

THE HIGH COST OF BEING POOR

Statement of Principle

Inadequate TANF benefits contribute to “the high cost of being poor” in Virginia. No child should be forced to grow up in poverty. Numerous studies have demonstrated that poverty harms children. Poor children are more likely to have health problems and developmental disabilities; they are less likely to succeed in school; and they are at greater risk for abuse and neglect. TANF benefits should be available to children in an amount that, in combination with other benefits, lifts all children in Virginia out of poverty.

Issue Brief #4

TANF

Overview

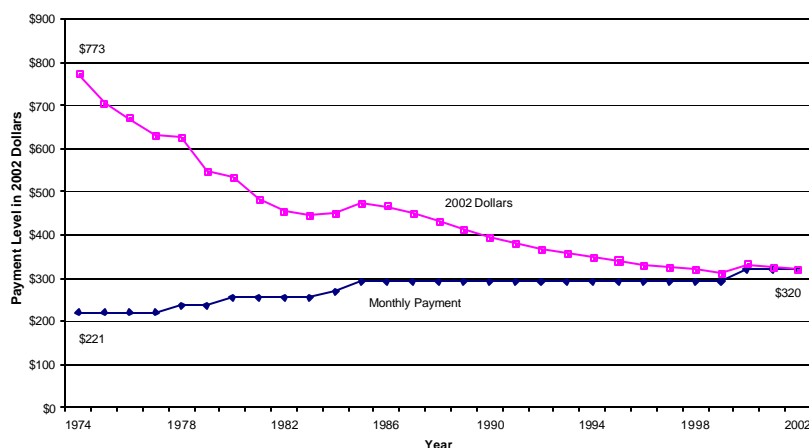
The Temporary Assistance for Needy Families (TANF) program is America’s principle cash assistance program for needy children. Its primary purpose is to “provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives.” TANF is commonly referred to as “welfare.”

Every month, approximately 54,616 children and 22,187 of the adults caring for them receive TANF payments in Virginia. Families receiving TANF payments include an average of 1.6 children, and a family’s average TANF payment is about \$269 per month. The amount of Virginia’s TANF payments ranks 35th among the 50 states and District of Columbia. Non-parent relatives care for about 40% of the children receiving TANF in Virginia.

Nearly half of adults (48.1%) receiving TANF in Virginia lack a high school education. Nationally, studies show that as much as 40 percent of the adult welfare population may have learning disabilities, and up to 28 percent have mental health conditions. A significant number of these recipients also have physical disabilities, while some have multiple impairments or face multiple employment barriers including discrimination, inadequate education and job skills, and lack of access to health insurance.

Virginia received a federal waiver to implement its welfare reform program in 1995, a year before the federal TANF block grant program was enacted. Because it is usually better for children to be cared for by family members and less costly than foster care, the Virginia welfare reform program did not impose time limits or work requirements on non-parents. Virginia’s waiver has now expired. If Virginia continues to use federal TANF funds to provide TANF assistance to non-parents, these families will be subject to federal work requirements and the 5-year federal lifetime limit on TANF benefits.

Welfare/TANF Monthly Payments in 2002 Dollars
Family of Three, 1974-2002



This brief is one of a series of seven prepared for “The High Cost of Being Poor” forums, presenting strategies for advocating for low-income families. These forums and briefs are sponsored with generous funding from the Annie E. Casey Foundation by

- Office of Justice and Peace, Catholic Diocese
- Virginia Interfaith Center for Public Policy
- Virginia Poverty Law Center
- Voices for Virginia’s Children

Federal Poverty Line vs. Monthly TANF & Food Stamp Benefits

Family Size	Federal Poverty Income Guidelines	Self-Sufficiency Standard for Virginia (City of Richmond)	Maximum TANF in Group II Localities (e.g., Richmond, Norfolk, Albemarle)	Typical Food Stamp Allotment for TANF Family	Total TANF & Food Stamps	TANF & Food Stamps as a Percent of Poverty
1	\$ 749	\$1,509	\$173	\$129	\$302	40%
2	1,010	2,191	254	223	477	47%
3	1,272	2,670	320	315	635	50%
4	1,534	3,197	382	396	778	51%

Self-Sufficiency Standard for Virginia (Family size of 1=1 adult, 2=1 adult and 1 preschooler, 3=1 adult, 1 preschooler, and 1 schoolage, 4=2 adults 1 infant and 1 schoolage. Food stamp benefit calculation assumes receipt of maximum TANF payment, no other income, and only deduction is standard deduction of \$134.

Data / Research

- The amount of Virginia's TANF payments was originally set in 1974 and has been increased only slightly since then. The amount varies by locality grouping.

For example, the maximum TANF payment for a family of three in Richmond, which is a mid-range locality, is only \$320 per month. Most TANF recipients receive no housing benefits. In Richmond, a family's food stamp allotment of about \$315 per month in combination with its TANF payment results in monthly family income for a typical family of three of about \$635 per month. The federal poverty income guideline for a family of three is \$1,272 per month; however, a recent study estimated that income of \$2,670 per month would be necessary for a family of three in Richmond to achieve self-sufficiency. If TANF payments had been adjusted for inflation since 1974, the maximum monthly TANF payment for such a family would be \$773.

- Since 1997, Virginia has spent about \$286 million per year on its TANF program; however, spending on cash assistance has dropped from about \$175 million in 1997 (61% of total TANF spending) to about \$103 million in the current fiscal year (36%). Although spending on cash assistance as a percentage of welfare spending has declined nationally, Virginia would have to increase its spending on cash assistance by about \$22 million per year to reach the national average (44% in 2002).

- Virginia's overall state and local spending on human services ranks 42nd in the country, with a per capita figure of \$957 per year compared to the U.S. average of \$1,243.

- Even though most children receiving TANF are living well below the federal poverty line, the State keeps all but the first \$50 per month of child support that it collects for them; however, in November 2003, the state began increasing a family's TANF payment by an amount equal to retained child support. This effectively gives children receiving TANF the benefit of all child support collected for them. Due to the state budget crisis, it is uncertain that these supplemental TANF child support payments will be continued in the next biennium beginning July 1, 2004.

- As a condition of eligibility, most parents of children receiving TANF are required to work full-time, with little opportunity for education or skills training. As a result, adult TANF recipients in Virginia who are working earn an average of only \$941 per month. According to a recent study, 79% of former TANF recipients who have exhausted their 24 months of eligibility for benefits have income at or below the federal poverty line, and 35% are living in deep poverty with income at or below 50% of the federal poverty line.

Recommendations

- TANF payments should be raised to a level that, when combined with other benefits, lifts needy families with children to at least the Federal Poverty Level.
- State TANF funds should be used to create a Virginia Kinship Care Program for children cared for by non-parents. Employment or other services can be provided if necessary, and Virginia's policy decision to exempt non-parents from time limits and work requirements would be preserved.
- **Education and skills training should be provided to permit adult caretakers to attain their highest practical functional level and, where possible, to achieve self-sufficiency.**
- Meaningful exemptions to the State's two-year time limit on cash assistance should be provided for parents who are unable to find employment that pays wages at least equal to the poverty line, or who lose such employment through no fault of their own.
- Continuation of the TANF child support supplemental payments begun this year should be a funding priority. Children on TANF should receive the benefit of all child support collected for them by the State.

Data Sources: Mathematica Policy Research, Inc., *Welfare Reform in Virginia: An Overview of Progress*, <http://www.mathematica-mpr.com/3rdLevel/virginia.htm>; Staff of House Committee on Ways and Means, *The 2000 Green Book* (Oct. 6, 2000), <http://aspe.hhs.gov/2000gb>; U.S. Dep't of Health and Human Services, *TANF Data and Reports*, <http://www.acf.dhhs.gov/programs/opre/tanfindex.htm>; Virginia Dep't of Social Services, *Virginia Independence Program Monthly Report*, <http://www.dss.state.va.us/benefit/vip.html>.