



Virginia Commission on Youth 2016 Legislative Studies and Initiatives

REVIEW OF VIRGINIA’S TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) PROGRAM

ADOPTED RECOMMENDATIONS IN BLUE

Findings/Conclusions	Adopted Recommendations
<p>Finding 1 – TANF recipients are not automatically guaranteed housing assistance.</p> <p>Housing affordability can be problematic for families receiving TANF benefits who are attempting to transition from welfare to work. Housing assistance enhances the effects of welfare reform strategies by promoting employment and increasing earnings. While some local public housing programs provide priority housing to certain individuals, e.g., domestic violence survivors who need to relocate due to abuse, TANF recipients are not prioritized for housing services. Moreover, income limits for these programs vary among localities so a TANF recipient may be eligible at a Housing Authority located in one locality but not another.</p> <p>The United States Department of Housing and Urban Development (HUD) sets income eligibility criteria for housing services based on the median income for each county or metropolitan area. Local Housing Authorities use income limits developed by HUD. There are two types of housing assistance, public housing and Section 8 (Housing Choice Voucher).</p> <p>Public housing comes in all sizes and types, from scattered single-family houses to high-rise apartments for elderly families. HUD sets</p>	<p><u>Recommendation 1</u></p> <p>Request the Virginia Department of Social Services (VDSS) evaluate the feasibility of establishing a TANF-funded emergency program to assist TANF families and families that received TANF support in the previous 12 months who require assistance paying for security deposits, utility deposits, and/or overdue rent to secure/retain affordable housing.</p>

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<p>the lower income limits for public housing at 80% and very low income limits at 50% of the median income for the county or metropolitan area in which the recipient resides. The Virginia Section 8 (Housing Choice Voucher) Program allows very low-income families to choose and lease or purchase safe, decent, and affordable privately owned rental housing. Participants may select a housing unit of their choice, provided these housing units meet the minimum program health and safety requirements. In order to qualify for the Virginia Housing Choice Voucher program, applicants must fulfil certain residency and income requirements. The Virginia Housing Choice Voucher program gives special eligibility consideration to the elderly, disabled and to families with children. The income eligibility threshold for the housing voucher program is 50% of the median income for the county or metropolitan area in which the family resides. By law, a public housing authority must provide 75% of its vouchers to applicants whose incomes do not exceed 30% of the area median income.</p> <p>As of 2014, the Virginia Housing Development Authority (VHDA) listed 9,807 families on local housing agency waiting lists. Of those responding, 682 households indicated they are handicapped or disabled. Over 98% of the total households on the local housing agency waiting lists reported to be extremely low to very low-income.</p>	
<p>Finding 2 – Access to child care is essential for TANF families and those transitioning from TANF to the workforce.</p> <p>After housing costs, child care costs can challenge the continued employment and self-sufficiency of low-income parents. Many families pay 30% or more of their income for child care. In FY 2014, the annual cost of child care in Virginia was \$10,458 for an infant, \$7,957 for a four-year old, and \$3,339 for a school-aged child. Child care is a significant component in helping TANF families become self-sufficient and in enabling the working poor to break the cycle of poverty.</p> <p>Virginia’s Child Care Subsidy Program, which is administered by the Virginia Department of Social Services (VDSS) and 120 local departments of social services (LDSS), provides low-income families</p>	<p><u>Recommendation 1</u></p> <p>Support the VDSS efforts to include a component within the Virginia Case Management System (VaCMS) that allows the seamless transition of the TANF child care subsidy from one local department of social services (LDSS) to another LDSS.</p>

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<p>with financial assistance for child care. The Subsidy is broken down into mandated services and non-mandated services.</p> <p>The following families are prioritized (mandated) for child care services:</p> <ul style="list-style-type: none"> • Virginia Initiative for Employment not Welfare (VIEW) & TANF working recipients; • TANF education and training recipients; • Transitional services for TANF/VIEW recipients; and • SNAP (Supplemental Nutrition Assistance Program) employment and training recipients. <p>In Fiscal Year (FY) 2016, 17,361 were served.</p> <p>Certain low-income families may also be eligible (non-mandated) for the Child Care Subsidy based on the extent funding is available and if the families meet certain eligibility and non-financial requirements. The following categories that are eligible for child care subsidy services dependent upon the locality's funding allocation:</p> <ul style="list-style-type: none"> • Fee Child Care – qualifying families who are not participating in VIEW/TANF working programs or not receiving TANF/VIEW transitional services; and • Head Start Wrap-Around Child Care – families are eligible for the subsidy due to their child's participation in Head Start. <p>In FY 2016, 21,394 children received child care services under this non-mandated category.</p> <p>The Advisory Group learned that there are waiting lists in many localities for Child Care Subsidy under the non-mandated category. As of August 2016, there were 11,877 families and 19,055 children on the statewide waiting list (TANF working families and VIEW participants are mandated and not put on waiting lists for the Child Care Subsidy).</p> <p>Families who are receiving the Child Care Subsidy and are not considered mandated may lose access to this benefit should they move from one locality to another. When Child Care Subsidy recipients move, they notify the new locality of their need for child care services. Child care services in the original locality cease and</p>	

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<p>the family reapplies in the new locality. These families are then placed on a locality’s waiting list, even if they were receiving the child care subsidy in the locality where they previously resided.</p> <p>The updated regulations for the Child Care and Development Fund (CCDF), the federal regulation that governs Virginia’s Child Care Subsidy Program, calls for states to maintain a family’s authorization for services should they move within the state. A workgroup convened by the Virginia Department of Social Services is currently working on this transfer process. TANF will migrate into the Virginia Case Management System (VaCMS) this fall. Both programs will be in the same case management system for the first time. This effort will allow cases to be transferred so that families will not need to re-apply for the subsidy.</p>	

Finding 3 – Virginia’s VIEW recipients receive a comprehensive array of supportive and transitional services that help them to maintain employment and achieve self-sufficiency.

Virginia’s TANF program is designed to help needy families achieve self-sufficiency. States receive grants to design and operate programs that accomplish one of the purposes of the TANF program:

1. Provide assistance to needy families so that children can be cared for in their own homes;
2. Reduce the dependency of needy parents by promoting job preparation, work and marriage;
3. Prevent and reduce the incidence of out-of-wedlock pregnancies; and
4. Encourage the formation and maintenance of two-parent families.

The Virginia Initiative for Employment not Welfare Program (VIEW) is the work-related portion of Virginia’s TANF program which requires participants to be employed or engaged in a work activity. There is a 60-month federal lifetime limit on receipt of TANF cash assistance. TANF recipients who are in VIEW receive 24-months of cash benefits, plus one year of transitional benefits. After this time period, they must wait two years before they can again qualify for TANF.

VIEW recipients will be discontinued from the program if their incomes increase above the 100% federal poverty level (FPL).

With a few exceptions, TANF recipients must participate in work activities. Upon entry into VIEW, the participant signs an Agreement of Personal Responsibility outlining the responsibilities of the client and agency. An employability assessment is then conducted which evaluates work history, education history, job skills, functional literacy level, and job readiness skills. An Activity and Service Plan is also developed, which indicates the activities the participant will engage in to obtain employment. Work activities include job search, job readiness, unsubsidized employment, subsidized employment, community work experience, public service, on-the-job training, vocational education, job skills training, English as a Second Language (ESL), Adult Basic Education (ABE) and the General Equivalence Diploma (GED). Core job activities include unsubsidized employment, subsidized employment, Community Work Experience Program (CWEP), on-the-job training, job search and job readiness

Recommendation 1

Introduce legislation/budget amendment to extend transitional services to Virginia’s VIEW recipients from 12 months for up to 24 months for recipients enrolled in an accredited post-secondary program for an industry-recognized license or certificate program, associate’s degree, or other college certification program. Transitional services would terminate upon completion of the program. VDSS will establish policies for the extension of transitional services that are consistent with current VIEW policies. Virginia’s TANF funds appropriated for expanded/discretionary services may be utilized to fund this expansion.

Recommendation 2

Request the VDSS, in conjunction with the Virginia League of Social Services’ (VLSEE) TANF/Employment Services Committee, review Virginia’s temporary medical exemption condition policies for VIEW cases. This review will include recommendations for improving Virginia’s existing temporary medical condition exemption determination and re-evaluation policies with focus on the goal of expeditiously transitioning TANF’s medically exempt cases to VIEW or facilitating their application to appropriate disability benefits programs. VDSS and the VLSSE’s TANF/Employment Service Committee will report findings and recommendations to the Commission on Youth prior to the 2018 General Assembly Session.

Recommendation 3

Request the VDSS to evaluate the feasibility of mandating training for LDSS workers who work with TANF recipients which incorporates best practices in working with TANF recipients and helping them achieve self-sufficiency.

assistance, public service, vocational education and training.

Funding for Virginia's TANF program is dependent on the Commonwealth meeting a 50% work participation rate (WPR). Failure to meet the WPR results in a five percent reduction in the TANF block grant, which is \$7.9 million. In federal FY 2014, the Commonwealth's WPR was 43.9%. Virginia's actual target was 32.3% because of Virginia's caseload reduction credit – a percent reduction in the required WPR for each percentage reduction in the TANF caseload since 2005. The Advisory Group learned that Virginia does extremely well with workforce participation and usually ranks in the top ten states to achieve employment for TANF recipients. According to VDSS, since 1995 there have been 251,499 TANF participants. Of this number, 240,356 participated in a work activity and 169,366 entered employment. For FY 2016, there were 21,041 TANF participants with 19,084 participating in a work activity. The number of TANF recipients who entered employment was 12,939. Their average monthly earnings were \$1,192.

TANF Supportive and Transitional Services

In addition to cash assistance, TANF recipients are eligible for a wide range of benefits and services addressing conditions and causes of economic and social disadvantage of children and families. The intent of providing these supportive services is to remove barriers to the individual's work participation and to stabilize employment. As noted previously, this includes child care if such assistance enables the individual to work. Other supportive services include medical assistance, transportation and/or work related expenses, and emergency intervention. According to VDSS, as of September 2016, 71.26% TANF recipients received Medicaid and SNAP benefits. Other services available to TANF recipients include energy assistance, housing assistance, Women's Infants and Children (WIC), and the National School Lunch/Breakfast Program.

In addition, transitional services are available for up to one year after TANF assistance ends. Transitional services that may be available when a participant's TANF assistance ceases are transportation assistance, child care assistance, employment, and training services. Medical assistance, including transitional medical assistance for

families with a working parent who becomes ineligible for TANF financial assistance because of increased earnings, is also available. Financial assistance of \$50 per month, if the participant is employed and is working at least 30 hours per week or more at the time of TANF closure.

Temporary Medical Condition Exemption to VIEW participation

All individuals must participate in VIEW unless otherwise exempt. There are eight exemptions to this work requirement. The exemptions include caregiving for minor children, enrollment in school or vocational training, a temporary medical condition that prevent entry into at least 20 hours per week of employment/training, an individual who is incapacitated, as determined by receipt of Social Security Disability benefits or Supplemental Security Income, an individual 60 years or older, an individual who is the sole caregiver of another member of the household who is incapacitated whose presence is essential for the care of the family member, and a six week exemption to a parent who has given birth to a child.

If the individual is unable to participate in VIEW for at least 20 hours per week because of a temporary medical condition substantiated by a medical statement, the eligibility worker must obtain a new medical and re-evaluate the exempt individual's incapacity immediately following the anticipated end of the incapacity originally noted on the medical statement. If the duration indicated on the medical statement is for longer than 12 months, or is identified as permanent, a new form must be obtained every 12 months.

As of April 2016, there were a total of 1,727 cases that were exempt from VIEW. Of this number, 1,433 were exempt from VIEW due the temporary medical exemption that prevents entry into at least 20 hours per week of employment/training (83% of exempt VIEW cases). Because the medical exemption requirement does not require work activity, many of these TANF recipients' barriers to self-sufficiency continue to mount. Recipients with severe medical exemptions may actually be eligible for Social Security disability benefits in lieu of TANF.

Use of Data

Human service programs may place focus on the administration of individual programs rather than the outcomes that those programs and services are intended to produce. Families are enrolled in the programs for which they are eligible and they receive a particular set of services. The services families receive may not be integrated with other programs nor utilize data to maximize results. Increased data sharing and analysis can allow for the identification of best practices in the administration of state programs and services, allow programs to be more efficiently and effectively administered, and be accomplished in such a way that assures the protection of individuals' privacy.

In May of 2016, Governor Terry McAuliffe signed Executive Directive 7 to leverage the use of shared data and data analytics among state agencies to improve services and outcomes, maximize the use of resources, and increase the return on investment of citizens' tax dollars. The directive requires a review of all Commonwealth systems, practices, processes, policies, applicable laws, and regulations governing the sharing of data across agencies. The Executive Directive also calls for the creation of an inventory of state agencies' data analytics assets, capabilities, best practices and data-sharing activities. The Secretaries of Technology and Finance and Chief Information Officer are to report their findings from this effort no later than October 15, 2016.

Finding 4 – Virginia's locality groupings need to be re-assessed to ensure they are keeping up with current costs of living.

Eligibility for TANF is dependent upon a variety of factors including the families' income and the total number of dependents in the household. In addition, Virginia has a three-tiered locality grouping structure to establish payment amounts for the TANF program. Virginia's locality grouping structure was established in 1974 and is based on the shelter costs in localities. Each locality is placed in a locality grouping which determines payment levels for recipients of TANF in that locality. Therefore, monthly TANF assistance payments are based on the number of eligible persons in the assistance unit and the locality grouping in which the family resides. A family of three in a locality designated Group I receives a standard of assistance in

Recommendation 1

Take no action.

the amount of \$307. A family of three in a locality designated Group II receives \$336. A family of three in a locality designated Group III receives \$409.

The Advisory Group learned that the current system might not reflect the current cost- of-living in some of Virginia’s localities. However, modifications made to Virginia’s locality groupings would increase the amount of public assistance a substantial number of TANF recipients would receive. This would have a fiscal impact. Additionally, the General Assembly appropriates TANF funds instead of General Funds for other eligible programs. The TANF appropriations to these expanded programs will likely have to be reduced if modifications to the current locality grouping structure are made.

Pursuant to 22VAC40-293-20, a locality may individually approach the Virginia Board of Social Services and petition for a change of the standard of assistance locality groupings by approval of the state board. The local board of social services shall request the change in writing to the State Board of Social Services and provide information on fair market rent data along with a comparison of shelter costs in the petitioning locality and adjacent localities.

Finding 5 – There is a structural imbalance in TANF funding.

In Virginia, TANF is funded through an annual \$158.2 million federal block grant. The Commonwealth 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 General Funds known as Maintenance of Effort (MOE.) This represents 75% of the amount the state spent on welfare spending in 1994. A significant portion of TANF funds (\$74.9 million) goes to direct services to families under purposes 1 and 2. State and local state operations are \$53.6 million and \$2 million is reserved for a new eligibility system. States may also transfer up to 30% of the block grant for programs under the Child Care and Development Block Grant, also called the Child Care and Development Fund (CCDF) and Social Services Block Grant (SSBG). Virginia has transferred \$15.6 million to the CCDF for At-Risk Child Care and \$2.5 million for Head Start. Virginia has also transferred \$6.4 million to the SSBG for local start support and \$9.4 million for services under Virginia’s Children’s Services Act (CSA). This totals \$33.9 million of TANF funds transferred to both of these federal grants.

According to the Administration for Children and Families, in FY 2015, Virginia spent approximately 60% of TANF and state MOE on the combination of basic assistance which includes work, education, and training activities as well as child care. The remaining funds were for program management, transfers to the SSBG, other activities, and non-recurrent short-term benefits. Twenty-five states spent less than half of their TANF and MOE funds combined on these activities.

In addition to the TANF cash assistance program administered by LDSS, TANF can be used to fund a variety of programs and services known as “expanded funding.” These programs must meet at least one of the four purposes of the TANF program and provide services to both families receiving TANF and to other low-income families who have transitioned off the TANF cash assistance program, or are at risk of becoming TANF recipients. Expanded funding is allocated from the TANF block grant and was over \$21 million in both FY 2017 and FY 2018. Expanded funding is currently appropriated for the following programs:

- Healthy Families (\$9.0 million)

Recommendation 1

Support the General Assembly’s efforts that ensure that Virginia’s TANF program is adequately funded and ensure that the primary purposes of TANF are maintained.

- Domestic Violence Grants (\$3.3 million)
- Community Action Agencies (\$4.25 million)
- Comprehensive Health Investment Project (\$2.4 million)
- Boys and Girls Clubs (\$1 million)
- Resource Mothers (\$1 million)
- Earned Income Tax Credit (EITC) Grants (\$185,725)

FY 2016 closed with a TANF surplus/savings of \$70.5 million. However, there remains a structural imbalance in TANF funding and the challenge with the TANF surplus is making sure that long-term commitments are sustainable. Projected surpluses/savings for FY 2017 were \$48.1 million and in FY 2018 were \$20.7 million. Virginia is overspending \$20 million over the federal TANF appropriation each year. In FY 2019, Virginia may have a deficit if TANF funding remains at current levels and if caseloads start to increase. It is critical to remember that the Commonwealth must ensure there is sufficient funding to meet the primary purpose of TANF, financial assistance and supportive services to needy eligible families and children. If there is a recession, funds appropriated to programs pursuant to these purposes could lose funding to fulfill the primary purposes of TANF.