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Hearing on the Fiscal Year 2010 Budget Support Act of 2009

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During times of economic crisis the District's most vulnerable residents face insurmountable hardships. Two of the city's most vital programs -- Temporary Assistance for Needy Families (TANF) and Interim Disability Assistance (IDA) -- are at risk of either not receiving sufficient funding to support these residents or falling prey to deeper budgetary cuts. Without adequate funding, families and severely disabled individuals will fall deeper into the grips of poverty with no hope for achieving self-sufficiency. This testimony will address the desperate need for sufficient funding for both TANF and IDA during this economic downturn.

Implementing a \$2.7 million increase in TANF benefits is a step toward helping families achieve self-sufficiency.

Legal Aid supports the Fair Budget Coalition's request for a \$2.7 million increase in TANF funding. These funds would restore the recently repealed FY 2009 TANF benefit increase and provide an FY 2010 cost-of-living increase for nearly 10,000 adults and 29,000 children. If implemented, the increase would amount to \$19 per month for a family of three.

Raising the TANF benefit would help families meet basic needs while creating long term savings for the District. Additional funding is also necessary with the rising number of District residents losing employment. TANF can only be an adequate safety net to if properly funded. With the current benefit levels not even keeping pace with inflation, TANF is not accomplishing its purpose of helping families achieve self-sufficiency.

Raising the current benefit will serve the interests of both TANF families and the District.

The TANF program was designed to help families transition from welfare to work. Often, however, these families receive the benefit but remain without adequate food, clothing and other necessities. When families have to struggle to get these essentials, it is difficult for them to transition successfully from welfare to work.

The Fair Budget Coalition's proposed \$2.7 million increase for FY 2010 would restore the FY 2009 cut and provide a cost of living increase amounting to an extra \$19 per month for a family of three. While

¹ The Legal Aid Society of District of Columbia was formed in 1932 to provide legal aid and counsel to indigent persons in civil law matters and to encourage measures by which the law may better protect and serve their needs. Over the last 76 years, tens of thousands of the District's neediest residents have been served by Legal Aid staff and volunteers. Legal Aid currently works in the areas of housing, family law, and public benefits.

this is a small increase, it is a step in the right direction. This increase would provide extra dollars for TANF families who, for example, would otherwise not have enough money for transportation costs or other necessities at the end of the month.

TANF benefits have not kept pace with the high cost of living in D.C. Prior to FY 2007, TANF benefits had not increased since the early 1990s.² In FYs 2008 and 2009, TANF benefits were increased slightly. However, the FY 2009 proposed increase, which put families at 29 percent of the poverty line, was repealed two months after its implementation. Due to the lack of adequate funding over the years, the purchasing power of TANF dollars has diminished greatly leaving families further below the poverty line.³ In 1990, TANF benefits for a family of three equaled 46 percent of the poverty line.⁴ Today TANF benefits for a family of three, \$428, equals 29 percent of the poverty line.⁵

While the Mayor's FY 2009 increase demonstrated an acknowledgement by the District that TANF families need more to survive, the increase barely covered the cost of inflation. The FY 2009 budget contained a 2 percent increase in benefits raising the current monthly benefit level for a family of three by \$9.⁶ In contrast, the cost for basic food items rose by 11 percent from August 2007 to August 2008.⁷

Even when combined with other public benefits, TANF recipients have difficulty meeting their basic needs on the current TANF grant. According to a recent analysis completed by the DC Fiscal Policy Institute, when combined with Medicaid, child care, and Food Stamps, TANF families who receive the current benefit for a family of three still find themselves behind \$1469 per month because of expensive housing and transportation costs.⁸ Fair market rent in the District for a two bedroom is about \$1324.⁹ Approximately one- third of TANF families do not receive housing assistance.¹⁰

² DC Fiscal Policy Institute, "What's in the FY 2009 Budget for TANF?" May 23, 2008, http://dcfpi.org/?page_id=148.

³ Id.

⁴ Id.

⁵ Id.

⁶ Id.

⁷ Food Resource and Action Center, "The Impact of Rising Food Costs on Low-Income Americans," September 2008, <http://www.frac.org/pdf/foodcosts.pdf>.

⁸ DC Fiscal Policy Institute, "What's in the FY 2009 Budget for TANF?" May 23, 2008, http://dcfpi.org/?page_id=148.

⁹ Id.

¹⁰ Gregory Acs and Pamela Loprest, "A Study of the District of Columbia's TANF Caseload," The Urban Institute, October 2003, <http://www.urban.org/publications/410863.html>.

For many TANF families the inability to meet basic needs leads to social dysfunction which costs the city money in other areas. For example, a recent study showed that nearly half of all child abuse and neglect cases come from the poorest fifth of DC neighborhoods.¹¹ These numbers are seven times that of cases from “low-poverty” neighborhoods.¹² Also, some cities report a correlation between rising levels crime and prostitution and rising poverty, particularly amongst TANF recipients who need more money to survive.¹³ Increasing TANF benefits will position families to focus less on daily survival and more on achieving self-sufficiency through job training, education and obtaining stable employment.

Studies show that there are long term benefits for cities when TANF benefits are raised. For example, one study reported that raising TANF benefits by 10 percent would reduce the number of abuse and neglect cases by 30 percent.¹⁴ This would reduce the amount of tax dollars that fund the abuse and neglect system in the District. Also, raising the TANF benefit would help families who cannot afford the cost of traveling from their homes to available jobs that are far away.¹⁵ With additional dollars, they can get to and from their jobs or work vendors on a regular basis. If TANF families can sufficiently provide for their basic necessities they can focus on their ultimate goal of obtaining the skills needed to go to work. Once they begin working, paying taxes, and spending the TANF program will have accomplished its goal, and the District will see a major return on its investment in raising the benefit levels.

With the recent surge of District residents losing employment and unable to obtain unemployment benefits, there is an urgent need for increased funding to ensure that TANF can serve as an adequate safety net.

In January 2009, the unemployment rate in the District was at 9.3 percent.¹⁶ This is a sharp increase from the unemployment rate one year ago which was at 5.7 percent.¹⁷ As a result, those that have lost

¹¹ DC Fiscal Policy Institute, “Poverty Major Cause of Social Problems in District of Columbia,” November 2006, <http://dcfpi.org/?p=45>.

¹² Id.

¹³ Stephanie Mencimer, “Brave New Welfare,” <http://www.motherjones.com/politics/2009/01/brave-new-welfare>. The article highlighted the inverse correlation between rising levels of crime and prostitution and the decreasing number of TANF cases.

¹⁴ Christina Paxson and Jane Waldfogel, “Work, Welfare, and Child Maltreatment,” 1999, http://www.princeton.edu/~rpds/downloads/paxson_child_maltreatment.pdf, p. 4.

¹⁵ Mathematica Policy Research Institute, “Survey Design for TANF Caseload Project,” August 28, 2002, <http://www.mathematica-mpr.com/publications/pdfs/tanfsummrpt.pdf>.

¹⁶ Washington Business Journal, “Unemployment Rate up in D.C. area,” March 11, 2009, <http://www.bizjournals.com/washington/stories/2009/03/09/daily42.html>.

¹⁷ Department of Employment Services, Employment Status for the Civilian Population District of Columbia Washington Metropolitan Division and Statistical Area, December 2008, http://does.dc.gov/does/frames.asp?doc=/does/lib/does/Dec_DCarea_EmplStatus08.pdf

their jobs, especially low wage workers, will likely seek public assistance. Legal services providers have reported an increase in the number of clients that they see who need assistance applying for public benefits, such as TANF.¹⁸ These providers expect their caseloads to increase as those that are newly poor overcome the stigma of applying for public assistance.¹⁹ It is families such as these, that TANF is designed to support.

Those who cycle on and off of public assistance programs because of job loss along with those who have significant barriers to obtaining employment such as severe physical and mental health problems, are among the District's most vulnerable families. As one of Legal Aid's clients put it, "TANF is like a bridge" that helps families get from a place of hardship to a place of temporary stability. Without the proper funding, however, TANF cannot function as the safety net that it was designed to be for these families.

In times of economic crisis, the poorest and most vulnerable families tend to suffer the most from decreased funding for services that they rely on for social, economic, and legal support. While a \$19 dollars per month increase is a far cry from what TANF families will need to provide for their families, it is a step in the right direction- a step toward helping families meet their most basic needs while getting on their feet.

Interim Disability Assistance needs more funding because current funding will not support the steady rise of new applicants that are eligible for assistance.

Interim Disability Assistance (IDA) benefits provide money to disabled residents who are applying for disability-based benefits under Social Security's Supplemental Security Income (SSI) program. Presently, the Income Maintenance Administration is proposing to create a wait list for IDA because of the growing number of applications and the uncertainty of sustainable funding. According to IMA, IDA applications have risen from 17 per month to 29 per month.²⁰ Given this increase, IMA projects at least a \$700,000 budget deficit in the program for FY 2010.²¹ IMA warns that they will have to institute a waiting list for applicants if funding is not increased.²² Residents who are waitlisted will very likely have no source of liquid assets available to them while waiting for an ultimate decision on their SSI applications.

¹⁸ District of Columbia Bar Foundation Summary of Listening Sessions with Legal Services Providers, January 2009, <http://www.dcbfoundation.org/documents/ProviderListeningSessionsJan09.REPORT.pdf>.

¹⁹ Id.

²⁰ Deborah Carroll of the IMA spoke to staff attorney Chris Smith about the state of funding for IDA during a January 28, 2009 meeting. She gave the figures mentioned above but did not mention the respective dates.

²¹ See supra, n.20.

²² See supra, n. 20; DC Fiscal Policy Institute, "Budget Cuts Adopted by the DC Council Fall Disproportionately on Programs for Low-Income Residents," November 2008, <http://dcfpi.org/?p=267>

IDA is a crucial component of survival for disabled individuals who must wait one to two years, or in some cases more, to receive disability benefits. The current monthly benefit for IDA is \$270 per month. Although clients also receive Food Stamps, they still often find themselves unable to eat on a regular basis and must rely on family and friends for shelter and other assistance. In some cases, they live in shelters or transitional housing facilities. The need for IDA speaks for itself. Without this assistance, disabled individuals would have no way to meet their most basic needs of shelter, food, and clothing. They may resort to panhandling or other criminal activities as a means to survive.

Finally, providing adequate funding for IDA is cost-effective. The District gets much of the money it pays out under IDA back from the Social Security Administration (SSA) for SSI applicants who are ultimately awarded benefits. The money returned by SSA has been used by the City Council to help create a reserve fund, which council plans on using to help balance the budget.²³

Conclusion

It is not in the District's best interest to allow programs like TANF and IDA to function on insufficient funds or to fall prey to budgetary cuts at this time. The individuals and families that reside in DC's poorest communities are no strangers to hardship but taking away crucial safety nets will be a further detriment to those communities and the city as a whole. Providing sufficient funding for TANF and IDA will result in short and long-term benefits for the city. Low-income individuals tend to spend their money in the local economy. Additionally, as TANF families are more economically secure, they can focus on gaining steady employment thereby reducing the likelihood that they will remain dependent on public assistance.

Indeed, the Fair Budget Coalition's recommendations do not amount to substantial increases in benefits for TANF families or IDA recipients. But if implemented now small increases can lay the foundation for an adequate safety net that ensures that no one, especially the most vulnerable residents, falls between the cracks in times of deepening economic hardship.

²³ *Id.*