



COMMONWEALTH OF VIRGINIA

Commission on Youth

Review of Virginia's Temporary Assistance for Needy Families (TANF) Program with an Emphasis on Workforce Development and Child Care

November 20, 2018

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2016 Study Mandate



- During the 2016 General Assembly Session, Senator Barbara Favola introduced Senate Joint Resolution 95. The resolution directed the Commission on Youth to:
 - evaluate the Department of Social Services' administration of the Temporary Assistance for Needy Families (TANF) Program and identify the amount of and reasoning for unused TANF funds;
 - determine whether TANF funds are being used for the intended purposes of the TANF Program or whether such funds are being diverted to other programs or non-TANF purposes;
 - determine whether and how TANF funds can be better used to stabilize families economically, help provide educational opportunities, and provide parenting classes and identify other support services that could be made available through TANF funding to strengthen families; and
 - consult with all relevant stakeholders.
- COY reported recommendations prior to the 2017 General Assembly Session.

2018 Study Mandate



- At the June 6, 2018, Commission Meeting, the Commission adopted the 2018 Study Plan to explore funding and current programs for workforce development and child care programs, and make recommendations to improve these programs to support self-sufficiency.

Study Activities



- Reviewed budget amendments and legislative bill proposals regarding TANF funds for workforce development and child care
- Held stakeholder meetings with the following groups:
 - Virginia Dept. of Social Services and Local Departments of Social Services
 - House Appropriations Committee Staff
 - Senate Finance Committee Staff
 - Virginia League of Social Services' Executives
 - TANF/ESP Committee
 - Child Care Committee
 - Child Welfare Committee
 - Benefit Programs Professional Organization (BPPO)
 - Office of Comprehensive Services
 - Virginia Community College System
 - Local Community Colleges and Workforce Centers
 - Advocacy Organizations

Study Activities (Continued)



■ Researched Other States

Connecticut

Delaware

Florida

Georgia

Illinois

Minnesota

North Carolina

Pennsylvania

Tennessee

Washington, D.C.

TANF Background



- TANF replaced the Aid to Families with Dependent Children Program with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
- It changed the program from an entitlement program with very strong federal oversight to a block grant with maximum state flexibility.

TANF Goal



- To maximize opportunities for TANF recipients to gain the training and job skills they need to become self-sufficient by providing supportive services and benefits that meet the subsistence needs of the family.

TANF Overview



- TANF programs must meet one of four federal requirements:
 1. Provide assistance to needy families so children can be cared for in their own homes or homes of relatives;
 2. End dependence of needy parents on government benefits by promoting job preparation, work and marriage;
 3. Prevent and reduce the incidence of out-of-wedlock pregnancies; and
 4. Encourage the formation of two-parent families.
 - Services under the first two purposes are means-tested and activate work requirements and time limits.

TANF Overview (Continued)



- Provides cash and other assistance to eligible needy families with children.
- Funded through an annual \$158.2 million federal block grant.
- The state has flexibility to design/fund programs that address the needs of Virginia's low-income families.
- Virginia is required to spend \$128 million annually in state general funds known as Maintenance of Effort (MOE).

TANF Overview (Continued)



- There are two sets of requirements: eligibility requirements and work requirements.
- Eligibility for TANF depends upon one's income and the total number of dependents in the household.
- The Virginia Department of Social Services (VDSS) establishes the Standard of Need as the amount needed monthly to provide for the basic needs of a family for its size and locality.
 - Payment levels are called the Standards of Assistance.
- Gross income is screened at 185% of the Standard of Need.
 - Approximately 37% of the FPL for families in Group II localities
 - Approximately 45% of the FPL for families in Group III localities
- The average monthly payment is approximately \$312 across all families.
- There is a 60-month federal lifetime limit on receipt of cash assistance; 2-year state limit.
- Virginia has eliminated its asset limits for eligibility determination.

The Virginia Initiative for Employment not Welfare Program (VIEW)



- VIEW is the work-related portion of Virginia's TANF program that requires participants to be employed or engaged in a work activity.
- TANF recipients who are in VIEW are allowed to receive 24-months of cash benefits, plus a year of transitional benefits.
- After this time period, they must wait two years before they can again qualify for TANF.
- Upon entry into VIEW, the participant signs an Agreement of Personal Responsibility outlining the requirements of the client and agency.
- Local Department of Social Services' (LDSS) staff conduct an employability assessment looking at work history, education history, job skills, functional literacy level, and job readiness skills.
- LDSS staff and the participant develop an Activity and Service Plan that indicates the activities the participant will engage in to obtain employment.

The Virginia Initiative for Employment not Welfare Program (VIEW) (Continued)



Work Activities

- Job Search
- Job Readiness
- Unsubsidized Employment
- Subsidized Employment
- Community Work Experience Program (CWEP)
- Public Service
- On-the-Job Training
- Vocational Education
- Job Skills Training
- English as a Second Language
- Adult Basic Education (ABE) and the General Educational Development (GED)

The Virginia Initiative for Employment not Welfare Program (VIEW) (Continued)



Exemptions to VIEW participation

- Caring for child under 12 months old (limited to 12 months in a lifetime)
- A temporary medical condition that prevents participation
- Under 18 or over 60 years of age
- A need to care for an incapacitated household member

TANF & Eligibility for Virginia's Programs



Other Services Available to TANF Recipients

- Energy Assistance
- Child Care
- Women, Infants, and Children (WIC)
- National School Breakfast/Lunch Programs
- Housing Assistance
- Transitional Services
- Workforce Development

TANF Uses



- While a sizeable portion of TANF funds go to direct services to families (cash assistance, employment services, child care), TANF funds are also used for program administration:
 - State and Local Staff and Operations (\$53.6M FY 19)
 - Expanded services/discretionary programs (\$41.1M FY 19)
 - Other spending/cost avoidance (\$31.2M FY 19)

TANF Child Care



- Virginia's Child Care Subsidy Program, which is administered by VDSS and 120 local departments of social services (LDSS), provides low-income families with financial assistance for child care.
- The subsidy is broken down into mandated services and non-mandated services.
- TANF families are income-eligible for Child Care Subsidy, and child care services are mandated:
 - Subsidy is available to all working TANF recipients who apply for assistance.
 - VIEW participants do not have to file a separate application for the Subsidy.
 - TANF recipients do not have a Child Care co-payment for the Subsidy.

TANF Child Care (Continued)



- **Mandated Services** (13,609 children FY 18)
 - TANF Working
 - Transitional
 - VIEW
 - SNAP (Supplemental Nutrition Assistance Program)
 - Employment and Training
- **Non-Mandated Services** (18,900 children FY 18)
 - Fee Child Care
 - Head Start Wrap-Around Child Care
- **Subsidy for recipients (non-VIEW) who participate in education or training programs**
 - Receive services based on available funding
 - May be placed on a waiting list for child care services



■ Recent Changes in Child Care

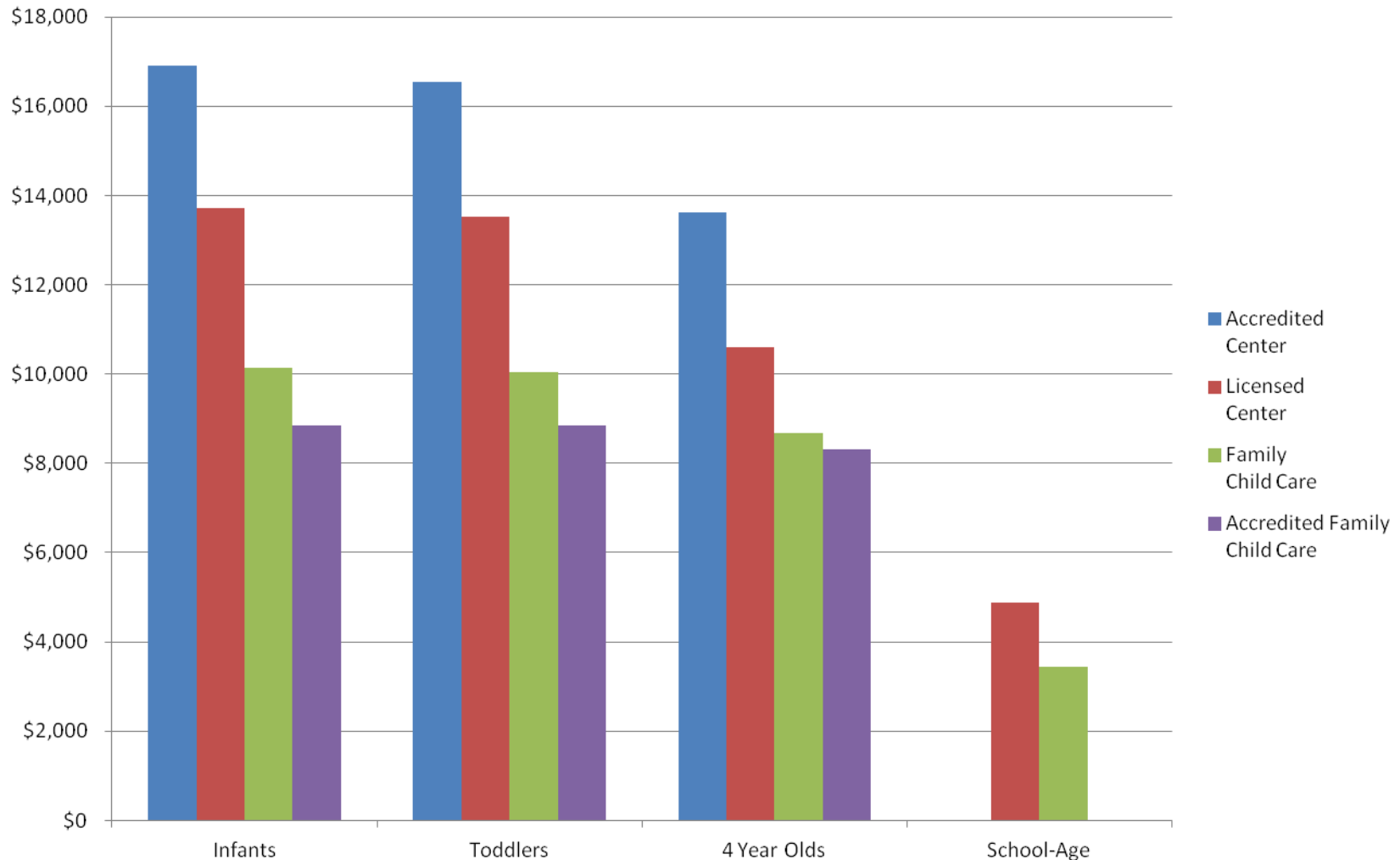
- As of 10/1/18, Child Care services transfer to the new locality when recipients move from one locality to another in Virginia.
- Child Care Subsidy rates were raised to the 70th percentile of market rates or up to the amount of actual child care costs, not to exceed the 70th percentile of market costs.
- There is now a 12-month continuous eligibility.
- The Program now utilizes a two-tiered eligibility system with the exit limit set at 86% of the State Median Income if all other eligibility requirements are met.

TANF Child Care (Continued)

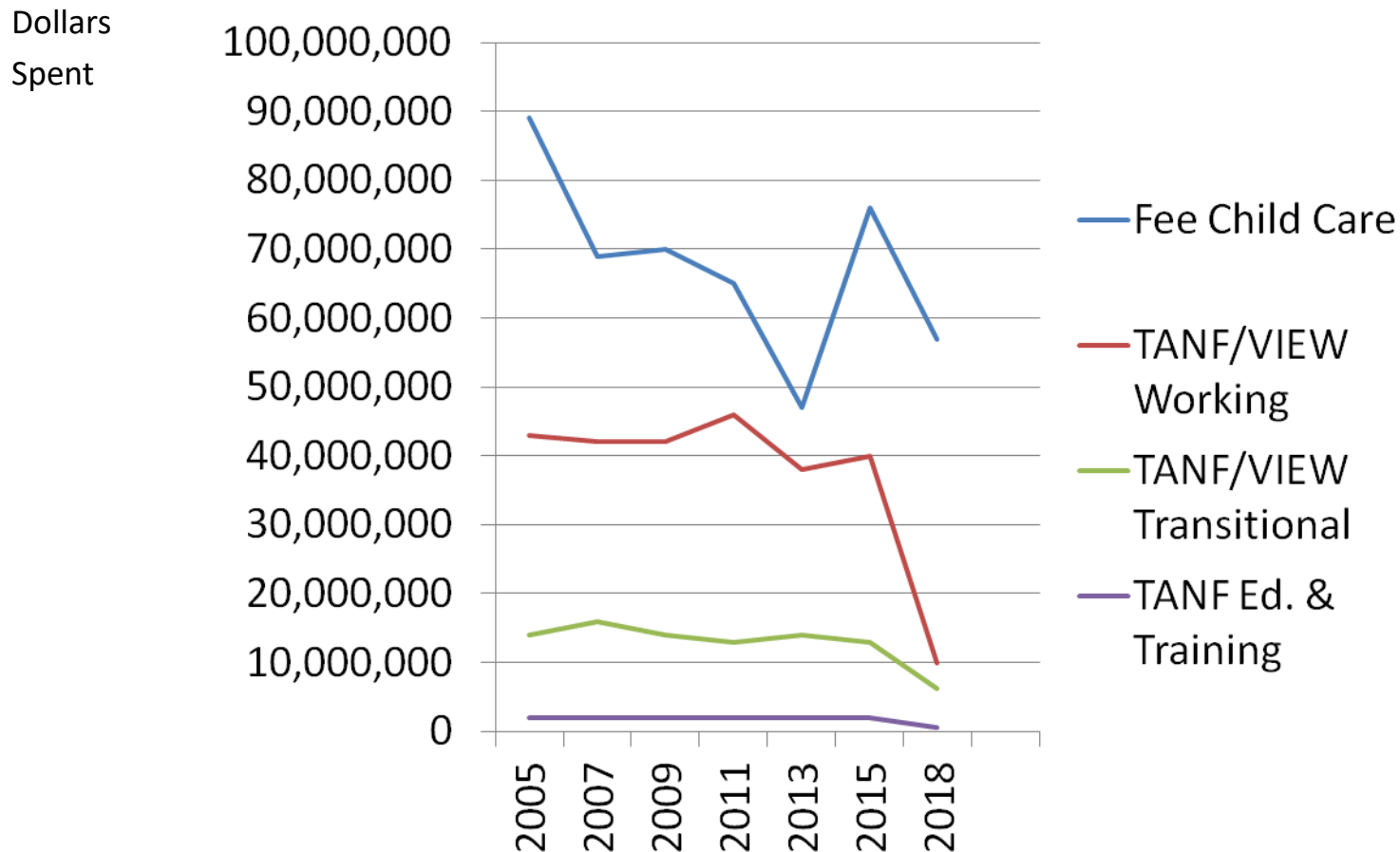


- Child Care Subsidy Wait List (as of 11/9/2018)
 - 4,356 families
 - 7,310 children
- TANF working families and VIEW participants are not put on waiting lists for Child Care Subsidy.
- Former TANF recipients participating in Transitional Child Care **must be working**, per the *Code of Virginia*.
- Transitional Child Care is **not allowed** for former TANF recipients in education/training programs.

Average Cost of Child Care in VA



TANF Child Care (Continued)



TANF Transfers



- States may also transfer up to 30% of the block grant for programs under the Child Care and Development Block Grant and Social Services Block Grant:
 - CCDF for At-Risk child care – (\$9.9 M)
 - CCDF for Head Start – (\$2.5 M)

TANF Expenditures FY 18



TANF Transfers to Child Care and Development Fund (CCDF)

| | |
|------------------------------------|----------------------|
| ■ At-Risk Child Care | \$ 9,852,895 |
| ■ Head Start Wrap-Around | \$ 2,500,000 |
| TOTAL TANF Transfer to CCDF | \$ 12,352,895 |

Local DSS TANF Funds

| | |
|--------------------------------|---------------------|
| ■ VIEW Administration | \$ 792,963 |
| ■ VIEW Program | \$ 2,500,000 |
| TOTAL TANF to Local DSS | \$ 3,292,963 |

TANF Expenditures FY 18 (Continued)



Employment Services

| | |
|---|--------------|
| ■ VCCS Job Training | \$ 526,104 |
| ■ Employment Advancement for TANF Participants | \$ 6,488,125 |
| ■ VIEW Purchased Services | \$ 1,304,383 |
| ■ Community Employment and Training Programs | \$ 1,333,271 |

| | |
|--|---------------------|
| TOTAL TANF Funded Employment Services | \$ 9,651,883 |
|--|---------------------|

| | |
|----------------------|---------------------|
| General Funds | \$ 8,574,807 |
|----------------------|---------------------|

| | |
|--------------------|---------------------|
| Local Funds | \$ 1,809,835 |
|--------------------|---------------------|

Source: Virginia Department of Social Services, Division of Finance, October 2018

TANF Surplus/Savings



- TANF funds not spent in any given year can be carried forward to following year.
- The block grant is a set amount and does not increase or decrease based on caseloads.
- There remains a structural imbalance in TANF funding; each year we are appropriating more than we receive in the block grant funding.

TANF Surplus/Savings (Continued)



- At the height of the recession, October 2011, Virginia was serving over 37,000 households per month (\$116M per year).
- Currently, Virginia is serving 18,287 households per month (\$68.4M per year).

TANF Challenges



- The challenge with TANF surplus/savings is making long-term commitments that may not be sustainable.
- If caseloads start to increase, Virginia must ensure that there is sufficient funding to meet the primary purpose of TANF – financial assistance and supportive services to eligible families and children in need.



FINDINGS

Welfare Stigma



Virginia Initiative for Employment not Welfare (VIEW)

- It is a sensitive issue for struggling parents to admit that they are receiving public assistance, especially when they are studying hard and attending education or training classes, but are not working yet.
- TANF VIEW participants must obtain signatures to verify classroom participation and program completion.
- Employers are skeptical about working with the welfare population.
- By changing the meaning of the VIEW acronym to Virginia Initiative for **Education and Work**, a more positive and uplifting paradigm will be created to show support of participants to get on their feet again.

Parent Education on Financial Literacy and School Readiness Options



Financial Literacy

- *Code of Virginia* § 63.2-226 requires that VDSS work with the Virginia Employment Commission and the Virginia Community College System to provide course(s) on financial literacy and implement a plan to communicate this to citizens receiving public assistance.
- Courses may be made available online or in the classroom.
- Courses must be free.
- These courses already exist, and information is provided on the VDSS, LDSS, and federal websites ("Money Smart," "Bridges Out of Poverty," Nansemond County's "Financial Literacy Education for Families," and Shenandoah DSS/Habitat for Humanity's budget and credit training program); however, there is no formal plan to disseminate this information.



Study How to Eliminate the Benefit Cliff

- The benefit cliff refers to the drop in public supports that occur when earnings go up.
- TANF participants who transition off of public assistance struggle to regain their self-sufficiency as their income does not adequately make up for the loss of benefits and services right away.
- Former TANF participants are no longer eligible for TANF, SNAP, child care, health benefits or other services due to a slight increase in income.
- Cliffs that exist over a range of earnings are frustrating for struggling parents and may create a disincentive to work more hours or take a higher-paying job.



Study How to Eliminate the Benefit Cliff (Continued)

The Cliff Effect

IMPACT OF LOSING WORK SUPPORT BENEFITS AS INCOME RISES

(Single parent with two children, one preschool-aged and one school-aged)



Source: National Center for Childhood Poverty/Columbia University

In this Colorado-based scenario, a single working parent with two children is shown breaking even with a combination of wages and work support benefits that include child care assistance, food stamps, Medicaid and income tax credits. However, as the parent's earnings rise, she begins to lose benefits, with child care assistance the largest by far.

The cliff effect occurs when even a modest increase in income leads to a complete termination of a benefit and a large net loss to the family.



More Parent Education on Child Care Quality and Resources

- Many resources are available on Quality Child Care in Virginia:
 - VDSS microsite: www.childcareva.com
 - Brief VDSS YouTube video - <https://www.youtube.com/watch?v=OjV5sRivmio>
 - VDSS's "Choosing Quality Child Care" Brochure
- Child Care staff need information on how to provide information on quality child care and low-income options during the limited time they spend with parents.
- LDSS staff and pediatrician's offices could show informational videos on quality child care and Virginia's options for income-eligible families.
- Smart phone applications on Virginia child care options and the importance of quality care could be shared with parents.

Workforce Development Programs



Road to Success in Virginia Program (RSVP)

- Funded through VDSS and coordinated by the Virginia Community College System.
- Provides TANF recipients with coaching and continuous supports to complete their education programs/degrees (transportation, child care, etc.).
- Funding for FY 19 is \$2M



Short-Term Credential - FastForward Program

- Complementary Program to the RSVP Program, which are both offered by the Virginia Community College System
- Serves people who traditional higher education programs leave behind to help create a pathway to a higher standard of living (income, health benefits, paid sick leave and vacation, etc.).
- To date, 11,138 short-term credentials have been earned, with the majority of students earning a 25-50%+ increase in wages after attaining their credential.
- \$9.5M (General Fund); could easily double this amount to serve all.
- 1 in 5 students received TANF or SNAP benefits before training.
- Annual income taxes paid by FastForward grads = \$4M+



Competitive Grants for Community Employment and Training Programs

- Some examples:
 - **Medical Case Management (MedVIEW)** – assists TANF recipients in obtaining medical, psychiatric, substance use or other care.
 - **Social Security Advocacy** – assists with multiple barriers/disabilities that preclude gainful employment for SSDI or SSI benefits.
 - **Formal Vocational Evaluation Services** – achievement, aptitude, interest testing to identify abilities, skills and vocational interests.
 - **Vocational/Career Counseling** – provides follow-up to vocational evaluation and identifies strengths, barriers, referrals.
 - **Supported Employment Services** – provides individualized assistance with significant employment barriers.



Subsidized Employment Program

- The Virginia Social Services System has people who need living wage jobs.
- Employers have in-demand positions that need skilled workers and are willing to provide short-term on-the-job training.
- Why not link the TANF participants to the high demand jobs with employers in need?
- Employers would pay living wages and fulfill their employee shortages.
- VDSS could develop a supportive program to link TANF recipients with employers in need.



- Aid categories and income eligibility requirements for TANF are not allowing VDSS to serve the intended population.
- Success measures should not be limited to job attainment, but rather by long-term earnings and self-sufficiency.



Federal Barriers to TANF Success

- TANF is being monitored for reauthorization (H.R. 5861).
- Some of the regulations are outdated and impeded the progress of TANF workers in assisting their clients to meet work and education requirements (e.g., faculty sign-off for education; types of training that count toward education requirements; number of hours needed for training, substance abuse counseling, and transportation limits, family interaction, etc.).
- The National Conference of State Legislators (NCSL) can review the regulations and recommend changes.



Training for TANF/VIEW Workers

- TANF/VIEW workers do not have annual mandatory training requirements.
- Child Protective Services, Child Care, Licensing, and Medicaid workers all have mandated annual training requirements.
- TANF/VIEW workers need training in job coaching, trauma-informed care, substance abuse characteristics and confrontation approaches, and other topics to meet the needs of their clients.



Eliminate Extensive Wait List for Fee Child Care

- Fee child care is available to income-eligible families who are employed or attending an approved education or training program, and for families receiving child protective services.
- Currently, there are 7,310 children on the waiting list for fee child care; this represents 4,356 families.
- Families who do not meet TANF eligibility requirements are already struggling and still cannot afford child care.
- Children are put in unsafe, unhealthy, and unsupervised situations.
- To eliminate the wait list completely, it is estimated to cost \$67.5M.



Extend Transitional Child Care

- *Code of Virginia* § 63.2-611 C. requires 12 months of transitional child care.
- Because recent changes to the Child Care Subsidy Program include families being eligible for services for a continuous 12 months and graduated exit provisions, more families in transition will likely go on a wait list for the Fee Child Care Program with limited Fee Child Care dollars.
- Extending the transitional child care period to 24 months gives former TANF recipients more time to become self-sufficient before assuming the full cost of child care.
- Average annual costs of child care in VA range from \$3,432 for after-school/summer care to \$16,900 for infant care.
- Quality care is often out of reach for low-income families.



Child Care Services During Approved Education/Training

- *Code of Virginia* § 63.2-611 C.1. does not allow funds to be used for Transitional Child Care when the former TANF recipient is in an approved education/training program.
 - Provides for up to 12 months of Child Care for former TANF recipients **who are employed** (Transitional Child Care).
- Transitional Child Care participants **must be working**.
- A Child Care *Code* amendment could allow funds to be used for child care when Transitional TANF recipients are in approved education/training programs leading to employment.



Phase-in the Co-Payment Increase

- Transitional TANF requires a co-payment for child care services.
- TANF recipients go from no co-payment on TANF to having a co-payment of 5% to 10% of their gross annual income in Transitional TANF.
- Recipients are ill-prepared to have the sudden cost of child care when they are struggling to make ends meet.
- Income has not kept up with inflation and the cost of living for the past several decades.



Child Care Provider S.T.E.P.S.

(Shared Training, Education and Professional Development Services)

- VDSS Pilot Program to establish a shared services network to support family day home child care providers.
- Network will expand the availability of quality care for infants, toddlers, children with special needs, and children needing care during non-traditional hours.
- Partnership between VDSS Division of Child Care and Early Childhood Development and JMU.
- Covers 3 underserved areas of the state: Piedmont, Western, and Eastern Regions.
- Provides assistance with business operations, training, Child and Adult Care Food Program application, resources, coaching, recruiting, etc.



DRAFT RECOMMENDATIONS

Draft Recommendations



Finding #1 – Welfare Stigma

The title “Virginia Initiative for Employment not Welfare” is demeaning and needs to reflect a more positive support system.

1. *Amend the Code of Virginia to rename the “Virginia Initiative for Employment not Welfare” (VIEW) to the “Virginia Initiative for Education and Work.” (This full title is currently found in the **Code of Virginia** Sections 2.2-435.8, 2.2-2472, 63.2-100, 63.2-601, 63.2-608, 65.2-101, 65.2-500, 65.2-502, and 65.2-512.)*
2. *Take no action.*
3. *Other options?*



Finding #2 – Parent Education on Financial Literacy and School Readiness Options

TANF recipients are not prepared financially to transition off of public assistance. Parents do not understand the child care options available for low-income families, nor the importance and characteristics of quality child care in order to be “school ready.”

1. *Request that the Virginia Department of Social Services present to the Commission on Youth the plan mandated by § 63.2-226. This Code section requires VDSS, in consultation with the Virginia Employment Commission and the Virginia Community College System, to develop and implement a plan to provide information regarding courses on financial literacy, offered online or through any other appropriate medium, to citizens receiving any form of public assistance that are available to such citizens at no cost to them prior to the 2020 General Assembly Session.*
2. *Introduce a budget amendment to provide funding for VDSS to implement self-sufficiency pilots to learn how to make the transition smoother for families and to minimize the “benefit cliff.” The purpose of the pilot is to develop supports that provide a pathway for self-sufficiency through earning a living wage. Pilot programs may allow TANF cash assistance payments to be adjusted depending on the amount of income and services a recipient receives. VDSS shall report its findings with recommendations to the House Appropriations and Senate Finance Committees and the Virginia Commission on Youth by November 15, 2020.*



Finding #2 (Continued) – Parent Education on Financial Literacy and School Readiness Options

3. *Support more parent education on quality child care and the Child Care Subsidy, Virginia Preschool Initiative, Early Head Start and Head Start Programs for low-income families. Support training for child care workers on how to approach parents about child care quality and available resources in the brief time that they have with parents. Encourage child care workers to provide information to families seeking child care assistance, including the child care microsite address (www.childcareva.com) with child development information, early intervention services, and the importance of quality child care; a link to a short video on child care quality (<https://www.youtube.com/watch?v=OjV5sRivmio>); and the VDSS brochure on “Choosing Quality Child Care.” Explore the possibility of creating a longer video or smart phone application on school readiness resources available and the importance of quality child care to be available to play on smart phones and in waiting rooms and lobbies (social services’ offices, birthing hospitals, pediatricians’ offices, etc.).*
4. *Take no action.*
5. *Other options?*

Draft Recommendations (Continued)



Finding #3 – Workforce Development Programs

Educational and job preparation programs to assist TANF recipients are underfunded and underutilized.

1. *Introduce a budget amendment to increase funding to the Virginia Community College System's "Road to Success in Virginia Program."*
2. *Introduce a budget amendment to provide TANF funding for the Virginia Community College System's standard credentialing program, "FastForward."*
3. *Introduce a budget amendment to increase funding for the competitive grants for community employment and training programs.*
4. *Request that VDSS study the subsidized employment program and develop a process that encourages more employers to be involved with the program. Efforts should be made to help link TANF/SNAP recipients to employers with jobs that are in high demand in the marketplace, especially those jobs that provide a living wage. VDSS should develop a process for connecting employers that are willing to provide short-term and intentional training programs that lead to success and self-sufficiency. Request that VDSS report to the Virginia Commission on Youth prior to the 2020 General Assembly Session.*
5. *Take no action.*
6. *Other options?*



Finding #4 – TANF Programming

Aid categories and success measures do not reflect the current TANF population, nor serve all in need.

1. *Request that VDSS study the different aid categories and income eligibility requirements for TANF. In addition, request that VDSS recommend outcome measures that go beyond work requirements. Success should be measured on long-term earnings and self-sufficiency. Request that VDSS report to the Virginia Commission on Youth prior to the 2020 General Assembly session.*
2. *Monitor the TANF Reauthorization: H.R. 5861. Work with the National Conference of State Legislators (NCSL) to recommend the elimination of outdated regulations that impede TANF workers in assisting TANF recipients to meet work and education requirements.*
3. *Take no action.*
4. *Other options?*



Finding #5 – Staff Professional Development

Virginia's TANF and VIEW workers are not prepared to meet the added demands of today's TANF clients.

1. *Support the Virginia Department of Social Services and the League of Social Services' Executives to continue their efforts on improving professional development for TANF and VIEW workers. Support recent efforts of the Department to provide job coaching training for TANF and VIEW workers through the community colleges. Encourage the Workforce Innovation and Opportunity Act (WIOA) workgroup to consider providing enhanced services for the TANF population through this workforce development initiative.*
2. *Take no action.*
3. *Other options?*



Finding #6 – Child Care Subsidies

Child Care Subsidies are underfunded with 7,310 children on the waiting list for fee child care.

1. *Introduce a budget amendment to gradually eliminate the wait list for fee child care participants. It is estimated that complete elimination of fee child care would cost the Commonwealth \$67.5M.*
2. *Amend the Code of Virginia (§ 63.2-611 C.) to extend transitional child care from 12 to 24 months. This would give former TANF recipients more time to become self-sufficient before assuming the full cost of child care.*



Finding #6 (Continued) – Child Care Subsidies

3. *Amend the Code of Virginia (§ 63.2-611 C.1.) to provide transitional child care to former TANF recipients participating in an education or training program leading to employment. This would allow former TANF recipients to receive child care services while they are earning a credential or degree to help them become self-sufficient.*
4. *Lower the co-payment scale for Transitional TANF child care cases, which currently requires recipients to go from having no co-payment to having a co-payment of 5% to 10% of their gross income, in order to help recipients gradually adjust to the cost of child care.*
5. *Take no action.*
6. *Other options?*



Finding #7 – Availability and Support of Quality Child Care

There are many child care deserts in Virginia where all families, and especially families eligible for child care subsidies, struggle to find quality child care, especially for odd-hour care, special needs care, and infant and toddler care.

1. *Request that VDSS present to the Commission on Youth an update on the Child Care Provider S.T.E.P.S. Program (Shared Training, Education and Professional Development Services) pilot, which seeks to recruit more family child care providers in underserved/rural areas, especially with odd-hour, special needs, and infant/toddler care, prior to the 2020 General Assembly Session.*
2. *Take no action.*
3. *Other options?*



Questions/Comments?

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