



TANF at 20: Failing Louisiana's Poor

By Grace Reinke, August 2016



Louisiana Budget Project

SUMMARY

Twenty Years On, Louisiana Abandons Welfare Reform's Core Efforts

In the 20 years since the federal government overhauled America's welfare system, Louisiana has steadily diverted money from the core goals of helping struggling families gain economic security. Instead, Louisiana used welfare dollars to plug holes in the state budget that were largely caused by tax cuts and the refusal to raise revenue to support important public investments. Over those two decades, Louisiana's high poverty rate has barely budged. And the amount of state and federal dollars invested in helping the poorest families afford basic necessities and become self-sufficient has fallen dramatically.

A monthly average of fewer than 7,000 Louisiana families received cash welfare benefits in 2015 – compared to more than 70,000 in 1996, the year the federal government replaced the guarantee of cash assistance with an annual block grant to states that they could spend flexibly. Today 4 of every 100 Louisiana families living in poverty get cash assistance -- far below the national average of 23 per 100.

Louisiana has taken advantage of the law's flexibility to the point where just 11 percent of what the state spends on welfare dollars goes to the "core" goals

of the welfare law – cash assistance, child care subsidies and programs that help families join the work force. The average state, by comparison, spends half its welfare dollars on those core goals.

The rest of the money is being used in other ways. In some cases it supports services that are important but, nonetheless, have little or no connection to the main goals of the welfare law – for example, public and private pre-school, fatherhood initiatives and parenting classes, drug treatment programs and college scholarships.

Many of these programs serve families with incomes well above the federal poverty line. Rather than using welfare dollars to help the very poorest families with temporary assistance and connecting them to work, Louisiana has used its block grant dollars, in effect, as a slush fund for other state priorities that were threatened by a lack of resources after years of Louisiana tax cuts that mostly benefitted the wealthy.

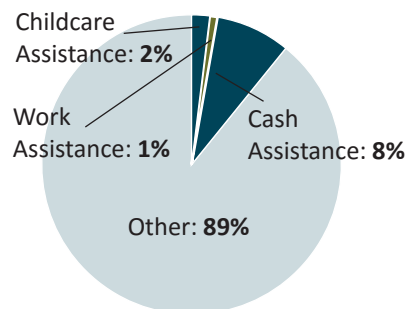
To help more struggling families move toward economic security -- and for Louisiana's communities to thrive -- changes in policy are needed:

- Louisiana policymakers should make sure at least half of the state and federal dollars Louisiana spends on welfare are spent on the three core goals of cash as-

sistance, child care assistance and work programs.

- The federal government, meanwhile, should ensure that the block grant dollars it sends to states are periodically increased to reflect the rising cost of living. That way, the grant won't lose its value over time.
- Most importantly, state policymakers should make sure that important services now being supported by diverting money from welfare -- such as the LA-4 pre-kindergarten program for at-risk children, are paid for with state general fund resources.
- These public investments will require revenue, which means Louisiana needs to reverse its course of cutting taxes to the detriment of the common good and no longer allow wealthy interests to manipulate the tax code.

FIGURE 1
Only 11 percent of TANF/MOE spending funded core activities of welfare reform in 2015



Source: LBP analysis of Louisiana Department of Children and Family Services (LA DCFS) TANF/MOE spending data
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HOW TANF WORKS

Twenty years ago, there was a debate in the US over the effectiveness of many aspects of the assistance being given to families that struggle to make ends meet. Vowing to “change welfare as we know it,” Congress and President Bill Clinton agreed on the Personal Responsibility and Work Opportunity Reconciliation Act to replace the longtime federal guarantee of cash assistance for needy families with a federal block grant that gave states new flexibility in how to aid families under economic stress.

The new name for what had often been referred to simply as “welfare” would be Temporary Assistance for Needy Families (TANF). Supporters of the overhaul said the block grant would make it easier for states to reduce poverty by moving needy parents from welfare to work.¹ Under TANF, states receive an annual grant of federal funds and must also contribute state funds as part of what is called the “maintenance of effort” (MOE) requirement. Supporters said this approach would allow states to shift the money they saved when families left welfare to pay for child care and programs that help parents find jobs. The presumption was that less money would be needed for what had been “welfare,” and more needed to support people in getting and keeping jobs.

Prior to the 1996 welfare overhaul, families in need received monthly cash assistance through Aid to Families with Dependent Children (AFDC), which was financed with

a mix of state and federal dollars. Under the TANF block grant, the federal government instead distributes \$16.5 billion in federal dollars across all states. The grant amount has never been adjusted for inflation and has lost more than one-third of its value since 1996.²

Under TANF, the maintenance of effort rules require that states spend each year on programs that support low-income families and children an amount equal to at least 75 percent of what the state traditionally spent under AFDC.³ States that don’t meet that requirement risk losing a portion of their federal block grant.

Supporters of the new block grant approach said it would be better for struggling families because states could use money saved by shrinking the number of people getting cash assistance on programs that help parents work. The TANF law states four overarching goals to guide the use of funds, leaving the details for states to interpret.⁴ The four stated goals are:

- Provide assistance to families so that children can be cared for in their own homes or in the homes of relatives.
- End the dependence of parents on government benefits by promoting job preparation, work, and marriage.

- Prevent and reduce the incidence of out-of-wedlock pregnancies and establish numerical goals for preventing and reducing the incidence of these pregnancies.
- Encourage the formation and maintenance of two-parent families.

Federal law allows a state to transfer up to 30 percent of its federal TANF funds to its Child Care Development Block Grant Fund (CCDF) every year. The CCDF funds are to be used for promoting quality and accessible child care services to low-income and working families. Louisiana considers this spending to be related to the TANF’s goal of providing child care for parents in need so that they can more easily participate in the workforce.⁵

States may also transfer up to 10 percent of their TANF funds to the Social Services Block Grant (SSBG), which finances such activities as foster care and help for people with disabilities.⁶ A state cannot transfer more than 30 percent of its TANF funds to the CCDF and SSBG combined.

TANF SPENDING IN LOUISIANA

Louisiana receives \$164 million annually through the TANF block grant. To get the full amount, the state is required to spend at least \$55 million of its own money each year on TANF-related programs through its MOE contributions.⁴ In the state fiscal year that ended June 30, 2015, Louisiana spent \$246 million in TANF/MOE funds, after block grant transfers.

Louisiana has spent a decreasing share of its TANF and MOE money on core welfare reform activities —

temporary cash assistance, work programs and child care assistance. Money from TANF/MOE was used to fill holes in various state agencies' budgets during financial downturns, and in many cases the federal block grant dollars replaced state appropriations.

In state fiscal year 2015, for example, only 11 percent of all TANF/MOE spending in the state went to fund core welfare reform activities. The remaining 89 percent went to fund other needs.⁷

What is traditionally thought of as welfare — cash assistance for

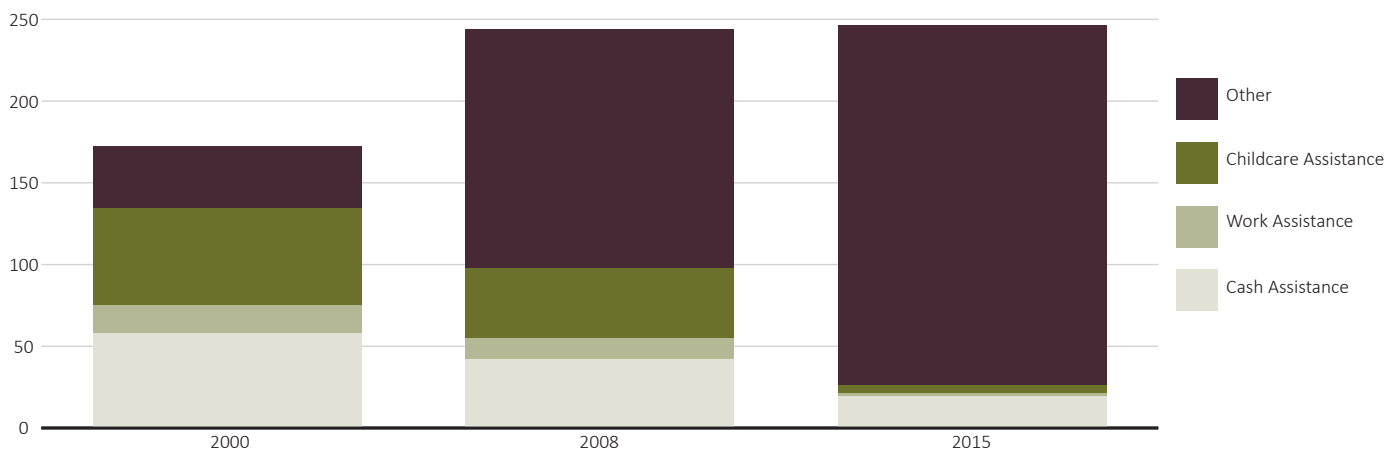
economically struggling families that comes on a monthly basis — is all but obsolete in Louisiana. TANF/MOE-funded assistance for child care costs is even rarer, and very few unemployed families in Louisiana receive services through welfare-to-work programs each year.

This trend began shortly after the new welfare law took effect in 1996, then accelerated in the 2008-2015 period when Louisiana's resources were severely depleted by massive state tax cuts, declining revenues due to falling energy prices and the worldwide economic slowdown. The chart below shows the changing distribution of Louisiana's TANF/MOE spending from 2008 to 2015. (Figure 2)

FIGURE 2

Programs that do not correspond to welfare reform's core activities now account for the majority of Louisiana's TANF/MOE spending

In millions of dollars



Source: LBP analysis of LA DCFS TANF/MOE spending data

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CASH ASSISTANCE SPENDING IN LOUISIANA

The welfare law called for states to provide cash assistance to needy families only on a temporary basis. Cash assistance, also known as basic assistance, is any benefit to a family that comes in the form of cash, vouchers or payments that help meet ongoing or basic needs, like rent and groceries.⁸

Cash assistance in Louisiana is administered through the state's Family Independence Temporary Assistance Program (FITAP) and Kinship Care Subsidy Program (KCSP).

Louisiana's Family Independence Temporary Assistance Program provides a monthly cash benefit to struggling families that have children, or are expecting children. The amount is based on family size.⁹ In 2015, the maximum monthly benefit for a family of three was \$240. That comes to an annual benefit of \$2,880, which amounts to 15 percent of what a family would need to make to be above the federal poverty threshold.¹⁰ Since the monthly grant amount was last increased in 2001, to \$240 from \$190, FITAP monthly payments have lost about 17 percent of their value due to inflation.¹¹

The second form of cash assistance is the Kinship Care Subsidy Program. Established in 2000, kinship care provides cash assistance for needy children under the age of 18. To qualify for kinship benefits, children must reside in the home of a qualified custodial relative,

but cannot live in the same home as their parents. Families must have an annual income of less than 150 percent of the federal poverty threshold to be eligible for a monthly flat grant of \$222 per child.¹⁴

Louisiana spent \$19.1 million of its TANF funds on cash assistance in the 2015 fiscal year, accounting for 8 percent of the state's annual TANF/MOE spending.¹² In contrast, 26 percent of total TANF/MOE spending in the United States went to basic assistance programs in 2014.¹²

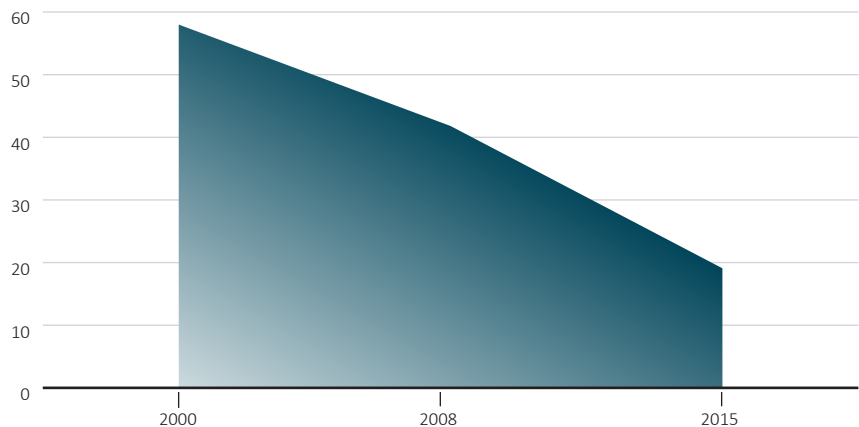
Prior to the new welfare law, nearly

all state welfare spending went to cash assistance. In the years since, the amount states spend on basic assistance has declined sharply and continuously. By 2000, Louisiana's spending on cash assistance had dropped to 34 percent of its TANF/MOE funds, or \$57 million. Louisiana's cash assistance spending has dropped further since then, due largely to narrower eligibility requirements and new time limits designed to discourage longtime

FIGURE 3

Louisiana's TANF/MOE spending on basic assistance declined by nearly two thirds since 2000

In millions of dollars

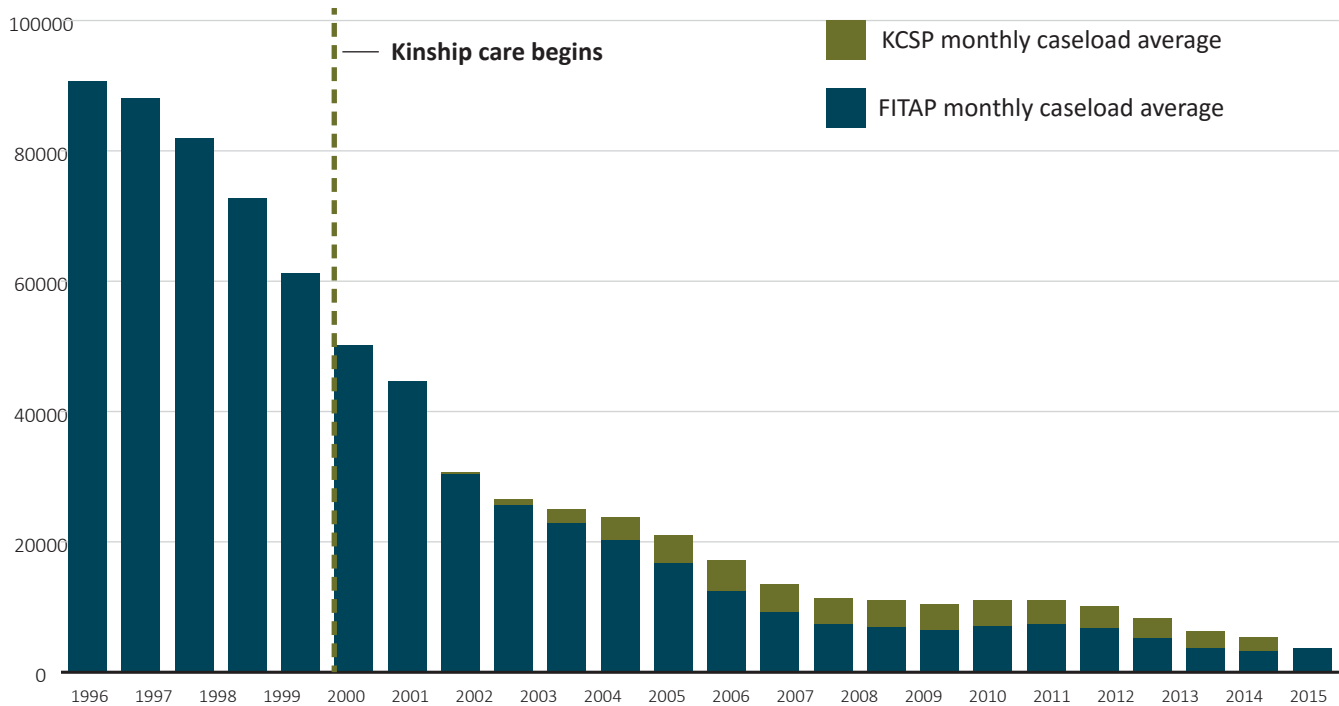


Source: LBP analysis of LA DCFS TANF/MOE spending data

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FIGURE 4

Louisiana's cash assistance caseloads declined dramatically after TANF's implementation in 1996



Source: LBP analysis of LA DCFS STEP historical caseload data

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dependency.² (Figure 3) In 2014, only nine states spent a smaller portion of their TANF/MOE funds on cash assistance than Louisiana.³

In Louisiana, fewer than 7,000 families received cash assistance through TANF in 2015, compared to the more than 30,000 in 2000. (Figure 4)

In 2014, only 4 of every 100 poor Louisiana families with children received cash assistance. That metric, known as the TANF-to-poverty ratio,

gives an idea of how many needy families are reached by TANF-fund-

ed temporary cash assistance in each state every year. Louisiana's TANF-to-poverty ratio was the lowest in the nation in 2014.¹⁸ (Figure 5)

In 2015, the maximum monthly benefit for a family of three was ... just 15 percent of the federal poverty threshold.

Across the country, the numbers aren't much better.² In 2014, only 23 out of every 100 poor families with children received cash assistance in the United States.¹³ In contrast, right after TANF's enactment back in 1996, 68 of every 100 poor families received cash assistance

through the block grant program.¹⁴

The rapid shrinking of the number of people in Louisiana receiving cash assistance has not coincided with decreasing poverty rates. Nearly 1 in 5 Louisianans lived below the poverty line in 2014 -- the third-highest rate of any state. More than 400,000 Louisianans live in what is called “deep poverty,” meaning they have annual incomes below half of the federal poverty line. And more than 300,000 Louisiana kids lived in poverty in 2014. Clearly if more people in this plight received cash assistance they would be better able to meet their basic needs.¹⁶ (Figure 6)

FIGURE 5
Louisiana had the lowest TANF-to-poverty ratio in 2014



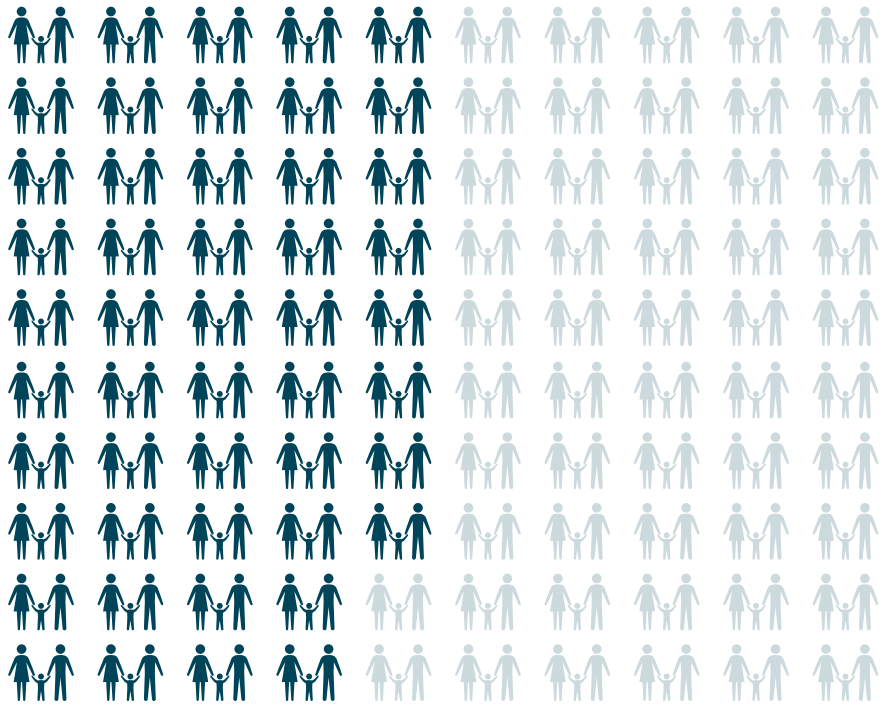
Source: Center on Budget and Policy Priorities
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FIGURE 6

The number of Louisiana families in poverty that receive TANF has declined nearly every year since 1996

1996:

48 out of 100 families



2014:

4 out of 100 families



Source: Center on Budget and Policy Priorities
Louisiana Budget Project

WORK ASSISTANCE SPENDING IN LOUISIANA

The welfare law's emphasis on helping cash assistance recipients find and keep jobs led more states to ramp up their TANF/MOE spending on such forms of work programs as education, transportation to job interviews, subsidies to employers, training programs, coaching and outreach.¹⁷

Louisiana's Strategies to Empower People Program (STEP) provides a range of services, including vocational training and GED preparation, aimed at helping welfare recipients become self-sufficient.¹⁴ Louisiana in 2015 spent only about \$2 million — 1 percent of its TANF/MOE funds on work assistance.¹²

This is one of the smallest investments in the country. (Figure 7) Nationally, 8 percent of total TANF/MOE spending went to fund work activities.³

By comparison, Louisiana in 2000 spent just over \$17 million on work programs — 10 percent of its TANF spending.¹² The biggest decline occurred from 2008 to 2015, when Louisiana was dealing with the Great Recession and its aftermath of higher-than-average unemployment rates.¹⁸ Not surprisingly, the state's shrinking investment in work support has kept programs like STEP from becoming a reliable path to employment for Louisiana's needy families.

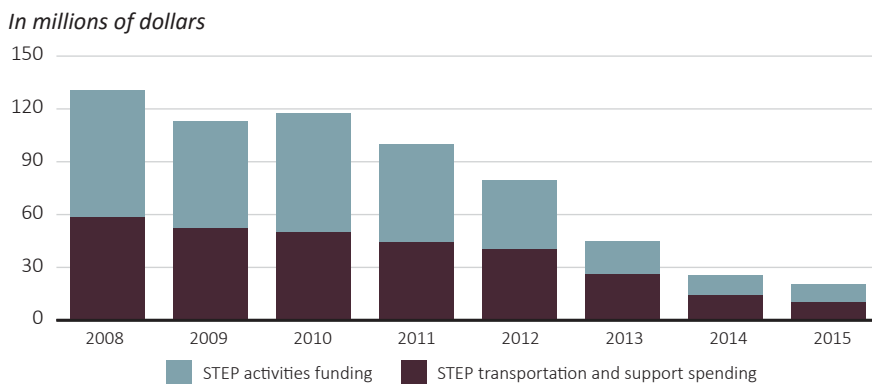
STEP is the main work program funded by TANF dollars in Louisiana. Anyone eligible for cash assistance is also eligible for participation in STEP. But as the number of people receiving cash assistance continues to decline, the number of needy Louisianans getting help through STEP has also plummeted. On average, only 926 families received employment assistance through STEP each month in 2014.¹⁹ That average dropped to 725 in 2015.²⁴

In 2006, shortly after STEP's establishment, an average of 2,549 Louisiana families were reached through STEP employment activities each month.²⁴ That translates to a drop of more than 70 percent over the past decade.

Additionally, reduced financial support for state agencies that provide case management and follow-up for STEP participants has impaired the ability to implement effective work support. Fewer state workers are assigned to FITAP and STEP, weakening the program each year, and leaving low-income Louisianans with few viable options for getting the training they need to re-enter the workforce.

In 2014, about 74,000 Louisiana families with children were still living in deep poverty.²⁰ Louisiana's record-low provision of cash assistance and work programs through TANF ensures that only a few hundred of these families get help in finding and keeping jobs.

FIGURE 7
Louisiana's spending on STEP work support programs declined every year since 2010



Source: LBP analysis of LA DCFS TANF/MOE spending data

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CHILD CARE ASSISTANCE SPENDING IN LOUISIANA

Making sure families that struggle to get by can afford child care that makes it easier for parents to work is another key goal of the 1996 welfare law.³ To help fulfill that goal, Louisiana spends a small portion of its TANF/MOE dollars on refundable tax credits to help needy families cover the cost of child care. In fiscal year 2015, child care assistance made up only 2 percent of Louisiana's total TANF spending, or \$5.2 million.¹²

The refundable portions of the School Readiness Tax Credit (SRTC) package are the state's only TANF/MOE expenditures that qualify as child care assistance for poor families.^{21,22} Established by the Legislature in 2007, the SRTC gives needy families a tax credit if they send a qualifying dependent to a quality child care center. For families earning less than \$25,000, the Child Care Expense Tax Credit is fully refundable. These tax credits can provide working parents with a much-needed boost in income.²³ However, because

the credits are awarded once a year, budgeting for monthly childcare expenses is still difficult for families.

In the early years after the welfare overhaul became law, Louisiana spent more than the national average on child care for low-wage workers. Louisiana in 2000 spent more than \$59 million, or 34 percent in TANF/MOE funds, on child care assistance for needy families. As recently as 2008, Louisiana still spent over \$42 million on refundable child care tax credits and child care assistance services for low-in-

come families.¹²

Since 2008, though, Louisiana's rapid disinvestment left needy families with very little financial support for child care. In the last eight years, child care assistance spending fell to 2 percent of its total TANF/MOE spending, down from 17 percent.¹²

Child care has become one of the biggest expenses in the household budgets of low-income Louisiana families, and costs continue to rise.

While the School Readiness and Child Care Expense refundable tax credits provide much-needed support to Louisiana's needy and working parents, they fall far short of providing the vast majority of low-income families with the child care assistance needed to make finding and keeping a job possible. Child care has become one of the biggest expenses in the household budgets of low-income Louisiana families, and costs continue to rise.²⁴

"OTHER" SPENDING IN LOUISIANA

The vast majority of Louisiana's state and federal TANF dollars are spent on programs that do not correspond to the three core activities of the welfare law: temporary cash assistance, work programs and child care assistance. (Figure 8)

The state reports much of that spending as contributing to the third and fourth goals of TANF – to prevent out-of-wedlock pregnancies and maintain two-parent families. Many of the programs funded under those goals have little relationship to the broader goal of moving families from welfare to work. Programs like Drug Courts and private pre-kindergarten, for example, are valuable to Louisianans but have little connection to the core goals of the welfare overhaul law.

Louisiana redirects millions of TANF/MOE dollars to state agencies, nonprofit organizations and private contractors that provide services other than the welfare law's core activities. When these diversions began in 2000, the state emphasized that those groups receiving the "other" TANF funds would only receive the money on a temporary basis.²⁵

In the years since, many state programs have weathered massive budget cuts and have come to rely on TANF dollars as their main source of funds. While this practice keeps important programs from being reduced or eliminated, it also undermines the original intentions of pro-work welfare reform.

Louisiana spent about 89 percent of its total TANF/MOE funds on "other" areas in fiscal year 2015,¹² compared to 22 percent in 2000. In state fiscal

year 2015 Louisiana spent more than \$219 million in TANF/MOE funds on programs as diverse as after-school tutoring, fatherhood programs, abortion alternatives and child abuse investigations.²⁶ Many of these programs were previously financed with state general fund money, only to be categorized as "TANF/MOE initiatives" in order to be eligible for federal funding. This practice sped up from 2008 to 2015 -- when the growing lack of new and sustainable state revenue led to deep deficits each year. Louisiana spends and reports its TANF and MOE dollars under the 10 broad categories described below:²⁷(Figure 9)

Administration

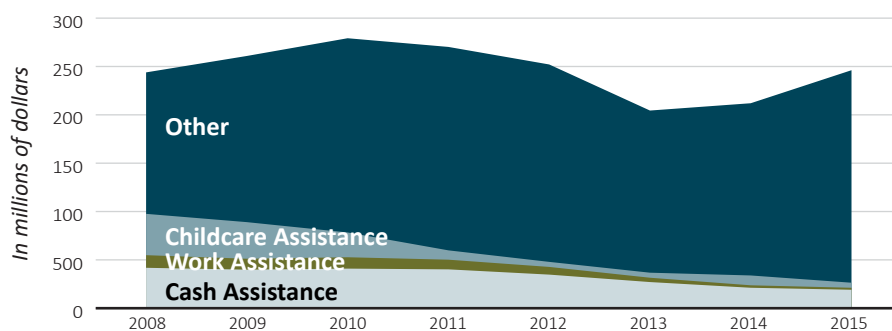
For this analysis, the costs associated with the administration of TANF/MOE in Louisiana are considered "other" spending. Included in those costs is spending to modernize the Louisiana Department of Children and Family Services – the state's TANF administering agency -- through updated websites and more advanced benefit rollout technologies. Although administration does not directly provide core welfare reform activities to struggling families, spending in this category helps to make pro-work programs like STEP and FITAP possible by identifying who is eligible and tracking their progress. In state fiscal year 2015, Louisiana spent just over \$10.8 million on administration costs, accounting for 4 percent of the state's total TANF/MOE spending.¹²

Refundable Earned Income Tax Credit (EITC)

Louisiana's EITC provides a refundable tax credit to low-income families

FIGURE 8

Most TANF/MOE spending does not correspond to the three core provisions of welfare reform



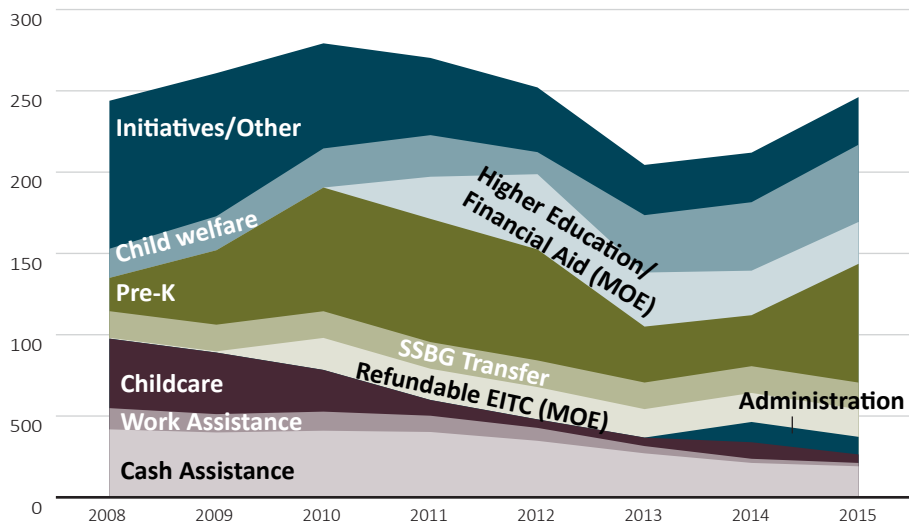
Source: LBP analysis of LA DCFS TANF/MOE spending data

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FIGURE 9

Each Year, Louisiana spends its TANF/MOE funds on a wide variety of state programs

In millions of dollars



Source: LBP analysis of LA DCFS TANF/MOE spending data

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designed to offset what they pay in various taxes. The amount of the credit depends on a family's earnings and number of children. Only those who are working are eligible to receive the credit. The EITC includes a phase-in period, which has the effect of encouraging workers to seek higher paying jobs with more hours. Calculated at 3.5 percent of the federal earned income tax credit, Louisiana's state EITC, established in 2007, is the lowest of the 26 states that offer a state version of the credit.³³

Louisiana began reporting state spending on the EITC as part of its MOE in 2010. While the EITC does not technically provide for any of the three core welfare reform activities, research shows that it is one of the most effective policies for lifting families out of poverty.²⁰ Moreover, its structure of encouraging work qualifies it as a TANF investment that furthers the welfare-to-work agenda. The average Louisiana tax filer who claims the EITC receives \$96 each year, which helps families meet basic needs like groceries

and rent, and puts more money back in the pockets of low-income working parents.²⁸ While the EITC helps working families make ends meet, the credit's one-time annual benefit structure makes monthly budgeting difficult for families who have trouble meeting basic day-to-day needs.

In 2010, Louisiana spent about \$19 million in state funds on the refundable portion of the credit, which made up about 7 percent of the state's total TANF/MOE spending that year. In state fiscal year 2015, state spending on the EITC still made up about 7 percent of the Louisiana's total TANF/MOE spending, and today spending on the EITC is one of the biggest contributors to the state's MOE requirement.¹²

Social Services Block Grant (SSBG) transfer

Federal law allows states to transfer up to 10 percent of their TANF dollars to the block grant that finances social service activities.¹¹ Any TANF funds transferred to the SSBG must be spent on initiatives that serve low-income

families with children, like foster care.

Since 2003, Louisiana has transferred the maximum amount to the SSBG – about \$16.4 million -- every year. Since 2008 the transfer has made up 7 percent of the state's total TANF/MOE spending. This money is spent on a variety of activities and local agencies, though, as of 2015, most of it went to foster care, child care and disability programs.¹²

Pre-kindergarten

Louisiana's LA-4 pre-kindergarten program relies heavily on TANF/MOE funds to stay afloat, despite the fact that it does not directly correspond to the three core activities of welfare reform. Established in 2001, LA-4 brings vital early high-quality childhood care and education to at-risk and low-income 4-year-olds. As the state's main public pre-school program, LA-4 serves about 16,000 Louisiana children every year. Research has shown that investments in early education pay dividends by making children more likely to succeed in school, to graduate and to become successful later in life.³⁰

Until recently, Louisiana paid for the LA-4 program with state general fund dollars. As with other important services, resources have been dwindling over the years, and policymakers decided to substitute TANF funds, so the state general fund dollars could be spent elsewhere. Louisiana reported its federal TANF spending on LA-4 during this time as related to goal number three: an effort to prevent out-of-wedlock pregnancies.¹⁴ Research shows that early education can help children escape the cycle of poverty, but the state's line of reasoning stretches the goals of TANF.

Louisiana's state spending on pre-kindergarten peaked in 2010, when the state contributed over \$41 million in general funds to LA-4. That year, LA-4 accounted for almost 15 percent of

TABLE A
Where else have TANF funds been spent?

<i>Abortion Alternatives</i>	<i>Court Appointed Special Advocate</i>
<i>Child Care Quality Initiatives</i>	<i>Family Violence Intervention & Prevention</i>
<i>Community Response Initiatives</i>	<i>Drug Courts</i>
<i>Freedom Schools</i>	<i>Micro-Enterprise Development</i>
<i>Fatherhood Initiatives</i>	<i>Private Pre-Kindergarten</i>
<i>Individual Development Accounts</i>	<i>Public Awareness For Child Care Quality</i>
<i>Homeless Initiative</i>	<i>Drug Treatment</i>
<i>Teen Pregnancy</i>	<i>Nurse Family Partnership</i>
<i>After School Tutoring</i>	<i>Truancy Initiatives</i>
<i>Early Childhood Support</i>	<i>Community Supervision (Juvenile Justice)</i>

Source: LA DCFS TANF/MOE spending data, provided June 2016

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the year’s total TANF and MOE spending on all welfare programs.¹² Deep budget cuts from 2011-2014 caused the state to start plugging TANF dollars into the program to the point where it was eventually financed entirely with federal dollars.

In state fiscal year 2015, Louisiana’s \$28 million in MOE contributions to LA-4 made up about 11.5 percent of the state’s total TANF/MOE spending. After four years of no state contribution, the current level of MOE spending on LA-4 is an increase, but is still only a fraction of what the vital pre-k program once received through state appropriation.

Higher education financial assistance

Starting in 2011, Louisiana began counting the money it spends on college scholarships for low-income students as part of its “maintenance of effort” requirement to draw down TANF dollars.³¹ Prior to that, the state met its MOE requirement through spending on early childhood and juvenile justice initiatives. Since 2011, spending on these higher education programs has accounted for more than half of the state’s total maintenance of effort contribution. In state fiscal year 2015, Louisiana spent about \$25.7 million in state MOE funds on Taylor Opportunity Program for Students

(TOPS) and Go Grants for low-income students, accounting for 10 percent of the state’s total TANF/MOE spending that year.¹²

Since requirements for both of the programs are tied to federal Pell Grant eligibility, students may qualify for the scholarships even if they do not come from families living in poverty. For example, a student in a family with income above \$100,000 could still qualify for financial aid for college in Louisiana, depending on the size and structure of the family.³² Subsequently, that student would become a recipient of Louisiana’s TANF/MOE funds via the TOPS and Go Grant scholarship programs, leaving fewer TANF/MOE dollars to fund programs that provide for the three core welfare reform activities.

Child welfare programs

Spending for child welfare and emergency assistance programming also accounts for a portion of Louisiana’s “other” TANF expenditures every year. The money in this category is reserved mostly for Child Protective Investigations (CPI) carried out by the Department of Children and Family Services, which includes looking into child abuse cases and assisting children removed from their parents’ custody by a state court and in foster care.¹⁴

These types of services used to be financed with state general fund dollars, which were gradually replaced with federal block grant money as Louisiana’s financial picture deteriorated.³³ In state fiscal year 2008, child welfare spending made up just over 7 percent of the state’s total TANF/MOE spending -- at almost \$18 million. By 2015, almost one-fifth of Louisiana’s total TANF/MOE spending — more than \$47 million — went to child welfare initiatives.¹²

The state has an obligation to investigate child abuse cases and provide for the welfare of children in the state’s custody, but by using TANF/MOE funds meant for welfare reform to fund these services rather than state appropriations, Louisiana leaves fewer dollars to fund welfare reform’s core activities.

Other TANF Initiatives

Shortly after TANF’s implementation in 1996, the number of Louisianans receiving cash assistance, following a national trend, declined so quickly that the state began accumulating reserves of unspent block grant dollars. With advice from a work group he established, then-Gov. Mike Foster and the Legislature began redirecting federal and state dollars that previously went to welfare programs to a wide variety of other needs.³⁰ (Table A)

Louisiana reports this spending to the federal government under the goals of reducing out-of-wedlock pregnancies and encouraging two-parent families, which allows the state to loosen the financial eligibility requirements for many of the programs, rather than limiting them only to families that are cash assistance-eligible under TANF.¹⁴ Reporting it this way enabled Louisiana to divert money from programs that serve the state’s poorest families and use it on those that also help families with incomes well above the federal poverty line.

TANF AND LOUISIANA'S REVENUE PROBLEM

Louisiana's decision to move dollars away from core welfare-to-work programs began almost as soon as the federal law changed, but then accelerated after 2008. These diversions are rooted in Louisiana's inability to afford numerous key public investments

that help communities thrive – the result of massive tax cuts that were compounded by a slowing economy and sagging energy prices (Figure 10).³⁴

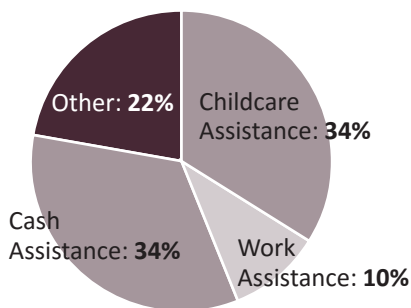
TANF was never meant as a way to enable states to avoid coming to terms with their ability to make a range of public investments that help build a strong economy. That is what the TANF block grant has become for Louisiana's decision makers. Years of choosing not to raise the revenue needed for public investment combined with using TANF money to plug gaps elsewhere while backing off from supporting efforts to meet the core goals of TANF have made the pro-work rhetoric of welfare reform advocates ring hollow.

Years of unsustainable revenue and disinvestment in core welfare provisions have made the pro-work rhetoric of welfare reform advocates ring hollow.

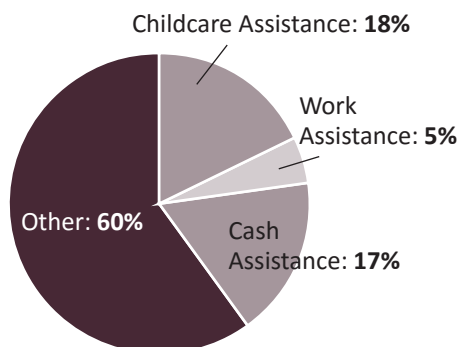
FIGURE 10

Louisiana shifts more and more TANF/MOE funding away from core welfare reform activities each year

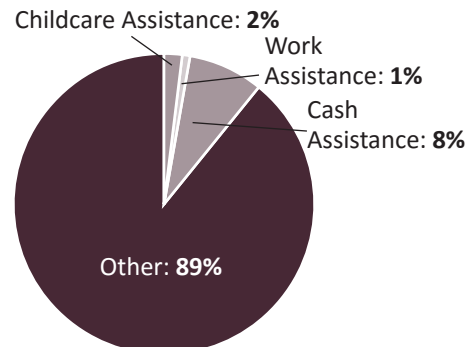
Total TANF and MOE spending, 2000



Total TANF and MOE spending, 2008



Total TANF and MOE spending, 2015



Source: LBP analysis of LA DCFS TANF/MOE spending data

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WHAT'S NEXT?

Louisiana can be a state with opportunity for everyone if public investment is prioritized over tax cuts that mainly benefit the wealthy. Cash assistance, childcare subsidies and work programs are proven tools to help struggling families get a foothold in today's economy so they can support their children and build a future. These programs also provide clear and reliable caseload data that can be used to track any trends among recipients. The same cannot be said for all the other programs Louisiana has incorporated into its welfare reform efforts since 1996.³⁵

Louisiana policymakers should get back to making sure state welfare spending conforms to the original goals of the 1996 federal overhaul – so the money is used for those who need it the most, and other important priorities are supported by the revenues it takes to sustain them. At least 50 percent of state and federal

spending should support the three core elements of welfare reform.

State services that do not directly contribute to the core activities associated with TANF should be funded using state general fund revenue. Too many programs have come to rely on block grant dollars intended to more directly help struggling families move from assistance to work. Programs such as Pre-K for at-risk children and need-based college

scholarships are too critical to Louisiana's long-term economic prosperity to be abandoned. Louisianans deserve for these and other services to be funded without taking money from other important areas. It does not need to be an either/or decision – not if Louisiana commits to making the public investments needed to promote opportunity for everyone.

Louisiana policymakers should get back to making sure state welfare spending conforms to the original goals of the 1996 federal overhaul

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About the author

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About LBP

The Louisiana Budget Project (LBP) monitors and reports on public policy and how it affects Louisiana's low- to moderate-income families.

LBP was formed in 2006 by the Louisiana Association of Nonprofit Organizations (LANO) and is among more than 40 state-level policy organizations that participate in the State Priorities Partnership, coordinated by the Center on Budget and Policy Priorities.

Notes

Unless otherwise noted, TANF/MOE funds or spending refers to the state's

total expenditures, including from the TANF federal block grant, maintenance of effort contributions of state funds and other block grant transfers.

TANF serves fewer and fewer poor Louisianans and Americans each year. Opportunities for further research exist in the demographic, racial, and ethnic makeup of TANF programs' remaining recipients. Updated national-level demographic information on current TANF recipients can be found through US HHS' Office of Family Assistance: See table 10 at the following link <http://www.acf.hhs.gov/ofa/resource/characteristics-and-financial-circumstances-of-tanf-recipients-fiscal-year-2014>

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TABLE 1
Louisiana residents living in poverty in 2014

Numbers in thousands

	TOTAL		IN POVERTY		NOT IN POVERTY	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
Total	4,550	100%	1,049	23.1%	3,501	76.9%
Ages 0-17	1,094	100%	368	33.7%	726	66.3%
Ages 18-64	2,900	100%	593	20.5%	2,307	79.5%
Ages 65-80+	557	100%	88	15.7%	469	84.3%

Source: Current Population Survey, U.S. Census Bureau

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TABLE 2
Poverty Thresholds for 2015 by Size of Family and Number of Related Children Under 18 Years

SIZE OF FAMILY UNIT	RELATED CHILDREN UNDER 18 YEARS								
	NONE	ONE	TWO	THREE	FOUR	FIVE	SIX	SEVEN	EIGHT OR MORE
One person (unrelated individual)									
Under 65 years	12,331								
65 years and over	11,367								
Two people									
Householder under 65 years	15,871	16,337							
Householder 65 years and over	14,326	16,275							
Three people	18,540	19,078	19,096						
Four people	24,447	24,847	24,036	24,120					
Five people	29,482	29,911	28,995	28,286	27,853				
Six people	33,909	34,044	33,342	32,670	31,670	31,078			
Seven people	39,017	39,260	38,421	37,835	36,745	35,473	34,077		
Eight people	43,637	44,023	43,230	42,536	41,551	40,300	38,999	38,668	
Nine people or more	52,493	52,747	52,046	51,457	50,490	49,159	47,956	47,658	45,822

Source: U.S. Census Bureau

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TABLE 3
Unemployment Rates for States Monthly Rankings, Seasonally Adjusted

RANK	STATE	RATE	RANK	STATE	RATE	RANK	STATE	RATE
1	SOUTH DAKOTA	2.5	18	MASSACHUSETTS	4.2	35	GEORGIA	5.3
2	NEW HAMPSHIRE	2.7	18	MONTANA	4.2	36	RHODE ISLAND	5.4
3	NEBRASKA	3.0	18	WISCONSIN	4.2	37	PENNSYLVANIA	5.5
4	VERMONT	3.1	21	MISSOURI	4.3	38	ARIZONA	5.6
5	HAWAII	3.2	22	TEXAS	4.4	38	SOUTH CAROLINA	5.6
5	NORTH DAKOTA	3.2	23	MARYLAND	4.5	38	WYOMING	5.6
7	COLORADO	3.4	23	OREGON	4.5	41	CONNECTICUT	5.7
8	MAINE	3.5	25	FLORIDA	4.7	42	MISSISSIPPI	5.8
9	IDAHO	3.7	25	MICHIGAN	4.7	42	WASHINGTON	5.8
9	KANSAS	3.7	25	NEW YORK	4.7	44	ALABAMA	6.1
11	ARKANSAS	3.8	25	OKLAHOMA	4.7	44	DISTRICT OF COLUMBIA	6.1
11	MINNESOTA	3.8	29	NEW JERSEY	4.9	44	NEVADA	6.1
11	UTAH	3.8	30	INDIANA	5.0	47	NEW MEXICO	6.2
11	VIRGINIA	3.8	31	KENTUCKY	5.1	47	WEST VIRGINIA	6.2
15	IOWA	3.9	31	NORTH CAROLINA	5.1	49	LOUISIANA	6.3
16	DELAWARE	4.1	31	OHIO	5.1	50	ILLINOIS	6.4
16	TENNESSEE	4.1	34	CALIFORNIA	5.2	51	ALASKA	6.7

NOTE: Rates shown are a percentage of the labor force. Data refer to place of residence. Source: U.S. Census Bureau

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TABLE 4

Monthly caseload averages by number of families and type of activity

2006 calendar year: STEP monthly caseload averages

	SECONDARY/ GED PREP	EMPLOYMENT EDUCATION	VOCATIONAL EDUCATION	JOB SKILLS	JOB SEARCH/ READINESS	OJT	WEP	SUBSIDIZED PRIVATE EMPLOYMENT	SUBSIDIZED PUBLIC EMPLOYMENT	COMMUNITY SERVICE	PROVISION OF CHILDCARE	ASSESSMENT	PARENTING SKILLS	POST SECONDARY TRAINING	DRUG/ ALCOHOL REHAB	MENTAL HEALTH/ COUNSELING	OTHER TRAINING ACTIVITY	TOTAL
January	375	12	778	0	419	18	249	6	17	0	0	290	67	62	33	17	380	2723
February	345	8	737	0	328	18	200	6	20	0	0	180	90	66	21	17	288	2324
March	330	7	739	0	314	19	186	3	17	0	0	299	99	68	27	15	279	2402
April	303	8	687	0	332	13	195	4	14	0	0	208	99	60	26	17	286	2252
May	282	4	657	0	402	12	246	3	17	0	0	296	150	55	29	19	289	2461
June	201	3	606	0	480	13	223	2	14	0	0	326	163	40	32	25	319	2447
July	203	3	561	0	495	16	231	2	9	0	0	266	178	34	34	24	334	2390
August	274	8	673	0	548	18	271	2	8	0	0	348	206	40	36	25	377	2834
September	316	6	727	0	489	15	243	4	10	0	0	312	163	62	37	21	396	2801
October	352	9	697	0	487	11	276	6	13	0	0	322	178	77	35	24	394	2881
November	333	12	609	0	409	10	287	9	15	0	0	258	137	68	29	19	378	2573
December	321	10	540	3	439	8	301	8	14	17	0	236	116	54	31	21	384	2503
2006 CALENDAR YEAR MONTHLY AVERAGE PARTICIPATING STEP FAMILIES:																		2549

2014 calendar year: STEP monthly caseload averages

	SECONDARY/ GED PREP	EMPLOYMENT EDUCATION	VOCATIONAL EDUCATION	JOB SKILLS	JOB SEARCH/ READINESS	OJT	WEP	SUBSIDIZED PRIVATE EMPLOYMENT	SUBSIDIZED PUBLIC EMPLOYMENT	COMMUNITY SERVICE	PROVISION OF CHILDCARE	ASSESSMENT	PARENTING SKILLS	POST SECONDARY TRAINING	DRUG/ ALCOHOL REHAB	MENTAL HEALTH/ COUNSELING	OTHER TRAINING ACTIVITY	TOTAL
January	29	3	172	2	64	1	132	0	5	75	1	134	44	5	13	9	216	905
February	32	1	167	1	89	2	112	0	6	63	0	161	53	9	9	7	199	911
March	37	0	175	1	93	2	115	0	5	70	0	156	49	7	11	6	178	905
April	34	0	168	1	93	2	119	0	4	69	1	163	43	9	10	4	164	884
May	32	0	145	0	83	1	103	0	4	73	1	142	41	8	13	4	180	830
June	19	2	118	1	80	1	100	0	3	74	0	215	40	2	9	6	203	873
July	16	2	115	0	78	4	105	0	2	73	0	206	51	1	6	4	241	904
August	16	1	135	0	105	3	108	0	1	77	0	209	55	1	13	4	232	960
September	27	1	184	2	110	3	104	0	2	80	0	186	66	1	11	4	210	991
October	30	1	201	4	108	2	110	0	2	95	0	232	56	1	15	7	220	1084
November	26	1	192	3	102	4	99	0	4	94	0	130	45	2	11	7	233	953
December	28	0	139	2	84	4	106	0	3	84	0	166	34	2	9	8	239	908
2014 CALENDAR YEAR MONTHLY AVERAGE PARTICIPATING STEP FAMILIES:																		926

2015 calendar year: STEP monthly caseload averages

	SECONDARY/ GED PREP	EMPLOYMENT EDUCATION	VOCATIONAL EDUCATION	JOB SKILLS	JOB SEARCH/ READINESS	OJT	WEP	SUBSIDIZED PRIVATE EMPLOYMENT	SUBSIDIZED PUBLIC EMPLOYMENT	COMMUNITY SERVICE	PROVISION OF CHILDCARE	ASSESSMENT	PARENTING SKILLS	POST SECONDARY TRAINING	DRUG/ ALCOHOL REHAB	MENTAL HEALTH/ COUNSELING	OTHER TRAINING ACTIVITY	TOTAL
January	28	0	139	1	76	3	86	0	3	71	0	160	44	0	9	9	239	868
February	28	1	136	1	60	1	86	0	3	70	0	118	33	0	8	6	201	752
March	25	1	144	0	49	1	96	0	3	67	0	121	28	0	11	7	181	734
April	25	1	148	0	56	1	90	0	1	62	0	119	31	0	11	7	191	743
May	24	1	125	0	70	2	83	0	1	64	0	152	28	0	8	7	154	719
June	15	0	106	2	74	2	74	0	0	56	0	172	27	0	7	6	160	701
July	14	1	95	2	59	1	61	1	0	56	0	77	16	0	9	8	98	498
August	13	0	97	2	74	1	60	1	1	50	0	83	21	1	8	9	82	503
September	20	2	111	2	95	3	38	2	1	50	0	177	22	6	8	10	101	648
October	24	1	121	3	142	4	40	0	3	60	1	230	33	12	10	9	135	828
November	26	1	110	3	131	2	42	0	3	67	1	224	30	10	13	13	152	828
December	31	4	122	3	135	1	37	0	2	86	1	230	41	11	13	11	153	881
2015 CALENDAR YEAR MONTHLY AVERAGE PARTICIPATING STEP FAMILIES:																		725

Note about calculation method: With data accessed through public LA DCFS statistics, monthly averages were found using yearly "Total Participation In Work Activities By Number of Families" documents. Numbers of participants for each work activity (not including unsubsidized employment) were added for monthly totals, and the average of the sum of the 12 totals were used for calendar year caseload averages.

Source: Louisiana DCFS

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