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Date: June 17th, 2015

To: Co-Chairs Senator Bates and Nancy Nathanson, Subcommittee on Human Services

From: Carla C. Piluso, State Representative, House District 50

RE: House Bill 3535

Chairs Senator Bates & Representative Nathanson, members of the Subcommittee on Human Services,

I would like to request your support for HB 3535. This bill relates to Temporary Assistance for Needy Families (TANF), which provides cash assistance and case management to low income families in Oregon. HB 3535 proposes a reinvestment of \$30 million in caseload savings to improve outcomes for children and families in the TANF program. The bill does not require new funding; a steady decline in the number of families participating in the TANF program is generating the caseload cost reductions that fund the bill. Colleagues, this a unique opportunity that we cannot let pass us by.

As Committee Members may recall, in February, we heard about two different bills related to changing and improving TANF programs. At the direction of Chair Keny-Guyer, I joined my fellow Co-Vice Chair, Representative Stark, to form a workgroup and, with input from the Department of Human Services as well as Advocates, to bring forward one bill as a Reinvestment Proposal for TANF. Ultimately, it became necessary to draft a new bill in order to fit in all of the pieces that the workgroup agreed to move forward, which is House Bill 3535.

DHS identified that public assistance caseloads are on the decline, and that this could provide the funds that would allow the state to improve the quality of the programs and delivery of services to families in the TANF program. Many often note that Oregon is recovering from the recession, and it is important to remember that while we are recovering, we are not out complete, and economic recovery is happening in an uneven way across the state, meaning there are many families still struggling a great deal. For example, in Gresham, the local family shelter has been at capacity for months. These families know well the need that still exists, and the importance of these TANF investments. Many families who use TANF struggle with low wages, the lack of available career advancements, or barriers due to low literacy, criminal history, mental health issues or lack of work experience.

The reinvestment proposals contained in HB 3535 work with all of that in mind, and honor TANF's dual purpose of protecting children and helping parents join the workforce, this bill is made up of both investments and policy changes.

The specific investments work to:

- Reduce the impact of the "benefits cliff" when TANF participants become employed
- Simplify eligibility requirements and expand services to increase family stability
- Improve services that can prevent families from entering TANF
- Building program capacity to provide the customized, strengths-based case management approach that TANF participants need to achieve and maintain family stability and employment.

The accompanying policy changes:

- Enable the implementation of the reinvestment proposals
- Refocus the program direction
- Increase the program's flexibility to target local needs and opportunities
- Address outdated statute language
- Extend the current suspensions of HB 2469 which were put in place after the recession to ensure families could continue to receive cash assistance during this particularly tough economic time

This is an important bill, and we have a lot of dedicated people who put a great deal of time and effort to bring an impressive product forward. This bill will have subsequent referrals today to ensure that the amendments capture all that we aim to accomplish and that all of the details are accurate. I urge your support in moving this bill onto that process, and recommending it for passage.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carla Piluso', written in a cursive style.

Carla C. Piluso
State Representative
House District 50

HB 3535: Re-investing in Temporary Assistance for Needy Families (TANF)

Helping Families Return to Work, Responding to the Secretary of State's TANF Audit

Chief Sponsors: Rep. Piluso, Rep. Stark, Sen. Monnes Anderson Regular Sponsors: Rep. Barker, Rep. Doherty, Rep. Hack, Rep. Helm, Rep. Keny-Guyer, Rep. McKeown, Rep. McLain, Rep. Olson, Rep. Parrish, Rep. Reardon, Rep. Taylor, Sen. Shields

What is TANF?

Temporary Assistance for Needy Families (TANF) is a program offered by the Department of Human Services. TANF helps families meet their most basic needs, it protects children and it helps parents get back to work through employment training and various supportive services. More than 34,000 families and 60,000 children rely on this program and benefit from TANF assistance.

History:

During the Great Recession, the Legislature had a choice to either cut support programs or the cash grant for families. They made the difficult decision to maintain financial assistance, and thus the safety net, in order to serve families with the greatest need. This cut \$80 million from the TANF program.

In 2014, the Secretary of State performed a TANF Audit and made specific recommendations to improve the program. Over the past year, DHS has worked to identify targeted ways the agency can address those recommendations.

Opportunity:

Oregon's economy is recovering, and therefore there is a projected reduction in caseloads that will provide at least \$30 million in cost reductions to the program. Utilizing these projected savings, **HB 3535 responds directly to the Secretary of State's Audit**, and reinvests in the programs and improves outcomes for families and children.

HB 3535 Reinvestment Proposals:

- Reduce the number of participants affected by the "benefits cliff" and ease the transition from TANF to stable employment
- Simplify eligibility requirements and encourage strong family connections
- Expand relationships with community organization to increase family stability
- Increase flexibility in support services to prevent families from entering TANF
- Improve program capacity to provide strength-based, customized and outcome-focused case management

HB 3535 Policy Proposals:

- Enable the implementation of the reinvestment proposals
- Reinstate focus on wrap around support services
- Increase the program's flexibility to target local needs and opportunities
- Update outdated statute language
- Extend current HB 2469 (2007) suspensions to allow for future program flexibility

TANF serves a dual purpose of protecting children and helping parents join the workforce. This is a unique opportunity to strengthen the program's impact and, in partnership with other systems and local non-profits, achieve the goals of safety, stability and prosperity for Oregon families.

DHS re-investment breakdown on reverse

TANF Reinvestment Proposal Budget Sources

The cost of the TANF Reinvestment Proposal is estimated at \$30 million for the 2015-17 biennium, funded through the reinvestment of savings from a declining TANF caseload. The proposal does not request new state funds. HB3535 and DHS Policy Option Packages (POPs) 101 and 113 combined provide the funding for implementation of the TANF Reinvestment Proposal.

Reducing the number of participants affected by the "benefits cliff" when they become employed		Start Date	2015-17 Investment	Budget Source
1	Raise the income limits for exiting TANF	April 2016	\$3.2M	DHS POP 101
2	Provide a reduced Employment Related Day Care program co-pay for three months while exiting TANF	April 2016	\$1.5M	DHS POP 101
3	Provide transition payments that total \$225 over three months to families who are exiting TANF	April 2016	\$3.1M	HB3535

Simplifying eligibility requirements to strengthen family connections and stability for children		Start Date	2015-17 Investment	Budget Source
4	Eliminate deprivation as an eligibility requirement.	April 2016	\$2.6M	HB3535
5	Expand caretaker relative definition	April 2016	\$0.4M	HB3535

Expanding family stability services		Start Date	2015-17 Investment	Budget Source
6	Focus expanded contracts with community-based organizations on family stabilization, preventing TANF entry and promoting job retention	January 2016	\$4.7M	DHS POP 101

Increasing flexibility in support services to prevent families from entering TANF		Start Date	2015-17 Investment	Budget Source
7	Prevent TANF entry and allow payments for housing or transportation to prevent job loss	July 2016	\$2.9M	HB3535

Improving program capacity to provide strength-based, customized and outcome-focused case management		Start Date	2015-17 Investment	Budget Source
8	Training required to implement changes and evaluation strategies to measure reinvestment impacts on clients	Oct. 2015- Oct. 2016	\$1.6M	DHS POP 101
9	Invest in the workload model and expand intensive client services, prioritizing clients nearing the time limit and special populations with the most barriers to employment	July 2015	\$10M	DHS POP 113
Reinvestment Proposal Total Investment: \$30M				

Note: HB 3535 also contains the following changes with no cost:

- 1) Extending the HB2469 reductions;
- 2) Revising the Family Services Review Commission scope;
- 3) Eliminating foster care references where no longer needed;
- 4) Aligning how the state applies hardship exemptions to the TANF time limit to the federal practice;
- 5) Allowing disqualifications to be set in rule; 6) Additional statute changes that allow the TANF program to set policy in rule instead of statute.