

EMPIRE STATE JOBS PROGRAM
LEGISLATIVE BRIEFING
MAY 15, 2001

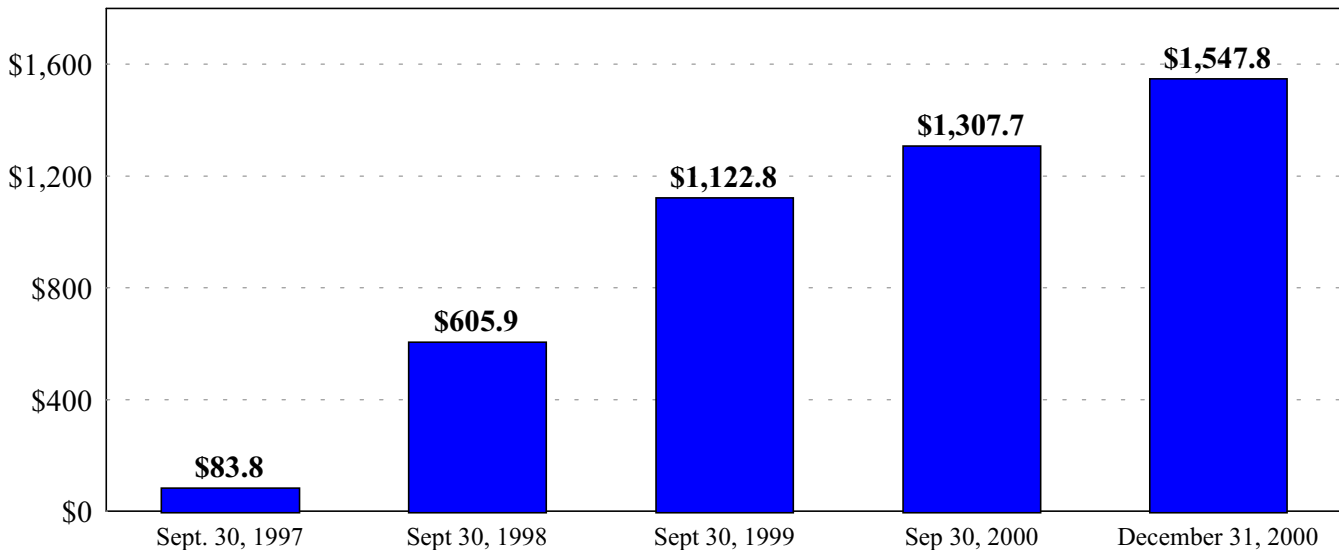
TANF SPENDING IN NEW YORK
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Can New York can afford to implement this program? Our estimate, the details of which are included in your informational packets, is that the empire state jobs program would cost \$190 million over two years, \$142.5 million from the TANF block grant and \$47.5 million from the state general fund. This would support approximately 8,000 18-month jobs — 6,000 TANF eligible and 2,000 non-TANF eligible.

Let's start with the TANF money. Each year since 1996, New York has received 2.4 billion dollars in federal funds through the TANF block grant. At the end of each federal fiscal year, New York has had money left over in its "TANF" account. The amount left over has been growing over time and as of December

New York's TANF fund balances in Washington are large and growing...

Total of unliquidated and unobligated balances in millions.

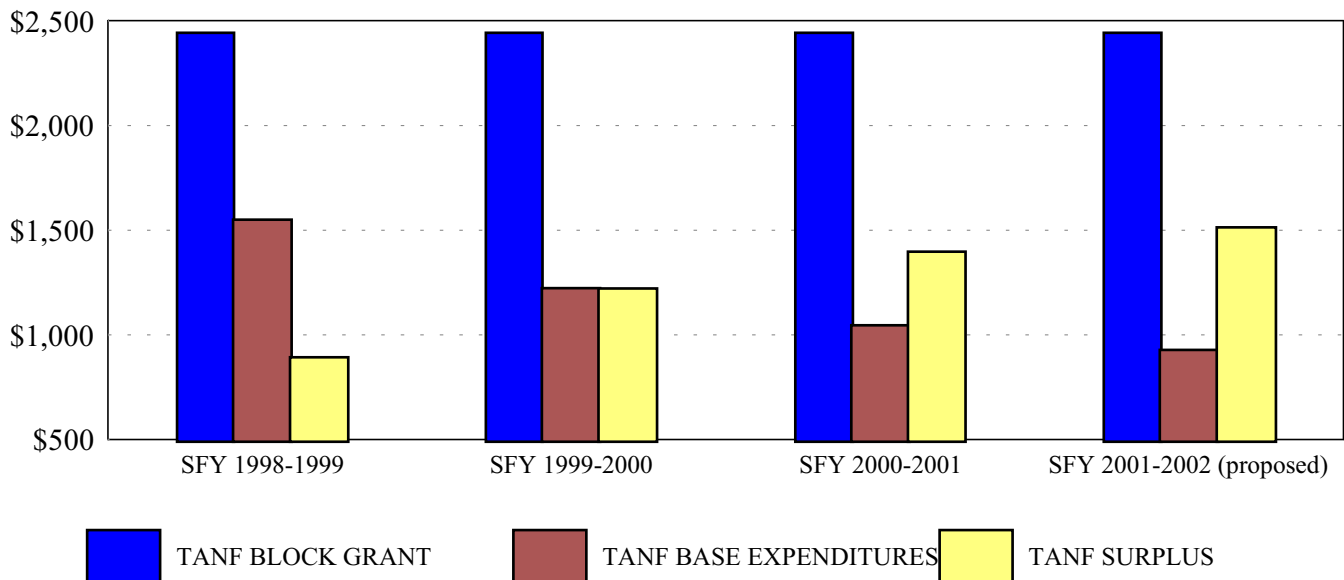


31, 2000, the last quarter for which federal financial reports are available, New York had significant unspent balances in its federal TANF account — \$923 million were unobligated and another \$624 million had been obligated but not yet spent. Together this represents 15 percent of the almost \$10 billion the state has received since 1996.

But shouldn't New York leave these funds in Washington in reserve for a time when the economy slows down and welfare caseloads go back up? While there is merit to this argument, given the current political climate surrounding the reauthorization debate, the answer is unequivocally NO. Large unspent balances in Washington may result in Congress reconsidering the level of the block grant, particularly for state like New York who have large balances. In March 2000, U.S. Representative Nancy L. Johnson (R-CT), chair of the House Ways and Means Subcommittee on Human Resources, sent a letter to all 50 governors suggesting that future TANF funding would be safeguarded only if states continue to make efforts to spend the funds they are now receiving, and to spend those funds wisely and in accordance to with the true objectives of welfare reform. The Empire State Jobs program is just the kind of "wise" investment that Representative Johnson had in mind.

But hasn't the legislature already allocated the entire TANF surplus for the coming fiscal year? YES and NO. Yes, the Assembly and the Senate have

While the federal TANF block grant is fixed at \$2.4 billion, New York's expenditures for cash assistance have fallen dramatically, leaving a greater "surplus" each year.

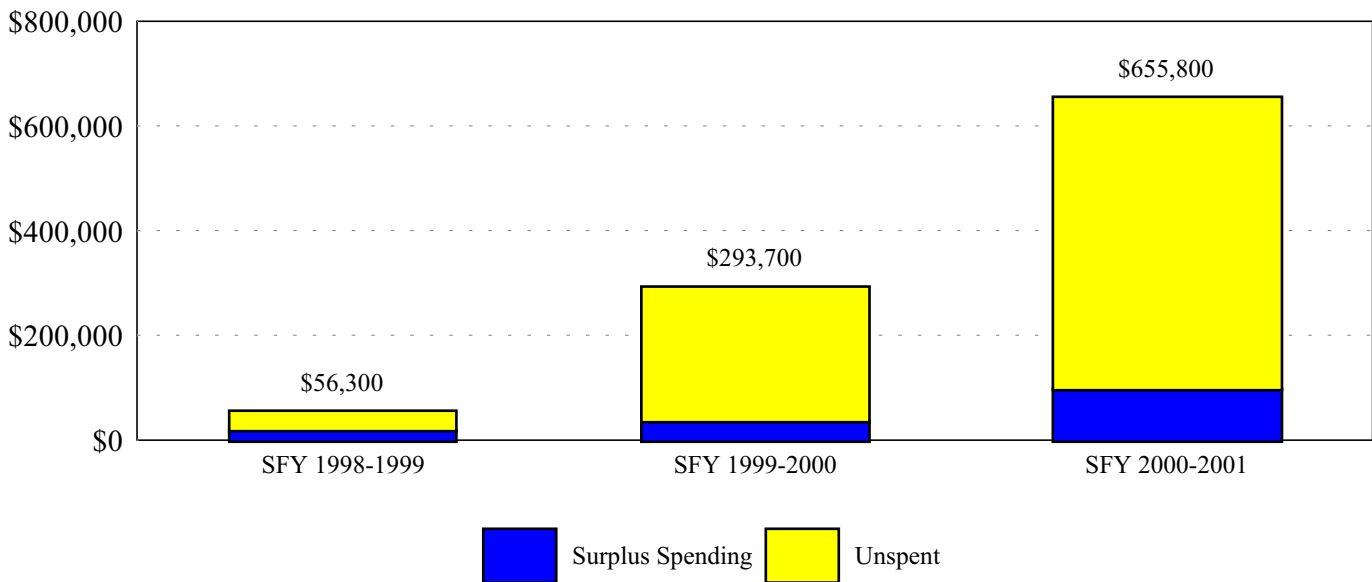


already included in their budget resolutions recommendations for the Division of the Budget’s estimated \$1.5 billion dollar surplus. The so-called TANF surplus is the amount of TANF funds “left over” after basic cash assistance has been paid out. In each year of the TANF program, the “TANF surplus” available for programmatic initiatives has been estimated based on estimates of the size of the TANF caseloads for cash assistance. In each year, the actual TANF surplus available has exceeded the estimated amount as caseloads fell faster than the Division of the Budget (or anyone else for that matter) had predicted.

Secondly, as discussed last Sunday in the Times Union editorial, many of the programmatic initiatives funded from the TANF surpluses have been slow to get underway and most of the money for prior years is still unspent. As of last summer (August/September) only 22 percent of the \$1 billion plus in programmatic initiatives using the TANF surplus had been disbursed, leaving \$900 million in undisbursed funds that may or may not be spent in the next few years.

As for the resources from the state general fund, these are an important part of the design of the Empire State Jobs program. Access to this program should not

While allocations of the TANF surplus for programmatic initiatives have grown over the past few years, only a fraction of these allocations have been spent.



be denied to childless adults and or the working poor who may not qualify for TANF assistance. While the gross cost from the general fund over two years would be about \$48 million, the “net” cost, after taking into account the savings as participants move from cash assistance to the Empire State Jobs program, is about half this. If the participants are families who have reached their federal time limit for assistance, the cash assistance savings will be double, reducing further the net impact of the program on the general fund.

Therefore, New York can afford to implement this program this year. In the context of the 2002 reauthorization debate, with New York’s large and growing TANF account balances and 70,000 families hitting their federal time limits — New York cannot afford to miss this opportunity to make this critical investment. The Empire State Jobs program will help draw down New York’s account balances while helping the individuals and families who have not been able to make the transition to the private labor market get the job experience and training they need to stay off public assistance in the future.