

## **Temporary Assistance for Needy Families Grant Spending Cuts Hurt Hawaii's Most Impoverished Families**

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One of the greatest disappointments of the State's 2008 Legislative session was a decision by Majority Party leaders to place severe spending restrictions on Hawaii's annual block grant of Temporary Assistance for Needy Families (TANF) Federal dollars. The Department of Human Services (DHS) uses this money to support anti-poverty programs across the Islands.

These TANF-funded programs connect needy families with employment, help students succeed in school and prepare them for rewarding careers. The programs also help prevent substance abuse, teenage pregnancies and help deter child abuse and neglect.

Despite the best efforts of DHS and nonprofit social service agencies, these Legislators voted to impose draconian cuts. They claimed to have restricted TANF spending by \$22.6 million, which was bad enough. After analyzing the final budget, however, DHS determined that TANF spending was actually slashed by more than \$28.2 million for the upcoming fiscal year.

This means that instead of using Federal funds to confront pressing social needs, this money will now sit idle in a reserve account and can only be used for cash assistance payments to welfare families in future years rather than for social programs that can help people immediately.

In attempting to justify their misguided actions, the Senate and House budget committee chairs – Rosalyn Baker of Maui and Marcus Oshiro of Oahu – claimed they had to impose severe spending cuts or else the TANF reserve would be depleted in a year and a half.

This is simply untrue.

The truth is, there is no need to hoard Federal dollars for "a rainy day" that may or may not come.

The truth is, Hawai'i has the nation's fourth-largest percentage of TANF funds in reserve, according to the U.S. Department of Health and Human Services. We have about four times the amount of money in reserve than we spend on cash assistance each year, and now the Legislature has needlessly added another \$28.2 million.

The truth is, our reserve would not have been depleted in 18 months as the Majority leadership claims – or at any point – and every October we receive an infusion of nearly \$99 million for our annual TANF block grant.

The truth is, welfare cases are dropping every year – regardless of economic conditions – as needy parents transition from welfare to employment or exhaust their five years of TANF eligibility. In 1999 the average number of cases was 16,103 individuals. By 2007 that figure dropped to just 6,028.

The truth is, in the unlikely event that welfare cases increase sharply and additional money is needed for cash assistance, DHS can easily scale back or eliminate its service contracts with just 30 days notice.

And the truth is, more than half the States are comfortable with zero or only negligible amounts of TANF dollars in reserve.

That's because they realize, as the Lingle-Aiona Administration advocates, that it is far better to spend money today on programs that prevent and reduce family poverty, rather than hold the funds in reserve

and pay a much higher price in the future due to spikes in crime, incarceration rates, truancy, substance abuse, teenage pregnancies, domestic violence and child abuse and neglect.

Not only will these spending cuts harm our most vulnerable residents, they will significantly impact nonprofit groups supported by TANF money. Compounding this problem, the Legislature denied more than \$46 million in grant-in-aid requests from nearly 140 nonprofit groups.

This one-two punch of funding losses will lead to service reductions at nonprofit groups statewide, meaning many layoffs – this time directly caused by imprudent actions of the Legislature's Majority leadership. It is almost as if they want to create the economic doomsday they are predicting at the expense of our most vulnerable citizens.

Clearly, the Legislature's spending cuts are uncompassionate, unnecessary and fiscally unsound. So why was there such a rush by Majority Party leaders to undermine the Lingle-Aiona Administration's support of social service programs? Unfortunately, it appears the reasons are purely political.

Consider published comments by Representative Oshiro. He thinks the current Administration wants to earn good will in the social service community by awarding contracts, knowing the next Administration will have to cut those contracts. Such a belief is both highly cynical and way off the mark.

Then Senator Baker tried to confuse the issue in a KGMB TV interview by implying that the anti-poverty contracts could have been saved if only DHS funded them with State as opposed to Federal dollars. The insincerity of this is hard to miss, given that the Legislature chopped more than \$44.7 million from Governor Lingle's budget requests.

For my part, I will continue advocating on behalf of successful, research-based programs that help families escape poverty and prevent young people from falling into poverty. And that is precisely what our Federal TANF dollars are supposed to accomplish.