

# HOUSE APPROPRIATIONS HEALTH AND HUMAN RESOURCES SUBCOMMITTEE

Margaret Schultze, Acting Commissioner  
Department of Social Services  
Temporary Assistance for Needy Families

January 21, 2013

# TANF – Legislative/Budget Background

2

- The Temporary Assistance for Needy families (TANF) legislation - cornerstone of federal welfare reform
- Funded through the TANF block grant
- Federal welfare reform was implemented 1997, two years after Virginia implemented its state welfare reform initiative, the Virginia Independence Program
  - Virginia receives \$158 million federal TANF grant
  - Must match with state maintenance of effort (MOE) - \$128 million - which is 75% of the state's 1994 welfare spending

# TANF Grant Purposes

- ❑ Funds must be spent to achieve one of the four purposes of TANF:
  - To provide assistance to needy families so that children can be cared for in their own homes or the homes of relatives;
  - To end dependence of needy parents on government assistance by promoting job preparation, work and marriage;
  - To prevent and reduce the incidence of out-of-wedlock pregnancies;
  - To encourage the formation and maintenance of two-parent families.

# TANF Caseload Trends

- TANF caseload went from a high of 70,797 in June 1995 when welfare reform was implemented to a low of 29,404 in March of 2008
- The caseload increased by nearly 26 percent from March 2008 to 37,121 in November 2010 as a result of the economic downturn
- Since November 2010 it has decreased by 12 percent; the November 2012 caseload was 32,666

# TANF Workforce Participation Requirement

5

- States must meet a 50 percent work participation rate(WPR) in order to avoid federal sanctions
- Estimate the FFY 2012 Virginia's WPR to be 45%
- A 10% caseload reduction credit is also estimated
- In 2009, the national average WPR was 29.4%, Virginia's was 44.3%
- Severe federal sanctions for failure to meet WPR

# TANF – Key Long-term Results in Virginia

6

- Since the implementation of TANF in Virginia:
  - At least 58% of employed VIEW participants retained employment for at least six months beyond the closure of their TANF cases
  - About 86% of the participants who left TANF with employment did not return to TANF within 12 months

# TANF Budget Overview – FY 2014

7

- \$177M - TANF grant funds budgeted
  - ▣ \$19M - prior year TANF grant balances budgeted
- Mandated
  - ▣ \$65M - Benefits (projected total of \$102M)
  - ▣ \$27M - Mandated child care/employment services
  - ▣ \$57M - TANF share of local staff providing mandated employment, eligibility, family support, and TANF share of state administration
- Block Grant Transfers
  - ▣ \$10.4M - Child Care block grant
  - ▣ \$13.8M - Social Services Block Grant
- Expanded programming
  - ▣ \$2.6M - Healthy Families
  - ▣ \$0.6M - Family Engagement Activities
  - ▣ \$0.5M - Community Action Agencies

# 2013 Session TANF Budget Actions

8

	FY13	FY14
Healthy Families	\$ -	\$.16M
Community Action Agencies	\$ -	\$.5M
TANF GF Savings	\$5M	\$5M
Family Engagement Activities	\$ -	\$.6M
Adjust TANF Budget to Mandated Expenditures	(\$3.6M)	\$3.7M
<u>Child Care System Operating Costs</u>	<u>\$ -</u>	<u>\$1.8M</u>
Total TANF Changes	\$1.4 M	\$11.8M

# TANF Structural Imbalance

9

- \$19M structural imbalance into next biennium
- Primarily due to:
  - ▣ Capturing general fund (GF) savings in benefits /mandated services since FY 2010
  - ▣ Increased cost of child care for VIEW recipients