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Background Brief on ...

# Low-Income Family Stability

In 1996, federal legislation ended the Aid to Families with Dependent Children (AFDC) federal match program and combined its funding, along with other childcare and employment programs, to become the Temporary Assistance for Needy Families (TANF) program. Under current law, states receive fixed, lump sum payments (“block grants”) to devise their own welfare programs (with some limitations) for their population’s needs. TANF refocuses public assistance on employment and self-sufficiency and requires client participation in return for continued benefits. Oregon receives \$167 million in TANF Block Funds per year and is required to spend approximately \$98 million in state funds on eligible clients for allowable services that meet the goals of TANF. This is called “maintenance of effort” (MOE).

In March 1996, Oregon received a waiver of federal TANF policies to implement the “Oregon Option.” These waivers officially ended in July 2003. The Deficit Reduction Act of 2005 (DRA), reauthorizing the federal TANF program, was enacted on February 8, 2006. The Final Regulations, published in 2008, provided definitions for countable activities and administrative requirements relating to participation, documentation, and monitoring.

Each month, TANF provides on-going cash assistance to approximately 35,900 low-income Oregon families with children. These cash benefits help meet the basic needs of over 97,465 individuals, including over 63,000 children. Family stabilization, case management, employment and training services are also available to these families

## **Federal Requirements for TANF**

While the federal government does not fully specify how states must spend their block grants, the following are the standards that states must meet:

- States must place 50 percent of all able-bodied adult participants and 90 percent of all able-bodied adults on two-parent TANF cash grants in work-related activities. States must meet this criterion or face possible reduction of the state's block grant.
- The federal government gives states a Caseload Reduction Credit for reducing TANF participation. Reductions are formulated on caseloads for the 2005 base year (prior to DRA it had been 1995).
- States must expend a Maintenance of Effort (MOE) requirement equivalent to 80 percent of their 1994 contribution to AFDC related programs.
- When reporting participation (based on Department of Health and Human Services defined activities), states are also required to maintain a quality assurance process and comply with standards for work participation and expanded verification documentation requirements.
- States may use federal money for benefits to a family for more than five years only if that family receives an exemption. States can give exemptions for up to 20 percent of their caseloads. States may use state funds to fund cash assistance to families beyond the five-year time limit. Oregon has criteria enabling the funding of families who meet certain criteria beyond the federal five year limit.

## **2007 Oregon TANF Redesign**

In 2007 the Governor and the Legislative Assembly strengthened the TANF program to focus on family stability and economic security to achieve better outcomes for families in need. The most notable program modifications include:

- Investments in the Job Opportunity and Basic Skills (**JOBS**) and Family Support and Connections program enhanced the TANF program's ability to reduce the probability of child welfare involvement in TANF cases.

- The JOBS program focused on helping families prepare for employment and on addressing family stability concerns.
- Resources were made available to identify client strengths and barriers early on in the process so that they could get the help they need to be ready for employment.
- Support services – such as quality child care and access to transportation – were available to ensure engagement in employment, training and family stability activities.
- Case manager staff resources for the TANF program were closer to the need based on caseload.
- One percent of the families receiving TANF were allowed to attend post-secondary education as part of their self-sufficiency plan.

## **Oregon's TANF Program Post Redesign**

Oregon's TANF design based on House Bill 2469 was beginning to work. TANF outcomes were improving in Federal Fiscal Year 2008 at the same time that the Oregon economy began to deteriorate. The economic recession has had the greatest impact on low income families. It has also made it impossible to maintain the full TANF program design as intended in the 2007 legislation.

The state's unemployment rate was over 10 percent for twenty-four consecutive months - from February 2009 to February 2011 – only recently dipping to 8.4 percent. Oregon's unemployment rate remains high today compared to the national average. According to the Oregon Employment Department (**OED**) there are currently 180,000 Oregonians without employment. OED estimates there are six people unemployed for every job opening in the state.

The loss of jobs in the state had a clear impact on the TANF caseload. Beginning in late 2007 there was rapid caseload growth as families found it more difficult to find jobs. From December 2007 to December 2011 the number of families receiving TANF increased by 79 percent (19,663 to 34,657).

Staffing levels have remained the same during this period of caseload growth. Staffing levels are approximately 35 percent of need. In addition, funding for JOBS services was reduced by 50 percent during the 2011-2013 biennium. The JOBS Program funds both employment and training services provided by local community providers. It also funds support services that help participants engage in activities and go to work. Examples of support services include child care and transportation.

Beginning in the 2009-2011 biennium the TANF and JOBS program has seen significant reductions. These reductions included but were not limited to:

- Post TANF – reduced monthly payment during 2009 and 2010. In July 2012 the program was suspended.
- Pre-TANF – eliminated payments to TANF applicants for shelter or utilities and reduced the amount for personal incidentals to an amount equal to the grant amount.
- TANF – Established a 185 percent of the Federal Poverty Line household income eligibility standard for Non-Needy Caretaker Relatives (e.g. grandparents caring for children in absence of parent)
- TANF – Implemented “job quit” penalty for one-parent families (effective (05/2009). Effective May 2012, the penalty for quitting a job without good cause was increased from 60 to 120 days from the date of request for TANF program benefits.
- JOBS – Reduced JOBS program funding by \$10 million in July 2009 and an additional \$5 million in February 2010.
- TANF – Eliminated the Cooperation Incentive Payment and added half to the TANF monthly grant (effective 10/2010)
- TANF – Closure of the Parents as Scholars program except to those already in the program (effective 07/2011)
- TANF – Reduction in the Family Support and Connections child abuse prevention budget by approximately 5.8 percent of the previous budget (effective 07/2011)
- SFPSS – Elimination of the State Family Pre-Social Security Supplemental Security

(**SFPSS**) Income (**SSI**) and Social Security Disability (**SSDI**) enhanced grant which brought cash assistance payments to the same levels as TANF cash payments (effective 10/2011)

- TANF – Modification of the TANF upfront eligibility process to require an employability screening and an orientation as a condition of eligibility (effective 10/2011)
- JOBS – Modification of the JOBS re-engagement and disqualification process (effective 10/2011)

The Department of Human Services (**DHS**) had anticipated the 2007 TANF redesign would allow Oregon to meet the federal work participation rate requirements, while better addressing the family stability and economic security of these eligible families. Following the first year of implementation of the TANF redesign, Oregon showed improved outcomes in many areas including: job placements increased by 38 percent; the state JOBS participation rate increased from 21.4 percent to 34 percent; and over 400 families were approved for SSI.

Oregon did not meet TANF federal work participation requirements in Federal Fiscal Year (FFY) 2007. While federal participation improved significantly FFY 2008 with the TANF design based on House Bill 2469, the required rate was not achieved in that year either. Oregon did not meet participation requirements in FFY 2009 and it is anticipated Oregon will not meet federal participation requirements in FFY 2010 and FY 2011.

Oregon is currently in a corrective compliance plan approved by the United States Department of Health and Human Services (**DHHS**) Office of Family Assistance to meet federal participation requirements. The corrective compliance plan lasts through September 2012.

### **Supplemental Nutrition Assistance Program (SNAP)**

SNAP is a supplemental federally funded benefit program to help low-income families, single adults, and childless couples buy food. While

client benefits are 100 percent federally funded, the administration of the program requires a 50 percent state match.

The intent of SNAP is to assist all eligible persons meet their nutritional needs. Since FFY 2005, Oregon's participation rate has been among the top three in the nation. The participation rate is the percentage of potentially SNAP-eligible persons in the state receiving food benefits. In May 2012, more than 810,000 Oregonians – 20 percent of the state's population – received benefits.

*Employment and Training Program* - States administering SNAP are federally required to offer a limited companion employment and training program. Oregon's version is the Oregon Food Stamp Employment Transition (**OFSET**) Program.

OFSET is an eight-week commitment for every 12 months that a person receives SNAP benefits. Mandatory clients are those between the ages of 18 to 59 who are not exempt due to age, caring for children or other barriers to employment.

*Nutrition Education* - A key element of SNAP is nutrition education. The state contracts with the Oregon State University Extension Service to provide all nutrition education services. Other partners such as schools, Women, Infants and Children (**WIC**), the Oregon Department of Education's Child Nutrition Program, and grocery stores are also involved in nutrition education.

As of May 2010, the Extension Service has offices in every Oregon county and provides a range of classes to various age groups. In FFY 2011, SNAP-Ed educators made 697,733 contacts to teach 3,061 adults and 66,500 youth in 31 counties. Participants learned about healthy eating, physical activity, food resource management and food safety. Oregon State University also launched the *Food Hero* Campaign to help low-income Oregonians improve their health by increasing consumption of fruits and vegetables. Approximately 250,000 persons were reached through this campaign. In

2012, *Food Hero* will be in all Oregon counties.

## **Program Outreach and Service Recipients**

To increase participation in SNAP, the state contracts with nonprofit groups. Outreach, along with policy and procedural changes, has increased participation rates significantly in recent years. Participation rates have risen from 229,508 households in October 2007 to 442,910 households in May 2012.

Self-Sufficiency offices serve 85 percent of the SNAP population. Elderly persons (65 and older) plus persons with disabilities who require services are assisted by Aging and Persons with Disabilities offices and their contract agencies (Area Agencies on Aging, Disability Services Offices, and Councils of Government).

All SNAP benefits are distributed through an electronic benefit card (**EBT**). All EBT purchases are limited to items approved by the federal Food and Nutrition Service. The only exception is for households made up of SSI recipients or persons age 65 and over who live in Clackamas, Columbia, Multnomah and Washington counties. They receive SNAP benefits as cash.

## **Employment Related Day Care (ERDC)**

The purpose of the ERDC program, and the Child Care and Development Fund supporting it, is to provide low-income families the same access to quality child care as higher income families. ERDC helps working low-income families' pay their child care bills, helps families find and keep appropriate child care, and works with providers and child care partners to improve the quality and stability of the child care arrangements made by parents.

The program pays providers at a rate that gives parents access to a variety of child care options. ERDC is also designed to provide consistent support for families as their financial situation changes. As the family's income increases, their share of the child care costs also increases, with the goal for it to remain affordable.

The ERDC serves working families with very low incomes. In the 2012-2013 biennium, it is anticipated to serve an average of 8,500 families and 15,300 children per month. Effective October 1, 2011, the income eligibility limit for the program is 185 percent of the federal poverty level. For a family of three, this amounts to \$2,944 gross income per month.

## **Refugee Program**

Refugees are admitted to the United States for humanitarian reasons by the U.S. Department of State. The program provides comprehensive resettlement services to help them learn how to navigate the culture and become self-sufficient as quickly as possible. The Refugee Resettlement Program is a collaborative effort between DHS and partner agencies to help refugees and asylees successfully resettle in this country by providing financial, work-attachment and acculturation services.

The average monthly caseload for Refugee Cash Assistance is approximately 270 cases and 600 individuals. An additional estimated 800 individuals per month are served in Refugee Employment projects.

Initial resettlement and cash management services are delivered by nonprofit resettlement agencies in Portland. Services include ongoing employment-related services, including work-based English language training. DHS also works with the Multnomah County Health Department to provide health screenings for all new arrivals and with Oregon Health and Sciences University which provides mental health and trauma treatment for refugees.

## **Prevention Services**

The Office of Self-Sufficiency Programs (OSSP) oversees teen programs focused on reducing at-risk behaviors, including pregnancy prevention, My Future My Choice, and AmeriCorps. These programs involve comprehensive approaches with partners including communities and schools. Additionally these programs coordinate with other prevention and youth development initiatives including juvenile crime, drug and

alcohol, youth suicide, school dropout and recovery efforts, and education.

## **Program Integrity**

The Office of Program Integrity consists of the Quality Control unit responsible for reviewing cases for federal compliance, and the Quality Assurance unit which is responsible for conducting reviews in local branches to promote policy awareness and consistent application of policy and best practice. The Office of Program Integrity provides information to field and program policy staff to improve the accuracy of eligibility decisions and also provides performance based information to training developers in order to achieve corrective action.

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