

Testimony in support of: Article 15: Section 5.

Repeal the 24 month periodic time limit in the RI Works Program

Linda Katz, JD
Policy Director

Senate Finance Committee

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The Economic Progress Institute (EPI) strongly supports the Governor's budget proposal to repeal the 24 month time limit in the RI Works program.

EPI has a long history of working to ensure that the state's 'welfare program' supports low income families and is a quality work-force readiness program for the lower-skilled parents who are enrolled. EPI (then The Poverty Institute) helped to craft the state's first 'welfare reform' program after the enactment of the federal Temporary Assistance to Needy Families block grant in 1996. Called the Family Independence Program (FIP), the program was hailed as a national model for its focus on providing parents with opportunities to obtain skills for family sustaining jobs and its child protection focus that included no time limit on benefits for children and a 60 month lifetime limit for adults.

In 2007, EPI worked with community organizations to oppose to the replacement of FIP with the RI Works program, because the structure of the RI Works law was harmful to parents and children. RI Works replaced the 60 month lifetime limit with a 48 month lifetime limit and imposed a second time limit of 24 months in a 60 month period. It required parents, most of whom had barriers to employment, to seek work as their 'employment plan' activity, despite the fact that unemployment was at an all-high time, making competition for jobs very fierce.

Since the enactment of FIP in 1996, EPI has worked with staff at the Department of Human Services to make the program work for families 'on the ground' as well as seeking changes to the RI Works law that would improve outcomes for children and job opportunities for parents.

Repealing the 24 month time limit would:

- Improve the RI Works work-readiness program so parents are more likely to obtain and maintain long-term employment
- Streamline program operation
- Have no or minimal cost

Many of the parents currently receiving RI Works need more than 24 months to obtain the skills they need to enter the workforce and be able to keep a job.

- Many parents need basic skills training including literacy and English language skills, to be able to make it in the workforce. Of a cohort of 972 parents tested for literacy levels, 43 percent had reading levels below the 8th grade (the level needed to participate in training programs). Of 152 Spanish-only speaking parents, 66% had reading levels in Spanish below the 8th grade. All of the parents who took the test in Spanish require English language education to succeed in the workforce.
- Many parents have other challenges to address before they can work. The majority of parents who are referred to community vendors for development of an employment plan require "supportive services" as their only activity or in conjunction with another activity. Of 330

parents receiving supportive services, 75 were assessed to need physical health treatment, 82 needed behavioral health treatment (mental health and/or substance use).

Parents who are “doing the right thing” lose their benefits before they can be fully successful in the workplace.

- Parents who are complying with their employment plan to gain skills to enter a job lose the services necessary to help them succeed.
- Parents who are working part-time and receiving a small RI Works payment are cut-off from the program, even though they do not earn enough to support their families.

“Hardship benefits” can mitigate the impact of reaching the time limit, but switching from ‘regular benefits’ to ‘hardship benefits’ causes disruption for families and unnecessary work for agency staff.

- Under current rules, parents who reach the 24-month time limit can apply for ‘hardship benefits’ and continue to receive the same amount of assistance as long as they continue to participate in their employment plan. The majority of parents apply for and receive hardship benefits, but there is usually a month or more break between regular benefits ending and hardship starting – this means a break in participating in the employment plan so the parent loses ground. And because these families live on the margin, the loss of even one month of assistance can start a downward spiral of instability – including homelessness.
- While eligibility for benefits is determined on a yearly basis, hardship benefits must be renewed every six months, so there is more work for DHS staff.

The cost to repeal the 24 month time limit is minimal and affordable

- Because most parents who reach the 24 month time limit ultimately receive hardship benefits, repealing the limit should not result in extra cost.
- To the extent that some families leave the program at 24 months and do not apply for hardship, the monthly cost to retain benefits is only \$195.64/person (\$2,347/year).¹
- Only \$25 million of the \$96 million federal block grant is currently invested in cash benefits to families and none of the \$68 million in state MOE funds are used for cash assistance or other direct supports for RI Works families. To the extent that repealing the 24 month time limit will mean some children and parents will receive benefits for a longer period of time, the small cost for this positive policy change can be absorbed in the currently available resources. The priority of expenditures from the TANF block grant must be to support the families that need cash assistance and work-readiness services.

The following is a brief overview of the RI Works program.

RI Works is the state’s welfare program, providing minimal cash assistance to 4,100 low-income families with dependent children. The goal of the program is to help pay for basic necessities for families while providing pathways to economic security for parents, and ensuring stability and educational success for children. RI Works was enacted in 2008. It replaced the Family Independence Program (FIP) which was

¹ November 2019 Caseload Estimating Conference.

the original “welfare reform” program passed unanimously by the General Assembly in 1996 to implement the Temporary Assistance to Needy Families (TANF) block grant.

About the families: Of the total families, 53% are single parent households, 4% include two parents and 43% are “child only” meaning that the children are being raised by a parent who is disabled and receiving SSI benefits, or by a relative, or by a parent who does not have a ‘qualified’ immigrant status (lawful permanent resident in status less than 5 years, other legal status, or no legal status). Most families are small – with three-quarters including only 1 or 2 children. And close to three-quarters of the 10,000 recipients are children.

Employment Plan: Parents who receive benefits develop an employment plan designed to help them gain the skills to enter employment. Available activities include job readiness, job search, vocational education, participation in a program that provides literacy, GED and English language services, and supportive services for parents with barriers to employment including mental or physical health challenges or substance use issues.² Parents who experience domestic violence are referred to a counselor for safety planning and possible exemption to some of the program requirements.

Benefit amount: The benefit amount for a family of three is \$554/month, 68% below the federal poverty level. Families living in public/subsidized housing receive \$50/month less. This amount has not been adjusted in over 40 years. Had the benefit kept pace with inflation, the payment would currently be over \$2,000.

Time Limits: Families in which the parent is receiving benefits are eligible for assistance for a maximum of 48 months in their lifetime. In addition, a periodic time clock limits a family’s receipt of assistance to 24 months in any sixty-month period. This means that once a parent has received benefits for 24 months the family may not be eligible for benefits for 36 months.³

Financing for RI Works: The cash benefits paid to families enrolled in RI Works are funded with federal funds from the TANF block grant. Only 25% of the \$96 million block grant is allocated for cash benefits. The balance of federal funds are used to fund DCYF (\$7.8m); child care for working families (\$44m); transportation (\$1.8m) and workforce development services (\$8.6m) for RI Works families; administration and other costs.

In addition to the federal block grant, the state must show that it is spending \$68 million in general revenue funds on programs and services that support low-income families with children under 18. Over the years, the state has increasingly met this “maintenance of effort” (MOE) obligation by identifying spending such as the state Earned income Tax credit, appropriation to the Food Bank and other non-profits as well as other expenditures that are important but that do not directly benefit the families receiving RI Works assistance. Of the total federal and state funds for TANF (\$164 million), only 14% is spent on direct assistance for families receiving RI Works.

² Failure to participate in an employment plan without good cause results in progressive sanctions from a reduction in benefits to case closure.

³ Under the federal law that funds RI Works, there is a 60-month lifetime limit and states are not required to have a ‘periodic time limit’. Rhode Island is one of only a few states with a periodic and lifetime limit as well as one of only a handful of state that have a life-time limit less than 60 months. The predecessor state welfare program, the Family Independence Program, included a 60 month time limit for adults and no time limit for children.