

Senate Committee on Children & Youth/House Committee on Aging, Children and Youth, Legislative & Military Affairs

TANF Program Questions May 9, 2012

The committee requested the following information:

1. What are the federal and the state requirements for cash assistance?

Background

In 1996, Congress created the Temporary Assistance for Needy Families (TANF) program. This \$16.5 billion a year block grant was enacted under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which replaced Aid to Families with Dependent Children (AFDC) and other related welfare programs. States must use objective criteria for determining eligibility and benefits. Funds must be used for eligible, needy families with a child and for one of the four purposes of the TANF program:

1. To provide assistance to needy families;
2. To end dependence of needy parents by promoting job preparation, work and marriage;
3. To prevent and reduce out-of-wedlock pregnancies; and
4. To encourage the formation and maintenance of two-parent families.

Transitional Employment Assistance (TEA)

The Transitional Employment Assistance (TEA) Program was implemented on July 1, 1997, in accordance with Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and Arkansas Act 1058, the Arkansas Personal Responsibility and Public Assistance Reform Act of 1997. The TEA Program replaced the Aid to Families with Dependent Children (AFDC) Program as the focal point of the State's welfare reform effort and plays a critical role in the State's mission to strengthen the well-being of children, families and adults.

Acts 1567 of 1999, 1264 of 2001, and 1306 of 2003 enacted other provisions to strengthen the Arkansas TEA Program. Arkansas Act 1705 of 2005 transferred responsibility for the program from the Department of Human Services (DHS) to the Department of Workforce Services (DWS). Under this Act, responsibility for determining eligibility for the program and delivering cash assistance benefits remains with the DHS - Division of County Operations (DCO), while DWS is responsible for the provision of case management services and overall administration of the program.

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TEA provides time limited cash assistance to needy families with (or expecting) children and furnishes parents with work training and other supportive services they need in order to attain permanent self-sufficiency.

Under TANF program instructions, the most common form of "assistance" is the monthly cash benefit, but other things can count as "assistance." Under the regulations at 45 CFR §260.31, assistance is defined as including "cash, payments, vouchers and other forms of benefits designed to meet a family's ongoing basic needs."

The following are TANF Federal program requirements:

TANF Federal Requirements

- Cash assistance time limit of 60 months
 - Arkansas uses a time limit of 24 months
- Work requirements of most cash recipients
- Recipients face payment sanctions and termination of benefits for not meeting work requirement
- Individual Responsibility Plans required for all cash recipients
- Teen parent live-at-home and stay-in-school requirement
- Annual state plan
- 15% cap on administrative costs
- State Maintenance of Effort (MOE) requirement
 - 5% of 1995 spending when meeting work participation rates
 - 80% of 1995 spending when not meeting work participation rates
 - Funding penalties if fail to meet federal requirements
 - New Work Verification Plan requirements

2. An outline of the dollar amounts discussed in the meeting (loss of funds) to include the information shared in the historical overview provided.

RECENT TANF EXTENSION

On February 22, 2012, President Obama signed the Payroll Tax Extension into law. The measure (H.R. 3630) extends the payroll tax holiday and unemployment insurance benefits and includes an extension of the TANF program through September 30, 2012.

On the surface, this appeared to be good news for States' TANF Program. However, this extension did not provide funding for the TANF Supplemental grant program. Arkansas is one of seventeen states that have received TANF

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Supplemental Grants every year since TANF was created (most of them relatively poor states).

Consequently, Arkansas has lost \$6.2 million (approximately 10%) of its federal TANF funding. The losses of the TANF Supplemental grant and Emergency Contingency Fund, coupled with the severely diminished TANF Contingency fund (exhausted as of March 31, 2012), has severely diminished Arkansas' TANF Program.

TANF Carryforward Funding

Since the advent of welfare reform, states have carried forward TANF funds not expended during the current fiscal year for possible expenditure in succeeding years. States typically save, or "reserve", this portion of their grant award as a precautionary measure to protect against recessions and emergencies that may result in an unexpected rise in need for assistance to needy families. These "reserve" funds are often referred to as unobligated balances. A state must expend unobligated balances only on benefits that specifically meet the definition of assistance or the administrative costs directly associated with providing the assistance.

Like many other states, Arkansas has enjoyed a healthy TANF carry forward balance under PRWORA. This balance, brought forth mainly due to substantial decreases in welfare caseloads since PRWORA's inception. However, Arkansas projects to have this carry forward amount drastically reduced by 2013.

DWS and DHS has used the restricted carryforward funds in the past to fund Federally mandated activities to free up current year funds for state authorized activities, including items requested by the Legislature. Total elimination of the carryforward funds would mean that all federally mandated and state authorized activities would have to come from current year funds. If we eliminated all but the four large state authorized activities, we would be unable to reduce spending to current funding levels.

DHS utilized TANF carryforward funds to make cash assistance payments to TANF clients until the fall of 2011 (approximately \$13 million per year). DWS has since assumed responsibility for this annual expenditure.

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3. A list of programs that have been impacted by the loss of funds and the dollar amount of the impact.

For the Federal Fiscal year 2013, which starts on October 1, 2012, we have proposed funding reductions in three of the large state authorized programs. We did not propose cuts in the ABC Pre-K Child Care program.

The reductions are as follows:

Program/Initiative	FFY 2011-12 Funding	Funding Reduction	FFY 2012-13 Funding
DHS Emergency Assessments	\$11,247,469	\$2.2 million	\$8,997,975
Career Pathways Initiative	\$13,000,000	\$2.0 million	\$11,000,000
Arkansas Work Initiative	\$5,438,266	\$2.0 million	\$2,700,000
Other TANF budget reductions implemented			
Individual Development Account (IDA) Program	\$1.7 M	\$850K	\$ 850,000
Severe Barriers Program (UAMS)	\$1.4 M	\$700K	\$ 700,000

Note: Severe Barriers program was formally operated by UAMS. This program was brought internal to DWS beginning October 1, 2011. This provides an initial cost savings of \$700K.

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4. For planning purposes, the committee has requested to be informed about where cuts are being planned before cuts are made. They specifically asked for options regarding cuts and what can be done.

During the first four years of the TANF block grant, Arkansas's annual TANF expenditures were substantially less than the annual TANF grant amount. These unspent TANF funds resulted in a significant reserve balance that reached \$100 million in 2007/08. Nationally, pressure from advocates and the federal government lead program administration to use TANF funds at a much higher rate beginning in 2001/02. Annual TANF expenditures exceeded the annual grant amount, causing Arkansas to spend its annual TANF grant and a portion of the reserves. Consequently, the reserve balance created in earlier years has been drastically reduced and will be eliminated by February 2013.

Like many other states, Arkansas has paid for several programs with funds that all agreed could not be sustained over the longer term. TANF block grant spending must be cut or alternate funding sources found in the upcoming fiscal years. Given the tight fiscal condition of our General Fund, alternate funding sources are unlikely. With this in mind, DWS will likely propose funding reductions to the TANF program going forward, consistent with an anticipated \$56 million dollar TANF budget for FFY 2013-2014 and beyond. **We will notify this committee, the Governor, and affected programs as early as possible before the start of the 2013-2014 fiscal year.**

The Department of Workforce Services has made a concerted effort to inform its partner agencies and contractors that a) ongoing TANF funds availability is contingent upon appropriation for the federal government, and b) efforts should be taken by them to identify and acquire additional non-TANF funding for their projects, as appropriate.

5. Data related to the Career Pathways Program specifically, the retention rate and the employment rate.












Performance reports indicate the following:


Retention Rates:	Employment Rates	
FY2008-2011 – 80%	FY2007 – 80% (based upon 6 months)	FY2009 – 55%
	FY2010 – 58%	FY2011 – 57%



Directions to 2120 Burnham Rd, Fort Smith, AR 72903
159 mi – about 2 hours 36 mins

 Dr Martin Luther King Jr Dr, Little Rock, AR 72201

- | | | |
|---|---|---------------------------|
| | 1. Head southeast on State Capitol toward Capitol Mall | go 407 ft
total 407 ft |
|  | 2. Turn left to stay on State Capitol | go 108 ft
total 0.1 mi |
|  | 3. Turn right to stay on State Capitol | go 394 ft
total 0.2 mi |
|  | 4. Turn left onto W 7th St | go 285 ft
total 0.2 mi |
|  | 5. Take the 1st right onto Dr Martin Luther King Dr/Martin Luther King Dr | go 472 ft
total 0.3 mi |
|  | 6. Turn left to merge onto I-630 E
About 2 mins | go 1.5 mi
total 1.8 mi |
|  | 7. Take exit 139A to merge onto I-30 E toward N Little Rock
About 4 mins | go 3.1 mi
total 4.9 mi |
|  | 8. Continue onto US-65 N | go 0.5 mi
total 5.4 mi |
|  | 9. Merge onto I-40 W
About 2 hours 19 mins | go 145 mi
total 150 mi |
|  | 10. Slight right onto I-540 S/US-71 S (signs for Van Buren/Fort Smith)
About 8 mins | go 8.4 mi
total 159 mi |
|  | 11. Take exit 8A to merge onto AR-22 W/Rogers Ave | go 0.2 mi
total 159 mi |
|  | 12. Turn right onto Burnham Rd
Destination will be on the left | go 453 ft
total 159 mi |

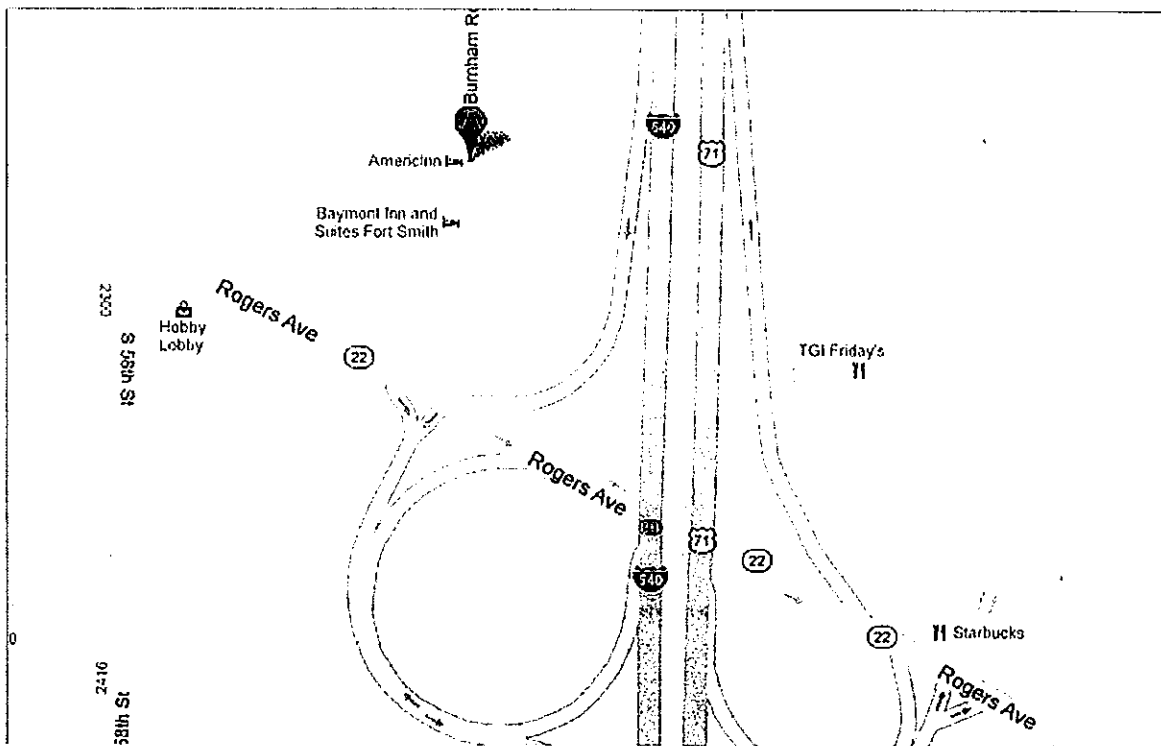
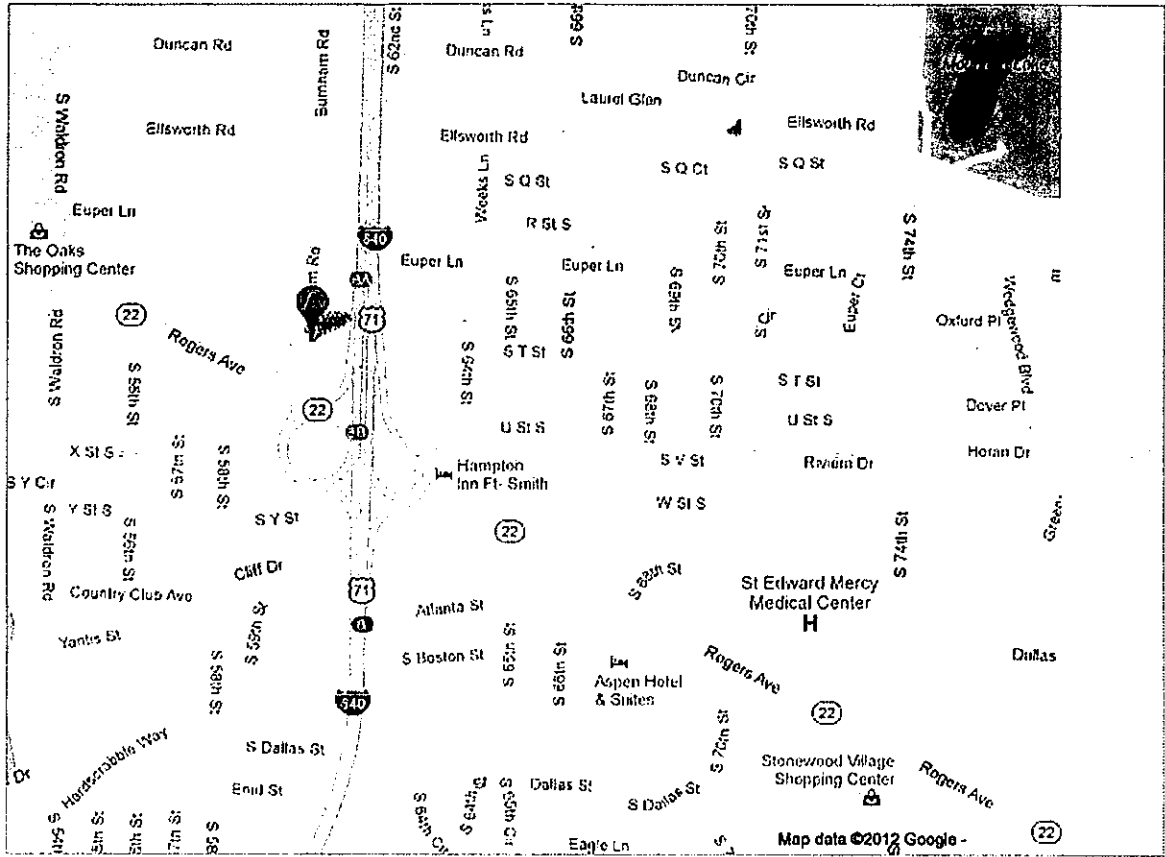
 2120 Burnham Rd, Fort Smith, AR 72903

These directions are for planning purposes only. You may find that construction projects, traffic, weather, or other events may cause conditions to differ from the map results, and you should plan your route accordingly. You must obey all signs or notices regarding your route.

Map data ©2012 Google

Directions weren't right? Please find your route on maps.google.com and click "Report a problem" at the bottom left.

There are 2 maps. The 2nd map shows the placement of the Americinn Hotel at the address of 2120 Burnham Rd.



STATE OF ARKANSAS
BUREAU OF
LEGISLATIVE RESEARCH



David Ferguson, Director
Kim Arnall, Assistant Director
for Fiscal Services
Marty Garrity, Assistant Director
for Legal Services
Richard Wilson, Assistant Director
for Research Services

June 7, 2012

Meeting Notice

Senate Committee on Children and Youth
House Committee on Aging, Children and Youth, Legislative & Military Affairs
of the
ARKANSAS GENERAL ASSEMBLY
Meeting Jointly

✓ Sen. Missy Irvin, Chair
Sen. Jack Crumbly, Vice Chair
✓ Sen. Percy Malone
Sen. Jimmy Jeffress
Sen. Sue Madison
Sen. Robert Thompson
✓ Sen. Linda Chesterfield
Sen. Jason Rapert
Sen. Stephanie Flowers
✓ Sen. Eddie Joe Williams

Rep. Stephanie Malone, Chair
Rep. David "Bubba" Powers, Vice Chair
Rep. Billy W. Gaskill
✓ Rep. Tim Summers
Rep. Darrin Williams
Rep. Jody Dickinson
Rep. Lori Benedict
✓ Rep. Gary Deffenbaugh
✓ Rep. Justin T. Harris
Rep. Kim Hammer

✓ Rep. David Meeks
Rep. Mary P. "Prissy" Hickerson
Rep. David J. Sanders
Rep. John W. Walker
✓ Rep. Gary Stubblefield
Rep. Efrem Elliott
✓ Rep. Loy Mauch
Rep. Jon Hubbard
Rep. Bruce Cozart
✓ Rep. Hudson Hallum

Rep. Burris
Rep. S. Meeks

The Senate Committee on Children and Youth and the House Committee on Aging, Children and Youth, Legislative and Military Affairs will meet jointly on Tuesday, June 12, 2012 at 2:00 p.m., at the AmericInn, 2120 Burnham Road and Wednesday, June 13, 2012 at 8:30 a.m., at Hardscrabble Country Club, 5211 South Cliff Drive both in Fort Smith, Arkansas.

If you have questions and/or need additional information, please feel free to contact me at (501) 537-9191.

Sincerely,

Varnaria J. Vickers-Smith

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