



SENATE FISCAL OFFICE
ISSUE BRIEF

Rhode Island Works

FEBRUARY 15, 2011

Rhode Island Works is Rhode Island's cash assistance program. The program provides cash assistance and employment support services to enable parents with children to support their families. Rhode Island Works (RIGL 40-5.2-5) replaced the Family Independence Program in 2008.

Rhode Island Works is funded through the federal Temporary Assistance to Needy Families (TANF) program. TANF was enacted in 1996, replacing the nation's welfare program, Aid to Families with Dependent Children.

As of the end of calendar year 2010, Rhode Island Works served 16,185 individuals, with an average monthly cost per person of \$188.68, at a total monthly program cost of \$3.1 million, all of which is federal funds.

BENEFITS AND ELIGIBILITY

Only families with dependent children (under the age of 18) and pregnant women are eligible for Rhode Island Works.

The following table lists the monthly cash benefit and income limit for Rhode Island Works recipients, based on family size. (For families living in public or subsidized housing, the benefit is reduced by \$50/month.) The benefit is reduced dollar for dollar for unearned income (such as unemployment insurance benefits). Earned income reduces the benefit by \$0.50 for every dollar earned after the first \$170.

Table 1: Rhode Island Works monthly benefits

Family size	Maximum monthly benefit	Earned income limit
1	\$327	\$824
2	\$449	\$1,068
3	\$554	\$1,278
4	\$634	\$1,438
5	\$714	\$1,598
6	\$794	\$1,758
7	\$874	\$1,918
8	\$954	\$2,078

For example (see table 2), a family consisting of a single mother with two children would be eligible to receive up to \$554 each month, assuming she had no additional income. If the mother earns income through wages, her benefit would be reduced by \$1 for every \$2 she earns after the first \$170: the benefit would be completely eliminated when her income reached \$1,278 per month, or approximately \$15,336 per year. (The federal poverty level for a family of three is \$18,310.)

Table 2: Hypothetical earnings and benefits for a family of three

Monthly earned income	Cash benefit	Total monthly income	Yearly income
\$0	+ \$554	= \$554	\$6,648
\$100	+ \$554	= \$654	\$7,848
\$250	+ \$514	= \$764	\$9,168
\$500	+ \$389	= \$889	\$10,668
\$1,000	+ \$139	= \$1,139	\$13,668
\$1,278	+ \$0	= \$1,278	\$15,336

To be eligible, a family must have less than \$1,000 in resources, excluding the home in which the family lives and up to two vehicles (one per adult).

Families who are eligible for Rhode Island Works can also receive health insurance through the RIte Care program, food assistance through the federal Supplemental Nutrition Assistance Program (SNAP), subsidized child care, and transportation assistance.

EMPLOYMENT PLAN

As a condition of eligibility, recipients must enter into an employment plan developed in coordination with the Department of Human Services (DHS) and the Department of Labor and Training (DLT). For most parents, the employment plan begins with a four-week intensive job readiness and job search program operated by DLT at the One Stop Career centers.

Single parents must work or prepare for work an average of 30 hours per week (20 hours if the household includes a child under age six). In two-parent families, one parent must work 35 hours per week; if the family uses a childcare subsidy, both parents must work a total of 55 hours per week.

At least 20 of these hours must include one or more of the following:

- Employment
- Unpaid work experience or community service
- On-the-job training
- Job search and job readiness
- Vocational education (up to 12 months)
- Providing child care for a parent who is participating in approved community service
- Adult education in an intensive work readiness program (up to six months)

Individuals who meet the 20-hour requirement above may also count job skills training and education towards their overall weekly work requirement.

Failure to comply with this work requirement results in reduction or elimination of the cash benefit for the entire family.

TIME LIMITS

Receipt of cash benefits under Rhode Island Works is subject to time limits. A family can receive assistance for no more than 24 months (whether or not consecutive) in any 60-month period. There is also a 48-month lifetime limit on assistance. (Rhode Island’s time

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limits are more stringent than federal law, which impose a 60-month lifetime limit for TANF recipients.) Rhode Island’s time limits apply to parents, caretaker relatives, and children, although children whose parents receive SSI benefits and children who live with a caretaker relative who does not receive assistance are not subject to time limits, although they are only eligible for assistance until their 18th birthday.

The 24-month time limit was postponed when the program was created so that the “clock” would not start until July 1, 2008. As a result, the first families to lose assistance based on the 24-month time limit did so on July 1, 2010. The Department of Human Services (DHS) estimates that 807 families lost eligibility for cash assistance on that date.

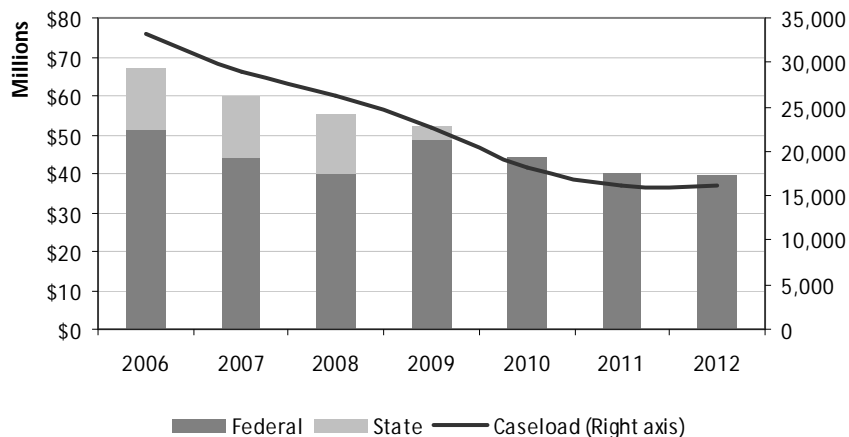
Families who reach a time limit may apply for a “hardship extension” of three months based on disability, homelessness, domestic violence, or statewide economic conditions. In response to Rhode Island’s record unemployment, DHS is temporarily increasing the length of the first hardship extension from three months to six months to provide additional assistance to those families expected to close in 2010 due to the 24-month time limit. Of the 807 families who reached the limit on July 1, 349 (43.3 percent) applied for and received a hardship extension.

PROGRAM BUDGET AND CASELOAD HISTORY

Starting in state fiscal year 2010, no state funds are used to provide cash assistance: the entire cash benefit budget is funded through the federal TANF block grant.

The FY2011 enacted budget appropriated \$41.8 million (all federal TANF funds) for the Rhode Island Works program, including cash payments, transportation subsidies, and other supportive services. The November 2010 Conference adopted an estimate of \$39.8 million for FY2011 and \$39.5 million for FY2012. By contrast, the budget for the program in FY2006 was \$67.2 million, of which \$16.1 million was state funds.

Figure 1: TANF expenditures and caseloads (FY2006-FY2012)



The total caseload has decreased by half from more than 33,000 individuals in FY2006 to 16,255 in FY2011. This decrease is attributable primarily to policy changes rather than economic developments. Caseloads had been gradually and steadily decreasing under the predecessor to Rhode Island Works, the Family Independence Program, as families moved off of assistance and obtained employment. With the institution of the stricter lifetime limits and eligible work activities under Rhode Island Works, the decline in caseloads accelerated.

Since the start of the recession in December 2007, Rhode Island’s TANF caseloads dropped by 38.5 percent, the largest decrease of any state.

The TANF block grant for FY2011 totals \$95.0 million, and in addition to cash assistance is used to fund child care subsidies, transportation subsidies, and administrative costs. In order to draw down TANF funding, Rhode Island is responsible for identifying state expenditures totaling at least 75.0 percent of the block grant (\$60.4 million) as maintenance of effort (MOE).

WORK PARTICIPATION

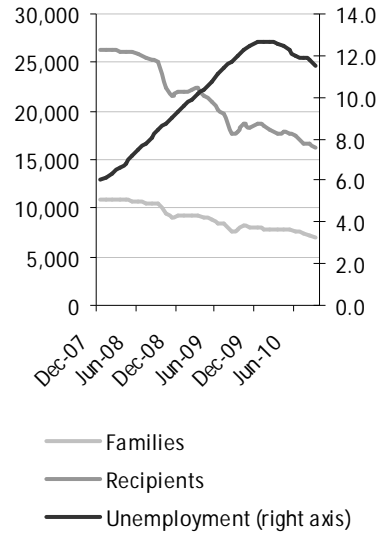
Federal law requires that 50.0 percent of all families receiving TANF benefits participate in 30 hours or more of work activities. However, states may apply credits against their work participation rate targets which make the requirement easier to achieve. Most notably, the target for a given federal fiscal year is reduced by a “caseload reduction credit” equal to the percentage point reduction in overall TANF caseload between the prior year and a base year, currently 2005. (Caseload reductions that result from state policy changes do not count towards the credit.) The work participation rate target can also be lowered by committing additional state funds as maintenance of effort above the 75.0 percent that is required.

Rhode Island’s caseload reduction credit for fiscal year 2008 was 63.2 percent, reflecting a significant decrease in caseload between 2005 (the base year) and 2007 (the comparison year) from 13,217 families to 4,863. Because the caseload reduction credit reduced the target work participation rate to (effectively) zero, Rhode Island was able to meet its target even though the actual work participation rate was only 17.5 percent.

For federal fiscal year 2009, Rhode Island’s work participation rate was 13.8 percent. Based on data through June 2010, the work participation rate for 2010 is projected to be 10.9 percent. The state is still waiting to receive notification of the official caseload reduction credit in effect for 2009 and 2010.

TANF provides steep penalties for states that do not meet the work participation rate. For Rhode Island, a failure to achieve the minimum required rate may result in a penalty of as much as \$4.8 million (5.0 percent of the block grant) reducing the FFY2011 block grant to \$90.7 million and increasing the required MOE to \$69.8 million.

Figure 2: Caseload since start of current recession (December 2007)



Prepared February 15, 2011, for the Senate Committee on Finance, State of Rhode Island by Matthew R. Harvey. Please direct any questions to mharvey@rillin.state.ri.us.