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**TESTIMONY OF IFE FLOYD
POLICY ANALYST, FAMILY INCOME SUPPORT DIVISION
CENTER ON BUDGET AND POLICY PRIORITIES
BEFORE THE DISTRICT OF COLUMBIA CITY COUNCIL**

**Budget Oversight Hearing for the Fiscal Year 2017 Budget Support Act
Before the DC Council Committee of the Whole**

Good morning Chairman Mendelson and other members of the council. I would like to thank you for this opportunity to testify today. My name is Ife Floyd, and I am a Policy Analyst with the Family Income Support Division at the Center on Budget and Policy Priorities where I study state Temporary Assistance for Needy Families (TANF) policies including time limits and extension policies. Today, I would like to focus my remarks on what happens to families after they leave TANF due to time limits, the importance of cash for children, and different ways states structure extensions. I think it is important to do everything possible to minimize the hardship of families reaching the time limit —and especially for the children growing up in these families.

Background

TANF has twin roles to play in the lives of poor families: (1) providing a cash assistance safety net to families when the household head is unable to work and (2) preparing and connecting parents to employment and training to reduce or eliminate their need for assistance. The District of Columbia has a mixed record in both domains. In the City, a family of three with fewer than 60 months receives a maximum of \$441 per month. It is set to increase dramatically between Fiscal Years 2017 and 2019, providing more income to children. However, a family of three with more than 60 months currently receives \$156 a month leaving a family solely reliant on TANF benefits in extreme poverty or less than \$2 per person per day. Additionally, the city historically has not had sufficient capacity to provide employment services to all TANF recipients who are expected to look for work.

In recent years, the Department of Human Services has made significant improvements in its work programs for TANF recipients, but as is true in many states and localities, it has not yet fully invested in programs that will reach the families with the most significant barriers and the most limited labor market prospects – the very families who are impacted by time limits. When the District enacted the time limit in 2011, it applied retroactively to any recipient of aid back to 1997. Yet most families had not had access to the recently enhanced services needed to address their barriers for most of their time on TANF. The District does exempt some groups of families from

the time clock. But the City has not yet addressed the issue of time limit extensions, policies to help families who reach the time limit but cannot obtain employment and who would face hardship without TANF income assistance. DC is an outlier in that most other states offer some sort of extension for families.

Characteristics of Families Reaching the Time Limits

Families often need continued support even if they have reached a time limit. Over the years, we have learned from other states a substantial amount about the characteristics and needs of families reaching time limits. The City should use this information to develop an extension policy for ensuring that families who reach time limits are not irrevocably harmed. Here is what we know about families reaching time limits:

- (1) **Many experience significant barriers to employment.** Numerous studies have found families reaching time limits are far more likely than other TANF recipients to experience employment barriers such as physical and mental health problems, suffer from substance abuse, and to have lower levels of cognitive functioning and education (Pavetti and Kauff 2006; DeMaster 2008; Seefeldt and Orzol 2005). A recent study undertaken by Washington State after they cut off many families due to a change in their time limit policy found that two-thirds of parents that left due to time limits had an indication of mental illness, 23 percent had a chronic illness and a quarter had an alcohol or drug treatment need. (Patton et al. 2015).
- (2) **They have limited employment prospects and weaker employment outcomes after they lose benefits due to time limits.** Researchers from the University of Maryland's School of Social Work found that compared to other welfare leavers, time limit leavers in Maryland had less employment history while on TANF and worked fewer quarters in the year after leaving assistance (Hetling et al. 2006). In the Washington State study, parents who did eventually find employment had consistently lower earnings than their counterparts who left TANF for other reasons.
- (3) **They often experience high levels of hardship, including high rates of homelessness after leaving welfare.** In a study in Maine, researchers found that families kicked off due to the time limit experienced increased reliance on food banks, inability to pay utilities and other bills, and overcrowded housing conditions or reliance on homeless shelters (Butler 2013). The Washington state study found that families who left due to time limits had the highest rates of homelessness – 20 percent were homeless at the end of the three-year follow-up; this was a full 6 percentage points higher than families who were on TANF for more than a year but left for reasons other than the time limits.

There is no reason to believe that District families who will lose benefits because of the time limit will fare any better than families in other states – and there are reasons to believe they could fare worse. The District of Columbia's labor market has few opportunities for individuals with limited work experience and few skills and its housing market provides few options for families with limited income.

Poverty and Its Effects on Children

With no access to cash assistance and poor employment prospects, families affected by the time limits are at greater risk of falling deeper into poverty. Nationally, there is evidence that the decline in cash assistance since welfare reform is one of the main drivers in rising extreme poverty -- defined as households surviving on \$2 per person per day or less. Researchers have found that the number of U.S. households living in extreme poverty in any given month more than doubled between 1996 and 2011, from 636,000 to 1.46 million. They note that these households are “concentrated among those groups who were most affected by welfare reform,” (Shaefer and Edin 2012).

New research finds that poverty impacts the brain development of young children (Hair et al. 2015). However, even modest increases in family income for young children in poor families can significantly improve their adult outcomes. Experts have found that an additional \$3,000 a year to families with young children and with an income under \$25,000 is associated with a 17 percent increase in the children’s adult earnings (Duncan and Magnuson 2011.) This means that ensuring families have access to TANF benefits, even in amounts that seem modest to us, can make a significant difference in a child’s life.

Extension Policies from Around the Country

Extensions can mitigate the harm for families reaching the time limits. Forty-four states offer time limit extensions for TANF families, ensuring that vulnerable families do not fall through the cracks regardless of the amount of time on TANF. The District, by contrast, has not adopted any extensions to date. A majority of states provide extensions for persons with disabilities or victims of domestic violence, but a number of states also have broader extension bases for persons who are unable to find employment when the time limit is reached, either because of their barriers or the local economy. Some of these states use “play by the rules” extensions for persons who have been participating in their employability plan and for whom it would be a hardship to cut off benefits due to a time limit. Here are some examples:

- **Maryland** extends benefits for families who are demonstrating a good faith effort to adhere to their work plan and families who need but have not received supportive services for a barrier or may have received supportive services but the barrier was not removed.
- **Pennsylvania** extends assistance to families with a disabled person, parents with children under 12 months, parents with children under 6 years of age but no access to child care, victims of domestic violence, and to families that are meeting the requirement to participate in work activities.

Some states -- **California, Indiana, Oregon, and Texas**¹ -- do not apply time limits to children and remove the time-limited parent from the case but allow children to continue to receive benefits. **New York** continues benefits to the whole family through its safety net program funded with state dollars (that count toward the TANF maintenance-of-effort requirement).

¹Texas cuts off the parents when its shorter, intermittent time limits of 12, 24, or 36 months are reached; Texas also maintains a 60-month lifetime limit which cuts off the whole family but as a practical matter, few families reach this limit since time clocks stop running when the adult is cut off at the shorter time limit.

Extending benefits to certain families reaching the time limit helps families with barriers maintain some stability. State agencies have more time to help families address their barriers or move them to disability insurance. Maryland researchers found that after four years, the share of families past 60 months who were able to raise UI-covered earnings and leave cash assistance increased from 2.9 percent in year one to 24.4 percent in year 4 (Ovwigo et al. 2007).

Families turn to TANF because the labor market and other support systems have failed them. The measure of TANF's success should be how many families' lives are improved because of their interaction with the system, not how many families are turned away because they have reached an arbitrary time limit. It is time to have a new conversation about how to best serve families in need, but the conversation should not start with cutting people off assistance -- it should start with a conversation about creating opportunities for success for those who have been left behind, even during the city's times of prosperity, but especially now, during a time of severe economic distress and limited opportunities for individuals with little work experience and few skills.

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