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Majority of Ohioans living in deep poverty don't receive cash assistance: Temporary Assistance for Needy Families in Ohio

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Introduction

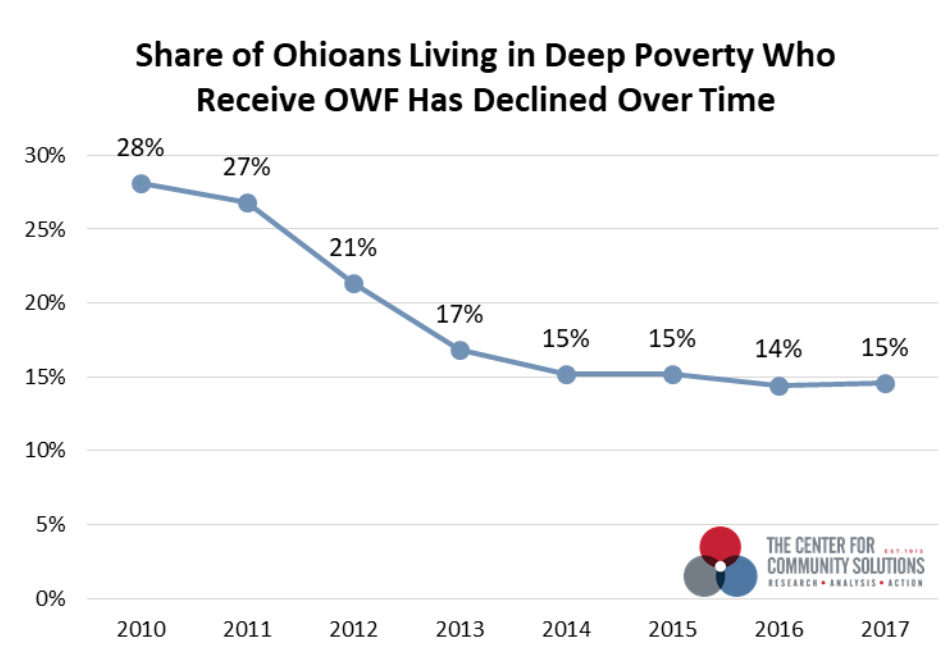
In 1996, President Bill Clinton fulfilled his promise to end “welfare as we know it,” and now, more than 20 years later, the change is evident. Welfare as an entitlement has ended, but the program that replaced it has so fundamentally shifted the safety net, that fewer poor families receive any cash income support from the Temporary Assistance for Needy Families (TANF) program.

The state is awarded \$727 million annually from the federal government to administer the TANF program. The state couples that amount with nearly \$417 million in state funded maintenance of effort (MOE). This amount is codified in federal law and is tied to the amount a state spent on programs for needy families in 1994. States are required to provide a MOE of at least 75 percent of the amount of state funds used in FY 1994 (80 percent if they fail work participation rate requirements).

Data compiled by the Center on Budget and Policy Priorities shows that in 2016, only 23 families for every 100 families in poverty received TANF cash assistance. When TANF was created in 1996, 68 families received cash assistance for every 100 in poverty.¹ According to data from the Administration for Children and Families within the U.S. Department of Health and Human Services, in 2016, only about nine out of 100 families receiving Ohio Works First (OWF) had income beyond cash assistance. A family of three has to make less than \$10,390 a year to qualify for cash assistance. Declining caseloads in Ohio, and nationally, mean that fewer and fewer families can purchase essentials, like diapers or feminine hygiene products, because they no longer have access to cash support offered by OWF.

¹ Ife Floyd, Ladonna Pavetti, Ph.D and Liz Schott. TANF Reaching Few Poor Families.
<https://www.cbpp.org/research/family-income-support/tanf-reaching-few-poor-families>

Figure 1



This report will provide background and an overview of the TANF program, it will show how Ohio implemented these federal changes and how dollars are spent in the state. TANF funds can be utilized for a myriad of programs and this report will look at those programs that Ohio, and its counties, operate. Ultimately, this report will look at proposals for ways to better utilize TANF dollars, as well as look ahead to how this program may better serve the intended population, and achieve those goals outlined in the 1996 welfare reform. And although poverty reduction is not a goal of the TANF program, helping needy families achieve self-sufficiency is, and should continue to be a guiding principle of the programs produced from TANF as much today as it was during the program's creation in 1996.

History of Reform

Elimination of Aid to Families with Dependent Children program

The Temporary Assistance for Needy Families (TANF) program was created in 1996 in a move to reform welfare at the federal level from the former Aid to Families with Dependent Children (AFDC) program. The change from AFDC to TANF fundamentally changed the safety net and shifted the nature of the program. Aid to Dependent Children (ADC) originated in the wake of the Great Depression with the intention of supporting single mothers with cash assistance. There was no requirement in the program to complete work or skills training. In the 1960s, this program evolved to become Aid to Families with Dependent Children (AFDC) and was expanded to include two-parent families, as long as one parent was unemployed or incapacitated.² The TANF program was created in the mid-1990s as a part of the Personal Responsibility and Work Opportunity Act (PRWOA), better known as federal welfare reform. The major changes PRWOA made included mandatory work requirements and time limits for cash

² Heather Hahn, Laudan Aron, Cary Lou, Eleanor Pratt, and Adaeze Okoli. Why Does Cash Welfare Depend on Where You Live? How and Why State TANF Programs Vary.
https://www.urban.org/sites/default/files/publication/90761/tanf_cash_welfare_0.pdf

assistance. Under TANF, states' cash assistance recipients are required to work a set number of hours per week and at least 50 percent of the all adults in the program must meet the work requirement. TANF also limits enrollment in the program to five years; Ohio has set its time limit at three years.

Under TANF, the federal government provides the state of Ohio with a block grant based on funding levels from the time of the program's enactment (1996), and in return, the state provides matching funds, an annual maintenance of effort (MOE) set by those initial funding levels. The state receives \$727 million per year from the federal government to spend on its TANF programs, an amount which has not increased since welfare reform. A major change in welfare reform included adding a work requirement adults have to meet in order to receive cash assistance, a core element of the program. States must also meet one of four goals when spending TANF dollars.

TANF Goals

TANF's statutory purpose is to increase states' flexibility in achieving four goals.³ The goals of TANF are to:

- Provide assistance to needy families so that children can be cared for in their own homes or homes of relatives
- Reduce the dependency of needy parents 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 families⁴

Figure 2



³ The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements, Gene Falk, December 14, 2017. <https://fas.org/sgp/crs/misc/RL32748.pdf>

⁴ About TANF. Administration for Children and Families. <https://www.acf.hhs.gov/ofa/programs/tanf/about>

While the first two goals focus on needy families (read: income eligible families), the second two goals have no such limitation, and can be achieved through spending on programs that help individuals and families with higher incomes. Additionally, states could continue to fund programs that were in existence at the time the federal law changed in 1996 by grandfathering them in, even if they don't meet a core goal of TANF. Notably, poverty reduction is not a goal of the TANF program.

1997 state legislation (HB 408) to implement Personal Responsibility and Work Opportunity Act

In order to implement federal welfare reform at the state level, the Ohio General Assembly passed House Bill 408 (122nd General Assembly). This legislation established Ohio Works First and the Prevention, Retention and Contingency (PRC) program, both of which are both major programs funded with TANF dollars. Ohio's TANF program is administered by County Departments of Job and Family Services (CDJFS). States have considerable discretion in managing and designing their cash assistance programs. In Ohio this flexibility flows down to the counties, although counties cannot change the fundamental design of the program.

This legislation significantly increased the flexibility of counties to design their work support programs within fairly broad federal and state parameters that include meeting certain outcome goals. Included in HB 408 is a requirement that participants in OWF sign a self-sufficiency contract. This is a contract between the participant and the county that says participants agree to engage in the required elements of the program in order to receive cash assistance. If counties fail to engage citizens enrolled in OWF in work placements, the counties themselves are on the hook for penalties associated with failing to meet the work participation rate.⁵

Deficit Reduction Act of 2005

The Deficit Reduction Act of 2005 (DRA) made changes to the TANF program, namely increasing the proportion of adults who are required to work. The DRA increased the work participation rate of one-parent families to 50 percent and for two-parent families to 90 percent, where it remains today. According to a report from the Center on Budget and Policy Priorities, states had a stark choice to make and this choice explains much of what has happened within the TANF program in Ohio since that time.

“Thus, the DRA, coupled with the new regulations, gives states a stark choice: focus solely on meeting the work rates, even if that means making their programs less accessible or less effective at helping needy families and helping families move to work, or increase work participation rates in ways that improve families' employment outcomes, even if that path is the more expensive one to take.”⁶

Welfare in a Block Grant

The federal funding for TANF comes in the form of a block grant with required matching funds from the states. Ohio receives about \$728 million each year and matches that with more than \$450 million in state source maintenance of effort.⁷ The federal amount has been frozen since 1996 and, due to

⁵ County Advisory Bulletin, County Commissioners Association of Ohio, Bulletin 1997-05

⁶ Implementing the TANF Changes in the Deficit Reduction Act. SHARON PARROTT, LIZ SCHOTT AND EILEEN SWEENEY, ALLEGRA BAIDER, EVELYN GANZGLASS, MARK GREENBERG, ELIZABETH LOWER-BASCH, ELISA MINOFF, and VICKI TURETSKY <https://www.cbpp.org/research/implementing-the-tanf-changes-in-the-deficit-reduction-act>

⁷ TANF Spending Plan

inflation, the value has declined by almost 40 percent.⁸ The state's MOE amount must meet at least 75 percent of what it was spending on AFDC, and other support programs that were combined into TANF back in 1994.⁹ Before welfare reform, the AFDC was an entitlement, meaning that the federal government provided enough funds to the state to provide services to every eligible individual who enrolled at matching rates inversely related to a state's per capita income. Shifting the program from an entitlement to a block grant, one that has remained fixed since the mid-1990s, erodes the capacity to reach everyone who may be in need of services funded through TANF. From a policy perspective, the idea of shifting a program into a block grant means that states and counties responsible for implementing it have more flexibility to design a program that better fits the jurisdiction or community, so the federal government can budget a fixed amount for the program.

TANF Spending Plan and Programs

Programs that target the specific goals of the TANF program are considered "core" programs. There are three core welfare reform spending programs under TANF, basic assistance, child care and work programs. Across the country, states spend about half of their TANF block grant on core TANF programs.¹⁰ In Ohio, 70.4 percent of the TANF block grant is spent on the three core programs.¹¹ Flexibility within the TANF program allows states to allocate and spend TANF funds outside of the three core programs, as long as the allocations fall under one of the four pillars of TANF.

The last TANF spending plan that exists is from March 9, 2017, and although changes have been made to the plan since that date, an updated spending plan does not exist at this time.

The report for State Fiscal Year (FY) 2018 and FY 2019 is formatted in a slightly different way than previous reports, by excluding TANF carryover, or unspent funds, from the previous fiscal period. Table 1 through 10, identify ODJFS TANF funding as of the March 2017 plan.

TANF funds are administered at the federal level through the Office of Family Stability, and make up the bulk of the budget for this office. Revenue for the TANF program comes from the aforementioned federal block grant, coupled with the state's MOE funding. MOE funds must be spent before the federal allocation of the block grant. The MOE funds are acquired from a variety of sources with varying amounts, which are listed in the table below.

⁸ Policy Basics: An Introduction to TANF. Center on Budget and Policy Priorities.
<https://www.cbpp.org/research/policy-basics-an-introduction-to-tanf>

⁹ AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC) AND TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) – OVERVIEW <https://aspe.hhs.gov/aid-families-dependent-children-afdc-and-temporary-assistance-needy-families-tanf-overview-0>

¹⁰ LIZ SCHOTT, IFE FLOYD, ASHLEY BURNSIDE. How States Use Funds Under the TANF Block Grant.
<https://www.cbpp.org/research/family-income-support/how-states-use-funds-under-the-tanf-block-grant>

¹¹ Center on Budget and Policy Priorities. Excel Document.

Table 1		
Source	FY 2018	FY 2019
TANF MOE Appropriation – ODJFS	\$151,886,934	\$151,886,934
Early Care & Education Appropriation – ODJFS	\$131,771,147	\$126,067,672
Early Childhood Education Appropriation – ODE	\$70,268,341	\$70,268,341
Child Care MOE Appropriation – ODJFS	\$45,403,943	\$45,403,943
Second Harvest Food Bank Donations	\$24,898,470	\$24,898,470
Public Assistance Activities Appropriation – ODJFS	\$23,000,000	\$23,000,000
State Operating Appropriations – ODJFS	\$15,000,000	\$15,000,000
Kinship Permanency Incentive Program Appropriation - ODJFS	\$1,000,000	\$1,000,000
Post Adoption Special Services Subsidy - ODJFS	\$832,500	\$832,500
Total Funding	\$464,061,335	\$458,357,860

Source: Ohio Department of Job and Family Services

Program expenditures are decided, and allocated for, in the state budget. Both the administration and the legislature develop new programming, and support existing programs, in addition to the core TANF programs, such as child care, work supports and cash assistance. The program specifics are described in more detail later in the report.

More than \$250 million is allocated in each State Fiscal Year (SFY) for OWF, the state’s cash assistance program.

Table 2		
	SFY 2018 Estimates	SFY 2019 Estimates
Ohio Works First (OWF) Cash Assistance	\$264,049,168	\$251,035,922
Cash Assistance – MOE Funding	\$134,886,934	\$134,886,934
Cash Assistance- TANF Block Grant Funding	\$116,341,250	\$116,148,988
TANF Caseload Contingency	\$12,820,984	-

Source: Ohio Department of Job and Family Services

Counties allocate TANF spending, to all 88 counties in the state, to run their own TANF programs. The largest allocation in this category is for TANF administration. If a county’s TANF program is run through the county staff, and not contracted out to a separate entity, the administration allocation is used for operational expenses for the program. Funding such things as eligibility work, in addition to data entry and staff supports. The largest program specific allocation is for the “regular” or core reasons of the TANF program, followed by the Comprehensive Case Management and Employment Program (CCMEP).

The TANF disaster allocation is an allocation that is made and used in the event of a large scale disaster. Often, funds from this allocation are not fully used and are carried over to future budgets.

Ohio Works Incentive Program works alongside OWF to provide additional incentives and supports to link OWF program participants to employment.

Table 3		
	SFY 2018 Estimates	SFY 2019 Estimates
TANF Regular	\$92,255,248	\$92,255,248
County Work Allowance	\$2,500,000	\$2,500,000
TANF Administration	\$118,750,000	\$118,750,000
Ohio Benefits Administration – Supplement	\$7,000,000	\$7,000,000
Comprehensive Case Management & Employment Program (CCMEP)	\$84,150,000	\$84,150,000
CCMEP Administration	\$6,250,000	\$6,250,000
TANF Earning & Collections Incentive	\$365,000	\$365,000
TANF Disaster	\$10,000,000	\$10,000,000
Connect the Dots Program	\$100,000	\$100,000
Employment Services (OWIP)	\$5,000,000	\$5,000,000
Ohio Works Incentive Pilot Program	\$250,000	\$250,000
TANF Fraud Awareness	\$166,000	\$166,000
County Allocations	\$326,787,112	\$326,787,112

Source: Ohio Department of Job and Family Services

Figure 3



Ohio Works First

Ohio sets the income eligibility limit for OWF at a very low level, just 50 percent of the federal poverty level (FPL) and only families with children are eligible. Federal policy requires 90 percent of two-parent families, and 50 percent of one-parent families, receiving cash assistance work 30 hours per week. Ohio met all of its work participation rates in the most recent fiscal year and for many previous years.¹² During the Great Recession, there were years when Ohio's counties did not meet its work participation

¹² <https://www.acf.hhs.gov/sites/default/files/ofa/wpr2017table01a.pdf>

rate. Per HB 408, Ohio's counties are responsible for the penalties associated with failing to meet the rate.

The average monthly benefit, per person, is \$203.58.¹³ This is considerably less than working 30 hours per week at Ohio's minimum wage rate of \$8.30 per hour (120 hours per month at \$8.30 is \$996 per month).¹⁴

There are 12 types of work that can count toward these hours. Nine of the 12 activities can count for any of the hours (core activities), while the remaining three activities can only count for ten hours per week as long as the other 20 hours are comprised of core activities. The types of work or engagement activities that are allowable are included below:

Core

- Unsubsidized employment
- Subsidized private-sector employment
- Subsidized public-sector employment
- Work experience
- On-the-job training
- Job search and job readiness assistance
- Community service and volunteer programs
- Vocational educational training (for up to 12 months)
- Providing child care services to an individual who is participating in a community service program

Non-Core

- Job skills training directly related to employment
- Education directly related to employment
- Satisfactory attendance at secondary school or in a course of study leading to a GED

There are federal rules around these activities that set additional parameters. For example, only six weeks in a year can be made up of job search and readiness activities.¹⁵

Caseload shift

One cause of overall underspending in the program, that will be explored further, is declining caseloads in Ohio Works First. In December 2005, ahead of the Great Recession, there were more than 180,000 cash assistance recipients. In the midst of the Great Recession (July 2008), there were more than 173,000 individuals receiving cash assistance. Nearly 10 years later, in April 2018, this number declined to just more than 93,000. The vast majority of the current recipients are children (90 percent) who have no work requirement to meet. The declining caseload is a result of people leaving the program because they have met the time limit (36 months in Ohio) or have not met all of the requirements of the program, such as the work requirement. Meeting this work requirement is increasingly hard to do, as

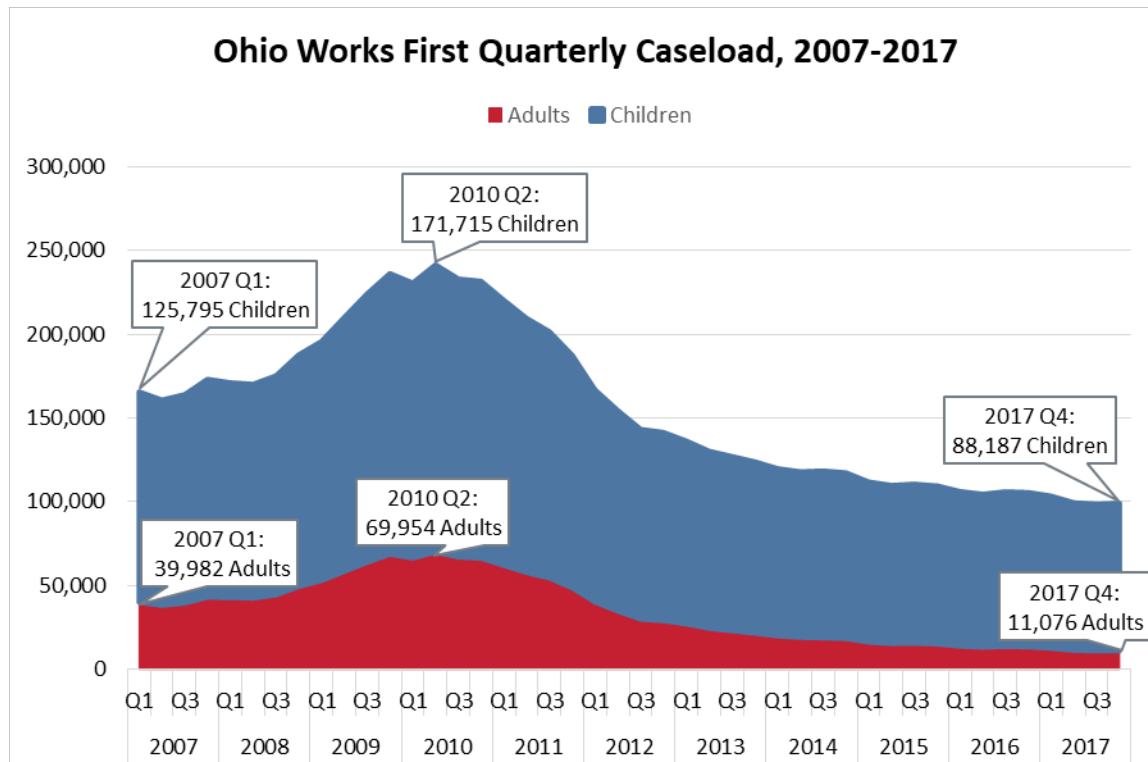
¹³ <https://ifs.ohio.gov/factsheets/owf.pdf>

¹⁴ https://www.com.ohio.gov/documents/dico_2018Minimumwageposter.pdf

¹⁵ Policy Basics: An Introduction to TANF. Center on Budget and Policy Priorities.
<https://www.cbpp.org/research/policy-basics-an-introduction-to-tanf>

robust work support programs are not available across the state and it can be challenging to meaningfully engage clients in core activities. Ohio no longer collects any data after people leave the program, so there is no way to know how many people move into successful employment, although this is often the way work requirement supporters interpret the declining caseload number.

Figure 4



Source: Ohio Department of Job and Family Services. Public Monthly Assistance Statistics

Child-only cases

The overall number of people enrolled in OWF has declined. With this shift, there has also been an increase the number of child-only cases. These are cases where an adult is not calculated in the family. Many of these cases are children living with grandparents or other family members. Nationally, there are about 550,000 child-only cases, or cases with zero adults in the family, that receive cash assistance. Ohio has one of the largest child-only caseloads in the country (behind California and nearly identical to the number in New York)¹⁶ at about 45,000 families. There is likely an increase in this figure in part due to children who reside with family members while their parent or parents struggle with a substance use disorder.¹⁷

¹⁶ https://www.acf.hhs.gov/sites/default/files/ofa/2017_Oparent_tan.pdf

¹⁷ Public Children Services association of Ohio. PCSAO Factbook: 13th Edition. Page 3. <http://www.pcsao.org/pdf/factbook/2017/Front.pdf>

Time limits

The federal lifetime time limit for TANF is 60 months. States are able decrease that time limit at their discretion. Ohio sets its limit at 36 consecutive months, with the option to provide “hardship exemptions” under which the county can enroll someone for up to an additional 24 months at some point in the future. The way that hardship exemptions are implemented varies across the state as each county develops its own policy on hardship exemptions. It is entirely possible that a person could be denied a hardship exemption for the same reason that someone in another county is granted an exemption.

“As of May, 2016, counties reported a total of 644 OWF recipients receiving benefits while under hardship. This represents just .64 percent of the average caseload (among those subject to the time limit). This rate is heavily diminished by the fact that 43 Ohio counties currently report zero hardship exemptions. An additional 31 counties report less than 1 percent of their eligible caseloads are under hardship, and 8 counties report exemptions making up between 1 and 5 percent of their caseload. Just one Ohio County, Athens County in Southeastern Ohio, reports double-digit hardship exemptions, at 16 percent. Overall, across the state, hardships are most often granted under the category of disability/medical conditions. See the appendix for data on hardship exemptions by county.”¹⁸

Sanctions

Federal TANF hardship exemptions and extensions are outlined in two basic ways, through the accrual of months and exemptions on time limits. Exemptions are the months that do not count towards an individual who was not head of household or living in an Indian country with more than 50 percent unemployment.¹⁹ There are no caps on exemptions. Time limit exemptions cannot use federal funds after 60 months, and include those who are classified to have a “hardship” via the state. In Ohio hardships are defined by the county, or may include domestic violence situations. There is a cap for extensions, as they may not be applied for more than 20 percent of a state’s case load. Nationally, extensions are 2.2 percent of overall case loads. In Ohio, hardship extensions are provided to 0.3 percent of families on the case load.²⁰ Adults who receive a benefit extension are subject to inclusion in the state’s workforce participation rate.

There are cases where the calculation for the amount of time that an individual receives benefits may be halted, which is often referred to as “stop the clock.” Exemptions stop the clock while extensions do not. MOE funds can be used for families, and this will also stop the federal time clock.

Hardship exemptions are made available to individuals who have exhausted their 36-month limit for receiving OWF benefit, as defined by Ohio Revised Code. Counties have the ability to define and determine their own hardship exception criteria. The Ohio Revised Code allows an exemption of up to 20 percent for families who are undergoing a county defined hardship. Some counties have criteria. Jackson County, for example, outlines 16 different criteria individuals need to meet to seek a hardship exemption, many focus on young children, health needs and “severely disabling conditions.”

¹⁸ Frech, Rose. Ohio Works First Hardship Exemptions: An Underutilized Tool to Extend Benefits to Families in Need. For The Center for Community Solutions. November, 2016.

¹⁹ Indian Country, meaning a Native-American reservation or community.

²⁰ Characteristics and Financial Circumstances of TANF Recipients Fiscal Year (FY) 2016. Administration for Children and Families. https://www.acf.hhs.gov/sites/default/files/ofa/fy16_characteristics.pdf

The discretion that counties and individual case workers use to determine an exemption may create inconsistencies around the state. Uniform procedures and training can assist in preventing bias and inconsistencies based on a client's location. By actively monitoring an individual's time limits, caseworkers can better understand if an individual is in a domestic violence situation and providing an exemption before the time limit can make a significant impact in that family's future. An academic report shows that up to 74 percent of TANF recipients report domestic violence victimization, compared to 31 percent in the general population.²¹ Ohio is currently awarding zero domestic violence exemptions, as cited in reports the state provides to the federal government.²²

Prevention, Retention and Contingency (PRC)

The Prevention, Retention and Contingency (PRC) program is funded through the county allocation of TANF funds. The PRC program aims to provide immediate assistance to families who are experiencing a hardship on a time-limited basis including assistance that may provide valuable support to eligible families involved in the child protection system. The priorities listed below are put in place to stabilize families in an immediate crisis and possibly to provide "one-time-only cash payments so that they [recipients] do not need OWF cash assistance".²³ Awarding of PRC funding does not impact the time limits individuals face with the OWF program, however, it must be short-term, non-recurring assistance or else assistance will count against an individual's lifetime limit of receiving assistance.

²¹ Cheng, T. C. (2013). "Intimate partner violence and welfare participation: A longitudinal causal analysis". *Journal of Interpersonal Violence*, 28(4) 808–830.

²² Temporary Assistance for Needy Families (TANF) Federal Five-Year Time Limit Fiscal Year (FY) 2017. Administration for Children and Families. <https://www.acf.hhs.gov/sites/default/files/ofa/timelimit2017.pdf>

²³ Jacqui Romer Sensky, "OWF/PRC Guidance Letter No. 1 (Columbus: ODJFS, April 15, 1999).

Figure 5

The state established broad priorities for Prevention, Retention and Contingency Programs



Assist Ohio Works First families at risk of reaching their **time limit**



Provide services to **noncustodial parents** to help them **meet their obligations**



Provide services that meet the needs of **low-income, employed families**



Prevent economic dependency for those seeking **employment**



Design services for **dependent families** who will reach **time limits**



Promote the formation of **two-parent families**



Prevent out-of-wedlock **births**



Provide services to **vulnerable children and their families**

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Work supports and other services are delivered to parents with minor children or pregnant women. Supports can consist of clothing, shelter, disaster assistance, transportation, employment and training. PRC eligibility ceilings are determined by counties, and range from 100 percent of the FPL to 200 percent FPL. The PRC funding awarded to counties is flexible, and counties have discretion to determine the amount of PRC assistance awarded to applicants and target populations. County variations are clear when comparing individual PRC plans, which are updated, approved by county commissioners and

submitted to the ODJFS bi-annually.²⁴ Reports that provide Statewide and county PRC activity have not been updated by ODJFS, on their website, since December 2010.²⁵ In July of 2018, Community Solutions requested updated numbers, this request is still pending.

Figure 6



Comprehensive Case Management and Employment Program

CCMEP is a program that was created under the Kasich administration in the state budget for fiscal years 2016 and 2017. The program combines funding from the federal Workforce Investment and Opportunities Act (WIOA) and TANF to provide wraparound services aimed at positively changing work

²⁴ Some counties throughout the state, Cuyahoga and Summit, use a County Executive instead of County Commissioners.

²⁵ODJFS. Data Management and Reporting Section. <http://jfs.ohio.gov/ofs/DMRS/PRC/PRC1.stm>

outcomes for those aged 14 to 24.^{26,27} The goal of the program is to reach young people in poverty. While the initial program was designed for young people ages 16 to 24, the most recent state budget extended the starting eligibility age for the program to 14. Age extensions and additions can also happen through the rule process.

As a part of the state TANF spending plan, the CCMEP funding is highlighted in table 3. Now, almost two years old, the program is implemented in all counties, and the data can be gathered statewide. By evaluating individuals and their needs in a holistic way, the unique funding streams combined into CCMEP allow staff to focus on a targeted approach to meet the needs of the individuals they serve — working to end the cycle of poverty many of these young people face.

Program evaluations are modeled by using WIOA requirements, and are primarily focused on education, employment and training. Although all metrics are important, for populations as young as 14-years-old who are still in school, these metrics may not show a true picture of program. Preliminary data shows high instances of individuals exiting from the program, 23 percent, without highlighting which of the four reasons why the individual has exited.²⁸ Many of the individuals served by CCMEP have barriers to employment, which is well documented in the state's data. However, the metrics do not adequately reflect services to assist participants in overcoming these barriers.

An initial projection for CCMEP for operating year 2015 estimated 29,500 individuals.²⁹ The first quarter of program year 2017 actually had 14,206 total participants for the program.³⁰ The significant gap in expected program participants versus the program reality, could contribute not only to CCMEP underspending, but also program wide TANF underspending.

The Connect the Dots Program

The Connect the Dots Program is a targeted program to address the needs of young people in foster care who are aging out of the program. The program is focused around four goals, many of which align with the overall TANF goals. The program seeks to:

- Improve educational, employment, and earnings outcomes
- Support foster youths' transition to adulthood

²⁶ Examples of wraparound services include: Barrier removal services (assist in reducing or eliminating barriers not only to OWF participation but to self-sufficiency in general); Work allowance distribution (distribution of transportation assistance); Parent engagement activities related to the academic support and success of their children (this may be included as part of the customer's assigned hours or supportive services, whichever is most appropriate); and Strategies to support full participation in assigned work activities on a weekly and monthly basis. Franklin County Department of Job and Family Services. REQUEST FOR PROPOSALS (25-17-RFP-06 OWF) FOR Ohio Work First – Work Activities Services and Management June, 2017

²⁷ WIOA is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. United States Department of Labor. WIOA Overview. <https://www.doleta.gov/WIOA/Overview.cfm>

²⁸ ODJFS. <http://jfs.ohio.gov/owd/WIOA/Performance/CCMEP-PY17-Q3-Perf-Rpt.stm>

²⁹ Estimates were provided by ODJFS and preliminary estimates do not include: duplications among programs, the later policy change to not include WIOA adult participants in CCMEP, and later policy change from a summer TANF Youth Employment program to a year round program.

³⁰ Ohio Department of Job and Family Services. Ohio's Comprehensive Case Management and Employment Program Performance Report: First Quarter Program Year 2017. Accessed February 2018. <http://jfs.ohio.gov/owd/WIOA/Performance/CCMEP-PY17-Q1-Perf-Rpt.stm>

- Prevent and reduce the incidence of early pregnancy
- Share resources to assist youth, such as OhioMeansJobs.com, OhioHereToHelp.com, Ohio Career Information System and OhioMeansJobs Centers³¹

Child Care

Between federal and state funds, the state of Ohio spends \$1.1 billion on child care each year. About 70 percent of this comes from federal sources and the remaining 30 percent is comprised of state funds.³² Funding for child care through TANF makes up a significant portion of the overall \$1.1 billion that the state spends on child care (see Table # below). In 2018, this amount was budgeted at \$455.2 million and was expected to increase to \$472.2 million in 2019. Below, this report focuses on the role of TANF in funding child care, but it is important to know that it is not the only source of funding for child care.

Who's Receiving Services?

If a parent is enrolled in OWF they are guaranteed to receive child care subsidies through TANF. In Ohio, about 120,000 children receive child care subsidies, which are partially funded through TANF.³³ Parents who are not enrolled in OWF are eligible to receive child care subsidies if they make no more than 130 percent FPL (\$27,014 for a family of 3) and if a county case manager determines it. Families earning more than the federal poverty level must provide a co-payment, which gradually rises to no more than 10 percent of earnings up to 200 percent of poverty. The subsidy is phased-out between 200 and 300 percent of poverty, with parents paying greater co-payments until they are self-sufficient and need no subsidy. If a family leaves the program for any reason, they can only receive child care subsidies again when their income is at 130 percent FPL or below. A family cannot enter the system when they have income above 130 percent FPL. Expanding incoming eligibility for child care subsidies in Ohio is a key advocacy ask of many groups who research this topic.

The child care program under TANF consists of payments for both center-based and home-based licensed providers. Ohio spends roughly 30 percent of its TANF block grant on child care.³⁴ This is expected to significantly increase in the years to come and will be discussed further in a later part of this brief. However, a \$20 million increase can be seen in SFY 2019 to SFY 2018 allocations.

Table 4	SFY 2018	SFY 2019
Child Care Provider Payments	\$409,809,937	\$426,771,941
Child Care Provider Payments – MOE Funding	\$45,403,943	\$45,403,943
Child Care Program	\$455,213,880	\$472,175,884

Source: Ohio Department of Job and Family Services

³¹ ODJFS. Connecting the Dots – from foster care to employment and independent living.

<http://jfs.ohio.gov/owd/Initiatives/ConnectingTheDots.stm>

³² Moore, Rob. Assessing Ohio's Child Care System. Policy Matters Ohio. June 25, 2018.

<https://www.policymattersohio.org/research-policy/pathways-out-of-poverty/basic-needs-unemployment-compensation/basic-needs/assessing-ohios-child-care-system>

³³ Ibid.

³⁴ ODJFS. Connecting the Dots – from foster care to employment and independent living.

<http://jfs.ohio.gov/owd/Initiatives/ConnectingTheDots.stm>

How does this fit into TANF?

Child care is one of nine core services of TANF. Ohio spends a larger portion of its TANF budget on child care than 46 other states. As fewer and fewer families receive OWF cash assistance, Ohio has seen a shift toward more spending of its overall TANF budget on child care. Child care is a key work support, but there is research to support that lifting a whole family up with income assistance and other work programs can also improve children's outcomes.³⁵ These improved outcomes include, but are not limited to, better birth outcomes, increased reading and math test scores in middle school, increased high school completion and college entry. While there are other, albeit insufficient, sources of funding for child care at the federal and state levels, TANF is the only federal/state program that can provide income support. Across the nation, TANF is not reaching as many poor families as it could.³⁶ In Ohio, for every 100 children in deep poverty (50 percent FPL), 54 received OWF benefits in 2005-2009, but only 43 received benefits in 2010-2014.³⁷ This declining trend will most likely continue, as the total number of children on OWF has continued to drop since this time frame. Knowing the beneficial outcomes for children, it is important to consider the impact of increasing the number of poor families who access OWF.

Interagency Transfer

The Interagency Transfer/claim allocation comes from two primary sources, MOE claims and the Governor's Office of Faith Based and Community Initiatives. The Governor's Office of Faith Based and Community Initiatives is charged with working with organizations to encourage them to receive public funds to assist with charitable donations, by working to leverage state, federal and other funds so communities get maximum contributions.

Table 5		
	SFY 2018	SFY 2019
Governor's Office of Faith Based Initiatives	\$6,540,000	\$6,540,000
Other Entities' MOE Claim (e.g. ODE Appropriation)	\$95,166,811	\$95,166,811
Interagency Transfer/Claim	\$101,706,811	\$101,706,811

Source: Ohio Department of Job and Family Services

Child Welfare

Counties, through the public children services agencies (PCSAs), are required to provide Independent living services to children in foster care who are ages 14 and older. Funding from TANF, as well as the

³⁵ Economic Security Programs Help Low-Income Children Succeed Over Long Term, Many Studies Find. ARLOC SHERMAN TAZRA MITCHELL https://www.cbpp.org/research/poverty-and-inequality/economic-security-programs-help-low-income-children-succeed-over#_ednref2

³⁶ TANF Reaching Few Poor Families. IFE FLOYD, LADONNA PAVETTI, PH.D., LIZ SCHOTT <https://www.cbpp.org/research/family-income-support/tanf-reaching-few-poor-families>

³⁷ Twenty Years Later, Ohio Works First Is a Poor Safety Net for Ohio Children in Deep Poverty. Joe Ahern. https://www.communitysolutions.com/wp-content/uploads/2018/04/owf_chil_deep_pov_050516_final.pdf

federal John H. Chafee Foster Care Independence Program, can be utilized for independent living services. These services include but are not limited to³⁸:

- Academic support
- Post-secondary educational support
- Career preparation
- Employment programs or vocational training
- Budget and financial management
- Housing education and home management
- Health education and risk prevention
- Family support and healthy marriage education
- Mentoring
- Supervised independent living
- Room and board financial assistance

The Kinship Permanency Incentive Program provides time-limited payments to family or friends of children whose birth parents are not able to care for them. There is an initial payment to help defray placement costs, and then possible subsequent payments every six months, to maintain or help stabilize the children in a family member or friend's home. These payments are in addition to any payment made for an OWF child-only case.³⁹

Table 6		
	SFY 2018	SFY 2019
Independent Living	\$2,000,000	\$2,000,000
Kinship Permanency Incentive Program	\$5,250,000	\$5,250,000
Child Welfare	\$7,250,000	\$7,250,000

Source: Ohio Department of Job and Family Services

In the state infrastructure portion of the TANF spending plan, funds are allocated to the development and maintenance of some of the state's IT systems that support TANF programs, like CCMEP, and mainly Ohio Benefits. Ohio Benefits is a state IT system that allows individuals to apply for TANF, SNAP and Medicaid on one online system. The program went live in late August for SNAP/TANF, which explains funding increases in SFY 2019, as the program works through initial operation costs.

Table 7		
	SFY 2018	SFY 2019
State Operating & MIS	\$29,643,839	\$28,466,682
Ohio Benefits System –DAS ⁴⁰	\$11,750,000	\$11,750,000
Ohio Benefits System – JFS	\$385,873	\$396,409

³⁸ Independent Living Services. Ohio Department of Job and Family Services.

<http://jfs.ohio.gov/ocf/olderyouthinitiatives.stm>. Accessed September 26, 2018.

³⁹ Kinship Care. Ohio Department of Job and Family Services. https://jfs.ohio.gov/ocf/kinship_care.stm

⁴⁰ DAS: Department of Administrative Services

CCMEP System Enhancements – OWCMS/CFIS/OMJ ⁴¹	\$910,000	\$910,000
Ohio Benefits OIT Charges	\$11,987,906	\$16,000,000
State Infrastructure	\$54,677,618	\$57,523,091

Source: Ohio Department of Job and Family Services

The “other” category is a broad collection of additional allocations that don’t fit into the aforementioned or below categories.

Table 8		
	SFY 2018	SFY 2019
Collective Repayment to HHS	\$600,000	\$600,000
Post Adoption Special Services Subsidy	\$832,500	\$832,500
Ohio Benefits Bank	\$534,925	\$534,925
Ohio Association of Food Banks	\$11,050,000	\$11,050,000
Ohio Commission on Fatherhood	\$1,000,000	\$1,000,000
Other	\$14,017,425	\$14,017,425

Source: Ohio Department of Job and Family Services

Each year, up to 10 percent of the federal portion of the TANF grant can be transferred to Title XX, otherwise known as the Social Services Block Grant (SSBG). This amounts to around \$72 million each year since Ohio maxes out this transferability. For context, of the total \$2.7 billion in SSBG expenditures nationally in 2014, \$1.2 billion was from TANF transfers. This shows the significance of TANF transfers to the SSBG.⁴² SSBG funds are used by the state for adoption, residential treatment services, child and adult day care and protective services, home-based services, job training, counseling and legal services.⁴³

Table 9		
	SFY 2018	SFY 2019
County TANF Transfer/Protective Services Child Care	\$66,796,826	\$66,796,826
Ohio Association of Food Banks	\$6,000,000	\$6,000,000
Child Care – Protective Services	\$4,000,000	\$4,000,000
TANF Transfers to Title XX	\$76,796,826	\$76,796,826

Source: Ohio Department of Job and Family Services

⁴¹ OWCMS/CFIS/OMJ: Ohio’s Workforce Case Management System/County Finance Information System/Ohio Means Jobs

⁴² SOCIAL SERVICES BLOCK GRANT (SSBG), Administration for Children and Families.
https://www.acf.hhs.gov/sites/default/files/ocs/ssbg_fact_sheet_march_2017.pdf

⁴³ LSC. Greenbook. <https://www.lsc.ohio.gov/documents/budget/132/MainOperating/greenbook/JFS.PDF>

New programs or additional expansions from the most recent state budget include an allocation of \$5 million for multi-system youth. These programs are listed below and are not included in the above expenditure totals as they were allocated after the spending plan was created.

“Earmarking is the process by which a particular revenue source is “earmarked” or dedicated to a particular use.”⁴⁴ TANF earmarks are listed below, some are not new and were included in the introduced version of the state budget, while others were added by the Ohio House or Senate in House Bill 49 in the state budget.

Table 10	
Program	Amount Per FY
Governor’s Office of Faith Based and Community Initiatives	\$6,500,000
Independent Living Initiative	\$2,000,000
Ohio Commission on Fatherhood	\$1,000,000
Ohio Alliance of Boys and Girls Club	\$1,000,000
Food Banks or Food Pantries (unaffiliated with Ohio Association of Foodbanks)	\$500,000
Kinship Caregiver	\$15,000,000
Big Brothers Big Sisters of Central Ohio	\$500,000
Multi-System Youth	\$5,000,000
Court Appointed Special Advocates	\$300,000
Children’s Hunger Alliance	\$250,000
Total	\$32,050,000

Source: Ohio Department of Job and Family Services

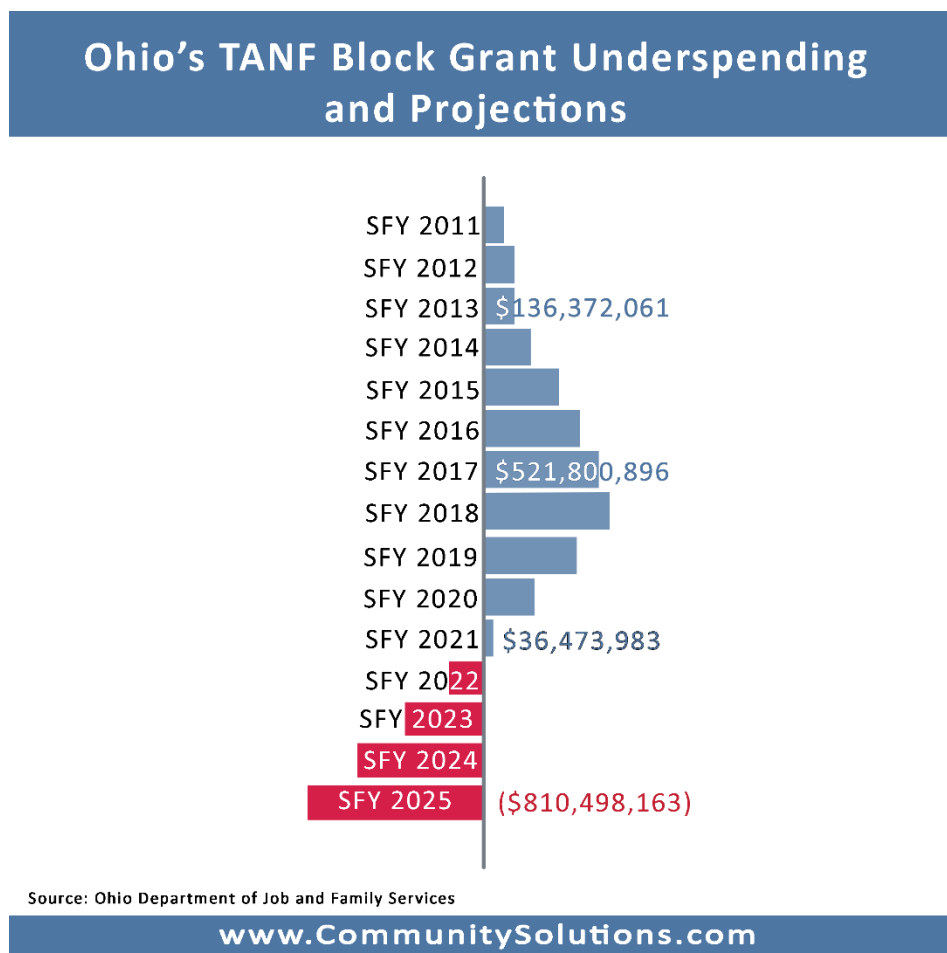
Underspending in the TANF Program

Carryover

The Ohio Department of Job and Family services sets spending goals for program, but often, those spending goals are not met. Therefore there is extra money at the end of the program year that is carried over to subsequent years. This underspend and carryover of funds is seen widely in the TANF budget. Carryover in allocations happen in almost every one of the programs listed above, both core and non-core. After the Great Recession of the late 2000’s, TANF spending began to slow, and block grant funds from previous years began to build steadily from 2011 continuing through today.

⁴⁴ Follow the Money. Terry Thomas and Dick Sheridan. 2013

Figure 7



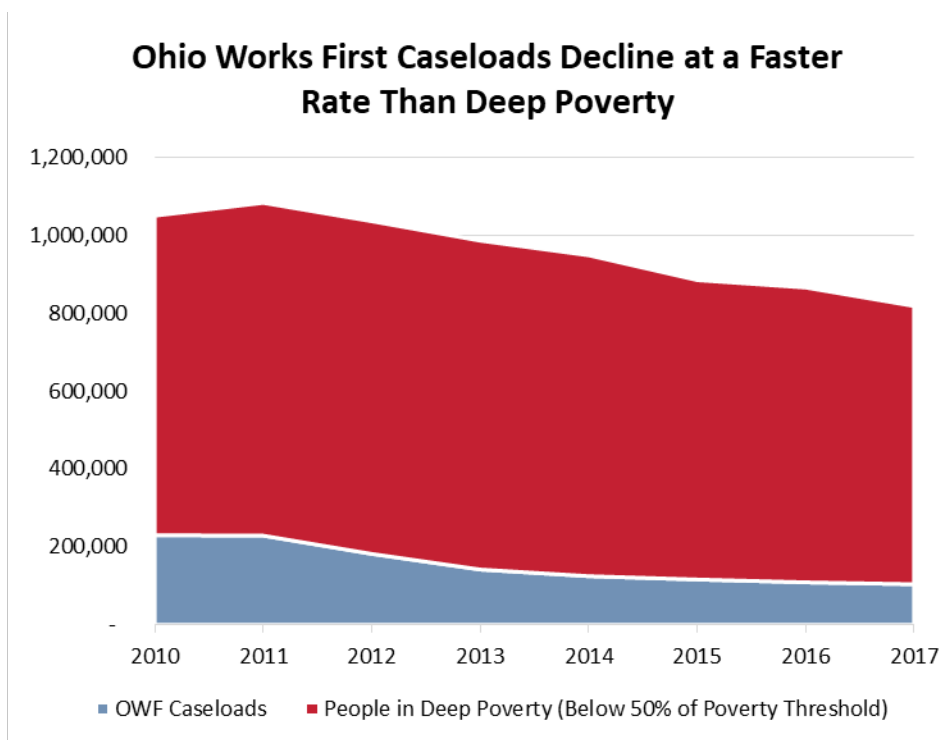
Continual underspending in the program has created a large reserve, the actual for SFY 2017 is at least \$521,800,896, a number that is expected to increase in SFY 2018. The continual decline in individuals receiving cash assistance, the under-expected enrollment in CCMEP and declining PRC recipients, among other program declines, have all contributed to this large reserve fund.

Though TANF reserves have increased, 19 percent of families with children in Ohio live below poverty and 33 percent of individuals live near poverty (200% FPL).⁴⁵ Core TANF programs, such as cash assistance and work supports, could move the needle for these families who struggle the most. According to the Center on Budget and Policy Priorities, Temporary Assistance for Needy Families (TANF) and state General Assistance programs lifted 544,000 people out of poverty in 2017.⁴⁶

⁴⁵ The Center for Community Solutions. State of Ohio.2018. Page 2. <https://www.communitysolutions.com/wp-content/uploads/2018/04/Ohio2018.pdf>

⁴⁶ Sherman, Arloc. Center on Budget and Policy Priorities. <http://www.hannah.com/DesktopDefaultPublic.aspx?type=hns&id=Yj92oEaTAvk%3d&u=B8tLmbGg!So%3d>

Figure 8



In the most recent state budget, the TANF block grant spending appropriation of \$836.4 million for FY 2017 will remain the same for FY 2018, and see a 1.5 percent increase in FY 2019 to \$848.9 million.⁴⁷ However, due to TANF fund underspending, there is a 17.8 percent expected increase between the amount spent in FY 2017 and the appropriation for FY 2018 alone.⁴⁸

How will the carryover be spent?

The ODJFS has proposed to spend down the TANF block grant amounts from previous years via child care programs. Estimates put spending for the child care program at more than \$900 million in total TANF spending by 2025, excluding proposed changes to program eligibility criteria. TANF contributions to child care expenditures are estimated to almost double in 2025 from their 2011 amounts, from \$275,033,791 to \$427,544,881. TANF contributions through MOE will remain consistent due to federal program requirement limitations.

The increase in child care spending is an exact match to TANF Block Grant carryover from previous years, as displayed in detail by a document Community Solutions obtained from ODJFS Office of Fiscal & Monitoring Services.

⁴⁷ Legislative Service Commission. ODJFS Greenbook. Page 82.

<https://www.lsc.ohio.gov/documents/budget/132/MainOperating/greenbook/JFS.PDF>

⁴⁸ Ibid.

Step Up To Quality

The Step Up To Quality initiative aims to increase quality in Ohio's child care settings. Ohio is falling behind on its goal to have 100 percent of its licensed child care providers be rated in the three to five star range in the voluntary program by 2025.⁴⁹ As of 2016, only about 13 percent of providers had received such ratings.

Publicly funded child care facilities must be rated by 2020, and by 2025* they must receive a rating of at least three stars. Each additional star rating includes extensive administrative steps, additional education attainment by providers, and extensive lesson plan development. These are all additional burdens for smaller providers around the state. Few counties in Ohio have started extensive Step Up To Quality marketing for centers in their area, which provide additional assistance and resources for providers in counties where marketing exists.

TANF Budget in the Years of the Kasich Administration

The details of the TANF budget are always released in a separate document than the state budget bill and associated fiscal analysis. The TANF budgets also change throughout the course of the year based on program enrollment and spending. Part of the reason for a large amount of underspending is declining enrollment in OWF, which is not a new trend. Furthermore, the administration and legislature each had ideas about how to use TANF dollars throughout the course of the previous 8 years. The current plan of the administration to utilize the amassed underspending solely for child care was not proposed in any budget deliberations. Without the opportunity to examine this fully in the budget process, it is unclear exactly how all of the TANF funded programs will fit into the picture. The future plans for spending not only fail to account for underspending in current programs, but fail to account for additional programs that use TANF funding added by the budget. Earmarks have been added in countless budgets, and are likely to continue. Additional budget provisions totaled \$32,050,000 in the most recent budget.

How can TANF be utilized?

How to Serve More Eligible Families

Reducing Sanctions and Expanding Use of Hardship Exemptions

Though state data on the number of individuals who receive hardship exemptions and people sanctioned off of the TANF program are hard to find, it is important to emphasize the role that hardship exemptions play in an era of dwindling case loads. If individuals are sanctioned off of the program, we, as a state, should meet our hardship exception threshold of 20 percent, as is an intended and designed part of the program.

Data and Technical Assistance Needs

Ohio needs to share data on TANF funding and TANF funded programs in a comprehensive, consistent manner. Of note, the state should capture the amount of individuals currently receiving hardship exemptions and emphasize the need to maximize that before sanctioning individuals off of the program. Additionally, the state does not routinely share work participation rates, the number of child-only cases

⁴⁹Moore, Rob. Assessing Ohio's Child Care System. Policy Matters Ohio. June 25, 2018.
<https://www.policymattersohio.org/research-policy/pathways-out-of-poverty/basic-needs-unemployment-compensation/basic-needs/assessing-ohios-child-care-system>

or data on the types of programs that OWF enrollees participate in. It would also be helpful to know about best practices employed around the state that have success in engaging individuals in work support programs.

Increasing Employment

Case management has consistently been looked to as a proven work support with proven success. Ohio programs like [Cincinnati Works](#), connect individuals with work supports while addressing soft skill development that will assist them in not only finding a job but maintaining that employment. [Ohio Guidestone](#) is similar, in that it provides people-centered supports to wrap services around individuals and families in crisis. By addressing and developing soft skills, these two programs stabilize families by addressing employment barriers, and coupling that with continued services and supports. Programs currently in place in Ohio that use case management, such as CCMEP, could benefit from a reinvigorated approach from the administration, to better identify why program participation numbers are below projections.

How to Serve Families Better

Franklin County

At the Franklin County Department of Job and Family Services (FCDJFS), PRC funds are targeted at a new program designed to assist individuals facing eviction. Case managers are present at Franklin County Eviction Court and are able to assist individuals with applications to stabilize a crisis in their lives, by preventing eviction or assisting them with a down payment on a new apartment or home. PRC benefits in Franklin County may not exceed \$1,500 and are limited to one application a year, meaning 12 consecutive months.

Expansion of Subsidized Employment

Studies have shown that subsidized employment programs can be successful. Subsidized employment uses public funds to support temporary employment for people who are in need of work.⁵⁰ While these programs are not typically large in scale, they can be targeted to people who could benefit the most. Subsidized employment is also beneficial to an employee and employer, because the public funds help to temporarily offset the cost of the employee to the employer. One of the main goals of subsidized employment is to increase the participant's skills and employability. A recent report examining what works to increase self-sufficiency suggests that policies that increase access to subsidized employment could be part of the answer.⁵¹ According to federal TANF reports, Ohio does spend about \$40 million TANF dollars on subsidized employment annually. It is important to share successes of these programs and potentially expand them, but this information is not collectively reported on.

Nebraska Case Management Program

Nebraska's TANF program, Aid to Dependent Children (ADC), engages eligible parents in work activities with the help of a caseworker who helps guide them to employment opportunities, assesses the job market and assists in connecting with other needed services like child care and transportation through

⁵⁰ Hall, Randi. Subsidized Employment: Serving Disadvantaged Workers <https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/Subsidized-Employment-Programs-1.pdf>

⁵¹ HPIO. What Works to Increase Self-Sufficiency. <https://www.healthpolicyohio.org/what-works-to-increase-self-sufficient-employment/>

their Employment First program. Nebraska allows educational courses, including postsecondary and GED courses, to count toward required hours. In 2012, 1,438 participants were employed within six months of completing the program.⁵²

Two-Generation Programs

There are 168 hours in a week, and children spend roughly 40 of those hours in a child care setting. Child care can go a long way in a child's development if it provides additional, stabilizing resources in a child's life for the additional 128 hours. Programs that target two-generations at the same time provide both high-quality child care and career development for parents that "place a high priority on preparing parents for jobs that will lead to family-supporting wages."⁵³ This allows an increase in human capital for both parents and children.

Such two-generation focused programs Ohio should examine:

- The Two Generations, One Future program out of the Aspen Institute
- *CareerAdvance*, a program funded by the George Kaiser Foundation in collaboration with the Community Action Program in Tulsa, Oklahoma
- Foundation for Childhood Development
- The I Promise School, The Lebron James Family Foundation

Improving TANF Funded Programs

Step Up To Quality

State data should further compare how counties that aggressively prepare for SUTQ standards transform, to the amount of children/providers who are receiving what percentage of the overall child care funds. Some counties are aggressively preparing and marketing for the standards, while other smaller counties are struggling with the resources and smaller staff sizes needed to do so. The state started to offer provider training, specific to the SUTQ requirements, however, these trainings are regional and often do not account for smaller providers who may need their caregiving schedule accommodated for such trainings.

Quality Scoring that Reflects:

- Evidenced-based trauma informed intervention and trainings for providers and their staff can significantly impact a child's quality of learning.⁵⁴ Providers should receive additional quality points for providing a trauma-informed setting for children to learn in.
- Non-standard schedules. Many parents who seek out publically funded child care do not work 9-5 jobs and need flexibility in the care that their children receive, for both full-time and part-time care. Providers that offer this type of flexibility should be rewarded with additional points in the Step Up To Quality scoring system, in order to incentivize these options for parents and families.

⁵² Mohan, Lavanya. TANF Education and Training Nebraska's Employment First. <https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/Nebraskas-Employment-First-Program-1.pdf>

⁵³ Brooks-Gunn, Jeanne, Chase-Lansdale, P. Lindsay. Two-Generation Programs in the Twenty-First Century. Spring 2014. Accessed September 2018.

<https://pdfs.semanticscholar.org/f54e/66465ab63ddd39ba34b00e6e0b1f6df9ee6e.pdf>

⁵⁴ http://www.traumacenter.org/products/pdf_files/Trauma_Smart_JCFS.pdf

- Studies show that one of the highest ranked concerns among parents who send their children to daycare value a “nurturing environment” above all else.⁵⁵ This too should be considered when scoring providers on their Step Up To Quality ranking.

Conclusion

There are a number of daunting policy questions that have emerged from this overview of the TANF program and what is on the horizon. While the current administration has a plan for utilizing the underspending, the plan spans a few years into the future. This means that the next governor and General Assembly will ultimately be more involved in where these dollars are allocated. And no one can deny that there is a need for the types of services TANF can help support. Two Ohio cities rank at, or near, the top of cities with the most children in poverty.⁵⁶ The state needs to explore ways to answer these multifaceted questions to do as much as it can with the dollars available to help poor families.

Acknowledgment:

Though we here at The Center for Community Solutions have researched the TANF program since its inception, we could not have done such a detailed, far-reaching paper like this one without the guidance and expertise of so many people. Specifically, Laura Abu-Absi, Jack Frech, Lisa Hamler-Fugitt, Rob Moore, Wendy Patton and Joel Potts have spent countless hours reviewing the accuracy and final draft of this issue brief. Thank you.

⁵⁵ Compass. Ohio’s SUTQ: Validation Study Results. Page 18. February 2017. Accessed August 2018.

⁵⁶ <https://www.communitysolutions.com/child-poverty-rates/>