Department of Public Welfare: Income Maintenance

Under the program area of Income Maintenance, the Department of Public Welfare (DPW) operates a variety of programs designed to provide temporary support to families in transition from government dependency to economic self-sufficiency. Support may include education, job training and placement assistance, transportation, other support services and cash assistance.

This program component represents approximately ten percent of the department's General Fund budget.

Administrative Supports

Through the **County Administration**, **County Assistance Offices** and **Child Support Enforcement** appropriations, the department provides administrative support to run public assistance programs.

The **County Administration** appropriation funds centralized headquarters and field staff in DPW's Offices of Income Maintenance, Medical Assistance, and Administration.

The **County Assistance Offices** appropriation funds the commonwealth's county assistance offices, which determine eligibility and manage benefits for the Cash Grants, Food Stamps, Medical Assistance andEnergy Assistance programs.

The **Child Support Enforcement** appropriation funds administrative costs associated with the Child Support program, which establishes and enforces child support obligations on behalf of custodial parents and their children. Federal and state law requires that court-ordered child support payments be collected by and assigned to DPW for custodial parents and their children receiving cash assistance benefits.

Under the American Recovery and Reinvestment Act (ARRA), the state benefited from a temporary repeal of a provision in the Deficit Reduction Act (DRA) that stopped states from using Title IV-D Incentive funds as a match to draw down federal dollars within the Child Support Enforcement program (available through October 1, 2010). As a result, the state was able to maximize over $35 million in ARRA Title IV-D related funds to help offset state costs in the program.

Temporary Assistance for Needy Families (TANF)

Federal Block Grant

On March 3, 1997, Pennsylvania began the Temporary Assistance for Needy Families (TANF) program, which implements the welfare reforms included in state and federal law. Act 35 of 1996 amended the Public Welfare Code, requiring individuals to participate in work or work-related activities as a condition for receiving cash assistance in Pennsylvania. The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) ended the 60-year federal welfare entitlement program known as

Aid to Families with Dependent Children (AFDC) and replaced it with the TANF block grant program that provides time-limited assistance for needy families.

Since 1996, the federal government has provided states with a block grant to operate welfare programs. This is a flat dollar amount that is not adjusted for changes in caseload (the number of people receiving services) or inflation. Pennsylvania's TANF block grant amount of $719 million has not changed since TANF funds were first allocated to states in 1996.

In order to receive TANF funds, states must spend some of their own funds on programs for needy families. This is known as the "maintenance of effort" (MOE) requirement. MOE funds supporting federal TANF cash payments and various support services are included in DPW's state-funded Cash Grant appropriation.

The federal Deficit Reduction Act (DRA) of 2005 reauthorized the TANF program through 2010. Effective October 2006, states needed to meet more strict federal requirements regarding the work activities of families receiving TANF assistance.

TANF-funded programs include: cash assistance; employment and training; child care; and other support services for needy families and children.

States may use their TANF funds for a wide range of programs and services, as long as they "reasonably" address any of the four broad purposes set forth in the federal act that are listed below. Note TANF funds may not be used for general K-12 education or to substitute Medicaid (i.e., Medical Assistance) funds.

- Provide assistance to needy families so children may be cared for in their own homes or in the homes of relatives.
- End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage.
- Prevent and reduce the incidence of out-of-wedlock pregnancies.
- Encourage the formation and maintenance of two-parent families.

Also, under PRWORA, states are allowed to transfer up to a total of 30 percent of their TANF funds to the Child Care Development Fund (CCDF) and the Social Services Block Grant (SSBG). No more than 4.25 percent may be transferred to the SSBG. The transferred funds must be spent on children or their families whose income is at or below 200 percent of the federal poverty level. Once TANF funds are transferred, those funds must stay in CCDF or SSBG and may not be returned to TANF to use for other purposes.

In addition to the TANF block grant, the American Recovery and Reinvestment Act (ARRA, P.L. 111-5) contained a $5 billion TANF Emergency Contingency Fund to help states deal with an increased demand for services during the current economic downturn. The fund, originally made available for two years, reimburses states for 80% of the increased expenditures on basic assistance (cash welfare), short-term nonrecurring benefits and/or subsidized employment, allowing states to implement or expand activities that provide critical assistance to children and families. This provision has been extended, most recently in H.R. 3081 of 2010, through December 3, 2010.

Pennsylvania's TANF Program

TANF is the name of Pennsylvania's cash assistance (welfare) program for the very poor. In general, TANF assistance is provided to families and minor children. Most TANF cases are single parent households; however, some two parent households qualify for assistance. With the exception of pregnant women, TANF is not provided to adults who are not caring for minor children.The monthly TANF cash benefit varies by family size and county of residence.

Two key elements of TANF are federal work requirements and time limits, both of which apply to basic assistance. The term "assistance" includes cash payments, vouchers and other forms of benefits designed to meet a family's ongoing basic needs (i.e., for food, clothing, shelter, utilities, household goods, and personal care items). It also includes supportive services such as transportation and TANF-funded child care provided to cash assistance recipients who are not employed.

Federal law and regulations set general requirements for employment and work-related activities. State statutes additionally codify and detail these requirements. Under Act 35 of 1996, the Commonwealth requires adult recipients of cash assistance to seek, accept, and maintain employment. If they are unable to find a job, they must participate in a work-related activity such as job training or education.

After 24 months on cash assistance, adult welfare recipients must work or do any of the following at least 20 hours a week: subsidized employment; work experience; on-the-job training; community service; or workfare. An individual may be exempted from the work requirements if the recipient:

- Has a medically-documented temporary or permanent disability (mental or physical) that prevents work;
- Is a minor parent under the age of 18;
- Is a single custodial parent of children under the age of six with no available child care; or
- Is a single custodial parent caring for a child under age one.

Federal law limits TANF assistance to a total of 60 months in a lifetime. The lifetime limit applies to all adults and heads of households, including households headed by minors (under age 18). The limit does not apply to "child-only" welfare cases. For example, if a grandmother is getting a welfare check for her two grandchildren, but not for herself, the children's welfare payments will not end after 60 months. In addition, the time a child spends on welfare does not count toward his/her lifetime limit. That is, a child will lose welfare when his/her mother reaches her time limit; however, the child may be eligible to receive 60 months of TANF assistance when he/she becomes an adult.

Federal law allows states to provide TANF assistance to certain families beyond the 60-month lifetime limit. This "hardship exemption" is only for families with special hardships, and is limited to just 20 percent of welfare recipients. In October 2002, DPW implemented the Extended TANF program. Families may qualify for Extended TANF if the adult recipient agrees to participate in specific programs and activities designed to promote self-sufficiency. Welfare recipients may also qualify for Extended TANF because they are victims of domestic violence, have a physical or mental condition that prevents work, or are caring for a disabled person.

In July 2001, DPW established the Time-Out program to "stop the clock" for certain welfare recipients who are approaching their 60-month limit. Time-Out provides state-funded cash assistance to adult recipients who are doing more than the minimum work requirement and are moving towards self-sufficiency. Because it is funded completely with state dollars, assistance received under Time-Out does not count toward the federal time limit. Other welfare recipients eligible for Time-Out are victims of domestic violence and adults who care for related minor children (kinship caregivers). Except for victims of domestic violence and kinship caregivers, Time-Out state-funded assistance is available for 12 months.

Federal law requires states to meet minimum work participation requirements for families receiving TANF assistance. States must meet two rates: one for all families receiving assistance and a separate rate just for two-parent families receiving assistance. Specifically, 50 percent of all TANF families must be working at least 30 hours a week and 90 percent of two-parent TANF families must be working at least 35 hours per week (55 hours if they receive federally-funded child care). Failure to meet one or both rates results in a penalty to the state in the form of a TANF block grant reduction.

Cash Grants Appropriation

The **Cash Grants** appropriation funds monthly cash payments and supportive services allowances (transportation, clothing, etc.) to recipients of TANF, GeneralAssistance (GA) and State Blind Pension (SBP). In addition, this line item funds certain employment and training programs for TANF recipients. Beginning with the 2007/08 budget, child care supports for TANF and former TANFrecipients have been funded under the Child Care Assistance appropriation. State funds for Cash Grants program represent three percent of the department's state General Fund budget.

Funding for the Cash Grants appropriation is comprised of state General Funds and Federal Funds (largely TANF block grant funds). Please note that cash supports for General Assistance and State Blind Pension recipients are funded only with state General Funds.

Under the Cash Grants appropriation, TANF clients receive average monthly cash payments of roughly \$145 per month, per recipient as well as allowances for support services and child care. Likewise, GA clients receive average monthly cash payments of roughly \$200 and SBP clients receive average monthly cash payments of roughly \$98.

In the late 1990s, TANF caseloads rapidly declined. Beginning in 2002, caseloads began to rise, reflecting the economy's downturn. This growth peaked in 2004/05 and again began to decline in 2005/06. Please note that increased work participation requirements in the Deficit Reduction Act contributed to a significant decline seen in 2006/07 and 2007/08. Due to a slowing economy, TANF caseloads again began to rise in the spring of 2009.

New Directions

The New Directions appropriation funds the employment program activities of County Assistance Offices as well as job training and educational services funded through the Joint Jobs Initiative and other contracts. The purpose of these activities is to obtain full-time permanent employment for both General Assistance (GA) and Temporary Assistance for Needy Families (TANF) recipients, thereby reducing their need for public assistance.State funds for New Directions represent less than one percent of the department's General Fund budget.

Funding for the New Directions appropriation is comprised of state General Funds and Federal Funds (largely TANF block grant funds).

As noted previously, the federal Deficit Reduction Act of 2005 increased work participation requirements for TANF recipients, starting in October 2006. States must have 50 percent of their TANF caseload meeting federal work requirements, in order to receive their full, annual TANF block grant amount. These requirements are as follows:

- Single parent families with a child under age 6 must participate in 20 hours of work activities.
- Single parent families with no children under age 6 must participate in 30 hours of work activities.
- Two parent families not receiving child care supports must participate in 35 hours of work activities.
- Two parent families receiving child care supports must participate in 55 hours of work activities.

Other Cash Assistance

Supplemental Grants for the Aged, Blind and Disabled

The **Supplemental Grants** appropriation provides state funding to supplement federal benefits paid to aged, blind, and disabled recipients under theSupplemental Security Income program. The Social Security Administration (SSA) established the federal Supplemental Security Income (SSI) Program in 1974. States were given the option of providing supplementary cash payments to augment federal benefits.

For many years, the state was able to use Intergovernmental Transfer (IGT) funds to offset state spending in this program. IGT funds were no longer available for 2009/10, leaving a funding gap of nearly $24 million. The 2009/10 budget addressed this gap through adding additional state funds and through changes to the program. Due to less funding being available, the State Supplementary Payment (SSP) benefits that are administered by DPW were reduced effective with the February 2010 payment. The new benefit rates are based on the minimum SSP rates allowed for Pennsylvania according to federal regulation governing permissible decreases in the state supplement amounts. Pennsylvania SSP benefits have been paid at a higher payment level than the minimum since 1983.

The decrease in the state supplementary payment impacted people who live in their own home or with relatives and the SSP payment supplements their social security income. The change did not impact the SSP administered by the SSA which includes individuals in Domiciliary Care and residents of Personal Care Homes.

Low-Income Home Energy Assistance (LIHEAP)

Title XXVI of Public Law 97-35 provides for Federal block grant funds to states to assist low-income households in meeting their home energy costs, entitled the Low-Income Home Energy Assistance Program (LIHEAP). To receive benefits under Pennsylvania's LIHEAP program, recipients must be commonwealth residents, must be responsible for their home heating costs, and must have a household income not exceeding the percentage of federal poverty guidelines established for the program year.

The cash grant component of the LIHEAP provides cash payments toward the cost of home heating regardless of the type of fuel used or whether the home is owned or rented. Benefit amounts are based on household income, household size, average fuel costs, and geographic location. The program also offers a crisis grant component to meet emergency situations, regarding shut-offs.

The LIHEAP program is primarily funded with Federal block grant funds. State funds may include funding through the Energy Conservation and Assistance Fund and Emergency Energy Assistance Fund. Both sources are subject to the availability of monies in the funds, prior to allocation to LIHEAP. No state General Funds currently are used in the LIHEAP program.