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Georgia's Allocation of Federal TANF Funds in FY 2010

A Continued Shift Toward Child Welfare-Related Services Despite Fewer Available Funds

By Clare S. Richie, Senior Policy Analyst

Summary

Georgia has 11 percent less available federal TANF funds for state fiscal year 2010 than it had in FY 2009. However, Georgia continues to direct the majority of TANF funds — in increasing amounts — to services related to child welfare while cutting TANF funds from state programs that directly satisfy its core 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.

Georgia has 11 percent fewer available federal Temporary Assistance for Needy Families (TANF) funds for state fiscal year 2010 than it had in FY 2009. This is primarily due to decreasing unspent TANF funds that Georgia can carry forward from one year to the next.

Despite need among a growing number of families living below the federal poverty level, Georgia continues to direct the majority of TANF funds — in increasing amounts — to child welfare-related services while cutting TANF funds from state programs that directly satisfy TANF purposes. Federal law outlines four broad purposes for states to spend their TANF block grant funds:

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.
4. Encourage the formation and maintenance of two-parent families.

In practice, Georgia is using TANF funds as a bank to replace state funds in child welfare-related services — Adoption Assistance, Child Welfare Services and Out of Home Care. Georgia is experiencing record levels of unemployment and currently nearly one out of every five children in Georgia is living below the federal poverty line (and this is expected to increase); therefore, it is more important than ever to direct TANF funds to programs that help Georgians secure and maintain employment. Policymakers should re-examine TANF spending, putting greater focus on programs that work directly to satisfy TANF's four purposes, while simultaneously identifying revenue solutions that renew investment of state funds in child welfare-related services.

The Georgia General Assembly appropriated \$405.3 million in available TANF funds for FY 2010 within House Bill 119¹, which details the allocation of federal and state funds for FY 2010 and was signed by the governor on May 13, 2009.

The following analysis compares the allocation of TANF funds in FY 2010 (House Bill 119) with FY 2009 (House Bill 990).² For FY 2010, TANF funds are allocated among the following state agencies: Department of Human Resources (DHR), Department of Behavioral Health and Developmental Disability (DBHDD), Department of Community Health (DCH), and the Governor's Office of Children and Families.³

Table I

Allocation of Federal TANF Funds Among Programs for FY 2009 and FY 2010

	FY 2009 HB 990 (in millions)	FY 2010 HB 119 (in millions)	Change (\$) (in millions)	Change (%)
Annual Federal TANF Funds	\$368	\$368	\$0	0%
Federal Unobligated Balance	\$87.6	\$37.3	(-\$50.3)	(-57.4%)
Total Available TANF Funds	\$455.6	\$405.3	(-\$50.3)	(-11%)
TANF Allocation by Department				
Department of Human Resources				
Administration	\$15	\$10.2	(-\$4.8)	
Adoption Services	\$12	\$12	\$0	
After School Care	\$14	\$14	\$0	
Child Care Services	\$10.3	\$0.6	(-\$9.7)	
Child Welfare Services	\$77.3	\$63	(-\$14.3)	
Child Welfare Services – Social Services Block Grant Transfer	\$25.8	\$25.8	\$0	
Eligibility	\$0.5	\$0.5	\$0	
Family Violence Services	\$5.6	\$5.6	\$0	
Out of Home Care	\$90.8	\$118.2	\$27.4	
Support for Needy Families-Basic Asst	\$65.6	\$56.6	(-\$9)	
Support for Needy Families-Family Asst	\$29.5	\$29.5	\$0	
Support for Needy Families-Work Asst	\$39.1	\$17.8	(-\$21.3)	
Family Connection	\$1.2	\$1.2	\$0	
DHR Subtotal	\$386.7	\$355.0	(-\$31.7)	(-8.2%)

	FY 2009 HB 990 (in millions)	FY 2010 HB 119 (in millions)	Change (\$ in millions)	Change (%)
Department of Behavioral Health and Developmental Disabilities				
Administration	\$0	\$2.6	\$2.6	
Adult Addictive Diseases	\$21.9	\$17.5	(-\$4.4)	
Adult Developmental Disabilities	\$0.4	\$0.4	\$0	
Adult Mental Health Services	\$1.2	\$0	(-\$1.2)	
DBHDD Subtotal	\$23.5	\$20.5	(-\$3)	(-12.8%)
Department of Community Health				
Administration	\$0	\$1.2	\$1.2	
Adolescent and Adult Health Promotion	\$23.2	\$15.2	(-\$8)	
DCH Subtotal	\$23.2	\$16.4	(-\$6.8)	(-29.3%)
Other				
Governor's Office of Children and Families	\$0.25	\$1.2	\$1	
Dept of Comm. Affairs Special Housing Initiative	\$0.1	\$0	(-\$0.1)	
Other Subtotal	\$0.35	\$1.2	\$.9	254.8%
Total TANF Appropriated	\$433.7	\$393.1	(-\$40.6)	(-9.4%)
Carry Forward-Federal Unobligated Balance	\$22	\$12.1	(-\$9.9)	(-45%)
Total Available TANF Funds	\$455.7	\$405.2	(-\$50.5)	(-11.1%)

Sources: FY 2009 HB 990 and FY 2010 HB 119.

Federal Unobligated Balance

Available TANF funds are down \$50.3 million from FY 2009 because of the decrease in the federal unobligated balance. TANF funds that are not spent (or otherwise obligated) by the end of a fiscal year are moved into the federal unobligated balance and are carried forward to the next fiscal year. Prior to the American Recovery and Reinvestment Act (ARRA), the states could only spend the federal unobligated balance on Support for Needy Families – Basic Assistance. ARRA gives states the flexibility to spend their federal unobligated balance on any program that broadly satisfies TANF's four purposes.

In recent years, the Georgia DHR used the federal unobligated balance to fund basic assistance and redirected current TANF funds to other programs. For example, TANF spending in child welfare-related services increased from \$60 million in 2002 to \$205 million in 2009, a 243 percent increase. In FY 2002, the federal unobligated balance was \$219.6 million. It is \$37.3 million for the start of FY 2010 (July 1, 2009).

Georgia's federal unobligated balance is decreasing primarily for two reasons. One is that Georgia spends it down to replace state investments. The other reason it is decreasing is because the annual federal TANF allocation is not adjusted for inflation. As available TANF funds decrease, DHR should prioritize among programs that work directly to satisfy the TANF purposes (e.g., subsidized child care, work assistance, and family planning) and those that more indirectly strive toward this goal (e.g., child welfare related-services).

In the near future, when the federal unobligated balance is depleted, Georgia will need to fund basic assistance with annual federal TANF funds (\$368 million), leaving less TANF funds to allocate among the programs listed in Table 1. Unless Georgia invests state funds in these programs, they will likely face more cuts in the budget years to come.

Key Shifts in TANF Fund Allocations From FY 2009 to FY 2010

HB 119 reflects Georgia's TANF funding priorities for FY 2010, continuing lawmaker's practice of funding more indirect purposes while shifting funds away from direct TANF purposes despite the drop in the federal unobligated balance and 11 percent decrease in available TANF funds. The following is a summary of key shifts in TANF funding from FY 2009 to FY 2010.

Child Welfare-Related Services

Under HB 119, lawmakers increased funding for child welfare related-services — Adoption Assistance, Child Welfare Services, and Out of Home Care — from \$205 million to \$219 million, by allocating 60 percent of Georgia's annual TANF award (\$368 million) to them. As a result less than half of TANF funds are now available for programs directly related to its four purposes, e.g., work assistance and subsidized child care.

Support for Needy Families – Basic Assistance

Under HB 119, Support for Need Families – Basic Assistance is \$9 million less than it was in FY 2009. According to DHR, an amendment to FY 2009 Governor's Budget reduced basic assistance by \$7.6 million due to "natural under-spending."⁴ HB 119 moved another \$1.4 million to Out of Home Care. Under-spending is due to a dramatic drop in the number of Georgia's child and adult TANF basic assistance recipients. The number of Georgians living below poverty is 1.3 million, however only 38,000 Georgians are receiving basic assistance. Lawmakers should budget accordingly in light of rising poverty indicators.

Table 2

Poverty Indicators for Georgia

	January, 2002⁵	2008	% Change
TANF Adults	32,352	2,521 ⁶	-92%
TANF Children	102,994	35,455	-66%
Unemployed Persons	183,838	317,500 ⁷	73%
Persons Below Poverty	1,053,357	1,323,828 ⁸	26%
Food Stamp Recipients	591,608	1,086,410 ⁹	84%

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

Subsidized Child Care

Georgia's subsidized child care program, known as Child and Parent Services (CAPS), primarily is funded by the federal Child Care and Development Block Grant (CCDBG) and required state matching funds. The CAPS budget has remained relatively flat over the past 4 years at about \$227 million, serving a monthly average of approximately 54,000 children, despite thousands of families on the waiting list and its direct relationship to TANF's purpose.

CAPS provides an example of how Georgia has directed necessary TANF funds away from a program that directly satisfies one of the four purposes of TANF. TANF funds transferred to CCDBG¹⁰ for CAPS have historically been a minor source of funding (e.g., 13 percent in FY 2007) and have steadily decreased.

Table 3

TANF Funds Allocated to CAPS FY 2006 to FY 2010

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
TANF Funds allocated to CAPS	-\$29.7 million	\$29.7 million	\$0	\$10.3 million	\$600,000

Source: Georgia DHR Budget Office.

During fiscal years 2003 through 2007, DHR often transferred unspent TANF dollars from CCDBG back to the TANF program to avoid expiration because DHR had not spent down regular CCDBG funds for CAPS. Had Georgia spent the millions of CCDBG funds and TANF funds in the year allocated, thousands of additional working families would have received child care subsidies rather than remain on the waiting list, thus enabling more parents to work.

In FY 2007, federal TANF transfers to CCDBG were \$29.7 million, which DHR chose to spend over a three year period (about \$10 million per year, FY 2007 – FY 2009).

In FY 2009, the governor's state budget allocated the remaining \$10 million in TANF funds (carried forward within CCDBG from FY 2008) to CAPS, along with \$10.3 million in TANF funds generated by eliminating the Good Works contract between DHR and the Georgia Department of Labor and by redirecting administration funds.

For FY 2010, the CAPS budget includes only \$600,000 in TANF funds. HB 119 supplants this TANF cut and provides additional funds to eliminate the waiting list with \$36 million in federal stimulus funds from the American Recovery and Reinvestment Act (ARRA). HB 119 requires DHR to spend ARRA funds in the CAPS program.

Work Assistance

In the FY 2010 appropriations, TANF funds for Support for Needy Families – Work Assistance are cut by \$21.3 million, a nearly 55 percent reduction from FY 2009. 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.

Adolescent and Adult Health Promotion

HB 119 includes a \$3.9 million cut in federal TANF funds for family planning and youth development, programs that prevent adolescent and other unplanned pregnancies among this vulnerable population.

Adult Addictive Diseases and Mental Health Services

HB 119 cuts \$5.6 million in TANF funds from substance abuse treatment and mental health services.

Policy Questions to Consider

1. Should child welfare-related services consume the majority of Georgia's annual TANF award? In FY 2010, total available TANF funds decreased \$50.3 million, while investment of TANF funds in child welfare-related services increased by \$14 million to \$219 million. 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 subsidized child care, work assistance, and adult and adolescent health.
2. In the fall of 2008 there was an uptick in TANF adult recipients. In light of this growth and the continued recession, is it prudent for Georgia lawmakers to cut nearly 55 percent of federal TANF funds from Support for Needy Families – Work Assistance and to cut Support for Basic Assistance by 14 percent?
3. Should Georgia invest more TANF funds in child care subsidies after the ARRA stimulus funds run out in FY 2011 and reverse the trend? Should it remain level?
4. Should Georgia lawmakers cut \$3.9 million in TANF for family planning and youth development programs when one of TANF's four purposes is to prevent out-of-wedlock pregnancies and promote 2-parent households?

¹ House Bill 119 is available at www.legis.ga.gov/legis/2009_10/senate/sbo/2010g/hb119_cc.pdf, (April 2009).

² House Bill 990 is available at www.legis.ga.gov/legis/2007_08/senate/sbo/HB990_CC_SBEO_Version.pdf, 2009.

³ House Bill 228 is available at www.legis.ga.gov/legis/2009_10/sum/hb228.htm. It restructures the Georgia Department of Human Resources (to be renamed Department of Human Services) and moves some programs to a new department, Department of Behavioral Health and Developmental Disabilities, and other programs to the existing Department of Community Health, effective July 1, 2009. HB 228 was signed into law on May 4, 2009.

⁴ Conversation with DHR/Department of Family and Children Services by author, written notes, Atlanta, GA, March 2009.

⁵ Robert Welsh, "TANF Budget 2002-2007: The Shifting Priorities," Georgia Budget and Policy Institute, June 2007, www.gbpi.org/pubs/gabudget/20070612.pdf.

⁶ Statistics provided by Georgia DHR via e-mail January 9, 2009.

⁷ U.S. Department of Labor – Bureau of Labor Statistics, "Regional and State Employment and Unemployment: September 2008," October 21, 2008. (Note: seasonally adjusted figures.)

⁸ U.S. Census Bureau, "American Community Survey 2007," Table BS1701; www.census.gov/acs/www/index.html

⁹ US Department of Agriculture, www.fns.usda.gov/pd/29%20SNAPcurrPP.htm, retrieved August 2008.

¹⁰ States may transfer up to 30 percent of their TANF block grants to CCDBG, in which case the transferred funds become subject to CCDBG rules. States may also transfer up to 10 percent of their TANF award to their Social Services Block Grant (SSBG). The total amount transferred to CCDBG and SSBG may not exceed 30 percent of a state's block grant.

FOR MORE INFORMATION, CONTACT:

CLARE S. RICHIE, SENIOR POLICY ANALYST
404-420-1324 ext. 100
crichie@gbpi.org

ALISON AMOROSO, DIRECTOR OF COMMUNICATIONS
404-420-1324 ext. 105
aamoroso@gbpi.org

Clare S. Richie is available for interviews and comments.

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