



February 2002

**RECOMMENDATIONS
ON THE
REAUTHORIZATION
OF THE
TEMPORARY ASSISTANCE
FOR NEEDY FAMILIES (TANF)
PROGRAM**

Jointly Supported by New York State
and the Undersigned Members of the New York State
Human Services Advocacy Community

**ENDORISING ORGANIZATIONS
TANF JOINT RECOMMENDATIONS
LIST IN FORMATION
AS OF FEBRUARY 1, 2002**

SCAA-Schuyler Center for Analysis and Advocacy
UJA-Federation of New York, Inc.
New York State Public Welfare Association (NYPWA)
Citizens Committee for Children (CCC)
Greater Upstate Law Project (GULP)
Nutrition Consortium of New York State
New York State Child Care Coordinating Council (NYSCCC)
Family Planning Advocates of New York State (FPA)
New York Association of Training and Employment Professionals (NYATEP)
Community Service Society of New York (CSS)
Coalition for the Homeless
Fiscal Policy Institute (FPI)
Fight Crime: Invest in Kids NY
The League of Women Voters in New York State
United Neighborhood Houses (UNH)
Child Care, Inc.
Statewide Emergency Network for Social and Economic Security (SENSES)
The New York Immigration Coalition
Lutheran Statewide Advocacy
Episcopal Public Policy Network
The New York State Community of Churches, Inc.
Statewide Youth Advocacy (SYA)
Housing Works
Eleanor Roosevelt Center at Val-Kill (ERVK)
Health and Welfare Council of Long Island, Inc.
Child Care Council at City University
Healthy Families New York Home Visiting Council
Rockland Children's Advocacy Network
Coalition of Child Abuse and Neglect, Inc.
Child Care Council of Suffolk, Inc.
Community Advocates
Islamic Organization of Long Island
Variety Child Learning Center
EAC, Inc.
New York State Catholic Conference

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PREFACE:

The recommendations in this paper represent areas where state government and a diverse cross section of the human services advocacy community in New York have reached agreement regarding the reauthorization of the Temporary Assistance to Needy Families Block Grant (TANF) and related program areas. Because New York State government and the New York State human service community believe it is vitally important to outline areas of mutual agreement on TANF and related programs, these recommendations were formulated through a consensus building process. That process began with a series of four regional forums on TANF reauthorization in the late fall of 2001 sponsored by the New York State Office of Temporary and Disability Assistance (OTDA) and the New York State Department of Labor (DOL). It culminated with a roundtable discussion in Albany in December 2001 jointly sponsored by OTDA and SCAA – Schuyler Center for Analysis and Advocacy, a major statewide human service advocacy organization.

The roundtable afforded a diverse group of state officials and human service organizations the opportunity to react to and discuss a draft briefing paper prepared for the event by SCAA and OTDA. After lengthy discussion and subsequent editing and re-drafting, these recommendations have emerged as areas of consensus agreement. Both the state and the human service community agree to work jointly and independently in support of the positions outlined herein. However, neither New York State government nor individual human service advocacy organizations are precluded from independently advancing a broader agenda on TANF reauthorization than that which is contained in these joint recommendations.

TABLE OF CONTENTS

Overview	.....	4
TANF Funding	.....	6
State Flexibility	.....	8
Poverty Reduction	.....	11
Child Care	.....	13
Food Stamps	.....	14
Immigrants	.....	15
Medicaid	.....	16
Strengthening Families	.....	16
Conclusion	.....	17

OVERVIEW:

The reauthorization of the Temporary Assistance for Needy Families (TANF) Block Grant by September 30, 2002 is an issue of critical concern to New York. Over the past five years, TANF has become much more than a cash assistance program. Because of the flexible nature of TANF funding, New York and other states view TANF as a stable and predictable federal funding source which, in combination with required state maintenance of effort (MOE) spending, provides not only cash assistance to those who need it, but also finances a broad array of other programs and services to families with children.

TANF funds in New York are used in many ways, including:

- Providing critical, temporary cash assistance to families at times of need.
- Supporting multiple programs and services that help families end their dependence on welfare by securing employment that can improve their financial circumstances.
- Helping low-income working families to remain employed by providing low-income tax credits, various support services and other job retention services.
- Financing support services and other interventions for long term TANF recipients who often need continuous, multiple and intensive assistance in order to move towards self-sufficiency.
- Investing in youth development areas as an avenue to reduce long term dependence including efforts to prevent out-of-wedlock pregnancies among teens, provide summer youth employment and offer an array of child welfare services.

Among the specific programs and services within these areas that are financed through TANF and MOE funds in New York are: a state Earned Income Tax Credit (EITC), subsidized child care, child welfare services, transportation, education, employment and training activities, case management, wage supplementation, pregnancy prevention services, initiatives to strengthen families and various interventions to assist those with domestic violence, alcohol and substance abuse and health or mental health problems. Many of these services have been made available to working families with incomes up to 200% of poverty, as outlined in New York's TANF State Plan. These multiple purposes cannot be achieved or sustained without adequate federal funding for TANF.

As Congress considers reauthorization of the TANF Block Grant and other related policy issues, it will be critical to:

- Maintain and expand TANF funding to states to assure stability and continuity of programs.
- Preserve and expand states' flexibility regarding how best to utilize their available TANF funding to meet the diverse needs of needy families.
- Express within existing TANF goals that an important and explicit next step of welfare reform is to continue the progress that states have already made in reducing family and child poverty.
- Improve other proven anti-poverty programs such as the Earned Income Tax Credit (EITC) and child support enforcement.
- Expand available funding for child care as part of the reauthorization of the Child Care and Development Fund (CCDF).
- Maintain the Food Stamp Program as an entitlement while at the same time taking necessary steps to improve program access for the working poor and simplify often complicated eligibility rules.
- Restore legal immigrants' eligibility for federal benefits across an array of programs.
- Increase the federal share of Medicaid funding and simplify the Transitional Medicaid Program.
- Make various programmatic and policy changes that strengthen the family formation goals of TANF and emphasize the importance of healthy intact families to the economic and emotional circumstances of children.

This paper makes specific recommendations in each of these areas that are shared and supported by both state government and a broad array of human service advocacy organizations in New York State.

TANF FUNDING RECOMMENDATIONS:

- 1. Maintain at least the current base level of TANF Block Grant funding as well as the current state-by-state allocations and renew the TANF Block Grant for an additional six years.**
- 2. Annually index future TANF funding for inflation over the period FFY 2003-FFY 2008.**
- 3. Continue the current state Maintenance of Effort (MOE) requirement.**
- 4. Reform the federal contingency fund to make it more accessible to states in times of recession.**
- 5. Reauthorize non-formula-based supplemental funds to states in which the TANF block grant allocation is low relative to the state's needy population.**

The TANF block grant is currently funded annually at approximately \$16.5 billion, of which New York's share is \$2.44 billion. While cash assistance caseloads have declined, the number of families served with TANF funding and the need for transitional work supports have continued to increase. In order for early success in the workplace for TANF families to evolve into extended periods of job retention and earnings progression, continued and expanded investments are needed. Similarly, for those families who have not made the transition from welfare to work, intensive services and supports will be costly.

At the same time TANF funds are being used for an array of programs and services, they are falling in real value each year. In fact, the block grant has already lost 13.5% of its value in real dollars since 1997. While states, including New York, have taken the prudent step of holding some funds in reserve to guard against economic downturns and other unexpected needs, they are not, as Congress might perceive, sitting on large surpluses as a percentage of their overall available TANF funding. In the early years of TANF, absent clarifying final regulations that were not issued until April of 1999, states accumulated reserves and under-spent TANF block grant funds. In addition, most states including New York were designing and implementing new programs in the early years of TANF, a process that often takes considerable time and results in initial spending at lower levels as programs evolve. Since 1999, however, states have greatly increased their level of TANF-funded initiatives and accelerated their spending. Many states, through a combination of utilizing current and prior year TANF funds, are now spending in excess of their annual block grant allocation.

If TANF funding is not stabilized and indexed to inflation, states, including New York, will be forced to cut back on many important programs that help a broad array of low-income families, particularly in recessionary periods like the present when state budgets are squeezed by declining revenues. Reductions in TANF funding could cause reductions in the availability of subsidized child care and child welfare services as well as potentially force the state to reduce the value of the important state EITC. As well as preventing the need to reduce existing programs and services, stable TANF funding indexed to inflation will also allow states to develop new strategies to reduce childhood poverty and innovative strategies to help address the multiple needs of those remaining on the TANF cash assistance caseload.

New York particularly needs stability in its TANF funding and the certainty that funds will increase with inflation in future years. The attack of September 11th and the onset of a recession have been damaging to New York's employment sector, including the low wage sector. A major ongoing investment of TANF funds will be required to assist with training and re-employment efforts for needy families and to expand existing job retention, wage supplementation and support service programs. New York's TANF caseload mix also presents unique challenges. Families remaining on TANF often have significant physical and/or mental health problems, bordering on disability. There is also a sizeable population with substance abuse issues that require treatment, and domestic violence issues that must be navigated with particular attention to the safety of parents and children. Many of those remaining on TANF have multiple barriers to employment including a lack of labor market experience, educational deficits and language barriers. Additionally, about 25% of the remaining TANF cases in New York are child-only cases, which may require particular services and longer term assistance. New York strongly believes that all families can achieve self-sufficiency to differing degrees, but moving these families towards that goal will often require multiple interventions and be quite costly.

Federal reauthorization must also address how states gain access to additional funding during a recession. The contingency fund (which expired on September 30, 2001) in the original welfare law was deeply flawed and would not have provided needed help to states in coping with increasing caseloads and worsening state fiscal conditions during a recession. Many states, including New York, gradually developed their own contingency reserves in response to the inadequacy of the federal contingency fund (New York had reserve funds of 5% or \$596 million of its overall cumulative TANF funding as of September 30, 2001). A new, revamped federal contingency fund should be included in TANF reauthorization legislation that would not require states to meet a higher maintenance of effort in order to qualify for funds and that would include a more reasonable trigger related to growth in unemployment for states to access funds. Such a revamped contingency fund would allow New York and other states to program more of their own

reserve funds without fear that a recession would force states into the difficult position of having to cut back on important TANF commitments to working families in order to meet the costs of an increased cash assistance caseload.

Finally, some states currently receive inadequate TANF block grant allocations relative to the number of low-income families with children residing in their states. Most of these states received TANF supplemental grants (17 states) outside of the TANF formula state by state allocations. Continuing these supplemental grants or developing some other equity funding mechanism over and above the current state by state allocations is essential as part of TANF reauthorization. In this way, states with high levels of population growth or low levels of base year (1994) per capita spending per poor person are not disadvantaged and do not need to seek a reduction in their MOE spending or a reduction in other state's TANF allocations to meet their needs.

STATE FLEXIBILITY RECOMMENDATIONS:

- 1. Baseline TANF Block Grant allocation funds should not be set aside for specific purposes.**
- 2. States should have the maximum flexibility to determine which activities can count towards work participation rates.**
- 3. States should be allowed to consider any TANF funds used directly to finance child care, transportation or other self-sufficiency measures (such as limited supplemental rental assistance) as non-assistance for TANF purposes.**
- 4. States should be permitted to use unobligated prior year TANF funds for either assistance or non-assistance purposes.**
- 5. Current TANF cost allocation procedures should be simplified.**
- 6. States should have the maximum flexibility to exempt working families from federal time limits.**

State flexibility is the hallmark of an effective block grant. The enactment of TANF in 1996 provided New York and other states with major programmatic flexibility, while still requiring that states address the major stated goals of TANF and invest significant state resources through the MOE requirement. As TANF has evolved into a broad-based, supportive services program intended to help families move to self-sufficiency, it has become quite different from a simple cash assistance program. New York has used its flexibility under the block grant to allocate funds for a myriad of programs, supports and benefits both for those receiving TANF cash assistance as well

as for the working poor. Over two-thirds of New York's annual TANF block grant funding now goes to other than cash assistance purposes.

It has been the flexibility of TANF that has enabled New York to creatively address the differing needs of families who are on welfare, those transitioning to work, and low-income families already in the work force. Preserving and expanding this flexibility, while still requiring accountability, should be a major goal of the TANF reauthorization legislation.

We oppose efforts to earmark portions of base level TANF funding for specific programs or purposes because doing so will hinder state flexibility and the ability to be responsive to individualized needs. Aspects of current TANF law and regulations, including limits on countable work activities, limits on the ability to exempt households from time limits, complicated cost allocation rules and the counting of certain TANF expenditures as assistance, already hinder state flexibility and should be altered.

States like New York, while maintaining a strong commitment to a work first approach, are still best equipped to determine particular employability plans towards that end for families, including the types of activities or combinations of activities assigned and the number of hours of participation that are best suited to individual circumstances. The methodology used to calculate work participation rates should be modified to provide states with credit for serving individuals, particularly those with multiple barriers or needs for education, who may be unable to participate for 30 hours or more weekly. Partial credit should be given in the work participation rate calculation for individuals engaged in work activities for fewer hours than the currently required number of hours. For example, states could be given credit of one-fourth of a countable participant for an individual participating between 1 and 14 hours weekly and credit of one-half of a countable participant for individuals participating between 15 and 29 hours weekly. In addition, federal law should be modified to allow states to remove restrictions on the extent to which education and training activities can be counted towards federal work participation rates. Because there is much evidence that effective education and training programs, when combined with work, can substantially enhance labor market outcomes for TANF recipients, states should not be frustrated in the use of such programs by federal restrictions.

Similarly, families with substantial barriers to employment stemming from physical or mental impairments, very low basic skills or domestic violence often need to participate in activities other than job search, work experience or limited voc-ed training. Some parents may need to participate in temporary transitional jobs programs that provide them with important labor market experience

and lead to permanent unsubsidized employment. Others may need substance abuse or mental health counseling, rehabilitation services, or programs to address learning disabilities or to assist those with limited literacy or numeracy skills. Because states need broader flexibility to develop individualized work plans, federal participation rates and the definition of countable activities should support state efforts to ensure that parents have access to the programs and services that are best tailored to meet their needs.

Additionally, the regulatory interpretation of what constitutes assistance and what is not considered assistance under TANF is confusing and impedes state flexibility. For instance, unobligated TANF funds from a previous year can currently only be spent on cash assistance. Both child care and transportation benefits for non-working families, if paid for directly with TANF funds, are also considered assistance and therefore trigger lifetime time limits, work requirements and child support assignment. To rectify these inequities, TANF law and regulations should be changed so that: 1) previous year TANF funds can be used for either assistance or non-assistance purposes and 2) any direct expenditure of TANF funding for child care, transportation, or other self-sufficiency measures such as limited supplemental rental assistance is not considered assistance for TANF purposes.

Cost allocation rules under TANF pose an often insurmountable barrier to innovative program design for working families. TANF seemingly provides the flexibility to provide innovative services, but existing regulations constrain that flexibility. The federal government has required the states to use the “benefiting” approach to cost allocation. This method requires that common costs be allocated among the benefiting programs (e.g., TANF, Food Stamps, Medicaid), which results in extraordinarily cumbersome administrative procedures in an effort to try to determine what portion of administrative costs need to be charged to each federal program. Relief from this complicated cost allocation procedure should be considered in order to ensure the development and creation of the programs needed to support working families.

Finally, while time limits have sent a strong message about the temporary nature of cash assistance, states should have increased flexibility to stop the federal time clock for certain families. For instance, families who are working at least 25 hours weekly and receiving modest cash assistance grants as a wage supplement to their low earnings should be able to be exempted at state option from federal time limits. Similarly, the adequacy of the 20% hardship exclusion, developed when overall caseload levels were much higher, should be reconsidered in light of the reduced caseloads and the increased proportion of families with multiple obstacles to self-sufficiency.

POVERTY REDUCTION RECOMMENDATIONS:

- 1. Include language acknowledging the importance of reducing poverty, particularly among children, within existing TANF goals.**
- 2. Provide states that achieve the most significant reductions in child poverty with bonus funding.**
- 3. Provide additional experimentation and research funding for states to develop labor market advancement initiatives that can increase family wages.**
- 4. Expand other proven federal anti-poverty efforts such as the Earned Income Tax Credit (EITC).**
- 5. Simplify and improve child support distribution rules for TANF and non-TANF children.**

Since 1996, states have greatly reduced their welfare caseloads. New York's welfare caseload, through a combination of earlier state reforms, the advent of TANF and a strong economy, has fallen by about 970,000, or 59%, since 1995. At the same time, large numbers of single parents have entered the workforce in New York and nationwide. However, it is unclear whether lower welfare caseloads and larger numbers of working single parents by themselves result in significantly lower poverty rates, as evidenced by the fact that caseloads have fallen more rapidly than the rate of poverty. Still, the family and child poverty rates in most states, including New York, have fallen over the past several years.

In New York, the child poverty rate is at its lowest level in 20 years, signaling an overall improvement in the lives of children. When alternate measures of poverty that include the value of the federal and state EITC are considered, the rate of childhood poverty drops even further in New York. However, in spite of the great strides made in reducing poverty, the overall and childhood poverty rates continue to be too high for productive lives in the twenty-first century. Many poor children live in families in which one or both parents work, but remain poor in spite of their work effort. TANF can play a significant role, along with the array of other income transfer and supportive services programs and efforts, in helping to reduce childhood poverty.

With this in mind, TANF reauthorization legislation should encourage states to focus their efforts towards reducing poverty. Three positive steps in this direction would be to:

- Include child poverty reduction as part of an expanded second goal under TANF¹.

¹ Goal 2 under TANF would be expanded to read "End the dependence of needy parents on government benefits by promoting job preparation, work and marriage **and reducing family and child poverty.**"

- Establish a pool of bonus funds that could be awarded on a competitive basis to states that make the most significant progress in reducing their poverty rates. Bonus funds would be reinvested in various successful anti-poverty initiatives at the state level.
- Provide additional competitive funding for states to conduct further research and experimentation in cooperation with business and others to design effective strategy and skill development interventions that promote labor force attachment and advancement. Such efforts could include a broader use of temporary transitional jobs programs that help increase the employment and earnings of those TANF recipients who have been unable to find stable unsubsidized employment, as well as targeted ongoing education and training aimed at career advancement for those who are already employed.

Additionally, while not specifically part of TANF reauthorization, there is a growing body of research evidence that two other sources of income are highly effective tools to reduce childhood poverty: the federal EITC and predictable child support income from an absent parent. The federal EITC has been shown to have significant work incentive effects and to be the single most effective public policy tool in reducing child poverty. Sixteen states, including New York, have now adopted a state EITC to further the anti-poverty effects of the federal credit. In New York State for a family with two children and a parent working full time at \$7.00/hour, the combined federal and state EITC will provide almost \$400 a month in additional income in Tax Year 2001. Similarly, child support income, according to studies by the Urban Institute, has become the second largest component of family income after earnings for single-parent, female-headed families.

Expanding the federal EITC by making it more sensitive to family size and by further reducing existing marriage penalties within the eligibility structure and phase-out rate of the EITC would be an important anti-poverty measure for Congress to consider as a companion to TANF reauthorization legislation.

Similarly, further simplifying federal child support distribution rules so that all the child support collected on behalf of families who have left welfare is paid to the families and not kept by the state to offset welfare costs would also assist in reducing child poverty. At the very least, states that choose to implement more generous distribution rules for families who are on or off of TANF, should not be required to pay the federal government its share of collections.

CHILD CARE RECOMMENDATIONS:

- 1. Increase available funding to states under the Child Care Development Fund.**
- 2. Maintain the transfer authority from TANF to CCDF at 30% and continue to allow within that transfer authority the ability to transfer 10% of TANF funds to Title XX.**
- 3. Enhance efforts to improve the quality of child care.**
- 4. Make the federal Dependent Care Credit refundable.**

Concurrent with TANF reauthorization, the Child Care and Development Fund (CCDF) must also be reauthorized by October 1, 2002. Child care is an essential service because of economic and labor issues, family and children's issues, and in no small measure because the ongoing success of the work-based welfare reform under TANF depends upon it.

Congress has recognized this need by providing increased funding and flexibility to states in CCDF, by increasing Headstart funding, and by allowing states to either transfer TANF funds to CCDF or use TANF funds directly to finance child care. Yet despite increased funding for child care, there remains a pressing need for an adequate supply of affordable, reliable child care, particularly because of a relatively low unemployment rate and the reality that the majority of mothers with children under age 18 are in the labor force. On the present course, assuming a brief recession and a continued emphasis on work-based welfare reform, it is likely that the demand for child care will continue to increase. And for many poor families simply finding child care can be difficult because of their circumstances (a lack of infant care, non-traditional work hours and remote geographical locations). Low-income parents, like all other parents, are also particularly concerned with the quality and safety of their child care arrangements.

Congress can address these issues by increasing available funding to states under CCDF by at least \$500 million annually and preserving the ability of states to transfer funds from TANF to CCDF and Title XX at its current 30%. With increased overall funding, states would be better able to provide wage supplements to address growing turnover problems among qualified child care staff, expand funding to increase the availability of infant and off-hour care options, provide capital funds to expand supply and address the growing need for child care options for children with special needs.

Finally, while not directly part of TANF or CCDF reauthorization, two other issues deserve attention: 1) The Federal Dependent Care Credit, which is meant to offset a portion of out-of-pocket costs for child care, should be made refundable. The current non-refundable nature of the

credit makes it of little benefit to low-income working families who have significant out-of-pocket costs for child care, but little or no federal tax liability. 2) Congress should explore avenues to allow working parents who do not have sick or vacation leave as an employment benefit to take time off to care for a sick child, attend parent teacher meetings or deal with other vital family-related needs.

FOOD STAMP RECOMMENDATIONS:

- 1. Streamline and simplify Food Stamp Program eligibility rules so that states can better serve their diverse food stamp eligible population.**
- 2. Improve the compatibility between the Food Stamp Program and other public benefit programs.**
- 3. Relax rigid food stamp quality control standards that focus more on penalizing states for error rates than providing program access to eligible families.**
- 4. Establish a six-month transitional food stamp benefit in federal law for families leaving TANF.**

First and foremost, it is important that the Food Stamp Program remain a federally funded entitlement program available to all eligible families. In this way it provides both a critical health and nutrition safety net for needy families and individuals and a vital form of grassroots revenue sharing to states and localities that, because of its counter-cyclical nature, increases in value at times of economic downturn.

Because the federal Food Stamp Program is designed to provide a critical safety net for low-income working families, the current complexity of the program often impedes this important role and is of great concern to states and advocacy organizations. Reforms to the cumbersome eligibility and work rules in the Food Stamp Program are necessary to ensure that eligible households transitioning from TANF to self-sufficiency receive the food stamp benefits to which they are entitled. Better integration between TANF, Medicaid and Food Stamp Program rules relating to income, resources and certification periods is also essential to eliminate administrative difficulties for dually eligible recipients and to allow states to serve and treat clients consistently.

Removing time limits for childless, unemployed adults (known as ABAWD's) would also be an important simplification. However, the federal funding currently set aside to serve this population should continue to be made available to states to provide employment services for these adults as

well as families and other individuals receiving food stamps to help them obtain the necessary skills to become employed or increase earnings. Similarly, restoring full program eligibility for legal immigrants and extending recertification and reporting periods for all eligible food stamp households would be important steps towards program simplification and equity.

Similarly, the Food Stamp Program's rigid and excessive focus on "error rates" due to current quality control provisions, often frustrates workers from providing eligible working families with food stamp benefits. This combination of program complexity and a rigid error rate focus has resulted in far too many otherwise eligible working families not receiving benefits. A recent Urban Institute study estimates that as many as two-thirds of households that have left welfare are not receiving food stamp benefits, although likely eligible.

One method to address the problem of families leaving welfare but not retaining their food stamp eligibility is to establish in federal food stamp law a new automatic transitional food stamp benefit for up to six months when a family leaves TANF. Such a change would give working families an important support on their road to sustainable self-sufficiency. While New York is the first state to take advantage of new program rules which allow states the option of providing ongoing food stamp eligibility for up to three months for families transitioning from welfare to work, clarification and expansion of a transitional food stamp program for the working poor in food stamp law is essential so that all states can offer these important transitional benefits.

IMMIGRANT RECOMMENDATIONS:

Fully restore TANF, Medicaid, Food Stamp and SSI Eligibility for otherwise eligible lawfully-present immigrants

The welfare law placed broad restrictions on lawfully-present immigrants' eligibility for a range of important federal programs including TANF, Medicaid, Food Stamps and SSI. There is now strong evidence that these restrictions have had adverse effects on many lawfully-present immigrants and citizen children. Food insecurity has increased notably from 1994-98 among immigrant-headed households most likely to be affected by these restrictions. Urban Institute research shows that one-half of women and one-third of children lacked health insurance in their first year off welfare and that immigrants in general are twice as likely to lack health coverage than non-immigrants. As a result of these federal restrictions, many states, including New York, have been forced to bear the burden of funding state programs for lawfully-present immigrants, to the best of their often limited financial ability.

As taxpayers, immigrants contribute not only to the cost of education, roads and national defense, but also to the cost of providing benefits and services for non-immigrant low-income families. They should not be excluded from programs that help them attain skills needed to advance in the labor market and provide a safety net when temporary hardship interrupts their employment. Federal eligibility for these programs should be restored to all lawfully-present immigrants, because they are subject to the same obligations as citizens and should have access to the same benefits so long as they meet all other existing eligibility and program rules.

MEDICAID RECOMMENDATIONS:

- 1. Reauthorize and simplify the Transitional Medicaid Program.**
- 2. Increase the federal share of Medicaid match funding for all states as an avenue to assist states at a time of recession.**

The Transitional Medicaid Program (TMA), which expired in 2001, must be reauthorized. While the intent of TMA was to ensure that families maintained health care coverage for up to one year after leaving TANF, eligibility and reporting requirements for the program have been too restrictive and complex. Simplifying the TMA program is essential. This can best be accomplished by eliminating cumbersome quarterly reporting rules and relaxing the eligibility standards, which currently require that families, in order to receive TMA, must have been eligible for Medicaid under Section 1931 rules for three out of the last six months.

The nation officially entered a recession in March of 2001, which has the effect of depressing available state revenues while at the same time escalating spending for income support under TANF as well as health care costs under Medicaid. New York has been more severely affected than other states because the attack of September 11th hastened and intensified the state's economic downturn as well as caused increased demand for health care coverage under Medicaid. As part of the stalled debate over an economic stimulus package in the last session of Congress, attention was beginning to focus on a proposal to help states navigate the economic downturn by increasing the federal share of Medicaid for all states by 2%-3%. This provision is critical and should be included either in any final economic stimulus package or in Medicaid legislation in 2002.

STRENGTHENING FAMILIES RECOMMENDATIONS:

We recognize that the family formation goals of TANF are likely to receive a good deal of attention in the forthcoming reauthorization debate, particularly since emerging research demonstrates that

father absence increases the risk of a number of negative outcomes for children. The promotion of *healthy* intact families, the removal of economic disincentives to marriage, the elimination of differing rules for two-parent families and other initiatives to strengthen low-income families are important discussions as part of TANF reauthorization. With that as a backdrop, we still urge caution and further study prior to embarking on major efforts to indiscriminately promote marriage as a singular tool for addressing the needs of children. Marriage must remain a choice and not be coerced, and any emphasis on two-parent family formation should not discriminate against single-parent families or neglect their needs. Specific recommendations towards that end could include:

- Offering services such as mentoring, counseling and relationship skills training to low-income couples.
- Eliminating or mitigating marriage penalties in important income benefit programs such as the federal Earned Income Tax Credit (EITC).
- Eliminating the more stringent work requirement rules for two-parent families in TANF.
- Expanding fatherhood initiatives, particularly those that focus on creating employment opportunities for non-custodial low-income fathers as well as opportunities for more contact with their children (where domestic violence is not an issue).
- Strengthening efforts and expanding funding for domestic violence prevention programs.
- Expanding successful teen pregnancy prevention efforts within TANF and elsewhere.

CONCLUSION:

TANF reauthorization is extremely important to New York and all other states as are the accompanying funding, policy and program decisions that will be made in 2002 in numerous other areas such as food stamps and child care.

In its short existence, TANF has achieved significant success. The TANF block grant approach represented a radical departure from 60 years under the previous AFDC program. In many ways, states, through experimentation, implementation of new programs and the thoughtful design and restructuring of existing programs, are discovering innovative ways to help families enter the labor market and improve their economic circumstances. A combination of stable TANF funding and increased state flexibility over how to use funds has enabled New York and other states to make positive strides in reducing caseloads; increasing the number of former welfare clients who are working; assisting with job retention, wage supplementation and the provision of critical support services. At the same time, New York has also seen its family and poverty rate decline. But much more remains to be done on all these fronts. Significant investments must be made to help those who

have obtained employment retain their jobs and advance, as well as to help those remaining on TANF who have multiple obstacles to achieving self-sufficiency.

TANF has become much more than just a cash assistance program. New York has taken a proactive, preventive approach to its programming and has expanded the use of TANF funds to families up to 200% of the poverty line. Funds flow through nine state agencies and provide supports for programs such as the EITC, domestic violence services, substance abuse services, child care, worker recruitment, training and retention in child care, mental health, foster care and health care occupations, wage subsidies, pregnancy prevention, after-school programs, summer youth employment and nutrition assistance.

Expanding the initial success of TANF requires adequate and ongoing funding as well as continued flexibility. Adequate funding and program reforms in CCDF, Food Stamps and a number of other related policy areas are also critical to continuing the progress that states have begun in ending dependence. In order to maintain and expand the levels of current financial commitment to diverse programs for both the working poor and those remaining on TANF and to take steps to further improve family economic circumstances and reduce poverty, states need a commitment from the Administration and Congress that they will provide stable and flexible funding over the next decade.

Both New York State and the broad human service advocacy community recognize that the stakes are high in TANF reauthorization. We have collectively agreed to and support the recommendations outlined in this document because they represent, in our thinking, the best avenues to guarantee that New York can continue to move forward in its efforts to help families achieve self-sufficiency through employment, while still providing the vulnerable with economic support at times of need.

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