

To: Members of the Government Oversight Committee

From: Sen. Nate Libby

Re: Draft Addendum to OPEGA's 2018 TANF Report

Date: September 27, 2018

While the TANF report is credible and sufficiently relevant and complete with regard to the assigned scope of inquiry, several findings from the report as well as information from public testimony raised new and important questions that were not explored by OPEGA. As a result, important information relevant to DHHS's administration of the TANF program is absent from the report. In this respect, the report is limited to its factual findings and cannot serve as a basis for reaching conclusions regarding the effectiveness of policy changes during the study period. The purpose of this addendum is to supplement the TANF report with information that may be relevant to future policymakers and other interested parties.

- 1) Credible evidence presented in public testimony raises important questions suggesting that 2011 policy changes caused significant harm to TANF families. We learned from the report that the TANF caseload decreased by 70% between 2010 and 2017 and that the major causes of the decline were statutory changes made by the Legislature in 2011. It was not part of the OPEGA charge to investigate or make any determination on the status of any of the families who lost TANF assistance as a result of these changes, including whether they became employed, if they remain in poverty or if their family circumstances improved or worsened in any way. We heard compelling testimony from multiple members of the public that data, research and anecdotal evidence all point to a similar conclusion – that the 60-month time limit and changes in sanction policy harmed many of the families impacted, including over 15,000 children, and that they suffered considerable hardships and were worse off as a result.
- 2) During the period of the report, the share of Maine children in poverty that received TANF cash assistance decreased significantly despite a growing TANF balance. The scope of inquiry did not include an examination of changes in child poverty, and extreme child poverty rates throughout the study period or changes in such measures as child food insecurity. Again, we learned from public testimony that as the TANF caseload decreased by 70% between 2010 and 2017, the number of children in poverty who received TANF fell from 47% to 19%. This means that approximately 81% of children living in poverty were not receiving TANF cash assistance even while the amount of federal TANF funds available to Maine grew to over \$140 million during the same period.
- 3) The amount of TANF funds DHHS used to replace General Funds remains unknown. OPEGA determined that programs and services once supported by General Funds are now, at least partially, supported by TANF funds. We do not know how much TANF funding was used in this manner. The Bangor Daily News reported in June 2017 that DHHS had planned to use \$34.5 million in TANF funds in State Fiscal Year 2018 to replace other state funding for existing obligations. Any amount of TANF spending, let alone such a potentially large sum, ought to be spent transparently and in furtherance of the purpose of the TANF program. Such supplantation simply substitutes one funding stream for another with no net-gain for families and their children.

- 4) Maine is not an outlier with regard to its TANF work participation rates. Most states depend on some mechanism, such as Maine's "Worker Supplement Benefit" (WSB), to meet the federal rate requirements. OPEGA indicated that DHHS considers the Worker Supplement Benefit (WSB) to be a temporary solution for meeting the federal work participation rates and that our TANF program will eventually meet the rate requirements outright. This appears to be an unrealistic goal for multiple reasons. The majority of states that meet the required rates do so by using some mechanism similar to Maine's WSB, which reflects how arduous it must be to meet the required rates outright. Additionally, we heard through testimony that many TANF recipients have significant barriers to work and need supports, counselling and training, which mostly do not count towards meeting the work participation requirements. It is not clear how participants with higher barriers would be impacted if DHHS discontinues the WSB and pursues its intention of meeting the federal rate requirements outright.