

Mississippi’s Temporary Assistance for Needy Families (TANF) Program at 25: After a Scandal and the Failure of TANF as a Safety Net Before and During the Pandemic, Major Reforms are Needed to Turn the Tide



Mississippi Low-Income
Childcare Initiative

October 2022

TANF is a federal block grant that Mississippi receives each year and administers through the Mississippi Department of Human Services (MDHS). TANF replaced the previous entitlement system of cash assistance for families below poverty in 1996 (the former program was AFDC). TANF, unlike the program it replaced, is not structured as a federal entitlement program, rather, as a block grant allocated to states, which has resulted in fewer dollars over time (the TANF allocation does not increase over time), a smaller program providing fewer people direct services and wide state policymaking discretion. The block grant structure caps the amount states can receive and with limited federal rules, states can create tailored programs that meet four broad purposes.

Four Federal Purposes of TANF:

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

During the past 25 years, TANF has become notorious for giving states wide discretion. In many states, this discretion has led to spending outside of services proven to be effective at reducing poverty, such as direct cash assistance, child care assistance and tangible support services for employment, job training and education. The result has been a widespread decline in the number of families receiving cash assistance and participating in the TANF program. In Mississippi, while TANF has become a slush fund benefitting politically connected individuals in some cases or a source for fixing state mistakes with federal money (as is the current case with MS spending TANF to fix its historically dysfunctional foster care system), the federal funds have also been used in some cases to fund direct services to families in need. But without significant reform, TANF in Mississippi will remain ineffective as an anti-poverty program.

Findings:

- Mississippi’s TANF Cash Assistance Caseload Reached its Lowest Point During the COVID-19 Pandemic, with 176 adults served in May 2021
- The MS legislature increased the Average TANF Monthly Cash Assistance Amount in 2021, but the change barely made a dent given its limited reach relative to the number

Mississippi Low-Income Child Care Initiative

of families below poverty and the low number receiving TANF cash assistance. It would take the average family of three a total of 352 years of full TANF payments each month to receive as much TANF funds as one famous quarterback TANF sub-grantee received in one sub-grant, even after the 2021 increase, according to court filings in Mississippi's ongoing TANF embezzlement scheme

- Mississippi is still rejecting more than 9 in 10 people who apply for TANF cash assistance in 2021
- Mississippi's TANF program is filled with bureaucratic red tape and punitive sanction policies. People don't lose TANF because they move out of poverty or because they've exhausted assistance they are eligible for. MS opts for the strictest sanction policies allowed under federal law for things as simple as missing an appointment with a case worker. Reasons other than employment and earnings account for 69.2% of closed TANF cases. MS also punishes the whole household with full family sanctions.
- Mississippi does **not** spend the majority of its TANF funds on direct assistance to individuals, such as basic cash assistance, child care, or work supports
- Mississippi currently spends the largest single portion of its federal TANF dollars on child welfare services (paying for the Mississippi Department of Protective Services' operations), fatherhood/two-parent family formation and maintenance programs and program management (administrative costs and systems).
- MS does not spend down its TANF block grant aggressively to fight poverty; MS had \$102,156,439 federal TANF dollars to spend during FFY 2020; it only spent \$55 million and ended the year with \$47 million unobligated
- MS spent none of its federal TANF dollars on child care in FFY 2020; MS spent twice as much of its federal funds on administrative costs than it did on Basic Cash Assistance or Work, Education and Training Activities during FFY 2020
- MS ranks 47th in spending among states on Basic Cash Assistance, FFY 2020
- MS ranks 47th in spending among states on Child Care, FFY 2020
- TANF in MS is not functioning as a basic safety net, much less a path out of poverty. TANF reaches an almost negligible number of Mississippi families below poverty and only 0.06% of impoverished adults

TANF Caseloads

Mississippi's TANF Cash Assistance Caseload Reached its Lowest Point During the COVID-19 Pandemic, with 176 adults served in May 2021

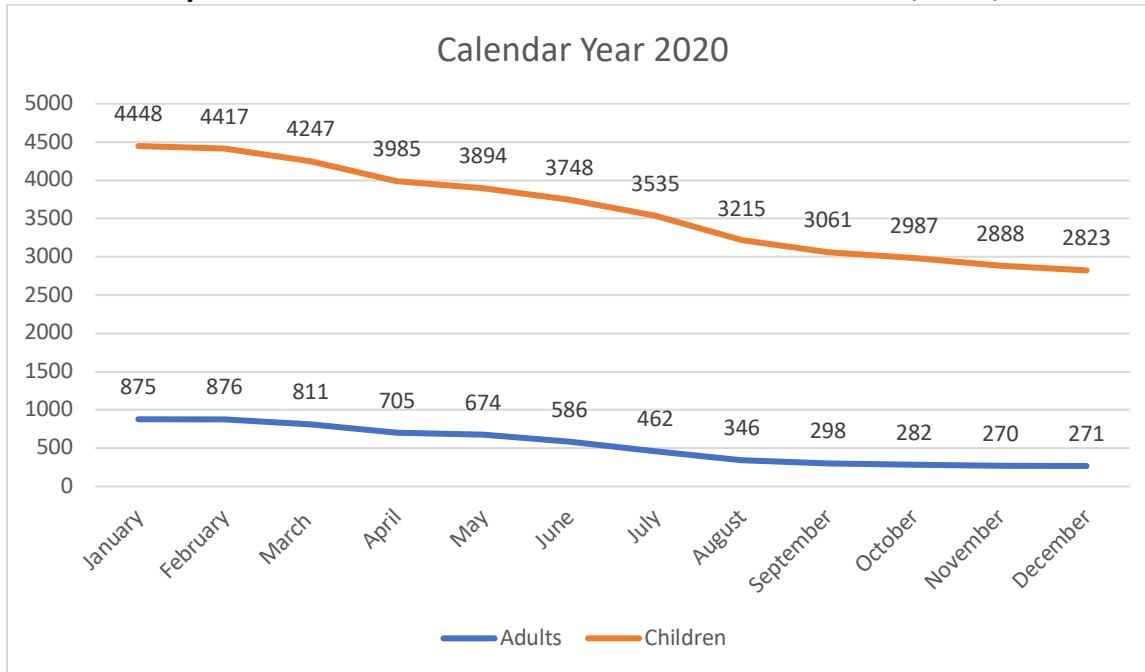
Mississippi spends so few TANF federal dollars on direct cash assistance to individuals served by MDHS, the caseload data shows that very few Mississippians receive TANF assistance. During FFY 2021, MS served a monthly average of 222 adults. It is important to understand that Mississippi's TANF cash assistance caseload is primarily "child-only" cases, or "no-parent" families. These are families receiving TANF cash assistance calculated only to benefit children in the home through a caregiver, guardian or through a protective payee, or where parents are ineligible for TANF due to reasons other than income. During FFY 2021, MS served a monthly average of 2,658 children.

Mississippi Low-Income Child Care Initiative

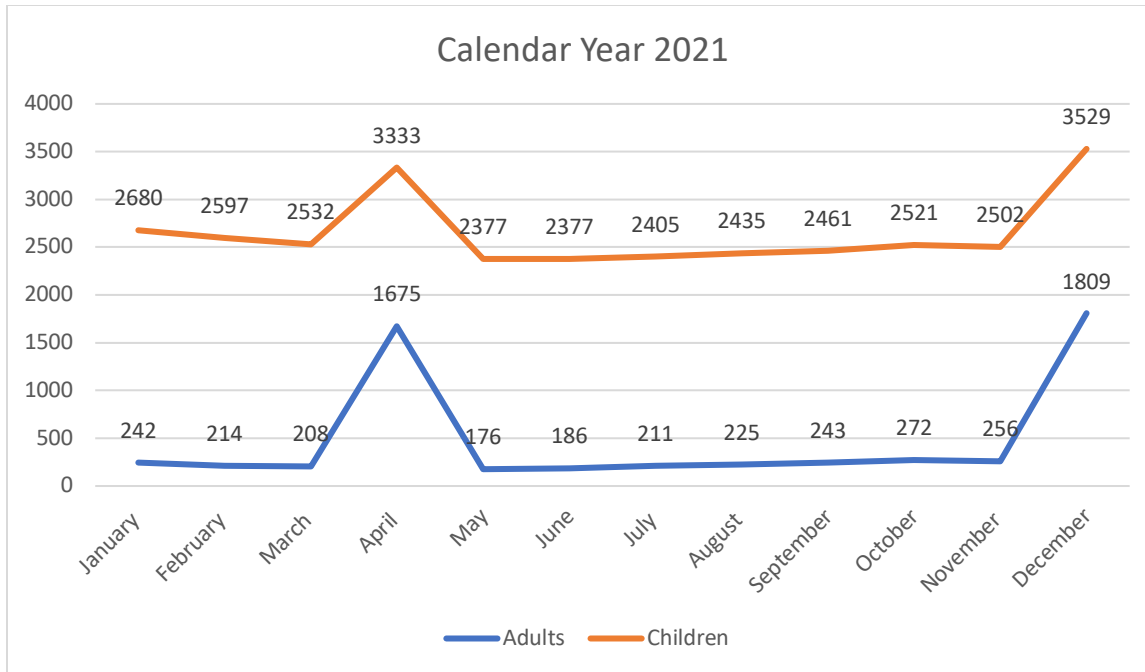
Caseload data only reflects individuals receiving Basic Cash Assistance. It does not include counts of individuals who may have received services through an MDHS TANF sub-grantee or work supports, such as transportation assistance or transitional child care assistance.

While Mississippi's TANF cash assistance caseload was already abysmally low and one of the nation's lowest before the COVID-19 Pandemic, Mississippi's TANF caseload began a precipitous decline after the onset of the COVID-19 Pandemic. This caseload reduction has held steady month-to-month and MS has yet to recover to pre-Pandemic levels. This caseload reduction cannot be explained away by the potential influence of Pandemic Unemployment Insurance, as monthly figures during calendar years 2020, 2021 and 2022 show no sign of caseload increases and this period is well beyond the influence of temporary unemployment benefits.

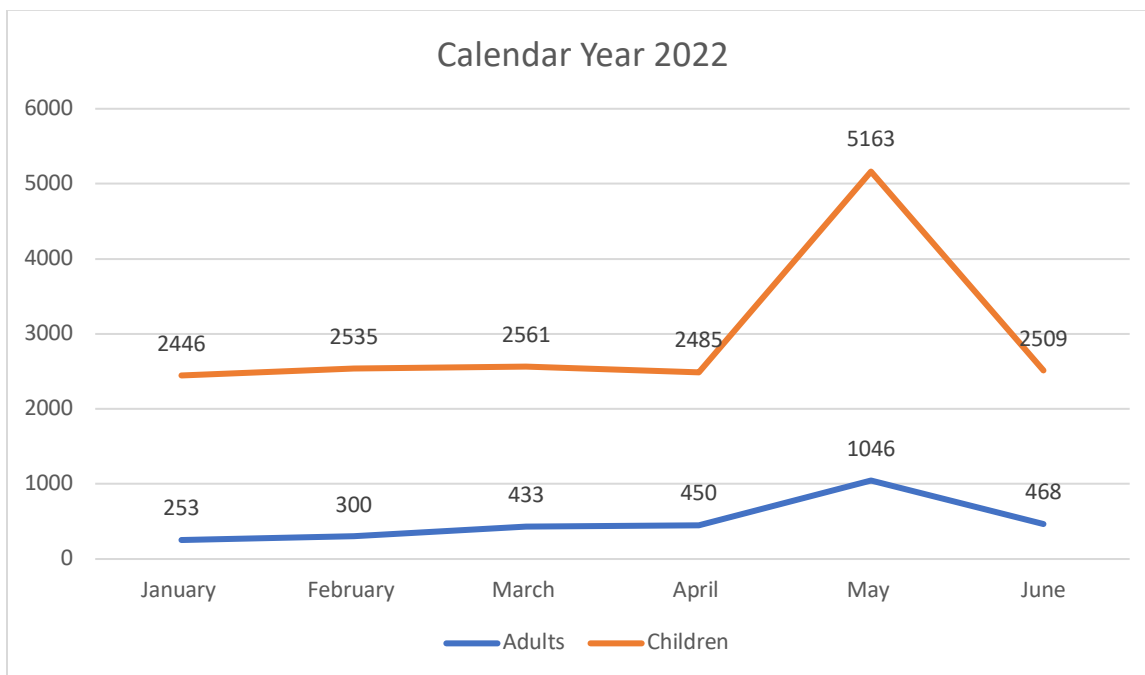
TANF Monthly Cash Assistance Caseload Data – Calendar Years 2020, 2021, 2022



Mississippi Low-Income Child Care Initiative



*The spike in April 2021 was a data reporting error that coincided with the first month of the increased cash benefit amount. The spike in December 2021 coincides with one-time \$1,000.00 payments to all cash assistance recipients from ARPA funds, but this spike has not been explained by MDHS.



The spike in May of 2022 is currently unexplained, but the caseload subsequently dropped the next month.

Source: MDHS, <https://www.mdhs.ms.gov/about/>, Monthly Statistical Report, Field Operations Programs.

Mississippi Low-Income Child Care Initiative

Mississippi increased its annual cash assistance amount to \$260 per month for a family of 3 during the 2021 MS Regular Session. While this increase was a welcome change, the reality is that so few individuals receive TANF cash assistance, the change will not have a wide impact and will not cost MS much of its TANF block grant.

The MS legislature increased the average TANF monthly cash assistance amount in 2021, but the change barely made a dent given its limited reach relative to the number of families below poverty and the low number receiving TANF cash assistance. It would take the average family of three a total of 352 years of full TANF payments each month to receive as much TANF funds as one famous quarterback TANF sub-grantee received in one sub-grant, even after the 2021 increase, according to court filings in Mississippi's ongoing TANF embezzlement scheme.

The MDHS 2021 Annual Report shows an average of 1,827 households and 3,076 people received TANF. The agency reports a total of \$3,236,081.00 of TANF benefits disbursed. While the annual report doesn't specify, these numbers are likely specific to people/households receiving TANF Basic Cash Assistance.

Source: Mississippi Department of Human Services 2021 Annual Report, <https://www.mdhs.ms.gov/annual-reports/>.

Here is the most recent month of 2022 data showing the average amounts received by family and the average recipient amount:

June 2022:

Average Family payment: \$289.94
Average Recipient payment: \$173.56

Source: MDHS, <https://www.mdhs.ms.gov/about/>, Monthly Statistical Report, Field Operations Programs.

Caseload Monthly Average, Federal Data for Federal Fiscal Year 2021

Average Monthly Number Families served	1,681
Average Number of 1-parent Families	222
Average Number of No Parent Families	1,460
Average Number of Recipients	2,880
Average Number of Adult Recipients	222
Average Number of Child Recipients	2,658

Source: U.S. Department of Health and Human Services, Administration of Children and Families, https://www.acf.hhs.gov/sites/default/files/documents/ofa/fy2021_tanf_caseload.pdf

TANF Applications, Denials and Approvals – Monthly Average

MS is still rejecting more than 9 in 10 people who apply for TANF cash assistance

Mississippi’s TANF cash assistance application approval rate was 7.1% and its denial rate was 92.8% in 2021. This low rate of TANF cash assistance approval corroborates the historically low number of individuals receiving direct cash assistance from TANF.

Applications	2020	2021
Received	1,378	1,383
Approved	115	99
Denied	1,264	1,284
Approval Rate	8.3%	7.1%
Denial Rate	91.7%	92.8%

Source: U.S. Department of Health and Human Services, Administration for Children and Families. Calendar Year 2020, https://www.acf.hhs.gov/sites/default/files/documents/ofa/cy2020_application_tanf_0.pdf. Calendar Year 2021 data, https://www.acf.hhs.gov/sites/default/files/documents/ofa/cy2021_application_tanf.pdf.

TANF Family Case Closures, FFY 2020

Mississippi’s TANF program is filled with bureaucratic red tape and punitive sanction policies. People don’t lose TANF because they move out of poverty or because they’ve exhausted assistance they are eligible for. MS opts for the strictest sanction policies allowed under federal law for things as simple as missing an appointment with a case worker. Reasons other than employment and earnings account for 69.2% of closed TANF cases. MS also punishes the whole household with full family sanctions.

A federal analysis shows that MS closed 2,427 family TANF cases in FFY 2020. Approximately 42% of cases were closed due to a sanction or failing to comply with one of MDHS’s many punitive bureaucratic requirements, such as a MS state law that requires drug screening. Another 27.3% of case closures fall into an undefined category labeled “other”. Only 7.9% of cases closed due to earning more than TANF allows, while 22.8% of cases closed due to employment, which TANF could be used to continue supporting.

Reason for TANF Case Closure	Percent of Family TANF Cases Closed
Employment	22.8%
Work Related Sanction (not meeting a work requirement)	14.8%
Other Sanction (sanction not specific to work, such as failure to comply with child support enforcement)	10.6%
Excess Income	7.9%

Mississippi Low-Income Child Care Initiative

Failure to Comply (missing appointments, not turning in required documents or not complying with some other eligibility requirement)	16.5%
“Other” (largely undefined category, may include when a child ages out of services or other reasons not captured in other categories)	27.3%

Source: U.S. Department of Health and Human Services, Administration for Children and Families, https://www.acf.hhs.gov/sites/default/files/documents/ofa/fy2020_characteristics_data_final.pdf.

TANF Expenditures, FFY 2020

Mississippi does not spend the majority of its TANF funds on direct assistance to individuals, such as basic cash assistance, child care, or work supports.

Note on TANF Federal vs. State MOE Funds

Federal TANF funds represent actual TANF funds the state receives and expends. States are allowed to carryover unspent federal TANF funds.

A state Maintenance of Effort (MOE) is required to receive TANF federal funds and funds appear in federal reporting to be “state funds”. In practice, states are allowed to report other non-TANF state expenditures to count toward the TANF MOE, such as state spending on college scholarships or double-counting state spending to meet matches on other federal block grants. State MOE funds counted from other state programs are not explicitly targeted to TANF recipients and are often not explicitly connected to the state’s TANF program, but certain state spending can legally be counted toward the state’s TANF MOE. TANF MOE data is reported by MS to HHS ACF via the ACF-204, but this data lacks detail sufficient to analyze and more importantly has quality issues that make it insufficient to rely upon as a data source.

Mississippi currently spends the largest portions of its federal TANF dollars on child welfare services (paying for the Mississippi Department of Protective Services’ operations), fatherhood/two-parent family formation and maintenance programs and program management (administrative costs and systems).

The state appears to be spending a considerable amount of TANF on work, education and training programs, but most of this money is reported by MS as TANF State MOE dollars and these MOE dollars may be counted from other state spending that may not be explicitly connected to its TANF program or may be completely unrelated but allowably countable. Data states are required to report on TANF MOE spending is too limited to determine how much MS is actually spending of TANF dollars on work, education and training programs that provide resources directly to individuals. Additionally, MS allocates TANF funds through specific sub-grants funded through TANF to private third-party vendors to provide services to individuals,

Mississippi Low-Income Child Care Initiative

but this data is not publicized or reported on public databases. However, it is assumed that such sub-grant expenditures are being captured in the general reporting categories, however, no breakdown by sub-grant or any program service numbers of sub-grantees is available without a public records request or contacting programs directly.

MS does not spend down its TANF block grant aggressively to fight poverty; MS had \$102,156,439 in federal TANF dollars to spend during FFY 2020, but it only spent \$55 million and ended the year with \$47 million unobligated

TANF Federal Funds Received and Expended, Federal Fiscal Year 2020

Fund Category	Federal Funds
Total Annual Federal TANF Block Grant Amount Received	\$86,481,245
Carryover of Previous Fiscal Year TANF Block Grant	\$15,675,194
Total Federal Funds Available	\$102,156,439
Transferred to Child Care and Development Fund (MS Child Care Payment Program)	\$0
Transferred to Social Services Block Grant	\$0
Federal Funds Available for TANF	\$102,156,439
Total Federal Expenditures	\$55,119,534
Unliquidated Obligations	\$0
Unobligated Balance	\$47,036,905

Source: TANF Financial Data, FY 2020, U.S. Department of Health and Human Services, Administration for Children and Families, <https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2020>.

TANF Federal and State Maintenance of Effort Expenditures by Category, FFY 2020

These are only categories MS reported expenditures in – there are many other categories and possible uses of TANF funds MS did not report spending in.

MS spent none of its federal TANF dollars on child care and it spent twice as much of its federal funds on administrative costs than it did on Basic Cash Assistance or Work, Education and Training Activities

Fund Category	Federal Funds	State MOE in TANF and Other State Programs	All Funds
Basic Cash Assistance	\$3,732,140	\$342,247	\$4,074,387

Mississippi Low-Income Child Care Initiative

Work, Education and Training Activities	\$4,060,613	\$18,707,997	\$22,768,610
Work Supports and Support Services	\$1,684,862	\$38,454	\$1,723,316
Early Care and Education	\$0	\$1,715,340	\$1,715,340
Fatherhood and Two-Parent Family Formation and Maintenance Programs	\$15,387,010	\$0	\$15,387,010
Child Welfare Services	\$21,756,278	\$0	\$21,756,278
Program Management (administrative costs and systems)	\$8,498,631	\$920,270	\$9,418,901
Total Funds Used	\$55,119,534	\$21,724,308	\$76,843,842
Total transfers	\$0		
Total Unobligated Balance	\$47,036,905		

Source: TANF Financial Data, FY 2020, U.S. Department of Health and Human Services, Administration for Children and Families, <https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2020>.

State Rankings by TANF Expenditures

MS ranks 47th in spending on Basic Cash Assistance

MS ranks 47th in spending on Child Care

Mississippi is ranked nearly last among states in spending categories that actually get resources in the hands of individuals and families (cash assistance and child care), but ranks highest in categories that are amorphous, such as Work Activities that aren't clearly defined including subgrants or state MOE spending that isn't reported publicly, and in Child Welfare, where MS is using federal TANF money to fix a foster care system that the state chronically failed to invest in so that it can comply with the federal *Olivia Y.* settlement agreement that found the MS foster care system to be in violation of federal law.

Compared to other states and based on expenditure categories MS reports, Mississippi is ranked:

- 1st in TANF spending on Work Activities (29.63% of TANF funds)
- 6th in TANF spending on Child Welfare (28.31% of TANF funds)
- 13th in TANF spending on Fatherhood and Two Parent Family Formation and Maintenance programs (20.02% of TANF funds)
- 17th in Program Management, administrative costs, and systems (12.26% of TANF funds)

Mississippi Low-Income Child Care Initiative

- 22nd in Work Supports and Support Services (2.24% of TANF funds)
- 47th in Basic Cash Assistance (5.3% of TANF funds)
- 47th in Child Care (2.23% of TANF funds)

Source: Center on Budget and Policy Priorities (CBPP), detailed spreadsheet, <https://www.cbpp.org/research/family-income-support/state-fact-sheets-how-states-spend-funds-under-the-tanf-block-grant>.

State TANF Sub-Grants

Mississippi legally sub-grants TANF funds to various entities to perform various types of services.¹ Some of these entities, which represent a mix of public and private organizations, may use funds to provide services and assistance directly to low-income individuals, such as direct child care or transportation assistance paid directly to or on behalf of individuals, or the state may spend funds on other expenses that aren't direct assistance, such as operational costs for a program providing job training.² There are some federal parameters, but few, so the state has discretion in designing these RFPs. The MDHS has designed a competitive RFP process and makes awards based on internal procedures and timelines. Data on sub-grantee services and expenditures is not publicly reported, but MDHS indicates the types of programs it will fund through its RFPs. Below is a sample of available RFPs, but this list is not comprehensive. Specific award amounts are not available. While MDHS does create and follow sub-grantee policies, information about services performed by sub-grantees is only available through the specific agreements and scopes of work between MDHS and third-party service providers. Therefore, available data is not sufficient to determine how much these sub-grants account for in the general expenditure data reported by MS to the federal agency, but this report assumes sub-grants awarded are captured in the expenditure data.

Award Year*	Amount Obligated in RFP	Services
2019	\$6,000,000	Family Dynamics
2019	\$15,000,000	Workforce Training and Education Programs
2020	\$30,000,000	Afterschool Activities and Parenthood programs
2020	\$36,000,000	Workforce Training and Education Programs, Afterschool Activities and Parenthood Initiative
2022	\$16,000,000	Workforce Training and Education Programs

*The award year may not coincide with the TANF grant year. For instance, MDHS may publish an RFP in 2020 and use TANF grant funds from that fiscal year or carryover from a previous fiscal year.

Source: Mississippi Department of Human Services, See the procurement archives here, <https://www.mdhs.ms.gov/subgrant-procurement-archive/>, and current RFPs here, <https://www.mdhs.ms.gov/solicitation/request-for-proposals-rfp/>.

TANF-to-Poverty Ratio

TANF in MS is NOT a safety net, much less a path out of poverty. TANF reaches an almost negligible number of Mississippi families below poverty and only 0.06% of impoverished adults.

No matter how the numbers are sliced, MS has one of the nation’s lowest percentages of families or individuals below poverty receiving TANF benefits. Using the federally reported FFY 2021 data, Mississippi’s TANF program reaches virtually no adults below poverty, 1.4% of children below poverty and 2.2% of poor families.

	Received TANF FFY 2021, Average	Below Poverty 2021	Percent Below Poverty Receiving TANF
Families	1,681	75,948*	2.21%
Adults	222	365,585**	0.06%
Children	2,658	188,567***	1.41%

*Number of families with related children of the householder below age 18 below poverty, 2021 American Community Survey, U.S. Census Bureau, Table S1701

**Number of adults below poverty, ages 18 and over, 2021 American Community Survey, U.S. Census Bureau, Table S1701

***Number of children less than 18 years of age below poverty, 2021 American Community Survey, U.S. Census Bureau, Table S1701

What can we do to change course?

Beyond the intentional, illegal abuses of the TANF block grant that MS has seen in recent years, MS policymakers currently have no strategic plan for how to maximize the reach of TANF and put the money in the hands of those who need resources.

To expand the reach of TANF so that it functions more as a real safety net for Mississippians, our recommendations include:

- Make TANF Cash Assistance a major spending priority and drastically increase the cash assistance caseload:
 - o There are current examples in MS, such as The Magnolia Mother’s Trust, a Springboard to Opportunities program, providing a model on how direct cash assistance programs should be structured to support families as they become more economically stable. Adopting such a model for Mississippi’s TANF cash assistance program would make the program supportive rather than punitive.
- Prioritize TANF spending on child care:
 - o Spend TANF dollars on child care directly for TANF recipients and transfer 30% of the annual TANF block grant to the Child Care and Development Fund (CCDF) each federal fiscal year

Mississippi Low-Income Child Care Initiative

- Don't Use Mississippi's limited federal TANF funds to fix Mississippi foster care and protective services failures:
 - MS should stop spending the state's limited federal TANF funds on the MS foster care and protective services agency and instead invest **state** and other federal funds to repair and invest long-term in the system. Spending federal TANF dollars on this critical system drastically limits what MS can spend on essentials like cash assistance, child care and tangible work supports. Mississippi should not take from Mississippi's most impoverished families to plug budget holes in its mismanaged foster care and protective services system to comply with a federal settlement agreement.
- Invest TANF funds in program models that are designed to provide resources to families in need and move them out of poverty –
 - Federal TANF funds can be spent directly on child care and other support reimbursements to training and education providers to cover child care and other supportive services costs necessary to support trainees or students. The Moore Community House Women in Construction program provides child care and wrap-around supports to train women in general construction trades, focusing on a higher-wage career pathway. MLICCI's Employment Equity for Single Moms (EESM) program provides immediate child care assistance to moms who are employed, entering employment or enrolled in training/education, coupled with intensive case management, assistance with applying to longer-term support services and career coaching to help moms connect to a living wage career pathway.
- Eliminate TANF drug testing requirement
 - The state legislature must eliminate the mandatory up-front drug screening and drug-testing requirement. This requirement falsely suspects TANF applicants of drug use, acting as a deterrent to needed assistance.
- Eliminate mandatory Up-Front Job Search for TANF cash assistance applicants
 - People below poverty need support to enter employment, not employment to enter supports. Mississippi currently has this backwards and eliminating this first step would make the TANF program more supportive of individuals' efforts to work, rather than punitive and overly rigid and bureaucratic on the front-end that deters too many.
- Make child care, transportation and other supports for initial TANF orientation meetings available so applications are not denied for missing front-end appointments due to a lack of these or other supports
- Reform state TANF sanction policies to reduce the number of closed TANF cases due to non-compliance with work or other requirements, particularly when a family is still below poverty. Mississippi should focus on meeting employability needs of TANF recipients and connecting them to employers instead of punishing them for not meeting an arbitrary work requirement that simply checks a box
- Lift the already-imposed extended disqualification periods, full household sanctions and permanent disqualifications in TANF

Mississippi Low-Income Child Care Initiative

- Amend state law to restore MDHS’s discretion to reverse strict work requirement penalties, particularly during times of national or state emergency and economic downturn (the so-called “HOPE Act” in its final legislative version made the strictest options under federal law state statute in MS)
- Spend federal TANF funds more aggressively on cash assistance, child care and workforce/education programs demonstrated to move families out of poverty.
 - Mississippi should leave no federal TANF dollars unspent, particularly when TANF-to-Poverty ratios reveal how limited TANF’s reach is relative to the number of families and children below poverty in this state.

To contact the author of this report:

Matt Williams

Research Director, Mississippi Low-Income Child Care Initiative

Email, mwilliams@mschildcare.org

¹ Links to RFPs: <https://www.mdhs.ms.gov/wp-content/uploads/2022/06/RFP-20220101-TANF-WTEP-2022-Services-2.pdf>; <https://www.mdhs.ms.gov/wp-content/uploads/2019/10/RFP-No.-19100102-TANF-FD-Family-Dynamics.pdf>; <https://www.mdhs.ms.gov/wp-content/uploads/2019/10/RFP-No.-19100103-TANF-WTEP-Workforce-Training-Education-Programs.pdf>; <https://www.mdhs.ms.gov/wp-content/uploads/2020/07/TANF-2021-RFP-Final-v10-Issue-7-6-20-1.pdf>; <https://www.mdhs.ms.gov/wp-content/uploads/2020/11/RFP-No.-20200104-Nov.-TANF-2021-Services.pdf>.

² MLICCI has been awarded a TANF sub-grant to pay for child care costs for participants of the Employment Equity for Single Moms (EESM) program.