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February 1, 2024

Senator Joseph Baldacci, Chair
Representative Michele Meyer, Chair
Joint Standing Committee on Health and Human Services
100 State House Station
Augusta, Maine 04333-0100

Re: LD 1877, *An Act to Reduce the Number of Children Living in Deep Poverty by Adjusting Assistance for Low-income Families*

Senator Baldacci, Representative Meyer, and members of the Joint Standing Committee on Health and Human Services:

Thank you for the opportunity to provide input on LD 1877, *An Act to Reduce the Number of Children Living in Deep Poverty by Adjusting Assistance for Low-income Families*. In its current form, the Department has concerns with this bill and opposes its passage as drafted.

This bill proposes significant changes for the Temporary Assistance for Needy Families (TANF) program, the Additional Support for People in Retraining and Employment (ASPIRE) program and the implementation of services provided by the Division of Support Enforcement and Recovery (DSER). While the Department appreciates the provisions in this bill that will bring benefit to Maine people and the State's economy, as well as reduce bureaucracy in the administration of the program, other provisions depart from the intention of the program, expose the Department to liabilities related to State and federal regulations, and significantly increase administrative burden.

The Temporary Assistance for Needy Families (TANF) and Parents as Scholars (PaS) programs provide temporary cash assistance to Maine families as they work toward achieving their education and employment goals and strive towards economic self-sufficiency. Current statute requires that TANF eligibility **and** benefit levels be determined based on a Standard of Need (SON)¹. The Standard of Need is defined as "The amount of income necessary to meet the full need in relation to household size."² The proposed legislation includes the following changes to the TANF program:

- Changes the purpose of the TANF benefit;
- Increases the TANF benefit to the equivalent of 60 percent of the federal poverty level (FPL);

¹ Title 22, Subtitle 3: Part 3, Chapter 1053-B §3762

² Maine Public Assistance Manual (10-144 Chapter 331, Introduction and General Definitions, Pg. 15)

- Adjusts the SON used to determine eligibility in the same proportional amount, effective October 1, 2023;
- Provides flexibility to the Department to increase TANF eligibility and benefit levels annually to an amount greater than the cost-of-living increase established by the Social Security Administration; and
- Establishes a minimum TANF benefit (special housing allowance) of \$300 for families who have shelter expenses equal to or exceeding 50 percent of their countable income.

Current State law establishes that the TANF benefit is designed “to provide low-income families with children with sufficient income to meet their most basic needs.” This is in accordance with federal statute, which indicates that the program is to be temporary in nature, and in part is intended to “end the dependence of needy parents on government benefits.”³ The provision in this bill changes that purpose to a provision of basic income and relates the program to access to healthcare which are both outside the scope of the federal TANF Block Grant.

The Department would welcome a discussion about tying TANF eligibility and benefit determination to the FPL rather than the Standard of Need. That change could bring significant reduction in administrative burden for both participants and the Department. The provisions in this bill take a step in that direction, but unfortunately significantly complicate the process by adding the FPL, but not removing the Standard of Need as the basis for determination.

Another proposal in LD 1877 changes the amount of child support TANF families may receive. The Division of Support Enforcement and Recovery (DSE) within OFI provides child support services for parents with children. Services include establishing paternity for children born out of wedlock, establishing and modifying child support orders, enforcing child support orders and collecting and distributing child support to families. Currently, when DSE collects current child support for families in receipt of TANF, \$50.00 of that collection is passed through to the family for the month. This pass-through amount is not counted when determining eligibility and benefit levels for TANF. The proposal requires the Department to revise its state plan to increase the pass-through amount to \$100.00 for TANF families with one child and \$200.00 to families with two or more children. Additionally, the proposal requires the Department to also elect to participate in the pass-through provisions of families that formerly received assistance as permitted under Title IV-D, section 457(a)(6)(A) of the act. This change would be required to be effective October 1, 2023. This election would change the current distribution scheme in cases where the family formerly received TANF. Currently, a TANF recipient assigns their child support to the state while they receive assistance. Any unpaid child support that accumulates while that family receives assistance is deemed permanently assigned. When arrears are collected, the state retains the collections up to the amount of assistance expended for the purpose of recouping some of the public assistance expenditures. An increase in the amount of support that is passed through would result in a reduction in the amount of funds retained to recoup some of the public assistance expenditures.

Lastly LD 1877 proposes multiple changes related to the Additional Support In Retraining and Employment or ASPIRE Program. The ASPIRE program helps TANF recipients move towards

³ 42 U.S.C. 601

financial independence through case management, job training, education, support, and employment services. ASPIRE provides transportation and clothing support needed for participants to meet the goals that they have set in their career plan. Transportation supports are determined based on the number of miles traveled for an activity and payments are issued weekly as cash onto EBT cards in advance of the following week's travel. Clothing, automobile insurance, and car repair supports are currently provided upon request and are based on need. These payments have annual limits for each category which are currently being adjusted through rulemaking. Most supports are issued directly to vendors, while others are issued as cash onto EBT cards. The proposed legislation would change the following. It:

- Includes an addition of a clothing allowance per household member, to the TANF benefit;
- Prohibits the Department from requiring receipts for the use of support service funds issued as cash onto EBT cards;
- Requires the Department to provide a standardized payment annually to TANF recipients who own a vehicle and require use of that vehicle in order to participate with ASPIRE. The payment must be sufficient to assist with the payment of liability insurance and vehicle repairs. It requires the payment be made to the participant upon signature of the family contract amendment, potentially in advance of vehicle related expenses. This payment would be issued as cash onto the participant's EBT card.
- Requires the Department to provide **monthly** transportation payments based on the anticipated number of miles traveled to complete activities required in the participant's family contract amendment. These payments would be issued as cash onto the participant's EBT card and must not be made as reimbursement.

ASPIRE currently provides payment for clothing needs related to education or employment for parents and caretaker relatives in the program. This includes everything from professional attire for an interview, to proper footwear for restaurant or construction work, to dental or audio care. LD 1877 proposes a benefit of \$100 per TANF household member three times a year regardless of specific need and at a significant annual expenditure from both the federal TANF block grant as well as state funds.

The changes to the issuance of support services will eliminate the Department's ability to document that federal TANF funds are used for an allowable purpose as required. The Department currently issues approximately \$4 million in support service payments annually, including covering the expenses mentioned in this proposed legislation. Issuing those payments directly as cash on a standardized and routine basis could change the federal designation. In addition, a lack of any assurances that the funds were used for the intended and required purpose of supporting education or employment would cause State auditors to designate the totality of those payments as "questioned costs," jeopardizing federal block grant funds. The current practice of issuing supports when needed allows the Department flexibility to address emergencies and unexpected issues that arise as obstacles to family-success, as well as ensuring that the amounts are appropriate to the need.

Any increase in the baseline benefit should be done in a straightforward manner to preventing unintended consequences and complications and be considered in the context of the existing spending plan for TANF block grant funds, including planned programming.

Finally, implementation deadlines will need to be updated. As currently written, TANF- and ASPIRE-related changes would require a minimum of 12 to 18 months to be completed. The DSER-related changes would require six to ten months to be completed. Due to technology and rulemaking activities currently underway, the earliest this work could begin would be Spring of 2024. The bill will include a large fiscal impact for initial technology updates, ongoing benefit expenditures for the TANF and ASPIRE programs, ongoing costs for the revenue loss that will occur with the child support pass through increases and the proposed change in distribution to former assistance cases. These expenditures will include General Fund and federal TANF block grant funds.

Please know that the Department and the Office for Family Independence are available to provide any information that may be helpful as you consider this proposed legislation. Thank you for your time, and I would be happy to answer any questions.

Sincerely,

A handwritten signature in blue ink that reads "Ian Yaffe" with a horizontal line extending from the end of the name.

Ian Yaffe
Director
Office for Family Independence
Maine Department of Health and Human Services