

Presentation to the Legislative Health & Human Services Committee
July 18, 2014

Lutheran Advocacy Ministry-New Mexico

Ruth Hoffman, Director

Temporary Assistance to Needy Families Program

Background

- Federal Personal Responsibility and Work Opportunity Reconciliation Act was enacted in 1996.
 - Replaced the federal Aid to Families with Dependent Children (AFDC) program
 - After the NM Supreme Court ruled that TANF could not be implemented without legislative action, the New Mexico Works Act was enacted in February of 1998 and governs our state's TANF program.
 - The Deficit Reduction Act of 2005 reauthorized TANF and included new work program requirements

Major provisions of the federal act

- States are allocated an annual TANF block grant (not a "match" program).
 - NM = \$110.578 million. There have been no increases in this amount.
 - NM used to receive \$6.53 million in supplemental funding but that was eliminated.
 - Under the NM Works Act, the legislature appropriates TANF funds.
 - States are required to spend, from state funds, at least 80% of what they were spending on AFDC in the base year of FFY95, on what is called state Maintenance of Effort (MOE) (NM = \$34.931 million)
 - NM, like many states, meets its MOE requirement by taking credit for general fund spending on programs for low-income people in other state departments. Examples:
 - PED: GRADS, Pre-K & K3
 - TRD: Low Income Tax Rebate, Child Care Tax Credit and the Working Families Tax Credit
 - CYFD: Pre-K, Child Care, Community Based Services
- Sets a lifetime limit of 60 months for a participant to receive federally-funded cash assistance



Rocky Mountain Synod
Evangelical Lutheran Church in America
God's work. Our hands.

1701 Arroyo Chamiso Santa Fe, NM 87505
Phone/Fax 505.984.8005
ruth@lutheranadvocacynm.org
www.lutheranadvocacynm.org

- Provides flexibility for states including defining eligibility standards, the kinds of benefits and services available to participants, and how states will help participants move into sustainable employment
- Requires states to have 50% of their caseload in federally countable work activities each year (called the Work Participation Rate)

NM Works Act

- The federal TANF Act leaves many specific policy decisions to states. The NM Works Act outlines those policies. Among them:
 - How will applications be made and processed?
 - Who is eligible?
 - What are work requirement specifics and exemptions?
 - What are the sanctions for noncompliance?
- Eligibility
 - A benefit group must include a dependent child.
 - NM Works Act provides for a gross income test and a net income test.
 - Gross countable income must not exceed 85% of the federal poverty guidelines. (\$16,822 annually or \$1,384 monthly for a family of 3)
 - If the gross income test is met, then the net income test must be met.
 - Net income must not exceed what is called the financial standard of need which is the monthly cash assistance amount for the size of family applying. This amount is set by the HSD secretary. (Monthly cash assistance amount for a family of 3 is \$380.)
 - Several disregards determine net income
 - A benefit group must have \$1,500 or less in liquid resources and \$2,000 or less in non-liquid resources with some exceptions.

Concerns

- In early 2011, the Transition Bonus program and one of the two annual school clothing allowances were suspended.
 - The Transition Bonus program was created in 2008 and was a state-funded program to help families, who were working and making too much money to remain eligible for cash assistance, transition to a family-sustaining income. The program provided these families \$200 a month for up to 18 months.
 - In 2010, about 700 families participated in this program.

The Transition Bonus program should be funded and reinstated.

- On January 1, 2011, HSD cut the monthly cash assistance amount by 15% which means that the net income level that cannot be exceeded is 23% of the federal poverty guidelines.
 - Because the amount of cash assistance is used to determine eligibility, this cut made fewer families eligible.
 - New Mexico's cash assistance amount is \$380 for a family of three and when that amount is adjusted for inflation since 1996 is worth 34.2% less.

Increase the monthly cash assistance amount

- The NM Works Act provides for specific exemptions from the work requirement under particular circumstances, for example - being over 60 yrs old; being the sole care provider for a disabled person, a single parent with a child less than 12 months; having a temporary emergency; victims of domestic violence
 - The NM Works Act allows HSD to *"establish participation requirements specific to the participant's condition or circumstances, such as substance abuse services, mental health services, domestic violence services, pursuit of disability benefits, job readiness or education directly related to employment."*
 - On April 1, 2012, HSD started requiring that those previously exempted take part in "limited work participation."
 - In the first year of this new requirement, the TANF caseload dropped by 16.4%.

Closely examine this requirement to insure that participants are screened carefully so that those who need to be exempted are exempted.

Make sure that the limited participation activities required are the activities listed in exemption provision of the NM Works Act.

Require HSD to provide detailed reports about limited work participation: on what basis are participants not exempted; what activities are they doing; how many hours per week are they involved in those activities, etc.

- From April of 2012 (17,406) to March of 2014 (13,255), the TANF caseload has dropped 24%.
 - The overall NM poverty rate in our state remains very high at almost 21% and 29% of our children are living in poverty. (100% of the federal poverty level = \$19,790 for a family of three)

TANF is a crucial part of our safety net and this program should intensely focus on effective ways to address the barriers that families living in poverty face so that they can move to family-sustaining income.

