



THE POLICY PAGE

An update on state and federal action from

The Center for Public Policy Priorities

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(Corrected Items on TANF at DPRS 05/05/97 7:56 PM)

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TANF WORKGROUP TO PRESENT PLAN TO CONFERENCE COMMITTEE

The TANF Workgroup of the Budget Conference Committee completed its deliberations on April 24th and produced a report of their recommendations last week. The Workgroup will be presenting their recommendations to the full Conference Committee Monday or Tuesday of this week, prior to beginning discussions on Article II. The discussion in the Workgroup over the last couple of weeks started with bringing the members up to speed on the basics of the decisions they had to make and presentations on the House and Senate plans. After hard work by the members and staff the final recommendations use TANF in three basic ways: to free up general revenue, to invest in an array of services and to set aside a reasonable contingency fund.

Summary of TANF Workgroup Recommendations (dollars in millions)	
TANF Surplus	\$393.4
Less FY 97 Emergency Appropriations	– \$30.9
Total TANF Available 1998-1999	\$362.5
TANF Used to “Free-UP” GR	\$144.8
TANF Allocated to Fund Services	\$152.0
Available for Contingency Fund	\$65.7
<i>Pending Issues</i>	\$35.1

Mostly Good News, Some Bad

When compared to the CPPP priorities for TANF spending, more TANF was used to free up GR than we had hoped for and some important initiatives were left un-funded, but overall the investments in welfare-to-work services were very positive. We also believe that the decisions about the contingency fund were a wise choice that both allows for funding to cover caseload changes or penalties, and also allows access to the funds for the possibility of further expanding welfare-to-work efforts. The table on this page summarizes how the TANF Workgroup allocated the TANF surplus. The table on the page three provides more detail of individual spending decisions.

- \$2 million for Transition to Work assistance (Fill-the-Gap budgeting or Earnings Disregards).
- \$1 million to provide EITC assistance (TWC indicated this assistance could be provided within their existing budget).
- \$1.4 million to restore reimbursement cuts to the Summer Food Service Program (It was determined TANF funds could not be spent on this item).
- \$2.5 million to expand Crisis Nursery services at DPRS.
- \$2.5 million to expand Concrete Services at DPRS.
- \$5 million to provide Adult Supervised Homes for TANF teen parents.

First, the Bad News

Among the items contained in either the House or Senate plans which were not included in the workgroup recommendations:

- \$2 million for Apprenticeship training for TANF recipients.
- \$1 million for a separate Microenterprise Development Fund. However, funding for this initiative is included in one of the substrategies of the “Invest in Long Term Success” item.
- \$1.3 million for Emergency Nutrition and Relief services (ENTERP).
- \$6 million for Family Planning services.

And Now the Good News

Among the key items included in the workgroup plan:

- \$37.7 to expand the JOBS program to meet and exceed federal participation rates
- \$20 million for “Invest in Long-Term Success Strategies” which includes:
 - a) \$12 for the Self-Sufficiency Fund to support targeted job training
 - b) \$6 million for Job Retention and Re-employment assistance
 - c) \$2 million for Local Innovation Grants (including Microenterprise development and self-employment assistance)
- \$30 million in a Contingency Appropriation for TWC to increase participation rates in the JOBS program

or to expand services under the “Invest in Long Term Success” strategy.

- \$39.9 million of the “freed-up” GR was used to draw down \$72.6 million in federal child care funds
- \$6 million to expand services for TANF teen parents thorough the Pregnancy, Education and Parenting program (PEP) at TEA.
- \$9.6 to expand basic education and literacy services at TWC and TEA.
- \$16.3 to continue the \$50 dollar pass through of collected child support for TANF recipients.
- \$3.9 million to restore Child Protective Services to FY 97 levels (decisions about funding to meet anticipated client need are pending).
- \$14.5 million to restore and expand the STAR program at DPRS.

- \$3.1 million to fund the Healthy Families Program.
- \$6.1 million in additional child care services.
- \$2 million for Communities in Schools.

Pending Decisions

The Workgroup decided that differences between the House and Senate on additional funding above FY 97 restorations at DPRS needed to be discussed in the Conference Committee as a whole due to the impact on FTEs. A decision on an additional \$20.7 million for this item is pending. Also, it is estimated that a portion of the costs related to the Millennium Conversion at TDHS (this is the issue of the need to upgrade computer systems to deal with the year 2000 problem) may be paid for with TANF funds. A decision on this \$14.4 million is also pending.

Contingency Fund Issues

Early discussions in the TANF Workgroup addressed both the need for, and the appropriate amount of, a Contingency Fund. The Workgroup started with an assumption of a \$100 million Contingency Fund, but this number had not been based on any actual analysis of potential contingencies. After hearing updates on projected caseload declines and the limited probability of the state facing penalties, the Workgroup developed an interesting approach to the Contingency Fund. They have recommended two treatments of the fund:

- 1) A “Contingency Appropriation” to TWC for use in increasing participation rates in the JOBS program or expanding services under the “Invest in Long-Term Success strategy. Access to these funds is contingent upon the agency attaining specific service targets and submitting a written request which must be approved by the Governor’s office and the LBB; and,
- 2) The remaining contingency funds are accessible not only for potential caseload changes or penalties, but

also for program needs. For access to these funds, TWC, must first expend or encumber funding in their contingency appropriations and again must submit a request and plan for approval by the Governor and LBB.

The Workgroup is likely to be questioned about how it arrived at the amount for the Contingency Fund. Some Conferees may or may not be comfortable with the \$65.7 million currently set aside, particularly if pending decisions could reduce that amount to as little as \$30.6 million. An important detail that might offset some concern is that even if pending decisions resulted in a contingency fund of \$30.6 million, the \$30 million in contingency appropriations to TWC should really be considered as part of the Contingency Fund amount. This is because any allocation out of this contingency appropriation must be approved by the governor and LBB and could be held back if needed.

What’s Next

The TANF Workgroup will present their recommendations to the entire Conference Committee which may accept them as presented or modify any or all of the funding decisions. It is likely that the Conference Committee will largely accept the recommendations, but individual members may be offering specific changes to individual items or even other proposals for using TANF. The Conference Committee will also have to make decisions regarding the pending items related to meeting client needs at CPS and funding for the Millennium conversion at TDHS.

The Workgroup’s recommendations include some very positive recommendations. It will be important to encourage the Conference Committee members to retain these decisions. Unfortunately, many members continue to be nervous about allocating significant new funding to TWC. Fortunately, the Workgroup members have become more comfortable with the types of strings being attached to TWC allocations and there was an increasing realization that, like it or not, welfare reform will succeed or fail at TWC. We will be monitoring the Conference Committee deliberations closely to see what, if any, changes are made to the Workgroup recommendations.

TANF Workgroup Recommendations Compared to House and Senate Proposals

Summary (Dollars in Millions; Biennial Totals)

	House	Senate	TANF Workgroup
TANF Surplus	\$393.4	\$393.4	\$393.4
Less Estimated FY 97 Emergency TANF Allocation	\$33.0	\$33.0	\$30.9
TANF Allocated	\$311.3	\$344.1	\$296.8
Unspent TANF: Available for Contingency Fund	\$49.1	\$15.9	\$65.7

Recommendation for TANF Allocations

To Replace State GR and Federal Title XX Funds	\$120.0	\$154.6	\$144.8
Texas Department of Health	\$0.0	\$28.8	\$28.8
Texas Dept. of Protective and Regulatory Services	\$41.5	\$47.3	\$37.5
Texas Workforce Commission	\$78.5	\$78.5	\$78.5
To Fund TANF Services	\$191.5	\$189.7	\$152.0
Texas Department of Health	\$0.0	\$6.0	\$0.0
<i>To Expand Family Planning</i>	\$0.0	\$6.0	\$0.0
Texas Department of Human Services	\$19.1	\$22.5	\$19.1
<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	\$0.0
<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	\$21.5
<i>To Expand Concrete Services</i>	\$0.0	\$2.5	\$0.0
<i>To Expand Crisis Nursery</i>	\$0.0	\$2.5	\$0.0
<i>Adult Supervised Settings for Teen TANF Parents</i>	\$0.0	\$5.0	\$0.0
<i>Restore FY 97 Levels and Meet Client Needs</i>	\$1.9	\$26.9	\$3.9 ¹
<i>To Restore, Expand and Upgrade STAR Program</i>	\$14.5	\$14.5	\$14.5 ²
<i>To Fund Healthy Families</i>	\$3.1	\$0.0	\$3.1
Texas Workforce Commission	\$141.2	\$101.8	\$100.8
<i>To Expand JOBS</i>	\$69.1	\$37.6	\$35.5
<i>Fringe benefits for Jobs Expansion</i>			\$2.2
<i>To Invest in Long Term Success</i>	\$50.0	\$50.0	\$20.0
<i>Contingency Appropriation</i>			\$30.0 ³
<i>To Expand JOBS Child Care</i>	\$3.9	\$2.3	\$3.9
<i>To Expand Early Child Care</i>	\$12.3	\$3.9	\$2.2
<i>EITC Assistance</i>	\$1.0	\$1.0	\$0.0
<i>To Expand Basic Education and Literacy</i>	\$5.0	\$5.0	\$5.0
<i>Communities in Schools</i>	\$0.0	\$2.0	\$2.0
<i>Apprenticeship Training for TANF</i>	\$0.0	\$2.0	\$0.0
Texas Education Agency	\$10.6	\$4.6	\$10.6
<i>To Expand Basic Education and Literacy</i>	\$4.6	\$4.6	\$4.6
<i>To Expand Services to Teen TANF Parents</i>	\$6.0	\$0.0	\$6.0
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>ENTERP</i>	\$0.0	\$1.3	\$0.0
Pending Issues⁴			\$35.1
<i>Meeting Client Needs at DPRS</i>			\$20.7
<i>Some Millennium Conversion costs</i>			\$14.4

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¹ TANF Workgroup Recommended Restorations Only, decisions on Meeting Client Needs are pending (Corrected from 7.9 million)

² Corrected from \$10.5 million

³ The Contingency Appropriation is also available to expand basic JOBS program services

⁴ Decisions on these items will impact the final amount of the contingency fund