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Executive Summary

April 4, 2011

Oregon Can Do Better Than Harm Poor Kids

The legislature must reject the devastating changes to TANF proposed by the Governor in HB 2049 and HB 5030

By Janet Bauer, Jason Gettel and Juan Carlos Ordóñez

Few Oregonians may know that one of the largest and most important kids' programs in the state is Temporary Assistance for Needy Families (TANF). TANF provides poor families time-limited cash assistance to help cover basic needs, while also offering parents job training and other services to help them get into the workforce. Regrettably, in HB 2049 and his proposed budget (HB 5030), the Governor seeks radical changes to TANF — changes that would heap even greater hardship on tens of thousands of Oregon's poorest children.

The Governor's proposed changes for TANF fall into three broad categories: (1) the imposition of a draconian lifetime time limit and procedural barriers that would slash enrollment, (2) reductions in the already meager cash assistance that families receive and (3) reductions in job-related services that help parents obtain work.

The most devastating of all changes proposed by the Governor would impose an 18-month lifetime limit on the time that families can receive assistance, down from the current 60-month lifetime limit. Coming at a time when unemployment is expected to stay at elevated levels for years, making jobs for TANF parents hard to find, the 18-month lifetime limit promises to set thousands of families in poverty adrift and make life even harder for their children.

The Department of Human Services (DHS), which administers the TANF program, has concluded that some of the proposed changes likely will result in families being thrown out into the street and more children ending up in the costlier foster care system.

Thus, it is incumbent on the legislature to enact better policy for the sake of the children and for the state.

Protect and invest in children. Ideally, the legislature would be devising a strategy to reduce childhood poverty, leave TANF intact and, at the first opportunity, look to boost the assistance for Oregon's poorest families with children.

Minimize harm to children. Facing a large revenue shortfall, the legislature may decide to squeeze some savings out of the TANF program. If that is the case, it should cut in a way that avoids or minimizes the harm to Oregon's poorest children. The most obvious cut that minimizes harm to children is the one that reduces support for the JOBS program. Putting money into job-related activities at a time when jobs remain few and far between may not be the best use of scarce resources when the basic needs of children are at stake.

Sunset policy changes. Any changes to TANF enacted by the 2011 legislature that reduce the help provided to poor children and their families should have a sunset provision. Changes to the program enacted in the midst of a fiscal emergency should not undo the carefully planned reform of the program enacted by the 2007 legislature.

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The legislature must reject the devastating changes to TANF proposed by the Governor in HB 2049 and HB 5030

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Few Oregonians may know that one of the largest and most important kids' programs in the state is Temporary Assistance for Needy Families (TANF). The program is a safety net and path to opportunity for children from extremely poor families. TANF provides poor families time-limited cash assistance to help cover basic needs, while also offering parents job training and other services to help them get into the workforce. It is the centerpiece of Oregon's anti-poverty program for families with children.

Regrettably, in HB 2049 and his proposed budget (HB 5030), [1] the Governor seeks radical changes to TANF — changes that would heap even greater hardship on tens of thousands of Oregon's poorest children. The proposal would impose a draconian time limit and procedural barriers that would eliminate help for thousands of families, reduce the meager cash assistance that families receive and reduce job-related services that help parents obtain work. These changes would slash $67 million in state funding for TANF. The Department of Human Services (DHS), which administers the TANF program, has concluded that some of the proposed changes likely will result in families being thrown out into the street and more children ending up in the costlier foster care system.

The short-sighted, damaging nature of the program changes and budget cuts is all the more apparent when examined in the context of the Governor's call to prioritize "investment in people," particularly in children. Because the cuts to TANF would impose greater hardship and family instability on Oregon's poorest children, they would undermine the Governor's goal to ensure that every child enters school "ready to and able to learn," as well as his effort to prioritize prevention in health policy. In the long run, the Governor's proposed changes in the TANF program would result in costlier social problems for the state.

The legislature can and must reject making the changes proposed by the Governor because they would harm children. Above all, the legislature must focus on ensuring that the components of TANF that provide for children's basic needs and that foster family stability remain in place.

TANF Is a Kids' Program That Protects the Most Vulnerable

TANF is one of Oregon's largest and most important programs for children. It currently serves about 55,000 dependent children in over 30,000 families each month.[2]

TANF assists children in families facing a crisis. TANF protects children whose parents experience physical, mental health or other barriers to employment. It protects children in families where domestic violence has broken up families and left a parent (typically the mother) in need of cash and help in getting into the workforce. And it is often the last level of protection for children whose parents have lost a job. The fact that TANF responded since the start of the Great Recession by serving 57 percent more families attests to its importance to children when parents face a harsh job market.[3]

Families have to be extremely poor to qualify for TANF. To be considered for the program, a family of three can earn no more than $616 per month in gross income, an amount equal to 40 percent of the 2011 federal poverty level for a family of that size.[4] A woman working 17 hours per week at minimum wage earns too much to even apply for TANF assistance for herself and her two children.

Indeed, families must be poorer to qualify for assistance today than 20 years ago. The program's $616 "gross income limit," the maximum allowable before certain deductions and exemptions, was established in July 1991 and has remained frozen at that level ever since. If the eligibility amount had kept pace with inflation, a family of three could earn about $1,001 per month in 2011 (65 percent of poverty) and still qualify for assistance.[5] The program's failure to keep income eligibility standards updated for inflation is one of the reasons TANF today serves far fewer poor families than it did when the program began.

Most families entering Oregon's TANF program have no earnings and very few, if any, assets.

The cash assistance that families receive is minimal. The maximum grant for a family of three is $506 per month, which amounts to just 30 percent of the federal poverty line. In other words, if the grant were tripled, the family would still not escape poverty.

Currently, there is a 60-month lifetime limit on the help that families can receive, though assistance can last longer in certain hardship cases.[6] In July 2010, the average period of lifetime TANF participation for a family of three was 24 months.[7]

In 2007, in response to 2005 changes in federal law, the Oregon legislature overhauled the TANF program. As part of the redesign, lawmakers tightened time limit and work activity rules, while simultaneously increasing access to employment and social services to help parents find work.

DHS Says Proposal Would Harm Thousands of Oregon's Poorest Children

The Governor's proposed structural changes and cuts to TANF would heap greater hardship on tens of thousands of Oregon's poorest kids. If implemented, the changes would slash Oregon General Fund and Lottery Funds support for TANF by a total of $67.1 million. According to DHS, a likely result of the Governor's proposals would be families becoming homeless and more children ending up in the costlier foster care system.

The Governor's proposed changes for TANF fall into three broad categories: (1) the imposition of a draconian lifetime time limit and procedural barriers that would slash enrollment, (2) reductions in the already meager cash assistance that families receive and (3) reductions in job-related services that help parents obtain work. (See Appendix for list of changes with budget impacts.)

The proposed changes would not only slash spending levels for TANF but also radically alter how the program functions. Many of the proposed changes require amending statutory language defining TANF and the protections for Oregon's most vulnerable children. The Governor's proposed statutory policy changes are an indication of how far his proposal departs from current practice and established policy in protecting very poor families with children.

A draconian time limit and procedural barriers would slash enrollment

One way in which the Governor's proposed cuts seek to squeeze savings out of the TANF program is by shrinking the number of families with children served by the program. It does this by enacting the stingiest lifetime time limit for participation in the program of any state in the nation, as well as erecting procedural barriers for families to get help from the program. These changes would cut off assistance for thousands of children, some of whom would end up homeless or in the foster care system.

The proposed 18-month time limit is blind to employability and job scarcity

The most devastating of all changes proposed by the Governor would impose an 18-month lifetime limit on the time that families can receive assistance, down from the current 60-month lifetime limit. [8] If enacted, the 18-month time limit would leave Oregon with the harshest time limit of any TANF program in the nation. Coming at a time when unemployment is expected to stay at elevated levels for years, making jobs for TANF parents hard to find, the 18-month lifetime limit promises to set thousands of families in poverty adrift and make life even harder for their children.

The 18-month time limit would toss thousands of children from the program. DHS estimates that the time restriction, which would be phased in starting October 2011, would kick an estimated 7,000 families — including 11,000 children — from the program by June 30, 2013, the end of the budget period.[9] Thousands more would be thrown off the program in future budget periods. The department anticipates families becoming homeless and more children entering the foster care system.[10]

The 18-month time limit would effectively upend federal welfare reform and Oregon's recent redesign of TANF. In 1996, Congress replaced the former poverty assistance program, Aid to Families with Dependent Children, with TANF. In 2007, in response to 2005 federal law changes, the Oregon legislature revised its TANF rules to more strictly enforce its adult 60-month lifetime limit. The legislature paired that action with better supports for parents' mandatory efforts to obtain work. Specifically, the state required that parents either immediately look for work or participate in activities designed to overcome employment barriers, while offering parents support in those efforts. The 2007 Oregon TANF reform sought to improve the chance that parents would be employed before the end of the 60th month. The proposed 18-month time limit would shred that plan.

The 18-month time limit tosses out important protections for children. The existing 60-month time limit applies only to adults. The 2007 legislature chose to shelter children by allowing cash assistance exclusively for them to extend beyond that period. That critical protection for children would disappear under the proposed plan.[11]

The proposed plan would also eliminate most of the exemptions to the time limit put in place by lawmakers, who recognized that some adults face substantial barriers to obtaining employment even with support.[12] The current exemptions contained in ORS 412.079(2) do not count months toward the 60-month time limit in cases where, for example, the parent is unable to find or maintain a job because of domestic violence or a certified learning or other disability. Except for three current exemptions, HB 2049 would only protect families when a circumstance that qualifies as an exemption occurs in the last month of the time limit. This would mean, for example, that an individual battered and unable to work for the first 17 months of TANF participation but not abused in the 18th month would still be dropped from the program after 18 months.[13]

Those who stand to suffer the most are children of parents with legitimate barriers to employment. According to DHS, the biggest impact of an 18-month time limit would be on "the most vulnerable families that have significant barriers to employment, such as physical and mental impairments and learning disabilities."[14] That assessment is consistent with research showing that those who are on TANF for the full 60-month period are much more likely to experience these substantial barriers to employment.[15] Further, the department recently reported that more than 70 percent of adults assessed in 2010 had a diagnosed learning, mental health or cognitive disorder.[16]

The proposed 18-month lifetime limit ignores the reality of Oregon's job market. Current agency rules take into account the job market, granting an exemption from the time limit when the state's unemployment rate is above 7 percent. State economists predict that Oregon's unemployment rate, which stood at 10.2 percent in February 2011, will be at 9.8 percent in the fourth quarter of 2011.[17] They also expect the rate to stay at or above 7 percent through 2014. So, despite the fact that the unemployment level is and will remain at or above a hardship level, the Governor would drastically shorten the period of assistance. For TANF families, the Governor's proposal could not be more untimely and at odds with economic reality.

Added procedures don't advance goals, but bar entry

The Governor's proposal would create procedural hurdles for families seeking help from the program. Under the new policy, applicants would be required to complete an assessment for job readiness, attend an orientation to develop a case plan and complete specified work search activities before they and their children could receive any monetary assistance, regardless of whether the assessment determined that the parent is employable. The policy would not meaningfully further the goal of parents quickly finding employment and avoiding the need for cash assistance. Instead, it would merely reduce the caseload.

Today, the state operates a "Pre-TANF" program to help parents quickly find work and avoid entering TANF. In Pre-TANF, all TANF applicants must complete an initial family needs and employment assessment. Parents considered employable in the near term must participate in Pre-TANF employment activities for up to 45 days. These parents can receive limited-term cash payments for transportation, child care and other expenses, making it more likely that they will find employment.[18] These individuals cannot be considered for a monthly TANF cash grant unless they complete the Pre-TANF program.

Adding new up-front requirements without even modest support is likely to cause families to drop out or to be disqualified, preventing families in crisis from getting help. Indeed, DHS estimates that the new up-front requirements would pose obstacles significant enough to prevent approximately 62 families with children from receiving assistance each month.[19]

Changes make it easier to disqualify families

The Governor's proposal eliminates some safeguards in the disqualification process, making it easier to force families off the TANF program. Under current rules, agency staff must make several efforts to reengage parents deemed not complying with their case plan. Under the proposed plan, staff would no longer be required to carry out all current reengagement steps, making it more likely parents will ultimately be disqualified.[20] DHS estimates that each month approximately 600 more families — including 1,230 children — would lose or see a reduction in TANF benefits. According to the department, the change in the disqualification process would prevent some families from meeting their basic needs, likely causing some families to become homeless and more children to end up in foster care. [21]

Reduced Cash and Other Supports Would Make Life Harder for Kids

In a variety of ways, the Governor proposes to reduce TANF cash assistance and other family supports. As only families with few assets and little or no income can participate in TANF, a reduced assistance level would make it even harder for parents to meet the basic needs of their children. The department admits the policies are likely to result in some families becoming homeless, with more children ending up in foster care.

Less help for parents seeking work prior to TANF means more will enter TANF

As noted above, Pre-TANF offers parents job search and other help to avoid the need for on-going TANF cash assistance. Currently, parents assessed as being able to work must participate in the Pre-TANF program for up to 45 days before they can enter the TANF program. Parents in Pre-TANF can receive cash payments for some basic living expenses, for transportation and for child care, to allow them to participate in job search and other required Pre-TANF activities. These payments cover specific expenses and often decrease the need for the monthly cash grant of the TANF program itself.[22]

The Governor's proposal would cut in half the maximum total amount a family can receive in Pre-TANF support payments. By so doing, the Governor's proposal would cause more families to enter TANF — a self-defeating outcome. Reducing the temporary and modest Pre-TANF support would lead to fewer parents finding work. As a result, DHS says, "more families will come onto the TANF program." The department estimates the cut will affect 200 families per month.[23]

No help for parents transitioning into work risks failure and federal penalties

Currently, TANF parents who find work can qualify for a monthly transition payment of $50 in the "Post-TANF" program. The payments help cover costs typically incurred when individuals become employed and can fill in for variations in initial income, helping parents remain employed. The payments end after one year.

The Post-TANF support payments help Oregon meet one of the conditions under which the state receives federal TANF funds, as well as smooth the transition to work for parents. The 1996 federal welfare reform law and the 2005 federal amendments, which focused transitioning parents into the workplace, required states to have a percent of TANF parents working or face federal penalties. Oregon had been struggling to meet the work participation requirement, made tougher by the 2005 law. The 2007 legislature designed the Post-TANF support, in part, to help the state meet that requirement.

The Governor's plan would eliminate the Post-TANF support, making the transition to work more tenuous for TANF parents. It also increases the risk that Oregon will incur federal penalties for failing to meet the federal requirements. Because the parents receiving Post-TANF count toward the work participation level required by the federal law, eliminating the program would make it harder for Oregon to meet the federal work participation requirement.

Elimination of cooperation incentive removes small carrot, leaving a harsh stick

In July 1999, the agency began offering TANF families a small "cooperation incentive" payment to "recognize . . . clients' progress toward employment and motivate them to attain self-sufficiency."[24] The 2009 legislature suspended the incentive effective October 1, 2010 through

June 30, 2011, as part of its effort to balance the budget. As a result, the grant amount typically received by a family of three fell from $528 to $506.[25]

The Governor proposes to eliminate the incentive permanently, thereby permanently reducing the amount of assistance for most TANF families. DHS estimates that 25,000 families, including 37,000 children, would receive reduced cash assistance, making it harder for families to make ends meet and less likely that parents will cooperate with program requirements.[26]

The elimination of the cooperation incentive would remove a modest "carrot" for cooperation with the program, leaving just the disqualification "stick" to punish families who do not cooperate. Its permanent elimination threatens to increase the number of families — and children, through no fault of their own — who are disqualified from the program. Recent experience gives weight to this conclusion. In February 2011, the most recent month of data following the temporary suspension of the cooperation incentive, disqualifications were up almost five-fold from the level in February 2009.[27]

Reducing cash assistance for disabled parents makes it harder for them to leave TANF

Oregon currently provides a slightly higher TANF grant amount to parents who are likely to be eligible for federal Supplemental Security Income (SSI) or Social Security Disability Income (SSDI) programs. These federal programs support people who are blind, disabled or elderly.

The enhanced TANF payment was instituted to encourage the TANF parent to pursue the federally funded benefits and ultimately allow them to leave the state TANF program. When a parent is approved for SSI or SSDI, the state can more easily meet federal work participation requirements. Applying for SSI and SSDI benefits is time-consuming and approval can sometimes take years. Providing a slightly higher TANF grant serves to encourage disabled parents to do all that is necessary to obtain federal SSI and SSDI benefits.

The proposal to eliminate the enhanced grant would immediately reduce resources for families with disabilities.

It may also result in families staying on the TANF program longer due to the lack of incentive to transition to the federal programs, according to DHS.[28] That longer stay would risk leaving families with disabled parents with no assistance at all, should the 18-month time limit also be enacted. Finally, that longer stay in the TANF program would also make it harder for Oregon to meet the federal work participation requirements.

Slashing abuse-and neglect-prevention program means more kids in foster care

The Governor's proposal would cut resources from Family Supports and Connections, a program that aims to prevent child abuse and neglect and avert the need for children to enter the state's expensive foster care system. The program primarily serves TANF beneficiaries and is in high demand; a wait list for services currently exists. According to DHS, reducing funding for this program would deny services to 2,500 at-risk families, resulting in more children winding up in foster care.[29]

Job service cuts would make it harder for families to find work

The proposed cuts to TANF not only exacerbate the hardship of vulnerable families with children, they also undermine the ultimate goal of the program to help families get into the workforce. By slashing funding for job services and eliminating a program that allows parents to pursue education beyond a GED, the Governor's proposed cuts would make it harder for families to gain employment and improve their economic circumstances.

JOBS program cuts leave families unprepared for work

As its title suggests, the Job Opportunity and Basic Skills (JOBS) program is designed to help families in TANF secure employment. The program helps parents find work before they enter TANF to reduce the number of families entering the assistance program, and also helps parents get ready to succeed in the workforce and find work once they enter the TANF program. Besides helping parents look for work, JOBS provides training in workplace basics, job training and services to help them function in the workplace. These include efforts to remove barriers to successful employment, such as alcohol and drug treatment, mental health services and domestic violence intervention.

The Governor's proposed budget would cut $30.5 million from JOBS, a program that already lacks the resources to meet current demand. DHS estimates that current funding is only about 58 to 60 percent of what is needed to meet current caseload levels.[30] The cuts would eliminate the services designed to remove barriers to employment. According to the department, the program would only provide 12 weeks of basic job search assistance without coming close to meeting caseload demand. In all, the Governor would slash the JOBS program by about 60 percent from its current funding level.[31]

The cuts would undermine the state's goals of moving TANF parents to employment and shortening their stay on TANF. Fewer TANF parents would be likely to find employment as a result of the diminished JOBS services. DHS expects that more families would stay on the program for longer periods of time.[32]

Coupled with the proposed 18-month, few-exceptions time limit on TANF benefits, the proposed sharp reduction in job-related services would set up families for failure — with children paying the greatest price.

No opportunity to study makes it harder for parents to get better paying jobs

TANF's Parents as Scholars program is a small program that enables a few parents to further their studies beyond a high school diploma or GED.[33] By offering this educational opportunity, the program aims to improve parents' ability to find better paying work, reducing the likelihood that they will need public assistance in the future.[34]

The Governor's budget would completely eliminate the $1.5 million Parents as Scholars program, a change that would require a statutory amendment.[35] The 266 parents currently permitted to study likely would have to stop pursuing their two- and four-year degrees. They would continue only if they were able to meet the work requirements in addition to going to school and caring for their children. Additionally, the option would no longer be available to the 380 applicants on the waiting list.[36]

Tax Cuts for the Wealthy, Budget Cuts for Poor Kids?

Oregon's wealthiest households are slated to receive a $134 million tax cut in the next budget cycle, money that would more than pay for all the proposed cuts to the program that protects Oregon's poorest kids.

In 2012, the state's top income tax rates will drop from 11 and 10.8 percent to 9.9 percent. As a result, couples with $250,000 or more (and individuals with $125,000 or more) in taxable income per year will see their collective tax bill decline by $134 million over the next two-year budget period.

The scheduled tax cut for the wealthy stems from the fact that when lawmakers drafted what became Measure 66, approved by voters in January 2010, they relied on forecasts that predicted a stronger and faster economic recovery from the Great Recession than what has actually occurred. Lawmakers at the time assumed they could afford to reduce the top tax rates for the wealthiest and still have adequate revenues for the 2011-13 budget period.

The $134 million tax cut for the wealthiest Oregonians is twice the amount that the Governor's proposal would cut in state support for TANF. Keeping tax rates at the current level for the most well-off Oregonians would more than offset the cuts and spare Oregon's poorest kids greater hardship.

TANF Cuts Would Undermine the Governor's Early Education and Health Policy Goals and Would Lay the Groundwork for Costlier, Long-Term Problems

The proposed cuts to Oregon's TANF program run counter to the Governor's call to prioritize "investment in people." And in particular, the proposed cuts threaten to undermine his administration's goals with respect to education and health.

Coming into office, the Governor called for transforming how the state prioritizes spending, something he sees as essential for the long-term balancing of the state's fiscal responsibilities and for strengthening the state's economy. In his inaugural address the Governor said,

> The first way we spend money is by investing in people — in children and families, in education and in workforce development — investments which make people's lives better; which give them a pathway to a family wage job; which give them a secure future; and which lift up our whole state.
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> * * *
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> The other way we spend money is by taking care of problems after they have developed — in foster care, in public assistance, in the criminal justice system. Locking people up in our jail and prisons; and much of what we spend in our health care system and social support systems are expenditures — important in the sense that they deal with immediate problems — but problems that could be prevented if we increased the size and effectiveness of our investment in people.[37]

Consistent with this thinking, the Governor has stressed the importance of investing in early education. Prior to taking office, the Governor established the Early Childhood and Family Investment team and instructed these experts to develop strategies "to ensure that every child enters school ready and able to learn, enters first grade ready to read, and leaves first grade reading."

Economic hardship and family instability, however, stand in the way of achieving the Governor's early education goal, according to his own advisors. The Early Childhood and Family Investment team reported to the Governor:

> Every year, about 45,000 children are born in Oregon. Roughly half of them are exposed to a well-recognized set of socio-economic, physical, or relational risk factors, which adversely impact their ability to develop the foundations of school success. These include poverty, unstable family backgrounds and inconsistent parenting, substance abuse, criminal records among other family members, and negative peer associations. If not addressed, these risk factors have an almost linear correlation with school failure, school dropout, substance abuse, social dependency and involvement in the criminal justice system.[38]

This conclusion is consistent with the findings of the scientific community.[39]

Not only do they undermine the possibility of "every child entering school ready to and able to learn," economic hardship and family instability early in life lay the groundwork for more costly social problems down the road — precisely what the Governor has warned against. Again, the Governor's Early Childhood and Family Investment team reported that social factors, including poverty and family instability, ultimately "produce a workforce that struggles to compete successfully in a global economy and a citizenry that is a liability rather than an asset to Oregon's future."[40]

Just as with his early education goal, the proposed TANF cuts promise to undermine his health policy goals and lay the groundwork for costlier problems. The Governor has stressed the importance of prevention in keeping people healthy and making health care more affordable.[41] And yet the same social factors in early childhood that undermine educational attainment are also correlated with unhealthy lifestyles and poor health outcomes.[42] The Governor appears to recognize this, based on his public comments:

> So it seems to me that the function of prevention and wellness and making sure kids are ready to learn is almost the same as prevention in the health care system. If you do that right on the front end, you keep people healthy, they go to school, they don't end up in the criminal justice system, they require fewer social supports.[43]

Because the proposed TANF changes would inflict greater economic hardship and instability on many of Oregon's poor children, they aggravate factors that lead to school failure and poor health. Thus, the Governor's proposed changes to the TANF program would undermine his own education and health policy goals, while laying the groundwork for future costly problems.

The Legislature Can Do Better and Spare Oregon's Poorest Children

The proposed changes to TANF amount to an assault on Oregon's poorest kids, harming tens of thousands of children and laying the foundation for future and more costly problems. Thus, it is incumbent on the legislature to enact better policy for the sake of the children and for the state.

Protect and invest in children. Ideally, the legislature would be devising a strategy to reduce childhood poverty, leave TANF intact and, at the first opportunity, look to boost the assistance for Oregon's poorest families with children. That is, it should do the opposite of what the proposed program changes and budget cuts entail.

Minimize harm to children. Facing a large revenue shortfall, the legislature may decide to squeeze some savings out of the TANF program. If that is the case, it should cut in a way that avoids or minimizes the harm to Oregon's poorest children.

The most obvious cut that minimizes harm to children is the one that reduces support for the JOBS program. There's no question that requiring parents of families in the TANF program to ready themselves for and search for work is important. However, putting money into job-related activities at a time when jobs remain few and far between may not be the best use of scarce resources when the basic needs of children are at stake.

Sunset policy changes. Ultimately, any changes to TANF enacted by the 2011 legislature that reduce the help provided to poor children and their families should have a sunset provision. Changes to the program enacted in the midst of a fiscal emergency should not undo the carefully planned reform of the program enacted by the 2007 legislature.

Conclusion

The Governor's proposed policy changes and budget cuts to the TANF program, one of the state's largest and most important kids' programs, threaten harm to tens of thousands of Oregon's poorest children. The proposed policy changes would impose a draconian time limit and procedural barriers that would slash enrollment, reduce the meager cash assistance that families receive and reduce job-related services that help parents obtain work. Some of these changes would make some families homeless, with more kids entering the costlier foster care system. With state economists expecting unemployment to remain above 7 percent until 2014, these changes could not come at a worse time.

The legislature can and must avoid harming Oregon's most vulnerable children. If it must squeeze savings out of TANF, it should do so in a way that leaves intact those aspects of TANF that provide for children's basic needs and foster family stability.

Oregon can and must do better for Oregon's poorest children.

Endnotes

[1] The budget proposals are part of the Department of Human Services (DHS) budget, which is set forth in HB 5030.

[2] Data as of January 2011. DHS, "CAF Self-Sufficiency Programs: Household Stability Role of SNAP, TANF, ERDC and Medical Programs," presentation to House Human Services Committee, February 7, 2011, available at http://www.leg.state.or.us/committees/exhib2web/2011reg/HHS/02-07-2011meetingmaterials/SSP%20Overview%202_7_11.pdf.

[3] TANF served 18,589 families in December 2007, the start of the last recession. It served 29,239 families in December 2010. DHS, "CAF Self-Sufficiency Programs: Household Stability Role of SNAP, TANF, ERDC and Medical Programs," presentation to House Human Services Committee, February 7, 2011.

[4] A three-person family is "poor" under the 2011 federal poverty income guidelines if gross monthly income is $1,544 or less. Oregon Center for Public Policy, "What is Poverty," http://www.ocpp.org/cgi-bin/display.cgi?page=poverty.

[5] Adjusted for inflation using Bureau of Labor Statistics CPI Inflation calculator from 1991 to 2011.

[6] ORS 412.079 provides exemptions to the 60-month time limit. These include circumstances when the "needy caretaker relative" (generally, the parent) is unable to obtain or maintain employment for a sufficient number of months to satisfy the federally required participation rates because the individual: (a) is a victim of domestic violence; (b) has a certified learning disability; (c) has a mental health condition or an alcohol or drug abuse problem; (d) has a disability; (e) has a child with a disability; (f) is deprived of needed medical care; or (g) is subjected to battery or extreme cruelty. In addition, the statute allows an exemption for months the caretaker lives on Native American land when the unemployment rate is above 50 percent; receives a grant that does not involve federal Title IV A (TANF) funds; is enrolled in an educational institution (described by DHS as the Parents as Scholars Program). DHS rules also allow an exemption for months during which Oregon's unemployment rate is above 7 percent.

[7] DHS, "Report to the Legislative Assembly Regarding Temporary Assistance to Needy Families, As Required by ORS 412.079," available at http://www.oregon.gov/DHS/assistance/publications/tanf/2011-tanf-leg-report.pdf?ga=t. The report also shows that the average countable months of those in a three-person family group as of June 2010 was 5.5, suggesting that many families qualified for one or more exemptions for some period of time.

[8] HB 2049, Section 5, changes the time limit to 48 months, while the Governor's budget proposal sets it at 18 months. If the legislature chooses to change the current limit, the final budget bill and HB 2049 will be made consistent.

[9] The 18-month time limit clock would start October 1, 2011, so cut-offs could begin April 1, 2013. Therefore, the primary impacts would be felt toward the end of the 2011-13 biennium. Source of this statement and estimate of number of children impacted: DHS, "Reduction Options: 2011-2013 Agency Request Budget," available at http://www.oregon.gov/DHS/aboutdhs/budget/2011-2013/arb/docs/dhs-reductions-matrix.pdf

[10] DHS, "Reduction Options: 2011-2013 Agency Request Budget."

[11] HB 2049, Section 5 imposes the time limit on children, not just parents (caretaker relatives).

[12] ORS 412.079(2).

[13] According to email communication from DHS staff member Tracy O'Donnell to OCPP staff member Janet Bauer, April 1, 2011, the Governor's proposal departs from HB 2049.Under his plan, all exemptions will be eliminated except months in which the adult lived on Native American land when the unemployment rate was above 50 percent, and months the caretaker is unable to obtain or maintain work because of being subject to battery or extreme cruelty. In phone conversation April 1, 2011, Tracy O'Donnell stated that the Governor proposes no change to policies that exempt cases in which the only individuals in the assistance group are minors.

[14] DHS, "Reduction Options: 2011-2013 Agency Request Budget."

[15] Analysis of the 2005 Minnesota Family Investment Program showed that recipients reaching the 60-month time limit were twice as likely to have had a severe mental health diagnosis as those on the TANF caseload as a whole. Dana DeMaster, *At the Limit: December 2005 Minnesota Family Investment Program (MFIP): Cases that Reached the 60-month Time Limit*. Minnesota DHS, 2007. Another study of TANF families in one Minnesota county found low cognitive function, physical and mental health problems were common among those who had reached the 60-month time limit. LaDonna Pavetti and Jacqueline Kauff, *When Five Years Is Not Enough: Identifying and Addressing the Needs of Families Nearing the TANF Time Limit in Ramsey County, Minnesota*, 2006. In addition, caring for a child with a health, emotional or learning problem has been shown to increase the likelihood of reaching the 60-month time limit by 180 percent. Kristen Seefeldt and Sean Orzol, "Watching the Clock Tick: Factors Associated with TANF Accumulation," National Poverty Center Working Papers, 2005.

[16] DHS, "CAF Self-Sufficiency Programs: Household Stability Role of SNAP, TANF, ERDC and Medical Programs," presentation to the House Human Services Committee, February 7, 2011.

[17] Oregon Office of Economic Analysis, "Oregon Economic and Revenue Forecast," March 2011, p. 45, available at http://www.oregon.gov/DAS/OEA/docs/economic/forecast0311.pdf.

[18] Support Services Payments can be provided to parents to help them maintain a stable home and carry out job search or other work activities either to preclude the need for a TANF cash grant or to enable parents to carry out a JOBS activities plan associated with a TANF grant. Payments can go toward housing, transportation, child care and other expenses. *DHS Family Services Manual*, Employment and Self-Sufficiency Services, Section A: Support Services, January 1, 2011, available at http://apps.state.or.us/caf/fsm/03es-a.htm

[19] DHS, "Reduction Options: 2011-2013 Agency Request Budget."

[20] Discussions with Tracey O'Donnell at DHS.

[21] DHS, "Reduction Options: 2011-2013 Agency Request Budget."

[22] Ibid.

[23] Ibid.

[24] http://apps.state.or.us/caf/arm/OldRules/461-135-0210.htm

[25] DHS, *Family Services Manual* #56 Worker Guide MP#7, page 2, http://www.dhs.state.or.us/policy/selfsufficiency/publications/fsm-58.pdf

[26] DHS, "Reduction Options: 2011-2013 Agency Request Budget."

[27] There were 81 disqualifications in February 2009 and 376 in February 2011. *Self-Sufficiency Data Charts*, Statewide Data, February 2011, available at http://www.oregon.gov/DHS/assistance/data/branch_bk/grnbk.pdf

[28] DHS, "Reduction Options: 2011-2013 Agency Request Budget."

[29] Ibid.

[30] Ibid.

[31] Department of Human Services, "Children, Adults and Families Division, Ways and Means Presentation," p. 21, March 2, 2011, http://www.oregon.gov/DHS/aboutdhs/budget/2011-2013/docs/caf-phase1-ss-ovrs2011-0302jwm.pdf

[32] Department of Human Services, "Reduction Options: 2011-1013 Agency Request Budget."

[33] Participation in the Parents as Scholars program "may not exceed one percent of the number of households receiving temporary assistance for needy families on January 1 of the calendar year." ORS 412.017.

[34] DHS, "Reduction Options: 2011-2013 Agency Request Budget."

[35] ORS 412.016 and .017.

[36] DHS, "Reduction Options: 2011-2013 Agency Request Budget."

[37] Governor Kitzhaber's Inaugural Remarks, January 10, 2011, available at http://www.oregon.gov/Gov/media_room/speeches/s2011/0110_inaugural_remarks.shtml

[38] *Early Childhood and Family Investment Transition Report*, January 23, 2011, p. 4, available at http://www.oregon.gov/Gov/docs/priorities/Early_Childhood_Transition_Report.pdf?ga=t

[39] Jack P. Shonkoff, "Building a Foundation for Prosperity on the Science of Early Childhood Development," *Pathways*, winter 2011; Greg J. Duncan and Katherine Magnuson, "The Long Reach of Early Childhood Poverty," *Pathways*, winter 2011.

[40] *Early Childhood and Family Investment Transition Report*, p. 4. Also, Jack P. Shonkoff states, "Children who, early in life, experience adverse conditions such as deep, sustained poverty, profound neglect or abuse, exposure to violence, and prenatal mental illness or substance abuse tend to drop out of school earlier, earn less, depend more on social supports, adopt a range of unhealthy behaviors, and die at a younger age. And this winds up costing us more in the end than if we had addressed these problems early on." In "Building a Foundation for Prosperity on the Science of Early Childhood Development," *Pathways*, winter 2011, p. 14.

[41] John Gramlich, "In Oregon, a New Health Care Debate Awaits," *Stateline*, January 6, 2011.

[42] Jack Shonkoff, "Building a Foundation for Prosperity on the Science of Early Childhood Development," *Pathways*, winter 2011, p. 14; Greg J. Duncan and Katherine Magnuson, "The Long Reach of Early Childhood Poverty," *Pathways*, winter 2011, p. 25.

[43] Governor John Kitzhaber Remarks, Oregon Health Policy Board meeting, January 18, 2011, available at http://www.oregon.gov/OHA/OHPB/meetings/2011/2011-0118-kitz-rmks.pdf?ga=t

This work is made possible in part by the support of the Ford Foundation, the Stoneman Family Foundation, the Strategies to Eliminate Poverty Program of the Northwest Area Foundation, the Oregon Education Association, the Oregon School Employees Association, SEIU 503 and by the generous support of organizations and individuals.

The Oregon Center for Public Policy is a part of the State Fiscal Analysis Initiative (SFAI) and the Economic Analysis and Research Network (EARN)

Appendix

Description of Cut	General Fund & Lottery Funds (millions)
Reducing enrollment through 18-month lifetime time limit	-$12.5
Reducing enrollment through added procedural requirements for entry	-$3.4
Reducing enrollment through harsher JOBS re-engagement and disqualification process	-$2.9
Cutting Pre-TANF support in half	-$0.3
Eliminating Post-TANF program	-$1.9
Eliminating TANF Cooperation Incentive payment	-$9.6
Eliminating enhanced grant for pre-SSI/SSDI families	-$2.3
Reducing Family Supports and Connections child abuse and neglect prevention program funding by 50 percent	-$2.2
Reducing funding for JOBS program	-$30.5
Eliminating Parents as Scholars program	-$1.5
Total	**-$67.1**

Source: Department of Human Services, " 2011-2013 Governor's Balanced Budget, Description of Major Budget Reductions."