

February 6, 2012

Capping Assistance Payments Would Affect Few New Hampshire Families, but Add to Economic Hardship

In any given month in 2010, some 11,000 people looked to New Hampshire's Financial Assistance for Needy Families (FANF) program for help in meeting everyday needs. Of that number, nearly three in four were children, many of whom are being cared for by relatives, in the absence of a parent. The cash benefits available under FANF are temporary in nature, generally contingent upon meeting some form of work or education requirement, and fall well short of securing even the most basic of essentials. In fact, the average monthly FANF payment of \$507 amounts to less than half the poverty level for a parent and child.

Nevertheless, policymakers are weighing new restrictions upon the families that rely upon the program. In particular, legislation now before the House of Representatives – HB 1658 – would prohibit women who have a child while participating in the program from receiving any additional assistance related to that child. This Issue Brief presents an overview of the federal Temporary Assistance to Needy Families (TANF) program and its New Hampshire incarnation, FANF, and aims to provide a context for considering greater restrictions on families already struggling to make ends meet.

Principal Features of Temporary Assistance to Needy Families (TANF)

Federal and State Governments Share Responsibility for TANF

Temporary Assistance to Needy Families (TANF) is a public program through which the federal government provides a fixed sum of money – known as the TANF Block Grant – to each state every year. The states, in turn, generally use that block grant, plus their own funds, to provide financial assistance and employment supports, such as job training or basic education, to extremely low-income families. In fact, under federal law, states are required to match a specific share of the block grant they receive with their own funds. Thus, under the auspices of New Hampshire's TANF program, \$38.5 million comes from federal funds, with the remaining \$32.1 million attributable to state sources.

States may – and frequently do – use TANF funds in a variety of ways. TANF funds are used to provide direct cash assistance, child care assistance, and employment or education supports, all with the goals of maintaining a certain minimum level of income and improving the employment prospects of TANF recipients.

Eligibility for TANF Restricted to Families with Children, Time-Limited, and Tied to Work

While states have broad discretion to determine who is eligible for TANF benefits and services, TANF funds must generally be used to serve low-income families with children in which at least one parent is unable to work, absent, or disabled. Adults not caring for dependent children are ineligible for TANF.

Furthermore, as the name of the program suggests, the cash assistance available to children and families through TANF is intended to be temporary. Under federal law, an adult cannot receive cash assistance through TANF for more than 60 months during his or her lifetime. This sixty-month time limit does not apply to child-only recipients or to the receipt of non-TANF benefits such as Medicaid, food stamp benefits, or child-care subsidies.ⁱ States may use federal funds to extend the time limit for up to 20 percent of their TANF caseloads. States may also choose not to impose time limits by using state-only funds to pay for assistance beyond the federal limits. In 2011, the average amount of time that a family received financial assistance through New Hampshire's TANF program – Financial Assistance for Needy Families – was 19.5 months.ⁱⁱ

Adults receiving TANF benefits must meet work participation requirements as well. Federal law requires that half of the families receiving TANF in a state be engaged in some kind of work related activity for 20 to 30 hours per week. If a state fails to meet this standard, it may face federal penalties. Work participation activities in New Hampshire include, but are not limited to, employment, volunteer work- placement with local businesses and non-profits, vocational education and training, obtaining a GED-high school equivalency diploma, and life skills training classes to address balancing work and family issues as well as barriers to getting and keeping employment.

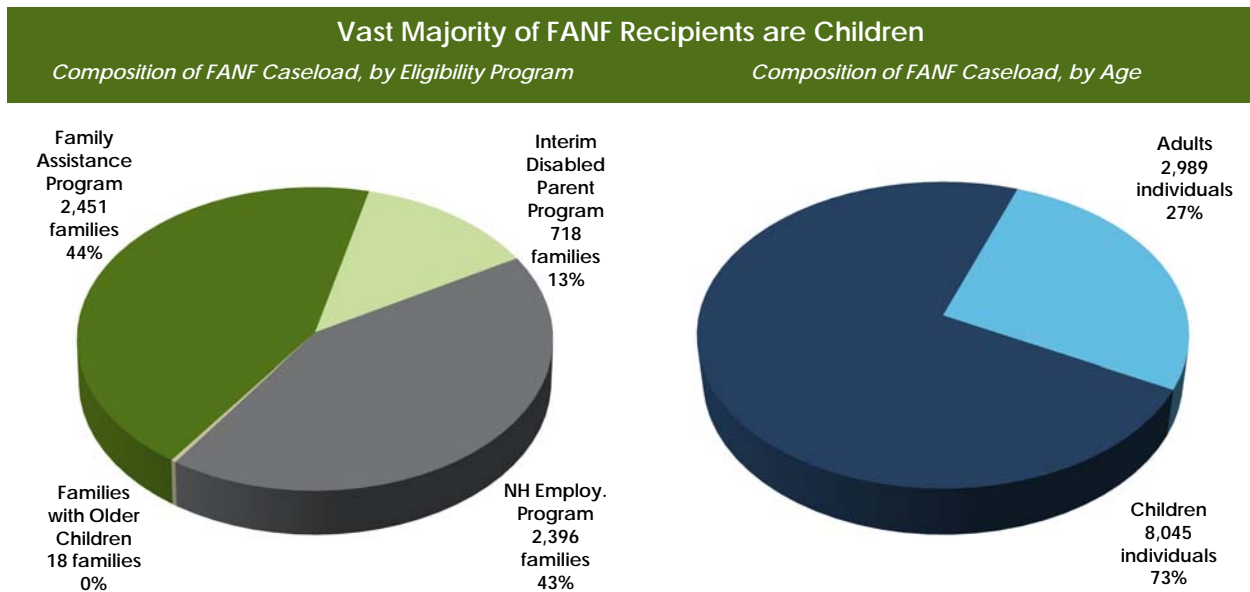
New Hampshire's TANF Program: Financial Assistance for Needy Families

New Hampshire's TANF program is called Financial Assistance for Needy Families (FANF) and provides cash assistance to families with dependent children. The state maintains four different eligibility categories within FANF, but each category provides the same level of cash assistance. Changes in a family's circumstances, such as the age of a parent or child or the presence of a disability, may cause it to move from one FANF category to another. The four categories are as follows:

- The ***New Hampshire Employment Program (NHEP)*** provides financial assistance to poverty-level families with dependent children and has mandatory work participation requirements. NHEP provides employment and training services to clients such as vocational assessments, job training, work experience and vocational education.
- The ***Family Assistance Program (FAP)*** provides financial assistance to households where the adult in the family has a permanent disability, is over the age of 60, or

has long-term obstacles to employment, such as chronic illness, domestic violence, or ongoing homelessness. Importantly, more than 97 percent of FANF recipients under FAP are children, approximately half of whom have no parent present and are living with a caretaker relative. This component of FANF has no work requirement.

- The **Interim Disabled Parent Program (IDP)** provides financial assistance to households in which the adult or their spouse is disabled and unable to participate in work activities. The program serves adults with short-term disabilities and provides the state an opportunity to assess whether the family unit can be moved into the NHEP program.
- The **Families with Older Children (FWOC)** program provides financial assistance to families that include a child who is between the ages of 18 and 20 and who remains a full-time high school or basic education student.



Sources: New Hampshire Department of Health and Human Services, Division of Family Assistance; US Department of Health and Human Services, Administration of Children and Families

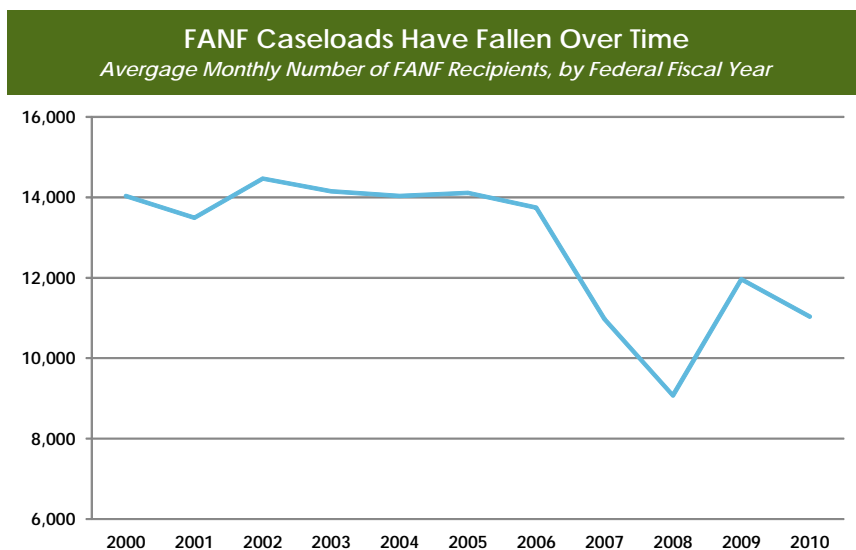
As the figure above suggests, most FANF cases are either child-only FAP recipients or parents in the mandatory work participation NHEP program who are also caring for their children. As a result, nearly three in four of all FANF recipients in New Hampshire are children.ⁱⁱⁱ Of note, approximately one-third of FANF recipient children live with a caretaker relative, like a grandparent, and without either parent.

FANF Caseloads Have Fallen Over Time

In 2010, the average monthly FANF caseload in New Hampshire was approximately 11,000 people, representing roughly 5,400 families across the state.^{iv}

As the figure at right illustrates, the number of people receiving FANF was considerably lower in 2010 than it was a decade ago, despite the severity of the 2007-2009 recession and the prolonged recovery from it.

Between 2000 and 2010, the monthly average of FANF recipients peaked at 14,465 in 2002 and declined to a low of 9,070 in 2008, before rising sharply in response to the economic downturn.^v



Source: US Department of Health and Human Services, Administration of Children and Families

FANF Benefit Levels Insufficient to Meet Basic Needs

The cash assistance that a family receives under FANF is very modest. In 2011, the average monthly cash benefit was roughly \$507, while the maximum a family can receive per month ranges from \$539 for one person to \$738 for a family of four.^{vi}

By law, the Commissioner of the Department of Health and Human Services is charged with determining the level of FANF benefits "so that recipients shall be allowed to subsist compatibly with decency and health," but must do so within the limits of appropriated funds and applicable federal regulations.^{vii} Still, current FANF benefit levels may fall well short of such a "decency and health" standard. In 2011, the federal poverty guideline for a family of two was \$14,710; in other words, to attain just a poverty level of subsistence, a family would need a monthly income of roughly \$1,226. Yet, the monthly FANF payment standard for a family of two was \$606.^{viii}

Comparing FANF benefits to the costs faced by the typical New Hampshire family puts their inadequacy in even starker relief. For instance, in 2011, the median gross monthly rent statewide was \$984.^{ix} Even assuming that a family of two on FANF received the maximum monthly food stamp benefit of \$367, it would find it exceptionally difficult not simply to pay for rent, but to purchase the basic items that food stamps do not cover, such as diapers, clothing, or transportation.

Proposed Legislation Would Limit TANF Benefits for Some Families

At present, the New Hampshire House of Representatives is considering legislation – HB 1658 – to prohibit any increase in the monthly cash assistance a family receives from FANF should a child be born to that family. Under current law, if a FANF recipient's family size increases by one person, the amount of assistance the family receives rises by \$67 to \$81 per month, depending on the family size. The proposal would exclude children born within 10 months of initial enrollment for benefits or born as a result of rape or incest. In FY 2011, there was an average of 6 live births per month that would be subject to the proposed family cap. As a result, just 0.1 percent of FANF families who receive benefits in a given month would be subject to this change.

A Small – and Declining – Share of States Cap Family Benefits Under TANF

As of 2010, only 15 states – Arizona, Arkansas, California, Connecticut, Delaware, Indiana, Massachusetts, Minnesota, Mississippi, New Jersey, North Carolina, North Dakota, South Carolina, Tennessee, and Virginia – had a family cap that prohibited any increase in cash assistance grants for additional children, while two states – Idaho and Wisconsin – have flat benefit levels, regardless of family size.^x However, the number of states with a family cap policy appears to be shrinking. Since 2003, Illinois, Maryland, and Nebraska have repealed the family caps they previously had in place.^{xi}

Proponents of imposing a family cap on FANF benefits in New Hampshire have argued that such a policy may deter FANF recipients from having additional children. Yet, research about the family caps employed by other states suggests that they may not achieve that result. One study found “no systemic effect of the family cap on fertility rates among women aged 15 to 34 ... If this empirical study result is correct, then the widespread adoption of the family cap as a state welfare policy appears ineffective at best and misguided at worst. Women are not responding by having fewer additional births.”^{xii} Another research review concluded that “even the family cap policy, which was designed for the sole purpose of reducing additional births, had no significant association with subsequent nonmarital childbearing.”^{xiii}

New Hampshire's Poorest Families Already Bearing the Brunt of Budget Cuts

Resources for FANF families are becoming more scarce as a result of New Hampshire's fiscal crisis. As part of its efforts to balance the FY 2012-2013 budget, the Legislature placed new restrictions on funding for community mental health centers and created waitlists for programs serving different disabled populations. Moreover, it completely eliminated one element of FANF, the Unemployed Parents (UP) program. UP had previously provided employment training services and financial assistance to two parent families in which one parent was unemployed or underemployed, but, by terminating \$3.5 million in state funds for the program, the Legislature chose to leave approximately 300 families struggling to enter the workforce or to keep a job without cash assistance.^{xiv}

Conclusion

New Hampshire's Financial Assistance to Needy Families (FANF) program is a vital economic lifeline to more than 5,000 families across the state struggling to make ends meet. Most of the individuals who receive benefits under the program are children, but, for those families in which a child's parent is present, the rules for participation can be quite stringent. Families must have extremely low incomes, meet education or work requirements, and can only receive benefits for a limited period of time.

Nevertheless, policymakers are considering imposing additional restrictions upon the families that depend on FANF to try to achieve some degree of economic security. Legislation now before the New Hampshire House of Representatives would bar mothers who give birth while participating in FANF from receiving additional cash assistance related to their newborn children. Very few families – perhaps as few as 0.1 percent of all families participating in FANF – would be affected by such a prohibition. However, given the current level of FANF benefits in New Hampshire, such a prohibition is likely to create even greater economic hardship among those families who would be subject to it.

ⁱ In New Hampshire, parents and children of families eligible for Financial Assistance for Needy Families (FANF) cash assistance are categorically eligible for Medicaid. Additionally, if an entire family is receiving FANF cash assistance, then the income and resource tests for the food stamp program are satisfied. Finally, FANF families are given priority for child-care subsidies over other, non-FANF eligible families.

ⁱⁱ New Hampshire DHHS/DFA TANF Snapshot Report from Data Warehouse

ⁱⁱⁱ NHFPI calculations based on data from US Department of Health and Human Services, Administration of Children and Families, Office of Family Assistance/ TANF Case load Data for FFY 2010. Retrieved at: http://www.acf.hhs.gov/programs/ofa/data-reports/caseload/caseload_current.htm

^{iv} Ibid.

^v Ibid.

^{vi} New Hampshire DHHS/DFA TANF Snapshot Report from Data Warehouse, November, 2011; Division of Family Assistance, Desk Reference, Financial Assistance for Needy Families, Maximum Income Limits, 10/11 p.1.

^{vii} RSA 167:7

^{viii} Division of Family Assistance, Desk Reference, Financial Assistance for Needy Families, Maximum Income Limits, 10/11 p.1.

^{ix} "2011 Residential Rental Cost Survey," New Hampshire Housing Finance Authority, June 2011, p.1 & 13.

^x Welfare Rules Database; Table IV. B.1, Family Cap Policies, Urban Institute; retrieved at <http://anfdata.urban.org/wrd/maps.cfm> Connecticut still allots an increased \$50 per month for an increase in family size, which is approximately half of the usual award increase relative to family size.

^{xi} Jodie Levin-Epstein, *Lifting the Lid Off the Family Cap: States Revisit Problematic Policy for Welfare Mothers*, CLASP POLICY BRIEF: CHILDBEARING AND REPRODUCTIVE HEALTH SERIES, BRIEF NO. 1, Dec. 2003, at 1, 4, <http://www.clasp.org/admin/site/publications/files/0166.pdf>; Rebekah J. Smith, *Family Caps in Welfare Reform: Their Coercive Effects and Damaging Consequences*, 29 HARV. J.L. & GENDER 151, 154 (2006); Christopher Dinkel, *Welfare Family Caps and the Zero-Grant Situation*, 96 Cornell Law Review, 365, 374 (2011)

^{xii} Kearney MS (2002, August) *Is there an Effect of Incremental Welfare Benefits on Fertility Behavior? A Look at the Family Cap*. Working Paper 9093. Cambridge MA: National Bureau of Economic Research.

^{xiii} Ryan, S., Manlove, J., & Hofferth, S., (2003, November) *State level welfare policies and subsequent non marital childbearing*. Paper presented at the Annual Association for Public Policy Analysis and Management Research Conference, Washington, DC.

^{xiv} HB2 as adopted by both bodies, pages 91-92. RSA 167:77e and RSA 167:79(l)(b)amended. Div III House to Gov detail change, 4-4-11, row 50. All Categories, C of C to House Detail Change, 6-20-11. Description in Department of Health and Human Services, House Budget Reduction Options, SFY 12-13, March 9, 2011 Division III Budget Reductions, page 20.