at DCF, SDE, Higher Ed, DOL, DDS, OPM, OWC, Judicial, DOC, and DMHAS

- TANF programs include SDE School Readiness, SDE Family Resource Centers, Judicial Counseling Programs, DOC Substance Abuse Counseling and Vocational Training Programs, DCF Foster Care, Case Management and Family Preservation Services

What is TANF?

Purposes of TANF defined by federal law:

1. Provide assistance to **needy families**;

2. End the dependence of **needy parents** by promoting job preparation, work and marriage;

3. Prevent and reduce out-of-wedlock pregnancies; and

4. Encourage the formation and maintenance of two parent families.

How TANF and State Funds are Spent and Accounted For

"Maintenance of Effort" (MOE) Requirements

- States must "match" federal funds by spending at least 80% of the amount spent in FFY 1994 on "**eligible families**." Eligible families must meet composition requirement (i.e., children residing with adult relative) and financial eligibility criteria established by the TANF State Plan

- Connecticut's MOE at 80% = $196 million

How TANF and State Funds are Spent and Accounted For

Actual TANF funds are drawn down and go into revenue accounts.

- Funds can only be drawn down if enough state dollars are appropriated and expended.
- Through FFY '08 Connecticut has drawn down and spent its full TANF allocation.
- Federal funds not drawn down are available in subsequent years but must be spent on "assistance."

How TANF and State Funds are Spent and Accounted For

Assistance versus Services

- TANF can be used to provide benefits or services that directly lead to (or can be expected to lead to) accomplishing one of the four statutory purposes. Some benefits are considered to be "assistance." There are important implications when a benefit falls under this definition.

- Assistance includes benefits directed at basic needs such a food, clothing, shelter, utilities, and household goods.

How TANF and State Funds are Spent and Accounted For

Assistance versus Services

- Assistance does not include:
  - ➢ child care, transportation and other supportive services provided to families that are employed
  - ➢ nonrecurring, short-term benefits not exceeding four months (Diversion Program)
  - ➢ work subsidies.

How TANF and State Funds are Spent and Accounted For

Definition of assistance matters because the following apply only to TANF assistance programs:

- Work participation rate mandates
- Five year limit on federal assistance
- child support assignment
- much more stringent data collection and reporting requirements

Mandates, Prohibitions, and Accountability Provisions

Adult recipients of assistance must engage in work

- Under Connecticut's TANF State Plan, all time-limited adult recipients must participate in work activities, unless specifically exempted by state regulation.

- In Connecticut, we require participation in work activities immediately for time-limited recipients and exempt others in accordance state-defined exemption policies.

- Most TFA households (about 60%) are exempt from state work requirements

Mandates, Prohibitions, and Accountability Provisions

Adult recipients of assistance must engage in work

- Exempt are those who are incapacitated, age 60 or older, responsible for the care of an incapacitated family member, a non-parent caretaker relative who does not receive assistance, caring for a child under the age of one who is not subject to the family cap, pregnant or postpartum for six weeks, pregnant if physician has certified unable to work, or unemployable. Minor parents are exempt if attending and satisfactorily completing high school or high school equivalency programs.

- Exempt non-recipients include non-relative caretakers (e.g. grandparents, aunts not receiving assistance themselves), SSI non-recipient parents, and ineligible alien parents of citizen children.

Mandates, Prohibitions, and Accountability Provisions

Minimum Work Participation Rates

50% of adults receiving TANF assistance must be engaged in countable work activities at least 30 hours per week (20 hours per week if there is a child under six years old)

90% of adults in two-parent families must be engaged in work at least 35 hours per week. This requirement does not apply to Connecticut as we have removed the two-parent component of TFA from the TANF program.

Mandates, Prohibitions, and Accountability Provisions

Work Participation Rates

- Minimum rates adjusted by percentage point reduction in caseload since FFY 2005 that are not due to federal or state changes in eligibility criteria ("Caseload Reduction Credit')

- State receives additional credit for MOE spending above minimum requirement

- The base year was changed from 1995 to 2005 by the Deficit Reduction Act of 2005

Mandates, Prohibitions, and Accountability Provisions

Work Participation Rates: Work Activities that Count Toward First 20 Hours of 30 Hour Requirement

- unsubsidized employment
- subsidized public or private sector employment
- work experience (workfare)
- on-the-job training
- job search/job readiness (6 wks., 4 consecutive)

Mandates, Prohibitions, and Accountability Provisions

Work Participation Rates: Work Activities Which Count Toward First 20/30 Hours (continued)

- community service (volunteer)
- vocational education (12 months)
- providing child care to someone doing community service

Mandates, Prohibitions, and Accountability Provisions

Work Participation Rates - Other Activities that Only Count Toward Additional Ten Hours

- job skill training directly related to employment
- education directly related to employment for participants without high school or equivalent
- secondary school or GED

(Married or single heads of household under age 20 attending secondary school or equivalent full time meet the work participation rate.)

Mandates, Prohibitions, and Accountability Provisions

Penalties to states

- **Failure to meet work participation rates** - Up to 5% of grant, plus additional 2% each year up to 21%. (Also, minimum MOE is 80% rather than 75%)

- **Failure to comply with five year limit on assistance** - 5% each year

- **Failure to submit required data reports** - 4% each year.

TANF Reauthorization - DRA

- TANF was reauthorized by the Deficit Reduction Act of 2005 (DRA)
- The DRA made several changes to make it more difficult for states to meet the work participation rate
- Moved Caseload Reduction Credit base year from 1995 to 2005. Connecticut's credit fell from about 27% to 15.6%
- Imposed stringent verification and data validation requirements on states
- Added Separate State Programs to the work participation denominator. Connecticut and most other states subsequently removed two-parent and disabled parent families from the TANF program into "Solely State-Funded Programs".

TANF Reauthorization - DRA

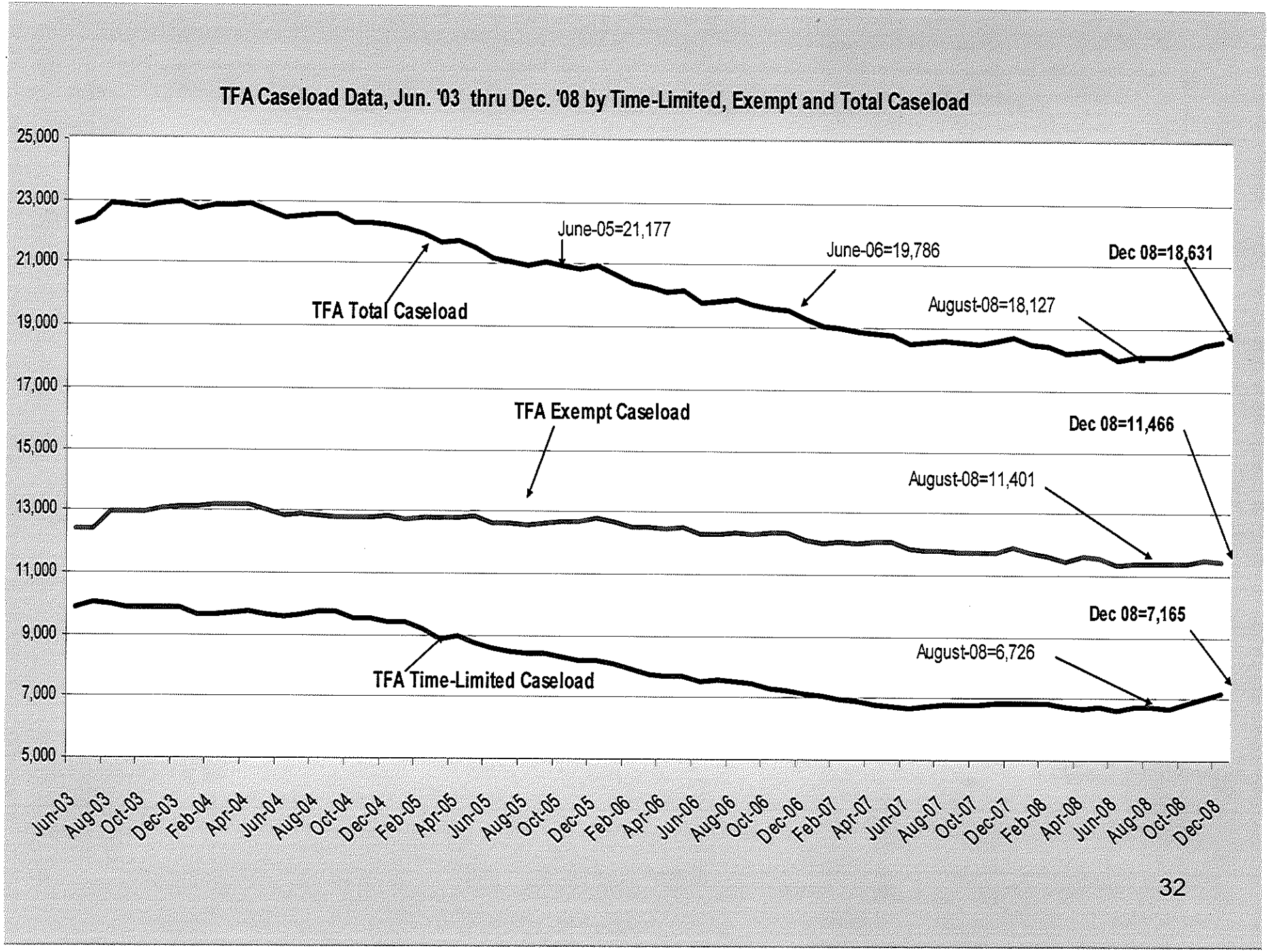
- Prior to its 2005 Reauthorization Connecticut had always met the Work participation rate
- The new rules applied beginning in FFY 2007
- Connecticut's actual participation rate fell from about 30% in FFY 06 to 24.8% in FFY 07 due to adding disabled parent families to the denominator and additional verification requirements
- Additional $6.5 million state investment in Jobs First work activities helped reduce negative impact of changes
- Caseload reduction credit reduced from 27% to 15%, making it more difficult to achieve the rate
- Although not officially notified, it appears we did not meet the work participation rate for FFY 2007 and may not meet it for FFY 2008 as well

TANF Reauthorization - DRA

- Most other states did not meet the work participation rate in 2007.
- In New England only New Hampshire met the rate
- Connecticut will enter into a corrective compliance agreement to avoid payment of work participation penalties for 2007 and 2008
- We are expected to meet the work participation rate for FFY 2009 due to
  - removing disabled parent families from TANF program,
  - a higher caseload reduction credit, and
  - changes implemented by DSS, DOL and Regional Workforce Investment Boards to strengthen the JFES program

TANF Contingency Funding

- Additional TANF federal funding may be available if state unemployment rate or Food Stamp caseload meets certain triggers
- Connecticut hit the Food Stamp trigger - first time we have been eligible for these funds
- State may qualify for additional funding of up to 20% of TANF block grant ($53 million) if state has sufficient qualifying MOE
- Reviewing current spending categorization for possible adjustments to qualify for these funds.
- Ongoing research and analysis necessary to determine feasibility of obtaining contingency funds


TFA Caseload Data, Jun. '03 thru Dec. '08 by Time-Limited, Exempt and Total Caseload
25,000
23,000
21,000
19,000
17,000
15,000
13,000
11,000
9,000
7,000
5,000
TFA Total Caseload
June-05=21,177
June-06=19,786
August-08=18,127
Dec 08=18,631
TFA Exempt Caseload
August-08=11,401
Dec 08=11,466
TFA Time-Limited Caseload
August-08=6,726
Dec 08=7,165
Jun-03
Aug-03
Oct-03
Dec-03
Feb-04
Apr-04
Jun-04
Aug-04
Oct-04
Dec-04
Feb-05
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