Southern Governors' Policy on TANF Reauthorization

Passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996 marked an historic shift in the manner in which the nation provides aid to impoverished and low-income families. Working in partnership with the nation's governors, Congress crafted an innovative program, known as Temporary Assistance for Needy Families (TANF) that rewards work and helps adults attain the skills and supports necessary to move into the workforce and achieve independence from public assistance.

Under this historic agreement, the governors assumed responsibility for developing and administering the newly-created TANF program. In exchange, Congress agreed to provide level funding over a five-year authorization period based on historic receipts under the former federal income-assistance program, known as Aid to Families with Dependent Children (AFDC). To administer this new and innovative program, the governors received broad flexibility allowing them to consider the needs of their states as they developed this new program. The act laid out the intent and purpose: to increase the flexibility of states in operating programs designed to:

1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;

2) end the dependence of needy parents on government benefits by promoting job preparation, work and marriage;

3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and

4) encourage the formation and maintenance of two-parent families.

In the past five years, southern states have implemented programs that reward work, helping to transition millions of adults into the workforce and families toward self-sufficiency (Appendix 1). Prior to passage of PRWORA, the average monthly number of recipients receiving assistance from the federal government through AFDC, 13.7 million, had more than tripled since 1965.[i] Now, five years later, the number of recipients receiving assistance has been reduced to 5.8 million.[ii] Additionally, the overall rate of children living in poverty has dropped to 16.2 percent, the lowest level since 1978.[iii] However, this work is not complete. A significant number of people remain on public assistance, struggling against multiple barriers to enter the workforce, and more still remain in low-wage jobs struggling to attain the skills necessary to advance into positions that allow them to support their families.

This report lays out recommendations for Congress' reauthorization of the TANF program. First and foremost, it should be understood that creation of TANF and the governors' implementation of the act over the past five years was only the first step in helping families reach self-sufficiency. In considering the next steps, southern governors encourage Congress to recognize that a strong foundation was laid in 1996 which focused on state flexibility. Anything that impedes the states' flexibility may hamper the innovations that allowed states to move adults into the workforce and build stronger, more self-sufficient families. Working with governors through reauthorization, Congress should build upon the foundation that was laid in 1996 by maintaining the act's commitment to broad state flexibility and resisting attempts to add federal mandates that tie states' hands and impede their ability to serve their clients. It also is critical to recognize the importance of the support services that states have utilized to strengthen working families. In this regard, Congress should fulfill its original commitment to the Social Services Block Grant (SSBG) and strengthen other supports services such as the Child Care Development Fund (CCDF).

TANF FUNDING

The partnership that was created between the nation's governors, Congress and the Administration in 1996 included an understanding that moving people into employment was a long-term investment. The TANF program, unlike its predecessor, AFDC, focuses on placing adults into employment as soon as possible and helping those who cannot readily find work attain the skills necessary to move quickly into employment. Recognizing the need for stable funding, governors and Congress agreed to the set funding level of $16.5 billion for the basic block grant, as well as the provision of additional funding for supplemental grants and other support services.

While some have argued that this level of funding no longer is necessary because of the historic drop in the number of families receiving cash assistance, it is important to recognize that the purposes of the act are ongoing in nature. Additionally, many working, low-income families continue to require myriad support services, such as childcare and transportation. States also continue to work with families receiving cash assistance to help them attain the skills necessary to transition into the workplace. Many of these families face multiple barriers to entering the workforce, such as low skill levels, illiteracy, poor work history, substance abuse and poor mental health. To continue addressing the four principles of the act, providing support services and adding increased focus to those clients with multiple barriers, states must be assured of at least level funding under TANF.

Recommendation #1

- At a minimum, TANF funding should continue to be mandatory and the block grant should be funded at $16.5 billion per authorized year.
- A prospective increase to the basic grant should be provided to help alleviate depreciation of the grant's value.

Supplemental Grants:

Funding for TANF supplemental grants was included in the act in 1996 to provide additional funding to states that were penalized because of a flaw in the federal funding formula that provided less funding to states (1) whose historic welfare spending per poor person is below the national average and/or (2) had high population growth from 1990 to 1994. Of the 17 identified states that qualified for the grants in 1996, nine are from the South and receive 79 percent or $251.4 million of the total $319 million in available funding. These grants raise the average spending per poor person in southern states closer to the national average and provide a variety of necessary services that help states meet the four purposes of the act, including helping people identify employment and develop skills to enter the workforce. While the agreement reached between Congress and the governors intended to provide supplemental funding to qualifying states for the duration of the act, funding and authorization actually ended one year short of the overall TANF program. The budget uncertainty that developed because of the one-year lapse required many southern states to plan for a dramatic drop in their funding. To limit future budget uncertainty related to these grants, an authorization period should be provided that is consistent with that of the overall TANF program.

Additionally, while the supplemental grant provides assistance to states that experienced rapid growth between 1990 to 1994, the act did not provide a mechanism to identify new states with fast-growing populations. To ensure that the act is responsive to the needs of all fast-growing states, current population statistics should be utilized to identify and compensate newly-qualifying supplemental states.

Southern Supplemental States

Alabama	$11.1 million
Arkansas	$6.2 million
Florida	$60.4 million
Georgia	$37.3 million
Louisiana	$17 million
Mississippi	$9 million
North Carolina	$36.1 million
Tennessee	$21.6 million
Texas	$52.7 million
Total Southern State Grants	$251.4 million
Total Supplemental Grant	$319.45 million

Source: U.S. Department of Health and Human Services

Recommendation #2

- Funding must be continued for the supplemental grants at $319 million for the 17 states that qualified as outlined in the 1996 act.
- The authorization period for the grants must be consistent with the overall TANF program.
- New funding should be provided to: 1) add newly-qualifying states that meet the high-population growth criteria (incorporating the most recent population data) and 2) add qualifying territories.

Contingency Fund:

Recognizing that unforeseen financial crises could develop requiring additional federal financial assistance, the governors and Congress agreed to develop two mechanisms that would provide states access to reserve TANF funds. However, both of these mechanisms, for differing reasons, have proven to be inaccessible to states in need. The first mechanism, the Contingency Fund, relies on a set of triggers related to food stamp and unemployment rates that prevents states from tapping the fund even in periods of significant economic difficulty. Additionally, the present Maintenance of Effort (MOE) requirements for the Contingency Fund are inconsistent with the MOE requirements for the overall TANF program. The differences in the definition of qualified state expenditures and the higher level of MOE makes the fund virtually inaccessible to states.

The second formal mechanism, the Federal Loan for State Welfare Programs, also is intended to help states weather economic downturns. Again, while the intent of the fund was to provide a secure safety net for states in times of economic need, it has not been utilized because most state constitutions prohibit borrowing money from the federal government.

To ensure that viable resources are available to states during economic downturns, changes must be made to the current safeguarding mechanisms. At the very least, changes to the Contingency Fund, such as adjusting the food stamp and unemployment triggers and modifying the MOE requirements, should be considered. The final product must be broader and more accessible to states. Additionally, a formal mechanism should be provided that allows states the option of dedicating a portion of their block grant as a rainy day fund. Together, these steps will provide states with greater financial security for their TANF programs.

Recommendation #3

- The Contingency Fund should be strengthened by making its criteria broader and more accessible to states, by incorporating these proposals:
    1. modifying the food stamp and unemployment triggers;
    2. modifying the MOE requirement and adjusting the definition of a qualified state expenditure in a manner consistent with the overall TANF program; and
    3. increasing overall funding to ensure adequate funds will be available in times of national economic need.
- The loan fund should be eliminated and its funding, $1.7 billion, should be utilized to strengthen the Contingency Fund.
- A mechanism should be created allowing, at state option, the formal designation of a portion of a state's block grant as a rainy day fund.

Maintenance of Effort (MOE):

In 1996, the governors, Congress and the Administration agreed that under the new TANF program, each state would continue to provide a percentage of its historic state expenditures from the AFDC program. This amount is based on the applicable percentage, either 75 or 80 percent, of a state's qualified state expenditure, including expenses for, among other things, cash assistance, educational activities designed to increase self-sufficiency and a limited percent of administrative costs. However, the services that states provide to help adults gain employment and allow families to remain self-sufficient have expanded as the TANF program has developed. While states understand the need for accountability, steps must be taken to ensure that they have broad flexibility to continue to offer services that are responsive to the needs of their clients. Therefore, the definition of qualified state expenditure should be broadened to better reflect the current program.

Recommendation #4

- The definition of allowable state expenditures should be broadened, while maintaining state flexibility.

Carryover Funds:

For a variety of reasons, many states do not spend their entire grant in the year it is provided. While current law allows states to carryover federal TANF funds to be used in later years, it severely limits the scope of allowable services to "assistance," primarily cash assistance. This restriction severely hampers a state's flexibility and limits its ability to plan ahead and spend federal funding as it is needed. Instead, states are urged to and rewarded for spending federal funds as quickly as possible.

Also of concern is receipt of bonus awards in the middle of the fiscal year. This provides less than one full year to determine an appropriate use and spend the newly-identified funds without the "assistance" restriction. In most states, the need for cash assistance presently has diminished, while the need for childcare, transportation and other support services continues to rise. Removal of the "assistance" restriction from carryover funds would strengthen states' ability to spend federal TANF dollars on the most-needed services in a planned approach.

Recommendation #5

- The "assistance" restriction from federal carryover funds should be removed.

Administrative Costs:

Under current law, each state is allowed to spend up to 15 percent of its funds on administrative costs. However, as states expanded the eligibility determination process to include ongoing case management, and other direct service functions, the administrative costs have increased. Because these costs really are related to direct services, they should not be counted against the administrative cap. However, federal law currently requires all eligibility determination to be included in administration, regardless of their specific nature or purpose.

Recommendation #6

- The cost of direct services provided during the eligibility determination process should be exempt from the 15 percent administrative cap.

FLEXIBILITY

Congress' strong commitment to broad flexibility, limited federal regulatory authority and devolution of the program to states is the foundation of the TANF program. Utilizing these tools, southern states have crafted programs that address the four purposes identified in the act.

These purposes establish the framework for state programs. Additionally, broad flexibility allows each state to craft innovative and responsive programs to help clients become independent of public assistance. It is through this flexibility that states have found innovative and creative solutions to address the goals laid out in the act. The result has been historically high employment rates for single mothers (72 percent),[iv] historically low minority child poverty rates (30.9 percent-African-American and 28 percent Hispanic),[v] historically low numbers of families receiving cash assistance (2.19 million)[vi] and the continued leveling off of the rate of out-of-wedlock births since its peak in 1995.[vii] However, flexibility in the act can be realized only if that flexibility is carried through in the federal regulatory process. In 1996, Congress intentionally limited federal regulatory authority to that which it expressly granted in the act. States believe that these limitations have led to greater state innovation and higher achievement.

Historic levels of flexibility and limited federal regulatory authority have allowed for true devolution of the TANF program to the state and local level. States have crafted programs that are focused on the act's four purposes, while remaining responsive to the changing needs of clients and the changing job environment. In the same respect, earmarks, mandates and set asides restrict states' abilities to be responsive to the needs of their clients and diminish the overall effectiveness of the program.

Recommendation #7

- Broad flexibility and limited federal regulatory authority must be maintained.
- Focus on the four purposes of the TANF program should continue and remain unchanged*.
- Unfunded mandates, earmarks and set-asides must be opposed.

Performance Bonuses:

States have made tremendous advances in the past five years moving people from welfare into the workforce. In the South, success has been achieved because the act provides broad flexibility to accomplish the program's primary goal—self-sufficiency. At the same time, the act provides bonus grants to reward states that achieve high performance in identified areas related to the act's purposes, such as participation in work activities and reducing out-of-wedlock births. The success of the TANF program demonstrates that states can succeed when given broad flexibility to craft programs that are focused on straightforward and focused goals.

Recommendation #8

- Bonus and incentive grants should be used to reward states for newly-identified achievements, to prompt innovation or to focus on newly-targeted populations.
- Funding for these grants must be in addition to the $16.5 billion block grant.

Program Interaction:

In the South, a broad network of programs exist working together to help adults transition into employment and to provide supports that enable families to remain independent. While each of these programs play an important role in this process, many have different and conflicting eligibility and reporting requirements. These conflicts not only create confusion and inefficiencies within state programs; they make the process extremely confusing for families. To ensure that families have access to the full range of support services required to transition into employment, a seamless eligibility process between the primary support programs must be created. Removal of these arbitrary barriers will create a more efficient, cost-effective and successful program.

Additionally, to ensure that families have access to necessary support programs, such as food stamps, child welfare (IV-E), housing, Medicaid and Workforce Investment Act (WIA) programs, requirements must be aligned and, where conflicts exist, they should be resolved in favor of the client.

Recommendation #9

- Federal and state eligibility and reporting requirements for support programs, such as food stamps, Medicaid, housing and child welfare must be aligned.

Waivers:

Prior to the creation of the TANF program, innovative states went forward and developed welfare programs that focused on employment and self-sufficiency. Learning from the success of these states, Congress in 1996 developed and passed PRWORA, creating the TANF program. Because of the substantial investment in funding and infrastructure made by these innovative states, Congress allowed them to continue operating their programs under waivers. While some waiver states have chosen to end these agreements and move under the federal TANF program, others have chosen to continue under their established waivers. If waiver states were not allowed to continue or renew their waiver provisions, it would diminish the flexibility granted to them under the initial act. Therefore, states with waivers should, at state option, be allowed to continue or renew these agreements.

Recommendation #10

- At state option, states should have the authority to continue or renew existing waivers.

Legal Immigrants:

Across the South, the population of legal immigrants has continued to rise. While most legal immigrants come to the United States for the opportunity to pursue employment and independence, sometimes families encounter unexpected difficulties entering the workforce. In these instances, states should be granted the option to utilize federal TANF funds to provide assistance until the families can get back on track moving toward self-sufficiency. For many of these families, access to English as a Second Language (ESL) classes or job search and training assistance can provide the missing link to identifying employment. Unfortunately, under current law, a large majority of the families that enter the United States after August 1996 only can be served with state funds. As these families become integral members of our communities, we must work together to foster their participation in the workforce.

Recommendation #11
- States should be given the option to utilize federal TANF funds to aid all legal immigrants.

Reporting:

Access to comprehensive information about families who are utilizing TANF and its support system is useful to determine the effectiveness of the program. However, it is extremely costly and time-consuming to develop, maintain and update current and new data collection and processing systems. Some have suggested that states should simply expand the systems that were developed for AFDC tracking. Unfortunately, that is not a viable option. Most state tracking systems under AFDC measure points in time—when people entered the system and when they left.

Under TANF, people may leave cash assistance; therefore, stopping their federal "time clock," but continue to receive support services, such as childcare and transportation. The current data collection systems that most states operate are not capable of gathering and compiling such complex information. However, recognizing the importance of this data, southern states would support federal assistance, independent of the block grant, to develop new systems. In lieu of financial support for these changes, authority is needed to track non-assistance services in the aggregate and to allow reporting estimates.

Recommendation #12
- New funding should be provided to help states develop, maintain and update data collection systems.
- States should be allowed to track non-assistance services in aggregate and provide reporting estimates.

TIME LIMITS AND WORK REQUIREMENTS

By emphasizing the value of work for welfare clients, federal and state welfare reform programs have realized dramatic success over the past five years. However, the job of TANF is not complete. Millions of people continue to receive assistance, struggling against multiple barriers to enter or remain in the workforce. Others who have left public assistance for employment continue to work in minimum-wage jobs and struggle to support their families without continued federal and state assistance. This program was designed to move people into employment, and it has succeeded for millions of Americans. However, to ensure that everyone has access to the opportunities provided through employment, we must double back and consider how the act can be strengthened so that it addresses the needs of the hardest to serve and helps people in low-wage jobs attain the skills necessary to move up the ladder of opportunity. To ignore these issues will cause the program ultimately to fail.

Time Limits:

Creation of TANF in 1996 marked an historic shift in social policy. Under the agreement reached with the governors, Congress and the Administration, all able-bodied adults are expected to work. In return, families receive support services such as childcare, housing and transportation to help them maintain their employment and progress toward true self-sufficiency. For those unwilling to comply with the work requirements, assistance is reduced or halted. The agreement also recognizes that many people receiving public assistance have done so for much of their adult lives and lack the skills necessary to move quickly into employment. For those individuals, access to skill-development programs is provided. Most importantly, the new act, unlike its predecessor, AFDC, has a lifetime benefits limit of 60 months, which can be shortened at state option. This lifetime limit set the tone for the new program by emphasizing the temporary nature of TANF.

However, the criteria that determine which services count toward a family's lifetime limit are not consistent. While working families are allowed to receive support services such as childcare, transportation and housing assistance without triggering the TANF time limit, many families who are searching for a job cannot receive these supports. Additionally, these same services can be provided to families through other available federal and state programs without counting against a family's 60-month federal time limit. Not only does this create bureaucratic complications; it unfairly penalizes certain clients.

State Determined Time Limits

Lifetime Limit

Arkansas	• 24 months
Florida	• 48 months
Georgia	• 48 months

Intermittent Limit

Florida	• 24 in 60 months or 36 in 72 months
Louisiana	• 24 in 60 months
North Carolina	• 24 months followed by 36 months ineligibility
South Carolina	• 24 in 120 months
Tennessee	• 18 months followed by 3 months ineligibility
Texas	• 12, 24 or 36 followed by 60 months ineligibility
Virginia	• 24 months followed by 24 months ineligibility

Source: U.S. Department of Health and Human Services

While states have succeeded in transitioning millions of people into the workforce, some unfortunately are taking longer to help. The recommended adjustments to the act outlined previously will help serve these hardest-to-serve populations. To ensure that states have the opportunity to work with this population without fear of penalties, the current 20 percent hardship exemption must be maintained.

Recommendation #13

- Maintain the 60-month federal time limit and, continue at state option, shorter state time limits.
- Align the definition of work support services and remove the "assistance" restriction, thereby allowing states the flexibility to set their own time limits for support services.
- Maintain the 20 percent hardship exemption.

Allowable Activities:

For the last five years, states have produced remarkable and historic results under the TANF program. The number of families receiving cash assistance has plummeted to 2.19 million.[viii] Further, the number of single mothers who are working, the group most affected by TANF, jumped from 60 percent in 1994 to 72 percent in 1999.[ix] States have proven that they can succeed at moving people into the workforce, if given the correct tools. Now it is time to move into the second phase of TANF. To ensure that states can provide the most appropriate and most effective assistance necessary to move every person into the workforce, additional flexibility is needed.

As states serve more people with multiple barriers, such as illiteracy, substance abuse, poor mental health, limited English skills, physical challenges and little or no employment history, flexibility to identify the best combination of services will be critical for success. However, because development of each state's participation rate is based on 12 narrowly defined activities, states are not encouraged to promote client participation in activities that address underlying issues, such as poor mental health or substance dependency. For these hardest-to-serve clients, employment studies such as the Portland Study[x] suggest that combining work activities with participation in programs that address individual barriers may not only move people into the workforce; it may also help them maintain their employment.

Recommendation #14

- For purposes of determining a state's participation rate:
  1. state authority should be provided to develop combinations of allowable work activities;
  2. arbitrary time limits on allowable job search activities should be removed at state option; and
  3. state authority should be provided to allow, in combination with core work activities, participation in activities such as substance abuse treatment and mental health assistance.

Participation Rates:

To transition states from the limited work expectations of AFDC to the rigorous expectations of TANF, compliance with participation rates was gradually implemented. In the beginning, lower levels of compliance with work participation rates were expected, increasing to the current level of 50 percent for single-parent families and 90 percent for two-parent families in 2000. Additionally, strict definitions of work were included in the act.

To fulfill the work requirement, a single-parent family must participate for at least 30 hours per week in one of the very limited activities identified in the act. A two-parent family must have one parent participating for at least 30 hours of the total 35 hours needed, while the other parent must participate for 20 hours in an individual work activity. While every state has reached its participation rate for single-parent families, very few have been able to reach the two-parent rate. It was not realized until after the act was implemented that the two-parent rate was unobtainable. Many two-parent families have significant barriers to entering the workforce and states have found that the more stringent two-parent requirements serve as a disincentive to family formation. Instead, states believe that both single and two-parent families should be treated equitably by using the combined "all family" work participation rate.

While historic success has been achieved in moving people into the workforce, a percentage of the population remains in low-income jobs struggling to support their families. To move up the ladder of opportunity, they need additional skills. However, because development of a state's work participation rate limits participation in vocational, rehabilitation, English as a Second Language (ESL) and basic education activities to 12 months, states are limited in the type and duration of activities toward which they can steer clients. A focus of the second phase of TANF must be increased state flexibility related to skill building.

Additionally, states claim a caseload reduction credit that lowers their required work participation rate. The credit measures the number of people leaving welfare for reasons other than sanctions or time limits and rewards states for that achievement. States believe that it should continue to be recognized that as they succeed with moving families from welfare to self-sufficiency, participation rates will be increasingly difficult to meet.

All Family Work Participation Rate

State	Caseload Reduction Credit	Actual Work Rate
Alabama	55.9	37.7
Arkansas	34.4	20.8
Florida	60.9	33.0
Georgia	51.4	12.2
Kentucky	41.0	25.6
Louisiana	44.6	33.5
Maryland	38.8	6.3
Mississippi	53.9	17.8
Missouri	43.0	34.0
North Carolina	48.3	19.2
Oklahoma	55.2	33.9
Puerto Rico	33.1	20.0
South Carolina	40.0	54.0
Tennessee	44.6	35.4
Texas	51.7	25.6
U.S.V.I.	23.8	6.1
Virginia	47.4	44.9
West Virginia	70.2	17.1

Figures are for fiscal year 2000

Source: U.S. Department of Health and Human Services, Administration for Children and Families

Recommendation #15

- Instead of differing work participation rates for two- and single-parent families, the current all family rate should be used to measure compliance.
- The caseload reduction credit should be maintained.
- The 12-month restriction for counting vocational, rehabilitation, basic skill development (including adult education) and ESL toward the work participation rate should be eliminated.

SUPPORT SERVICES

With the creation of the TANF program and its mandate for work, governors, Congress and the Administration recognized that the traditional support services, such as childcare, transportation and family assistance, would be necessary to help families succeed. Negotiations over these programs resulted in changes that were intended to solidify the success of the new TANF program.

Child Care Development Fund (CCDF):

Access to childcare is one of the most important indicators of success for TANF clients. However, childcare costs represent the third largest expense for most families and, for those with incomes that are less than $14,400 per year, it can consume up to 25 percent of their income.[xi] For families transitioning into employment, childcare assistance can be the difference between maintaining employment or cycling back onto public assistance. In the South, it is more expensive to send a four-year-old child to daycare for one year than to send a student to one year of college at a public university[xii] (Appendix 2). Additionally, for most families, access to childcare provides not only a safe haven for nonschool-aged children while their parents are at work; it provides access to a quality pre-K educational setting.

In FY 1999, states spent $5.2 billion in federal funding on childcare assistance through CCDF and TANF funding transfers, along with $1.6 billion in state CCDF matching dollars. Another $144 million in state-only funding was provided for childcare assistance outside of CCDF.[xiii] In addition, some states used direct TANF funding to help provide childcare assistance. Though these funding figures may seem large, together they only provided assistance to 12 percent of families who are eligible based on the federal criteria.[xiv] Another key component to childcare funding is the 30 percent allowable transfer of TANF funds into CCDF. Southern states take advantage of this allowable transfer because they recognize the important link between childcare and success in the workplace. If TANF is to continue to be successful, additional childcare resources must be made available and transfer authority must be maintained.

State Funding Transfer from TANF to the Child Care Development Fund (CCDF)

State	Transfer to CCDF (in millions)	Percent Transfer of TANF
Alabama	73.2	25
Arkansas	5.0	2.5
Florida	241.6	10.0
Georgia	95.7	7.3
Kentucky	115.8	16.2
Louisiana	156.2	23.9
Maryland	137.5	15.7
Mississippi	42.6	11.8
Missouri	64.1	7.6
North Carolina	157.8	15.9
Oklahoma	118.9	20.0
Puerto Rico	N/A	N/A
South Carolina	10.2	2.6
Tennessee	140.3	16.6
Texas	168.7	8.4
U.S. Virgin Islands	N/A	N/A
Virginia	89.0	15.0
West Virginia	15.4	3.7

For all states table includes fiscal years 1997, 1998, 1999 and 2000.
Source: U.S. Department of Health and Human Services, Office of Financial Services

Recommendation #16

- Increased funding for childcare is essential to the success of TANF.
- The 30 percent TANF transfer to CCDF should be maintained.

Social Services Block Grant (SSBG):

The Social Services Block Grant (SSBG) provides valuable resources to state and local communities to support and maintain the social safety net. The services that SSBG supports are truly a perfect compliment to TANF. The goals for SSBG are focused on self-sufficiency, reducing dependency, preventing and remedying abuse and neglect, and preventing unnecessary institutionalization. While SSBG is a flexible source of funding used to serve a range of needs, income restrictions are placed on TANF funds that are transferred into the program. This causes conflicts within the program and restricts its flexibility.

Under the agreement reached for passage of TANF, funding for SSBG was to be reduced initially and then restored to $2.8 billion starting in fiscal year (FY) 2003. Additionally, states were allowed to transfer up to 10 percent of their TANF block grant into SSBG. Unfortunately, since passage of TANF in 1996, funding for SSBG has been diverted to fill funding shortfalls in transportation and other unrelated programs and Congress has attempted to reduce the allowable transfer each year (Appendix 3). To ensure that the support network is available to families as they transition into work, SSBG funding must be restored, along with the 10 percent transferability. To do otherwise not only will undermine the success of TANF; it will place millions of children whose parents are transitioning into the workforce at risk.

Recommendation #17

- Funding for SSBG must be restored to $2.8 billion starting in fiscal year 2003.
- The allowable funding transfer from TANF to SSBG must be maintained at a minimum of 10 percent.
- TANF funds transferred into SSBG should have the same eligibility and tracking requirements as SSBG.

Job Access and Reverse Commute Program:

Another key support of TANF is access to transportation assistance. Many low-income families do not have access to an automobile or public transportation. Additionally, most TANF clients live in inner-city neighborhoods or rural communities, while most jobs are available in suburban neighborhoods. Without reasonable access to transportation, clients will not be able to commute to their new jobs. While TEA-21, the federal funding program for transportation, attempted to establish a funding stream and transfer option between TANF and the Job Access program, no direct link was provided in PRWORA. To address this issue and ensure that funding can be transferred to the Job Access program from TANF, clear direction should be provided under TANF reauthorization.

Recommendation #18

- Provide statutory authority to transfer, at state option, funding from TANF to Job Access.

Child Support:

Included in PRWORA were new requirements for child support collections. It was recognized in 1996 that many families could move closer to self-sufficiency if they actually received their full child support payment. However, under the act, the federal government continued its practice of not directly reimbursing states for the cost to administer this federal program. Instead, it directed states to withhold a percentage of the family's child support payment as compensation for the federal share.

While many states agree that these families require their full child support payment to move toward self-sufficiency, most states are unable to absorb the financial impact from forgoing reimbursement for administering this federal program. If Congress believes that families should receive their full child support grant, then additional funding should be provided to reimburse states for administering this program. This will allow states to pass-through to the families the total payment.

Recommendation #19

- Allow states the option of passing through collected child support directly to the family without requiring repayment of the federal share of collected support.

APPENDIX 1

Change in TANF Families Since Enactment of TANF

State	January 1996	June 2000	Percent Change
Alabama	43, 396	18,677	-64
Arkansas	23,140	12,046	-55
Florida	215,512	62,805	-75
Georgia	135,274	51,215	-64
Kentucky	72,131	37,471	-55
Louisiana	72,104	25,521	-72
Maryland	75,573	28,895	-64
Mississippi	49,185	14,979	-75
Missouri	84,534	45,912	-48
North Carolina	114,449	44,731	-65
Oklahoma	40,692	7,251	-86
Puerto Rico	51,370	31,273	-49
South Carolina	46,772	15,496	-72
Tennessee	100,884	55,491	-51
Texas	265,233	128,289	-54
U.S. Virgin Islands	1,437	778	-27
Virginia	66,244	30,078	-59
West Virginia	36,674	10,661	-74

Source: U.S. Department of Health and Human Services, Administration for Children and Families

APPENDIX 2

Annual Cost of Childcare versus Annual Cost of Public College Tuition

STATE	AVERAGE ANNUAL COST OF CHILDCARE	AVERAGE ANNUAL COST OF COLLEGE TUITION
Alabama	$3,000 - 4,000	$2,363
Arkansas	$3,000 – 5,000	$2,255
Florida	$3,813	$1,789
Georgia	$3,900	$2,244
Kentucky	$3,276	$2,241
Louisiana	$3.264	$2,230
Maryland	$4,968	$3,848
Mississippi	$3,172	$2,497
Missouri	$4,000 – 5,000	$3,230
North Carolina	$3,696	$1,841
Oklahoma	$3,536	$1,936
Puerto Rico	N/A	N/A
South Carolina	$3,744	$3,206
Tennessee	$3,446	$2,051
Texas	$3,335	$2,022
U.S. Virgin Islands	N/A	N/A
Virginia	$4,000 – 7,000	$3,962
West Virginia	$3,120	$3,120

Source: Southern Institute on Children and Families, December 2000, derived from data in Child Care Challenges, Children's Defense Fund, May 1998

APPENDIX 3

SSBG Funding for Southern States Since Passage of TANF

(figures are expressed in millions)

STATE	1997	1998	1999	2000	2001	2002*	TANF TRANSFER IN 1997	TANF TRANSFER IN 2001
ALABAMA	40.30	37.00	30.58	28.49	27.62	26.71	--	13.41
ARKANSAS	23.40	21.61	17.96	16.64	16.10	16.10	--	2.54
FLORIDA	133.2	123.25	103.04	96.64	94.66	96.00	--	35.9
GEORGIA	67.40	62.65	52.62	49.37	48.50	49.18	--	40.7
KENTUCKY	36.50	33.58	27.79	25.78	24.98	24.28	3.68	6.71
LOUISIANA	41.20	37.78	31.13	28.70	27.73	26.85	--	--
MARYLAND	47.80	43.88	36.29	33.60	32.59	31.82	--	22.90
MISSISSIPPI	25.5	23.47	19.43	18.01	17.46	17.10	--	9.82
MISSOURI	50.40	46.32	38.35	35.63	34.52	33.61	--	21.70
NORTH CAROLINA	67.50	62.60	52.40	48.97	47.89	48.35	--	6.00
OKLAHOMA	31.10	28.52	23.62	21.88	21.24	20.73	--	15.17
PUERTO RICO	12.9	11.89	9.87	9.18	8.92	8.79	--	N/A
SOUTH CAROLINA	35.00	31.96	26.47	24.80	24.34	24.10	--	10.00
TENNESSEE	49.40	45.73	38.07	35.40	34.47	34.18	--	.549
TEXAS	175.50	162.91	136.89	128.20	125.40	125.26	--	36.6
U.S.V.I.	.400	.396	.329	. .306	.297	.293	--	--
VIRGINIA	62.60	57.58	47.77	44.41	43.10	42.52	11.47	15.8
WEST VIRGINIA	17.40	15.90	13.07	11.98	11.50	10.86	--	11.21
NATIONALLY**	2,500	2,299	1,909	1,775	1,725	1,700	N/A	N/A

Source: U.S. Department of Health and Human Services,/American Public Human Services Association (APHSA)

*2002 allocations are estimates

[i] U.S. Welfare Caseloads Statistics 1939 to June 2000, U.S. Department of Health and Human Services.

[ii] U.S. Welfare Caseloads Statistics July 2000 to September 2000, U.S. Department of Health and Human Services.

[iii] U.S. Population Survey,, U.S. Census Bureau, 2000.

[iv] Robert Moffitt, "Welfare to Work: What the Evidence Shows," The Brookings Institute, 2002.

[v] U.S. Population Survey,, U.S. Census Bureau, 2000.

[vi] U.S. Welfare Caseloads Statistics July 2000 to September 2000, U.S. Department of Health and Human Services.

[vii] National Center for Health Statistics
*The state of Florida would consider the addition of a fifth purpose focused on well-being.

[viii] U.S. Welfare Caseloads Statistics 1939 to June 2000, U.S. Department of Health and Human Services.

[ix] Robert Moffitt, "Welfare to Work: What the Evidence Shows," The Brookings Institute, 2002.

[x] Susan Scrivener and others, "National Evaluation of Welfare to Work Strategies," U.S. Departments of Health and Human Services and Education, 1998.

[xi] "Access to Child Care for Low-Income Working Families," Child Care Bureau, U.S. Department of Health and Human Services.

[xii] Southern Institute on Children and Families, 2000. originally derived from data in "Child Care Challenges," Children's Defense Fund, 1998.

[xiii] "New Statistics Show Only Small Percentage of Eligible Families Receive Child Care Help," U.S. Department of Health and Human Services, Administration for Children and Families, December 2000.

[xiv] "New Statistics Show Only Small Percentage of Eligible Families Receive Child Care Help," U.S. Department of Health and Human Services, Administration for Children and Families, December 2000.