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Testimony of
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Submitted for

**Senate Finance and Assembly Ways and Means Committees**
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**Human Services**
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My name is Carolyn Boldiston and I am a Senior Fiscal Policy Analyst with the Fiscal Policy Institute. The Fiscal Policy Institute (FPI) is a nonpartisan research and education organization that focuses on the broad range of tax, budget, economic and related public policy issues that affect the quality of life and the economic well-being of New York State residents. Founded in 1991, FPI's work is intended to further the development and implementation of public policies that create a strong economy in which prosperity is broadly shared by all New Yorkers. Thank you for the opportunity to submit this written testimony.

This testimony covers the following topics:

I. Trends in public assistance participation and poverty in New York State.

II. New York's utilization of the federal Temporary Assistance for Needy Families (TANF) block grant:
   A. Basic Assistance Spending and 'Surplus' Funds;
   B. Delay of the Public Assistance Grant Increase;
   C. Initiatives;
   D. Flexible Fund for Family Services; and
   E. Child Care Spending.

III. Impact of the TANF Contingency Fund and Emergency Contingency Fund on TANF funding and spending in New York State.

IV. Recommendations for the 2012-2013 state fiscal year.

Over the last seventeen years, the interaction of two major developments—1) dramatic reductions in the number of needy families receiving governmental cash assistance and 2) major changes in the way that the federal government shares in the costs incurred by the states in providing such assistance and related services—have given the states a substantial level of resources that can be used with an unprecedented degree of flexibility in meeting the needs of low-income families.[1]

The federal Temporary Assistance for Needy Families (TANF) block grant program provides a fixed annual allocation of $2.442 billion to New York State to provide needy families with assistance. Congress has not yet taken action to reauthorize this program; however, it has been extended several times since its current authorization expired on September 30, 2010. In 2011, TANF was extended in The Temporary Payroll Tax Cut Continuation Act of 2011, H.R. 3765, which continued the program through February 29, 2012. On February 17, 2012, Congress passed the Middle Class Tax Relief and Job Creation Act of 2012 which extended the TANF block grant program through September 30, 2012.

## I. Trends in public assistance participation and poverty in New York State

In New York State, the total number of people receiving public assistance has declined by more than 1 million in seventeen years, from 1,643,832 in January 1995 to 570,722 in December 2011 (state administrative data), a decrease of 65 percent. And the number of people receiving federally-funded assistance (i.e., assistance through the TANF program) has declined from 980,022 in December 1997 to 282,017 in June 2011 (federal administrative data), a decrease of 71 percent.

What proportion of the number of people eligible for such assistance do these numbers represent? The following graph shows the steep decline in participation in federally-funded family assistance in New York State from 1995 through 2007. Of those New Yorkers eligible for such assistance, the number of persons actually participating decreased from 90% before welfare reform to 39% in 2007. See Figure 1.

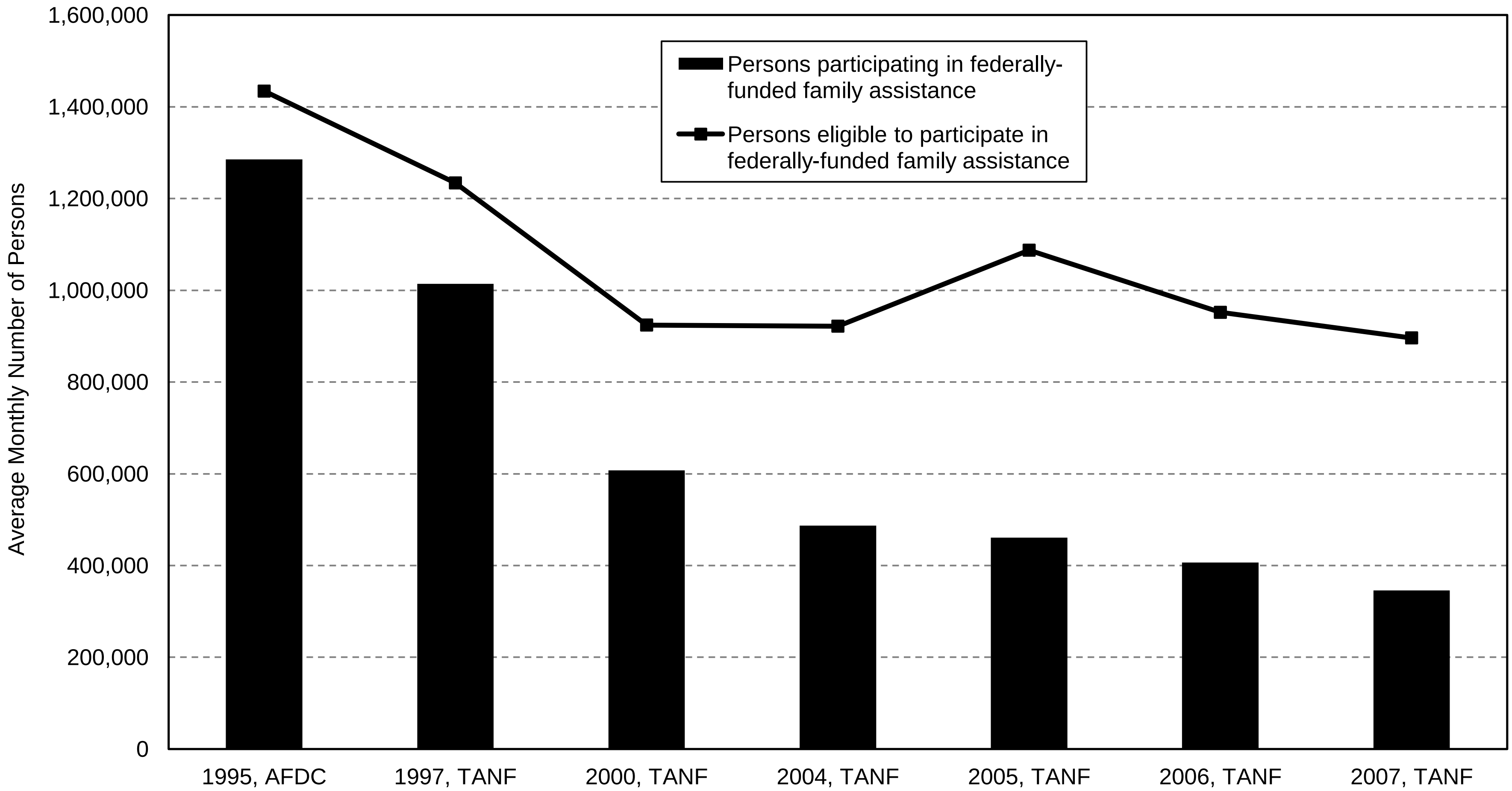
State administrative data through March 2011[2] shows marked decreases in TANF participation, or Family Assistance, alongside increases in the state and locally-funded Safety Net Assistance (SNA) program that provides assistance primarily to single people, childless couples and families that have exhausted their 60-month limit for participating in the TANF program. While there was some increase in TANF-funded family assistance participation during the recent Great Recession—rising by 5.7 percent from March 2008 to March 2010—participation in this

[1] The Temporary Assistance for Needy Families (TANF) program that replaced the federal Aid to Families with Dependent Children (AFDC) program in 1996 (and became effective in 1997) was reauthorized in February 2006 as part of the Deficit Reduction Act of 2005.

[2] Source: New York State Office of Temporary and Disability Assistance, *Monthly Caseload Statistics* at http://otda.ny.gov/resources/caseload/.

FIGURE 1

**Of those New Yorkers eligible for federally-funded family assistance, the number of persons actually participating decreased from 90% before welfare reform to 39% in 2007.**




Source: Center on Budget and Policy Priorities use of HHS/Urban Institute TRIM policy microsimulation model, baseline summary tables. Before 1997, model makes no inference about undocumented aliens. In 1997 and later, models impute immigration status.

program has declined by 57 percent from 2001 to 2011. Participation in Safety Net Assistance, however, increased 156 percent over this same time period.

Much of this change is due to the increasing number of families on Safety Net Assistance. The number of child recipients as a proportion of total Safety Net Assistance recipients has increased dramatically from 4 percent in March 2001 to 36.5 percent in March 2011. In 2001, there were 5,256 children on Safety Net Assistance and in 2011, there were 112,658; an increase of over 2,000 percent. And while the number of SNA adult recipients increased by 70 percent over the same time period, from 115,568 to 196,015, children now represent over a third of Safety Net Assistance recipients. Altogether, children represented over 54 percent of all temporary assistance recipients in 2011.

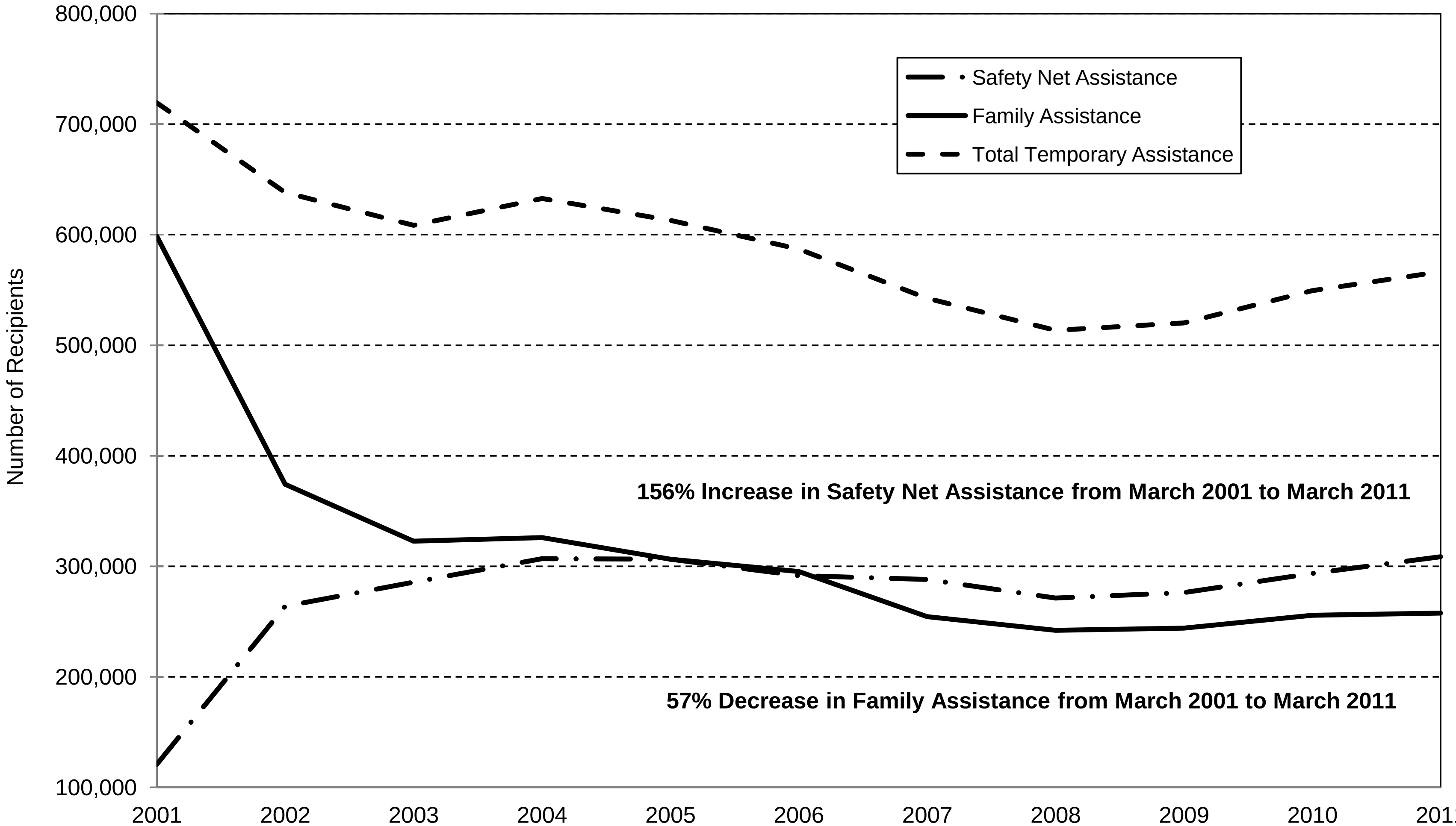
Proportionally, there has been a greater increase in both programs outside of New York City in the last three years. In Family Assistance, there was a 24 percent growth in the rest of the state (labeled as ROS in the table below) compared to a decrease of four percent in New York City. In Safety Net Assistance, this increase was 34 percent outside of New York City compared to less than 6 percent there. The majority of all temporary assistance recipients though reside in New York City: 56 percent of Family Assistance recipients and 66 percent of Safety Net Assistance recipients in March 2011. See the table below and Figure 2.

| | Family Assistance Recipients | | | Safety Net Assistance Recipients | | |
|---|---|---|---|---|---|---|
| March | NYS | NYC | ROS | NYS | NYC | ROS |
| 2001 | 598,494 | 430,623 | 167,871 | 120,824 | 87,641 | 33,183 |
| 2002 | 374,266 | 242,472 | 131,794 | 263,987 | 203,794 | 60,193 |
| 2003 | 322,840 | 202,533 | 120,307 | 285,657 | 218,133 | 67,524 |
| 2004 | 325,862 | 203,087 | 122,775 | 306,911 | 233,751 | 73,160 |
| 2005 | 306,428 | 188,835 | 117,593 | 306,398 | 230,090 | 76,308 |
| 2006 | 295,318 | 184,115 | 111,203 | 291,630 | 216,912 | 74,718 |
| 2007 | 254,424 | 159,904 | 94,520 | 288,082 | 207,771 | 80,311 |
| 2008 | 242,136 | 151,471 | 90,665 | 271,252 | 191,818 | 79,434 |
| 2009 | 244,003 | 149,861 | 94,142 | 276,139 | 191,791 | 84,348 |
| 2010 | 255,822 | 152,628 | 103,194 | 293,522 | 197,529 | 95,993 |
| 2011 | 257,705 | 145,078 | 112,627 | 308,673 | 202,338 | 106,335 |
| | Percent Change | | | Percent Change | | |
| 2001 to 2011 | -56.9% | -66.3% | -32.9% | 155.5% | 130.9% | 220.5% |
| 2008 to 2011 | 6.4% | -4.2% | 24.2% | 13.8% | 5.5% | 33.9% |

How do these numbers relate to the number of individuals who are poor in New York State? In 2008, 13.6 percent of New Yorkers were poor; this rate was higher in New York City at 18.2 percent and close to or at 30 percent in Buffalo, Rochester and Syracuse. This rate increased to

FIGURE 2

# Safety Net Assistance caseloads are going up while Family Assistance participation is going down.




Source: New York State Office of Temporary and Disability Assistance, *Temporary and Disability Assistance Statistics* at http://otda.ny.gov/resources/caseload/, March series.

14.9 percent across the state in 2010, 20.1 percent in New York City and 34 percent in Rochester and Syracuse.[3] Alongside this increase is the rise in the number of families or households that are near poor, whose income is 100 to 200 percent of the federal poverty threshold. In 2010, "…data indicates that nearly one-third (31.9 percent) of the state's population are either poor or near-poor,…" and "[F]orty percent of New York City's population is poor or near-poor."[4]

Significantly, a much smaller share of needy families in New York State receives TANF public assistance benefits now, 34 percent, compared to 15 years ago when 81 percent of families in poverty received Aid to Families with Dependent Children. These statistics raise serious questions about the ability of the TANF program, as currently structured, to respond to poor families' needs during severe economic downturns. See the table below and Figure 3.

| Families with children | 1994-1995 | 2009-2010 |
|---|---|---|
| …on AFDC/TANF | 455,400 | 156,600 |
| …in poverty | 564,100 | 463,800 |
| AFDC/TANF families as a percentage of families in poverty | 81 % | 34 % |

Source: Center on Budget and Policy Priorities, *New York: TANF Fact Sheet*, January 25, 2011 at http://www.cbpp.org/files/1-25-11tanf-NY.pdf and updated numbers for 2011; two-year rolling averages.

## II. New York's utilization of the federal Temporary Assistance for Needy Families (TANF) block grant.

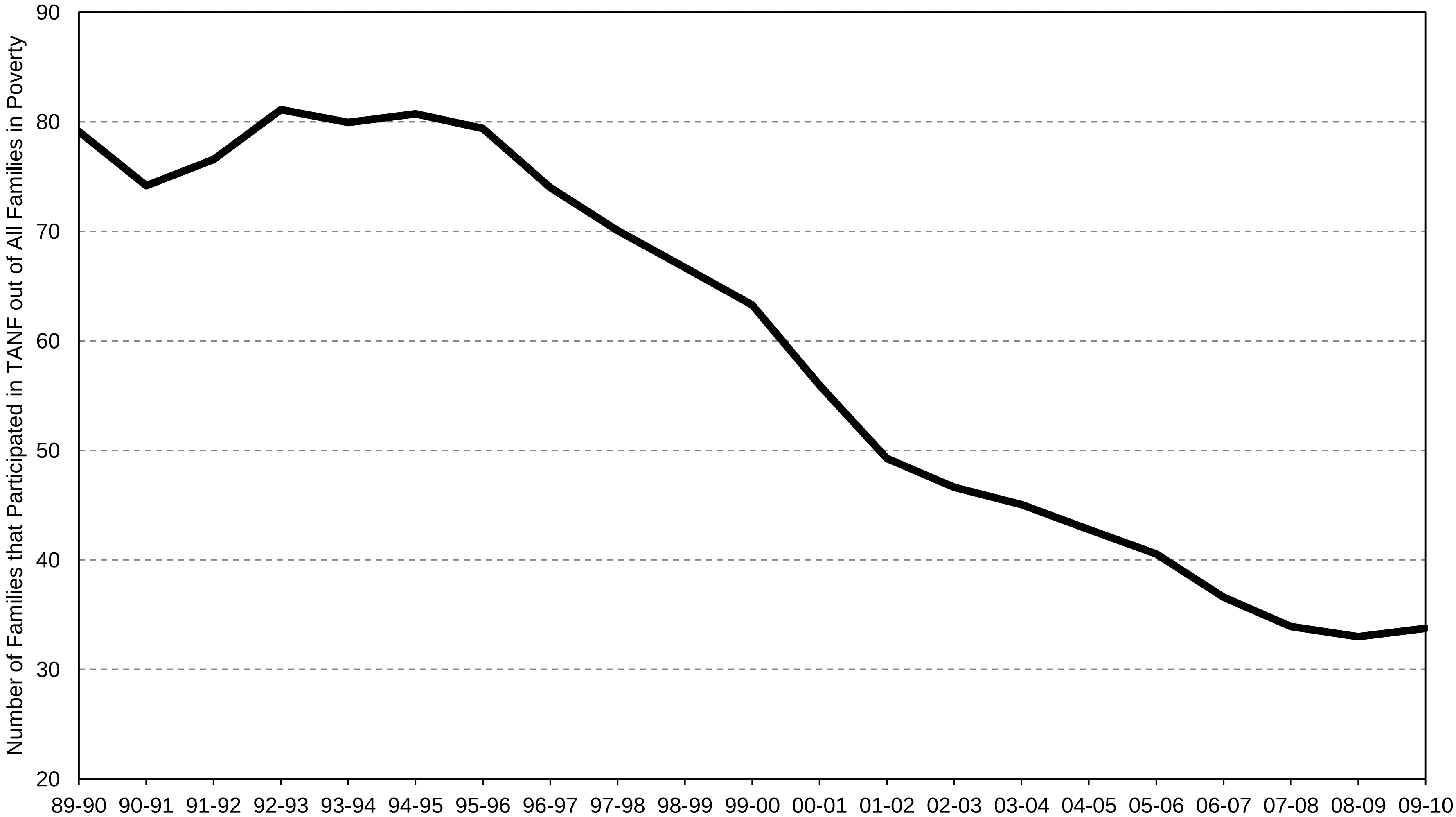
A. Basic Assistance Spending and 'Surplus' Funds**.**

How much federal TANF money does New York State use each year to provide assistance to needy families? Total available TANF funding during a state fiscal year may equal more than New York's annual $2.442 billion federal block grant. This occurs for two reasons. One, the state is allowed to carry over unused TANF funds from previous years. Two, since January 2009, additional TANF funding has been provided to New York State through the 'regular' TANF Contingency Fund and the TANF Emergency Contingency Fund[5]. These two contingency funds

[3] United States Bureau of the Census, 2008 and 2010 American Community Survey 1 Year Estimates, *Table GCT: Percent of People Below Poverty Level in the Past 12 Months (For Whom Poverty Status is Determined)*, one-year estimates.
[4] Fiscal Policy Institute, *The State of Working New York: 2011, The Unemployment Crisis Two Years into Recovery*, Fall 2011, p. 57 at http://www.fiscalpolicy.org/FPI_StateOfWorkingNewYork2011_Part1_20110831.pdf.
[5] The TANF Contingency Fund (sometimes referred to here as the 'regular' or reserve Contingency Fund) was set up as a national fund during reauthorization of the Temporary Assistance to Needy Families block grant program in 2006 for states to apply for additional funds during economic downturns. States may access the fund by meeting either of two triggers: an increase to the state's SNAP (food stamp) enrollment or an increase in the state's

FIGURE 3

## In 2009-10, for every 100 New York families in poverty, 34 families participated in TANF.




Source: Center on Budget and Policy Priorities, *New York: TANF Fact Sheet*, January 25, 2011 at http://www.cbpp.org/files/1-25-11tanf-NY.pdf and updated numbers for 2010; two-year rolling averages.

have supplied over $1.5 billion additional dollars to the state and have affected the use of TANF dollars beginning with state fiscal year 2009-2010.

For the upcoming 2012-2013 state fiscal year, the total TANF funding[6] available ($2.615 billion) consists of the $2.442 billion from New York's regular block grant, $162.8 million in TANF Contingency Fund awards earned by the state in the current federal fiscal year (FFY), and about $9 million in TANF funds rolled over from the previous year.

Because the regular TANF block grant is fixed at $2.442 billion each year while caseloads have fallen over time, only a portion of the TANF funds that New York State receives from the federal government each year is used to provide basic assistance benefits for needy families. The difference between the two is frequently referred to as the TANF 'Surplus'. More recently, the size of the TANF 'Surplus' has been affected by: 1) access to and then decline in TANF contingency fund awards, and, 2) the amount of TANF funds that have been used to pay basic assistance costs for TANF families. After meeting requirements to provide monthly and emergency assistance, New York State has been able to use TANF funds for a range of support services that families can use to begin to become financially independent.

Prior to 2010-2011, federal TANF spending for basic assistance benefits for families, was decreasing because of declining caseloads. A dramatic increase after that point in time has occurred for two reasons. One, the number of TANF recipients started to increase during the end of 2008 with the impact of the Great Recession. This accounts for a small share of the increase. Two, starting in 2010-2011, TANF has been used to pay a much larger share of public assistance benefit costs for TANF families than previously.

Before the 2009-2010 state fiscal year, federal TANF block grant funds were used to pay 50 percent of family assistance benefit costs while the state and localities[7] each paid 25 percent of such costs. The state and local social services districts also shared equally in paying for public assistance benefit costs for the separate state Safety Net Assistance program. A similar arrangement existed for paying the costs of the Emergency Assistance to Families (EAF) and Emergency Safety Net Assistance (ESNA) programs. This cost-sharing arrangement remained until the current 2011-2012 state fiscal year. In 2009-2010 and 2010-2011, however, available TANF contingency fund money was used to offset the state's public assistance benefit costs by over $100 million in 2009-2010 and $440 million in 2010-2011. (The 2009-2010 amount does not include $458 million for EITC payments which offset the state's share of public assistance

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unemployment rate. See section II at http://www.acf.hhs.gov/programs/ofa/policy/pi-ofa/2008/200804/pi200804.htm. The TANF Emergency Contingency Fund was only available only during the 2009 and 2010 federal fiscal years. It was established by the American Recovery and Reinvestment Act, signed into law by President Obama on February 17, 2009.

[6] This testimony may refer to Temporary Assistance for Needy Families (TANF) block grant program spending or funding by using the terms 'TANF', 'TANF funds', 'TANF funding', 'TANF spending', 'TANF dollars', or 'TANF money'. These terms refer to total or all available TANF funds, i.e. the regular block grant and the contingency funds. When only the $2.442 billion regular block grant amount is being referred to, this will be specified in the text.

[7] References to localities are to New York's local social services districts (LSSDs).

costs. During this period, localities were also allowed to use TANF funds from their Flexible Fund for Family Services allocations to help pay for their share of public assistance costs—$64.7 million in 2009-2010 and a projected $65.2 million in 2010-2011.)

This use of TANF for the funding of public assistance costs was related to the state's decision not to use regular block grant money in state fiscal year 2010-2011 to fund the state Earned Income Tax Credit (EITC) as an offset to the state share of public assistance—as it had done previously—and instead to use tax credit payments[8] to TANF-eligible filers to draw down TANF Emergency Contingency Fund (ECF) money which was then used to offset the state share of public assistance. The result of these two actions allowed the state to meet the anticipated growth in public assistance costs with ECF money and to provide an additional $261 million in fiscal relief to the state.

In the 2011-2012 enacted budget, the arrangements for sharing costs of public assistance benefits shifted again. TANF was then used to pay 100 percent of family assistance benefits while New York State paid 29 percent of Safety Net Assistance (SNA) benefit costs and the local social services districts became responsible for 71 percent of SNA costs (this change applied also to EAF and ESNA costs). This shift was part of the state's 2011-2012 gap-closing plan. It was explained in the *2011-2012 Executive Budget Five-Year Financial Plan* (p. 18) as "…maximizing Federal TANF funds to pay the full benefit costs for TANF-eligible households on public assistance;…"

Governor Cuomo is currently proposing to continue that cost-sharing arrangement in the 2012-2013 state fiscal year. Even though localities pay less under this arrangement than under the former one, it may become more costly for them in the future. This is because the number of SNA recipients has increased over time while the number of Family Assistance recipients has decreased, and, benefit costs per SNA recipient are higher than for FA recipients.

The 2012-2013 Executive Budget forecasts a 2.6 percent decline in FA caseloads and a 2 percent decline in SNA caseloads. Therefore, 2012-2013 public assistance benefit costs for Family Assistance are projected to go down to $1.15 billion (this does not include Emergency Assistance to Families), a decrease of 2.9 percent from the current state fiscal year costs of $1.18 billion while SNA benefit costs are projected to decrease to $1.40 billion, a 1.6 percent decline from 2011-2012 costs of $1.43 billion. These Family Assistance costs represent the largest component of the TANF funding commitments proposed for 2012-13.

Under the new cost-sharing arrangement for monthly and emergency public assistance, federal TANF funds will pay the $1.3 billion Family Assistance benefits costs for 2012-2013, and the state will pay a projected $407 million for SNA benefit costs and localities will pay the remaining 71 percent of these costs—a projected $997 million. Compared to the former

[8] New York State qualified for TANF Emergency Contingency Fund awards because of growth in the costs of the state Earned Income Tax Credit, the Empire State Child Tax Credit and the Child and Dependent Care Credit.

arrangement, New York State will likely pay $620 million less in public assistance costs while LSSDs will likely pay $30 million less than before. See Figure 4.

If responsibility for these 2012-2013 SNA benefit costs were divided evenly between the state government and the LSSDs, each would pay $702 million which would be a $295 million increase for the state and a $295 million savings for the localities. Under the pre-2011-2012 arrangement, however, New York State and the localities would each have been responsible, as well, for 25 percent of Family Assistance benefit costs which would increase their total costs for benefits to $1.027 million in 2012-2013. If the responsibilities of both the state and the LSSDs were set at some level above $702 million but less than $1.027 million, both levels of government would still enjoy a cost savings relative to the traditional cost-sharing arrangement. Also, additional resources would be available to fund some portion of the support services (frequently referred to as "TANF Initiatives") which have been funded in the past but which are not funded in the 2012-2013 state budget as proposed by Governor Cuomo.

The fiscal relief proposed by the 2012-2013 Executive Budget (and the combination of fiscal relief and support services funding recommended in the previous paragraph) is only available through the appropriating of more TANF funds than previously to pay family assistance benefit costs. The state's decision to do so (and to provide a greater share of the fiscal relief involved to the state and a smaller share to the LSSDs) may be related to the pending payments from the General Fund to the LSSDs for prior year claims. New York State under-estimated the state share of public assistance costs in 2009-2010 and 2010-2011 and these obligations have been carried forward. The 2012-2013 Executive Budget proposes to allocate an additional $150 million for this purpose in 2011-2012 through a proposed reappropriation increase. It also proposes to use approximately $150 million more from the General Fund for this purpose during 2012-2013.

In 2009-2010, actual expenditures for Emergency Assistance to Families were paid for with $82 million from TANF, $40 million from the state's General Fund and $40 million from local governments. Total actual payments for EAF in 2010-2011 were lower than those in 2009-2010; $65 million from TANF, and $31 million each from the state and local governments. The amount for both the current and upcoming state fiscal years is $150 million. As explained above, the Executive Budget proposes to use the TANF block grant to pay all Emergency Assistance to Families costs in 2012-2013 as it does in the current state fiscal year. Together with the $1.15 billion for TANF family assistance and the rounded figure of $20 million for the TANF share of the proposed grant increase, this represents the $1.32 billion appropriation for such costs in the Aid to Localities Appropriation Bill. It is over one-half of New York's 2012-2013 TANF funding commitments. See Figure 5.

FIGURE 4

## 2012-13 Executive Budget: Shares for public assistance benefit costs (includes Emergency Assistance to Families and Emergency Safety Net Assistance).

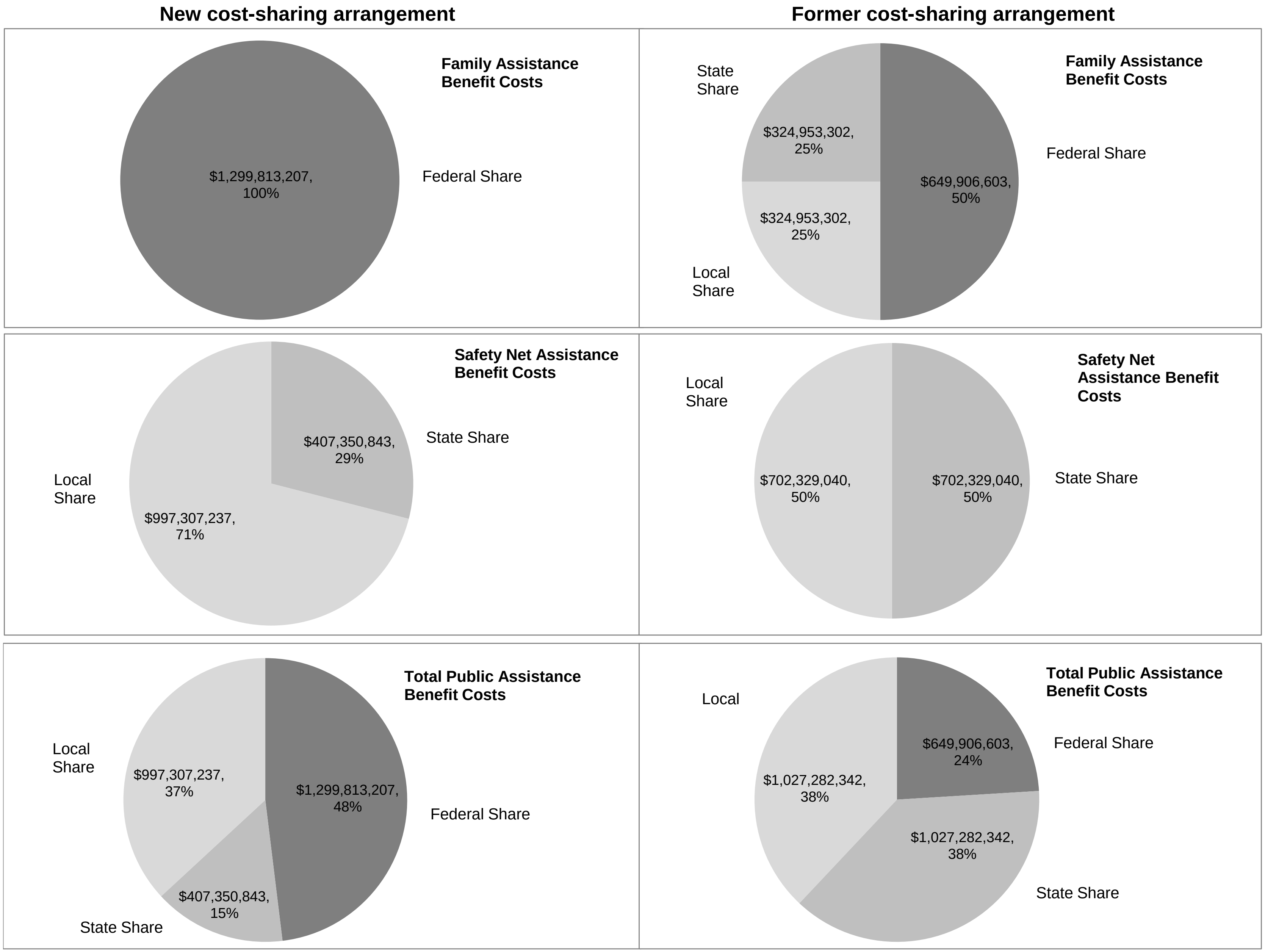


FIGURE 5

# Comparison of 2011-2012 and 2012-2013 TANF Funding Commitments

(in thousands)

| Program | 2011-2012 Enacted | 2012-2013 Executive | Change |
|---|---|---|---|
| Public Assistance Benefits | $1,183,646 | $1,149,813 | ($33,833) |
| Public Assistance Grant Increase | $9,216 | $18,000 | $8,784 |
| Emergency Assistance to Families | $150,000 | $150,000 | $0 |
| State Operations | $69,700 | $30,000 | ($39,700) |
| AFIS, EBICS | $3,000 | $3,000 | $0 |
| Welfare to Work Staff | $12,600 | $0 | ($12,600) |
| Systems | $4,000 | $0 | ($4,000) |
| Welfare Fraud and Prevention | $5,500 | $0 | ($5,500) |
| ACCESS - Welfare to Careers | $250 | | ($250) |
| Advantage After Schools | $500 | | ($500) |
| Bridge | $102 | | ($102) |
| Caretaker Relative | $51 | | ($51) |
| Centro of Oneida | $25 | | ($25) |
| Child Care CUNY | $141 | | ($141) |
| Child Care Demonstration Projects | $3,395 | | ($3,395) |
| Child Care Subsidies | $392,967 | $299,667 | ($93,300) |
| Child Care SUNY | $193 | | ($193) |
| Community Solutions to Transportation | $112 | | ($112) |
| Disability Advocacy Program (DAP) | $98 | | ($98) |
| Displaced Homemakers | $546 | | ($546) |
| Emergency Homeless Program | $176 | | ($176) |
| Flexible Fund for Family Services | $951,000 | $964,000 | $13,000 |
| Food Pantry Initiative | $1,000 | | ($1,000) |
| Non-Residential Domestic Violence Screening | $510 | | ($510) |
| Preventive Services | $610 | | ($610) |
| Refugee Resettlement Program | $102 | | ($102) |
| Rochester-Genesee Regional Transportation Authority | $82 | | ($82) |
| Settlement House | $500 | | ($500) |
| Strengthening Families Through Stronger Fathers | $200 | | ($200) |
| Supplemental Homeless Intervention Program | $205 | | ($205) |
| Supportive Housing for Families | $508 | | ($508) |
| Wage Subsidy Program | $950 | | ($950) |
| Wheels for Work | $144 | | ($144) |
| **TOTAL** | **$2,792,029** | **$2,614,480** | **($177,549)** |

B. Delay of the Public Assistance Grant Increase

The 2009-2010 enacted budget increased the basic allowance portion of the public assistance grant by 10 percent a year for three consecutive years, starting on July 1, 2009. This was the first increase in this basic allowance since 1990. While the first step of this three-step increase occurred as scheduled, both Governors Paterson and Cuomo have sought to delay full implementation of the remaining increases. In his 2010-2011 Executive Budget, Governor Paterson proposed reducing the second increase to five percent and to implement five percent increases during each of the next three years. This proposal was not adopted. In his 2011-2012 Executive Budget, Governor Cuomo proposed delaying the third and final 10 percent increase by one year, to July 1, 2012. This proposal was adopted as part of the enacted budget for the current state fiscal year.

This measure, for example, kept the monthly non-shelter portion of the public assistance grant for a family of three at $353 on July 1, 2011, instead of increasing it to $388 as originally enacted. (Currently, the non-shelter portion of the monthly public assistance grant for this family includes basic allowance of $300, $30 for home energy allowance and $23 for supplemental home energy allowance. It is the basic allowance amount of the monthly grant that is being increased.) This reduction of $35 per month adds up to an annual loss of $420 by July 1, 2012 when the Executive Budget proposes to implement only half of the last increase.

Under the 2012-2013 Executive Budget, the monthly non-shelter portion of the grant for a family of three would increase from $353 to $370. On July 1, 2013, this portion of the grant would increase another five percent, or $18, from $370 to $388. This represents a total ten percent increase over two years: $353 + $35 = $388. The monthly grant also includes assistance for rent or shelter; the amount for this item for a three-person family in New York City is $400. Therefore, the current total monthly grant for this family is $753; under the 2012-2013 Executive Budget, this amount would increase to $770 on July 1, 2012 and to $788 on July 1, 2013.

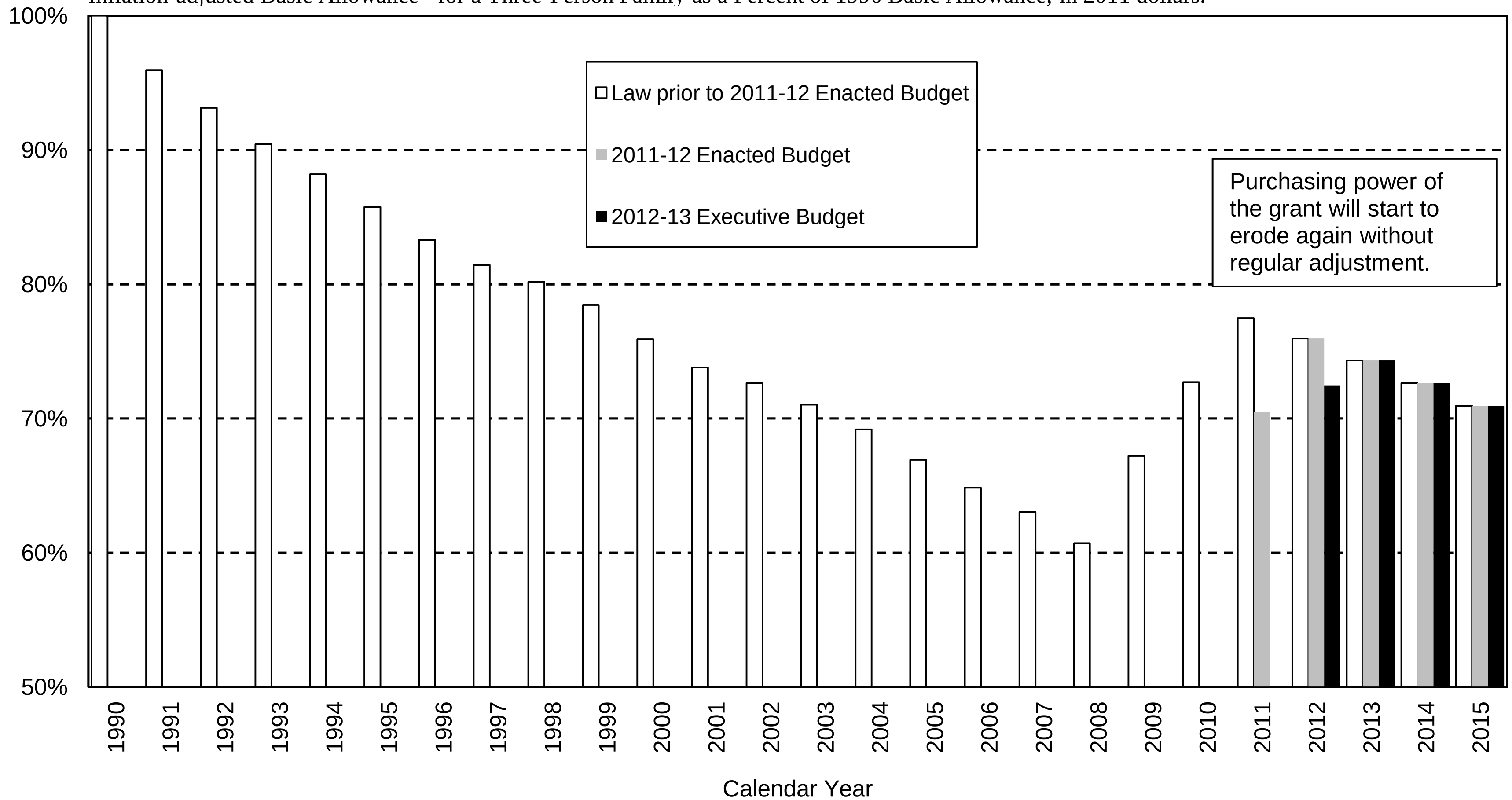
The 2012-2013 Executive Budget proposal to further delay the full implementation of the originally-enacted increase to the monthly grant by $18 a month, or $216 per year is in addition to the delay already enacted for the current state fiscal year. As mentioned above, until July 2009, the grant had not been raised since 1990. Over this period of time, therefore, its value was eroded with the effects of inflation. Even if the last phase of the increase had been implemented as scheduled on July 1, 2011, the value of the grant would still have been equal to only 77 percent of its purchasing power in 1990. The delay in the current state fiscal year kept the grant at 70 percent of that purchasing power and the increase proposed under the Executive Budget will raise the purchasing power of the grant to only 72 percent of its 1990 level. See Figure 6.

The current erosion in the public assistance grant continues the decline in the value of cash benefits over several decades. "From 1970 to 1996, AFDC benefit levels fell by more than 20 percent in all but one state, after adjusting for inflation, and by more than 40 percent in two-

FIGURE 6

# The two-year delay to full implementation of the last increase for the monthly public assistance grant, originally scheduled for July 1, 2011, has eroded some return of the grant's 1990 purchasing power.

Inflation-adjusted Basic Allowance* for a Three-Person Family as a Percent of 1990 Basic Allowance, in 2011 dollars.




* Basic allowance is the non-shelter portion of recipients' monthly assistance; it consists of the grant for recurring needs, home energy allowance and supplemental home energy allowance. This graph uses actual CPI-U through 2011 and the forecast composite CPI for New York from the New York State Division of Budget, *Economic and Revenue Outlook*, January 2012, p. 160.

thirds of states."[9] In 2011, New York's total TANF benefit (shelter and non-shelter portion) represented approximately 60 percent of the United States Department of Housing and Urban Development (HUD) Fair Market Rent (FMR) for a two-bedroom apartment.[10] Not only do these delays in restoring the value of the cash assistance grant make it difficult for very-low income families to make ends meet, they also pre-empt any increased spending that these families would undertake in their communities thereby adding to economic revitalization in New York State.

Given that New York State set aside $176 million from its 2009 TANF Contingency Fund awards to pay for the first three years of state and local shares of the grant increase, it is surprising that the third phase of the grant increase has been delayed in the current state fiscal year and the Executive Budget. Also, the savings to New York State from this measure—$6 million, represents a small proportion, 1.5 percent, of the total $407.3 million state share of public assistance benefit costs projected for 2012-2013.[11] This savings represents an even smaller proportion of the state's total 2012-2013 General Fund budget, a little more than .01 percent of $51,425 million.

The soundness of this gap-closing measure is questionable when considering its impact on public assistance recipients, over 54 percent of whom are children. "Recent research indicates that when children experience poverty early in life, it is particularly harmful since crucial brain and neural development at this time affects cognitive, social, emotional and health outcomes in the future. There is now compelling evidence that lower levels of income actually *cause* poorer outcomes; therefore, if incomes in needy families decrease we can predict with significant certainty that young children's achievement will, on average, be worse than without the loss of income."[12] Almost 23,000 more children received temporary assistance benefits in December 2011 than in December 2008. Clearly, the short-term savings provided to the state from this proposal do not outweigh its long-term effects on the more than 310,000 children currently on temporary assistance in New York State.

C. Initiatives

After setting aside funds for basic assistance, New York is allowed to use the remaining resources or 'Surplus' from its $2.442 billion TANF Block Grant and other TANF funds to invest in programs and services that assist needy families in becoming and remaining self-sufficient. These services are categorized by the Executive Budget as TANF Initiatives. Families

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[9] Finch, Ife and Liz Schott, Center on Budget and Policy Priorities, *TANF Benefits Fell Further in 2011 and are Worth Much Less than in 1996 in Most States*, November 21, 2011 at http://www.cbpp.org/files/11-21-11pov.pdf.
[10] Ibid.
[11] This is based on the New York State Division of the Budget projected figures for Family Assistance and Safety Net Assistance caseloads and costs in state fiscal year 2012-2013.
[12] Fiscal Policy Institute, *A Harder Struggle, Fewer Opportunities: The Impact of the Governor's Budget on Women, Children and Families*, prepared for the New York Women's Foundation, March 23, 2011, p. 6.

that participate in these programs do not need to be receiving Family Assistance benefits although that may be part of the range of services they receive.

Since state fiscal year 2005-2006 when the Flexible Fund for Family Services (FFFS) was created, almost all of the remaining TANF 'Surplus', has been appropriated for: 1) the FFFS, 2) transfers to the federal Child Care and Development Fund for the New York State Child Care Block Grant; and through 2009-2010, 3) the Earned Income Tax Credit offset to the state share of public assistance. These three areas comprised 88 or 90 percent of TANF Initiatives spending in state fiscal years 2005-2006 through 2007-2008 and then increased to 94 percent in 2008-2009. The addition of TANF contingency fund money in 2009-2010 decreased this portion to 90 percent with increased TANF spending on other TANF Initiatives. However, spending on the FFFS and child care subsidies represented 95 percent of such spending in the enacted 2010-2011 budget and 99 percent of such spending in the enacted budget for the current state fiscal year.

Because the state has continued its commitments to the FFFS and child care subsidies, there have been few TANF dollars left for other TANF Initiatives especially after the recent expansion of TANF spending on basic assistance. It is only because of the state's Contingency Fund and Emergency Contingency Fund (ECF) awards that a range of support services were funded in the 2009-2010 and 2010-2011 enacted budgets. In the 2009-2010 enacted budget, $141.6 million in contingency funds were used to restore and expand programs and develop new ones such as the Transitional Jobs, Green Jobs and Health Care Jobs programs. Altogether, $215 million in TANF funds were used for education, training, housing, transportation and other programs. This includes $35 million for the Summer Youth Employment Program. (This does not include award amounts directed to child care subsidies and state and local shares of grant increase costs.)

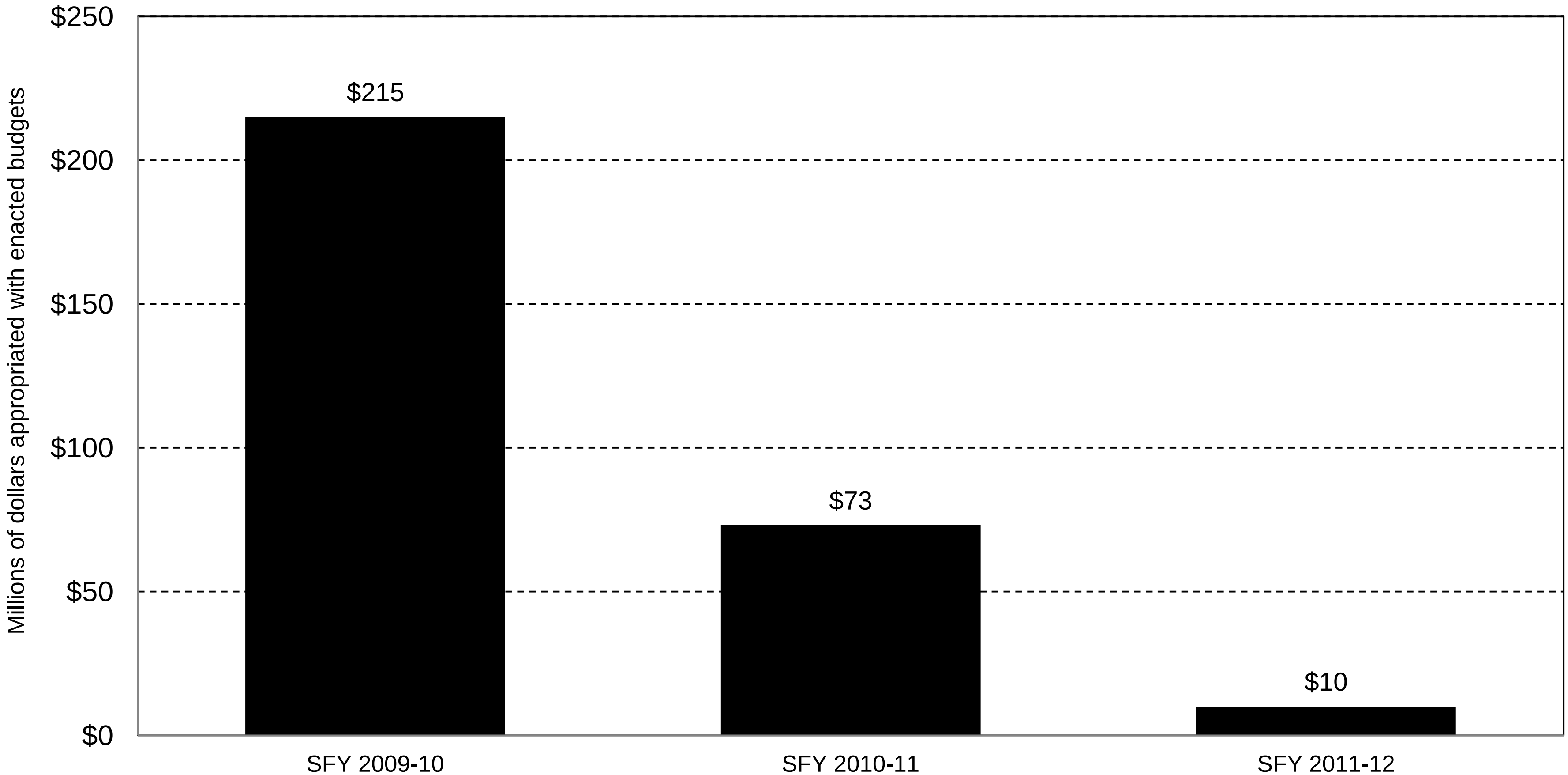
In the 2010-2011 enacted budget, the ECF provided the only TANF funding, $73 million, to maintain some of these services albeit at a reduced TANF level. This includes the new jobs programs developed in 2009-2010 which allowed 35 counties to operate subsidized employment services for the first time and created over 4,000 jobs statewide.

In the current state fiscal year, no TANF money was proposed for such initiatives (apart from the FFFS and child care subsidies). Even the $122 million in TANF Contingency Fund awards earned in FFY 2011 were used to maintain the TANF commitment to the FFFS. And though the Legislature restored $9.4 million for some supportive housing, transportation, and child care services, funding for the new subsidized employment programs, Nurse Family Partnership and Alternatives to Detention/Alternatives to Residential Placement, for example, were eliminated from the enacted TANF budget. Even with the $1 million in TANF dollars directed to the Nutrition Education and Outreach Program in October 2011, TANF funding for critical support services decreased from 2009-2010 to 2011-2012 by 95 percent. See Figures 7 and 8.

(In the second half of the current fiscal year, $39 million in General Fund money was used to support Summer Youth Employment, Career Pathways, Displaced Homemakers, ATTAIN and

FIGURE 7

# TANF funding for support services for needy families has gone down by 95 percent in two years. There is no TANF funding for these initiatives in the executive budget.




Note: Represents funding from the federal TANF block grant and TANF contingency funds. Does not include funding for Earned Income Tax Credit payments, the Flexible Fund for Family Services and child care subsidies (does include child care demonstration projects and child care for migrant workers and SUNY and CUNY students).

FIGURE 8

# Budget cuts to human services have impacted many programs.

| | 2009-10 Enacted Budget | 2010-11 Enacted Budget | Change from Prior Year | 2011-12 Enacted Budget [1] | Change from Prior Year | Percent Change in 2011-12 from 2009-10 |
|---|---|---|---|---|---|---|
| | | | (in thousands) | | | |
| OTDA TANF Initiatives: Funding from TANF and other Sources | | | | | | |
| Transportation Programs | $11,325 | $812 | ($10,513) | $363 | ($449) | -97% |
| Housing and Homelessness Prevention Programs | $12,000 | $3,631 | ($8,369) | $889 | ($2,742) | -93% |
| Education, Training and Employment Programs | $121,003 | $30,875 | ($90,128) | $46,302 | $15,427 | -62% |
| Transitional Jobs | $25,000 | $5,000 | ($20,000) | $0 | ($5,000) | -100% |
| Career Pathways | $12,500 | $5,000 | ($7,500) | $2,500 | ($2,500) | -80% |
| Other Programs | $83,503 | $20,875 | ($62,628) | $43,802 | $22,927 | 118% |
| Other Programs | $26,380 | $11,017 | ($15,363) | $9,875 | ($1,142) | -63% |
| Nurse Family Partnership | $5,000 | $2,000 | ($3,000) | $0 | ($2,000) | -100% |
| Other Programs | $21,380 | $9,017 | ($12,363) | $9,875 | $858 | 37% |
| Total Funding for OTDA TANF Initiatives | $170,708 | $46,335 | ($124,373) | $57,429 | $11,094 | -66% |
| TANF Funding for Non-OTDA TANF Initiatives [2] | $78,810 | $32,820 | ($45,990) | $13,900 | ($18,920) | -82% |
| Alternatives to Detention / Alternatives to Residential Placement | $10,752 | $6,000 | ($4,752) | $0 | ($6,000) | -100% |
| Other Programs | $68,058 | $26,820 | ($41,238) | $13,900 | ($12,920) | 18% |

Note: This funding does not include amounts from localities' Flexible Fund for Family Services allocations.

[1] This includes December 9, 2011 special session legislation in which $25 million from the General Fund was appropriated to Summer Youth Employment and $7 million from the General Fund was appropriated to other OTDA TANF Initiatives.

[2] This includes programs that receive TANF funding but are not administered by the Office of Temporary and Disability Assistance. They provide support in the following areas: food pantries, housing, education, domestic violence screening, preventive services for at-risk children, youth and families and child care for migrant workers, SUNY and CUNY students and child care demonstration projects. It does not include funding sources other than TANF.

| Other Programs | 2010-11 | 2011-12 | Change |
|---|---|---|---|
| New York City Work Advantage Shelter Supplement Program/New York City Shelter Supplement Program | $33,000 | $15,000 | ($18,000) |
| Preventive Services Programs for At-Risk Children and Youth | $84,800 | $54,060 | ($30,740) |

child care demonstrations, traditionally TANF-funded programs; $15.5 million in General Fund money was also used to fund SYEP in the 2011-2012 enacted budget.)

There is no TANF funding for such initiatives in the 2012-2013 Executive Budget. This reflects three things: 1) the loss of Emergency Contingency Fund awards made available through the 2009 Recovery Act; 2) the use of federal TANF funds to pay all of Family Assistance benefit costs in the current and upcoming state fiscal year; and 3) the priority given to the FFFS and child care subsidies in the use of TANF 'Surplus' funds. See Figure 5.

Given that the state has recently earned $162.8 million in regular TANF contingency funds, it is unclear why none of this additional federal aid has been directed to TANF Initiatives, other than the FFFS, that help needy families. Sufficient levels of funding for support services directed to at-risk youth and juvenile offenders is particularly necessary now as the state makes a transition to community-based care for these individuals. Given the lag in employment from the Great Recession, funding is critical for services like the recently eliminated Transitional Jobs program. It is also crucial for child care and transportation programs that function as work supports. "National studies show that a person receiving welfare who owns a car (or has access to affordable, reliable transportation services) is likely to earn more per hour, work longer hours, stay on welfare for a shorter period of time, and retain their job for a longer period of time."[13] Finally, lack of funding for support services at housing facilities for multiply-disabled and vulnerable adults, children and families compromises the ability of these recipients to achieve or maintain self-sufficiency.

Examples of human services cuts in funding from TANF and other sources include:

- The reduction in $5 million for Advantage After School Programs from $22.5 million in the current state fiscal year to $17.5 million in the Executive Budget.
- The 50 percent reduction in funding in the current state fiscal year from state fiscal year 2010-2011 for the Runaway and Homeless Youth Act (RHYA), Youth Development and Delinquency Prevention Program (YDDP), Special Delinquency Prevention Program (SDPP), Community Optional Preventive Services (COPS) and Kinship Care programs.[14]
- The failure of the 2012-2013 Executive Budget to adequately fund the New York State Supportive Housing Program by $7.2 million. (This will impede its ability to meet the needs of both current operations and scheduled openings of facilities during the upcoming fiscal year.)
- The reduction in prescription coverage for participants in the Elderly Pharmaceutical Insurance Coverage (EPIC) program as of January 1, 2012.

[13] Empire State Economic Security Campaign, *Affordable, Accessible Transportation*, December 2011.
[14] Winward, Chris, Human Services Council, *FY12 Enacted State Budget Summary*.

D. Flexible Fund for Family Services (FFFS)

Seven years ago, New York radically restructured the way in which 'Surplus' TANF funds are allocated. The 58 local social services districts (LSSDs) were given $600 million in Flexible Fund for Family Services (FFFS) block grants to be used for transfers to the federal Title XX Social Services Block Grant, child welfare services, other support services and local TANF administration. Counties' FFFS allocations are based on previous years' allocations and local social services districts are given discretion on how to use these funds. At over $950 million in the current state fiscal year, the FFFS is now the second largest use of TANF funds and the Executive Budget considers it one of the core or critical areas in the TANF budget.

In SFY 2009-2010, the enacted budget eliminated the state-funded Local Administration Fund (LAF) which had previously provided local social services districts with funds for the administration of services for non-TANF eligible persons, and for the administration of TANF programs if districts had exhausted funds for this purpose out of their FFFS allocation. In its place, New York State increased the TANF-funded FFFS program and thereby expanded counties' resources for flexibly providing allowable TANF services from an enacted $654 million in 2008-2009 to $964.6 million in 2009-2010. Enacted amounts for the FFFS decreased slightly in 2010-2011 and 2011-2012 to $960 and $951 million respectively. The Legislature reduced the 2011-2012 Executive Budget FFFS proposal of $960 million in order to shift $9.4 million to TANF Initiatives.

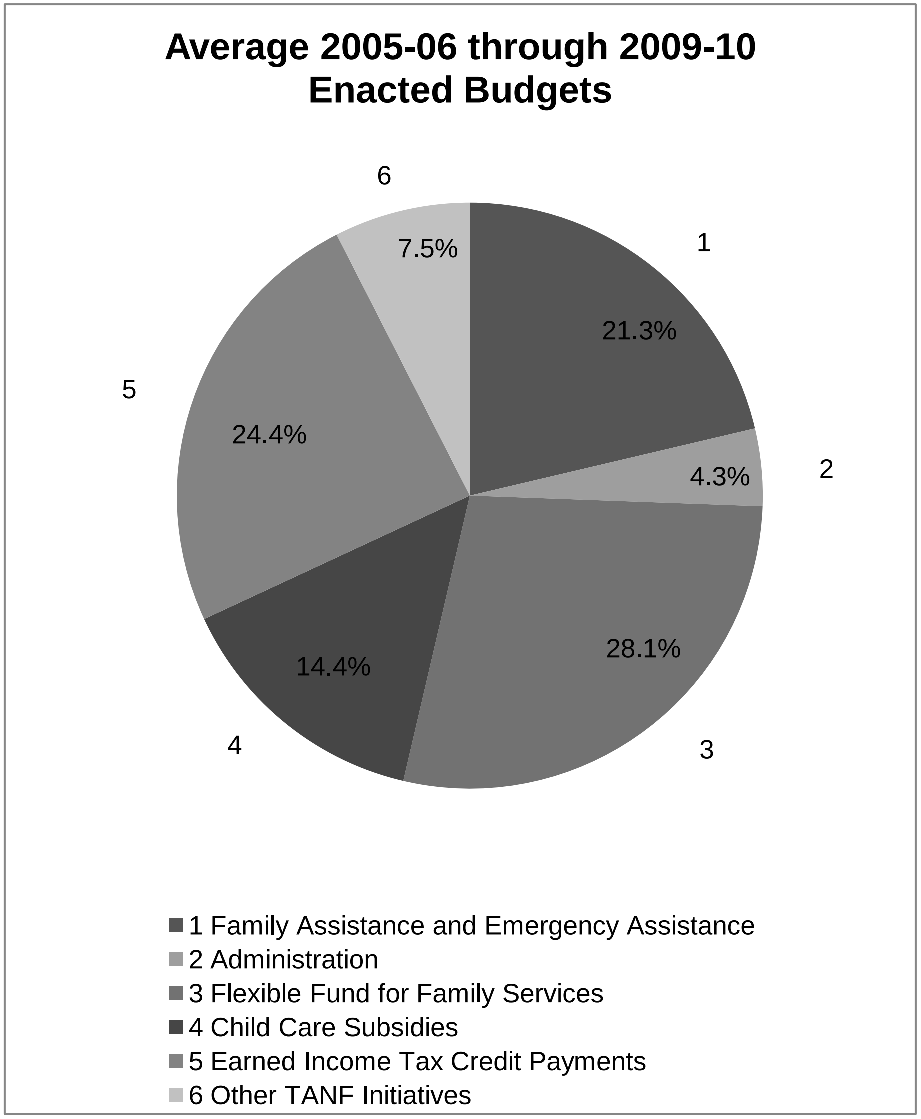
The pie charts in Figure 9 compare the composition of the TANF budget as the commitment to the FFFS has grown. It now uses 37 percent of TANF funds compared to an average 28 percent in the 2005-2006 through 2009-2010 enacted budgets. The share represented by Family Assistance and Emergency Assistance to Families costs has also grown in the 2012-2013 Executive Budget: it is similar in size to the combined portions in the earlier budgets for this item and EITC payments that were used to offset the state share of assistance until two years ago.

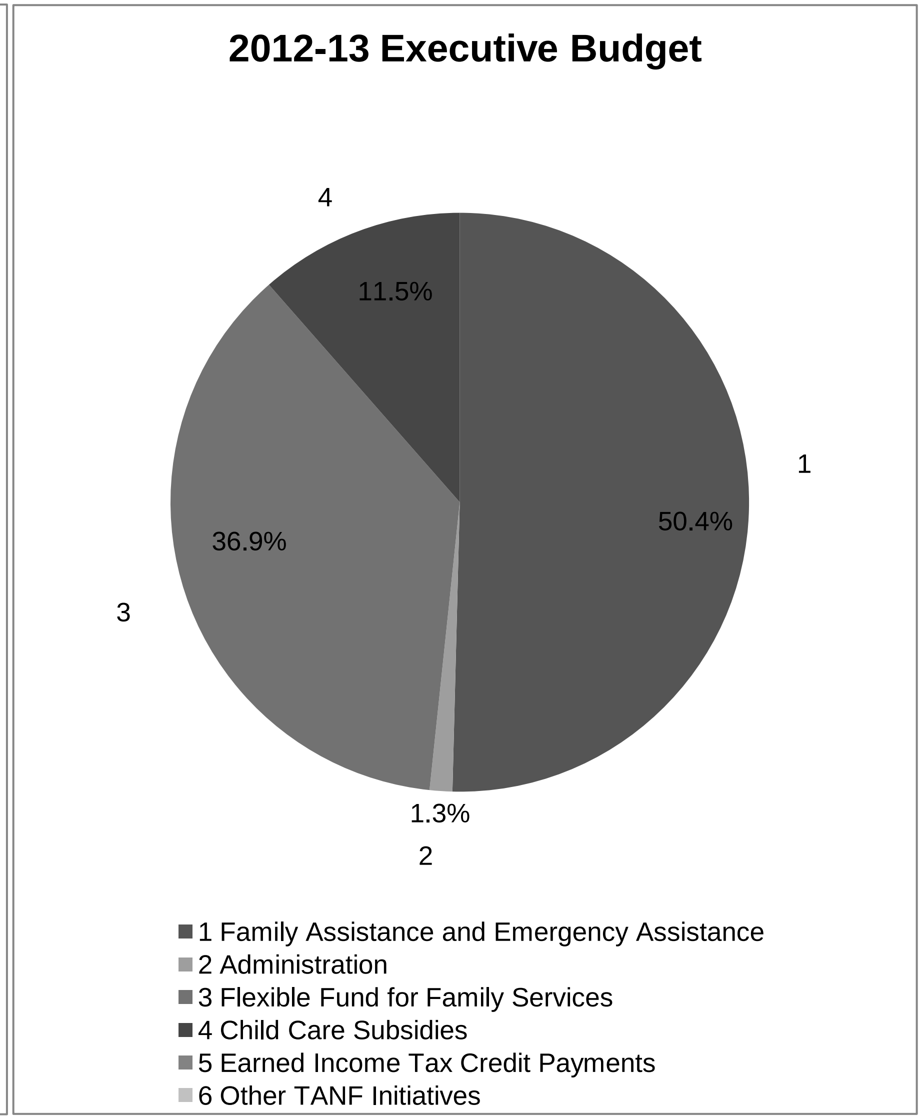
New York City is the largest recipient of the Flexible Fund for Family Services grants. In state fiscal years 2007-2008 and 2008-2009, it received over 54 percent of total annual FFFS dollars. This percentage has gone up to and remained at 57 percent for the last three years; the amount represented by this share in state fiscal year 2011-2012 was $545.4 million. This percentage is similar to the portion of Family Assistance recipients that reside in New York City, 54 percent in December 2011.

Local districts must submit annual plans that outline their use of FFFS funds for approval by the Office of Temporary and Disability Assistance. Half of FFFS grants to localities are used for child welfare services either through direct transfers to the Title XX Social Services Block Grant (SSBG) or for funding programs apart from the SSBG. Almost 48 percent of the 2009-2010 FFFS was used for this purpose; it increased to 58 percent in 2011-2012. The remaining funds are used for various employment and employment support services, drug, alcohol, and domestic

FIGURE 9

# Family Assistance benefit costs and the Flexible Fund for Family Services represent a larger share of New York's TANF funding now than in earlier years.



violence programs and transfers to the Child Care and Development Fund. This last item represents a very small portion of local social services districts' use of FFFS funds, only 1 percent in 2009-2010 and less than that in 2011-2012. However, in 2010-2011, localities directed 4 percent of their funds, or $39 million, to this purpose.

In state fiscal years 2009-2010 and 2010-2011, LSSDs were also allowed to use the FFFS to help pay for the local share of Family Assistance benefit costs. This amount was $64.7 million in 2009-2010, $31 million in New York City and $33.7 million in the rest of the state. In state fiscal year 2010-2011, preliminary figures indicate that slightly more funds were used for this purpose—$65.2 million, $42.2 million in New York City and $23 million in the rest of the state.[15] Even though districts are required to submit FFFS expenditure reports to OTDA, only very general information on these expenditures is readily or publicly available: the level of total allocation spent by the end of a calendar year quarter. Therefore, it is not possible to identify actual expenditures in the various categories of the local districts' plans for their FFFS allocation.

E. Child Care Spending

The other major item in TANF 'Surplus' or Initiatives spending is child care, primarily for subsidies used by TANF public assistance recipients or low-income working families that are eligible for child care support. Recent enacted and allocated spending for child care from the TANF block grant has ranged from a total of $304 million in 2001-2002 to $439 million in 2010-2011. Most of this spending—96 to 99 percent—consists of state and local transfers of TANF funds to the federal Child Care and Development Fund or Block Grant (CCDBG). As noted above, local transfers from the FFFS are usually limited. They represented one to fewer than three percent of such transfers to the CCDBG with the exception of 2010-2011 when local transfers totaled $39 million representing 9 percent of funds directed to the CCDBG from TANF.[16] The remainder of child care spending is composed of other programs that provide child care support or services. See Figure 10.

New York State's 2009 TANF Contingency Fund awards allowed the state to set aside $110 million more in TANF money for child care subsidies, $37 million in each of state fiscal years 2009-2010, 2010-2011 and 2011-2012.[17] These allocations increased TANF funding of child

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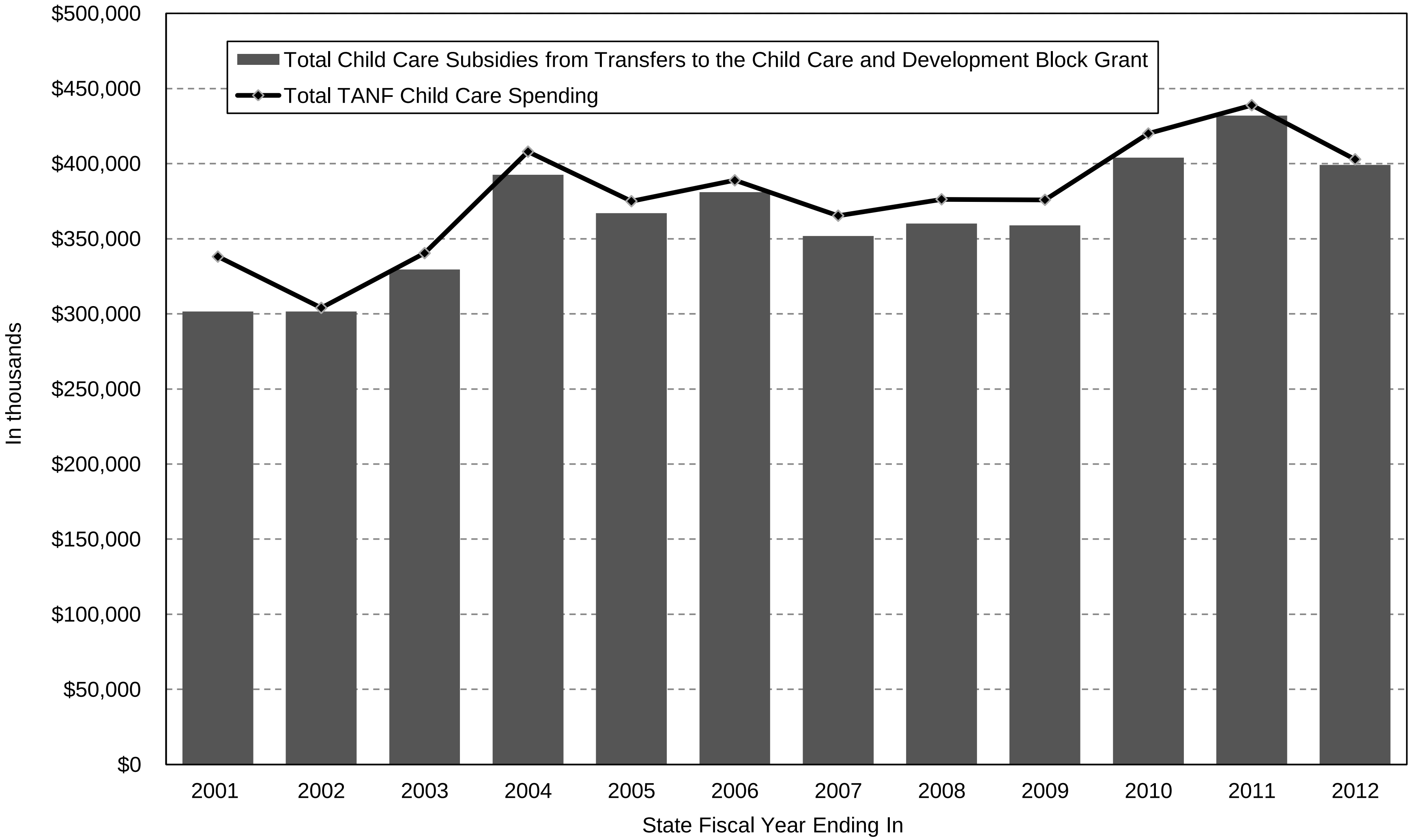
[15] New York State Division of the Budget.

[16] Most funds for this purpose are transferred directly by the governor and localities must meet requirements for their use. A statewide total of 30 percent of the state's total TANF block grant may be transferred to the federal CCDBG and/or to the Title XX Social Services Block Grant, with a maximum 10 percent statewide for Title XX transfers. See http://www.ocfs.state.ny.us/main/policies/external/OCFS_2007/LCMs/07-OCFS-LCM-07%20New%20York%20State%20Child%20Care%20Block%20Grant%20%28NYSCCBG%29%20Subsidy%20Program%20Allocations%20State%20Fiscal%20Year%202007-2008.pdf. Also see http://otda.ny.gov/resources/accountability/ for local allocations to child care from the Flexible Fund for Family Services.

[17] The state may not transfer Contingency Fund or Emergency Contingency Fund money to the Child Care Development Block Grant. However, as the state used contingency fund money for allowable, already-budgeted purposes, it freed up TANF block grant money for other purposes such as child care subsidies.

FIGURE 10

# Child care spending from TANF went up in state fiscal years 2010 through 2012 with $110 million new TANF contingency funds.




Note: Uses actual figures from the New York State Division of the Budget.

care subsidies to $393 million for these three years. In the 2012-2013 Executive Budget, the TANF commitment for this purpose is reduced to $300 million and General Fund money makes up the remaining $93 million directed to child care subsidies by TANF in the last three years.

The current and last two executive budgets eliminated TANF funding for child care initiatives such as child care demonstrations, and child care support for migrant workers and SUNY and CUNY students. With the exception of child care for migrant workers, the last two enacted budgets restored some funding for these items but at a reduced level since 2009-2010 when federal ECF money supported a commitment of over $16 million for such items. The total amount restored to these programs went down to $7 million in 2010-2011 and then $3.7 million in 2011-2012. General Fund sources filled some of this gap in December 2011 with an additional $7 million for facilitated child care enrollment or demonstrations. The proposed TANF defunding of these programs in 2012-2013 would decrease all TANF funds directed to child care to close to $300 million, a fall of over 25 percent from the current state fiscal year.

Even with the 2012-2013 General Fund commitment of $93 million, this level of funding may be inadequate as the numbers of very low and low-income working families increase with the lag in recovery from the Great Recession. The $7 million provided in December 2011 has already been used to save child care slots in upstate counties; under the present Executive Budget, these families will not continue to be served since no additional funding has been set aside for this purpose. Furthermore, localities transferred only $6.1 million to child care from their FFFS allocations in the current state fiscal year compared to $39 million the previous year. Given the current pressures on county government budgets, it remains unclear whether many funds will be directed to child care in the upcoming state fiscal year.

All funding for child care in New York State has gone down almost 10 percent from $999.3 million in the 2010-2011 state fiscal year to an anticipated $903.6 million in the 2012-2013 Executive Budget.[18] Most of this decrease is due to the loss of ARRA funding, the uncertainty of local transfers to the FFFS and the defunding of child care initiatives within the TANF budget. Since TANF public assistance recipients are automatically eligible for child care subsidies, shortages of child care funding will reduce the availability of subsidies for the working poor. These families may be forced back into the TANF program if they can no longer afford quality child care for their children.

## III. Impact of the TANF Contingency Fund and Emergency Contingency Fund on TANF funding and spending in New York State.

As referred to earlier in this submission, there are two TANF contingency funds that affected TANF funding and spending in the 2009-2010, 2010-2011 and 2011-2012 state fiscal years: the

[18] Empire Justice Center, *Child Care in the Governor's Proposed State Budget* (does not include reappropriations), January 23, 2012.

reserve or Contingency Fund, pre-existing from TANF reauthorization in 2006 for use during economic downturns; and, 2) the Emergency Contingency Fund set up through the American Recovery and Reinvestment Act (ARRA) on February 17, 2009. Provisions in the ARRA allowed all states, including New York, to have access to an additional maximum amount of half the state's annual TANF block grant, or more specifically, half the State Family Assistance Grant (in New York's case, these are the same) over the course of two federal fiscal years, 2009 and 2010, from a combination of these two funds.[19] New York qualified for its final ECF award on July 2, 2010, to draw down its maximum allotment under the ARRA of $1,221 billion—$723 million in ECF and $498 million from the pre-existing Contingency Fund.

**Contingency Fund Awards to New York State under the Temporary Assistance for Needy Families Program**

| | Eligible Categories | | | |
|---|---|---|---|---|
| | **Basic Assistance** | **Non-recurrent, Short-term Benefits** | **Subsidized Employment** | **Total Awards,** in federal fiscal years 2009 and 2010 [1] |
| **Emergency Contingency Fund** | $32,487,094 | $664,960,813 | $25,575,383 | $723,023,290 |
| **Contingency Fund** | | | | $498,442,011 |
| **Total Awards** | | | | $1,221,465,301 |

[1] See http://www.fiscalpolicy.org/tanf_contingencyfunds.html for breakdowns of these awards while earned by New York State during these federal fiscal years.

The funding that New York received through these TANF contingency funds allowed the state to maintain its basic and emergency assistance programs despite the ravages of the Great Recession while also helping needy families in the following significant ways:

- A one-time Back-to-School payment of $200 per child in families receiving food stamps and/or public assistance that benefited over 800,000 children ($140 million);
- Funding allocated for the state and local shares of the increase to the monthly cash assistance grant for three years ($176 million);
- Additional child care subsidies for three years ($110 million);
- Funding for TANF services such as support for transportation, housing, families and vocational training ($142 million in 2009-2010 and $73 million in 2010-2011);

[19] See FPI's issue briefs on the TANF Emergency Contingency Fund at http://www.fiscalpolicy.org/tanf_contingencyfunds.html and last year's testimony to the Human Services Budget Hearing at http://www.fiscalpolicy.org/FPI_StateBudgetTestimony_HumanServices_2010.pdf.

- Establishment of new subsidized employment programs and expansions to existing programs resulting in over 4,000 jobs created by September 30, 2010 ($36 million).

The Continuing Resolution passed in Congress just prior to the end of the federal fiscal year on September 30, 2010, provided for a TANF Contingency Fund set at a national level of $506 million for FFY 2011 and $612 million for FFY 2012. When President Obama signed the Claims Resolution Act of 2010 on December 8 which extended the TANF Block Grant through the end of FFY 2011, this Act rescinded the balance of the FFY 2011 TANF Contingency Fund. New York State received an additional $122.1 million for meeting needy state criteria prior to the fund's rescission. Since the Contingency Fund for federal fiscal year 2012 remains, New York has earned an additional $162.8 million since October 1, 2011. This national fund, however, is likely to run out in March 2012.

## III. Recommendations for the 2012-2013 state fiscal year

1) The New York State Legislature should fully implement the third step of the three-step increase of the basic assistance grant in 2012. As the state continues to recover from the Great Recession, this is a significant way to help needy families and stimulate economic activity in the communities in which those families live.

2) The Legislature should ask the Governor's office how it plans to use additional TANF Contingency Fund money that it is likely to earn in federal fiscal year 2012.

3) The Legislature should increase the proposed Executive Budget funding for the Nutrition Education and Outreach Program (NOEP). The Supplemental Nutrition Assistance Program (SNAP) has been more responsive to very low- and low-income families needs than TANF and this is an effective way to reach recently increasing populations of SNAP users such as the aged. It is also essential that sufficient resources be made available to the LSSDs for SNAP eligibility determinations and applications processing so that eligible families are not discouraged from applying because of long waiting times.

4) The Legislature should continue to direct funds to those support services that help needy families to achieve or retain some level of economic security and self-sufficiency. Areas where New York could direct funding are:
   a) Supportive services at housing facilities for public assistance recipients and needy families.
   b) Transportation supports such as the Wheels for Work program.
   c) Child Care subsidies and services.
   d) Subsidized Employment. Overall, New York has underutilized the training, education and work experience options available through the TANF program. Investing more funds in subsidized employment would support the state's effort to meet its work participation requirements under the TANF rules.

e) Non-recurrent benefits such as one-shot "stimulus" payments and lump-sum diversion programs including another round of the Back-to-School Clothing allowance that was carried out in July 2009.

5) The Legislature should require OTDA to publish an annual tabulation and analysis of actual expenditures by purpose of a) TANF block grant funds; b) TANF Emergency Contingency Funds; c) TANF Contingency Funds; and d) state and local 'Maintenance of Effort' resources. Such information should be provided for the previous state fiscal year along with the estimated actual expenditures for the current fiscal year; and it should be provided in conjunction with the annual submission of the Executive Budget.

6) The Legislature should require the local social services districts to submit reports of actual expenditures (with a greater level of detail than is currently required) on assistance and support services for TANF eligible populations including tabulations of actual expenditures made with their allocation of Flexible Fund for Family Services block grants. Currently, local social services districts are required to submit plans for proposed expenditure of their allocation from the Flexible Fund for Family Services and to report expenditures of their allocations but this is done only at the level of total allocation which does not indicate how funds are used within allocated amounts for localities.

7) The Legislature should consider options for addressing the barriers that eligible families face in receiving basic assistance. To address eligibility, New York could:
   a) Repeal the 185 percent of the standard of need criterion.
   b) Increase the current earned income disregard.
   c) Review the asset limits for eligibility.
   d) Improve awareness of and access to opportunities for applying for temporary assistance.

<u>Recommendations for Advocacy in Federal TANF Reauthorization</u>

8) Renew focus on temporary assistance as an effective mechanism to respond to poverty and measure its effectiveness in alleviating poverty.

9) Increase the TANF block grant and adjust it annually for inflation. It has declined in real dollars by 30 percent since the level of the block grant was set in 1996 as part of welfare reform.

10) Make it easier for qualified families to apply for and remain enrolled in TANF programs.

11) Increase economic opportunities for recipients through broader access to education and training.

12) Provide more funding for support of new and expanded jobs programs.

13) Reform work participation requirements so that states are rewarded for positive outcomes and there are no disincentives to providing assistance to needy families:
    a) reduce or eliminate the separate 90 percent two-parent rate and place these families in the 50 percent rate category;
    b) provide states with partial credit for clients who cannot meet full work requirements; and
    c) reform the caseload reduction credit.

14) Increase child care funding to support families' efforts to meet work participation requirements.

15) Provide more flexibility to states in counting and fulfilling work requirements for individuals with disabilities and families with multiple barriers to work.

16) Redesign the Contingency Fund so that states 1) do not have to increase their own spending to qualify; 2) explicitly respond to families' needs; and 3) continue to qualify even when economic recovery emerges.