



THE POLICY PAGE

An update on state and federal action from

The Center for Public Policy Priorities

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TANF Workgroup Begins Deliberations

Last Thursday the TANF Workgroup met for the first time to begin deliberations on the Senate and House TANF plans. This Workgroup will decide how Texas will allocate its TANF surplus. While many important initiatives are contained in both the House and Senate plans, pressures to supplant general revenue with TANF funds and to hold aside a contingency fund threaten to dramatically reduce the TANF funds available. Members of the Workgroup will continue their efforts this week as they take up TANF spending at the Texas Workforce Commission. The Workgroup members need to hear from advocates for low-income families that the TANF funds must be spent on services to needy families and meaningful welfare to work initiatives.

How Will the TANF Surplus Be Spent?

Texas has a unique opportunity to invest a one-time surplus of federal funds in activities that provide a human investment for the future. This is the challenge before the TANF Workgroup. Unfortunately, these resources are already being eroded. Under current scenarios, just more than one-fourth of the \$393.4 million TANF surplus may actually be expended to help needy families in the manner Congress intended. The first draw on the surplus funds is for emergency FY 97 needs totaling approximately \$33 million. The second reduction in the surplus comes from the state's desire to use TANF as a refinancing tool to free up state General Revenue (GR) and federal Title XX funds and use these funds elsewhere in the budget. The Senate uses \$154.6 million of TANF funds in this manner. It is likely that the TANF Workgroup will concur with this amount. This leaves only \$206 million to be spent on the true purposes of the grant. Initial discussions in the TANF work group have suggested holding up to \$100 million of this in a contingency fund, leaving only \$106 million for spending on TANF needs. Several members of the committee expressed concern that the \$100 million dollar figure had no empirical justification, and both the House and Senate plans expend considerably more TANF funds than the \$106 million which is left behind. Debate in the Workgroup about the contingency fund will be central to TANF funding decisions.

Where the TANF Surplus Stands (dollars in millions)	
TANF Surplus	+ \$393.4
Less FY 97 Emergency Appropriations	- \$33.0
Less TANF to Replace GR and Title XX	- \$154.6
Total TANF Remaining	\$205.8
<i>Possible Contingency Fund</i>	- \$100.0
TANF to be Spent	\$105.8

Concerns about this Approach

1. **\$154 million is too much TANF to use to "free up" GR and Title XX.** The House only uses \$119 million for this purpose, but the Senate uses \$154 million. CPPP is concerned that the TANF work group will go with the Senate approach because it provides more GR for the rest of the budget. CPPP believes that TANF funds should be used for TANF purposes as Congress intended, not to fill the state's budget holes.
2. **Holding too much in a Contingency Fund limits the amount that can be spent on pressing needs.** Having a contingency fund is reasonable. However, the fund should not be based on an arbitrary figure but rather on an actual assessment of potential need. A contingency fund with \$100 million is too much. We believe the possibility for the state incurring penalties or experiencing unexpected caseload growth is highly unlikely. Every dollar held in contingency fund limits the amount Texas can invest in a TANF recipient today to help her become self-sufficient before she is removed from welfare in 5 years.

3. **Investments in job training cannot wait.** At a minimum Texas must invest enough to meet the new federal work participation targets. However, even at this level hundreds of thousands of TANF recipients will go without needed education and literacy services and real training for jobs that lead to self sufficiency. Texas cannot wait to invest in welfare to work services. The best time limits are those that are never reached because the state has assisted TANF families in becoming self-sufficient before they are removed from governmental assistance.

CPPP Priorities for TANF Spending

Both the House and Senate TANF plans contain good ideas for spending the TANF surplus. For example, the Senate proposes to train TANF clients for jobs; to assist teen TANF parents in becoming independent; and, to support families referred to child protective services due to economic deprivation. The House has many similar recommendations. However, the TANF Work Group's compromise plan will likely be less extensive than both these plans because neither leaves an adequate contingency fund. Because reductions are likely, CPPP – using the House and Senate proposals – developed a more modest proposal with an adequate contingency fund. CPPP 's TANF Priorities are to:

1. **Limit the use of TANF as a refinancing tool to \$140 million.** Both houses faced pressure to use TANF to swap out GR and federal Title XX funds because the budget is woefully underfunded and because \$1 billion is being held to fund a property tax cut. CPPP believes the TANF block grant should be used as Congress intended, not to solve Texas' budget problems. However, we recognize the constraints facing the Budget Conference Committee.

CPPP proposes a mid-range approach—limit the use of TANF as a refinancing tool to \$140 million, rather than the Senate's \$154.6 million.

2. **Create a Reasonable Contingency Fund.** CPPP believes the TANF Work Group's discussed \$100 million TANF contingency fund is too high.

CPPP recommends decreasing the Contingency Fund to \$77 million and redesigning its use. As discussed by House and Senate members, the fund could be used in the event of an emergency (e.g. a dramatic increase in TANF caseload). Additionally, CPPP proposes that the fund also be used for positive purposes. Specifically, we recommend \$19 million be earmarked for the Texas Workforce Commission to access if they can show progress in their job training efforts with TANF clients.

3. **Invest in Job Training.** CPPP concurs with the significant investments in job training made in both the House and Senate TANF plans. However, funding levels for these items are likely to be negotiated down. Using reduced funding levels, **CPPP** still recommends expansion of job-training for TANF recipients that

- expands the JOBS program to ensure Texas will meet (and probably exceed) the federal work participation targets;
- funds innovative granting programs, including a Self-Sufficiency Fund and local innovation grants to broaden the training opportunities for TANF recipients; and
- expands basic education and literacy for those TANF recipients needing remedial assistance as well as training to become employable.

CPPP also recommends earmarking \$19 million in the Contingency Fund for TWC as discussed above.

4. **Support Needy Children and Their Families.** Both the House and Senate recommended using TANF to fund the increased needs in Child Protective Services, since TANF has historically been used for such services.

CPPP recommends supporting Child Protective Services with TANF funds; expanding services to families referred to CPS due to economic deprivation to curb the anticipated growth in CPS caseload due to the welfare legislation; and, providing services to teen TANF parents.

TANF work group	Ph. No. (512)	Fax No. (512)
Rep. Dianne Delisi, Chair	463-0630	463-0937
Sen. Judith Zaffirini, Co-Chair	463-0115	475-3737
Rep. Hugo Berlanga	463-0462	463-9545
Rep. Garnet Coleman	463-0524	463-1260
Rep. Harvey Hilderbran	463-0536	463-5896
Sen. Mike Moncrief	463-0112	463-0326
Sen. Jane Nelson	463-0109	463-0923
Sen. David Sibley	463-0122	475-3721

Comparison of the House, Senate and CPPP TANF Priorities

(including Article XI; Dollars in Millions; Biennial Totals)

	House	Senate	CPPP
TANF Surplus	\$393.4	\$393.4	\$393.4
TANF Allocated	\$311.3	\$344.1	\$283.5
Less Estimated FY 97 Emergency TANF Allocation	\$33.0	\$33.0	\$33.0
Unspent TANF: Available for Contingency Fund	\$49.1	\$15.9	\$76.9
Recommendation for TANF Allocations			
To Replace State GR and Federal Title XX Funds	\$120.0	\$154.6¹	\$139.6
Texas Department of Health	\$0.0	\$28.8	\$28.8
Texas Dept. of Protective and Regulatory Services	\$41.5	\$47.3	\$44.6
Texas Workforce Commission	\$78.5	\$78.5	\$66.2
To Fund TANF Services	\$191.5	\$189.7	\$143.9
Texas Department of Health	\$0.0	\$6.0	\$6.0
<i>To Expand Family Planning</i>	\$0.0	\$6.0	\$6.0
Texas Department of Human Services	\$19.1	\$22.5	\$21.1
<i>To Continue \$50 Child Support Disregard</i>	\$16.3	\$16.3	\$16.3
<i>For Welfare Automation</i>	\$2.8	\$2.8	\$2.8
<i>To Support Transition to Work</i>	\$0.0	\$2.0	\$2.0
<i>To Restore Summer Food Service Program Cuts</i>	\$0.0	\$1.4	\$0.0
Texas Dept. of Protective and Regulatory Services	\$19.5	\$51.4	\$36.0
<i>To Expand Concrete Services</i>	\$0.0	\$2.5	\$1.0
<i>To Expand Crisis Nursery</i>	\$0.0	\$2.5	\$1.0
<i>Adult Supervised Settings for Teen TANF Parents</i>	\$0.0	\$5.0	\$4.0
<i>To Restore FY 97 Levels and Meet Client Needs in CPS, Child Care Licensing, etc.</i>	\$1.9	\$26.9	\$27.2
<i>To Restore, Expand and Upgrade STAR Program</i>	\$14.5	\$14.5	\$0.0
<i>To Fund Healthy Families</i>	\$3.1	\$0.0	\$3.1
Texas Workforce Commission	\$141.2	\$101.8	\$77.4
<i>To Expand JOBS</i>	\$69.1	\$37.6	\$42.0
<i>To Invest in Long Term Success</i>	\$50.0	\$50.0	\$31.0
<i>To Expand JOBS Child Care</i>	\$3.9	\$2.3	\$0.0
<i>To Expand Early Child Care</i>	\$12.3	\$3.9	\$0.0
<i>EITC Assistance</i>	\$1.0	\$1.0	\$0.0
<i>To Expand Basic Education and Literacy</i>	\$5.0	\$5.0	\$2.4
<i>Communities in Schools</i>	\$0.0	\$2.0	\$0.0
<i>Apprenticeship Training for TANF</i>	\$0.0	\$2.0	\$2.0
Texas Education Agency	\$10.6	\$4.6	\$3.4
<i>To Expand Basic Education and Literacy</i>	\$4.6	\$4.6	\$2.4
<i>To Expand Services to Teen TANF Parents</i>	\$6.0	\$0.0	\$1.0
Texas Department of Commerce	\$1.0	\$0.0	\$0.0
<i>Microenterprise Development</i>	\$1.0	\$0.0	\$0.0
Texas Dept. of Housing and Community Affairs	\$0.0	\$1.3	\$0.0
<i>Heating and Cooling Assistance</i>	\$0.0	\$1.3	\$0.0

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¹This figure is updated from the April 10, 1997, draft because we realized that we had not included a \$9.74 million TANF-for-GR swap in the foster care program at DPRS in this category.