



# Members Brief

An informational brief prepared by the LSC staff for members and staff of the Ohio General Assembly

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## Ohio’s Use of the Temporary Assistance for Needy Families Block Grant

The federal Personal Responsibility and Work Opportunity Act of 1996 shifted the paradigm of providing cash assistance to low-income families. Rather than provide unlimited federal support, this Act provides states a yearly allocation through the Temporary Assistance for Needy Families (TANF) Block Grant, which is used to distribute cash assistance and other supports to eligible assistance groups. Ohio’s grant allocation, along with required state spending, exceeds \$1.0 billion annually. The TANF Block Grant is one of Ohio’s largest sources of funding for social service programs that help low-income Ohioans achieve self-sufficiency.

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### Background

The Temporary Assistance for Needy Families (TANF) Program was created in the federal Personal Responsibility and Work Opportunity Act (PRWORA) of 1996 as part of a comprehensive welfare reform program designed to move public assistance recipients into work and limit their dependence on public support.<sup>1</sup> The Act, which replaced the Aid to Families with Dependent Children (AFDC) Program, is included in Title IV-A of the Social Security Act.<sup>2</sup> AFDC was established as part of the Social Security Act of 1935 to assist states in providing cash payments to aid needy

<sup>1</sup> Personal Responsibility and Work Opportunity Reconciliation Act of 1996. 104<sup>th</sup> Congress of the United States. <https://www.congress.gov/bill/104th-congress/house-bill/3734/text/enr>.

<sup>2</sup> Compilation of The Social Security Laws. Social Security Administration. [https://www.ssa.gov/OP\\_Home/ssact/title04/0400.htm](https://www.ssa.gov/OP_Home/ssact/title04/0400.htm).

children that lacked parental support.<sup>3</sup> States had authority to set benefit levels and resource limits and were required to provide assistance to all applicants that qualified. In order to provide this entitlement, states were eligible for unlimited federal reimbursement as long as they matched federal funds at a rate related to state per-capita income.

TANF made several broad changes from AFDC. TANF funding is provided in a block grant instead of through unlimited federal funding, meaning cash assistance is no longer provided as an entitlement.<sup>4</sup> Additionally, TANF introduced lifetime benefit limits. As a result, adult recipients may only receive benefits for a total of 60 cumulative months.<sup>5</sup>

## TANF framework

In administering the TANF grant program, each state must operate under a state plan that complies with guidance provided by the U.S. Department of Health and Human Services' (HHS) Administration for Children and Families (ACF).<sup>6</sup> The state plan can be amended as needed.<sup>7</sup> States may use the grant in any manner that is reasonably calculated to accomplish one of the four purposes of TANF,<sup>8</sup> which are to:

- Provide assistance to needy families so that children can be cared for in their own homes or in the homes of relatives;
- End the dependence of needy parents by promoting job preparation, work, and marriage;
- Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- Encourage the formation and maintenance of two-parent families.

To meet these purposes, Ohio operates a range of programs through the Ohio Department of Job and Family Services (ODJFS), including cash assistance and child care subsidies, which are discussed below. In Ohio, TANF allocations are provided to county departments of job and family services (CDJFSs) and used, in part, to determine eligibility and to carry out specific programs.

## Funding TANF

Ohio's TANF Block Grant allocation is provided to the state to reimburse for allowable costs on a quarterly basis.<sup>9</sup> The block grant consolidates the previous funding for the following

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<sup>3</sup> U.S. Department of Health and Human Services. Aid to Families with Dependent Children (AFDC) and Temporary Assistance for Needy Families (TANF) – Overview. November 30, 2009. <https://aspe.hhs.gov/aid-families-dependent-children-afdc-and-temporary-assistance-needy-families-tanf-overview-0>.

<sup>4</sup> 42 United States Code (U.S.C.) 601(b) and 603(a).

<sup>5</sup> 42 U.S.C. 608(a)(7).

<sup>6</sup> 42 U.S.C. 602(a).

<sup>7</sup> 42 U.S.C. 602(b).

<sup>8</sup> 42 U.S.C. 601(a); 45 Code of Federal Regulations (C.F.R.) 260.20.

<sup>9</sup> 42 U.S.C. 605(a).

three programs: AFDC, the Job Opportunity and Basic Skills (JOBS) Program, and the Family Emergency Assistance (FEA) Program. The amount each state receives is based on the amount of funding the state received for these three programs before federal fiscal year (FFY) 1996.<sup>10</sup> Ohio's annual award totals \$725.7 million and is spent through Federal Fund 3V60 appropriation item 600689, TANF Block Grant. Unspent federal grant dollars can be carried forward indefinitely to future fiscal years and can be used for most allowable TANF benefits, services, or activities.<sup>11</sup> Ohio has carried a balance for years, which reached \$596.0 million at the end of FY 2018.<sup>12</sup> ODJFS plans to spend these carry-over funds by the end of FY 2022, predominantly on Publicly Funded Child Care (PFCC).<sup>13</sup>

In order to receive the block grant, states must meet a maintenance of effort (MOE) requirement equal to 80% of what they spent in FFY 1994 on the three eliminated programs.<sup>14</sup> However, MOE can be reduced if enough cash assistance recipients participate in qualified work activities. If the state meets its work participation requirements of 50% of eligible assistance groups, MOE is reduced from 80% to 75% of FFY 1994 spending on the eliminated programs.<sup>15</sup> Ohio has met the 50% requirement since FFY 2012.<sup>16</sup> ODJFS budgets to meet the 80% obligation, which amounts to \$416.9 million annually for Ohio.

Numerous appropriation items are used to pay for MOE, but most comes from GRF appropriation items 600410, TANF State Maintenance of Effort, 600535, Early Care and Education, 600413, Child Care State/Maintenance of Effort, and 200408, Early Childhood Education.<sup>17</sup> The Department also counts contributions made to the Ohio Association of

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<sup>10</sup> U.S. Department of Health and Human Services. Aid to Families with Dependent Children (AFDC) and Temporary Assistance for Needy Families (TANF) – Overview. November 30, 2009. <https://aspe.hhs.gov/aid-families-dependent-children-afdc-and-temporary-assistance-needy-families-tanf-overview-0>.

<sup>11</sup> 42 U.S.C. 604(e); U.S. Department of Health and Human Services, Administration for Families and Children. "TANF Carry Over Funds Final Rule." <https://www.acf.hhs.gov/ofa/resource/tanf-carry-over-funds-final-rule>.

<sup>12</sup> Ohio Department of Job and Family Services. "Temporary Assistance for Needy Families (TANF) Program Services Framework for SFY 2020-21."

<sup>13</sup> Ohio Department of Job and Family Services. "Temporary Assistance for Needy Families (TANF) Program Services Framework for SFY 2020-21."

<sup>14</sup> 45 C.F.R. 263.1(a)(1).

<sup>15</sup> 42 U.S.C. 607(a); 45 C.F.R. 263.1(a)(2).

<sup>16</sup> U.S. Department of Health and Human Services. Administration for Children and Families. Office of Family Assistance. TANF Data & Reports. "Work Participation Rate Data." <https://www.acf.hhs.gov/ofa/programs/tanf/data-reports>.

<sup>17</sup> Some sources of MOE for TANF are double counted as MOE for other federal grants as allowed by 45 C.F.R. 263.3; appropriation item 200408, Early Childhood Education, is appropriated through the Ohio Department of Education.

Foodbanks toward MOE.<sup>18</sup> The table below shows Ohio's TANF and MOE spending over the last five federal fiscal years by spending category or program.<sup>19</sup>

Ohio's TANF Block Grant and MOE Expenditures, FFY 2014-FFY 2018 (in millions)					
TANF Spending Categories	FFY 2014	FFY 2015	FFY 2016	FFY 2017	FFY 2018
Ohio Works First (Cash Assistance)	\$282.6	\$270.7	\$256.5	\$247.0	\$236.8
Publicly Funded Child Care	\$399.4	\$378.3	\$419.2	\$424.0	\$405.9
Work, Education, Training Activities & Work Supports	\$73.8	\$87.3	\$110.2	\$125.7	\$145.1
Program Management, Administration, & Systems	\$161.0	\$159.3	\$135.2	\$137.4	\$133.6
Transfers to Social Services Block Grant	\$72.8	\$60.6	\$60.0	\$64.5	\$64.5
Pregnancy Prevention	\$30.8	\$35.2	\$61.6	\$56.6	\$66.0
Non-Recurrent Short Term Benefits	\$50.7	\$55.3	\$62.6	\$53.9	\$54.6
Child Welfare Services	\$0.0	\$7.2	\$8.9	\$11.1	\$11.9
Support Services and Children and Youth Services	\$11.6	\$11.7	\$9.6	\$8.2	\$9.1
Fatherhood & Two-Parent Family Programs	\$2.6	\$1.9	\$2.2	\$3.4	\$4.8
Other	\$40.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total*</b>	<b>\$1,125.3</b>	<b>\$1,067.4</b>	<b>\$1,125.9</b>	<b>\$1,131.7</b>	<b>\$1,132.3</b>

\*Totals may not sum due to rounding

## TANF programs in Ohio

### Ohio Works First

Ohio Works First (OWF) is the program Ohio uses to administer its cash assistance portion of the TANF Block Grant. To be eligible, assistance groups must include a minor child or a woman

<sup>18</sup> Certain donations are allowable to count as MOE under 45 C.F.R. 263.2(B)(e).

<sup>19</sup> U.S. Department of Health and Human Services. Administration for Children and Families. Office of Family Assistance. TANF Data & Reports. "Expenditure Data." <https://www.acf.hhs.gov/ofa/programs/tanf/data-reports>.

at least six months pregnant and have a combined income no more than 50% of the federal poverty level (FPL) or approximately \$11,000 per year for an assistance group of three in 2020.<sup>20</sup> Benefits are provided based on the size of the assistance group and increase each year based on the cost-of-living adjustment (COLA) determined by the federal Social Security Administration.<sup>21</sup> In FFY 2018, \$236.8 million was provided as cash assistance. Most assistance groups contain only minor children with no adults.

In Ohio, assistance groups with at least one adult or a minor head-of-household can receive benefits for up to 36 cumulative months.<sup>23</sup> However, federal TANF law allows assistance groups to receive benefits for a total of 60 months. As a result, the assistance group may be able to receive benefits in excess of Ohio's limit. However, assistance groups will need to seek an exemption from a CDJFS to do so. There are two exemption types: a good cause and a hardship. Each individual CDJFS sets its own policies regarding these exemptions. A good cause exemption can be granted after an individual has served a 24-month waiting period while a hardship exemption can be granted any time after benefits have been exhausted.<sup>24</sup> Participating adults are required to complete qualified work activities, including job training, education, work experience, and job search and readiness activities. Single parents with a child under six years of age must complete 20 hours per week, while single parents with children over six years of age must complete 30 hours per week. Two-parent assistance groups must complete 35 hours per week unless the assistance group receives PFCC, then the assistance group must complete 55 hours per week.<sup>25</sup>

Ohio Works First Monthly Benefit by Assistance Group Size, 2020 <sup>22</sup>	
Assistance Group Size	Monthly Benefit
1	\$302
2	\$412
3	\$505
4	\$623
5	\$729

Assistance groups that only contain a child do not need to meet income, work, or time-limit requirements that apply to traditional assistance groups.<sup>26</sup> "Child only" assistance groups typically involve a child living with a caregiver instead of a parent or with parents that are recipients of certain other public assistance programs, such as Supplemental Security Income

<sup>20</sup> R.C. 5107.10(C)(1).

<sup>21</sup> R.C. 5107.04; Ohio Department of Job and Family Services. Action Change Transmittal Letter No. 270. "January 1, 2020: Ohio Works First and Refugee Cash Assistance Cost-of-Living Increase." November 26, 2019. <https://emanuals.jfs.ohio.gov/CashFoodAssist/CAM/ACT/ACT-270.stm>.

<sup>22</sup> Ohio Department of Job and Family Services. "OWF Payment Standards." <https://jfs.ohio.gov/ofam/OWFPaymentStandards.stm>.

<sup>23</sup> R.C. 5107.18(A).

<sup>24</sup> R.C. 5107.18(B).

<sup>25</sup> R.C. 5107.43(B)(1); Ohio Administrative Code (O.A.C.) 5101:1-3-12(C)(1)(c).

<sup>26</sup> O.A.C. 5101:1-3-01(E).

(SSI). The adults caring for the child in these cases are not subject to work participation requirements. “Child only” assistance groups are eligible for benefits until the child is 18 years of age and any months of benefits received do not count toward the child’s lifetime limit.<sup>27</sup> Currently, over 80% of OWF assistance groups are child only.

### **Publicly Funded Child Care**

Receiving OWF allows the assistance group to have expanded or categorical eligibility for other programs and services that align with the purposes of TANF, most notably PFCC. While OWF recipients would otherwise meet the income requirements for PFCC, OWF participants with children under the age of 13 are guaranteed child care slots.<sup>28</sup> Further, after ending OWF benefits, former recipients are eligible for an additional year of PFCC, as long their income does not exceed 150% FPL, or approximately \$33,000 per year for an assistance group of three in 2020.<sup>29</sup> TANF funds are used in combination with federal Child Care Development Fund grants to provide subsidies for child care. The subsidy amounts vary according to the size and income of the assistance group. Over one-third of state and federal TANF expenditures, \$405.9 million in FFY 2018, is for PFCC.

### **Other benefits and supports**

States have latitude in how TANF dollars are spent, as long as funds are reasonably calculated to meet one of the four purposes of TANF and spending complies with their state plan. In addition to cash assistance and child care, the remaining \$489.6 million in FFY 2018 of TANF spending was used to support programs including child welfare services, fatherhood and two-parent family programs, and work programs.<sup>30</sup> A brief discussion of spending on notable TANF programs follows below.

### **Work, Education, Training Activities and Work Supports and Services for Children and Youth**

As part of their allocation, counties are responsible for transitioning OWF recipients into work activities in order to fulfill federal work participation requirements. Funds can be used to support employment, training opportunities, job search, and other activities reasonably calculated to meet the purposes of TANF. To serve youth workers, ODJFS operates the Comprehensive Case Management Employment Program, which connects workers aged 14 to 24 to resources and services across various assistance programs. The program is supported through a combination of TANF and federal Workforce Innovation and Opportunity Act funds.

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<sup>27</sup> A “child only” assistance group is not considered work eligible under O.A.C. 5101:1-3-12(B) and R.C. 5107.18(C) disregards months a person receives OWF as a minor child from the 36-month state limit on benefits.

<sup>28</sup> R.C. 5104.30(A)(2); non-OWF assistance groups with incomes in accordance with state guidelines may be eligible for nonguaranteed PFCC.

<sup>29</sup> O.A.C. 5101:2-16-02(E).

<sup>30</sup> Some of these benefits and supports are earmarked in the main operating appropriations act (H.B. 166 of the 133<sup>rd</sup> General Assembly) under Section 307, Department of Job and Family Services.

## **Non-Recurrent Short Term Benefits**

TANF dollars can be used to provide short-term supports to families to address a specific crisis or need. Examples of supports include assistance with housing, transportation, and job-related necessities. In most cases, families receive assistance through their county Prevention, Retention, and Contingency (PRC) Program. PRC is a county administered, state-funded noncash support program that is used to divert families from cash assistance by providing short-term supports.<sup>31</sup> While counties determine eligibility and administer a number of TANF programs, PRC gives counties discretion to provide services based on the needs in their respective counties. PRC assistance groups must contain at least one minor child and meet income requirements established by their respective county. In administering its program, each county must adopt a PRC plan at least every two years to establish eligibility and program requirements.<sup>32</sup>

## **Social Services Block Grant**

States are permitted to transfer up to 10% of their federal TANF allocation to the Social Services Block Grant (SSBG).<sup>33</sup> SSBG is used to support adoption, residential treatment services, child and adult daycare and protective services, home-based services, job training, counseling, and legal services. Services are provided through CDJFSs.

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<sup>31</sup> R.C. 5108.03.

<sup>32</sup> Ohio Department of Job and Family Services. "Ohio Works First Directory – County PRC Plans." <http://jfs.ohio.gov/owf/prc/county/countytable.stm>.

<sup>33</sup> 42 U.S.C. 604(d)(1)(A).