TANF Budget 2002-2007: The Shifting Priorities

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Executive Summary

Georgia’s Temporary Assistance for Needy Families (TANF) caseload has plummeted by 89.7 percent for adults and 60.3 percent for children over the past five years. With those dramatic reductions, is Georgia welfare reform a success story? Are Georgians who are leaving TANF, or avoiding TANF altogether, moving from poverty to self-sufficiency? This report considers those questions in light of changing budget priorities within the TANF program and increasing poverty indicators, such as the poverty rate, and the number of Georgians receiving food stamp and low-income Medicaid. The major findings of this report are:

Georgia has under-utilized federal and state TANF funds for work assistance programs, which are the primary self-sufficiency vehicles of TANF.

- Work assistance funding dropped 27 percent between 2002 and 2007, from $141.6 million to $103.2 million. Work assistance programs comprised 27 percent of the overall TANF budget in 2002, but only 17.4 percent in 2007.
- One of the most important work support programs, child care, suffered a 20 percent cut between 2002 and 2007, from $64.9 million to $51.8 million.

Georgia has shifted federal and state TANF funds to child protective services.

- Of the $594.5 million of state and federal TANF dollars budgeted in 2007, 36.7 percent ($218.5 million) will be spent on child protective services and other related programs. This is a significant change in priority since 2002, when TANF spending on child protective services was $102.2 million.
- While child protective services are a crucial government service and should be adequately funded, this shift towards child services and away from work assistance raises questions of whether TANF funding is being used in the most effective manner in order to help move families out of poverty. Should federal TANF funds be used to fill budget gaps within child protective services?

The number of children and adults TANF recipients has plummeted.

- Between January 2002 and March 2007 Georgia reduced the number of adult TANF recipients with a work requirement from 32,352 to 3,307, an astounding 89.7 percent.
- The number of children TANF recipients has decreased from 102,994 to 40,923, a 60 percent reduction.

At the same time that Georgia shifted dollars away from work assistance programs, drastically reduced TANF roles, and claimed success in welfare reform, other poverty indicators were on the rise.

- The overall poverty rate in Georgia increased from 12.7 percent in 2002 to 14.4 percent in 2005, while the child poverty rate increased from 16.8 percent to 20.6 percent.
- Between 2002 and 2007, the number of
  - food stamp recipients increased by 59 percent;
  - low-income Medicaid recipients increased by 16 percent; and
  - unemployed persons increased 18.3 percent.

The TANF program alone will not cure poverty. However, education, on-the-job training, and work experience-oriented TANF budget and policy priorities, as well as the corresponding work supports such as child care and transportation assistance, could play a larger role in moving Georgia’s struggling families out of poverty and into self-sufficiency. It is crucial we examine our TANF budget priorities and how those priorities affect welfare recipient’s long-term chances of entering a viable occupation and experiencing wage growth. Before considering this interconnectivity of TANF, other anti-poverty programs, and the actual self-sufficiency of Georgians, we cannot claim success for welfare reform.
Introduction

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 transformed the U.S. welfare system by replacing the existing Aid to Families with Dependent Children (AFDC) program and related entitlement programs with the newly created block grant system known as the Temporary Assistance to Needy Families program (TANF). Under the TANF block grant, federal dollars flow into TANF programs customized by each state to “help move recipients into work and turn welfare into a program of temporary assistance.”¹ In Georgia, TANF caseloads have declined precipitously over the last decade, and welfare reform has been touted as a success story. Between January 2002 and March 2007 Georgia reduced the number of adult TANF recipients with a work requirement from 32,352 to 3,307, an astounding 89.7 percent. The number of children TANF recipients has decreased from 102,994 to 40,923, a 60 percent reduction. However, the poverty rate and other major poverty indicators, such as food stamps and low income Medicaid, have climbed upwards over the same time period. This inverse relationship between TANF caseloads and poverty indicators in Georgia, and elsewhere in the nation, has sparked questions on how to measure the success of welfare reform and how the spending priorities of the TANF block grant relate to the mission of the program.

Background

Eligibility
Within the confines of federal law, each state is allowed to determine its eligibility criteria. In Georgia, a family of three must have a monthly income no greater than $784 and countable assets less than $1000 to qualify and could receive a maximum monthly cash benefit of $280. Georgia recipients can receive benefits for only 48 months per lifetime. Other notable eligibility requirements include, but are not limited to, the following:²

- Recipient must live in Georgia and be a United States citizen or establish United States Citizenship and Immigration Service (USCIS) status as a lawfully qualified alien.
- A dependent child must be under age 18 or 19 if a full time student.
- A dependent child must be deprived of the support or care of one or both parents for one of the following reasons: death, continued absence, incapacity, or recent connection to the workforce.
- A caretaker, payee or minor parent must cooperate with Child Support Enforcement for the assistance unit members to receive cash assistance, unless good cause exists.
- The social security number of the each individual for whom cash assistance is requested must be obtained and validated.
- The applicant’s identity may be established by his/her statement unless questionable.
- Child recipients must be living in the home with a relative who is receiving cash assistance on the child’s behalf.
- Any adult parent receiving benefits on behalf of a child or receiving benefits in conjunction with a child is required to engage in countable work activities.
- A school age child must attend school and make satisfactory progress.

TANF Funding Structure
Federal law outlines four broad TANF purposes:

- Provide assistance to needy families so that children can be cared for in their own homes or in the homes of relatives;
- End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- 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,
- Encourage the formation and maintenance of two parent families.
As long as states can justify that programs funded with federal TANF and state Maintenance of Effort (MOE) dollars meet or is expected to lead to one of the four broad purposes, the allocation is considered in compliance with federal laws and regulations, notwithstanding other marginal reporting requirements states must meet. Generally block grants are supposed to save the government money by controlling spending, reducing the role of stakeholders in shaping programs, and shifting responsibility away from the federal government to allow states more flexibility and wherewithal to respond to local needs. Under the TANF federal distribution formula, 98 percent of the federal allocation is based on states’ historical expenditures under the old AFDC program and other pre-TANF programs; thus, the new TANF formula locked in preexisting funding differences among the states.

Work Participation Requirement
As will be discussed later in the report, the work participation of TANF recipients affects funding. The Deficit Reduction Act (DRA) of 2005 made two significant changes to TANF work participation rate calculations. Under prior rules only cases in which an adult or minor head of household received assistance were included in work participation rates. Assistance is defined as benefits designed to meet ongoing basic needs, (e.g., food, clothing, shelter, and utilities), as well as supportive services such as child care and transportation assistance that are provided to families that are not employed. Additionally, only programs funded with federal TANF funds, rather than state MOE funds, were included in the work participation requirements.

The DRA changed both the scope of participants and programs used to calculate the work participation rate. First, the DRA mandated that “work eligible individuals” also be counted in the work participation rate. The new term “work eligible individual” includes parents who are not receiving assistance but reside with a child who is receiving assistance. (It is important to note that child-only cases in which children live with a non-recipient relative other than a parent are not considered work eligible and thus are not included in the work rates.) Work eligible individuals must participate no less than 30 hours a week, or the following hours for specified groups:
- 20 hours a week for a single parent with a child under age 6;
- 35 hours a week for a two parent household not receiving federally funded child care; and
- 55 hours a week for a family receiving federally funded child care.

Secondly, the DRA changed the scope of programs included by applying the work participation rates to the combined assistance caseloads of programs funded with federal TANF and/or state MOE funds. Thus, the work participation rate is calculated by dividing the number of families with adults or minor head of household considered to be work eligible who are engaged in countable work related activities by the number of families with adults or minor head of household considered work eligible receiving support through a TANF program that falls under the definition of assistance, whether federally or state MOE funded.

Federal TANF law and regulations outline 12 work activities that count toward a state’s participation rate (Table 1). Fifty percent of single parent families or 90 percent of two parent families must be engaged in one or more work activities for the specified number of hours per week. These activities are broken down into core and non-core categories. The non-core activities count only when the individual also has completed at least 20 hours per week of core activities. In 2006, Georgia’s work participation rate was 65.7 percent.

<table>
<thead>
<tr>
<th>Table 1: TANF Work Activities</th>
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<tbody>
<tr>
<td><strong>Core Activities</strong></td>
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<tr>
<td>Unsubsidized Employment</td>
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<tr>
<td>Subsidized Private Sector Employment</td>
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<tr>
<td>Subsidized Public Sector Employment</td>
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<tr>
<td>Work Experience</td>
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<tr>
<td>On-The-Job Training</td>
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<tr>
<td>Job Search &amp; Job Readiness Assistance (12 week limit)</td>
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<tr>
<td>Community Service Programs</td>
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<tr>
<td>Vocation Education Training (12 month limit)</td>
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<tr>
<td>Child Care to Community Service Program Participant</td>
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<tr>
<td><strong>Non-Core Activities</strong></td>
</tr>
<tr>
<td>Job Skill Training Directly Related to Employment</td>
</tr>
<tr>
<td>Education Directly Related to Employment</td>
</tr>
<tr>
<td>Secondary School or Course Leading to GED</td>
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Shifting Budget Priorities

Use of Federal Funds
Georgia receives a block grant of approximately $368 million a year in federal TANF funds. Due to the flexibility in TANF law, federal funds can be allocated to numerous programs designed to address a myriad of social policy issues. For the purposes of this report, we collapsed over 70 programs into nine distinct categories:

- **After School** – Includes all after school programs.
- **Cash Assistance** – Benefits designed to meet ongoing basic needs, (e.g., food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses).
- **Child Care** – Includes transfer to the Child Care Development Fund and other MOE funds spent on child care.
- **Child Protective Services** – Includes, but is not limited to:
  - Adoption services and supplements, which includes money paid to two parent families that adopt foster children
  - Child Protective Service Family Preservation Program (PUP), which provides services to stabilize risk factors that contribute to child maltreatment
  - County Child Protective Service workers
  - Comprehensive Child and Family Assessment (CCFA), which assists DFCS staff, the juvenile court, families and providers in developing case plans, making placement decisions, expediting permanency, and planning for effective service interventions
- **Mental Health** – Includes various programs providing substance abuse services and mental retardation services.
- **Social Services Block Grant (SSBG)** – Designed to allow each state to furnish social services best suited to meet the needs of individuals residing within the state. TANF law stipulates that funds transferred to SSBG must be used for families with incomes no higher than 200 percent of the poverty line.
- **Transportation** – Includes transportation assistance either for public transportation or other means to help TANF recipients receiving assistance overcome job obstacles. TANF clients could be traveling to job training, job interviews, or similar authorized trips.
- **Work Assistance** – Includes the Good Works Program, Wheels to Work, and the Department of Technical and Adult Education programs (such as GED), among others.
- **Other** – Includes child support pass-through, family violence assessments, Prevention of Out-of Wedlock Pregnancy Program, and Fatherhood Initiatives.

As indicated in Figure 1 on the following page there has been a substantial decline in spending on work assistance related programs starting in 2005. Use of federal funds for work assistance dropped 58 percent between 2002 and 2008, from $125.4 million to $53.2 million. Moreover, one of the most important work support programs, child care, suffered a 100 percent decline between 2002 and 2008, $38 million to zero. During the same period, funding for child protective services increased by 133 percent, from $60.1 million to $140.2 million.
Use of Maintenance of Effort (MOE) Funds

The TANF block grant also has an annual cost-sharing requirement known as “maintenance-of-effort” (MOE). Every fiscal year, Georgia must spend an applicable percentage of its own money on eligible families in ways that are consistent with the purposes of the TANF program. The applicable percentage depends on whether Georgia meets the minimum work participation rates that fiscal year. If Georgia meets the work participation rate, then it is only required to spend 75 percent of the amount it spent in fiscal year 1994 on AFDC and AFDC–related programs. Georgia has met its work participation rate every year, and has thus spent the 75 percent level of $173,368,527. If Georgia does not meet one or both of the work participation rates, it must spend 80 percent of the amount it spent for fiscal year 1994 on AFDC and AFDC-related programs and that amount does not count toward MOE.

Figure 2 on the following page displays the changing MOE funding dedicated to the nine categories. MOE expenditure levels for work assistance increased by 118 percent between 2002 and 2007, from $16.2 million to $35.3 million. However, this increase is somewhat misleading since the $25 million increase from 2006 to 2007 was the only increase in work assistance funding since 2002. Between 2002 and 2006, the average annual amount spent on work assistance was only $13.9 million.
Use of Combined Federal and MOE Funds
Considering federal and state MOE spending together, Georgia’s TANF program has experienced a dramatic shift in spending priorities over the past five years. As shown in Figure 3 on the following page, the percent of TANF spending directed to child protective services has increased dramatically between 2002 and 2007. In fact, the percent spent on child protective services has almost doubled over the five year period. After school care and mental health also became a larger share of the TANF budget, while transportation remained relatively unchanged. All other categories – child care, SSBG, cash assistance, work assistance, and other programs – decreased as a percent of the total TANF spending from 2002 to 2007. (For dollar amounts spent on each category, see the Appendix.)

Figure 4 on the following page provides a more detailed comparison of the changing pattern of spending in the child protective services and work assistance categories. Of the $594.5 million of state and federal dollars budgeted in 2007, 36.7 percent ($218.5 million) will be spent on child protective services and other related programs. In contrast, only 17.4 percent ($103.2 million) of budgeted funds will be spent on work assistance programs, which assist stressed unemployed families with finding a job and steady income. While child protective services are a crucial government service and should be adequately funded, this shift towards child services and away from work assistance raises questions of whether TANF funding is following the mission of the TANF program. Should the main focus of TANF be child protective services or work assistance? The shifting patterns of funding raise the issue of what is the policy goal of TANF and has it been redefined in Georgia. To make matters more complicated, no solid data on the numbers of people served by TANF-funded programs exists, thus making it extremely difficult to evaluate how services funded by TANF and MOE dollars meet the goals of welfare reform.
Figure 3: Federal and MOE Spending Comparison 2002 and 2007

Source: Department of Human Resources

Figure 4: Georgia's Federal and State TANF Spending on Child Protective Services vs Work Assistance, 2002-2007

Source: Georgia Department of Human Resources.
Changing Value

TANF Surpluses
Since the advent of welfare reform, states have carried forward TANF funds not expended during the fiscal year. States typically save 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 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.

Table 2 and Figure 5 display Georgia’s unobligated balance both as a percent of the total available grant and actual dollar amount unobligated for fiscal years 2002 through 2007. Between 2002 and the end of fiscal year 2007, Georgia will have reduced its balance significantly. In 2002, the unobligated balance totaled $219.6 million or 38.1 percent of total available grant funds. By 2007, the unobligated balance was spent down by 80.2 percent to $43.4 million or 9.3 percent of total available grant funds.

<table>
<thead>
<tr>
<th>State Fiscal Year</th>
<th>Balance as % of Total Available Grant Funds</th>
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<tbody>
<tr>
<td>2002</td>
<td>38.1</td>
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<tr>
<td>2003</td>
<td>34.8</td>
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<tr>
<td>2004</td>
<td>31.0</td>
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<tr>
<td>2005</td>
<td>23.6</td>
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<tr>
<td>2006</td>
<td>18.3</td>
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<tr>
<td>2007</td>
<td>9.3</td>
</tr>
</tbody>
</table>

Figure 5: Georgia's Declining Unobligated Balance

Source: Georgia Department of Human Resources

The previous TANF unobligated balances of up to 38 percent of available funds raise questions on whether Georgia could have spent more on programs to increase self-sufficiency. For example, in 2002 Georgia’s unobligated balance totaled more than it spent on work assistance, after school care, cash assistance, transportation, mental health and the social services block grant combined.

Additionally, states are allowed to transfer unobligated funds to the Child Care and Development Fund (CCDF) and the Social Services Block Grant (SSBG). The Child Care and Development Fund is the primary Federal program specifically devoted to child care services and quality. It enables low-income parents and parents receiving TANF to work or to participate in the educational and training programs they need in order to work. Funds may also be used to serve children in child protective services. In addition, a portion of CCDF funds must be used to enhance child care quality and availability. The Social Services Block Grant funds are designed to allow each state to furnish social services best suited to meet the needs of individuals residing within the state. TANF law stipulates that funds transferred to SSBG must be used for families with incomes no higher than 200 percent of
the poverty line. These funds may be used to provide vouchers for families who are not eligible for TANF cash assistance or for children who are denied cash assistance under TANF because they were born into families already receiving benefits under another child. Such services include, but are not limited to: day care for children or adults, protective services for children or adults, special services to persons with disabilities, adoption, counseling, case management, family planning, substance abuse or other social services found necessary by the state for its population.

Transferring TANF funds to these block grants allows states flexibility in spending on a wider variety of programs with fewer restrictions, such as work requirements. States may transfer a limited portion (30 percent in Georgia) of their assistance grant funds to CCDF and SSBG combined. States may transfer no more than 10 percent of its grant amount for a fiscal year to the SSBG. If a state transfers 10 percent of its grant to SSBG, it could transfer up to 20 percent of its annual grant to the CCDF. Between 2002 and 2007 Georgia has not transferred the maximum 30 percent of its TANF grant to the CCDF and SSBG. Using 2002 as an example again, Georgia transferred a combined $70 million to SSBG and CCDF even though the allowable transfer was $112 million and its unobligated balance was almost $220 million. In 2007, Georgia will transfer $29.7 million to the SSBG and CCDF, which will be 27 percent of the allowable transfer.

### TANF and Inflation

Prior to welfare reform, states were entitled to federal funds covering a portion of welfare costs, with no limit on how much the federal government paid or the number of possible recipients. Under current law, the size of the TANF block grant does not change, regardless of how many families need assistance or how the cost of living changes due to inflation. Thus, the value of the block grant is eroding over time because it is not adjusted for inflation.

In 1997, the first full year under welfare reform, Georgia received $339 million. If the grant was annually adjusted for inflation, the grant amount would have risen to $426 million by 2006. This means the amount of value lost to inflation over the ten year period was $87 million by 2006, as shown in Figure 6. Due to certain bonuses, Georgia actually received $368 million, rather than $339 million, in 2006, which was still $58 million less than the original 1997 grant level adjusted for inflation. As time goes on the TANF grant will continue to lose more and more value. As inflation continues the real amount of the federal grant will grow smaller compared to spending before welfare reform.

### Doing More With Less

Georgia has reduced federal and state spending on work assistance programs, child care, and cash assistance. It has simultaneously increased spending on child protective services and related programs and mental health services. The TANF grant will lose almost $100 million of its value in 2007 because it has not kept pace with inflation since 1997. At the same, TANF roles have dropped dramatically. Between January 2002 and March 2007 Georgia reduced the number of adult TANF recipients with a work requirement from 32,352 to 3,307, an astounding 89.7 percent. The number of
children TANF recipients has decreased from 102,994 to 40,923, a 60 percent reduction. On the surface these numbers suggest success. TANF roles are declining, and thus it is appropriate or acceptable for the value of the TANF funding to decline and the resources to be shifted away from work and cash assistance. However, the declining TANF role paints a wholly incomplete picture of the state of need in Georgia or the acceptability of changing priorities and values in TANF funding.

To properly evaluate the larger picture of welfare reform and its success it is important to examine other major poverty indicators such as food stamps, low-income Medicaid and the number of unemployed. As indicated in Table 3, low-income Medicaid and foods stamp recipients have risen substantially over the last five years. The Food Stamp Program is an especially revealing poverty indicator because it is an entitlement program and has a higher income eligibility requirement at 130 percent of the poverty threshold, which for 2006 was $20,500 for a family of three. Between 2002 and 2007, the number of Georgia food stamp recipients increased by 59 percent. Thus, more and more working poor families still find it hard to make ends meet and depend on assistance to help receive an adequate diet. Low-income Medicaid is also an important indicator because its income limit per month is the same as TANF and has increased by 16 percent between 2002 and 2007. Likewise, the average monthly number of unemployed rose by 18.3 percent between 2002 and 2007.

Table 3: Georgia TANF Recipients and Poverty Indicators, 2002 and 2007

<table>
<thead>
<tr>
<th></th>
<th>Jan-02</th>
<th>March-07</th>
<th>% Change Jan 2002-Mar 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Adults on TANF</td>
<td>32,352</td>
<td>3,307</td>
<td>-89.7%</td>
</tr>
<tr>
<td>Number of Children on TANF</td>
<td>102,994</td>
<td>40,923</td>
<td>-60.3%</td>
</tr>
<tr>
<td>Number of Unemployed Persons*</td>
<td>183,838</td>
<td>217,448</td>
<td>18.3%</td>
</tr>
<tr>
<td>Number of Persons below Poverty**</td>
<td>944,766</td>
<td>1,266,205</td>
<td>34.0%</td>
</tr>
<tr>
<td>Number of Food Stamp Recipients</td>
<td>591,608</td>
<td>941,954</td>
<td>59.0%</td>
</tr>
<tr>
<td>Number of (LIM) Medicaid Recipients***</td>
<td>278,055</td>
<td>321,546</td>
<td>16.0%</td>
</tr>
</tbody>
</table>

Source: Georgia Department of Human Resources; US Bureau of Labor Statistics; US Census Bureau, American Community Survey

*Average Number of Unemployed Persons reflect April 2001 to March 2002 and April 2006 to March 2007.
**Numbers reflect annual estimation from the U.S. Census Bureau
***Low Income Medicaid numbers reflect July 2002 to July 2006.

In addition, the overall poverty rate in Georgia increased from 12.7 percent in 2002 to 14.4 percent in 2005, giving Georgia the 14th highest poverty rate in the U.S. The U.S. Census Bureau indicates that the national poverty rate was 12.6 in 2005, placing Georgia above the national rate. Moreover, in 2002-2003 the child poverty rate was 16.8 percent and rose to 20.6 percent in 2004-2005. Georgia’s total federal and state TANF grant per poor child was $1383 in 2002 and decreased by 16 percent to $1160 by 2005. In 2003 alone Georgia ranked 16th in lowest amount spend per poor child.

Thus, Georgia has more individuals living in poverty and using food stamps and low-income Medicaid, but a substantially smaller amount of individuals accessing the program that should assist in bridging poverty and employment – TANF. Collectively these factors mean Georgia could increasingly be faced with having more families in need and less supports available to assist them, as funding is continually shifted away from work assistance and devalued by inflation. Georgia has the prospect of doing more with a lot less.
Figure 7: Persons Per Poverty Indicator 2002 to 2007

National Trends

Georgia is not the only state experiencing caseload declines and shifts in budget priorities. A report issued by the U.S. Government Accountability Office (GAO), indicated that among eight states (Louisiana, Texas, Maryland, Colorado, California, New York, Oregon, Michigan, and Wisconsin) spending priorities since 1997 are increasingly dominated by mental health services, child protective services, juvenile justice, substance abuse prevention and treatment programs, and services for those with developmental disabilities. The average median percent change in these categories between 1995 and 2004 was 52 percent across all states in the study. The report concluded that shifts in spending trends warrant attention as to TANF’s ability to meet other needs of low income individuals.

Two other states, Oregon and Texas, experienced spending priority shifts very comparable to Georgia’s shifts. An analysis of Texas’s TANF spending concluded that, like Georgia, it will have depleted all of its unobligated balances by the end of fiscal year 2007, has increased its investment of TANF funds into child protective services, and has decreased caseloads while poverty rates have increased. In Oregon, nearly a quarter of welfare-related spending is paying for child protective services and inflation-adjusted spending on self-sufficiency programs fell 36 percent over ten years. As Georgia and other states continue to shift TANF spending away from cash assistance and work assistance, the mission of the program is becoming increasingly less concerned with helping families in poverty, but rather more focused on casting a wide policy net over numerous social programs. At the same time, clear measures to evaluate whether TANF objectives are truly being met are elusive.
What’s Really Causing Georgia’s Caseload Decline?

Georgia’s perceived success in implementing welfare to work by reducing its adult TANF population by 89.7 percent and its total number of individuals by 67 percent over a five year period sounds very impressive. However, this celebratory moment is marred by data that questions how we measure success from a policy perspective. The caseload decline may be due in part to several changes in statewide and county policies and other factors developed in response to agency level directives to reduce families receiving assistance and increase participation rates starting in early 2004:

- As of August 2006 only 6.2 percent of application denials were due to the applicant exceeding the gross income limit, while 63 percent were voluntarily withdrawn by the applicant or the applicant was deemed not to be cooperating with the eligibility process.  
- Applicants are required to attend multiple orientations and develop employment plans before the family’s application can be approved.  
- Fewer applications are being approved. For example, in April 2006 only 20 percent of applications were approved, down from 40 percent in January 2004.

Another caveat to Georgia’s perceived success is the dramatic reduction of adult caseloads while the work participation rate skyrocketed from 14.3 percent in October 2004 to 66 percent in January 2006. In October 2004 there were 8,750 families in Georgia with an adult who met the work participation requirement. By January 2006 only 4,715 families met work participation requirements. Yet, the participation rate climbed from 14.3 percent to 66 percent in that period since the overall number of families receiving assistance plunged.

Finally, of 2004 TANF leavers only 9.25 percent had incomes over the 2005 poverty threshold one year after TANF. Less than 1 percent of 2004 leavers had incomes above 200 percent of the 2005 threshold one year after TANF. Again, how are we measuring success as these TANF roles decline so dramatically?

State Policy Perspective

From the state’s perspective it is appropriate to measure the success of TANF by reducing the TANF roles and exceeding the federal work participation requirements. The state does not necessarily see TANF as an anti-poverty program, but as a way to move families out of abject poverty. The Commissioner has stated, “It’s a harder program to run when you have to say to people at the front door, when they come in, ‘I refuse to accept welfare as the fate of your family.’” TANF eligible adults are encouraged at the front end to find any work they can as opposed to entering the TANF system. According to the Department of Human Resources, work supports such as transportation and child care are available for these adults. The Commissioner also sees the investment of TANF funds in areas such as child protective services as an appropriate use of TANF funds from a policy perspective in that the support and encouragement of healthy families will help keep both the current and next generation out of abject poverty.

Conclusion

In the face of massive TANF caseload reductions between 2002 and 2007, changing TANF spending priorities, and increasing poverty indicators, this report seeks to raise the following questions:

1. What is the mission of TANF, and how are TANF resources meeting that mission? If the mission of TANF is welfare to work and self-sufficiency, then questions need to be asked as to whether it is appropriate for funding for work assistance and related programs to be shifted to programs such as child protective services. While child protective services and other programs are vital to the well-being of many citizens and should be adequately funded, policymakers must decide whether these programs are core to the TANF mission and funding structure or whether it would be more appropriate to increase funding for these services out of the general fund. In other words, should federal TANF funds be used to fill budget gaps within child protective services and other social service programs?
2. How will the lack of inflation-adjustment in the TANF grant affect TANF programs in the future? Since 1997, TANF has declined in value by almost $100 million due to inflation. Policymakers should prepare for this continued decline in value and ensure programs are funded at an adequate level.

3. How do we measure success in TANF and welfare reform? Poverty indicators such as food stamps, Medicaid, and the poverty rate are on the rise in Georgia, as the roles of TANF are decreasing precipitously. How should we link TANF roles and success to other poverty indicators? Likewise, what are the goals and measurements needed to evaluate the success of individual TANF participants? Should success be 25 percent of TANF leavers earning above poverty? Should it be 100 percent?

The causes of poverty are very complex and much broader than the TANF program. In fact, poverty despite work has become increasingly prevalent. The TANF program alone will not cure poverty. However, education, on-the-job training, and work experience oriented TANF budget and policy priorities, as well as the corresponding work supports such as child care and transportation assistance, could play a larger role in actually moving Georgia’s struggling families out of poverty and into self-sufficiency. It is crucial we examine our TANF budget priorities and how those priorities affect welfare recipient’s long-term chances of entering a viable occupation and experiencing wage growth. To not examine welfare reform and its ability to address structural inequalities built into our economy that affect the poor and exacerbate poverty is to except “one of our most cherished and ludicrous national myths, namely, that each individual is solely responsible for his or her good or ill fortune in life.”19

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The Georgia Budget and Policy Institute (GBPI) is an independent, nonprofit, non-partisan organization engaged in research and education on the fiscal and economic health of the state of Georgia. The GBPI provides reliable, accessible and timely analyses to promote greater state government fiscal accountability as a way to improve services to Georgians in need and to promote quality of life for all Georgians.
## Appendix

### Federal and State MOE TANF Funding, 2002 and 2007 (millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous FY Carry Over</td>
<td>204</td>
<td>96.5</td>
</tr>
<tr>
<td>Current Year Grant Award</td>
<td>372.5</td>
<td>368.0</td>
</tr>
<tr>
<td>State Allocation (MOE)</td>
<td>173.9</td>
<td>173.4</td>
</tr>
<tr>
<td><strong>Total Available Funds</strong></td>
<td><strong>750.4</strong></td>
<td><strong>637.9</strong></td>
</tr>
</tbody>
</table>

### Nine Funding Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>2002</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Care Services</td>
<td>64.9</td>
<td>51.8</td>
</tr>
<tr>
<td>Social Services Block Grant</td>
<td>29.9</td>
<td>0.0</td>
</tr>
<tr>
<td>Basic Cash Assistance</td>
<td>117.2</td>
<td>81.6</td>
</tr>
<tr>
<td>Work Assistance Programs</td>
<td>141.6</td>
<td>103.2</td>
</tr>
<tr>
<td>After School Programs</td>
<td>0.0</td>
<td>34.0</td>
</tr>
<tr>
<td>Child Protective Services</td>
<td>102.2</td>
<td>218.5</td>
</tr>
<tr>
<td>Transportation Services</td>
<td>7.9</td>
<td>8.5</td>
</tr>
<tr>
<td>Mental Health Services</td>
<td>1.8</td>
<td>27.4</td>
</tr>
<tr>
<td>Other Programs</td>
<td>65.3</td>
<td>69.5</td>
</tr>
<tr>
<td><strong>Total Spent</strong></td>
<td><strong>530.8</strong></td>
<td><strong>594.5</strong></td>
</tr>
<tr>
<td><strong>Carry Forward</strong></td>
<td><strong>219.6</strong></td>
<td><strong>43.4</strong></td>
</tr>
</tbody>
</table>

*Source: Georgia Department of Human Resources*

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15. Department of Human Resources. Received August 2006.
16. Ibid.
17. Department of Human Resources. Received August 2006.