TANF Supplemental Grants:

Reforming and Restoring Support for Children Who Need it the Most

Bruce Lesley and Megan Curran

The Temporary Assistance to Needy Families (TANF) block grant was established through the passage of the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996" and replaced Aid to Families with Dependent Children (AFDC), which had provided cash assistance to poor families with children since 1935.[1]

For the past 15 years, the law provided states with a capped block grant based on the federal share of expenditures made to individual states in the pre-1996 AFDC, Emergency Assistance, and Job Opportunities and Basic Skills (JOBS) training programs. As the Congressional Research Service explains, "The basic block grant is legislatively fixed – that is, it does not change when the cash assistance caseload decreases or increases, nor is it adjusted for inflation."[2] Due to the lack of an inflation adjustment, the TANF federal block grant and the required minimum level of state funding for TANF, known as the maintenance of effort (MOE) have both fallen in value by 28% since 1997.[3]

The law also locked into place enormous inequities in federal funding to the states and has failed to account for demographic changes over the years. In fact, states are receiving TANF funding in 2011 that is virtually identical to the amount of funding they received back in the mid-1990s at the inception of the block grant.

A FLAWED FIX FOR A FLAWED FORMULA

In an attempt to help address TANF's initial funding formula inequity, Congress created TANF Supplemental Grants for 17 states that had relatively low spending per person in poverty or had experienced high population growth in the early 1990s.[4] In the first four years of TANF, the 17 states received 2.5% increases annually through the Supplemental Grants as add-on payments to the Family Assistance Grants to States. This resulted in

States Receiving TANF Supplemental Grants

- Alabama
- Alaska
- Arizona
- Arkansas
- Colorado
- Florida
- Georgia
- Idaho
- Louisiana
- Mississippi
- Montana
- Nevada
- New Mexico
- North Carolina
- Tennessee
- Texas
- Utah

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about a 10% increase in funding to the 17 states at the end of the four years.

Unfortunately, the Supplemental Grants formula was flawed and left out some key states, such as South Carolina, South Dakota, Virginia, and Kentucky, which has receive far less funding per child in poverty than the national average. The formula simultaneously providing additional funding to Alaska, despite the fact the State already had funding that far exceeded the national average.[5]

The TANF block grant has never adjusted for any demographic or economic changes over its history.

Moreover, the fundamental disparities in the block grant allotments were so great between the states, and the add-on payments so insufficient, that the Supplemental Grants failed to make much of a difference. Compounding the problem, rapid changes in both demographic and economic conditions caused tremendous fluctuations in the numbers of people living in poverty among the states. As is the case with many block grants, the TANF formula has never adjusted for any demographic or economic changes after 1997. Money does not adjust or follow changes in need.[6] Consequently, the gap between the states with the largest amount of TANF dollars per child in poverty and the states with the lowest amount of TANF dollars per child in poverty actually widened over time.

For example, in 1997, Vermont received $2,596 per child in poverty through the TANF Basic Family Assistance Grant compared to $336 per child in poverty in Arkansas – a 773% gap or $2,260 in funding per child in poverty. Although the Supplemental Grants were intended to help alleviate the vast disparity, the gap hardly changed between Arkansas and Vermont by 2001, due in large part to a larger drop in the number of children living in poverty in Vermont than in Arkansas. This economic difference effectively wiped out the 10% increase in funding that Arkansas received through the TANF Supplemental Grants. As a result, in 2001, Vermont was receiving $3,038 per child in poverty compared to just $396 for Arkansas – a 767% gap or $2,642 in funding per child in poverty (see Appendix A and Graph 2).

In this case, the best thing that could be said for the Supplemental Grants was that the add-on funding was important in preventing the percentage gap from actually growing over the period. However, due to the failings of the underlying TANF block grant to adjust for economic or demographic changes and the limited funding in the Supplemental Grants, the actual funding gap in dollars per child in poverty between Vermont and Arkansas actually grew from $2,260 to $2,642 between 1997 and 2001, despite the $6.2 million in TANF Supplemental Grants added to Arkansas's funding.

Moreover, although the original intent of the Supplemental Grants was to continue to grow and compound over time until there was improved parity in funding between the states, the 2.5% add-on ended in 2001 and policymakers for the 17 states had a difficult time even maintaining the $319 million in Supplemental Grants in future years that the states had accumulated annually by 2001. For example, there was an effort to rescind funding for the add-on grants in the FY 2001 appropriations bills.[7] Months later, senators from the 17 states had to push hard for the extension of the Supplemental Grants program beyond September 2001.

As 14 senators wrote to President George W. Bush in March 2001, "These grants are not supplemental in the sense of being add-ons; they were designed as an integral part of the TANF allocation formula and are critical to the success of our states', and many others', TANF programs. These grants have allowed states to expand their welfare and related programs – such as child care and job training initiatives – to include a broader range of services that enable all welfare recipients to become self-sufficient."[8]

Funding for the Supplemental Grants was restored in 2000, extended in 2001, and has been further extended over time but, without the continuation of annual add-on payments that had been envisioned at the inception of TANF. Therefore, even if the grants were originally intended to close the funding gap, the fact that they were ultimately flat funded in the out-years meant that the inequities begin to grow again (see Appendix A).

Even worse, although the annual $319 million of Supplemental Grants funding to the 17 states was repeatedly extended through 2010, Congress allowed the grants to expire for the first time on June 30, 2011. In addition, the recent three-month TANF extension (Public Law 112-35) through December 31, 2001, did not fund TANF Supplemental Grants for the first three months of FY 2012. As Gene Falk of the Congressional Research Services explains, "To continue TANF after December 31, 2011, Congress must once again act, providing another opportunity to consider supplemental grants. However, since supplemental grants are not included in the CBO baseline, the cost of extending them would have to be offset."[9]

Senator Dale Bumpers (D-AR) warned about this very scenario fifteen years ago. As he said on the Senate floor in 1996, "Let us take my State as an example, and let us assume push comes to shove and we are running out of money, we are suddenly not going to be able to continue. The federal government says, 'That's tough, we gave you the block grant, you have to live with it. We do not care how many poor children you have, we are going to give you what you got as an average between 1991 and 1994, and you will live with it. Do not come back up here with your hand out.'"[10]

Fifteen years later, as if on cue, Congressman Geoff Davis (R-KY) said of the Supplemental Grants, "These payments have now expired and now are not payable under current law. Extending them would mean spending more money to revive the program…." He added, "Since TANF Supplemental Grants were first paid, about $4 billion in extra TANF programs have been paid out only to a minority of states. At some point, we have to ask when such supplemental spending should come to an end."[11] Rep. Davis's lack of concern about the impact of the loss of the TANF Supplemental Grants underscores an important flaw in the formula. In fact, Rep. Davis's State of Kentucky is only receiving $720 per poor child in poverty, or 64% of the national average, and yet, is one of those states that the Supplemental Grants formula does not benefit.

And yet, if the funding is not restored in 2012 for the 17 states negatively impacted by the expiration of the TANF Supplemental Grants, funding to these states will permanently revert all the way back to the amount of funding established at the inception of TANF in 1996, which is based on how AFDC dollars were spent back in the early- to mid-1990s – exactly as Senator Bumpers predicted.

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For the poorest children in the states, the loss of funding has resulted in cuts to already poorly funded programs. In Louisiana, for example, the State announced it would cut funding given to grandparents and other relatives taking care of more than 6,500 children who are not their own, through the Kinship Care program, from $280 a month to $222 a month, a

21% cut. Moreover, Louisiana will also cut funding for counseling and day treatment services to at-risk children, job training, and child protective services.[12]

TANF BLOCK GRANT: WIDENING THE ENORMOUS GULF IN FUNDING BETWEEN STATES

In a comparison of the eight states with the highest funding[13] per child in poverty and the ten states with the lowest funding[14] per child in poverty, the highest-funded states had an average level of funding per child in poverty of $1,903 in 1997 and $2,305 in 2009, a 21.1% increase. Although TANF received no additional funding over the period, the increase is due to the fact that the number of children in poverty in all eight states dropped over the period.

In contrast, the ten lowest-funded states had an average level of funding per child in poverty drop from an already low $489 in 1997 to $440 in 2009, a 10.0% decrease. Without the TANF Supplemental Grants, the amount would have been just $399 in 2009, an 18.4% decrease. This is because the number of children in poverty in all ten states increased over the period.

In other words, the poor got much poorer and this downward trend would continue without the restoration of the Supplemental Grants, at a minimum.[15] The growing disparity is displayed in Graph 1 and Table 1.

TABLE 1: GROWING DISPARITIES BETWEEN STATES IN TANF FUNDING PER CHILD IN POVERTY IN 1997 AND 2009

	1997	2009 w/out Supp Grants	% Change in Funding Per Child in Poverty
HIGHEST FUNDED STATES			
Alaska	$1,990	$2,863	+43.9%
Connecticut	$2,200	$2,792	+26.9%
New York	$2,178	$2,782	+27.8%
Vermont	$2,596	$2,726	+ 5.0%
Hawaii	$2,025	$2,522	+24.5%
Massachusetts	$1,836	$2,444	+33.1%
Rhode Island	$2,268	$2,376	+ 4.8%
California	$1,679	$2,022	+20.4%
LOWEST FUNDED STATES			
Texas	$360	$294	-18.3%
Arkansas	$336	$306	- 8.9%
Alabama	$358	$340	- 5.0%
Nevada	$594	$373	-37.2%
Mississippi	$461	$377	-18.2%
South Carolina	$446	$386	-13.5%
Idaho	$519	$417	-19.7%
Tennessee	$742	$543	-26.8%
Arizona	$729	$562	-22.9%
Georgia	$703	$575	-18.2%

Source: U.S. Census Bureau and the Congressional Research Service

PROPOSAL TO RESTORE TANF SUPPLEMENTAL GRANTS

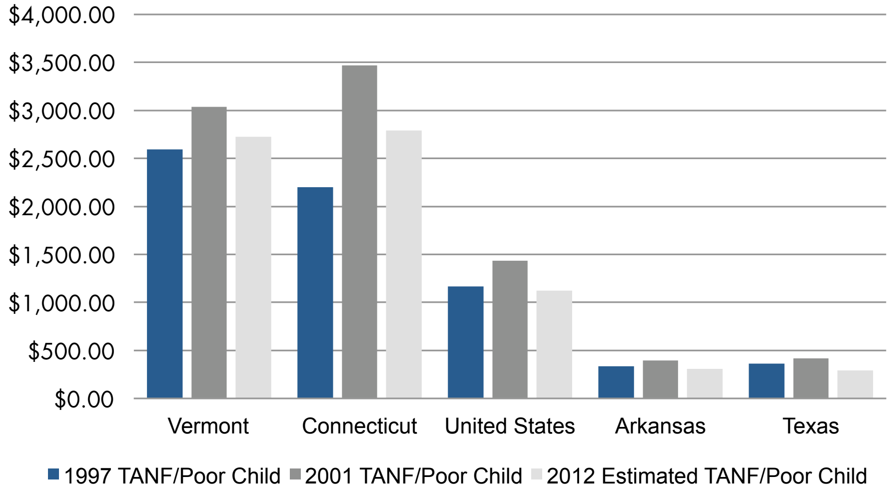
To address the elimination of the Supplemental Grants by Congress, Congressman Lloyd Doggett (D-TX) has introduced legislation, the "TANF Supplemental Grants Extension Act" (H.R. 2277), to once again restore and extend funding to the states with the most need. Although TANF now only provides assistance to one in four children in poverty across this country, the problem is more challenging in the poorly funded states. According to Rep. Doggett, "…in Texas, of course, matters are worse with only about one out of every twenty poor children receiving assistance. And when assistance is received, a family of three could expect to get about $244 a month – less than 20% of the generally accepted poverty line."[16]

If Rep. Doggett's legislative effort to restore funding for the TANF Supplemental Grants is blocked by Congress, the projected levels of disparities between Texas and the rest of the nation will become greater than the inequity was even at the inception of the TANF block grant. For example, without restoration of the funding, it is estimated that Connecticut will receive $2,792 per child in poverty in 2012 compared to just $294 in Texas – a 950% or $2,498 gap in funding per child in poverty. Rep. Doggett adds, "Without action on this issue, states will lose more than $3 billion over the next ten years, $500 million of that in my State of Texas. The loss of these grants would place at risk a range of vital services, including efforts to ensure that children are cared for in their homes, child care assistance for working families, and job training."[17]

Certainly, while restoration of the TANF Supplemental Grants through Rep. Doggett's legislation would reduce these disparities somewhat, Texas would still only receive a projected $326 per child in poverty, and that would still be lower than the $360 in funding per child in poverty that the State received at the inception of TANF in 1997.

Compounding the problem even more, Kent Weaver of the Brookings Institution points out,

GRAPH 1:
TANF: Comparison of Funding Per Poor Child Among Selected States



Source: U.S. Census Bureau and the Congressional Research Service

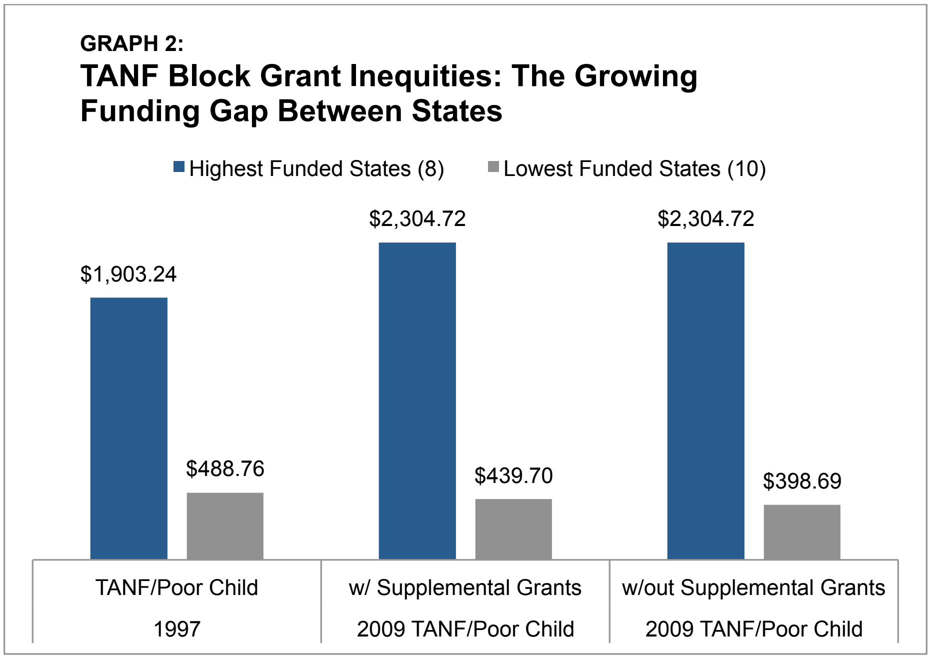
"The disparities in TANF block grant funding are exacerbated by the fact that states that receive higher federal allocations also are required to spend more of their own money to meet federal 'maintenance of effort' requirements. Thus, the actual funding disparities across states…are actually much greater…."[18]

HOW WE GOT HERE: CONGRESS'S CREATION OF THE TANF FUNDING FORMULA IN THE MID-1990s

During a Senate debate in 1996 over the consideration of welfare reform, Senator Bob Graham (D-FL) expressed grave concern about how the newly created block grant would operate. As Senator Graham said:

> *…ironically, in the name of reform, in the name of change, we are locking in past inequities, repackaging them as block grants and failing to take into account future population or economic changes among the states, failing to take into account the very obligations we are about to give to the states to perform and the necessity that if all the states are going to achieve those objectives and if all the states are going to be held to both sanctions and rewards for their success or failure in achieving these objectives, that all states should commence this new adventure of welfare reform from an essentially equitable position.*
>
> *By allocating future spending on the basic of 1995 allocations, this bill fails to distribute money on any measure of need. It fails to take into account population growth or economic changes. It would permanently disadvantage states well into the future based upon choices and circumstances of 1995.*
>
> *…as we change welfare as we know it, we should recommit ourselves to the value that we place upon all of America's children. We should want to see that all of those children have the same opportunity to succeed and that they start from the same place in life's starting line. There is no justification for poor children to be treated with less or more value by the federal government depending upon in which State they happen to live.*[19]

To address the inequity, Senator Graham offered an



Source: U.S. Census Bureau and the Congressional Research Service

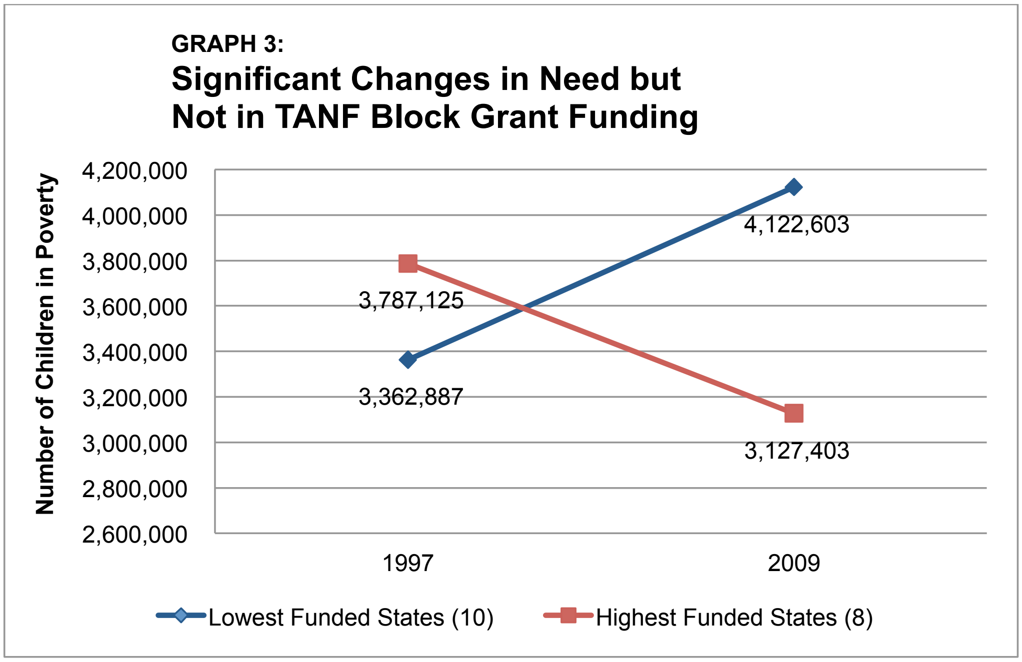
amendment with Senator Dale Bumpers (D-AR) called "Children's Fair Share" that would have equalized funding among the states over a phased-in, five-year period on the basis of the proportion of children in poverty in each state.

Senator Rick Santorum (R-PA) objected and led the opposition to the amendment by saying that the Graham-Bumpers "Children's Fair Share" amendment would harm "high-benefit states. . .that are willing to spend tax dollars to meet a federal match, to help the poor in their State." He added, "If you want to talk about fair, you have a State actually spending dollars, putting forth an effort and putting together a program they believe better meets the needs and is willing to spend money to help the poor, and you are going to create a block grant and take money away from them because they were being better neighbors – I will use that term."[20]

The debate between Senators Graham and Santorum highlights one of the major pitfalls of capped block grants, in that it creates a zero-sum game whereby addressing an "inequity" in funding for one group of states leads to taking money from other states that can lay claim to a different "fairness" argument, which in this case was that higher-funded states should not be penalized for having been "better neighbors" to its poorest citizens. The only other way to address the problem is to provide additional funding to the grant targeted to equalizing funding to the states. However, this solution is limited in that it can require significant investments in money when one of the purposes of imposing a block grant is often to try and reduce federal funding.

One of the major pitfalls of capped block grants is that it creates a zero-sum game whereby addressing an "inequity" in funding for one group of states leads to taking money from other states.

In this case, although the Graham-Bumpers amendment failed by a vote of 37-60,[21] Senator Kay Bailey Hutchison (R-TX) had begun to work with Senate leadership to identify additional funding, so that every state would be "held harmless" and the new



Source: U.S. Census Bureau and the Congressional Research Service

dollars would be targeted with the intended purpose of reducing the vast disparities in funding between the underlying block grant formula in TANF. By identifying additional but limited funding to add to the grants of the poorer and high-growth states[22], Senator Hutchison had avoided the "winners and losers" problem with a funding formula change. However, inherent flaws in this approach were that the funding was not directly added to the base grants of the poorer states but as a separate "supplemental grant" and, as this analysis shows, the new funding was inadequate in addressing the vast funding disparities created by the TANF block grant.

DOES MONEY MATTER?

While poverty levels have dropped for a number of states with higher levels of funding per child in poverty over the 14 years since the inception of the TANF block grant, the resulting increases in funding per child in poverty (highlighted in Graph 2) have, with the exception of Massachusetts, failed to keep up with the cumulative 28% loss in the purchasing power of TANF since the grants do not adjust for inflation.[23] Thus, even the higher-funded states have lost ground over time.

And if the picture is not bright for the highest-funded states, the states that were initially shortchanged and deemed eligible for TANF Supplemental Grants are more in need today than even in 1997. Between 1997 and 2009, the number of children living in poverty in the ten lowest-funded states increased from 3.4 million to 4.1 million, a 23% increase (see Graph 3). The low-funded states began with a significant disadvantage that is only compounded by a fixed TANF block grant formula that fails to account for growing child poverty populations or inflation.

Texas, for example, has seen its level of funding per child in poverty drop from $360 in 1997 to an estimated $294 in 2012. Moreover, Nevada has witnessed the highest growth rate of any state in the nation over the past 14 years and so has seen its TANF Family Assistance Grant drop from $594 in 1997 to $373 in 2012, a 37.2% decline (see Table 1). That drop is compounded by the 28% loss in the purchasing power of the grant due to the fact that TANF funding is not adjusted for inflation. Cumulatively, unless current federal funding policy is not changed, the inflation-adjusted amount of federal TANF funding that Nevada will receive per child in poverty in 2012 is an amount that is just one-third of the State's funding level in 1997.

The result is that the level of TANF benefits paid to a family of three is below 50% of the poverty threshold in every state in this country. According to the Congressional Research Service, "For a family of three, the maximum TANF benefit paid in July 2009 varied from $170 per month in Mississippi (11% of poverty-level income) to $923 per month in Alaska (48% of poverty-level income)."[24] The average TANF benefit paid in the eight lowest-funded states for a family of three is $245 per month or just 16% of poverty-level income.

If one is concerned about the future of children living in abject poverty, clearly money matters.

CONCLUSION AND POLICY RECOMMENDATIONS

The fact that the TANF block grant locked-in enormous disparities in funding per state at its inception and continues to exacerbate those inequities by failing to adjust for inflation, demographic changes, economic downturns, or anything else of importance demonstrates why converting social service and health programs into block grants can have enormous negative consequences. In advocating to impose block grants on programs such as Medicaid or the Supplemental Nutrition Assistance Program (SNAP), some Members of Congress, including House Budget Committee Chairman Paul Ryan[25], and governors[26] have cited TANF as a model for reform. However, as this analysis indicates, the TANF block grant structure is actually a model for why block granting Medicaid or SNAP should be firmly rejected, particularly by those policymakers from Southern and Western states that typically begin with lower benefit levels and have higher population growth and poverty levels.[27]

It should also be instructive to governors that block grants have historically resulted in less federal financial support accompanied by a number of federally-imposed conditions of participation and federal grant requirements. In fact, the TANF block grant highlights the fact that the federal government can impose increasing requirements upon states, such as work requirements, lifetime welfare limits, and other mandates, through the grants without accompanying federal funding.

As for how to improve the distribution of TANF funding to states, funding for the TANF Supplemental Grants should be restored in the short-term. At the same time, policymakers must acknowledge that the Supplemental Grants are insufficient and should move toward a funding system whereby states receive, at a minimum, the national average in funding per child in poverty. These additional dollars, or "Children's Fair Share Grants," could be phased-in over either a five- or ten-year period to reduce overall costs, particularly in this time of a federal budget crisis.[28]

If a minimum floor set at the national average in funding per child in poverty were adopted, it would also help address a major flaw in the current TANF block grant formula, which is that funding does not follow the need (i.e., both economic and demographic changes). In Nevada's case, it is the most rapid growing state in the country and is facing a particularly poor economic situation in the current recession. Consequently, the number of children living in poverty in Nevada increased from 74,006 in 1997 to 117,742 in 2009, an astounding 59.1% increase. A minimum floor of funding would, at the very least, provide additional funding to states, such as Nevada, that have a rapidly growing population and a failing economy simultaneously.

At the national level, the number of children in poverty increased from 14.1 million in 1997 to 15.5 million in 2009, a 10% increase. The fact that our nation's child poverty numbers have significantly increased since 1997 highlights how TANF has failed our nation's poorest children since its inception. In fact, this growth in child poverty, which has continued to rise in 2010 and 2011, is a long-neglected national crisis that bears long-term consequences on the nation's next generation unless it is addressed. The rise also has particular implications for TANF, considering that as of 2010, three-quarters of all those receiving TANF cash support were low-income children. [29]

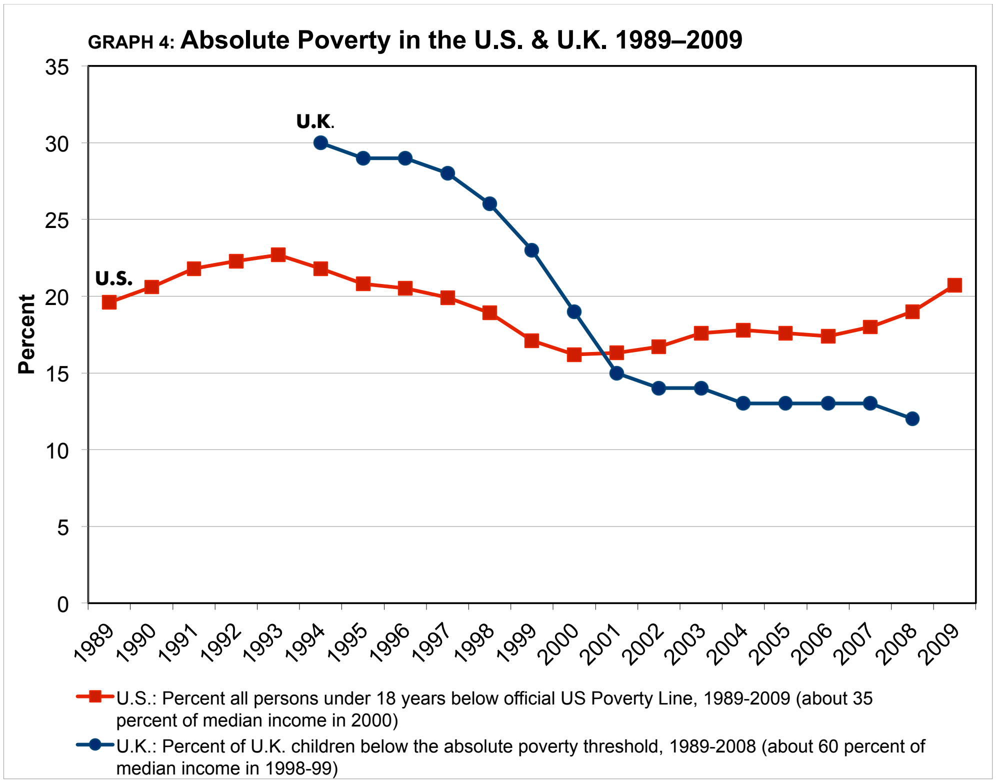
Therefore, TANF should be modified to make child poverty reduction a major principle of the program and states must be given the additional resources necessary, in coordination with other anti-poverty measures such as the Earned Income Tax Credit, to make a real and substantial difference in reducing child poverty.

As the Fiscal Policy Institute recommended back in 2001, "Establishing child poverty reduction as a primary goal of the TANF program is an important first step in correcting the problems with the TANF program as it has been implemented in New York and other states. Rather than rewarding states for reducing their caseloads, states should be rewarded for better-than-average poverty reduction. Establishing poverty reduction as an official 'purpose' of TANF would make programs aimed at reducing child poverty eligible for TANF block grant funds and related maintenance of effort resources."[30] And, such an idea should be bipartisan, as the House of Representatives added "poverty reduction" to TANF's purposes in legislation introduced by Rep. Deborah Pryce (R-OH) and supported by current House Ways and Means Chairman Dave Camp (R-MI).[31]

In fact, the Census Bureau recently estimated that the nation's child poverty rate rose to 22% in 2010 and that there are more than 3 million additional American children living in poverty now than in 2007.[32]

Although some might argue that the problem of overcoming child poverty is intractable, such defeatist notions should be rejected, as Great Britain successfully took on the challenge laid out by Prime Minister Tony Blair in 1999 to combat child poverty through a series of measures including early childhood education, child care, tax credits and work support for families, and effectively cut the child poverty rate by more than half over 10 years[33] (see Graph 4). Moreover, as the new coalition government led by the conservative Tory Party's leader David Cameron came into power in May 2010 amidst urgent economic woes, Cameron has maintained this pledge to children.[34]

Supporting our nation's children and making the reduction of child poverty a national poverty isn't just the right thing to do – it's one of the best investments we can make as a nation. And yet, including the loss of federal funding for the TANF Supplemental Grants this year, our nation's federal policymakers just cut the federal share of spending on our nation's children from 9.2% in 2010 to 8.4% in 2011.[35]



Source: Jane Waldfogel, Columbia University; First Focus Congressional Briefing, December 2010

If our nation is concerned about the growing child poverty crisis, regardless of where low-income children so happen to live, it is time to make a renewed investment in and commitment to our nation's most vulnerable children.

And finally, while increasing TANF funding and engaging our policymakers in a commitment to dramatically reduce child poverty in our nation would not be inexpensive, Harry J. Holzer from the Center for American Progress, in testimony before the House Ways and Means Committee in 1997 found:

> *Our [study] results suggest that the costs to the U.S. associated with childhood poverty total about $500B per year, or the equivalent of nearly 4 percent of GDP. More specifically, we estimate that childhood poverty each year:*
>
> *· Reduces productivity and economic output by about 1.3 percent of GDP;*
>
> *· Raises the costs of crime by 1.3 percent of GDP; and*
>
> *· Raises health expenditures and reduces the value of health by 1.2 percent of GDP.*[36]

Therefore, now is the time to be making these investments. The cost of doing nothing is far more expensive for our nation and a whole generation of children.

Appendix A: Temporary Assistance for Needy Families

(dollars in thousands, federal fiscal years)

State	State Family Assistance Grant	Supplemental Grants	Total Basic and Supplemental	1997 TANF/Poor Child	2001 w/ Supp TANF/Poor Child	2009 w/ Supp TANF/Poor Child	2012 w/out Supp TANF/Poor Child*	1997 TANF/PC % of Nat'l Avg	2001 TANF/PC % of Nat'l Avg	2012 TANF/PC % of Nat'l Avg
Alabama	$93,315	$11,093	$104,408	$357.57	$429.83	$380.71	$340.26	30.6%	30.0%	30.2%
Alaska	63,609	6,888	$70,497	1,989.77	3,268.59	3,172.54	2,862.56	170.3%	228.2%	254.5%
Arizona	222,420	23,925	$246,345	728.99	879.18	622.07	561.66	62.4%	61.4%	49.9%
Arkansas	56,733	6,218	$62,951	335.52	395.56	339.78	306.22	28.7%	27.6%	27.2%
California	3,733,818	0	$3,733,818	1,679.12	2,287.61	2,021.56	2,021.56	143.7%	159.7%	179.7%
Colorado	136,057	13,570	$149,627	872.38	1,186.55	743.64	676.20	74.7%	82.8%	60.1%
Connecticut	266,788	0	$266,788	2,200.20	3,472.17	2,791.55	2,791.55	188.3%	242.4%	248.1%
Delaware	32,291	0	$32,291	1,145.36	1,445.18	953.92	953.92	98.0%	100.9%	84.8%
District of Columb	92,610	0	$92,610	2,764.22	3,094.94	2,838.96	2,838.96	236.6%	216.0%	252.4%
Florida	562,340	60,406	$622,746	724.84	869.75	726.38	655.92	62.0%	60.7%	58.3%
Georgia	330,742	37,283	$368,025	703.05	902.93	639.57	574.77	60.2%	63.0%	51.1%
Hawaii	98,905	0	$98,905	2,024.71	2,331.57	2,522.19	2,522.19	173.3%	162.8%	224.2%
Idaho	31,938	3,498	$35,436	519.35	629.11	462.43	416.78	44.5%	43.9%	37.0%
Illinois	585,057	0	$585,057	1,036.10	1,245.25	998.32	998.32	88.7%	86.9%	88.7%
Indiana	206,799	0	$206,799	906.04	1,072.37	666.79	666.79	77.5%	74.9%	59.3%
Iowa	131,525	0	$131,525	1,311.81	1,926.85	1,202.42	1,202.42	112.3%	134.5%	106.9%
Kansas	101,931	0	$101,931	932.38	1,165.10	862.46	862.46	79.8%	81.3%	76.7%
Kentucky	181,288	0	$181,288	791.50	931.94	720.30	720.30	67.7%	65.1%	64.0%
Louisiana	163,972	17,027	$180,999	517.28	607.35	658.65	596.68	44.3%	42.4%	53.0%
Maine	78,121	0	$78,121	1,770.57	2,110.52	1,685.49	1,685.49	151.5%	147.3%	149.8%
Maryland	229,098	0	$229,098	1,176.65	1,786.40	1,457.70	1,457.70	100.7%	124.7%	129.6%
Massachusetts	459,371	0	$459,371	1,835.69	2,966.33	2,444.36	2,444.36	157.1%	207.1%	217.3%
Michigan	775,353	0	$775,353	1,653.39	2,273.86	1,509.79	1,509.79	141.5%	158.7%	134.2%
Minnesota	267,985	0	$267,985	1,596.55	2,470.29	1,556.84	1,556.84	136.7%	172.4%	138.4%
Mississippi	86,768	9,036	$95,804	460.87	477.85	415.80	376.58	39.4%	33.4%	33.5%
Missouri	217,052	0	$217,052	859.66	1,036.15	744.96	744.96	73.6%	72.3%	66.2%
Montana	45,534	1,133	$46,667	928.22	1,132.09	1,040.74	1,015.48	79.4%	79.0%	90.3%
Nebraska	58,029	0	$58,029	1,017.82	1,055.71	861.65	861.65	87.1%	73.7%	76.6%
Nevada	43,977	3,734	$47,711	594.24	685.58	405.22	373.50	50.9%	47.9%	33.2%
New Hampshire	38,521	0	$38,521	1,268.98	1,761.70	1,231.58	1,231.58	108.6%	123.0%	109.5%
New Jersey	404,035	0	$404,035	1,335.83	1,912.01	1,498.32	1,498.32	114.3%	133.5%	133.2%
New Mexico	126,103	6,553	$132,656	901.68	1,040.53	1,023.96	973.38	77.2%	72.6%	86.5%
New York	2,442,931	0	$2,442,931	2,178.11	2,777.62	2,782.02	2,782.02	186.4%	193.9%	247.3%
North Carolina	302,240	36,110	$338,350	836.84	1,010.29	671.71	600.02	71.6%	70.5%	53.3%
North Dakota	26,400	0	$26,400	949.39	1,230.93	1,318.54	1,318.54	81.3%	85.9%	117.2%
Ohio	727,968	0	$727,968	1,563.00	1,751.60	1,261.59	1,261.59	133.8%	122.3%	112.1%
Oklahoma	148,014	0	$148,014	703.25	828.37	742.76	742.76	60.2%	57.8%	66.0%
Oregon	167,925	0	$167,925	1,244.52	1,328.81	1,011.15	1,011.15	106.5%	92.8%	89.9%
Pennsylvania	719,499	0	$719,499	1,490.89	1,840.74	1,542.59	1,542.59	127.6%	128.5%	137.1%
Rhode Island	95,022	0	$95,022	2,268.20	2,887.49	2,376.25	2,376.25	194.1%	201.6%	211.2%
South Carolina	99,968	0	$99,968	445.53	500.49	386.20	386.20	38.1%	34.9%	34.3%
South Dakota	21,894	0	$21,894	572.09	772.87	593.59	593.59	49.0%	53.9%	52.8%
Tennessee	191,524	21,565	$213,089	741.51	826.11	603.75	542.65	63.5%	57.7%	48.2%
Texas	486,257	52,708	$538,965	359.97	416.25	325.64	293.80	30.8%	29.1%	26.1%
Utah	76,829	8,704	$85,533	854.92	1,036.84	771.60	693.08	73.2%	72.4%	61.6%
Vermont	47,353	0	$47,353	2,595.55	3,038.19	2,725.99	2,725.99	222.2%	212.1%	242.3%
Virginia	158,285	0	$158,285	553.09	809.90	620.35	620.35	47.3%	56.5%	55.1%
Washington	404,332	0	$404,332	1,774.13	2,085.70	1,618.84	1,618.84	151.9%	145.6%	143.9%
West Virginia	110,176	0	$110,176	1,077.49	1,221.37	1,209.94	1,209.94	92.2%	85.3%	107.6%
Wisconsin	318,188	0	$318,188	1,620.70	2,162.41	1,479.59	1,479.59	138.7%	150.9%	131.5%
Wyoming	21,781	0	$21,781	1,084.71	1,334.54	1,268.11	1,268.11	92.8%	93.2%	112.7%
TOTAL	$16,488,670	$319,451	$16,808,121	$1,168.33	$1,432.59	$1,146.77	$1,124.97			

Source: U.S. Census Bureau and the Congressional Research Service

ENDNOTES

1 Schott, Liz, "An Introduction to TANF," Center on Budget and Policy Priorities, July 6, 2011.

2 Falk, Gene, "The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements," Congressional Research Service, RL32748, August 2, 2011.

3 Falk, Gene, "The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions," Congressional Research Service, RL32760, Februrary 16, 2011. See also LaDonna Pavetti and Liz Schott, "TANF's Inadequate Response to Recession Highlights Weakness of Block-Grant Structure: Proponents Wrong to See It as Model for Medicaid, SNAP, or Other Low-Income Programs," Center on Budget and Policy Priorities, July 14, 2011, http://www.cbpp.org/cms/?fa=view&id=3534.

4 The Supplemental Grants, which were negotiated by Senator Kay Bailey Hutchison (R-TX) as a "compromise" to be added to the TANF bill were make available to the states of Alabama, Alaska, Arkansas, Arizona, Colorado, Florida, Georgia, Idaho, Louisiana, Mississippi, Montana, Nevada, New Mexico, North Carolina, Tennessee, Texas, and Utah each year for fiscal years 1998 through 2001 if the states had lower spending per person in poverty in AFDC and related programs or had experienced high population growth in previous years. This following a "Children's Fair Share" amendment by Senators Bob Graham (D-FL) and Dale Bumpers (D-AR), which would have pushed to end the "inequity" in the TANF funding formula over five years.

5 Alaska received $6.9 million a year in Supplemental Grant funding between 2001 and 2011, despite the fact that the State's TANF allocation per child in poverty was already 70% greater than the national average in 1997. In sharp contrast, South Carolina, South Dakota, Virginia, and Kentucky did not receive Supplemental Grant funding despite the fact the TANF allocation per child in poverty was only 38%, 49%, 47%, and 68% of the national average, respectively, in 1997 (see Appendix A).

6 While states like Ohio ($1,563) and Oregon ($1,245) were better off in funding per child in poverty than states like Maryland ($1,177) or Wyoming ($1,085) in 1997, the states had flipped positions by 1999 due to the growth in child poverty numbers in Ohio and Oregon compared to the decline in Maryland and Wyoming. As a result, in 1999, Maryland ($1,458) and Wyoming ($1,268) were receiving more money per child in poverty than Ohio ($1,262) or Oregon ($1,011).

7 Daugirdas, Kristina, Wendell Primus, and Robert Greenstein, "Appropriations Bills Would Cut Welfare Reform Block Grant Funding for 16 States, Undoing Compromise in Welfare Law: Cuts Would Hurt Poorer States that Already Receive Much Less Federal Block Grant Funding Per Poor Child than Other States," Center on Budget and Policy Priorities, July 7, 2000.

8 The authors of the March 9, 2001, letter to President George W. Bush were Senators Bob Graham (D-FL), Kay Bailey Hutchison (R-TX), John Ensign (R-NV), Thad Cochran (R-MS), Ted Stevens (R-AK), Jeff Sessions (R-AL), Harry Reid (D-NV), John Breaux (D-LA), Blanche Lincoln (D-AR), Larry Craig (R-ID), Fred Thompson (R-TN), Jeff Bingaman (D-NM), Jesse Helms (R-NC), and Conrad Burns (R-MT).

The Southern Governors Association, which included members such as Governors Rick Perry (R-TX), M.J. "Mike" Foster (R-LA), Mike Huckabee (R-AR), and Roy Barnes (D-GA), were also strong advocates of extending the TANF Supplemental Grants. As Governor Foster said in a press release in support of extension of the TANF Supplemental Grants on December 13, 2001, "Congress made a commitment to governors in 1996 to provide this funding to help address an inequity in the federal funding formula for TANF. Because the formula is based on historical expenditure patterns, 17 states, nine of which are from the South, receive significantly less funding per person in poverty as compared to other states. The TANF supplemental grants address this problem and we therefore urge the House of Representatives to move quickly to pass S. 942 before it adjourns for the year."

9 Falk, Gene, "The Temporary Assistance for Needy Families Block Grant: Issues for the 112th Congress," Congressional Research Service, R41781, October 11, 2011.

10 Bumpers, Dale, U.S. Senate Debate on Amendment No. 4936 ("Children's Fair Share") to the "Personal Responsibility, Work Opportunity, and Medicaid Restructuring Act of 1996," *Congressional Record*, July 22, 1996.

11 Davis, Geoff, U.S. House of Representatives Debate on H.R. 2943, the "Short-Term TANF Extension Act," *Congressional Record*, September 21, 2011.

12 Hasten, Mike, "Federal Cuts to Hit Families," The News Star, November, 6, 2011, http://www.thenewsstar.com/article/20111106/NEWS01/111106003/Federal-cuts-hit-families?odyssey=nav|head. Note that Louisiana is estimated to receive $597 per poor child in poverty, about 53% of the national average, without the TANF Supplemental Grants in 2012.

13 The highest-funded states per child in poverty are Alaska, Connecticut, New York, Vermont, Hawaii, Rhode Island, California, and Massachusetts. Note that Alaska qualifies for the original Supplemental Grants to a high population growth in the early 1990s.

14 The lowest-funded states per child in poverty are Texas, Arkansas, Alabama, Nevada, Mississippi, South Carolina, Idaho, Tennessee, Arizona, and Georgia -- all but South Carolina are eligible for the Supplemental Grants.

15 Paradoxically, while states like Texas and Mississippi are hurt by such block grants like TANF, it is precisely what Governor Rick Perry (R-TX) and Haley Barbour (R-MS) are calling on to use as a model for which to block grant the Medicaid program.

16 Doggett, Lloyd, "Doggett Opening Statement on TANF Reauthorization," House Committee on Ways and Means, September 8, 2011.

17 Doggett, Lloyd, September 8, 2011.

18 Weaver, R. Kent, "The Structure of the TANF Block Grant," The Brookings Institution, Policy Brief No. 22, April 2002.

19 Graham, Bob, U.S. Senate Debate on Amendment No. 4936 ("Children's Fair Share") to the "Personal Responsibility, Work Opportunity, and Medicaid Restructuring Act of 1996," *Congressional Record*, July 19, 1996.

In the House of Representatives debate on the "Personal Responsibility Act of 1995" on March 24, 1995, Rep. Ronald Coleman (D-TX) raised many of the same concerns. He said, "The formulas disproportionately hurt states that have a growing population, especially the states with high percentages of young people in poor and near-poor families and that have historically been conservative in paying for their federally aided social services programs. That description fits Texas to a 'T'." As the chart in the Appendix indicates, Rep. Coleman was right to be deeply concerned because, in 2012, Texas is projected to receive only about 26% of what the average state receives per child in poverty under the TANF block grant

20 Santorum, Rick, U.S. Senate Debate on Amendment No. 4936 ("Children's Fair Share") to the "Personal Responsibility, Work Opportunity, and Medicaid Restructuring Act of 1996," *Congressional Record*, July 19, 1996.

21 U.S. Senate, Roll Call Vote No. 222 on Graham Amendment No. 4936, 104th Congress – 2nd Session, July 23, 1996, http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=104&session=2&vote=00222.

22 The states that received TANF Supplemental Grant funding through June 30, 2011, have been: Alabama, Alaska, Arizona, Arkansas, Colorado, Florida, Georgia, Idaho, Louisiana, Mississippi, Montana, Nevada, New Mexico, North Carolina, Tennessee, Texas, and Utah.

23 The one exception is the State of Massachusetts because the State is estimated to see a 33.1% increase in its level of funding per child in poverty between 1997 and 2012, which is more than the 28% decline in the purchasing power of the grant on an

inflation-adjusted basis.

24 Falk, Gene, February 16, 2011.

25 Ryan, Paul, *The Path to Prosperity*, House Committee on the Budget, April 5, 2011, http://budget.house.gov/UploadedFiles/PathToProsperityFY2012.pdf.

26 Republican Governors Public Policy Committee, *A New Medicaid: A Flexible, Innovative and Accountable Future,* August 30, 2011, http://www.rga.org/homepage/gop-govs-release-medicaid-reform-report/.

27 For example, Governors Rick Perry (R-TX), Haley Barbour (R-MS), and Rick Scott (R-FL) have all called for block granting the Medicaid program, even though the experience of Texas, Mississippi, and Florida in TANF has been one where dramatic federal funding inequities have only increased dramatically over the 15-year history of TANF. The Florida, Mississippi, and Texas share of funding compared to the national average have dropped from 62%, 39%, and 31% in 1997 to an estimated 58%, 33%, and 26% in 2012.

28 Our proposal would require the Administration to determine the amount of funding that would be spent per child in poverty in each state under both the current TANF formula and a modified Supplemental Grants formula that would no longer include Alaska.

With the underlying principle that all children in poverty are in need of support and not just those who happen to live in certain states, those states with funding below the national average would be adjusted upward to the national average spending per child in poverty in what could be called "Children's Fair Share Grants." As an example, if this formula were in place in 2009, the states of Alabama, Arizona, Arkansas, Colorado, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, and Virginia would have been eligible for "Children's Fair Share Grants." The adjusted formula could be phased-in over a five- or ten-year period to reduce costs.

29 Falk, Gene, February 16, 2011. The data for September 2010 shows that 3.4 million of the 4.6 million recipients of TANF support are now children.

30 Fiscal Policy Institute, "Reauthorization of the Temporary Assistance for Needy Families (TANF) Program Authority," November 30, 2001, http://www.fiscalpolicy.org/TANFComments2.pdf.

31 Pryce, Deborah, "H.R. 3, Personal Responsibility, Work, and Family Promotion Act of 2003," U.S. House of Representatives, February 13, 2003.

32 U.S. Census Bureau, "Income, Poverty, and Health Insurance Coverage in the United States: 2010," September 2011, http://www.census.gov/prod/2011pubs/p60-239.pdf.

33 Waldfogel, Jane, "Protecting Children in Tough Economic Times: What Can the United States Learn from Britain?", First Focus and Foundation for Child Development, June 2011, http://www.firstfocus.net/sites/default/files/ProtectingChildrenEconomicTimes_0.pdf.

See also, Jane Waldfogel, "Tackling Child Poverty and Improving Child Well-Being: Lessons from Britain," First Focus and Foundation for Child Development, December 7, 2010, http://www.firstfocus.net/sites/default/files/TacklingPoverty.pdf, and Kate Bell, "From Target to Legislation: Tackling Child Poverty in the United Kingdom – A Model for the United States?" in *Big Ideas: Game-Changers for Children*, First Focus, October 2010, http://www.firstfocus.net/sites/default/files/Big%20Ideas%20_Bell.pdf.

34 Cameron, David, "My Pledge on Child Poverty," The Telegraph (U.K.), March 9, 2008, http://www.telegraph.co.uk/news/uknews/1581192/David-Cameron-My-pledge-on-child-poverty.html.

35 First Focus, *Children's Budget 2011*," July 2011, http://www.firstfocus.net/sites/default/files/FirstFocus_2011.pdf.

36 Holzer, Harry J., "Testimony on the Economic and Societal Costs of Poverty" before the House Ways and Means Committee, Center for American Progress, January 24, 2007, http://www.americanprogress.org/issues/2007/01/holzer_testimony.html.

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