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Thoughtful Analysis...Responsible Policy

## State Directs Majority of TANF Funds to Child Welfare Despite Rise in TANF Recipients

### *Overview of FY 2011 Georgia Allocation of Federal TANF Funds*

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#### Summary

Georgia has three percent less available federal Temporary Assistance for Needy Families (TANF) funds for its fiscal year (FY) 2011 than it had in FY 2010, which ends June 30; however, examining federal TANF funds over the two-year period from FY 2009 to FY 2011 reveals a significant decline. Georgia has 13.7 percent cumulatively less TANF funds than it had to use for families struggling to make ends meet prior to the Great Recession.

Even with less available funding and rising poverty, Georgia policymakers continue to use TANF funds to replace state funds for child welfare-related services — Adoption Assistance, Child Welfare Services and Out of Home Care — while cutting TANF funds from state programs that directly satisfy its core purposes. For FY 2011, which begins July 1, lawmakers have again allocated only 40 percent of the TANF federal block grant for its direct purposes.

Policymakers should re-examine TANF spending, placing greater focus on programs that work directly to satisfy TANF's four purposes, such as promoting family self-sufficiency, so that families will need less income support as they enter the job market, while simultaneously identifying revenue solutions that renew investment of state funds in these important child welfare-related services.

Georgia is experiencing record levels of unemployment and currently one out of every five children in Georgia is living below the federal poverty line (this number is expected to increase); therefore, it is more important than ever to direct TANF funds to programs that help Georgians secure and maintain employment as TANF policy intends.

**TANF  
FUNDS  
DOWN**

Georgia has \$62.4 million less TANF funds compared to FY 2009.

THOUGHTFUL ANALYSIS...RESPONSIBLE POLICY

## FY 2011 TANF Allocation in Georgia

The Georgia General Assembly appropriated \$393.2 million in available TANF funds for FY 2011 within House Bill 948<sup>1</sup>, which details the allocation of federal and State General Funds for FY 2011. The governor signed the bill on June 8, 2010.

The following analysis compares Georgia's allocation of TANF funds in FY 2011 with Georgia's allocation for FY 2010<sup>2</sup> and for FY 2009<sup>3</sup>. The FY 2009 funds are used for a pre-recession comparison.

Table 1 **Total Available TANF Funds Decrease from 2009 to 2011**

	FY 2009	FY 2010	FY 2011	FY 2010 – FY 2011 Change	FY 2010 – FY 2011 Change	FY 2009 – FY 2011 Change
<b>TANF Federal Block Grant</b>	\$368,024,967	\$368,024,967	\$368,024,957	\$10	0%	0%
<b>Federal Unobligated Balance</b>	\$87,618,821	\$37,348,536	\$25,201,084	-\$12,147,452	-32.5%	-71.2%
<b>Total Available TANF Funds</b>	<b>\$455,643,788</b>	<b>\$405,373,503</b>	<b>\$393,226,041</b>	<b>-\$12,147,462</b>	<b>3%</b>	<b>-13.7%</b>

Source: FY 2009 HB 990, FY 2010 HB 119, and FY 2011 HB 948.

States may use TANF federal and state maintenance-of-effort funds in accordance with four broad purposes:

1. Provide assistance to needy families so that children can be cared for in their own homes or homes of relatives;
2. End TANF dependency by promoting job preparation, work, and marriage;
3. Prevent out-of-wedlock pregnancies; and
4. Encourage the formation and maintenance of two-parent families.

## Federal Unobligated Balance

States move TANF funds that are not spent (or otherwise obligated) by the end of a fiscal year into what is called the federal unobligated balance, which states then can use in the later years. These funds are down \$62.4 million from FY 2009 and \$12.1 million from FY 2010. See Figure 1 below. Georgia's federal TANF block grant has remained level at \$368 million since 2001.<sup>4</sup>

In FY 2002, Georgia's federal unobligated balance was \$219.6 million. Georgia's federal unobligated balance is decreasing primarily for two reasons:

1. Georgia spends it down to replace state investments. For example, Georgia has increased TANF spending in child welfare-related services from \$60 million<sup>5</sup> in 2002 to

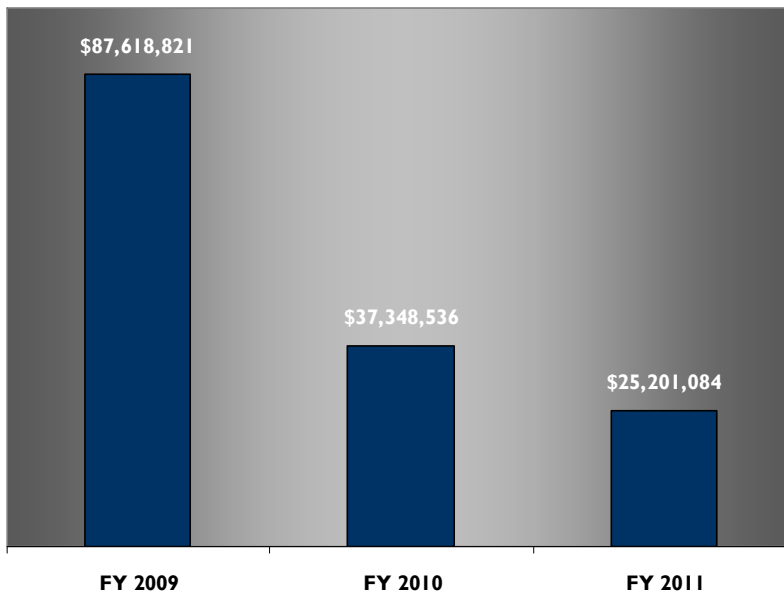
\$220.6 million in 2011, a 267 percent increase.

2. The annual federal TANF allocation is not adjusted for inflation and Georgia uses part of the balance to pay for increased expenses for the same level of services.

Georgia has historically used TANF funds to replace state investments in program areas such as child welfare-related services. This will become a difficult strategy in the near future when the federal unobligated balance is depleted and Georgia has only \$368 million in available federal TANF funds.

This will leave less TANF funds for lawmakers to allocate among the programs described later in this report that serve TANF's more direct purposes of increasing family self-sufficiency. Unless Georgia invests state funds in these proven programs, like subsidized child care, they will likely face more cuts in the budget years to come.

Figure 1 **Georgia's Shrinking TANF Balance**



## TANF Allocation by Georgia Departments and Programs

The FY 2011 budget reflects Georgia's TANF funding priorities, continuing lawmakers' practice of funding more indirect purposes (e.g., child welfare services) while shifting funds away from direct TANF purposes (e.g., work supports), despite the drop in the federal unobligated balance and the increasing number of Georgia families turning to TANF because of the Great

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Recession. The following is a summary of key shifts in TANF funding from FY 2009 to FY 2011, since FY 2009 provides a comparison point prior to recessionary cuts. See Table 2 below.

### Department of Human Services

Table 2 **Allocation of TANF Funds in the Department of Human Services from FY 2009 to FY 2011**

	FY 2009	FY 2010	FY 2011	FY 2010 – FY 2011 Change	FY 2010 – FY 2011 Change	FY 2009 – FY 2011 Change
Administration	\$15,000,000	\$10,183,572	\$10,183,572	\$0	0%	-32.1%
Adoption Services	\$12,000,000	\$12,000,000	\$12,000,000	\$0	0%	0%
After School Care	\$14,000,000	\$14,000,000	\$14,000,000	\$0	0%	0%
Child Care Services	\$10,280,143	\$600,000	\$600,000	\$0	0%	-94.2%
Child Care Licensing	\$0	\$0	\$1,368,094	\$1,368,094	100%	100%
Child Welfare Services	\$77,263,725	\$62,995,915	\$62,995,915	\$0	0%	-18.5%
Child Welfare Services –Social Services Block Grant Transfer	\$25,800,000	\$25,800,000	\$25,800,000	\$0	0%	0%
Child Welfare Services – Special Project	\$0	\$0	\$250,000 <sup>6</sup>	\$250,000	New	New
Family Violence Services	\$5,565,244	\$5,565,244	\$5,565,244	\$0	\$0	0%
Federal Eligibility Benefit Services*	\$30,026,128	\$30,026,128	\$29,440,706	-\$585,422	-1.9%	-1.9%
Out of Home Care	\$90,814,092	\$118,205,301	\$118,205,301	\$0	0%	30.2%
Support for Needy Families-Basic Asst	\$65,652,812	\$56,649,000	\$54,225,681	-\$2,423,319	-4.3	-17.4%
Support for Needy Families-Work Asst	\$39,116,253	\$17,825,011	\$17,825,011	\$0	0%	-54.4%
Family Connection	\$1,200,000	\$1,200,000	\$1,200,000	\$0	0%	0%
<b>DHS Subtotal</b>	<b>\$386,718,397</b>	<b>\$355,050,171</b>	<b>\$353,659,524</b>	<b>-\$1,390,647</b>	<b>-0.4%</b>	<b>-8.5%</b>

Source: FY 2009 HB 990, FY 2010 HB 119 and FY 2011 HB 948.

Notes

1. In FY 2011, Eligibility, Support for Needy Families-Family Assistance, and Food Stamp Eligibility were combined into one program, Federal Eligibility Benefit Services. For FY 2009 and FY 2010, Federal Eligibility Benefit Services includes TANF allocations for SNF-Family Assistance and Eligibility, not Food Stamp Eligibility.
2. Family Connection Partnership is a nonprofit attached agency to DHS.

### Child Welfare-Related Services

Lawmakers increased TANF funding for child welfare-related services — Adoption Assistance, Child Care Licensing, Child Welfare Services, and Out of Home Care — to \$220.6 million in FY 2011, up from \$219 million in FY 2010. This represents 60 percent of Georgia’s annual TANF award (\$368 million), which means only 40 percent of TANF federal funds were available for programs directly related to its four purposes, eligibility workers, basic assistance, work assistance, and subsidized child care.

For example, replacing \$1.4 million in state funds with federal TANF funds for Child Care Licensing is one way Georgia uses TANF funds to fill State Fund shortcomings. This is an important government function, but it is far from the direct purposes of TANF (e.g., increase in eligible families applying for basic assistance) which more and more Georgians are requesting help for as the recession's effects ripple through local communities.

The Department of Human Services (DHS) must fund residential child care center regulators. Yet, while lawmakers shifted \$1.4 million TANF funds for regulators, they also cut \$585,422 in TANF funds for the Federal Eligibility Benefit Services program that helps increasing numbers of low-income families access food stamps, Medicaid, and TANF.

### Federal Eligibility Benefit Services

The Great Recession has caused increasing numbers of Georgians to seek critical safety net supports. According to Commissioner Walker, caseloads from December 2008 to December 2009 grew in:

- Medicaid by 57,342 cases (9 percent);
- Food Stamps by 156,777 cases (32 percent); and
- TANF by 1,663 adult recipients (53 percent).<sup>7</sup>

In 2004, the ratio of cases per eligibility worker was 379 cases per worker. That ratio grew to 652 cases per worker in 2009<sup>8</sup> and will likely continue to grow.

In addition, DHS is under a federal corrective action plan to improve the number of food stamp applications processed within the first 30 days from 82 percent to 95 percent.

Despite these numbers and the federal corrective plan, legislators cut State General Funds in FY 2011 by \$6.5 million and federal TANF funds by \$585,422 for eligibility workers who assist applicants to apply for food stamps, Medicaid, and TANF. These cuts could eliminate as many as 284 eligibility workers.<sup>9</sup>

DHS said that a \$3.2 million cut would eliminate 137 eligibility workers and that it would handle the remaining \$3.3 million through additional personnel cuts through layoffs, furloughs, and attrition. DHS did not suggest how the cut in \$585,422 TANF funds would further impact eligibility workers.

It is counterintuitive that State General Funds and federal TANF funds decrease as demand for services continues to increase.

### Support for Needy Families – Basic Assistance

Lawmakers cut \$2.4 million TANF funds for Support for Needy Families – Basic Assistance, an \$11.4 million cumulative drop since FY 2009. Prior to the recession, the number of adult TANF

recipients decreased dramatically from 32,352 to 3,109 between 2002 and 2008, getting as low as 2,521 in September of 2008.

The Great Recession reversed that trend. With record high unemployment, the number of TANF adult recipients with children under age 18 rose by 1,663 adult recipients from December 2008 to November 2009, a 53 percent increase.<sup>10</sup> It is important to note that throughout the period from 2002 to 2009 other poverty indicators continued to increase, indicating that the drop in 2002 to 2008 was not due to a drop in poverty. See Table 3 for more information.

Lawmakers should use TANF appropriations to respond to the increasing number of Georgia families turning to TANF as Georgia begins its recovery from the Great Recession, as intended.

*Table 3 Families Receiving TANF Not Keeping Pace with Families in Poverty*

	January, 2002 <sup>11</sup>	2008	2009	Change 2002 – 2009
<b>TANF Adults</b>	32,352	3,109	4,772 <sup>12</sup>	-85%
<b>TANF Children</b>	102,994	35,807	35,978 <sup>13</sup>	-65%
<b>Unemployed Persons</b>	183,838	317,500 <sup>14</sup>	480,300 <sup>15</sup>	161%
<b>Persons Below Poverty</b>	1,053,357	1,323,828 <sup>16</sup>	1,380,842 <sup>17</sup>	31%
<b>Food Stamp Recipients</b>	591,608	1,086,410 <sup>18</sup>	1,455,171 <sup>19</sup>	146%

*Source: U.S. Health and Human Services, U.S. Department of Labor, U.S. Census Bureau, U.S. Department of Agriculture, and Georgia Budget & Policy Institute.*

### Support for Needy Families – Work Assistance

In the FY 2011 appropriations, lawmakers did not restore \$21.3 million in TANF funds for Support for Needy Families – Work Assistance that were cut from the FY 2010 budget, a 55 percent reduction. TANF funds remain level to FY 2010.

Among other supports, Work Assistance includes the Work Support Program that helps former TANF recipients who leave the system maintain employment through short-term payments and job coaching.

For FY 2011, TANF funding for work supports remains low even as the number of adults receiving TANF is increasing.

### Subsidized Child Care

Georgia’s subsidized child care program, known as Child and Parent Services (CAPS), is primarily funded by the federal Child Care and Development Fund (CCDF) and required state matching funds. TANF funds have historically been a minor but important source of funding for CAPS, reaching a high of \$29.7 million in FY 2007. Even at Georgia’s highest level of TANF

investment, in 2007, it ranked among the bottom 11 states in percentage of TANF funds used for child care and had a large waiting list of approximately 21,000 families.

For FY 2010 and FY 2011, Georgia's TANF investment in CAPS is only \$600,000, down from \$12.1 million in FY 2009, due to \$36 million in targeted Recovery Act Funds for CAPS over both budget years. These Recovery Act funds enabled CAPS to nearly eliminate the waiting list and serve 5,000-8,000 additional children per month starting in August 2009, which are expected to continue through September 30, 2010.

What will happen when Recovery Act Funds expire? Will lawmakers restore the FY 2009 level of TANF funds for FY 2012, will they increase State General Funds, will the CCDF allocation to Georgia increase, or will CAPS once again build up a large waiting list of low-income working families who are eligible but unable to access subsidized child care, a direct purpose of TANF.

### **Department of Behavioral Health and Developmental Disabilities**

Lawmakers maintained level TANF funding for the Department of Behavioral Health and Developmental Disabilities compared to FY 2010, but shifts \$2.6 million from the agency's administration budget to Adult Addictive Diseases Program.

**Table 4 Allocation of TANF Funds in DBHDD from FY 2009 to FY 2011**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2010 – FY 2011 Change</b>	<b>FY 2010 – FY 2011 Change</b>	<b>FY 2009 – FY 2011 Change</b>
Administration	\$0	\$2,634,405	\$0	-\$2,634,405	-100%	New
Adult Addictive Diseases	\$21,873,683	\$17,496,083	\$20,130,488	\$2,634,405	15.1%	-8%
Adult Developmental Disabilities	\$411,234	\$411,234	\$411,234	\$0	0%	0%
Adult Mental Health Services	\$1,219,465	\$0	\$0	\$0	0%	-100%
<b>DBHDD Subtotal</b>	<b>\$23,504,382</b>	<b>\$20,541,722</b>	<b>\$20,541,722</b>	<b>\$0</b>	<b>0%</b>	<b>-12.6%</b>

Source: FY 2009 HB 990, FY 2010 HB 119 and FY 2011 HB 948.

### **Department of Community Health**

For FY 2011, lawmakers cut TANF funds from the Department of Community Health's administration budget by \$1.2 million compared to FY 2010. See Tables 5 below.

Table 5 **Allocation of TANF Funds in DCH from FY 2009 to FY 2011**

	FY 2009	FY 2010	FY 2011	FY 2010 – FY 2011 Change	FY 2010 – FY 2011 Change	FY 2009 – FY 2011 Change
Administration	\$0	\$1,182,023	\$0	-\$1,182,023	-100%	New
Adolescent and Adult Health Promotion	\$23,200,000	\$15,210,445	\$15,210,445	\$0	0%	-34.4%
<b>DCH Subtotal</b>	<b>\$23,200,000</b>	<b>\$16,392,468</b>	<b>\$15,210,445</b>	<b>-\$1,182,023</b>	<b>-7.2%</b>	<b>-34.4%</b>

Source: FY 2009 HB 990, FY 2010 HB 119 and FY 2011 HB 948.

Lawmakers did not restore the 34.4 percent cut from FY 2009 to FY 2010 for Adolescent and Adult Health Promotion, which impacts family planning and youth development, for FY 2011. TANF funding remains level compared to FY 2010.

### Other Agencies that Receive TANF Funds

The Governor’s Office of Children and Families (GOCF) is receiving a significant increase in TANF funds for FY 2011. Starting with \$250,000 in TANF funds in FY 2009, lawmakers appropriated \$3.8 million in TANF funds to the office.

For FY 2011, DHS swapped \$2.8 million in federal TANF funds for GOCF’s equivalent in state funds. According to the GOCF, the Governor’s Office of Planning and Budget (OPB) contacted them during the fall 2009 to inquire about state-funded youth programs that might meet the TANF program criteria. GOCF identified \$2.8 million in state-funded grant programs that complied, including programs that seek to prevent or reduce out-of-wedlock pregnancies and those that provide assistance to needy families so that children can be cared for in their homes.<sup>20</sup>

Although the GOCF grant programs will experience a “net zero effect”, DHS cut \$2.8 million in federal TANF funds from other DHS programs such as Support for Needy Families – Basic Assistance, which has been shorted again despite the significant need.

Table 6 **Allocation of TANF Funds in Governor’s Office and Department of Community Affairs from FY 2009 to FY 2011**

	FY 2009	FY 2010	FY 2011	FY 2010 – FY 2011 Change (\$)	FY 2010 – FY 2011 Change (%)	FY 2009 – FY 2011 Change (%)
Gov Office of Children and Families	\$250,000	\$1,241,680	\$3,814,350	\$2,572,670	207.2%	1,425.7%
Dept of Comm. Affairs Housing Initiative	\$100,000	\$0	\$0	\$0	0%	(-100%)
<b>Other Subtotal</b>	<b>\$350,000</b>	<b>\$1,241,680</b>	<b>\$3,814,350</b>	<b>\$2,572,670</b>	<b>207.2%</b>	<b>254.8%</b>

Source: FY 2009 HB 990, FY 2010 HB 119 and FY 2011 HB 948.



## Policy Considerations

1. Should child welfare-related services consume the majority of Georgia's annual TANF award? In FY 2011, total available TANF funds decreased \$12.1 million, while investment of TANF funds in child welfare-related services increased slightly.

Georgia will spend 60 percent of its annual TANF award (\$368 million) on child welfare-related programs, leaving 40 percent to spend on programs directly related to TANF purposes, such as basic assistance, work assistance, and subsidized child care.

2. The number of TANF adult recipients (recipients must have children under age 18) have increased significantly. In light of this growth and Georgia's slow recovery from the Great Recession, is it prudent for Georgia lawmakers to de-fund supports for vulnerable families during the worst economy since the Depression?

Should they instead be restoring Support for Needy Families – Work Assistance and eligibility workers to at least FY 2009 TANF funding levels?

3. Will Georgia restore TANF funds in FY 2012 to CAPS, the subsidized child care program, once the Recovery Act funds expire?

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## Endnotes

<sup>1</sup>House Bill 948 is available at

[http://www.legis.state.ga.us/legis/2009\\_10/senate/sbo/2011g/FY11G\\_CC\\_Human\\_Development.pdf](http://www.legis.state.ga.us/legis/2009_10/senate/sbo/2011g/FY11G_CC_Human_Development.pdf) (June 2010)

<sup>2</sup> House Bill 119 is available at [www.legis.ga.gov/legis/2009\\_10/senate/sbo/2010g/hb119\\_cc.pdf](http://www.legis.ga.gov/legis/2009_10/senate/sbo/2010g/hb119_cc.pdf), (April 2009).

<sup>3</sup> House Bill 990 is available at [www.legis.ga.gov/legis/2007\\_08/senate/sbo/HB990\\_CC\\_SBEO\\_Version.pdf](http://www.legis.ga.gov/legis/2007_08/senate/sbo/HB990_CC_SBEO_Version.pdf), 2009.

<sup>4</sup> E-mail from Center on Law and Social Policy, June 22, 2010.

<sup>5</sup> Based on GBPI analysis of data provided by DHS in 2007. For GBPI analysis, see “TANF Budget 2002-2007: The Shifting Priorities” available at <http://www.gbpi.org/documents/20070612.pdf>.

<sup>6</sup> In FY 2011, legislators added a Child Welfare Services – Special Project to ensure that DHS directed \$250,000 in TANF funds to Child Advocacy Centers. These centers are nonprofit agencies located across Georgia that primarily are responsible for multi-disciplinary forensic interviewing of children who are victims of sexual abuse. The centers also evaluate and treat child victims.

<sup>7</sup> Commissioner B. J. Walker presentation to Georgia House and Senate Appropriations Committee, January 21, 2010 for Medicaid, Food Stamp, and case ratio data. TANF data is for December 2008 and November 2009 and was provided by Data, Analysis, Accountability, Research & Evaluation in October 2009 and January 2010.

<sup>8</sup> Ibid.

<sup>9</sup> Author calculation assuming \$3.2 million cut will eliminate 137 eligibility workers.

<sup>10</sup> TANF data is for December 2008 and November 2009 and was provided by Data, Analysis, Accountability, Research & Evaluation in October 2009 and January 2010.

<sup>11</sup> Robert Welsh, “TANF Budget 2002-2007: The Shifting Priorities,” Georgia Budget and Policy Institute, June 2007, [www.gbpi.org/pubs/gabudget/20070612.pdf](http://www.gbpi.org/pubs/gabudget/20070612.pdf).

<sup>12</sup> TANF data is for December 2008 and November 2009 and was provided by Data, Analysis, Accountability, Research & Evaluation in October 2009 and January 2010.

<sup>13</sup> Ibid.

<sup>14</sup> U.S. Department of Labor – Bureau of Labor Statistics, “Regional and State Employment and Unemployment: September 2008,” October 21, 2008. (Note: seasonally adjusted figures.)

<sup>15</sup> U.S. Department of Labor – Bureau of Labor Statistics, “Regional and State Employment and Unemployment,” November 2009

<sup>16</sup> U.S. Census Bureau, “American Community Survey 2007,” Table B1701; [www.census.gov/acs/www/index.html](http://www.census.gov/acs/www/index.html)

<sup>17</sup> U.S. Census Bureau, “American Community Survey 2008,” Table C17001; [www.census.gov/acs/www/index.html](http://www.census.gov/acs/www/index.html)

<sup>18</sup> US Department of Agriculture, [www.fns.usda.gov/pd/29%20SNAPcurrPP.htm](http://www.fns.usda.gov/pd/29%20SNAPcurrPP.htm), retrieved August 2008.

<sup>19</sup> US Department of Agriculture [www.fns.usda.gov/pd/29SNAPcurrPP.htm](http://www.fns.usda.gov/pd/29SNAPcurrPP.htm), retrieved December, 2009.

<sup>20</sup> E-mail from Governor’s Office of Children and Families, June 14, 2010 and June 16, 2010.

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