

TANF in Mississippi.

Temporary Assistance for Needy Families (TANF) is a cash assistance program that combines federal and state funding to provide much-needed support to working families experiencing poverty. As a critical tool of our nation's economic support system and critical support for some families experiencing a crisis or change of circumstances, across the nation, and especially in Mississippi, TANF could be doing more to assist families experiencing poverty. Cash assistance is an important tool for helping people move out of poverty.¹ Cash assistance helps families pay for basic needs like diapers, personal hygiene products, and winter clothing.² Cash assistance can stabilize families facing crises after losing a job, fleeing domestic violence, or other destabilizing situations.³ Cash assistance can also promote racial equity by reducing economic disparities that disproportionately harm Black and other children.

1 Bogle, Mary. "Why cash assistance is essential to move Americans out of poverty." Urban Institute, 12 Sept. 2016. <https://www.urban.org/urban-wire/why-cash-assistance-essential-moving-americans-out-poverty>.

2 "Chart Book: Temporary Assistance for Needy Families (TANF) at 26."

3 Id.

Why Cash Assistance Matters



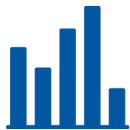
Cash assistance helps families meet basic needs.

Every family has basic needs that can only be met with cash. Examples include diapers, personal hygiene products, and winter clothing.



Cash assistance can stabilize families facing a crisis.

Cash assistance can meet a family's basic needs when they have lost a job, are fleeing domestic violence, or are in other destabilizing situations.



Cash assistance can promote racial equity.

An antiracist cash assistance program can help reduce economic disparities that disproportionately harm Black and other children of color.



Cash assistance can help children succeed.

Research shows that income poverty harms children and that cash assistance can improve low-income children's health as well as their future educational attainment and earnings.

Source: Ife Floyd et al., "TANF Policies Reflect Racist Legacy of Cash Assistance." August 4, 2022; National Academies of Science, Engineering, and Medicine. "A Roadmap to Reducing Child Poverty." 2019

Improving the TANF program requires both federal and state action.⁴ But Mississippi lawmakers can take immediate steps towards ensuring Mississippians get much-needed cash support. Improving TANF in Mississippi requires that state lawmakers increase basic assistance spending to raise benefits and caseloads, restrict TANF funds to people at or below 200 percent of the poverty level, and end behavioral control and restrictions to assessing assistance. These changes to the state's TANF program will help get more cash to families, increase access to families experiencing poverty, end restrictive policies that are racist, and use TANF funds to reach families with the greatest need. Altogether, the opportunity is now to make TANF a more effective safety net for all Mississippians and their children struggling to make ends meet.⁵

⁴ Id.

⁵ Id.

Overview: Mississippi's TANF

Twenty-six years ago, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which created the Temporary Assistance for Needy Families (TANF) program.⁶ The purpose of TANF is to improve financial stability for families experiencing poverty.⁷ TANF replaced Aid to Families with Dependent Children (AFDC), a program that had been in existence since 1935.⁸ AFDC provided federal funds that matched half or more of every state dollar of cash assistance for families.⁹ In contrast, under TANF, the federal government gives states and Washington, D.C. a share of a fixed block grant, technically known as the State Family Assistance Grant (SFAG).¹⁰ The federal block grant totals \$16.5 billion each year and has remained unchanged since TANF's creation.¹¹ The block grant allocations are set in accordance with AFDC and related programs since 1996.¹² In 2020, federal TANF funds allocated to Mississippi totaled \$86 million.¹³

States can transfer some of their block grant funds to their Child Care and Development Block Grant (CCDBG) or their Social Services Block Grant (SSBG), so long as the total amount of transfers does not exceed 30 percent of the block grant.¹⁴ Also, some of the federal block grant funding is redirected to Tribal TANF programs as a set-aside.¹⁵ States are not required to spend their total federal block grant allocation in a given year.¹⁶ States may spend more or less than their annual block grant, and unspent funds can be carried over to future years.¹⁷

In addition to the block grant, through TANF's maintenance-of-effort (MOE) requirement, states are required to maintain a certain level of state TANF spending.¹⁸ This means that the state uses its own money to help meet TANF's goals and each state sets its own policies for who can get help, how much they receive, and the amount of time in which they receive the assistance.¹⁹ The MOE requirement requires a state to provide state funds equal to 80 percent of the amount of state funds spent under the AFDC program, or 75 percent if it meets its target federal work participation requirements.²⁰ In 2020, Mississippi met federal work participation rate requirements. As a result, the state was subject to the 75 percent MOE obligation, which totaled \$22 million.²¹

6 "Chart Book: Temporary Assistance for Needy Families (TANF) at 26." Center on Budget and Policy Priorities, 4 Aug. 2022, <https://www.cbpp.org/research/family-income-support/temporary-assistance-for-needy-families-tanf-at-26/>.

7 Shrivastava, Aditi. "Mississippi Should Use TANF to Improve Financial Stability for Families Experiencing Poverty." Center on Budget and Policy Priorities, 7 Oct. 2022, <https://www.cbpp.org/blog/mississippi-should-use-tanf-to-improve-financial-stability-for-families-experiencing-poverty>.

8 "Chart Book: Temporary Assistance for Needy Families (TANF) at 26."

9 Id. 10 Safawi, Ali and Diana Azevedo-McCaffrey. "To Promote Equity, States Should Invest More TANF Dollars in Basic Assistance." Center on Budget and Policy Priorities, 12 Jan. 2022, https://www.cbpp.org/research/family-income-support/to-promote-equity-states-should-invest-more-tanf-dollars-in-basic_#_ftn8.

11 Id.

12 Id.

13 Id.

14 Pavetti, LaDonna and Ali Safawi. "Rethinking Use of TANF Funds in MS." Center on Budget and Policy Priorities, data produced by the Center on Budget and Policy Priorities and provided to One Voice upon request, 2 Sept. 2022.

15 "To Promote Equity, States Should Invest More TANF Dollars in Basic Assistance."

16 "Mississippi TANF Spending." Center on Budget and Policy Priorities, https://www.cbpp.org/sites/default/files/atoms/files/tanf_spending_ms.pdf.

17 Id.

18 "To Promote Equity, States Should Invest More TANF Dollars in Basic Assistance."

19 Shantz, Katie, et al. "State TANF Policies During the COVID-19 Pandemic." Urban Institute, 1 Jan. 2022, <https://www.urban.org/research/publication/state-tanf-policies-during-covid-19-pandemic>.

20 "To Promote Equity, States Should Invest More TANF Dollars in Basic Assistance."

21 "Mississippi TANF Spending."

States may also qualify for a portion of the federal TANF Contingency Fund to draw upon during periods of economic distress.²² In 2020, 14 states received contingency funds. Mississippi did not receive contingency funding in 2020.²³ In total, as of 2020, Mississippi spent \$55 million of its \$86 million federal block grant and \$22 million in MOE funds.²⁴ Mississippi accumulated \$47 million in unspent TANF funds as of 2020.²⁵

2020 Tanf Allocation and MOE Obligation for Mississippi



Generally, TANF provides states broad flexibility on how to use the federal funds allocated to them. According to the Mississippi Department of Human Services (MDHS), the state agency that oversees TANF, Mississippi uses the program to promote the following four purposes of TANF, as specified in federal law:

1. To provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
2. To end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
3. To reduce the incidence of out-of-wedlock pregnancies; and
4. To promote the formation and maintenance of two-parent families.²⁶

MDHS describes Mississippi's TANF program as a workforce development and training program for resident families with needy children under age 18. The program's goal is to "help needy families achieve self-sufficiency through employment and training activities," and it "provides supportive services such as assistance with childcare and transportation expenses."²⁷ Mississippi provides TANF to eligible families for 60 months, the maximum allowed by federal law.²⁸ Time limits for assistance may be reduced to 24 months if recipients do not successfully complete the TANF Work Program (TWP) or may be extended beyond 60 months to up to 20 percent of their caseload provided for hardship such as the disability of the grantee relative or if the household's income does not exceed the Basic 100 percent Requirement for the TANF program, for example.²⁹

²² "To Promote Equity, States Should Invest More TANF Dollars in Basic Assistance."

²³ Id. ²⁴ "Mississippi TANF Spending."

²⁵ Id.

²⁶ "Temporary Assistance for Needy Families." Mississippi Department of Human Services, <https://www.mdhs.ms.gov/economic-assistance/tanf/>.

²⁷ Id.

²⁸ Id.

²⁹ Id.

Mississippi's TANF Program also includes financial requirements. TANF's maximum monthly gross income limits, or the maximum amount of household income that an eligible family may have to be eligible for the program, are set at 185 percent of the federal poverty level.³⁰ Currently, the maximum gross monthly income limit for a family of three in Mississippi is currently \$680.³¹ If a family member works and pays for child care, the actual verified cost of child care can be deducted.³² This income limit includes requirements for food, clothing, personal incidentals, electricity, water, household supplies, fuel, and shelter, too.³³ In addition to meeting a maximum monthly gross income limit, families must meet the TANF Program Need Standard to gain benefits.³⁴ If they do not, they may be approved for a monthly benefit up to the state's maximum for that household size.³⁵ The maximum TANF monthly benefits in Mississippi must not exceed:

- \$200 for the first person
- \$36 for the second person; and
- \$24 for each additional person.³⁶

In order to be eligible for assistance, the maximum amount of cash or cash assets of a TANF assistance unit in Mississippi, including cooperation with Child Support, cannot exceed \$2000.³⁷ That means a single family cannot have more than \$2000 in combined assets and resources in order to qualify for assistance. Eligibility for TANF in Mississippi requires that families meet non-financial requirements, such as immunization requirements for children under the age of 7 and school attendance requirements for children ages 6 to 18.³⁸ In addition, adults who receive TANF are subject to work requirements, such as required job search, work hours, and unpaid work experience requirements.³⁹

Mississippi's TANF Program Should Do More to Get Cash to Families in Need

Additional cash resources would go a long way for Mississippians. Mississippi's poverty rate ranks the highest in the nation with 18.9% of Mississippians living in poverty.⁴⁰ And according to the United Way's Mississippi ALICE report, 31% of Mississippians cannot afford basic household necessities.⁴¹ In addition, Mississippi has the highest child poverty in the country and has not shifted from that ranking in more than a decade.⁴² But despite TANF's goal of providing assistance to needy families, the program isn't reaching Mississippi families, especially families experiencing poverty.

³⁰ Id.

³¹ "Temporary Assistance for Needy Families Eligibility Guidelines." Mississippi Department of Human Services, <https://www.mdhs.ms.gov/economic-assistance/tanf/tanf-eligibility/>.

³² Id.

³³ Id.

³⁴ Id.

³⁵ Id.

³⁶ Id.

³⁷ Id.

³⁸ Id.

³⁹ Id.

⁴⁰ "Mississippi - U.S." Census Bureau, <https://www.census.gov/quickfacts/MS>.

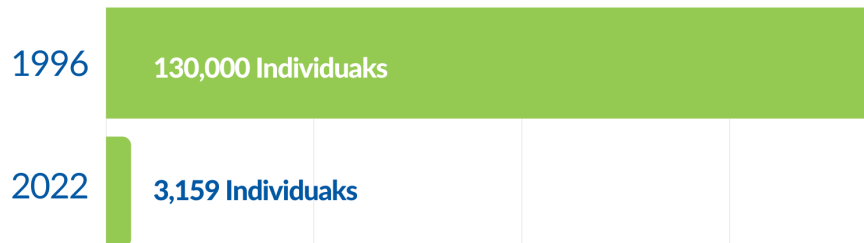
⁴¹ "Mississippi: UnitedForALICE." United For ALICE, <https://www.unitedforalice.org/state-overview/mississippi>. Accessed 24 September 2022.

⁴² Mississippi Ranks 48th For Child Well-Being, But is 1 Of 19 States Without An Earned Income Tax Credit. 8 August 2022. One Voice Mississippi, <http://onevoicems.org/child-well-being/>.

Mississippi's TANF Program is not Reaching Families in Need

In 1996, Mississippi's TANF Program served approximately 130,000 individuals, compared to 3,159 in 2022.⁴³ Between 2013-2017, Mississippi's TANF caseloads declined by 51 percent, from over 19,000 cases in 2013 to a little over 9,000 in 2017.⁴⁴ Additional problems with TANF caseloads in Mississippi have been reported by Mississippi Today. According to Mississippi Today, to reporting by the newsroom, Mississippi's TANF caseload has fluctuated greatly over the years, with little to no explanation from MDHS officials. From 2008 to 2010, Mississippi received between 1,800 and 3,000 TANF applications each month but approved between 600 to 1,200 applications, or between 20 percent to 30 percent of TANF applications in the state.⁴⁵ In 2010, MDHS approved 875 families for TANF in one month to just 48 families in the next.⁴⁶ In 2016, only 1.5 percent of TANF applications were approved.⁴⁷ Even more, in 2017, MDHS approved just 5, or 0.06% of 824 applications, only to increase to around 400 approved applications in the month after the TANF welfare scandal story broke.⁴⁸ As of March 2022, MDHS approved 109 applications out of 1,212 month, or 11 percent of applications received by the agency.⁴⁹ Despite these low caseloads, the state has not reinvested savings to provide more adequate cash assistance.⁵⁰

In 1996, Mississippi's TANF Program served approximately 130,000 individuals, compared to 3,159 in 2022



43 Wolfe, Anna. "Data Dive: Mississippi not the only state turning away most welfare applicants." Mississippi Today, 5 Oct. 2022, <https://mississippitoday.org/2022/10/05/mississippi-reject-most-welfare-applicants/>.

44 "Programmatic and Labor Market Outcomes: SNAP/TANF Participants." NSPARC, https://www.mdhs.ms.gov/wp-content/uploads/2018/03/SNAP_TANF-Report.pdf.

45 Wolfe, Anna. "MT Asks: Your questions about the Mississippi welfare scandal answered." Mississippi Today, 19 Aug. 2022, <https://mississippitoday.org/2022/08/19/mt-asks-mississippi-welfare-scandal-anna-wolfe/>

46 Id.

47 "Data Dive: Mississippi not the only state turning away most welfare applicants."

48 "MT Asks: Your questions about the Mississippi welfare scandal answered," and "Data Dive: Mississippi not the only state turning away most welfare applicants."

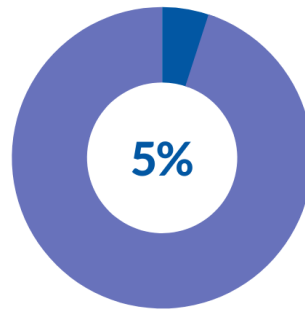
49 "Data Dive: Mississippi not the only state turning away most welfare applicants."

50 Floyd, Ife, et al. "TANF Policies Reflect Racist Legacy of Cash Assistance: Reimagined Program Should Center Black Mothers." Center on Budget and Policy Priorities, 4 Aug. 2021, <https://www.cbpp.org/research/family-income-support/tanf-policies-reflect-racist-legacy-of-cash-assistance>.

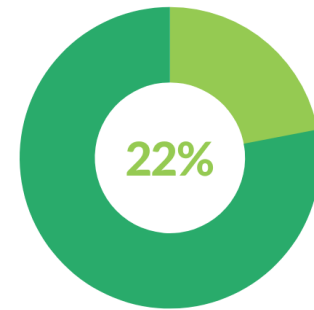
Mississippi Should Do More to Increase Investments in Cash Assistance

Across the country, and especially in Mississippi, cash assistance has weakened significantly under TANF.⁵¹ The annual federal TANF block grant has been frozen since its creation and lost about 40 percent of its value between 1997 and 2020 due to inflation.⁵² Across the nation, states have spent just 22 percent of their federal and state TANF funds on basic assistance—the spending category that includes monthly cash assistance to families.⁵³ State spending on basic assistance has declined 69 percent when adjusting for inflation since 1997—the first year of the TANF Program.⁵⁴

MISSISSIPPI TANF SPENDING
ON BASIC ASSISTANCE



NATIONAL TANF SPENDING
ON BASIC ASSISTANCE



Since 2001, Mississippi's total federal and state TANF spending on basic assistance decreased from \$31 million in 2001 to just \$4 million in 2020.⁵⁵ In 2020, only 5% of the state's total TANF spending included basic assistance.⁵⁶ As a result, Mississippi ranked 47th among states and Washington, D.C. for percent of TANF spending on basic assistance.⁵⁷

⁵¹ "To Promote Equity, States Should Invest More TANF Dollars in Basic Assistance."

⁵² "Mississippi TANF Spending."

⁵³ "To Promote Equity, States Should Invest More TANF Dollars in Basic Assistance."

⁵⁴ Id.

⁵⁵ "Mississippi TANF Spending."

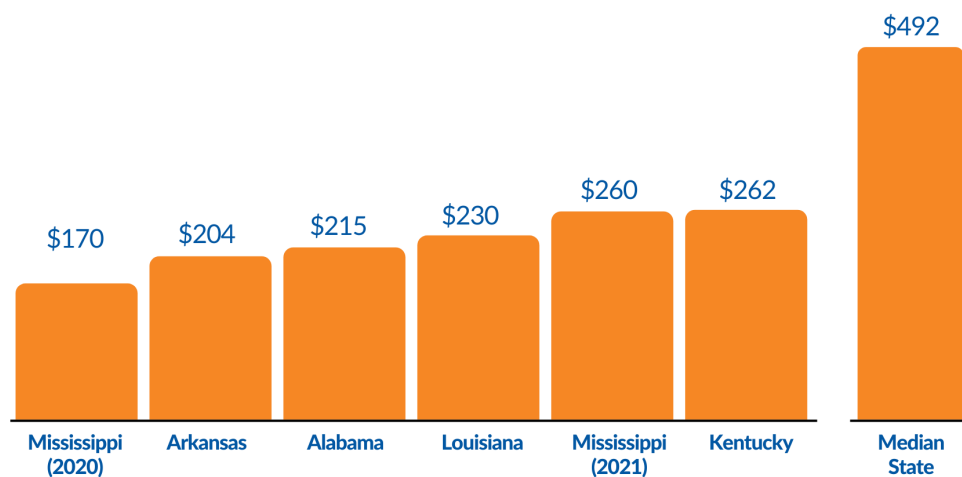
⁵⁶ Id. and "Data Dive: Mississippi not the only state turning away most welfare applicants."

⁵⁷ "Mississippi TANF Spending."

In addition to providing one of the lowest percentages of state spending on basic assistance, for over 50 years, Mississippi also provided the nation's lowest cash assistance benefits.⁵⁸ In 2020, Mississippi increased TANF's monthly payments from \$170 to \$260—an increase of \$90—for a family of three with no other income.⁵⁹ This increase is the first increase since 1999 for families in Mississippi receiving TANF and is paid solely through federal funds.⁶⁰ The benefit increase is an important change, but the new benefit level only moves Mississippi to the nation's fourth lowest in total assistance provided to families.⁶¹

Mississippi raises TANF benefits but still far below National Median

States with lowest monthly benefits



Note: TANF = Temporary Assistance for Needy Families. Benefit levels are for a family of three with no other income. Figures are for July 1, 2020 unless otherwise noted, Source: Compiled by CBPP from various sources.

Instead of providing cash assistance to families, the Mississippi TANF program splits the minimal funds spent amongst several areas, including work activities, work support and supportive services, child care, administration and systems, tax credits, Pre-K/Head Start, child welfare, and other services.⁶² The state also uses approximately \$30 million in TANF funds each year to help fund the Mississippi Department of Child Protection Services, the state agency tasked with investigating child abuse and overseeing the state's foster care system.⁶³

58 Zane, Ali. "Mississippi Raises TANF Benefits But More Improvements Needed, Especially in South." Center on Budget and Policy Priorities, 4 May 2021, <https://www.cbpp.org/blog/mississippi-raises-tanf-benefits-but-more-improvements-needed-especially-in-south>.

59 Harrison, Bobby. "Mississippi increases monthly welfare check for first time since 1999." Mississippi Today, 25 March 2021, <https://mississippitoday.org/2021/03/25/mississippi-increases-monthly-welfare-check-for-first-time-since-1999/>.

60 Id.

61 "Mississippi Raises TANF Benefits But More Improvements Needed, Especially in South."

62 "Mississippi TANF Spending."

63 "Data Dive: Mississippi not the only state turning away most welfare applicants."

Mississippi's TANF Program Should Do More to Reach Families Experiencing Poverty

Nationally, cash assistance to families experiencing poverty has fallen dramatically since 1996—the last year that TANF's predecessor, AFDC, was available.⁶⁴ In 1996, when TANF was enacted, for every 100 families in poverty, 68 families received cash assistance.⁶⁵ In 2020, for every 100 families living in poverty, only 21 received TANF cash assistance.⁶⁶ If TANF had the same reach now as AFDC did in 1996, the program would have reached 3.4 million families living in poverty in 2020—2.3 million more families than TANF actually reached.⁶⁷ In fact, in the average month in 2020, TANF reached the fewest number of families experiencing poverty since its start 26 years ago.⁶⁸ And the current TANF-to-poverty ratio—a measure of changes over time in access to TANF by families experiencing poverty to help meet their basic needs—is the lowest in the program's history.⁶⁹

Mississippi's TANF Program is doing even less to help Mississippi families in poverty.⁷⁰ Compared to the number of families experiencing poverty, Mississippi has one of the lowest TANF-to-poverty ratios in the nation.⁷¹ In 2019-2020, for every 100 families living in poverty in Mississippi, only 4 received TANF cash assistance.⁷² Since 1995-1996, not only has the number of families with children receiving TANF declined significantly, the number of families in poverty and families in deep poverty receiving TANF has also declined.⁷³

In 1995, Mississippi served 48,904 families with children; in 2020, the state served only 2,774.⁷⁴ This includes a decrease from serving 124,326 families in poverty in 1995-1996 to serving 75,022 families in poverty in 2020.⁷⁵ This also includes a decrease in serving 61,925 families in deep poverty in 1995-1996 to serving only 30,850 families in deep poverty in 2020.⁷⁶

Improvements to Mississippi's TANF program would translate into families with children, families in poverty, and families in deep poverty getting the support they need to make ends meet, provide basic needs, or increase children's' long-term growth and development.⁷⁷

64 Shrivastava, Aditi and Gina Azito Thompson. "TANF Cash Assistance Should Reach Millions More Families to Lessen Hardship: Access to TANF Hits Lowest Point Amid Precarious Economic Condition." Center on Budget and Policy Priorities, 18 Feb. 2022. <https://www.cbpp.org/research/family-income-support/tanf-cash-assistance-shouldreach-millions-more-families-to-lessen>.

65 "Chart Book: Temporary Assistance for Needy Families (TANF) at 26."

66 "Mississippi TANF Spending."

67 "Chart Book: Temporary Assistance for Needy Families (TANF) at 26."

68 "TANF Cash Assistance Should Reach Millions More Families to Lessen Hardship: Access to TANF Hits Lowest Point Amid Precarious Economic Condition."

69 "Chart Book: Temporary Assistance for Needy Families (TANF) at 26."

70 "Mississippi Raises TANF Benefits But More Improvements Needed, Especially in South."

71 "Mississippi TANF Spending."

72 Id.

73 Id.

74 Id.

75 Id.

76 Id.

77 Safawi, Ali and Cindy Reyes. "State Must Continue Recent Momentum to Further Improve TANF Benefit Levels: Benefit Increases Can Promote Racial Equity and Child Well-Being." Center on Budget and Policy Priorities, 2 Dec. 2021. <https://www.cbpp.org/research/family-income-support/states-must-continue-recentmomentum-to-further-improve-tanf-benefit>.

TANF Policies that Keep Benefits Low and Severely Limit Program Access are Rooted in Historical Racism

State policy decisions to keep TANF caseloads low, keep benefits low, and implement strict work requirements and time limits are rooted in a history of racism in cash assistance programs in the United States.⁷⁸ For instance, low benefit levels and “farm policies” that lowered or cut off benefits when farm labor was in high demand ensured that TANF’s predecessor, AFDC, didn’t interfere with Black labor that Southern states relied on for their economy.⁷⁹ In addition, in the media in the 1960s, images of Black families were tied to news stories about waste, fraud, or abuse in public assistance programs, particularly in AFDC.⁸⁰ This is despite the fact that, at the time, Black people never made up the majority of the AFDC caseload.⁸¹ Also, slavery and Jim Crow-era narratives that labeled Black people as inferior and lazy and that painted Black mothers as unfit mothers contributed to debates about welfare reform as recently as the 1980s and 1990s.⁸² These harmful narratives combined with increasing state control on cash assistance programs with an emphasis on “personal responsibility” perpetuated the myth of undeserving aid recipients getting rich at the expense of hardworking taxpayer dollars.⁸³ These narratives and myths have shaped state TANF policies, especially for states in the South, and particularly in Mississippi, and have continued through TANF.⁸⁴

The low caseloads and low benefits stemming from these racist roots have exacerbated presentday racial inequities in the TANF’s program impact amongst children. According to the Center on Budget and Policy Priorities, 14 of the 18 states with extremely low TANF benefits are in the South. And, 55 percent of the nation’s Black children live in an extremely low-benefit state, compared to 41 percent of Latino children and 40 percent of white children.⁸⁵

Along with low caseloads and low benefits, evidence of TANF state policies also stem from racist legacies and have a disproportionate impact on Black and Brown families across the country. For instance, according to the Center on Budget and Policy Priorities, Black and other families of color are disproportionately cut off from assistance due to time limits that determine how long families receive assistance.⁸⁶ Drug testing and state policies that bar people with drugrelated felony convictions from TANF eligibility bolster stereotypes of Black people as criminals and drug users and also disproportionately affects Black families, as Black men, in particular, are disproportionately affected by the criminal legal system.⁸⁷

78 “TANF Cash Assistance Should Reach Millions More Families to Lessen Hardship: Access to TANF Hits Lowest Point Amid Precarious Economic Condition.”

79 “TANF Policies Reflect Racist Legacy of Cash Assistance: Reimagined Program Should Center Black Mothers.”

80 Id.

81 Id.

82 Id.

83 Id.

84 “Mississippi Raises TANF Benefits But More Improvements Needed, Especially in South.”

85 Id.

86 “TANF Policies Reflect Racist Legacy of Cash Assistance: Reimagined Program Should Center Black Mothers.”

87 Id.

Even more, the federal TANF statute's work participation rate requirement stems from assumptions that families in need will work only if they are forced to do so instead of considering whether their low wage jobs are enough to provide for their families, a crisis has prevented them from getting and staying afloat, or a family or personal health emergency has prevented them working jobs with unpredictable hours.⁸⁸ Not only has work-related sanctions reduced TANF caseloads and restricted or banned access to TANF for more than 2 million families since 1997—when most states' TANF programs started—studies show that Black and other families of color are likelier to be sanctioned than white people.⁸⁹ And they have held all families back.⁹⁰ Similar studies show that strict TANF work requirements in states have failed to substantially improve families' income and financial well-being, even when they find increases in employment.⁹¹

Mississippi can implement changes to the state's TANF Program to promote equity and eliminate disparities to improve access for everyone and help families of all backgrounds make ends meet.⁹²

Mississippi's Welfare Scandal Leaves More Working Families Without Access to Assistance

In 2019, former Governor Phil Bryant turned over a tip of suspected fraud to State Auditor, Shad White within the Mississippi Department of Human Services (MDHS).⁹³ In 2020, the Mississippi State Auditor released a 104-page report that questioned spending decisions by MDHS related to \$94 million of welfare grants and other funds.⁹⁴ The misspending included \$83 million of Federal TANF funds by MDHS over three fiscal years---2017, 2018, and 2019.⁹⁵ The majority of the misspending flowed to two nonprofits—the Mississippi Community Education Center (MCEC), run by Nancy New, and the Family Resources Center of North Mississippi, run by Christi Webb.⁹⁶ The auditor's report, which showed “the most egregious misspending [the auditor's] staff [had] seen in their careers” questioned MDHS unallowable spending on lobbyists; contracts to former MDHS Director John Davis's family members; payments to famous wrestlers Ted Dibiase, Ted Dibiase, Jr., and Bret Dibiase; payments to famous football player Brett Favre for work not performed, the construction of a volleyball stadium at the University of Southern Mississippi, and funds for a pharmaceutical venture; funds for religious concerts with no ties to TANF program goals; and multiple unallowable donations to the American Heart Association, the Mississippi Highway Patrol, booster clubs, pageants, universities and others.⁹⁷

88 Id.

89 Id.

90 Id.

91 Id.

92 Id.

93 Wolfe, Anna. “Former Gov. Phil Bryant subpoenaed again, this time for texts related to Brett Favre's pharma project.” *Mississippi Today*, 8 Oct. 2022, <https://mississippitoday.org/2022/10/08/phil-bryant-subpoenaed-againbrett-favre/>.

94 “Audit of DHS Revealed Millions Wasted.” Mississippi Office of the State Auditor, 4 May 2020.

<https://www2.osa.ms.gov/news/audit-of-dhs-reveals-millionswasted/#:~:text=%E2%80%A2%20MCEC%20paid%20Victory%20Sports%20Foundation%20TANF%20money,%28Director%20of%20MCEC%29%2C%20Zach%20New%2C%20and%20Jess%20New.>

95 “Rethinking Use of TANF Funds in MS.”

96 Rameth, Luke. “Mississippi welfare scandal: Luxury cars among \$94M in questionable spending, audit shows.” *USA TODAY*, 4 May 2020, <https://www.usatoday.com/story/news/politics/2020/05/04/mississippi-welfare-scandal-audit-shows-94-million-questionable-spending/3080541001/>.

97 “Audit of DHS Revealed Millions Wasted.”

In early 2020, the state auditor and Hinds County district attorney charged six people, including former Department of Human Services Director John Davis and Nancy New, leader of MCEC, to state charges related to findings in the audit.⁹⁸ Davis has since pleaded guilty to state conspiracy and fraud charges, as well as federal charges involving allegations that he diverted money to a compact owned by retired pro-wrestler Ted DiBiase Jr.⁹⁹ Davis has been sentenced to 32 years in prison.¹⁰⁰

New and her son, Zachary New who also worked at MCEC, have pleaded guilty to state charges that involve bribery, wire fraud, and racketeering.¹⁰¹ They have also pleaded guilty to federal charges that involve wire fraud and conspiracy to commit wire fraud.¹⁰² Neither have been sentenced. As a part of their plea deal, though, the News have agreed to cooperate with prosecutors and have since released a multitude of text messages between Nancy New, former Mississippi Governor Phil Bryant, and football player Brett Farve in relation to the construction of a volleyball stadium at the University of Southern Mississippi.¹⁰³

Bryant has not been charged with a crime and was not named in MDHS's civil lawsuit, but he has received at least two subpoenas in civil suits related to the welfare misspending and another related to Brett Farve's volleyball stadium, drug company and other projects.¹⁰⁴ His personal involvement is also being questioned in court proceedings by Austin Smith, the nephew of former MDHS Director John Davis, who also received nearly \$430,000 in grant funds and who was also charged and pled guilty to state and federal charges related to the misspending.¹⁰⁵ Farve has also not faced criminal charges. In all, many questions are still unanswered about the misspending of the TANF program's funds, including who was involved and how much, as well as, how the misspending occurred. Additional indictments and criminal charges are possible.¹⁰⁶

Altogether, the misuse of TANF by the state means that working families and their children in the state had even less access to assistance meant to help provide their basic needs and support a better future. For instance, according to Mississippi Today, \$94 million in funds by the MDHS could have provided assistance to 138,234 people with benefits of \$170 for a family of three for a full year.¹⁰⁷

98 Pender, Geoff. "It doesn't look good": At 3-year mark, more questions than answers in Mississippi welfare fraud scandal." Mississippi Today, 29 June 2022, <https://mississippitoday.org/2022/06/29/mississippi-welfare-fraudscandal-questions/>. and <https://www.usatoday.com/story/news/politics/2020/05/04/mississippi-welfare-scandal-audit-shows-94-million-questionable-spending/3080541001/>.

99 Pittman, Ashton. "Ex-Mississippi Welfare Leader Pleads Guilty to Federal, State Crimes In Exchange for Cooperation." Mississippi Free Press, 21 Sept. 2022, <https://www.mississippifreepress.org/27551/ex-mississippiwelfare-leader-indicted-on-federal-conspiracy-fraud-charges>.

100 Vance, Taylor. "John Davis, former Mississippi agency leader, sentenced for role in welfare scandal." Daily Journal, 22 Sept. 2022, https://www.djournal.com/news/state-news/john-davis-former-mississippi-agency-leadersentenced-for-role-in-welfare-scandal/article_e32e540f-42bf-51af-bd7d-0fcd995459b3.html.

101 Wolfe, Anna. "Nancy and Zach New plead guilty to bribery and fraud in state welfare case." Mississippi Today, 22 April 2022, <https://mississippitoday.org/2022/04/22/nancy-new-zach-new-plead-guilty-welfare-scandal/>.

102 Wolfe, Anna. "Nancy and Zach New plead guilty to federal charges in private school scheme." Mississippi Today, 21 April 2022, <https://mississippitoday.org/2022/04/21/nancy-new-zach-new-federal-plea-agreement/>.

103 "Ex-Mississippi Welfare Leader Pleads Guilty to Federal, State Crimes In Exchange for Cooperation."

104 "Former Gov. Phil Bryant subpoenaed again, this time for texts related to Brett Farve's pharma project."
105 Id.

106 "Mississippi welfare scandal: Luxury cars among \$94M in questionable spending, audit shows."

107 Wolfe, Anna. "Mississippi welfare: What we bought versus what we could have bought." Mississippi Today, 11 May 2020, <https://mississippitoday.org/2020/05/11/mississippi-welfare-what-we-bought-versus-what-we-could-have-bought/>.

Mississippi families who need assistance may have even less funds available to assist them if the federal government determines that the TANF spending questioned by the auditor was indeed misspent and if the misspending is found to be intentional. Due to the welfare scandal, Mississippi could be subject to financial penalties by the federal government, thereby putting even Mississippi families at risk of not assessing assistance.

States must report quarterly and annually to the Department of Health and Human Services (HHS) on how much they have spent and for what purposes.¹⁰⁸ According to data provided by the Center on Budget and Policy Priorities, if HHS determines that MDHS misspent Mississippi's TANF funds in ways not permissible under the program's four main purposes and that the misspending was intentional, the state could lose \$21.62 million in federal funding each year for the next 4.4 years. This is because if HHS determines that MDHS misspent Mississippi's TANF funds in ways not permissible under the program's four main purposes and that the misspending was intentional, Mississippi's federal TANF grant could be reduced, and the state would be required to replace any penalties assessed with state funds or face an additional penalty of \$1.56 million for every year that the state fails to fully replace the federal funding.¹⁰⁹

Based on HHS guidelines, Mississippi could possibly reduce or eliminate the potential penalty by entering into a corrective compliance plan with HHS. This means that there is opportunity for the state to thoroughly assess its current program and determine better solutions for ensuring TANF funds provide more cash assistance to the Mississippi families that need it the most.

Recommendations

Making meaningful changes to TANF and increasing support to working families in the state requires both federal and state action. The state should first ensure that all TANF funds are not misused and given to associates and celebrity friends. But Mississippi policymakers can also take more immediate, forward-thinking steps toward ensuring Mississippians get much needed support. State policymakers should convene a study committee to help determine which individuals were denied assistance during the years of misspending and how those individuals may be helped should they still require assistance. State policymakers should also increase basic assistance spending to raise benefits and caseloads, restrict TANF funds to people at or below 200 percent of the poverty level, and end behavioral control and restrictions to accessing assistance. Improving TANF in Mississippi will help get much needed cash to families, increase access to families experiencing poverty, end restrictive policies that are historically racist, and target TANF funds to families with the greatest need. A foundation built on equity, compassion, and care for every family in need.

¹⁰⁸ "Rethinking Use of TANF Funds in MS."

¹⁰⁹ Id.

Specifically, state policymakers should:

At minimum, increase Basic Assistance spending to raise benefits and caseloads.

- Increase benefits pegged to at least 25% of the federal poverty line or adjusted annually using a cost-of-living adjustment.
- Provide cash assistance to more families who need help. For every 100 families living in poverty in Mississippi, currently, only 4 receive TANF cash assistance.
- Historically this number has been as high as 71.

Restrict all TANF funds to people at or below 200 percent of the poverty level.

- Impose income eligibility requirements on college scholarships to people with incomes at or below 200 percent of the poverty line.

End behavioral control and restrictions to accessing assistance.

- Maximize the use of work exemptions.
- Allow and encourage parents to pursue higher education by considering participation an acceptable work activity.

State policymakers should also consider:

Getting Cash to Families

Promote child well-being and racial equity by redirecting TANF dollars to providing more Basic (cash) Assistance to families. Historically, Federal and state TANF spending on Basic Assistance was as high as \$31 million and in 2020 this expenditure decreased to four million out of the \$86 million total block grant leaving \$47 million in unspent TANF block grant funds, equal to 54 percent of the entire block grant.

- Increase TANF caseloads and benefits to provide additional cash assistance to working families in the state.

Increasing Access for Families Experiencing Poverty

- Increase maximum income eligibility thresholds for families by increasing asset limits for applicants to allow more people to be financially eligible for TANF, and increase asset limits for recipients to allow them to save more funds for long-term goals and emergencies.
- Increase the income eligibility for applicants.
- Remove requirements placed on families by tying assistance to school attendance and immunization requirements.
- Remove mandatory job search at application requirement.
- Remove mandatory drug testing requirement for applicants.
- Reduce barriers for participants wishing to pursue higher education while on TANF by providing educational stipends, child care, assistance for students to get an early introduction to learning services, training, and other support services such as transportation assistance. Allow parents to participate in higher education without being subject to work requirements by considering participation a work activity

Ending Restrictions that are Historically Racist

- Maximize the use of work exemptions to broaden families' choices to better meet diverse needs.
- Remove "family cap" policies that deny additional assistance to families who have another child while receiving TANF benefits.
- End full-family sanctions that cease assistance to the entire family.

Targeting TANF Funds to Families with the Greatest Need

- Improve administrative support by facilitating trauma-informed care training for all caseworkers and institute program evaluations to encourage policy change and improve the TANF program for families and children.¹¹⁰
- Eliminate the use of funds for non-TANF scholarships or impose income eligibility requirements on college scholarships to people with incomes at or below 200 percent of the poverty line.

110 i Wolfe, Anna. "Data Dive: Mississippi not the only state turning away most welfare applicants." Mississippi Today, 5 Oct. 2022, <https://mississippitoday.org/2022/10/05/mississippi-reject-most-welfare-applicants/>.



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