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TANF FUNDING ALERT!

Texas is At Risk of Losing \$52.7 Million in Federal Temporary Assistance for Needy Families (TANF) Block Grant Funds

Congress must immediately to prevent this from happening

When the TANF block grant was established in 1996, 17 states with high poverty levels and fast population growth were awarded modest supplemental grants to help reduce the disparity between poorer and wealthier states which resulted from the basic TANF funding formula. Texas was one of these states. The supplemental grant we received in FY 2001 was \$52.7 million dollars. This was in addition to our annual base block grant of \$486 million.

Under the existing TANF law these supplemental grants expired at the end of the 2001 fiscal year (September 2001). However, due to the leadership of Senator Kay Bailey Hutchison (R-TX) and Bob Graham (D-FL) and the support of Senate Majority Leader Tom Daschle (D-SD), a Senate bill (S.942) to extend the supplemental TANF grants through 2002 passed the full Senate last week. Now the bill must be passed by the House of Representatives before they adjourn for the year. If this bill is not passed Texas will face a TANF funding crisis in the coming biennium.

During the last legislative session, Texas budget-writers assumed continuation of the TANF supplemental grants in **both** FY 2002 and 2003 and built those funding levels into the state budget. **In other words, Texas has already appropriated the money from the supplemental grants.** Even with these assumptions, the next Texas Legislature will be facing the need to cut TANF expenditures for the FY 04-05 biennium by \$63 million because the state is currently spending at a rate above its annual TANF allocation and rapidly depleting its TANF balance.

While the bill that must be passed restores the TANF Supplemental grant for 2002 only, it has significant implications for 2003. Next year Congress must reauthorize the entire TANF program. Continuation of any supplemental grants as part of the overall TANF reauthorization plan is likely to be affected by the outcome of this effort to extend them into 2002. **If supplemental grants are not extended for 2002 and are then not included when TANF is reauthorized, Texas will face the loss of over \$105**

million in federal funds which it has already appropriated for the current biennium. Without these funds, the state will face a TANF "deficit" of \$168 million by 2005.

TANF funds in Texas are used for a wide variety of programs, from cash assistance and employment services to foster care and youth services. Loss of the TANF supplemental funds will put all of these programs on the table next session for significant reductions. **Your voice is needed to keep this from happening.**

Please call your Congressman or woman today and let them know how important this TANF funding is to Texas, particularly in a time of growing need. Tell them to pass the bill that continues TANF Supplemental Grants (S.942) before they adjourn.

If your Representative is a member of the Ways and Means Committee, [Rep. Sam Johnson (R-TX) [(202) 225-4201]. Rep. Kevin Brady (R-TX) Rep. Lloyd Doggett (D-TX)] please ask him to contact Rep. Thomas (R-CA), chair of the Committee, and urge him to allow the Senate bill to move directly to the House floor this week. You should also contact Speaker Hastert (202) 225-2976, and Representatives Arney (202) 225-4000 and DeLay (202) 225-0197.

To reach any House or Senate office, you can call the main switchboard at the Capitol - (202)224-3121. Once you've been connected, ask to speak with the person who handles welfare.

For more information on TANF Supplemental Grants, see the following Center document: (<http://www.cppp.org/policy/welfare-reform/TANFpies.pdf>)

Other TANF materials at: <http://www.cppp.org/policy/welfare-reform/>

or contact Patrick Bresette at the Center, (512) 320-0222, bresette@cppp.org.