



# THE POLICY PAGE

An update on state and federal action from

## The Center for Public Policy Priorities

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CAUTION: Analyzing the state's TANF expenditures is no easy task (and dangerous for one's mental health) which is why this **Policy Page** is late. The General Appropriations Act contains no line-item information by funding sources, so our primary source document was of little assistance. We are cautiously optimistic that the information provided in this **Policy Page** is accurate, but we feel compelled to warn all readers that there may be some slight changes in final numbers, particularly in the listing of TANF surplus expenditures.

### The TANF Block Grant and the State Budget

Allocation of the new Temporary Assistance for Needy Families (TANF)<sup>1</sup> block grant was one of the key budget decisions facing Texas legislators during the 75th Legislative Session. Policy pages 39, 44, 46 and 48 all addressed legislative decisions about the TANF block grant during the session. It is important to note that those reports largely focused on how decisions were made about the TANF "surplus" (see discussion of surplus below) not about allocation of the entire block grant or the state Maintenance of Effort (MOE)<sup>2</sup> funds that must continue to be spent in certain areas for Texas to remain eligible for block grant funds. We concentrated on the surplus as did the House and Senate budget committees, because they had accepted, as a starting point, the Legislative Budget Board (LBB)<sup>3</sup> budget proposal which continued basic service levels for programs historically funded with TANF funds (formerly Title IV-A).<sup>4</sup> This Policy Page will report on the final decisions on allocation of the TANF block grant and provide details of how the TANF surplus was finally allocated.

### The TANF Surplus: A Refresher Course

As you probably remember, Texas' TANF block grant allocation was based on spending in FY 1994. Caseloads for basic cash assistance have declined significantly since then and are projected to decline by 33% from FY 1994 to FY 1999. (see Table 1). Texas is not alone in this situation. Nearly every state is experiencing the same trend to greater or lesser degrees.

Because of declining caseloads, and supplemental TANF funds for which Texas was eligible, budget writers entered the Legislative Session with a significant

A Primary Reason for the TANF Surplus: Lower Caseload Estimates	
FY	Avg. # of Recipients/Month
1994	786,761
1998	543,885*
1999	523,217*
* Caseload estimate included in the General Appropriations Act.	
<b>Table 1</b>	

surplus of federal TANF funds. (see Table 2). Of the \$1 billion TANF block grant, the original LBB budget only allocated \$714.7 million to fund programs historically supported with TANF funds (formerly Title IV-A). As

Table 2 shows, this left \$296.3 million in additional TANF funds for the biennium unallocated. Additionally, Texas had a carryforward of surplus funds from FY 97 of \$97.2 million. Therefore, the total surplus was \$393.5 million; however, this amount was reduced by emergency appropriations for FY 97 (detailed in Table 3) leaving a net surplus of \$362 million available for FY 1998-99 biennium.

Texas' TANF Surplus under the LBB Budget (Dollars in Millions) (Totals may not add due to rounding)					
	FY 97	FY 98	FY 99	FY 98-99 Biennium	Surplus
TANF Block Grant	\$486.3	\$486.3	\$486.3	\$972.6	
Supplemental Grant		\$12.7	\$25.7	\$38.4	
Total Allocation	\$486.3	\$499.0	\$512.0	\$1,011.0	
TANF Allocations in Original LBB Base Budget					
Total Allocated	\$389.1	\$363.2	\$351.5	\$714.7	
<b>TANF Surplus</b>	\$97.2	\$135.8	\$160.5	\$296.3	<b>\$393.5</b>
FY 97 Emergency Allocation	\$30.9				(\$30.9)
<b>Net TANF Surplus</b>					<b>\$362.6</b>
<b>Table 2</b>					

<b>FY 97 Emergency Appropriations from TANF Funds</b> (Dollars in Millions)	
Agency	Emergency Appropriation
Texas Department of Human Services (TDHS)	\$3.5
Texas Workforce Commission (TWC)	\$5.1
Dept. of Protective and Regulatory Services (DPRS)	\$18.7
Fringe Benefits	\$3.6
<b>Total</b>	<b>\$30.9</b>
<b>Table 3</b>	

**Why are Welfare Caseloads Declining?** A recent report by the Council of Economic Advisors, "Explaining the Decline in Welfare Receipt, 1993-1996," (May 9, 1997) attempted to address this question. The report identifies three potential factors contributing to the decline: 1) Economic Growth: Nearly 12 million new jobs were created from January 1993 to January 1997; 2) Welfare Waivers: The Administration granted waivers to 43 states between 1993 and 1996, unleashing experiments across the country in time limits, work requirements, sanctions, etc.; and, 3) Other Policies: Such as expansions in the Earned Income Tax Credit (EITC) and increases in state and federal spending on child care, making it easier to enter the labor market. In attempting to quantify the impact of these factors, the report concludes that over 40% of the decline is attributable to economic factors, nearly a third is related to waivers and the balance to other policy initiatives.

## TANF Deliberations

As the Legislative Session began, there was a general understanding that dealing with the impact of federal welfare reform would be one of the Legislature's more significant tasks. State agency and LBB staff provided numerous briefings for lawmakers on key policy and budget issues related to the federal welfare act. On the budget side, the significance of the TANF surplus quickly became evident. Less quickly did members grasp the numerous parameters and priorities constraining decisions on TANF allocations. Because the LBB presented a budget leaving \$393.5 million in TANF funds unspent, many decisions were left to the budget committees.

When the House Appropriations and the Senate Finance committees began considering the TANF surplus, several major pressures weighed on their deliberations.

Overshadowing everything was the Governor's property tax relief plan and the underlying assumption that \$1 billion in state revenue was effectively "off the table" for budget writers. Without access to these funds, pressures on all areas of the budget were enormous, adding real significance to a \$393.5 million "surplus" of federal funds.

The agencies eligible for TANF funds also faced their own budget pressures. One of the agencies for whom TANF funds had historically been spent (through the Title IV-A Emergency Assistance program)—the Texas Department of Protective and Regulatory (DPRS)—faced a \$65 million shortfall in meeting the increased demand for protective services.

The newly formed Texas Workforce Commission (TWC) now "owned" the JOBS program, another historical TANF expenditure. This agency entered the session in a triple bind. 1) Aggressive new federal work participation requirements for welfare recipients would now be its responsibility; 2) TWC faced this challenge with a chronically underfunded JOBS program, cut during the 74th session and facing a shortfall in FY 97 just to maintain existing services; and 3) The agency entered the session carrying significant political baggage. In several regions local politics had become heated over formation of the local workforce development boards, and many legislators were finally

becoming aware of the major restructuring they had set in motion the previous session. This led to legislators being apprehensive about the new agency. This apprehension was exacerbated by repeated fumbling by TWC during development of their Legislative Appropriations Request (LAR) and a critical report by the state auditor. Meeting new work participation rates for welfare recipients and the pressures of time limits on clients clearly demanded an infusion of significant resources, but the agency responsible for administering such funds was largely viewed as incapable. Some legislators were equally afraid that any new money would simply be block granted down to equally problematic local boards.

These three pressures—\$1 billion in tax relief off the table; agency shortfalls; and nervousness about TWC—created a tough situation for using the TANF funds for significant investments in welfare-to-work activities. Additionally, some legislators also started to realize it might be possible to spend TANF funds on their own priorities, and these options entered the discussions as well.

### Development of a TANF Plan

As the Appropriations and Finance committees began to meet, it quickly became clear that no one had produced a plan of action for dealing with the TANF surplus. LBB staff felt the decisions belonged to the committee members. Staff of the committees were themselves just getting up to speed on the issues. The agencies who had historically received TANF funds were asked how they might utilize the funds but they too felt constrained from being proactive, deferring decisions to committee members. The Health and Human Services Commission was directed to provide guidelines for spending the surplus but because they did not have authority over TWC they could not present a comprehensive plan. As the LBB began to explore options, CPPP decided to fill the void and present their own comprehensive plan for the TANF funds (see PP#39).

In late January and early February, the Center presented its plan to the House Appropriations, the Senate Finance, and the Workforce Development

Oversight committees. Subsequently, staff of the Center were invited to present their plan to House Appropriations Chair Rob Junell; staff of the governor's office also presented their outlines for TANF allocations. Following that meeting, the Center was invited to participate in the House Appropriations TANF Working group.

Nervousness about TWC continued to impact the willingness of the committees to invest significant resources in job training. This concern also fueled discussions about a contingency fund and prompted an initial desire to set aside as much as a fourth of the surplus—\$100 million—in a contingency fund.

The House Appropriations Committee completed a TANF allocation plan which was quickly followed by a proposal by the Senate Finance Committee. Both plans included actual allocations and Article XI<sup>5</sup> "wish list" items. Significant differences existed in actual appropriations but narrowed when Article XI items were considered. By this time in the process, the LBB had identified all the areas in the budget where TANF funds could be used to supplant state GR, and the House and Senate plans reflected this as part of their

allocations. They left unresolved final decisions on the amount of a contingency fund (see PP#44).

As the budget bill went to conference, reconciliation of the differences in the TANF plans became as an important task of the committee. By this time, staff and members were more familiar with the options available and the constraints on TANF expenditures. The LBB had steadily provided the committee with briefings, summary documents, and clarifications throughout the deliberations. (Their patience and diligence should be noted.) Issues surrounding the contingency fund were also being resolved. A TANF working group of the conference committee was established to hammer out the differences in the two TANF plans. In early May, this workgroup completed their deliberations and presented their plan to the full Conference Committee (see PP#48a). With a few minor adjustments, the Committee adopted the workgroup's recommendations. There had been some contentious discussion over using TANF funds to increase family planning services (which was not included in the final plan), on how to appropriate TWC additional funds with adequate monitoring and on the final structure of the contingency fund.

## Final Allocation of the TANF Block Grant

*We have prepared two tables illustrating how TANF and the state's MOE funds were spent. Table 4 is designed to give readers a full understanding of how the entire TANF block grant and state MOE were spent. Table 5 focuses on decisions about the TANF surplus. These tables are derived from working documents of the Conference Committee and from the final budget bill. Because the budget bill is devoid of line item detail by funding source, actual expenditures may vary slightly. Not until state agencies write their operating budgets will more specific expenditure details emerge. However, these tables should be very close to actual operational budgets.*

In the FY 1998-99 biennium, Texas will spend TANF much as it has spent Title IV-A funds historically—on cash grants, employment services for TANF recipients, and on Child Protective Services. However, the availability of surplus TANF funds allowed the state to both expand services beyond historical expenditures and increase TANF funds in some historical programs.

In the FY 1998-99 biennium, Texas will spend \$504.4 million in state GR to gain access to \$1 billion in new federal TANF block grant dollars. A little less than half of the TANF block grant—\$469 million<sup>6</sup>—will go to fund the cash assistance program. Another 22 percent of the block grant will be expended for services to transition TANF clients from welfare to employment. Funding for these services was increased to ensure Texas meets the new federal work participation rates. The new funds not only expanded the JOBS program for TANF recipients, but also funded new initiatives including: the Self Sufficiency Fund which is designed to

train recipients for targeted jobs; local innovation grants; and, job retention and re-employment services. Funds were also spent to expand adult literacy and basic education and to increase drop-out prevention and work transition services for teens likely to become long-term TANF recipients. The third area of expenditure, protective services programs, received their historical Emergency Assistance allocation, along with additional funding to restore cuts to Child Protective Services, to expand the Services to Runaway and At-Risk Youth (STARS) program, and to fund the Healthy Families program—an intensive home visitation program designed to strengthen families and lessen abuse. Additionally, TANF funds were spent in some new areas—like the family planning program and the Children's Mental Health program. And, finally, the state also set aside a part of the TANF block grant in a contingency fund.

Notably, the addition of new TANF surplus funds to a program did not always result in expansion of the program. In fact, 39% of the new TANF surplus dollars were simply used to free up funds for expenditures elsewhere in the budget. One example is family planning. This program received \$29 million in TANF funds for the first time in the FY 1998-99 biennium. However, those new funds will not result in additional services, because an equal amount of state general revenue (GR) were removed from the program.

## Allocation of TANF Block Grant and State General Revenue Maintenance of Effort Funding for FY 98-99 Biennium

(Biennial Totals; Dollars in Millions; Totals may not add due to rounding.)

	TANF	GR MOE	Total	Highlights
<b>Texas Department of Human Services (DHS)</b>	<b>\$551.5</b>	<b>\$351.8</b>	<b>\$903.3</b>	<ul style="list-style-type: none"> <li>At DHS, TANF and state GR MOE are used, as they have been historically, to provide cash assistance to needy families at current benefit levels. (\$188 max. monthly grant for a family of three.) This is the single largest expenditure of the block grant, totaling 44% of the block grant.</li> <li>TANF funds are also used to continue the practice of "passing through" \$50 of collected child support to families receiving TANF and to disregard the \$50 in calculating benefit levels. <i>CPPP Note:</i> TANF funds cannot be used for this; therefore, it is likely that these federal funds will be swapped with state GR dollars in the cash assistance program.</li> <li>Up to \$4.2 million of the TANF funds <u>may</u> be used to develop a statewide finger imaging system for food stamp and TANF applicants.</li> </ul>
<i>TANF Cash Grants</i>	\$453.0	\$274.2	\$727.2	
<i>To Continue \$50 Child Support Pass-Through for TANF Recipients</i>	\$16.3	\$0.0	\$16.3	
<i>Eligibility Determination/TANF portion</i>	\$64.9	\$64.9	\$129.7	
<i>Welfare Automation Enhancements</i>	\$2.8	\$0.0	\$2.8	
<i>Community Care and Eligibility TANF-related Administration</i>	\$1.9	\$0.1	\$2.0	
	\$12.7	\$12.7	\$25.3	
<b>Texas Workforce Commission (TWC)</b>	<b>\$234.8</b>	<b>\$69.4</b>	<b>\$304.2</b>	<ul style="list-style-type: none"> <li>Mostly, TANF and GR MOE funds at TWC are for providing welfare-to-work transition services to TANF clients. Specifically, funded is provided as follows: <ul style="list-style-type: none"> <li>to fund the JOBS program to assure Texas meets new federal work participation targets;</li> <li>to "invest in long-term success"—an initiative to fund new welfare-to-work strategies. (e.g. Self Sufficiency Fund, local innovation grants, job retention services);</li> <li>in a contingency fund for increasing work participation rates; and</li> <li>for adult literacy and basic education.</li> </ul> </li> <li>\$68 million is used to replace Title XX and state GR funds and therefore does not expand services. (e.g. Of the \$26.6 million in TANF funds for child care, \$24 million simply replaces Title XX funds.)</li> </ul>
• <i>JOBS for TANF Recipients</i>	\$137.0	\$28.6	\$165.6	
• <i>"Invest in Long-Term Success"</i>	\$20.0	\$0.0	\$20.0	
• <i>Contingency Fund for JOBS and "Long-Term Success" strategies</i>	\$30.0	\$0.0	\$30.0	
• <i>Adult Education/Literacy for TANF Recipients</i>	\$5.0	\$0.0	\$5.0	
• <i>Child Care</i>	\$26.6	\$40.8	\$67.3	
• <i>Communities in Schools</i>	\$6.0	\$0.0	\$6.0	
• <i>TANF-related Administration</i>	\$10.2	\$0.0	\$10.2	
<b>Texas Department of Health (TDH)</b>	<b>\$28.8</b>	<b>\$0.0</b>	<b>\$28.8</b>	<ul style="list-style-type: none"> <li>TANF funding at TDH has no net effect on family planning funding, because it simply replaces GR funds which are diverted for other purposes.</li> </ul>
• <i>Family Planning</i>	\$28.8	\$0.0	\$28.8	
<b>Texas Education Agency (TEA)</b>	<b>\$14.6</b>	<b>\$4.0</b>	<b>\$18.6</b>	<ul style="list-style-type: none"> <li>Historically, TANF has funded adult literacy services at TEA for TANF recipients. The FY 98-99 allocation will expand those services.</li> <li>TEA also receives new funding to provide services to teen parents to prevent long-term dependence on public assistance. These include drop-out prevention and work transition services.</li> </ul>
• <i>Services to Teen Parents</i>	\$6.0	\$0.0	\$6.0	
• <i>Adult Education/Literacy for TANF Special Populations Operations</i>	\$8.6	\$4.0	\$12.6	
• <i>TANF-related Administration</i>	\$0.0	\$0.0	\$0.0	
<b>Texas Department of Protective and Regulatory Services (DPRS)</b>	<b>\$157.2</b>	<b>\$55.2</b>	<b>\$212.4</b>	<ul style="list-style-type: none"> <li>The original LBB budget was \$65 million short of meeting the need for DPRS services in FY 98-99. Having access to TANF funding was critical to making up this shortfall.</li> <li>DPRS received \$78.6 million more in TANF/GR MOE than in the last biennium; however, \$45 million was used to replace diverted dollars.</li> <li>The remaining TANF funds helped meet the increased need for Child Protective Services, expanded the STARS program and provided funding for the Healthy Families program.</li> <li><i>CPPP Note:</i> We do not believe MHMR investigations and Adult Protective Services are TANF-allowable expenditures; therefore we can only speculate these TANF funds will be transferred to Title XX. In particular, we are concerned \$7 million in GR MOE in the MHMR investigations strategy will not be countable for MOE purposes.</li> </ul>
• <i>Child Protective Services (CPS)</i>	\$106.7	\$44.1	\$150.8	
• <i>To Fund Healthy Families</i>	\$3.1	\$0.0	\$3.1	
• <i>To Expand Services to Runaway and At-Risk Youth (STARS)</i>	\$22.6	\$0.0	\$22.6	
• <i>Adult Protective Services</i>	\$10.0	\$0.0	\$10.0	
• <i>MHMR Investigations</i>	\$1.4	\$7.0	\$8.4	
• <i>Child Care Regulation</i>	\$1.0	\$0.0	\$1.0	
• <i>TANF-related Administration and Automation</i>	\$12.4	\$4.0	\$16.5	
<b>Texas Department of Mental Health/Mental Retardation (MHMR)</b>	<b>\$3.6</b>	<b>\$0.0</b>	<b>\$3.6</b>	<ul style="list-style-type: none"> <li><i>CPPP Note:</i> TANF is used to fund the Children's Mental Health Plan, which we do not believe would be easy to justify as a TANF-allowable expenditure. Therefore, we can only speculate that these TANF funds will be transferred to Title XX.</li> </ul>
• <i>Children's Mental Health Plan</i>	\$3.6	\$0.0	\$3.6	
<b>Miscellaneous Funding</b>	<b>\$61.4</b>	<b>\$24.0</b>	<b>\$85.3</b>	
• <i>Year 2000 Computer Conversions</i>	\$13.0	\$0.0	\$13.0	
• <i>Fringe Benefits (Estimated)</i>	\$48.4	\$24.0	\$72.3	
<b>Contingency Fund</b>	<b>\$25.3</b>	<b>\$0.0</b>	<b>\$25.3</b>	This contingency fund is established to cover fiscal penalties (should the state be assessed any); caseload growth; or other program needs.
<b>Total, TANF/GR MOE</b>	<b>\$1,077.2</b>	<b>\$504.4</b>	<b>\$1,581.6</b>	

Table 4

**Table Notes:**

1. In almost every case, TANF and TANF GR MOE are not the only funding sources for the listed program. (The major exceptions are TANF cash grants and the JOBS program).

2. There are several noted instances where we speculate about the appropriateness of the use of TANF funds. We assume that our concerns will likely be addressed as the agencies develop their operating budgets.
3. Two TEA strategies have \$0 TANF and GR MOE funding. In fact, they both receive less than \$100,000 and therefore, with rounding, appear to receive no funding.

## Allocation of the TANF surplus

Budget writers began the legislative session with \$393.5 million in TANF funds above what was needed to meet projected demand based on historical spending in the cash assistance, JOBS and Emergency Assistance-funded Child Protective Services.

The allocation of these surplus TANF funds is a mixed bag for Texas. Clearly, the new funds allowed the state to expand welfare-to-work initiatives and to support very necessary Child Protective Services programs. However, larger investments could have been made in these programs if 39% of the surplus funds had not been used to replace funds diverted from TANF-related programs.

### Use of Surplus TANF Funds

1	<b>To free up state GR and federal Title XX funds to be spent in other areas of the budget</b>	<b>\$152 million</b>	<b>39%</b>
	<p>The LBB carefully examined the state budget and, using guidelines for acceptable uses of TANF funds, found services being funded by state general revenue (GR) and federal Title XX Social Services Block Grant funds that could be replaced by TANF funds. Then, the state GR and the Title XX funds were moved to other areas of the budget to fill gaps and fund new services without requiring new dollars. Unfortunately, this limited the resources available to support welfare recipients in a successful transition to self-sufficiency. Although these method-of-finance changes were not within the spirit of the stated purposes of the new block grant, the federal TANF restrictions did not protect against this type of refinancing and Texas joined many other states in taking advantage of this type of budget shuffle.</p> <p>Examples of the TANF-for-GR-and-XX Swaps:</p> <ul style="list-style-type: none"> <li>• \$29 million in state GR funding in the family planning program was replaced by TANF;</li> <li>• \$39 million in state GR funding for the JOBS program was replaced by TANF;</li> <li>• \$24 million in TANF replaced an equal amount of Title XX funds used for child care; and</li> <li>• \$44 million in TANF replaced an equal amount of GR and Title XX funds used in programs at DPRS.</li> </ul> <p>None of these expenditures resulted in increased funding for programs; they merely were swaps to allow dollars to be spent in other places. Lawmakers intentionally used these “freed up” funds in health and human services. However, the point is moot, because once the state GR dollars were freed up, they became a part of the larger GR pool. It is just as accurate to suggest that these freed up GR dollars partially funded the \$1 billion property tax cut, as it is to assume they went to health and human services programs.</p>		
2	<b>To fund welfare-to-work services and to support income security for welfare families;</b>	<b>\$126 million</b>	<b>32%</b>
	<p>The TANF surplus provided the Legislature with the opportunity to invest in the state’s historically underfunded JOBS program. Such investment was necessary to meet the new federal work participation rates and to help TANF families facing time limits and work requirements. Unfortunately, the Legislature chose to use less than a third of the surplus for welfare-to-work services and to support income security for welfare families.</p> <p>Examples of these expenditures include:</p> <ul style="list-style-type: none"> <li>• \$39 million to maintain and expand the number of slots in the JOBS training program—which provides job placement services to TANF recipients. This funding is intended to ensure the state meets the federal work participation rates.</li> <li>• \$20 million to “Invest in Long Term Success”—an initiative to provide additional funding for job training and supportive services outside the bounds of the traditional JOBS program. The \$20 million was allocated among the following: <ul style="list-style-type: none"> <li>• \$12 million for a Self-Sufficiency Fund designed to couple employers with training organizations to provide training for targeted jobs for TANF recipients. <b>This is the only TANF funding spent explicitly to train TANF recipients for jobs with wages high enough to make them</b></li> </ul> </li> </ul>		

	<p><b>independent of public assistance.</b></p> <ul style="list-style-type: none"> <li>• \$6 million for job retention and re-employment services to help assure that TANF recipients who become employed stay employed.</li> <li>• \$2 million for “local innovation grants” to be administered by TWC to support innovative welfare-to-work programs. A Micro-enterprise development fund is one of the programs cited as a potential use of these funds.</li> <li>• \$30 million was set aside in a contingency fund for TWC to use in increasing work 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 or documenting critical need due to increases in the number of families subject to work requirements. Additionally, the agency was required to submit a written request which must be approved by the Governor’s office and the LBB;</li> <li>• \$9.6 million to expand adult literacy and basic education services for TANF recipients;</li> <li>• \$16.3 million to continue the practice of passing through \$50 of collected child support to TANF families and to disregard the \$50 in calculating benefit levels. This practice—known as child support disregard—was eliminated under the new federal law. However, lawmakers restored funding for this because it provides very necessary income to TANF families cooperating with the child support agency; and</li> <li>• \$6 million to provide services to teen parents receiving TANF, such as drop-out prevention, work transition and other support services.</li> </ul>		
<b>3</b>	<b>To fund other TANF allowable services</b>	<b>\$63 million</b>	<b>16%</b>
	<p>Texas has historically spent TANF funds (formerly Title IV-A funds) on Child Protective Services. Although the families served in these program may not necessarily be TANF families, the new federal law appears to allow for TANF funds to support these programs.</p> <p>Examples of these expenditures include:</p> <ul style="list-style-type: none"> <li>• approximately \$14 million to prevent reductions in the Child Protective Services programs and expand services to the meet the needs of increased demand;</li> <li>• approximately \$12 million to expand the Services to Runaway and At-Risk Youth (STARS); and</li> <li>• \$3 million for Healthy Families—an intensive home visitation program designed to prevent future child abuse and strengthen families.</li> </ul>		
<b>4</b>	<b>To set aside as a contingency</b>	<b>\$25 million</b>	<b>6%</b>
	<p>These contingency funds are accessible for to fund caseload growth, the assessment of financial penalties (should there be any), and other program needs. Funds can only be accessed if the need for the funds can be documented, a plan for the use of the funds is prepared, and there is written approval from the Governor and the LBB. TWC is specifically precluded from accessing these funds, until they have expended or encumbered the funding in their own contingency appropriations.</p>		
<b>5</b>	<b>For emergency needs at TWC, DHS and DPRS in FY 97</b>	<b>\$30.9 million</b>	<b>8%</b>
	<p>This amount was expended in two emergency appropriations bills—SB 886 and SB 1898—to provide for TANF-related needs in FY 97. Of this funding,</p> <ul style="list-style-type: none"> <li>• \$18.7 million was budgeted to DPRS to make up for shortfalls in their FY 97 Child Protective Services budget;</li> <li>• \$5 million was budgeted to TWC to make up for shortfalls in their FY 97 JOBS program; and</li> <li>• \$3.5 million was budgeted to DHS to begin making necessary automation changes required by the new federal welfare law.</li> <li>• The remainder covered fringe benefits.</li> </ul>		
<b>Total TANF Surplus</b>		<b>\$393.5 million</b>	<b>100%</b>



## FY 1998-99 Expenditures of TANF Surplus By Agency

(Biennial Totals; Dollars in Millions) (Totals may not add due to rounding)

	Surplus Expenditures	Surplus Expenditures for Welfare to Work and Income Security
<b>For FY 97 Emergency Appropriations</b>	<b>\$30.9</b>	
TWC	\$5.1	
DHS	\$3.5	
DPRS	\$18.7	
Fringe	\$3.6	
<b>To Free Up GR and Title XX</b>	<b>\$151.6</b>	
Freed Up GR and Title XX Funds Came From:		
TWC	\$68.4	
DPRS	\$44.5	
TDH/Family Planning	\$28.8	
Fringe	\$10.0	
<b>Texas Department of Human Services (DHS)</b>	<b>\$21.0</b>	
To Continue Practice of Providing \$50 Child Support to TANF Recipients receiving Support	\$16.3	✘
For Welfare Automation	\$2.8	✘
Community Care and Eligibility	\$1.9	
<b>Texas Workforce Commission (TWC)</b>	<b>\$102.6</b>	
To Maintain and Expand JOBS	\$39.4	✘
Invest in Long Term Success	\$20.0	✘
Contingency Fund for JOBS and Long-Term Success strategies	\$30.0	✘
Adult Education/Literacy for TANF Recipients	\$5.0	✘
Child Care	\$2.2	✘
Communities in Schools	\$6.0	
<b>Texas Department of Protective and Regulatory Services(DPRS)</b>	<b>\$30.3</b>	
Child Protective Services	\$14.1	
To Fund Healthy Families	\$3.1	
To Expand and Upgrade Services to Runaway and At-Risk Youth (STARS)	\$11.8	
Child Care Regulation	\$1.0	
TANF-related Administration	\$0.4	
<b>Texas Department of Mental Health/Mental Retardation (MHMR)</b>	<b>\$3.6</b>	
Children's Mental Health Plan	\$3.6	
<b>Texas Education Agency (TEA)</b>	<b>\$10.6</b>	
Adult Education/Literacy for TANF recipients	\$4.6	✘
Services to Teen Parents	\$6.0	✘
<b>Miscellaneous</b>	<b>\$17.5</b>	
Millennium Conversion	\$13.0	
Fringe (Estimated)	\$4.5	
<b>Contingency</b>	<b>\$25.3</b>	
<b>Total</b>	<b>\$393.5</b>	<b>\$126.32 or 32% of Surplus</b>

Table 5

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<sup>1</sup> TANF replaces Aid to Families with Dependent Children (AFDC) at DHS, the employment program for recipients – Job Opportunities and Basic Skills (JOBS) at TWC, and at DPRS, Title IV-A Emergency Assistance (EA) which Texas has used for Child Protective Services.

<sup>2</sup> Maintenance of Effort funds are the state funds required to gain access to the federal TANF block grant.

<sup>3</sup> The Legislative Budget Board is a permanent, joint legislative committee that develops recommendations for legislative appropriations for all agencies of state government.

<sup>4</sup> AFDC and JOBS were funded at FY 96-97 benefit and service levels, and Child Protective Services received the same amount of Title IV-A Emergency Assistance funds as it had in FY 96-97.

<sup>5</sup> Texas' budget is divided into Articles, numbered I - X. In recent sessions' budget negotiations, a temporary Article XI has been created as a "wish list" to which funding recommendations can

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<sup>6</sup> This includes \$453 million in cash grants and \$16.3 million to continue the child support pass through.