



SEN. ROGER J. KATZ, SENATE CHAIR
REP. ANNE-MARIE MASTRACCIO, HOUSE CHAIR

MEMBERS:

SEN. NATHAN L. LIBBY
SEN. PAUL T. DAVIS, SR.
SEN. BILL DIAMOND
SEN. GEOFFREY M. GRATWICK
SEN. THOMAS B. SAVIELLO
REP. JEFFREY K. PIERCE
REP. JENNIFER L. DECHANT
REP. MATTHEW A. HARRINGTON
REP. DEANE RYKERSON
REP. PAULA G. SUTTON

MAINE STATE LEGISLATURE
GOVERNMENT OVERSIGHT COMMITTEE

MEETING SUMMARY
July 26, 2018
Accepted With One Change Regarding Attendance

CALL TO ORDER

The Chair, Rep. Mastraccio, called the Government Oversight Committee meeting to order at 9:02 a.m. in the Burton Cross Building.

ATTENDANCE

Senators: Sen. Libby, Sen. Davis, Sen. Diamond and Sen. Gratwick
Absent: Sen. Katz and Sen. Saviello

Representatives: Rep. Mastraccio, Rep. Pierce, Rep. DeChant and Rep. Sutton
Absent: Rep. Rykerson

Legislative Officers and Staff: Beth Ashcroft, Director of OPEGA
Matthew Kruk, Principal Analyst, OPEGA
Amy Gagne, Analyst, OPEGA
Kari Hojara, Analyst, OPEGA
Etta Connors, Adm. Secretary, OPEGA

Legislators: Rep. C. Madigan and Rep. Denno

INTRODUCTION OF GOVERNMENT OVERSIGHT COMMITTEE MEMBERS

The members of the Government Oversight Committee introduced themselves.

NEW BUSINESS

- **OPEGA Report on Temporary Assistance for Needy Families Program (TANF)**
 - **Public Comment Period**

Sandy Butler, professor at the University of Maine, Orono. (A copy of her written testimony is attached to the Meeting Summary.)

Sen. Gratwick asked Ms. Butler to explain the details of hardship extensions in Title 22, ch. 1053 of Maine law and how it is interpreted. Ms. Butler noted that in her testimony she said people were denied extensions and the rate of denial increased or that people did not know about the extensions.

Ms. Butler said you are allowed an extension to continue receiving benefits if a person has a disability or a family member has a disability, are experiencing domestic violence or the person is holding a job at the time of losing the assistance. She said people do have a right to apply for the extensions and some people in her study, with the help of Pine Tree Legal Services, did apply and then were given the extensions when they had advocacy help.

Sen. Gratwick said in Ms. Butler's testimony she wrote people "did not know they could apply for an extension, and those that did know, were frequently discouraged from doing so by a Department of Health and Human Services (DHHS) worker." He said that was a provocative and important statement and asked if there was data to back that statement up.

Ms. Butler said there is information to back up her statement from the 54 surveys done as part of her study. Respondents were asked questions about whether they knew about the extensions and in the interviews people talked specifically about having been discouraged from applying for the extensions. She said they are very high percentages of denials, but they do not include people who never knew to apply in the first place or who were discouraged from applying.

Sen. Gratwick asked, other than the study in 2017 by DHHS, has there been any detailed follow-up of what happened to the families. Ms. Butler did not think there has been and that is what she is advocating for. She knew that when the time limits were first in place there was an effort to work with DHHS to track what the consequences of the limit was, but there was not an interest to do a large scale follow-up and that is why she moved forward with the smaller study. Ms. Butler thinks it would be a good thing to see what is actually happening with the families because many of them are living without any income and living without income has consequences.

Sen. Gratwick asked if there were programs that do, or should, interact with the limited TANF program. Where do people go after the benefits end. Ms. Butler does not think there is a seamless handover. They may or may not get assistance while in TANF with the ASPIRE work program, but thinks when they are cut off they are not directed to a place or program to help them. Individuals may have caseworkers if they are involved in other programs, but that does not happen with TANF.

Rep. Sutton clarified in Ms. Butler's testimony of "The strict 60-month time limit began" and asked if she meant that is when the State actually started enforcing the rules of the Program. Ms. Butler said no. Before 2011 there was a 60 month time limit in Maine as was required by the Federal law, but there was more effort to help people continue on TANF if they were following all the rules. If they were not following the rules, then they needed to leave the program after 60 months. After the 2011 statutory change they were no longer able to continue to receive TANF benefits unless they got an extension or exemption.

Rep. Sutton understood that Maine was facing about a \$21 million fine for failure to administer the program appropriately. Ms. Butler said she did not believe Maine's fine had to do with the 60 month time limit, although she may not be accurate.

Sen. Diamond asked if it was Ms. Butler's position that the Department not only did not inform the potential recipients of the possibility of extension, but if they did, they actually discouraged them from applying. Ms. Butler said she would not say recipients were discouraged all the time but, of the people in her study, a quarter of them did not even know about the extensions. Three-quarters did so she thought it

depended on the DHHS workers informing recipients about the extensions. A number of recipients who did know about the extensions were discouraged from applying.

Rep. Pierce asked if Ms. Butler's survey was 54 people or 54 families. Ms. Butler said all of the people represented families because anyone on TANF has children. She said she included a family unit as one person. She did not work with DHHS to get families for her survey. They were passing out surveys in places where families might go for assistance, for example, a food bank. It was not systematic the way it would have been if they could have worked with DHHS and gotten a random sample of everybody who had been cut off from benefits. DHHS did not want to do that.

Rep. Mastraccio said in Ms. Butler's study she did not do anything in relation to the cost to the State or taxpayers in terms of the consequences of somebody not receiving TANF any longer and then what happened. She referred to the example Ms. Butler gave in her testimony and asked if she would anticipate looking at the consequences eventually. Ms. Butler said she had not contemplated following-up on the families in the study because it would take resources she does not have.

Rep. Mastraccio noted that Ms. Butler said she tried to involve DHHS and her request was denied. She asked if that was because DHHS thought it was confidential information that they could not share with Ms. Butler. Ms. Butler said she did not personally ask DHHS to help, but she thinks the Maine Equal Justice Partners approached DHHS about it.

Sen. Gratwick asked who funded Ms. Butler's study. Ms. Butler said she worked with Maine Equal Justice Partners. Sen. Gratwick noted it was a private study and Ms. Butler agreed.

Rep. Pierce said if the study was private why did Ms. Butler use University of Maine stationary for her testimony? Ms. Butler said she knows there has been an issue with that, but she thinks her study is research and that is what she does for a living. She is a social worker, and in fact, the study was published under her name and is her work. She did the study in her role as a Professor at the School of Social Work and that is part of her job. Rep. Pierce asked if Ms. Butler's study was taxpayer funded and she said it was. Rep. Mastraccio noted that every State University has professors who do research and that is part of their jobs.

Sen. Saviello asked if Maine Equal Justice Partners helped identify the individuals that she interviewed for her study. Ms. Butler said Maine Equal Justice Partners identified the agencies that might serve people who receive TANF or would have been cut off by TANF. Those agencies agreed to distribute the surveys.

Sen. Diamond was curious as to how many families actually got the 6 month extension, if there is a serious problem with extensions, and if they would be key in keeping families together. Ms. Butler said in 2012 twenty percent of the families who were facing the time limit were provided extensions. She is not sure what the current numbers are, but the point she was bringing up was it seemed strange that only 20% would receive extensions when you know that 90% of the families on TANF who have been on the program for 5 years or longer have a disability and she would think that more would receive extensions.

Rep. Colleen Madigan. (A copy of her testimony is attached to the Meeting Summary.)

Sen. Gratwick referred to the sentence "The question of decreased demand for TANF is really a question of what is going on with families in poverty." and asked if Rep. Madigan could explain what she meant by that sentence. Rep. Madigan said it is regarding the number of families that receive TANF that also have other complicated factors, like disabilities, etc. She said it is different to be poor in North Anson than it is to be in Portland. Without getting more information about what families in poverty in different parts of the State are going through, you do not know what the circumstances are or how difficult it is to get a job. She said, anecdotally, she sees more families living with other family members because they

cannot pay rent for their family. They may have had a house subsidy at one time, but could not afford to pay a light bill because they had no income.

Rep. Pierce said it seems like the biggest driver in childhood poverty in the Sagadahoc and Lincoln County area is the opioid crisis and asked if Rep. Madigan knew if the poverty rate was going up because of the drug epidemic or because of the reduction in TANF. Rep. Madigan said in her work she sees a lot of people impacted by the opioid crisis. She has not seen any study that shows the cause of childhood poverty is due to the opioid crisis or to the imposition of the 60 month limit for TANF. She said it was a good question and a valid question to find out the answer to.

Rep. Denno. (Did not provide written testimony.)

Rep. Denno said the overwhelming takeaways from his experience on the HHS Committee and from reading OPEGA's Report is the abject failure of this Legislature to perform its oversight function with regard to the public assistance programs in the State of Maine. When you look at the current numbers, we are talking close to \$150 million dollars of accumulated TANF funds. He said the Legislature struggles over funding a \$100,000 program, but for the \$145 million dollars there has been no prior consultation, advice or consensus with the HHS Committee on decisions of how to allocate those resources. He thinks it is a bigger issue than just TANF and, unfortunately, has become over the last two years, a partisan issue and it should not be. It should be a matter of function of the Legislature visa-vie the function of the Executive. The Legislature is to have oversight and to make sure things are done in a way that are consistent with the best interests of the people of Maine.

Rep. Denno previously worked at DHHS and believes strongly and passionately in the importance of work and independence. He does not think it serves anybody to be dependent, to receive a check and to not work and to not contribute. He thinks we need to focus on getting every individual the skills, the support to be a contributor in society and that is a critical issue. He said Rep. Pierce raised a good question about the connection of opioids to childhood poverty and how that ties into TANF. Rep. Denno said there use to be a program called ASPIRE which was to help people get into the workforce and off TANF, but Maine was not very successful in doing that. DHHS put a lot of work into looking at a new approach and tried to identify what were the applicant's obstacles to success and to address them immediately. He was working at DHHS at the beginning of that process and that continues under Beth Hamm, Director of the Office of Family Independence. He thinks it has been a valiant and courageous effort, but that it is too early to say if it's a success. DHHS dismantled the ASPIRE program and outsourced that work without any advice and/or consent with the HHS Committee or the Legislature. Rep. Denno thinks there ought to be dialogue between the Legislature and DHHS.

Rep. Denno said Commissioner Hamilton's confirmation hearing was before the HHS Committee, the Commissioner came before the Committee and committed that he would come before HHS Committee every month and meet with the members. He said he would be talking to the Committee about the issues on their agenda and members of the Committee were very encouraged by what he said and were looking forward to those dialogues, but that never occurred. That was the last time the HHS Committee saw Commissioner Hamilton.

Rep. Denno believes that the Legislature has an obligation to perform an oversight function of the Executive Branch of government. He has been beyond disappointed by the work that has been done, the failure of dialogue, and the failure of any prior consultation or discussion.

Rep. Denno thinks it is a very valid issue for the GOC and the Legislature to find out what happened to the 10,000 families who were discontinued from TANF. We like to think they have great jobs, health insurance, are happy and healthy and are raising children who will be productive members of Maine's economy in the future.

He has pleaded with DHHS to do some kind of work to identify what has happened to these folks because we need some scientific information on it. He feels strongly about the need to focus on long term economic development for the State of Maine, and a big piece of that is how we are going to grow children who are going to be contributing, healthy members of society. That is a big piece of our economic growth program.

Sen. Saviello agreed with Rep. Denno.

Sen. Diamond's concern is if TANF isn't working well then we are not protecting the kids. He asked if Rep. Denno agreed.

Rep. Denno agreed and said everything is connected to everything else. He said there are people in DHHS who have detailed knowledge of the system and would be very helpful to the GOC in understanding how the programs are connected and how what they do in one program affects another program. The GOC members should be having a dialogue with senior staff of DHHS because they can tell them what they're doing. The DHHS staff should be at the GOC's meeting and participating in the dialogue.

Rep. DeChant referred to the money that was accumulating that nobody knew about and asked how it was discovered and what was it used for.

Rep. Denno said there were several DHHS staff who knew that money was accumulating by looking at the numbers. When he started as Director of Family Dependence there were about 14,000 families receiving TANF benefits. Now there are about 5,000 so you can see if you have the same amount of money coming in every year and you have fewer people getting the money than that money is going to keep accumulating.

Rep. DeChant asked why wasn't something said about it when the money was building.

Rep. Denno said the HHS Committee tried to have a dialogue with DHHS about the accumulating. They wrote questions asking for that information. Again, written questions and answers are not the way to solve problems. The way to solve problems is to have a dialogue and not to be treating each other like enemies or litigants, but to treat each other as partners trying to solve a problem. That requires that everyone sit at the table and work together.

Rep. Sutton asked how long the ASPIRE program had been in place? When was it outsourced and what did Rep. Denno think could have been done better to make ASPIRE more successful.

Rep. Denno believed ASPIRE went back to 1997. The TANF program essentially was determining who gets benefits and adjunct program was ASPIRE which was to help recipients get work skills, volunteer skills, etc. When he was in DHHS, in OFI, they started looking at alternatives and the FedCap program did not get enacted until after he left. Beth Hamm has been the guiding spirit on that. The intent of that program was to recognize for every single person who came in the door for TANF if there was some obstacle to their being successful in the workplace. It could be self-confidence, drugs, etc. and until you identify the obstacle and treat it, you are not going to solve the problem. He thinks that FedCap has the very best of intentions, but it is too early to say if it is a success or not.

Rep. Sutton asked why ASPIRE was unsuccessful.

Rep. Denno said that was a tough question. He thinks part of the problem was they needed a range of job skills within the program that didn't exist. They needed people who could do the initial intake evaluation to see what the obstacles were. People did not come in and say I have a drug problem, can I get TANF. There needed to be a process that would do an intensive intake and identify the

obstacles that existed. DHHS needed a much more sophisticated program. ASPIRE was really more hooking people up with other people who had jobs. The concept of FedCap, at least conceptually, is much more intensive in understanding each individual applicant, what are their obstacles, how to overcome those obstacles and keep the person in constant motion toward independence and work. He thinks the concept is a good one.

Sen. Gratwick thinks it is important to know what happened to the 10,000 people who have been dropped from TANF. He asked how and who would be who responsible for finding out what happens to those people.

Rep. Denno thinks some random follow-up studies with a longitudinal analysis would be helpful to see what happened to people day one after they left the program and what happened in a year to see the patterns, were there ways the system failed them and were there things DHHS failed to do. He feels the total lack of data leaves us the ability to have uninformed opinions. He said perhaps some of the \$150 million that has accumulated could be used for the study.

Sen. Gratwick said Rep. Denno was close to what happened to the monies that was “saved” by decreasing caseloads, etc. He asked what was done with the money that was saved.

Rep. Denno said Sen. Gratwick’s question is the same question the HHS Committee has been trying to get answers to. The HHS Committee did ask questions, not to be confrontational, and not saying DHHS were wrong, or that the money was misspent. They just did not know how the decisions were made. The HHS Committee was not consulted on what the options were for how to spend the funds. He said again that the Legislature failed to perform its oversight obligation.

Sen. Libby said OPEGA’s report noted that in the last couple of years the rejection rate for hardship extensions is one out of 2, 50% or 60%, and asked if Rep. Denno agreed with that number.

Rep. Denno said that probably started after he left DHHS, but he suggested asking Beth Hamm to a GOC meeting if they wanted to talk with someone who understands the program.

Sen. Libby said the DHHS’ Central Office makes the determinations on extensions and asked if that was the practice back when Rep. Denno worked there. Rep. Denno said yes.

Claire Berkowitz, Executive Director, Maine Children’s Alliance. (A copy of her testimony is attached to the Meeting Summary.)

Rep. DeChant referred to Ms. Berkowitz’s testimony regarding when families live in poverty, extreme poverty, and repercussions for their development and long-term success. She asked if that is what people refer to as ACE. Ms. Berkowitz said it is and is Adverse Childhood Experiences and those can have a great impact on child brain development. Most children on TANF are young, most are ages 0-5 and that is the time of your life you need the most support and the research shows that what matters most to children is the family income. She said the Great Smoky Mountain Study was doing research on mental health and children and families. In the middle of the study, a casino came onto the reservation in North Carolina and all of a sudden families were getting \$4,000 in income with no strings attached. The Study was able to show that the outcomes for kids changed dramatically in the area where the families received the money.

Rep. DeChant asked what the long term costs are for families who lose their TANF benefits and what the cost of TANF is now. Ms. Berkowitz said the Legislature did raise the family benefit and families receiving TANF will have more resources.

Rep. Sutton said extreme poverty has been mentioned quite a bit and asked for the definition between poverty and extreme poverty. Ms. Berkowitz said for a family of 4 she thinks with an income of \$25,000 would be poverty, so extreme poverty is a family living on \$12,500. Rep. Sutton asked if it was a federal or state term. Ms. Berkowitz said it was more of a research term and used in the context of if you live 50% below the federal poverty level. Rep. Sutton said the latest data from the Kid's Count Center shows that extreme poverty is not increasing. Ms. Berkowitz said the numbers have gone up and now it's coming down. She referred the Committee to the graph in her testimony. Rep. Sutton noted that the number of kids in extreme poverty decreased by 4,000 cases from 2014 to 2015 and is now below the number of children in extreme poverty the 2 years before the recession, 2005-2006. Ms. Berkowitz said some of it is economic recovery and in Maine it looks like it went up after the recession of 2008 – 2009, but said Maine kept growing. She thinks it is great if the child poverty is coming down because of employment and salaries, but she thinks the proportion of children served through TANF should be meeting the needs of the kids. We used to be more generous and give kids beyond extreme poverty TANF and now the State is giving far less. Her plea was that we need to be thinking a little bit more about the kids and families that don't have, through now choice of their own, don't have the resources they need to have food, housing, etc.

Rep. Pierce referred to page 22 of OPEGA's Report, Table 7 and noted the increase in spending for some categories. Ms. Berkowitz said the Family Supports line show a decrease and that is the direct cash assistance. Rep. Pierce said the Family Support services are covered by other services the State offers. He said 5 years is not temporary and he thought the increase spending in Child Care and Work/Education Training was a positive sign. Ms. Berkowitz agreed with Rep. Pierce.

Sen. Gratwick said the Great Smoky Mountain study sounded fascinating because the question behind that is what is the future of this segment of very low income people versus the high income people and what is their future productivity. Ms. Berkowitz said Maine did do some work on what it takes in terms of early childhood investment and what the return on investment would be. She will send the GOC the link to the Study she referred to.

Rep. Harrington asked what Ms. Berkowitz's thoughts were on more aggressive prosecution of folks abusing their benefits and using their benefits to buy drugs. Being a law enforcement officer he sees single mothers trading their benefits for drugs. Ms. Berkowitz said she was concerned for a lot of things in Rep. Harrington's question. She would ask if the mother had access to treatment, but if she is breaking the law then you need to follow through on it.

Rick McCarthy, employee of Eaton Peabody Consulting and at the meeting on behalf of the Maine Community Action Association and presenting the testimony of Shawn Yardley who could not be there.

Sen. Gratwick asked if there was preparation for families nearing the 60 months limitation. Is there a gradual tapering down or other support available at month 61. Mr. McCarthy said obviously there is a cliff at the end of 60 months and people are often left scrambling to try to figure out how they are going to get their basic needs met.

Sen. Gratwick heard there was about \$6 million available for cars and asked if it was an appropriate amount for the need. Mr. McCarthy said that was a pilot program and the last he knew the Department was working on the RFP they were going to issue. He thinks \$6 million is sufficient to start a pilot program, but said he thinks more should be spent on public transportation.

Rep. Pierce asked if the State were to provide more cash assistance because people do better when they have money, would Mr. McCarthy support increasing penalties for those who spend their money on illegal drugs or other illegal activities. He asked how do you stop those families receiving State benefits from wasting them on their drug problem while the kids still remain in extreme poverty. At what point does the State say these individuals should lose their children and go to foster care. Mr.

McCarthy said MCA generally does not support increasing penalties within the TANF program for that because if someone is breaking the law, there are plenty of other ways that they can be reprimanded and punished for it. MCA thinks if you have a program that is designed to give people cash the most productive way is to let them take that money and use it for whatever is best for them. Rep. Pierce disagreed. He asked at what point would Mr. McCarthy support removing the children from the home. Mr. McCarthy said when kids could be separated from their parents is a separate matter from TANF. If they are abusing their children, or the children are at risk, the State needs to come in and act and at that point the TANF benefit ceases. He thinks Rep. Pierce's questions are important, but he did not know if TANF is the way to address each and every one of them. If we want families to learn habits so they can pull themselves out of poverty and stay out of poverty, they have to learn responsibility for the funds that they have. If you give them the resources and let them figure it out, that is the best way for them to learn and most likely succeed.

Rep. Sutton said the topic of generational poverty has come up today and she asked if Mr. McCarthy was aware of any studies or information on how many families that are involved with the State agencies now also grew up in families receiving State benefits. Mr. McCarthy said he did not recall any, but can check if there is any information on the topic.

Joby Thoyalil, Senior Policy Analyst, Maine Equal Justice Partners. (A copy of his written testimony is attached to the Meeting Summary.)

Rep. Pierce referred to the family contract and a situation where the contract is with someone who has children under the age of 10, and the parents lost their cash assistance, but the children keep receiving the cash assistance. Does Maine Equal Justice help the family spend the children's benefits? Mr. Thoyalil clarified that when a parent is penalized and not the children, it does not mean that the money goes to the children. It means that the amount that the whole family receives is decreased, but it still goes to the parents. He understands that is an imperfect system, however, Maine Equal Justice still feels that it is better that the family is getting some money especially if, like in many cases, it is their only source of income. The parent has not yet been determined an unsuitable parent so you have to hope that the parent is going to feed their kids with the smaller amount of benefit they get.

Sen. Saviello asked what the time limit is for individuals to turn their life around. He thought 5 years is a significant amount of time to figure out how to get one's life together, but at the same time maybe not everybody has the same benefits. He asked what the fair timeframe is that should be allowed for someone to get their life together. Mr. Thoyalil thought the answer is very complicated because you are talking about a specific program, TANF, which is not designed well to help people with the biggest barriers. It would help if the whole system could be changed to include another benefit for people to help them get to a place where they can be self-sufficient. If they are not there after five years, maybe that is where another program, such as a disability system, would come in.

Sen. Gratwick said the TANF program has to have flexibility in order to deal with a particular individual. He asked if Mr. Thoyalil knew why the federal work participation requirements are so difficult to attain for two family households. Mr. Thoyalil said the two parent rate requirement is that 90% of families are meeting the requirements of 35 hours of work a week between the two parents or 55 hours if they get child care assistance. He reviewed all the other states and none of them are meeting the 90% rate without using a work around strategy similar to the worker supplement benefit. Over the last few years, every reauthorization bill he has seen at the federal level have all recommended scrapping the current structure of the federal work participation requirements.

Sen. Gratwick referred to Mr. Thoyalil's statement that DHHS planned to use \$34.5 million in TANF for other State funding and asked if that was still the case. Mr. Thoyalil said that is part of what the Maine Equal Justice was hoping the OPEGA report would have looked into because they don't know how much supplementation of General Fund dollars took place and what the dollars were used for. They thought this would have been an opportunity, although maybe OPEGA had no way of finding

that information out, but it seems that some critical oversight could have happened during the report process.

Sen. Libby asked what the average monthly TANF cash benefit amount is. Mr. Thoyalil said the maximum is about \$582, and he would guess a large portion of the TANF caseload is probably receiving the maximum.

Rep. Mastraccio wanted to clarify that the workers supplement benefit is something that we have only recently started to do in Maine, but other states have figured out a way to comply with those requirements because they were not able to otherwise. Basically it is a small amount of money that comes out of TANF, \$15 a month, is paid for SNAP benefits to working parents who are receiving food stamps and are working enough so they qualify and they are counted as TANF recipients. Mr. Thoyalil said the federal government also will work with you on some of these strategies and does not know why Maine has not pursued other paths earlier.

Rep. Mastraccio said the GOC and Mr. Thoyalil referenced the shift of TANF money to the General Fund, but that would not be able to be seen until the Legislature is reviewing the budget. She asked if that was the only way the Legislature would be able to track the funds. Mr. Thoyalil said he did not know enough about how the budget works. Rep. Mastraccio said it is apparently more difficult than just looking at a balance sheet and she thinks it points out the lack of communication between the Executive Branch and the Legislature. Mr. Thoyalil said OPEGA probably did not look into that because the Department was allowed to use the funds, but he was questioning if they should have been doing it without oversight or transparency.

Melissa Newbury, Bangor, Maine. (Ms. Newbury did not provide written testimony.)

Ms. Newbury said she had used the TANF program before and now is the Executive Director of a Food Cupboard in Bangor. She said since 2012, the year after the current Administration came in, she has seen a 600% increase in food insecurity. Hungry children make up a good percentage of what she sees on a daily basis. She noted from the previous Committee discussion that there was a lot of questions about policies and said she didn't know if any of the GOC members have read the Policy Manual for the TANF program. The Legislature puts the laws in place, they write and approve the policy manuals that DHHS is supposed to follow in how the TANF, ASPIRE or FedCap programs run and then DHHS is tasked with making the Legislature's policy work. If Legislators don't know what the policy manual says it is difficult for them to oversee how the program is going to work. The FedCap program is a private contract to replace an ASPIRE program that didn't work. The ASPIRE program did not work for a lot of reasons. It didn't work because of the culture within DHHS, which she notes from personal and professional experience, is not to get people from welfare to work. It is not to get people into a self-sufficient mode. If you read the policy manual it starts with exactly what the personal responsibility Act actually says. We are supposed to be moving people beyond welfare and public assistance. For a family of 3 that is about \$5,600 a year so you have to take the people from point "A" which is about \$400 a month on TANF and utilize the program to get them to a point where they are no longer dependent on public assistance.

Ms. Newbury said questions have been asked of where people go when benefits end and she said they come to her Food Cupboard and churches. Towns and cities' general assistance budgets have skyrocketed because when people lose TANF that is the next place they go and is that the system of last resort. It can be seen in the homeless numbers in school districts because those are the families who lost the TANF and other benefits and then lost the housing. The schools track that information.

Ms. Newbury said if the Legislature is going to have oversight of the programs they are going to have to be the experts and learn how programs work and what the day-to-day looks like. The way FedCap is currently administered is not much better than what the ASPIRE program. She said the ASPIRE manual is still in place. FedCap has no idea it still exists, much less what is in it. There are great

programs in the policy manual, but FedCap does not administer it that way. They do not make it available to the people. Ms. Newbury gave examples of families that work for her and represent what she sees on a daily basis of people trying to make it through the FedCap and TANF program who are fiscally responsible families who have gone to school and are trying to find jobs. When they walk into the FedCap office to sign their family contracts they are told to sign without having any input. They are not told what their rights are to participate within the program. They are not told that they can disagree. That doesn't mean that they don't have to sign the contract, but if you want something in your family contract, or need something to make you successful and you know it because you are living it, you don't have that opportunity through the FedCap program. She said she could not speak for all the FedCap programs, but she could say that is how it is working in Bangor.

Ms. Newbury said laws that put the FedCap, TANF and ASPIRE together say if we are going to make people have work requirements we are going to provide the support services. She said most people do not even know what the support services are and the basic support services, such as child car or transportation, are not being provided.

Sen. Gratwick asked Ms. Newbury to comment on the intersection of food insufficiency, hunger, and what TANF is supposed to be doing to support family self-sufficiency. Ms. Newbury said food insecurity in Bangor effects one in 2 ½ people. Food is one of the basic needs and if you cannot meet your housing and food needs you cannot go anywhere else. She said there are not enough resources to go around so children are the most vulnerable population if families don't have the money to pay the rent and food, one of them has to go. TANF at least provides a little bit of money to help afford the home.

The Committee members thanked those at the meeting who testified on OPEGA's TANF report.

The Chair, Rep. Mastraccio, closed the public comment period.

Rep. Mastraccio suggested putting off the work session on the TANF report until the next GOC meeting. Sen. Saviello noted that there was a suggestion that the Committee invite Ms. Hamm from DHHS to a meeting to discuss TANF. Director Ashcroft said before the Committee decides they want somebody from DHHS to come before them and what they should be prepared to talk about, they might want to have discussion about what the Committee is looking to do next. Sen. Saviello said the scope for the TANF review did not include reviewing what happens to families after TANF. It has been suggested that be done several times at this meeting, but that is not what the GOC charged OPEGA to review. The Committee charged OPEGA to review what was going on, not what happened. So if the GOC is going to go down that path, then it needs to be tabled until OPEGA can gather additional information. Rep. Mastraccio's inclination was to have that discussion at the next GOC meeting. She said that would give Committee members the opportunity to digest the testimony received at this meeting.

- **Committee Work Session**
- **Committee Vote**

Not discussed.

RECESS

The Chair, Rep. Mastraccio, recessed the Government Oversight Committee at 12:10 p.m.

RECONVENED

The Chair, Rep. Mastraccio, reconvened the GOC meeting at 12:43 p.m.

UNFINISHED BUSINESS

- **OPEGA Report on the Child Protection System: A Study of How the System Functioned in Two Cases of Child Death by Abuse in the**

- **Continue Committee Work Session**

Director Ashcroft said the GOC is waiting for the Governor's bill to give them a better understanding of the content and/or timing of the anticipated bill with regard to Child Protective Services. The GOC Chairs did request the Governor consider not waiting until the Legislature had finished its other business to make it known what may be in his bill so that everybody could start working out a process for a good, effective and smooth conversation around the critical changes.

Rep. Mastraccio added that it was difficult for the Committee to do what they thought they might want to do without seeing the Governor's bill and that the bill didn't have to be perfect, just let them see what it looked like.

Director Ashcroft said what she had committed doing for the GOC for this meeting was framing up a smaller bucket of subjects that might have potential for legislation action that came out of the OPEGA's review of the two cases and from the public comment. Some of the items would probably require more research by OPEGA to figure out what would be the appropriate approach with regard to legislation.

Director Ashcroft summarized the Areas for Concern or Improvement to Consider for Legislation document. (A copy of the document is attached to the Meeting Summary.)

Sen. Saviello noted that in the Governor's public radio address today he clearly identified, as the GOC does, that child protection is a priority and that he wants to call the Legislature back in for a special session. But he said he would only do that after the Legislature adjourns *sine die*.

Rep. Mastraccio noted that the GOC's request was not about the special session, but they are trying to do their work and it would help if they had something to work from. She hopes everyone understands why the Committee Chairs sent the letter to the Governor.

Rep. Mastraccio said the GOC will continue the work session on Child Protection System at the August 9, 2018 meeting.

Director Ashcroft reported that OPEGA was hoping to have the ETIF report ready to report out August 9th, but said that is not going to happen. OPEGA is also working on the Timber Sales review and thinks they will have both reviews ready to present to the Committee on the week of August 20th. Rep. Mastraccio asked if Committee members could meet on August 20th. Following Committee discussion it was decided that the Committee will meet on August 9, and 20, 2018. Rep. Harrington noted that he would not be able to attend the August 20th meeting.

- **OPEGA Report on Maine's Beverage Container Recycling Program**

- **Committee Work Session**

Director Ashcroft said the GOC held a work session on Maine's Beverage Container Recycling Program Report and voted to endorse OPEGA's Report. They also voted to direct OPEGA to do Recommendation 2, which was to continue with the analysis of the data they had collected to look for various noncompliant type situations. The Committee wanted to discuss what other action they might want to take with regard to report recommendations 4 and 6, where OPEGA had made suggestions for legislative action.

Director Ashcroft said recommendation 4 is about removing some expectations for BABLO that exist in the commingling statute that they are never going to be able to do anyway because they stand all by themselves. There are no other commingling groups for them to attach to, but also to make it clear that even though they are not in a commingling group, as is defined in the statute, that they are allowed to get the benefits of the commingling group which is primarily the reduced handling fee that they pay. That recommendation could be lined out fairly easily. She said there is also a piece to that about clarifying where the escheat should go that BABLO gets by virtue of being an initiator of deposit and keeping the money. That is another benefit of the commingling group. Whether the Legislature wants to direct those funds specifically go to the General Fund or whether that is supposed to be part of what goes to satisfy some bonds with the rest of the beverage revenue. She said BABLO was working on figuring that out and may already have an answer. If they do, then perhaps it makes sense to codify it in statute, or leave it flexible, but currently it is sitting with Pine State pending where it should go. The Committee could pursue whether they wanted to initiate legislation with regard to that or whether they want to forward the matter to the policy committee to make the change.

Director Ashcroft said recommendation 6 is in regard to the opportunity to improve the program design and includes areas that OPEGA thought there were some inconsistencies in what was going on in statute, areas where there may be unintended consequences, or areas where intent was not being fully met because of the way the program was designed or working. OPEGA's recommendation was that the Legislature should consider addressing the areas described above for possible statutory or rule changes with the input of DEP. She said these are the kind of policy decisions that OPEGA thinks would be better informed by data collection that was suggested in recommendation 1. DEP and MRS have agreed to put something together and DEP is planning on introducing legislation in the third quarter of 2019 to set up the data collection.

Sen. Saviello thinks they should be addressing this sooner and as a legislator he would be looking to do something in January. He thinks there is a bigger issue of redemption centers closing because the rural areas do not have the volume coming in and the payment they are getting cannot carry through to keep their employees going. He thinks the GOC should consider, at least in concept, about drafting a bill or forwarding the information to the committee of jurisdiction saying you need to put a bill in and it needs to be done in January.

Rep. Mastraccio noted that Sen. Saviello was referring to the handling fee which is not an area that OPEGA touched on. Sen. Saviello said it is something that only came to a head recently with 3 redemption centers closing.

Rep. Mastraccio said for today's meeting the Committee is going to figure out the process that they want to use and how they want to handle it because it may only be delineating the kind of priorities they think need to be addressed by the policy Committee and the GOC could send some suggestions there. If she were the chair of the joint standing committee she would welcome coming into the session with information and work already done. Obviously, some members who return next year will put bills in, but she did not think it is the job of the GOC to do that.

Director Ashcroft said if the GOC decided to forward the information to the joint standing committee OPEGA's follow-up would be tracking whether anything had been done by the joint standing committee regarding the GOC's suggestions and OPEGA would report that information to the GOC. The GOC has the ability to initiate legislation based on OPEGA's recommendations. When they send the letter to the joint standing committee they can include in the letter what they think needs to be addressed, and if that Committee did not have a vehicle to initiate legislation to let the GOC know and the Committee can initiate it.

Rep. Pierce said the committee of jurisdiction over DEP should be looking at recommendation 6 for policy changes and adopt a bill if it need be. He said there needs to also be a bill on the handling fee by other legislators so thinks if items 3 and 4 are covered by the committee of jurisdiction for BABLO, recommendation 6 is covered by DEP. He said there should be something for the 129th to review. He did

not see the GOC, as a committee, doing much more work on OPEGA's report. They should send the recommendations to the committees of jurisdiction.

Director Ashcroft clarified that the GOC would be sending a letter to the Veterans and Legal Affairs Committee with regard to BABLO.

Sen. Saviello said the jurisdictional question is that Environment and Natural Resources Committee owns the current law so if this was not BABLO, but someone else, it would still go to that Committee to decide where the escheat was going to go. He thinks it should go to both Committees and they can sort it out. Rep. Pierce thought, because of the money involved, it needed to also go to the AFA Committee. Director Ashcroft said she will copy both VLA and AFA Committee on the letter sent to the ENR Committee. Committee members agreed that should be done.

Rep. Mastraccio hoped that the Director of OPEGA will offer to make a presentation to those Committee regarding the Beverage Container Recycling Program.

Motion That the Government Oversight Committee send a letter to the ENR, VLA and AFA Committee with OPEGA's recommendations in their Beverage Container Recycling Program Report. (Motion by Rep. Pierce, second by Sen. Saviello, passed by unanimous vote 7-0).

ANNOUNCEMENTS AND REMARKS

None.

REPORT FROM DIRECTOR

• Status of Projects in Progress

Director Ashcroft said she was looking to report out to the GOC on the **Employment Tax Increment Financing Report** and also the **Sale of Timber From Public Lands** on August 20th. OPEGA has started working on the **ReEmployMe System** with the Department of Labor. OPEGA held entrance conferences with both the Department of Labor and Office of Information Technology. OPEGA is engaged in the **Special Project Regarding Child Protection**. That is going to look at how to gather frontline perspectives and input in OCFS and also is to understand DHHS' strategic initiatives and how those may, or may not, match up with addressing areas of concern that OPEGA had identified toward the goal of figuring out what a second review by OPEGA might need to include. They are also working on the **Tax Expenditure for BETE and BETR**. The **Maine Citizen Initiative Process** is technically in progress, but it is not being actively worked on until OPEGA resources are freed up.

NEXT GOC MEETING DATE

The next GOC meeting is scheduled for August 9, 2018 at 9:00 a.m.

ADJOURNMENT

The Chair, Rep. Mastraccio, adjourned the GOC meeting at 1:17 p.m. on the motion of Rep. Pierce, second by Sen. Saviello, unanimous.

Response to June 2018 OPEGA Report on TANF Program

Good morning Senator Katz, Representative Mastraccio, and members of the Government Oversight Committee, thank you for allowing me to share some remarks with you today. My name is Sandy Butler. I live in Orono and am a professor at the University of Maine in the School of Social Work. I have been conducting research on the impact of social welfare policies on low-income individuals and families in Maine for over 25 years, including those who have received Temporary Assistance for Needy Families (TANF).

I have had a chance to review the report completed last month by the Office of Program Evaluation & Government Accountability (OPEGA) regarding changes in the TANF program since 2011. The report documents the dramatic decline in enrollment, falling approximately 70% between 2010 and 2017. The most significant drop in TANF enrollment happened after the 2011 statutory change, imposing a 60-month time limit, was implemented in 2012. Prior to this time, Maine was in compliance with federal law and did have a 60-month time limit on receipt of TANF, but recipients were allowed to continue to receive assistance if they complied with all program rules. I am concerned that the OPEGA report does not address the outcomes of this strictly imposed time limit for Maine families—all of whom include children.

The strict 60-month time limit began 6 years ago in June 2012. In the first four months, 1,500 Maine families, including 2,700 children, lost assistance. I had the opportunity to conduct a study in those early months after the time limit was imposed.¹ Surveys were distributed to agencies serving low-income families and sent to families known through past research to have potentially received TANF benefits for 60 months; 54 usable surveys were returned and the findings I discuss today were based on those surveys and in-depth telephone interviews with eight respondents.

Among the respondents, two out of five had a work-limiting disability and one in four had a child or other dependent with a disability. We know from a 2010 random sample survey of TANF families, that the level of disability in families receiving TANF for 60 months or longer is 90%²; so it was curious and concerning that less than 20% of families terminated from TANF due to the time limit law in 2012 received a hardship extension. One quarter of the respondents of the 2012 survey did not know they could apply for an extension, and those who did know, were frequently discouraged from doing so by a Department of Health and Human Services (DHHS) worker. The OPEGA report notes that over 42% of hardship extensions were denied in 2012 and that the rate has increased to 53.1% in 2017. This would not include those individuals who did not know they could apply or who were discouraged from doing so. I would submit to

¹ Butler, S. (2013). *TANF time limits and Maine families: Consequences of withdrawing the safety net*. Retrieved from Maine Equal Justice Partners website at: <http://www.mejp.org/sites/default/files/TANF-Study-SButler-Feb2013.pdf>

² McLaughlin, J.C. & Butler, S. (2011). *Families in focus: Moving beyond anecdotes: Lessons from a 2010 survey of Maine TANF families*. Retrieved from Maine Equal Justice Partners website at: www.mejp.org/sites/default/files/tanf-report.pdf

you that the hardship extension policy is not being adequately implemented, and consequently, many families are suffering.

At the time of the survey—a few months after they had been terminated from TANF—the median income of respondents was \$260 per month—about 16% of the federal poverty line—and 40% of the respondents had no income at all. Respondents, who were not employed, faced significant barriers to employment including the respondent’s own health problems or need to care for a family member with a disability, low education levels, lack of transportation or affordable child care, and a scarcity of jobs near where they lived and for which they were qualified. The families were already experiencing severe hardships when they completed the survey in 2012, and again, I remind you that these are all families with children. After losing assistance, 70% had had to go to a food bank; more than one in three had lost a utility service; and one in five were evicted from their home, having to relocate to overcrowded or substandard living conditions, or to a homeless shelter.

Over 40% of the respondents to the 2012 survey had less than a high school education; this is four times the rate of Maine’s adult population and partially explains why such families have difficulty finding employment or earning livable wages. Less than one quarter of the survey respondents reported that they or someone else in their household had been working at the time of losing TANF, and the jobs they held were generally part time, with participants working an average of 20 hours per week. In the first five months after losing TANF, the number of employed individuals increased only slightly (from 24.1% to 31.5%), and the average number of hours worked increased by only three. Research carried out by the Maine Office of Policy and Management in 2017 revealed that one third of the families terminated from TANF due to the time limits in 2012 had no earned income in the next five years, and two out of three had no wages in the fifth year after termination.³ Given these outcomes of the time limit law, it is no mystery that deep child poverty rates in Maine have increased while they have decreased nationally. Although the country as a whole has reduced the number of children living below 50% of the federal poverty line—about \$850 per month for a family of three—by 4.2% since 2011, in Maine, the number of children living in such destitute families has increased by 13.6%.⁴

In 2013, I completed in-depth interviews with 13 of the 2012 survey respondents to see how they were doing one year later,⁵ at which time 6,000 children had lost TANF assistance due to the time limit law. This 2013 study further indicated that the implementation of strict time limits and the incorrect and uneven administration of legitimate claims for extensions did not create a

³ Maine Office of Policy and Management. (2017, May 25). *Wage and employment outcomes of TANF participants closed for time limits*. Augusta, ME: Author. (I was unable to find a current link to this report.)

⁴ Maine Equal Justice Partners. (2018). *Support LD 1774: Reduce child poverty in Maine by increasing access to education and training for parents*. [A fact sheet]. Retrieved from: www.mejp.org/sites/default/files/LD1774_LIFT_Factsheet-Jan2018.pdf

⁵ Butler, S.S. (2014). *TANF time limits, one year later: How are families faring*. Retrieved from the Maine Equal Justice Partners website at www.mejp.org/sites/default/files/TANF-Time-Limits-March2014_0.pdf

pathway to opportunity, but rather left families to struggle without homes, heat, running water or income, and, perhaps most sadly, to sometimes be separated from their children. Let me tell you a bit about what happened to a few of the people I interviewed.

Leo was 55, widowed and caring for his nine-year-old grandson. For a year, he and his grandson lived with no income before he received SSI for physical disabilities in April 2013. They went without power for three months during that time. He stated, "I didn't have money for over a year, so everything was so backed up. Just trying to get everything caught up is running me ragged."

Jane, had three young children, two of whom were under age 6. Her husband received SSDI and SSI for paranoia schizophrenia. His condition had worsened after they lost TANF, leading him to be hospitalized more frequently. Jane worked a part-time job and depended on her husband to provide childcare, something she could not always count on. "The hardest thing is if he gets hospitalized and I don't have a sitter. I'm forced to call out of work myself, which isn't good for our financial situation." Jane, who did not have a driver's license, worked per diem doing housekeeping at a nursing facility within walking distance of her home. When she was unable to work due to her husband's condition, she not only lost pay, but was also jeopardizing her job. Jane found, when looking for work, that she did not have the skills to earn a livable wage.

Marta, age 45, lost her Section 8 housing after a fire. She sent her younger daughter, who was disabled, to live with her daughter's father, and Marta and her older daughter moved in with a friend in another town. This meant she lost her part-time work caring for her mother through the Alpha One program. At the time of the interview, Marta and her daughter were sleeping on couches without a home of their own. Marta had just begun a job at a fast food restaurant located within walking distance of where she was living. She earned \$8 per hour and expected to work about 30 hours per week, once her training was complete. In addition to bipolar disorder and arthritis in her back that had limited her ability to work in the past, she had a degenerative condition in her elbow. She said, "my doctor says I need surgery on my elbow, but said it was going to be a three or four month recovery. And I said that I can't do that. I'm the only income." When asked how she was managing working the nearly full-time job, she said "I push through the pain to work. I have no choice right now."

Sarah, who had one child and a GED, had been working part time as a cashier when she was terminated from TANF, but was unemployed at the time of the 2012 survey. She recalled, "I lost that job. I had gotten hurt on the job. They let me go." She had been looking for employment ever since. She was hired briefly at a restaurant, but her lack of transportation made that job unsustainable. She said, "That didn't work out. I was there two weeks. They didn't want me because I don't drive. I have to take the bus. One time I was late because of the bus schedule and that was it." Sarah struggled with several mental health conditions including depression and anxiety and had tendonitis in her hands and ankles. She reported that she had applied for employment at all the places within walking distance of her home, but that she needed more training to get a job.

Wendy was 32 and had three young children under age 5. One of her children had special needs. She had just started a new job when her TANF benefits were terminated. Unfortunately, losing

TANF also meant that she lost the childcare and the travel support that allowed her to work. She had a 45-minute commute to the new job; and childcare on her income was unaffordable so she lost the job and her family became homeless. She was told by DHHS that homelessness did not qualify her for a TANF extension. In 2012, Wendy responded to the survey but was unable to do a follow-up interview because her phone access was very limited, and two of her children had contracted pneumonia at the homeless shelter and had been hospitalized. We made brief contact with her again in 2013. She reported that DHHS had taken her children and that she was couch-surfing. Her highest priority was doing whatever she could to get her children back.

Five years have passed since these interviews. I do not know of any more recent attempts to find out how the families who have lost TANF assistance are faring. We know from DHHS's own reports that most are not working consistently, nor receiving extensions. We know we have an extremely high rate of food insecurity in our State and child poverty rates are increasing. I believe we have failed one of the most vulnerable populations in Maine. I would advocate an in-depth study on the consequences of the time limit law for terminated families. For example, how does living with no income impact children? I would also encourage the Committee to call for a review of how the hardship extensions are being administered. Do families know they can apply for such extensions? Are they encouraged to apply by DHHS workers? Are families' situations being fairly assessed?

Thank you, Senator Katz, Representative Mastraccio, and members of the Committee for this opportunity to speak with you about the effect of Maine's 2011 TANF 60-month time limit law on families who have lost assistance. I am happy to answer any questions.

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July 26, 2018

**Testimony of Rep. Colleen Madigan
Before the Joint Standing Committee on Government Oversight**

Esteemed members of the Government Oversight Committee, I am Representative Colleen Madigan. I represent House District 110, which includes parts of Waterville and Oakland.

I have been a social worker for over 25 years, and I sit on the Health and Human Services Committee.

I am here today to share insights and information regarding questions you have raised about Maine's TANF program.

TANF(Temporary Assistance to Needy Families) replaced AFDC(Aid to Families with Dependent Children) in 1997. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996(PRWORA) was the landmark legislation that did that. We have had over 20 years to evaluate this federal law. It is of particular interest to me because it passed while I was in graduate school for social work and we studied it in class.

But first, a little history. The legislation creating AFDC was passed in 1935 during the Great Depression. It recognized the depths of poverty families were facing during our country's greatest economic crisis. In 1935, women were not in the workforce in the numbers they are today. This was before WWII and the time of Rosie the Riveter. This was before women were expected to work outside of the home.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 recognized this and made work a part of the goals.

When this act passed in 1996 we had a different economy. It was the go-to 90's. The advent of the internet and other technologies were driving our economy. Since that time we have had the post 9/11 dot-com bust recession of 2001 and the recession of 2008.

5 year lifetime limits were part of the PRWORA, but every state was able to exempt a portion of its caseload. Many states focused on addressing urban poverty. In Maine, we had different issues and we focused on addressing families in poverty impacted by substance abuse and domestic

violence. Since the imposition of the strict 5 year limit, Maine has seen deep childhood poverty increase by 13.6 percent. And the problems of substance abuse and domestic violence have not gone away.

The question of decreased demand for TANF is really a question of what is going on with families in poverty.

It is also tied to the economy. The data indicated an increase in childhood poverty as I stated previously. But the data also indicates a decrease in TANF in 2011 and 2012 while we were still in the recession.

In recessions, people lose their jobs, they get laid off. Businesses close. For those former TANF recipients, if they had previously reached their 5 year limit and lost their job during the recession, they would not be able to reapply for TANF.

Many families who have received TANF are headed by adults who are most likely to lose a job in an economic downturn. They may not have a high school diploma or a degree or advance training of any kind. They or their children often have health or mental health conditions that do not meet the full criteria for disability under social security. This impacts the ability to find work that fits with the needs of their families,. I encourage you to consider the impact of the economic cycles and the impact of increased childhood and rural poverty in considering TANF.

The jobs available today are much different in Portland than they are in North Anson, Albion or Cherryfield.

Thank you for your time. I would be happy to answer any questions you may have.



Public Comment on the OPEGA Report on the Temporary Assistance for Needy Families Program
Claire Berkowitz, Executive Director of the Maine Children's Alliance
July 26, 2018

Senator Katz, Rep. Mastraccio and esteemed members of the Government Oversight Committee, my name is Claire Berkowitz and I am the Executive Director of the Maine Children's Alliance. The mission of our organization is to advocate for sound public policies and promote best practices that improve the lives of Maine children, youth and families.

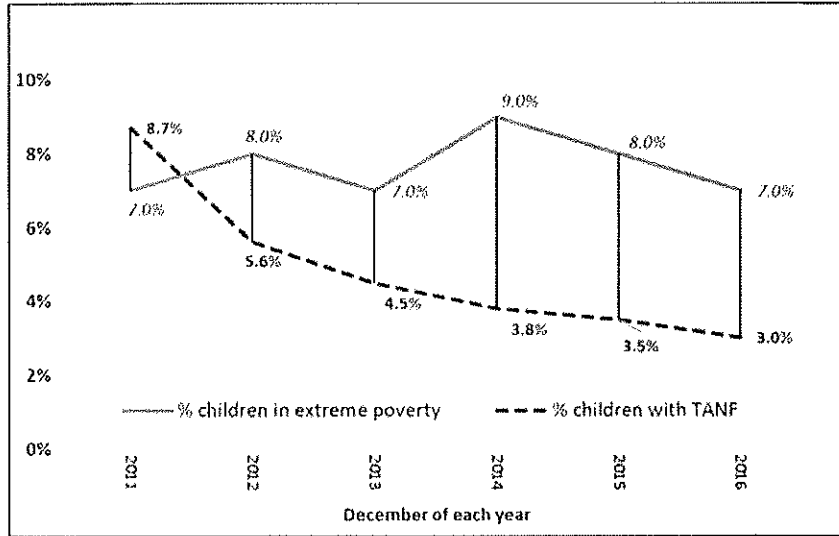
When we ensure that all children have equal opportunity for healthy growth and development, we are making long-term investments in the future prosperity of our state. If we are to take seriously our role as stewards of the next generation, we must make smart and sustainable commitments to fostering the health and well-being of our youngest neighbors. We know that children's brains are literally being built in the early years, and it is stable, consistent relationships with caring adults at home and in their communities that are the building materials.

That's why efficient, wise and timely investments in the early years can pay dividends later in improved health and learning outcomes. But when children and their families who face significant adversity are not provided the support they need to thrive, we are undermining not only their futures, but the future of our state, as well. Therefore, it is imperative that our programs and policies ensure strong foundations for our children's futures.

When families live in poverty, especially extreme poverty, they experience significant stress and hardship due to a lack of basic necessities, such as stable housing and food, and this trauma extends to their children as well. These adverse childhood experiences can cause toxic stress in young children, resulting in significant negative repercussions for their development and long-term success. We can't afford to let this happen in our state.

The overall goal of the TANF Program is to protect the wellbeing of children in need while preparing their parents for financial independence through employment. Since the statutory changes were enacted back in 2012, the Maine Children's Alliance has been greatly concerned about the decline in the number of our children living in poverty who receive TANF assistance. Our KIDS COUNT data indicates that in 2016 more than twice as many Maine children lived in extreme poverty than received TANF, a shift from 2011 when slightly more children received TANF than were living in extreme poverty.

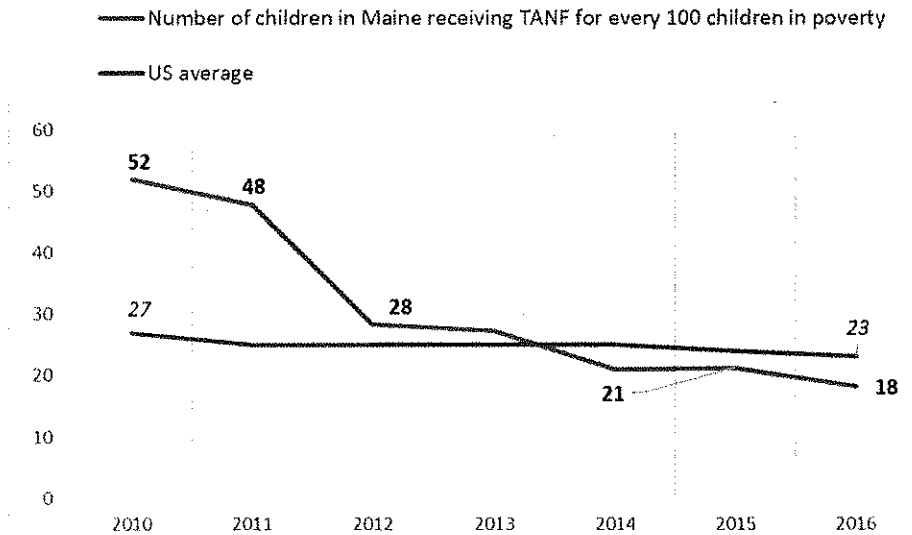
In Maine, TANF no longer helps even HALF of Maine's poorest children



Source: KIDS COUNT Data Center (datacenter.kidscount.org)

We used to do better by our children living in poverty in Maine. In 2010, for every 100 Maine children in poverty, 52 received cash assistance from TANF — that is down to just 18 children in 2016. Maine's "TANF-to-poverty ratio" (TPR) is now lower than the national average on this measure and Maine lost more ground from 2010- 2016 than any other state. Studies in Maine and elsewhere have shown that reducing the number of families who receive TANF by making changes to eligibility and work requirements does not help families enter or return to the workforce. Instead, families suffer severe hardships, including hunger and eviction.^{i,ii}

Only 18 out of 100 children in poverty in Maine receive TANF support, down from 52 in 2010



Source: Maine KIDS COUNT Data (datacenter.kidscount.org) and <https://www.cbpp.org/research/family-income-support/policy-brief-tanf-reaching-few-poor-families>

While the OPEGA report assesses what happened in terms of the decisions made regarding the statutory changes and administration of TANF funds during this time-period, the question that we are most concerned about at the Alliance is not adequately addressed in the report. We want to know what happened to the children who were no longer able to access basic assistance because of the changes to the TANF program since 2012.

Are these families thriving after exiting from the TANF program? While a recent report from DHHS claims that employment and earnings grew and the families subject to the time limit are faring betterⁱⁱⁱ, analysis by the Center on Budget and Policy Priorities found that the state report ignores the fact that most terminated families were unable to replace the steady income they received from TANF with earnings^{iv}.

So again I ask, what happened to the children in these families who went from at least having TANF support to no income at all? Are more children homeless or receiving their meals from soup kitchens? Maine ranks 34th in the country in childhood food insecurity, so we know our kids are hungry. Are any of these children victims of neglect and involved in our child welfare system as a result of not having their basic needs met? How has the withholding of cash assistance from children who need the support shifted costs to other parts of government - our child welfare system, our schools, our physical and behavioral health care systems? How much of TANF funds are now being used to supplant general fund expenditures?

TANF is the only federal program that provides cash assistance to the poorest Maine families. In addition, the goal and focus of TANF needs to address the costs of child care, transportation, and helping parents get reliable, good-paying jobs. While we understand that a portion of the unspent TANF funds will be used to pay for much needed increases in the cash benefits received by families, we believe the surplus should be spent on effective programs that will have a direct and measurable impact on reducing childhood poverty, such as:

- Improve screening and assessment of TANF families to identify health conditions and other barriers to employment;
- Implement standards and procedures to ensure more effective administration of “hardship” extensions to the TANF time limit;
- Establish a hardship extension for those reaching 60 months who are still unable to find employment through no fault of their own;
- Transparent and measurable outcomes to show efficacy of work training programs.

Maine’s future rests with how we invest in our children. By removing families from TANF support based on strict time limits and sanctions we have helped to create a system in which children will face adverse circumstances that will affect them for the rest of their lives. And in the long run, this will cost the state more money. Instead, we must begin to understand and invest our TANF dollars accordingly, through an understanding that by supporting families, we support the children who are the foundation of our future success, and who are counting on our commitment to ensuring that foundation is a strong one.

ⁱ <https://www.mejp.org/sites/default/files/TANF-Study-SButler-Feb2013.pdf>

ⁱⁱ <https://www.cbpp.org/research/family-income-support/life-after-tanf-in-kansas-for-most-unsteady-work-and-earnings-below>

ⁱⁱⁱ https://www.maine.gov/dhhs/archivednews_autosearch.shtml?id=755014

^{iv} <https://www.cbpp.org/sites/default/files/atoms/files/8-15-17fis.pdf>



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**Comments of Shawn Yardley
On behalf of Community Concepts, Inc. and the Maine Community
Action Association**

To the Government Oversight Committee

**On the OPEGA Report on Temporary Assistance for Needy Families
Program (TANF)**

July 26, 2018

Senator Katz, Representative Mastraccio, and members of the Government Oversight Committee, my name is Shawn Yardley and I am the CEO of Community Concepts, Inc. (CCI). I am here today on behalf of CCI and the Maine Community Action Association (MCAA).

CCI is a community action program (CAP) serving Androscoggin, Franklin and Oxford Counties. MCAA is comprised of Maine's ten CAPs. The CAPs' mission is to eliminate and alleviate the causes and conditions of poverty by assisting low-income individuals to move toward self-sufficiency. Each year we serve 150,000 Maine residents providing a variety of services, including Head Start and child care, housing assistance, transportation services, home heating assistance, home repair and weatherization.

Our mission requires that CAPs work closely with the population served by TANF. The purpose of my testimony is to comment on the reasons we believe TANF enrollment has been reduced, the impact of reduced enrollment and Maine's decision not to fully expend TANF funds on low-income Maine families, and our comments on the OPEGA study and its recommendations.

TANF Enrollment Reduction

As the OPEGA report notes, TANF enrollment rose from 2007 to 2010 and has been steadily declining since then. The overall decline from 2010 to 2017 is 70%. MCAA members see several reasons for the decline:

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1. State law changes, including the strict 60 month limit and full family sanctions;
2. The complexity of the TANF eligibility determination standards; and
3. The aggressive campaign to shame people who apply for public benefits.

MCAA opposed the law changes when they were enacted in 2011. With respect to the 60 month limit, we argued that Maine's existing standard with a limit that could be waived when appropriate was the correct policy. We also pointed out the harm full family sanctions would impose on children through no fault of their own. Subsequent research has shown families suffered severely after removal from TANF. Sandy Butler, a professor at the University of Maine, looked at a group of terminated families and found little improvement in employment and considerable hardship (www.mejp.org/sites/default/files/TANF-TIME-Limits-Study-March2014.pdf).

MCAA members work with families every day encouraging them to access available supports. The complexity of a program can deter individuals from applying. Because TANF eligibility and benefits in Maine vary depending on a variety of factors, including family size, income, and deprivation, it can seem daunting. When prominent members of the public are scapegoating "welfare recipients" it creates another reason not to act. The result can be that individuals simply do not apply for benefits for which they are eligible.

One of the most important parts of CAP work is spending time with families, earning their trust, and assisting them in accessing programs to benefit themselves and their families. Time and staff constraints inevitably limit our ability to do this work. It's my understanding state case workers have large caseloads and even less time to work with applicants, time that is necessary to overcome their reluctance to apply.

It is clear that TANF is not reaching every household who needs assistance. Just a quick look at the number of children in poverty makes that clear. The 2017 Maine Kids Count Data Book (<http://www.mekids.org/assets/files/databooks/2017/2017MEKidsCount.pdf>) indicates that as of 2015 17.5% of Maine children were living in poverty (43,000 children), including 19.5% of children under 5 (12,000 children). Yet in 2015, only 6,000 families were enrolled in TANF basic assistance.

Impact of Reduced Enrollment and Limited Spending on Maine Families

MCAA member agencies work with these families every day, providing them with WIC benefits, heating assistance through HEAP, transportation, workforce development, housing and a host of other services. Many parents and children participate in Head Start, which provides early care and education and family supports. We simply do not have the resources to meet all of the needs of these families. There is a 1,000 child waiting list for Head Start. Most of our transportation funds are limited to specific purposes, such as health care transportation, so we must regularly refuse requests for travel to and from work or to address other basic needs. The state recently created a single affordable housing waiting list for public housing authorities and it has 12,000 households, many of whom are low-income working families.

As a result, Maine families suffered needlessly by the decision to not fully spend available TANF dollars. Most obviously, more families could have been made eligible for basic assistance and received regular financial support to help keep themselves and their families fed, clothed,

and housed. And there are many other ways TANF could be used that would also be beneficial. I can offer three specific examples.

First, transportation. As mentioned above, many low-income families struggle with lack of access to transportation. If not on a regular public transportation route, having a car is essential, but vehicles are expensive to purchase, insure, and operate. Every one of our agencies has worked with someone who has had to give up or was fired from a job due to lack of access to reliable transportation. TANF can help. The TANF reform bill passed in 2017 will establish a Working Cars program to provide reliable automobiles to TANF eligible families.

The second example is home heating. The 2017 TANF reform bill included an additional subsidy on top of the regular HEAP benefit for TANF eligible families. The Maine State Housing Authority, our partner in the HEAP program, began distributing the supplemental benefit this winter, helping keep families warm and easing pressure on their household budgets.

Finally, MCAA member agencies are strong champions of the two-generation approach, which seeks to provide assistance to both children and their parents. DHHS, to its credit, is using TANF funds to support the Family Futures Downeast Program, which implements a two-generation approach in Washington County. That approach can and should be applied more broadly around the state.

I could go on. TANF could be used for Head Start, child care, job training, and a host of other needs, but I'm sure you get the point.

When thinking about the state's failure to utilize available TANF resources, it is important to remember that this will have long-standing negative impacts on Maine children and their families. By failing to act, the state not only left families to suffer in poverty, struggling to meet their basic needs, it limited their future prospects in ways that will harm them and the larger Maine community for years to come.

The Center for Budget and Policy Priorities recently did a review of literature on the impact of cash payments, including TANF, on children (<https://www.cbpp.org/research/family-income-support/tanf-cash-benefits-have-fallen-by-more-than-20-percent-in-most-states>, see box immediately following Figure 3). They concluded that "bolstering family income can help poor children catch up in a range of areas." Specific findings related to greater financial assistance included improved academic performance, greater educational attainment and higher earnings in adulthood.

OPEGA Study and Recommendations

MCAA has reviewed the OPEGA study and commends them for gathering a great deal of solid information on the history of TANF over the past decade. The report clearly documents the decline in TANF enrollment, changes in TANF expenditures, and the failure to expend available resources.

MCAA supports the OPEGA recommendations, namely:

- Internal documentation for TANF spending decisions
- DHHS annual TANF reporting requirements to the Legislature
- Performance measures to evaluate the performance of TANF-supported programs and services

On item two, we would note that the old TANF reporting requirement has been repealed so an entirely new requirement needs to be placed in statute.

However, the primary concern MCAA has about the TANF funds is making sure that available resources are utilized to help low-income Maine families. Anything else is failing to properly save Maine people and will lead to families and children failing to live up to their full potential.

As discussed above, there are many ways to utilize TANF resources. MCAA would recommend that available funding be focused on expanding the number of families receiving cash assistance and on increasing the use of the two-generation model. It has proven itself in Washington County and should be expanded statewide.

Thank you for your time and attention today. I would be happy to take any questions.



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**Comments of Joby Thoyalil, Maine Equal Justice Partners, in Response to OPEGA
Report on Temporary Assistance for Needy Families (TANF)**

July 26, 2018

Good morning Senator Katz, Representative Mastraccio and members of the Committee on Government Oversight. My name is Joby Thoyalil and I am a senior policy analyst at Maine Equal Justice Partners. We are a civil legal services organization and we work with and for people with low income seeking solutions to poverty through policy, education and legal representation.

As an organization, we have extensive experience helping Maine families navigate the Temporary Assistance for Needy Families (TANF) program. As such, we were keenly interested in OPEGA's evaluation. We appreciate the work that went into the report and commend OPEGA staff for learning so much about this complicated program in a relatively short period. However, given that this is an evaluation of the State's TANF program, it is missing important information needed to understand the effectiveness of recent policy and administrative changes.

70% Caseload Decline

OPEGA found that two statutory changes were "primary contributing factors" to the approximately 70% decline in the TANF caseload between 2010-2017. One was the strict 60-month lifetime limit and the other was the imposition of "full family sanctions" for family contract violations. This finding confirmed our long-held suspicions, as our staff have witnessed first-hand many families lose assistance for basic needs due to these two specific policies. We were dismayed to see that OPEGA did not attempt to analyze what the impact of these policy changes were on the parents and children who lost assistance as a result of them. This to us is a significant omission. Any evaluation of TANF should ask about and look at what happened to low income families with children. We hope that this question would be of paramount interest to policy makers.

According to State law, the goal of Maine's TANF program is to promote "family economic self-support" (22 MRSA §3762). We know from experience that these two policies did not achieve this goal for many families and instead plunged them deeper into poverty. While the Department

of Health and Human Services (DHHS) does not track economic outcomes for families who leave TANF, we do have some evidence that these policies have not resulted in positive outcomes for many, if not most, families impacted by them. Professor Sandra Butler at the University of Maine looked at the experience of a group of TANF families terminated as a result of the new 60-month time limit over the two years following their termination and found that there was little positive impact on employment and that these families suffered considerable hardship.¹ More recently, the Governor's Office of Policy and Management issued a report last year with data on earnings outcomes for a selection of parents whose TANF cases were closed in 2012 due to the 60-month time limit. While the report concluded that some of the parents experienced higher earnings after being terminated, a further analysis of the same data showed that most of those with higher wages still earned less than the poverty level and more significantly, two thirds of everyone represented by the data had no wages at all in the fourth year following termination from TANF. A third of the families had no wages at any time in the five years after they were terminated from the program.² This speaks to the severe barriers that families impacted by the lifetime time limit face to becoming economically self-sufficient.

As mentioned earlier, the second policy change was the imposition of full family sanctions. This meant that instead of penalizing only the parent for not complying with a program rule, the entire family would lose assistance including the children after the first strike. This caused many cases that previously would have remained open and providing assistance for children only, to be closed entirely. We have seen many of these "sanction" cases. In many instances they arise from misunderstandings or failure in communication, resulting in whole families losing assistance.

Another important analysis missing from the report is that of child poverty rates and how they correspond to changes within the TANF program. We have heard some tout the drop in the number of families receiving TANF as a measure of success, and as a sign of an improving economy. What seems more relevant to us is the fact that the rate of deep child poverty (families living at or below 50% of the federal poverty level) increased in Maine between 2011-2016 by 13.6%, while it decreased nationally by 4.2%.³

Also relevant to the drop in TANF cases is that as a state, not only are we assisting 70% fewer families, but we are helping far fewer families who we know are still in poverty.

¹ <http://www.mejp.org/sites/default/files/TANF-Time-Limits-Study-March2014.pdf>

² <https://www.cbpp.org/sites/default/files/atoms/files/8-15-17fis.pdf>

³ U.S. Census Bureau, 2011-2016 American Community Survey data analysis using 3-year averages as prepared by Maine Center for Economic Policy, November 2017

Maine County	% of Children in Poverty Receiving TANF - 2011	% of Children in Poverty Receiving TANF - 2016
Androscoggin	75%	31%
Aroostook	41%	18%
Cumberland	52%	21%
Franklin	43%	13%
Hancock	24%	7%
Kennebec	53%	23%
Knox	37%	12%
Lincoln	31%	10%
Oxford	50%	18%
Penobscot	43%	19%
Piscataquis	34%	14%
Sagadahoc	39%	9%
Somerset	47%	14%
Waldo	42%	15%
Washington	31%	14%
York	41%	18%
Statewide	47%	19%

Source: Kids Count Data Center, A Project of the Annie E. Casey Foundation. <https://datacenter.kidscount.org/>

In 2011, 47% of Maine kids living in poverty received TANF assistance. By 2016, we were only providing TANF to 19% of them. In other words, 81% of Maine kids who were in poverty did not receive assistance from the TANF program according to the most recent poverty data. At the same time, our state was accumulating a carry-over TANF balance of well over \$140 million. Given that TANF is the nation’s primary anti-poverty program for families with children, it has been deeply concerning to witness this drop in assistance knowing that the need is still so great.

Changing Use of Federal TANF Funds

The report states that “some programs and services that have been supported with General Fund dollars are now supported, at least partially, by TANF funds instead.” Yet the report does not investigate the amount of TANF funds that have been used to supplant General Funds in this manner. We believe that this supplantation is considerable. According to a June 2017 investigation by the Bangor Daily News, DHHS had planned to use \$34.5 million in TANF

funds in State Fiscal Year 2018 to supplant other state funding for existing obligations.⁴ We believe that this practice of spending down the TANF balance in order to move around other funds does not result in poor families getting any additional benefits from the TANF program, despite the greater expenditure of TANF funds. Indeed, this practice deserves greater scrutiny and we think OPEGA missed an opportunity to provide just that. With over 40,000 Maine children in poverty and 81% of them NOT receiving assistance from TANF, we strongly believe such scrutiny would have been warranted to ensure the State is not needlessly depriving children of life-sustaining assistance.

Evaluating Effectiveness of Programs and Services Supported by TANF

While OPEGA makes a finding that in most cases DHHS contracts included specific performance measures, and the means to evaluate those measures, it did not discuss whether the contracts showed effective outcomes in raising families out of poverty and helping them move to independence. This information is held by the Department alone, and there is no transparency with policy makers or the public to allow for an analysis of the success of these programs, or to enable them to determine whether these expenditures were the best use of funds to reach that goal. This, too, seems to us a critical omission in this report.

Work Participation Rates and Related Penalties

To sufficiently understand the significance of Maine's TANF work participation rates, there is important information of which the committee members, or any reader of OPEGA's report, should be aware. First, the report gives no context to help readers appreciate the significant flaws in the federal work participation requirements, which are widely considered to be an ineffective, and unworkable tool for measuring success in the TANF program. They are difficult, and in the case of the 2-parent families work participation rate, nearly impossible to achieve. They also prevent states from implementing promising practices that promote sustainable employment and that are better suited to the realities of local economies.

This is a policy on which ideological conservatives and liberals largely agree. Policy analysts at both the American Enterprise Institute and the Center on Budget and Policy Priorities have criticized the current structure of TANF work participation requirements and this May, the Republican chair of the House Ways and Means Committee, Kevin Brady of Texas, introduced a TANF reauthorization bill which eliminates the current structure.⁵

It is true that Maine failed to meet one or more of the required rates for several years, but this does not make us an outlier. Many states have failed to meet one or both of the required rates throughout the years TANF has been in place. OPEGA's report states that Maine is currently

⁴ <https://bangordailynews.com/2017/06/16/maine-focus/what-lepage-really-plans-to-do-with-100m-meant-for-maine-families-in-poverty/>

⁵ <https://waysandmeans.house.gov/wm-introduces-welfare-reform-legislation-jobs-for-success-act/>

meeting both of our rates by using what's known as the Worker Supplement Benefit (WSB), through which we provide a small, \$15/month cash benefit to working family SNAP recipients, thus allowing us to include those families into our work participation rate calculations. The report does not say, however, that most states rely on one or more strategies, such as our WSB, in order to meet their rates. This simple fact is a reflection of how unrealistic the federally required rates are as benchmarks.

I emphasize this information because the OPEGA report indicates that DHHS sees the WSB as a "short-term solution" and that the state's contract with Fedcap incentivizes the contractor to get us to a place where we are able to meet the flawed work participation requirements without the WSB. We strongly believe that abandoning the WSB for any reason short of Congress reauthorizing TANF would be a mistake and would exacerbate an already perverse incentive to remove participants with significant barriers from the program through sanction, lead to worse outcomes for Maine families in poverty, and would expose us to additional financial penalties from the federal government if we don't meet both rates.

The report references the state's ability to try to lower penalties, but also implies that Maine is likely liable to pay over \$20 million in penalties. We think it's worth emphasizing the fact that the state is able to request penalty reductions pursuant to federal regulations, and that our prospects look good for this, given how much our rates have improved in recent years, thanks to the WSB. It is important that DHHS continues its work to do all it can to mitigate prior penalties, for there is a good chance that we may end up having to pay far less than \$20 million.

While no changes are needed going forward to successfully meet our federal work participation requirements, we believe significant changes to the administration of TANF are needed to help raise families out of poverty. We appreciate the opportunity to share these comments today. I am happy to answer any questions you might have.