
Maryland Temporary Assistance for Needy Families Program Overview

**Presentation to
Welfare Advocates**

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

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Background

- Temporary Assistance for Needy Families (TANF) created by Congress in 1996 with passage of Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA).
- TANF block grant replaced Aid to Families with Dependent Children (AFDC), an open-ended entitlement program.
- TANF block grant limited federal funding but gave states flexibility in determining program eligibility requirements and benefit levels.

Background (Cont.)

- In order to receive the TANF block grant, states must annually spend on TANF purposes 75 or 80% of the amount they had spent under the AFDC in 1994. This is known as Maintenance of Effort or MOE.
- States are allowed to carry over unspent funds from one year to the next.
- TANF to fund programs addressing any or all of four broad goals which are:
 - to provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
 - to end the dependency of needy parents on government benefits by promoting job preparation, work, and marriage;
 - to prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
 - to encourage the formation and maintenance of two-parent families.

Background (Cont.)

- The PRWORA requires 50% of certain assistance recipient populations to be engaged in work or work-related activities.
- States received caseload reduction credits for caseload reductions made after 1996.
- The Deficit Reduction Act of 2005 (DRA) reauthorized TANF through 2010 after many short-term reauthorizations since 2002 when the original authorization expired.
- The DRA also limited states' flexibility in the types of work activities that could be counted toward meeting the federal minimum work participation rate and limited caseload reduction credits to reductions made since 2004.

Background (Cont.)

- Maryland's annual base TANF grant is \$229.1 million.
- Maryland's annual MOE requirement is \$177.7 million.

Federal Funding of TANF

- The PRWORA capped federal funding for base TANF grants at \$16.5 billion annually.
- Supplemental grants are given to high-population, low spending states (Maryland does not fall into this category.)
- The PRWORA authorized \$2.0 billion in contingency funding to address caseload increases in times of economic downturn. This fund was exhausted in December 2010.
- Additional contingency funding was authorized for fiscal 2011 but rescinded by Congress in December 2010.

Federal Funding of TANF (Cont.)

- The American Recovery and Reinvestment Act of 2009 included a \$5 billion Emergency Fund. Maryland received approximately \$67 million of this funding between fiscal 2009 and 2011.
- TANF performance bonuses have been made in the past for performance in areas such as reducing out-of-wedlock pregnancies. Use of bonuses has decreased in recent years.

Maryland TANF Program

- TANF funding is spread throughout the State budget with the bulk of the funding going to the Department of Human Resources (DHR).
- Temporary Cash Assistance (TCA) comprises the largest use of TANF.

Maryland TANF Program (Cont.)

Temporary Assistance for Needy Families Spending Fiscal 2010-2012 (\$ in Millions)

	<u>2010 Actual</u>	<u>2011 Working</u>	<u>2012 Allowance</u>
DHR			
Cash Assistance	\$89.8	\$132.6	\$135.1
Work Opportunities	39.9	38.1	39.0
Family Investment Services	21.3	39.8	37.6
Foster Care Maintenance Payments	6.9	5.9	6.9
Child and Adult Social Services	61.9	27.7	29.7
General Administration	19.2	33.2	12.2
Other Agencies			
Local Management Boards	7.3	7.3	7.3
MD State Dept. of Education (MSDE): Healthy Families/Home Visiting	4.6	4.6	4.6
MSDE: Child Care Subsidy Program	13.3	10.3	10.3
MD Higher Education Commission: Scholarship Fund Swap	43.7	0	0
Total	\$307.9	\$299.5	\$282.7

Maryland TANF Program (Cont.)

TANF Balance Fiscal 2010-2012 (\$ in Millions)

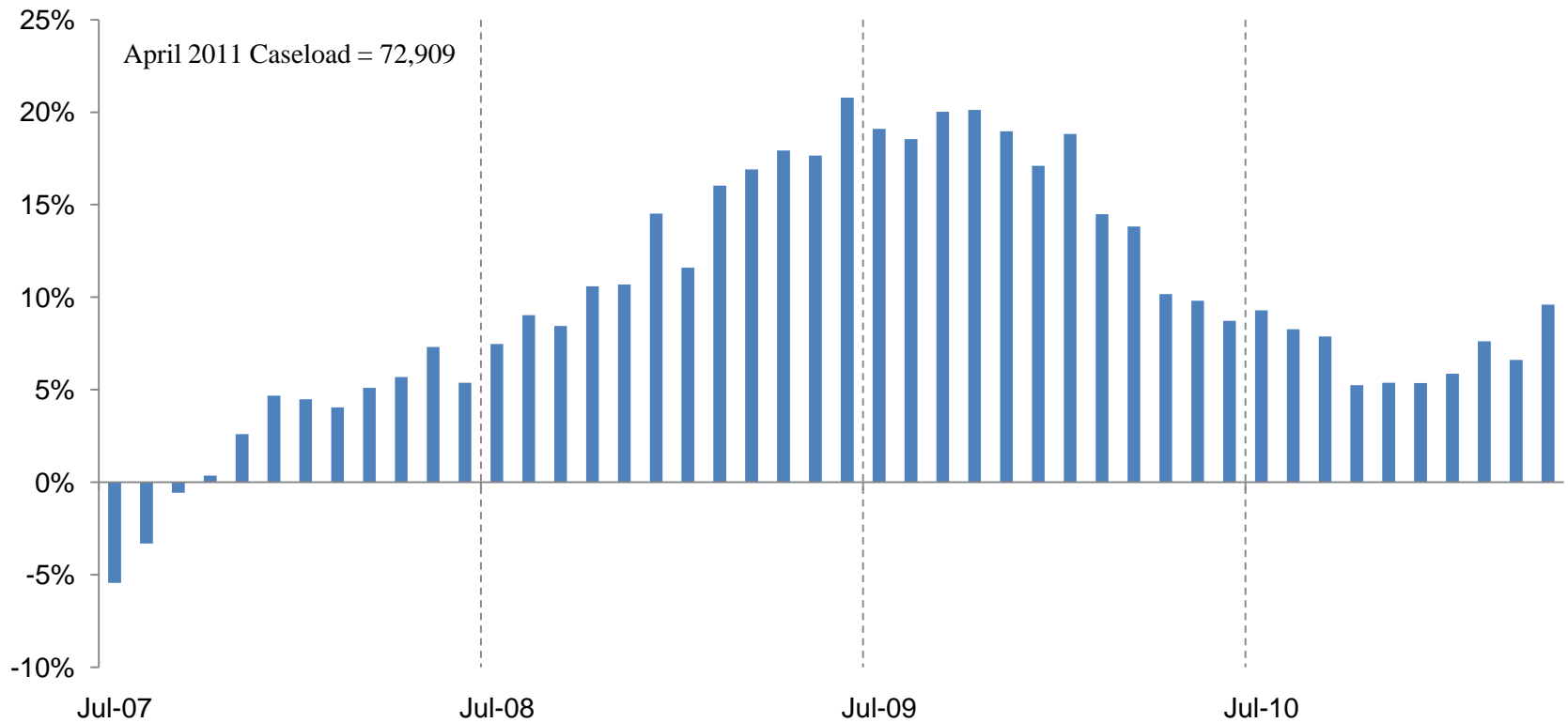
	<u>2010 Actual</u>	<u>2011 Working</u>	<u>2012 Allowance</u>
Beginning Balance	\$49.121	\$11.709	-\$30.997
TANF Grant	\$229.098	\$229.098	\$229.098
Contingency TANF	8.561	11.500	45.820
ARRA TANF	32.819	16.227	0.000
Total Income	\$270.478	\$256.825	\$274.918
Total Expenditures	\$307.890	\$299.531	\$282.704
Ending Balance	\$11.709	-\$30.997	-\$38.783

ARRA: American Recovery and Reinvestment Act of 2009

TANF: Temporary Assistance for Needy Families

Maryland TANF Program (Cont.)

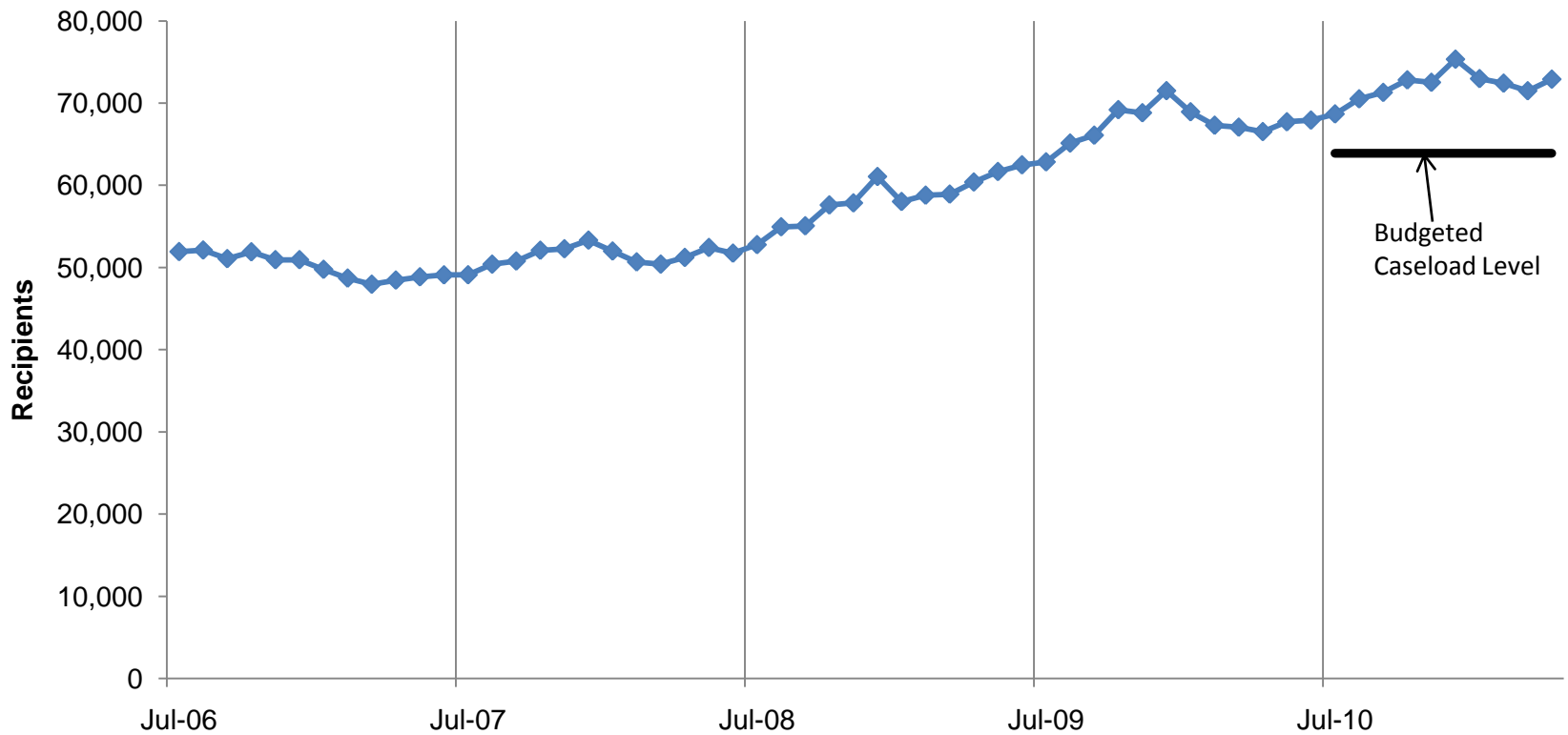
**Maryland Temporary Cash Assistance
Year-over-year Percent Change**



Source: Department of Human Resources; Department of Legislative Services

Maryland TANF Program (Cont.)

Temporary Cash Assistance Caseload by Month
Fiscal 2007-2011



Source: Department of Human Resources; Department of Legislative Services

Maryland TANF Program (Cont.)

Temporary Cash Assistance Enrollment and Funding Trends Fiscal 2009-2012

	<u>2009</u>	<u>2010</u>	<u>2011 Est.</u>	<u>2012 Est.</u>
Average Monthly Enrollment	58,426	67,422	75,283	78,579
Average Monthly Grant	\$175.70	\$174.17	\$174.17	\$174.17
Budgeted Funds in Millions				
General Funds	\$2.6	\$50.5	\$7.1	\$7.1
Total Funds	\$122.2	\$140.9	\$138.5	\$140.9
Department of Legislative Services Estimate			\$157.3	\$164.2
Shortfall			-\$18.9	-\$23.3

Maryland TANF Program (Cont.)

TANF/TCA Combined Shortfalls Fiscal 2011-2012 (\$ in Millions)

	<u>2011</u>	<u>2012</u>	<u>Total</u>
TANF Negative Balance	\$31.0	\$7.8	\$38.8
TCA Caseload Under Budgeting	18.9	23.3	42.2
TANF Contingency – Amount Assumed May Not Materialize		45.8	45.8
Total	\$49.9	\$76.9	\$126.8

TCA: Temporary Cash Assistance

TANF: Temporary Assistance for Needy Families

TANF Changes in Other States

- According to a report by the Center on Budget and Policy Priorities, some states are making reductions to TANF programs in response to budget shortfalls:
 - at least four states – California, Washington, South Carolina, and New Mexico – and the District of Columbia have recently cut monthly cash assistance benefits;
 - some states have shortened or otherwise tightened their lifetime time limits on receiving TANF benefits; and
 - some states are cutting TANF-funded support for low-income working families such as Earned Income Tax Credits or “make-work-pay” TANF supplements to low wages.

Outlook for Maryland Uncertain

- DHR is likely to take advantage of the three-month overlap between the State and federal fiscal years to pull down sufficient federal funds to close the fiscal 2011 budget – this will leave the shortfall to be dealt with in fiscal 2012 and 2013.
- Given the magnitude of the problem, it is unlikely the solution can rely entirely on spending reductions – additional general funds will be needed.
- To date, there has been no proposals to reduce benefits. By law, the Governor must either include sufficient funding for TCA to meet 61% of the Minimum Living Level when combined with the food stamp benefit or must inform the General Assembly that this is not possible.