

Response to June 2018 OPEGA Report on TANF Program

Good morning Senator Katz, Representative Mastraccio, and members of the Government Oversight Committee, thank you for allowing me to share some remarks with you today. My name is Sandy Butler. I live in Orono and am a professor at the University of Maine in the School of Social Work. I have been conducting research on the impact of social welfare policies on low-income individuals and families in Maine for over 25 years, including those who have received Temporary Assistance for Needy Families (TANF).

I have had a chance to review the report completed last month by the Office of Program Evaluation & Government Accountability (OPEGA) regarding changes in the TANF program since 2011. The report documents the dramatic decline in enrollment, falling approximately 70% between 2010 and 2017. The most significant drop in TANF enrollment happened after the 2011 statutory change, imposing a 60-month time limit, was implemented in 2012. Prior to this time, Maine was in compliance with federal law and did have a 60-month time limit on receipt of TANF, but recipients were allowed to continue to receive assistance if they complied with all program rules. I am concerned that the OPEGA report does not address the outcomes of this strictly imposed time limit for Maine families—all of whom include children.

The strict 60-month time limit began 6 years ago in June 2012. In the first four months, 1,500 Maine families, including 2,700 children, lost assistance. I had the opportunity to conduct a study in those early months after the time limit was imposed.¹ Surveys were distributed to agencies serving low-income families and sent to families known through past research to have potentially received TANF benefits for 60 months; 54 usable surveys were returned and the findings I discuss today were based on those surveys and in-depth telephone interviews with eight respondents.

Among the respondents, two out of five had a work-limiting disability and one in four had a child or other dependent with a disability. We know from a 2010 random sample survey of TANF families, that the level of disability in families receiving TANF for 60 months or longer is 90%²; so it was curious and concerning that less than 20% of families terminated from TANF due to the time limit law in 2012 received a hardship extension. One quarter of the respondents of the 2012 survey did not know they could apply for an extension, and those who did know, were frequently discouraged from doing so by a Department of Health and Human Services (DHHS) worker. The OPEGA report notes that over 42% of hardship extensions were denied in 2012 and that the rate has increased to 53.1% in 2017. This would not include those individuals who did not know they could apply or who were discouraged from doing so. I would submit to

¹ Butler, S. (2013). *TANF time limits and Maine families: Consequences of withdrawing the safety net*. Retrieved from Maine Equal Justice Partners website at: <http://www.mejp.org/sites/default/files/TANF-Study-SButler-Feb2013.pdf>

² McLaughlin, J.C. & Butler, S. (2011). *Families in focus: Moving beyond anecdotes: Lessons from a 2010 survey of Maine TANF families*. Retrieved from Maine Equal Justice Partners website at: www.mejp.org/sites/default/files/tanf-report.pdf

you that the hardship extension policy is not being adequately implemented, and consequently, many families are suffering.

At the time of the survey—a few months after they had been terminated from TANF—the median income of respondents was \$260 per month—about 16% of the federal poverty line—and 40% of the respondents had no income at all. Respondents, who were not employed, faced significant barriers to employment including the respondent’s own health problems or need to care for a family member with a disability, low education levels, lack of transportation or affordable child care, and a scarcity of jobs near where they lived and for which they were qualified. The families were already experiencing severe hardships when they completed the survey in 2012, and again, I remind you that these are all families with children. After losing assistance, 70% had had to go to a food bank; more than one in three had lost a utility service; and one in five were evicted from their home, having to relocate to overcrowded or substandard living conditions, or to a homeless shelter.

Over 40% of the respondents to the 2012 survey had less than a high school education; this is four times the rate of Maine’s adult population and partially explains why such families have difficulty finding employment or earning livable wages. Less than one quarter of the survey respondents reported that they or someone else in their household had been working at the time of losing TANF, and the jobs they held were generally part time, with participants working an average of 20 hours per week. In the first five months after losing TANF, the number of employed individuals increased only slightly (from 24.1% to 31.5%), and the average number of hours worked increased by only three. Research carried out by the Maine Office of Policy and Management in 2017 revealed that one third of the families terminated from TANF due to the time limits in 2012 had no earned income in the next five years, and two out of three had no wages in the fifth year after termination.³ Given these outcomes of the time limit law, it is no mystery that deep child poverty rates in Maine have increased while they have decreased nationally. Although the country as a whole has reduced the number of children living below 50% of the federal poverty line—about \$850 per month for a family of three—by 4.2% since 2011, in Maine, the number of children living in such destitute families has increased by 13.6%.⁴

In 2013, I completed in-depth interviews with 13 of the 2012 survey respondents to see how they were doing one year later,⁵ at which time 6,000 children had lost TANF assistance due to the time limit law. This 2013 study further indicated that the implementation of strict time limits and the incorrect and uneven administration of legitimate claims for extensions did not create a

³ Maine Office of Policy and Management. (2017, May 25). *Wage and employment outcomes of TANF participants closed for time limits*. Augusta, ME: Author. (I was unable to find a current link to this report.)

⁴ Maine Equal Justice Partners. (2018). *Support LD 1774: Reduce child poverty in Maine by increasing access to education and training for parents*. [A fact sheet]. Retrieved from: www.mejp.org/sites/default/files/LD1774_LIFT_Factsheet-Jan2018.pdf

⁵ Butler, S.S. (2014). *TANF time limits, one year later: How are families faring*. Retrieved from the Maine Equal Justice Partners website at www.mejp.org/sites/default/files/TANF-Time-Limits-March2014_0.pdf

pathway to opportunity, but rather left families to struggle without homes, heat, running water or income, and, perhaps most sadly, to sometimes be separated from their children. Let me tell you a bit about what happened to a few of the people I interviewed.

Leo was 55, widowed and caring for his nine-year-old grandson. For a year, he and his grandson lived with no income before he received SSI for physical disabilities in April 2013. They went without power for three months during that time. He stated, "I didn't have money for over a year, so everything was so backed up. Just trying to get everything caught up is running me ragged."

Jane, had three young children, two of whom were under age 6. Her husband received SSDI and SSI for paranoia schizophrenia. His condition had worsened after they lost TANF, leading him to be hospitalized more frequently. Jane worked a part-time job and depended on her husband to provide childcare, something she could not always count on. "The hardest thing is if he gets hospitalized and I don't have a sitter. I'm forced to call out of work myself, which isn't good for our financial situation." Jane, who did not have a driver's license, worked per diem doing housekeeping at a nursing facility within walking distance of her home. When she was unable to work due to her husband's condition, she not only lost pay, but was also jeopardizing her job. Jane found, when looking for work, that she did not have the skills to earn a livable wage.

Marta, age 45, lost her Section 8 housing after a fire. She sent her younger daughter, who was disabled, to live with her daughter's father, and Marta and her older daughter moved in with a friend in another town. This meant she lost her part-time work caring for her mother through the Alpha One program. At the time of the interview, Marta and her daughter were sleeping on couches without a home of their own. Marta had just begun a job at a fast food restaurant located within walking distance of where she was living. She earned \$8 per hour and expected to work about 30 hours per week, once her training was complete. In addition to bipolar disorder and arthritis in her back that had limited her ability to work in the past, she had a degenerative condition in her elbow. She said, "my doctor says I need surgery on my elbow, but said it was going to be a three or four month recovery. And I said that I can't do that. I'm the only income." When asked how she was managing working the nearly full-time job, she said "I push through the pain to work. I have no choice right now."

Sarah, who had one child and a GED, had been working part time as a cashier when she was terminated from TANF, but was unemployed at the time of the 2012 survey. She recalled, "I lost that job. I had gotten hurt on the job. They let me go." She had been looking for employment ever since. She was hired briefly at a restaurant, but her lack of transportation made that job unsustainable. She said, "That didn't work out. I was there two weeks. They didn't want me because I don't drive. I have to take the bus. One time I was late because of the bus schedule and that was it." Sarah struggled with several mental health conditions including depression and anxiety and had tendonitis in her hands and ankles. She reported that she had applied for employment at all the places within walking distance of her home, but that she needed more training to get a job.

Wendy was 32 and had three young children under age 5. One of her children had special needs. She had just started a new job when her TANF benefits were terminated. Unfortunately, losing

TANF also meant that she lost the childcare and the travel support that allowed her to work. She had a 45-minute commute to the new job; and childcare on her income was unaffordable so she lost the job and her family became homeless. She was told by DHHS that homelessness did not qualify her for a TANF extension. In 2012, Wendy responded to the survey but was unable to do a follow-up interview because her phone access was very limited, and two of her children had contracted pneumonia at the homeless shelter and had been hospitalized. We made brief contact with her again in 2013. She reported that DHHS had taken her children and that she was couch-surfing. Her highest priority was doing whatever she could to get her children back.

Five years have passed since these interviews. I do not know of any more recent attempts to find out how the families who have lost TANF assistance are faring. We know from DHHS's own reports that most are not working consistently, nor receiving extensions. We know we have an extremely high rate of food insecurity in our State and child poverty rates are increasing. I believe we have failed one of the most vulnerable populations in Maine. I would advocate an in-depth study on the consequences of the time limit law for terminated families. For example, how does living with no income impact children? I would also encourage the Committee to call for a review of how the hardship extensions are being administered. Do families know they can apply for such extensions? Are they encouraged to apply by DHHS workers? Are families' situations being fairly assessed?

Thank you, Senator Katz, Representative Mastraccio, and members of the Committee for this opportunity to speak with you about the effect of Maine's 2011 TANF 60-month time limit law on families who have lost assistance. I am happy to answer any questions.

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July 26, 2018

**Testimony of Rep. Colleen Madigan
Before the Joint Standing Committee on Government Oversight**

Esteemed members of the Government Oversight Committee, I am Representative Colleen Madigan. I represent House District 110, which includes parts of Waterville and Oakland.

I have been a social worker for over 25 years, and I sit on the Health and Human Services Committee.

I am here today to share insights and information regarding questions you have raised about Maine's TANF program.

TANF(Temporary Assistance to Needy Families) replaced AFDC(Aid to Families with Dependent Children) in 1997. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996(PRWORA) was the landmark legislation that did that. We have had over 20 years to evaluate this federal law. It is of particular interest to me because it passed while I was in graduate school for social work and we studied it in class.

But first, a little history. The legislation creating AFDC was passed in 1935 during the Great Depression. It recognized the depths of poverty families were facing during our country's greatest economic crisis. In 1935, women were not in the workforce in the numbers they are today. This was before WWII and the time of Rosie the Riveter. This was before women were expected to work outside of the home.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 recognized this and made work a part of the goals.

When this act passed in 1996 we had a different economy. It was the go-to 90's. The advent of the internet and other technologies were driving our economy. Since that time we have had the post 9/11 dot-com bust recession of 2001 and the recession of 2008.

5 year lifetime limits were part of the PRWORA, but every state was able to exempt a portion of its caseload. Many states focused on addressing urban poverty. In Maine, we had different issues and we focused on addressing families in poverty impacted by substance abuse and domestic

violence. Since the imposition of the strict 5 year limit, Maine has seen deep childhood poverty increase by 13.6 percent. And the problems of substance abuse and domestic violence have not gone away.

The question of decreased demand for TANF is really a question of what is going on with families in poverty.

It is also tied to the economy. The data indicated an increase in childhood poverty as I stated previously. But the data also indicates a decrease in TANF in 2011 and 2012 while we were still in the recession.

In recessions, people lose their jobs, they get laid off. Businesses close. For those former TANF recipients, if they had previously reached their 5 year limit and lost their job during the recession, they would not be able to reapply for TANF.

Many families who have received TANF are headed by adults who are most likely to lose a job in an economic downturn. They may not have a high school diploma or a degree or advance training of any kind. They or their children often have health or mental health conditions that do not meet the full criteria for disability under social security. This impacts the ability to find work that fits with the needs of their families,. I encourage you to consider the impact of the economic cycles and the impact of increased childhood and rural poverty in considering TANF.

The jobs available today are much different in Portland than they are in North Anson, Albion or Cherryfield.

Thank you for your time. I would be happy to answer any questions you may have.



Public Comment on the OPEGA Report on the Temporary Assistance for Needy Families Program
Claire Berkowitz, Executive Director of the Maine Children's Alliance
July 26, 2018

Senator Katz, Rep. Mastraccio and esteemed members of the Government Oversight Committee, my name is Claire Berkowitz and I am the Executive Director of the Maine Children's Alliance. The mission of our organization is to advocate for sound public policies and promote best practices that improve the lives of Maine children, youth and families.

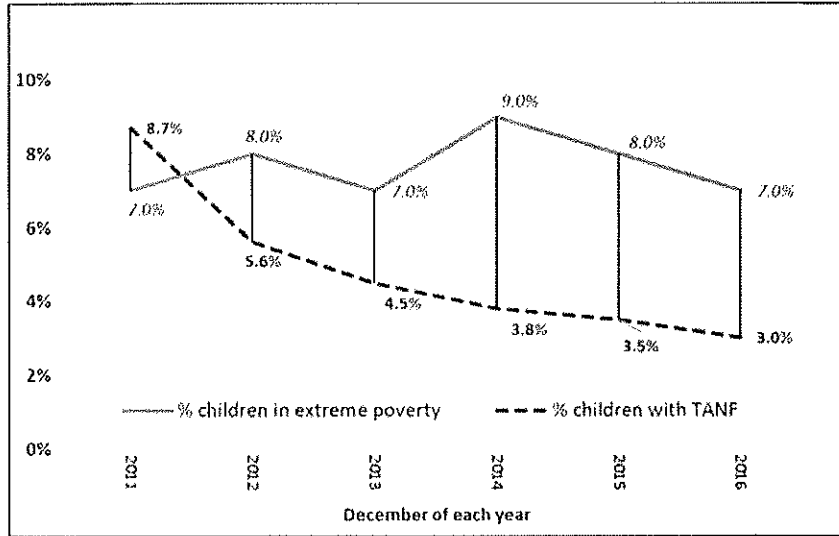
When we ensure that all children have equal opportunity for healthy growth and development, we are making long-term investments in the future prosperity of our state. If we are to take seriously our role as stewards of the next generation, we must make smart and sustainable commitments to fostering the health and well-being of our youngest neighbors. We know that children's brains are literally being built in the early years, and it is stable, consistent relationships with caring adults at home and in their communities that are the building materials.

That's why efficient, wise and timely investments in the early years can pay dividends later in improved health and learning outcomes. But when children and their families who face significant adversity are not provided the support they need to thrive, we are undermining not only their futures, but the future of our state, as well. Therefore, it is imperative that our programs and policies ensure strong foundations for our children's futures.

When families live in poverty, especially extreme poverty, they experience significant stress and hardship due to a lack of basic necessities, such as stable housing and food, and this trauma extends to their children as well. These adverse childhood experiences can cause toxic stress in young children, resulting in significant negative repercussions for their development and long-term success. We can't afford to let this happen in our state.

The overall goal of the TANF Program is to protect the wellbeing of children in need while preparing their parents for financial independence through employment. Since the statutory changes were enacted back in 2012, the Maine Children's Alliance has been greatly concerned about the decline in the number of our children living in poverty who receive TANF assistance. Our KIDS COUNT data indicates that in 2016 more than twice as many Maine children lived in extreme poverty than received TANF, a shift from 2011 when slightly more children received TANF than were living in extreme poverty.

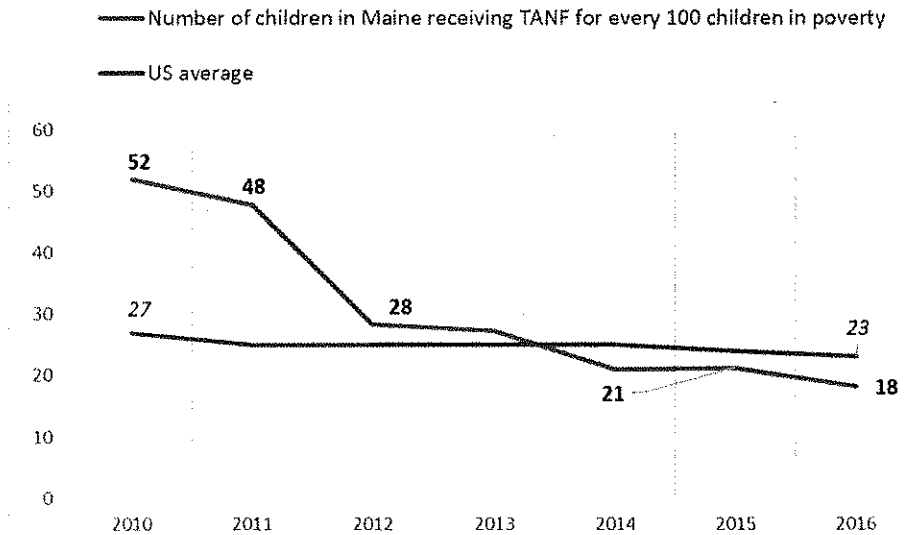
In Maine, TANF no longer helps even HALF of Maine's poorest children



Source: KIDS COUNT Data Center (datacenter.kidscount.org)

We used to do better by our children living in poverty in Maine. In 2010, for every 100 Maine children in poverty, 52 received cash assistance from TANF — that is down to just 18 children in 2016. Maine's "TANF-to-poverty ratio" (TPR) is now lower than the national average on this measure and Maine lost more ground from 2010- 2016 than any other state. Studies in Maine and elsewhere have shown that reducing the number of families who receive TANF by making changes to eligibility and work requirements does not help families enter or return to the workforce. Instead, families suffer severe hardships, including hunger and eviction.^{i,ii}

Only 18 out of 100 children in poverty in Maine receive TANF support, down from 52 in 2010



Source: Maine KIDS COUNT Data (datacenter.kidscount.org) and <https://www.cbpp.org/research/family-income-support/policy-brief-tanf-reaching-few-poor-families>

While the OPEGA report assesses what happened in terms of the decisions made regarding the statutory changes and administration of TANF funds during this time-period, the question that we are most concerned about at the Alliance is not adequately addressed in the report. We want to know what happened to the children who were no longer able to access basic assistance because of the changes to the TANF program since 2012.

Are these families thriving after exiting from the TANF program? While a recent report from DHHS claims that employment and earnings grew and the families subject to the time limit are faring betterⁱⁱⁱ, analysis by the Center on Budget and Policy Priorities found that the state report ignores the fact that most terminated families were unable to replace the steady income they received from TANF with earnings^{iv}.

So again I ask, what happened to the children in these families who went from at least having TANF support to no income at all? Are more children homeless or receiving their meals from soup kitchens? Maine ranks 34th in the country in childhood food insecurity, so we know our kids are hungry. Are any of these children victims of neglect and involved in our child welfare system as a result of not having their basic needs met? How has the withholding of cash assistance from children who need the support shifted costs to other parts of government - our child welfare system, our schools, our physical and behavioral health care systems? How much of TANF funds are now being used to supplant general fund expenditures?

TANF is the only federal program that provides cash assistance to the poorest Maine families. In addition, the goal and focus of TANF needs to address the costs of child care, transportation, and helping parents get reliable, good-paying jobs. While we understand that a portion of the unspent TANF funds will be used to pay for much needed increases in the cash benefits received by families, we believe the surplus should be spent on effective programs that will have a direct and measurable impact on reducing childhood poverty, such as:

- Improve screening and assessment of TANF families to identify health conditions and other barriers to employment;
- Implement standards and procedures to ensure more effective administration of “hardship” extensions to the TANF time limit;
- Establish a hardship extension for those reaching 60 months who are still unable to find employment through no fault of their own;
- Transparent and measurable outcomes to show efficacy of work training programs.

Maine’s future rests with how we invest in our children. By removing families from TANF support based on strict time limits and sanctions we have helped to create a system in which children will face adverse circumstances that will affect them for the rest of their lives. And in the long run, this will cost the state more money. Instead, we must begin to understand and invest our TANF dollars accordingly, through an understanding that by supporting families, we support the children who are the foundation of our future success, and who are counting on our commitment to ensuring that foundation is a strong one.

ⁱ <https://www.mejp.org/sites/default/files/TANF-Study-SButler-Feb2013.pdf>

ⁱⁱ <https://www.cbpp.org/research/family-income-support/life-after-tanf-in-kansas-for-most-unsteady-work-and-earnings-below>

ⁱⁱⁱ https://www.maine.gov/dhhs/archivednews_autosearch.shtml?id=755014

^{iv} <https://www.cbpp.org/sites/default/files/atoms/files/8-15-17fis.pdf>



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**Comments of Shawn Yardley
On behalf of Community Concepts, Inc. and the Maine Community
Action Association**

To the Government Oversight Committee

**On the OPEGA Report on Temporary Assistance for Needy Families
Program (TANF)**

July 26, 2018

Senator Katz, Representative Mastraccio, and members of the Government Oversight Committee, my name is Shawn Yardley and I am the CEO of Community Concepts, Inc. (CCI). I am here today on behalf of CCI and the Maine Community Action Association (MCAA).

CCI is a community action program (CAP) serving Androscoggin, Franklin and Oxford Counties. MCAA is comprised of Maine's ten CAPs. The CAPs' mission is to eliminate and alleviate the causes and conditions of poverty by assisting low-income individuals to move toward self-sufficiency. Each year we serve 150,000 Maine residents providing a variety of services, including Head Start and child care, housing assistance, transportation services, home heating assistance, home repair and weatherization.

Our mission requires that CAPs work closely with the population served by TANF. The purpose of my testimony is to comment on the reasons we believe TANF enrollment has been reduced, the impact of reduced enrollment and Maine's decision not to fully expend TANF funds on low-income Maine families, and our comments on the OPEGA study and its recommendations.

TANF Enrollment Reduction

As the OPEGA report notes, TANF enrollment rose from 2007 to 2010 and has been steadily declining since then. The overall decline from 2010 to 2017 is 70%. MCAA members see several reasons for the decline:

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1. State law changes, including the strict 60 month limit and full family sanctions;
2. The complexity of the TANF eligibility determination standards; and
3. The aggressive campaign to shame people who apply for public benefits.

MCAA opposed the law changes when they were enacted in 2011. With respect to the 60 month limit, we argued that Maine's existing standard with a limit that could be waived when appropriate was the correct policy. We also pointed out the harm full family sanctions would impose on children through no fault of their own. Subsequent research has shown families suffered severely after removal from TANF. Sandy Butler, a professor at the University of Maine, looked at a group of terminated families and found little improvement in employment and considerable hardship (www.mejp.org/sites/default/files/TANF-TIME-Limits-Study-March2014.pdf).

MCAA members work with families every day encouraging them to access available supports. The complexity of a program can deter individuals from applying. Because TANF eligibility and benefits in Maine vary depending on a variety of factors, including family size, income, and deprivation, it can seem daunting. When prominent members of the public are scapegoating "welfare recipients" it creates another reason not to act. The result can be that individuals simply do not apply for benefits for which they are eligible.

One of the most important parts of CAP work is spending time with families, earning their trust, and assisting them in accessing programs to benefit themselves and their families. Time and staff constraints inevitably limit our ability to do this work. It's my understanding state case workers have large caseloads and even less time to work with applicants, time that is necessary to overcome their reluctance to apply.

It is clear that TANF is not reaching every household who needs assistance. Just a quick look at the number of children in poverty makes that clear. The 2017 Maine Kids Count Data Book (<http://www.mekids.org/assets/files/databooks/2017/2017MEKkidsCount.pdf>) indicates that as of 2015 17.5% of Maine children were living in poverty (43,000 children), including 19.5% of children under 5 (12,000 children). Yet in 2015, only 6,000 families were enrolled in TANF basic assistance.

Impact of Reduced Enrollment and Limited Spending on Maine Families

MCAA member agencies work with these families every day, providing them with WIC benefits, heating assistance through HEAP, transportation, workforce development, housing and a host of other services. Many parents and children participate in Head Start, which provides early care and education and family supports. We simply do not have the resources to meet all of the needs of these families. There is a 1,000 child waiting list for Head Start. Most of our transportation funds are limited to specific purposes, such as health care transportation, so we must regularly refuse requests for travel to and from work or to address other basic needs. The state recently created a single affordable housing waiting list for public housing authorities and it has 12,000 households, many of whom are low-income working families.

As a result, Maine families suffered needlessly by the decision to not fully spend available TANF dollars. Most obviously, more families could have been made eligible for basic assistance and received regular financial support to help keep themselves and their families fed, clothed,

and housed. And there are many other ways TANF could be used that would also be beneficial. I can offer three specific examples.

First, transportation. As mentioned above, many low-income families struggle with lack of access to transportation. If not on a regular public transportation route, having a car is essential, but vehicles are expensive to purchase, insure, and operate. Every one of our agencies has worked with someone who has had to give up or was fired from a job due to lack of access to reliable transportation. TANF can help. The TANF reform bill passed in 2017 will establish a Working Cars program to provide reliable automobiles to TANF eligible families.

The second example is home heating. The 2017 TANF reform bill included an additional subsidy on top of the regular HEAP benefit for TANF eligible families. The Maine State Housing Authority, our partner in the HEAP program, began distributing the supplemental benefit this winter, helping keep families warm and easing pressure on their household budgets.

Finally, MCAA member agencies are strong champions of the two-generation approach, which seeks to provide assistance to both children and their parents. DHHS, to its credit, is using TANF funds to support the Family Futures Downeast Program, which implements a two-generation approach in Washington County. That approach can and should be applied more broadly around the state.

I could go on. TANF could be used for Head Start, child care, job training, and a host of other needs, but I'm sure you get the point.

When thinking about the state's failure to utilize available TANF resources, it is important to remember that this will have long-standing negative impacts on Maine children and their families. By failing to act, the state not only left families to suffer in poverty, struggling to meet their basic needs, it limited their future prospects in ways that will harm them and the larger Maine community for years to come.

The Center for Budget and Policy Priorities recently did a review of literature on the impact of cash payments, including TANF, on children (<https://www.cbpp.org/research/family-income-support/tanf-cash-benefits-have-fallen-by-more-than-20-percent-in-most-states>, see box immediately following Figure 3). They concluded that "bolstering family income can help poor children catch up in a range of areas." Specific findings related to greater financial assistance included improved academic performance, greater educational attainment and higher earnings in adulthood.

OPEGA Study and Recommendations

MCAA has reviewed the OPEGA study and commends them for gathering a great deal of solid information on the history of TANF over the past decade. The report clearly documents the decline in TANF enrollment, changes in TANF expenditures, and the failure to expend available resources.

MCAA supports the OPEGA recommendations, namely:

- Internal documentation for TANF spending decisions
- DHHS annual TANF reporting requirements to the Legislature
- Performance measures to evaluate the performance of TANF-supported programs and services

On item two, we would note that the old TANF reporting requirement has been repealed so an entirely new requirement needs to be placed in statute.

However, the primary concern MCAA has about the TANF funds is making sure that available resources are utilized to help low-income Maine families. Anything else is failing to properly save Maine people and will lead to families and children failing to live up to their full potential.

As discussed above, there are many ways to utilize TANF resources. MCAA would recommend that available funding be focused on expanding the number of families receiving cash assistance and on increasing the use of the two-generation model. It has proven itself in Washington County and should be expanded statewide.

Thank you for your time and attention today. I would be happy to take any questions.



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**Comments of Joby Thoyalil, Maine Equal Justice Partners, in Response to OPEGA
Report on Temporary Assistance for Needy Families (TANF)**

July 26, 2018

Good morning Senator Katz, Representative Mastraccio and members of the Committee on Government Oversight. My name is Joby Thoyalil and I am a senior policy analyst at Maine Equal Justice Partners. We are a civil legal services organization and we work with and for people with low income seeking solutions to poverty through policy, education and legal representation.

As an organization, we have extensive experience helping Maine families navigate the Temporary Assistance for Needy Families (TANF) program. As such, we were keenly interested in OPEGA's evaluation. We appreciate the work that went into the report and commend OPEGA staff for learning so much about this complicated program in a relatively short period. However, given that this is an evaluation of the State's TANF program, it is missing important information needed to understand the effectiveness of recent policy and administrative changes.

70% Caseload Decline

OPEGA found that two statutory changes were "primary contributing factors" to the approximately 70% decline in the TANF caseload between 2010-2017. One was the strict 60-month lifetime limit and the other was the imposition of "full family sanctions" for family contract violations. This finding confirmed our long-held suspicions, as our staff have witnessed first-hand many families lose assistance for basic needs due to these two specific policies. We were dismayed to see that OPEGA did not attempt to analyze what the impact of these policy changes were on the parents and children who lost assistance as a result of them. This to us is a significant omission. Any evaluation of TANF should ask about and look at what happened to low income families with children. We hope that this question would be of paramount interest to policy makers.

According to State law, the goal of Maine's TANF program is to promote "family economic self-support" (22 MRSA §3762). We know from experience that these two policies did not achieve this goal for many families and instead plunged them deeper into poverty. While the Department

of Health and Human Services (DHHS) does not track economic outcomes for families who leave TANF, we do have some evidence that these policies have not resulted in positive outcomes for many, if not most, families impacted by them. Professor Sandra Butler at the University of Maine looked at the experience of a group of TANF families terminated as a result of the new 60-month time limit over the two years following their termination and found that there was little positive impact on employment and that these families suffered considerable hardship.¹ More recently, the Governor's Office of Policy and Management issued a report last year with data on earnings outcomes for a selection of parents whose TANF cases were closed in 2012 due to the 60-month time limit. While the report concluded that some of the parents experienced higher earnings after being terminated, a further analysis of the same data showed that most of those with higher wages still earned less than the poverty level and more significantly, two thirds of everyone represented by the data had no wages at all in the fourth year following termination from TANF. A third of the families had no wages at any time in the five years after they were terminated from the program.² This speaks to the severe barriers that families impacted by the lifetime time limit face to becoming economically self-sufficient.

As mentioned earlier, the second policy change was the imposition of full family sanctions. This meant that instead of penalizing only the parent for not complying with a program rule, the entire family would lose assistance including the children after the first strike. This caused many cases that previously would have remained open and providing assistance for children only, to be closed entirely. We have seen many of these "sanction" cases. In many instances they arise from misunderstandings or failure in communication, resulting in whole families losing assistance.

Another important analysis missing from the report is that of child poverty rates and how they correspond to changes within the TANF program. We have heard some tout the drop in the number of families receiving TANF as a measure of success, and as a sign of an improving economy. What seems more relevant to us is the fact that the rate of deep child poverty (families living at or below 50% of the federal poverty level) increased in Maine between 2011-2016 by 13.6%, while it decreased nationally by 4.2%.³

Also relevant to the drop in TANF cases is that as a state, not only are we assisting 70% fewer families, but we are helping far fewer families who we know are still in poverty.

¹ <http://www.mejp.org/sites/default/files/TANF-Time-Limits-Study-March2014.pdf>

² <https://www.cbpp.org/sites/default/files/atoms/files/8-15-17fis.pdf>

³ U.S. Census Bureau, 2011-2016 American Community Survey data analysis using 3-year averages as prepared by Maine Center for Economic Policy, November 2017

Maine County	% of Children in Poverty Receiving TANF - 2011	% of Children in Poverty Receiving TANF - 2016
Androscoggin	75%	31%
Aroostook	41%	18%
Cumberland	52%	21%
Franklin	43%	13%
Hancock	24%	7%
Kennebec	53%	23%
Knox	37%	12%
Lincoln	31%	10%
Oxford	50%	18%
Penobscot	43%	19%
Piscataquis	34%	14%
Sagadahoc	39%	9%
Somerset	47%	14%
Waldo	42%	15%
Washington	31%	14%
York	41%	18%
Statewide	47%	19%

Source: Kids Count Data Center, A Project of the Annie E. Casey Foundation. <https://datacenter.kidscount.org/>

In 2011, 47% of Maine kids living in poverty received TANF assistance. By 2016, we were only providing TANF to 19% of them. In other words, 81% of Maine kids who were in poverty did not receive assistance from the TANF program according to the most recent poverty data. At the same time, our state was accumulating a carry-over TANF balance of well over \$140 million. Given that TANF is the nation’s primary anti-poverty program for families with children, it has been deeply concerning to witness this drop in assistance knowing that the need is still so great.

Changing Use of Federal TANF Funds

The report states that “some programs and services that have been supported with General Fund dollars are now supported, at least partially, by TANF funds instead.” Yet the report does not investigate the amount of TANF funds that have been used to supplant General Funds in this manner. We believe that this supplantation is considerable. According to a June 2017 investigation by the Bangor Daily News, DHHS had planned to use \$34.5 million in TANF

funds in State Fiscal Year 2018 to supplant other state funding for existing obligations.⁴ We believe that this practice of spending down the TANF balance in order to move around other funds does not result in poor families getting any additional benefits from the TANF program, despite the greater expenditure of TANF funds. Indeed, this practice deserves greater scrutiny and we think OPEGA missed an opportunity to provide just that. With over 40,000 Maine children in poverty and 81% of them NOT receiving assistance from TANF, we strongly believe such scrutiny would have been warranted to ensure the State is not needlessly depriving children of life-sustaining assistance.

Evaluating Effectiveness of Programs and Services Supported by TANF

While OPEGA makes a finding that in most cases DHHS contracts included specific performance measures, and the means to evaluate those measures, it did not discuss whether the contracts showed effective outcomes in raising families out of poverty and helping them move to independence. This information is held by the Department alone, and there is no transparency with policy makers or the public to allow for an analysis of the success of these programs, or to enable them to determine whether these expenditures were the best use of funds to reach that goal. This, too, seems to us a critical omission in this report.

Work Participation Rates and Related Penalties

To sufficiently understand the significance of Maine's TANF work participation rates, there is important information of which the committee members, or any reader of OPEGA's report, should be aware. First, the report gives no context to help readers appreciate the significant flaws in the federal work participation requirements, which are widely considered to be an ineffective, and unworkable tool for measuring success in the TANF program. They are difficult, and in the case of the 2-parent families work participation rate, nearly impossible to achieve. They also prevent states from implementing promising practices that promote sustainable employment and that are better suited to the realities of local economies.

This is a policy on which ideological conservatives and liberals largely agree. Policy analysts at both the American Enterprise Institute and the Center on Budget and Policy Priorities have criticized the current structure of TANF work participation requirements and this May, the Republican chair of the House Ways and Means Committee, Kevin Brady of Texas, introduced a TANF reauthorization bill which eliminates the current structure.⁵

It is true that Maine failed to meet one or more of the required rates for several years, but this does not make us an outlier. Many states have failed to meet one or both of the required rates throughout the years TANF has been in place. OPEGA's report states that Maine is currently

⁴ <https://bangordailynews.com/2017/06/16/maine-focus/what-lepage-really-plans-to-do-with-100m-meant-for-maine-families-in-poverty/>

⁵ <https://waysandmeans.house.gov/wm-introduces-welfare-reform-legislation-jobs-for-success-act/>

meeting both of our rates by using what's known as the Worker Supplement Benefit (WSB), through which we provide a small, \$15/month cash benefit to working family SNAP recipients, thus allowing us to include those families into our work participation rate calculations. The report does not say, however, that most states rely on one or more strategies, such as our WSB, in order to meet their rates. This simple fact is a reflection of how unrealistic the federally required rates are as benchmarks.

I emphasize this information because the OPEGA report indicates that DHHS sees the WSB as a "short-term solution" and that the state's contract with Fedcap incentivizes the contractor to get us to a place where we are able to meet the flawed work participation requirements without the WSB. We strongly believe that abandoning the WSB for any reason short of Congress reauthorizing TANF would be a mistake and would exacerbate an already perverse incentive to remove participants with significant barriers from the program through sanction, lead to worse outcomes for Maine families in poverty, and would expose us to additional financial penalties from the federal government if we don't meet both rates.

The report references the state's ability to try to lower penalties, but also implies that Maine is likely liable to pay over \$20 million in penalties. We think it's worth emphasizing the fact that the state is able to request penalty reductions pursuant to federal regulations, and that our prospects look good for this, given how much our rates have improved in recent years, thanks to the WSB. It is important that DHHS continues its work to do all it can to mitigate prior penalties, for there is a good chance that we may end up having to pay far less than \$20 million.

While no changes are needed going forward to successfully meet our federal work participation requirements, we believe significant changes to the administration of TANF are needed to help raise families out of poverty. We appreciate the opportunity to share these comments today. I am happy to answer any questions you might have.