

## **Louisiana's Approach to Spending Federal Funds for Anti-Poverty Programs**

*The Hawaii State Legislature recently imposed a \$28.2 million spending cuts on Temporary Assistance for Needy Families (TANF) Federal funding. That means this money will sit in a reserve fund and can only be used for welfare checks, as opposed to anti-poverty programs. In attempting to justify their actions, the Senate and House budget committee chairs pointed to the State of Louisiana as an "instructive counter-example" about the dangers of spending down TANF reserve funds.*

*The following e-mail sets the record straight about Louisiana's experience with TANF spending. The e-mail is from Daniel Tuman, who directs the Administrative Support Division of the Louisiana Department of Social Services. His message points out that Louisiana first sets aside TANF funds for welfare checks and then invests the remaining Federal dollars in initiatives that reduce and prevent family poverty.*

This email is being sent to briefly describe the actions of our state with reference to a substantial TANF carry forward that had been accumulated by 2001. The State Legislature developed a number of non-assistance "initiatives" which primarily involved transfer of funds to other state agencies that had programs that met TANF goals. These initiatives were funded for one year at a time, and the other agencies were put on notice that the funding would not necessarily be continued on an indefinite basis. The state also created a TANF section in the Division of Administration (state central administrative office). That section had primary responsibility for the management of the new TANF initiatives.

Funding was substantially reduced by 2005. Some of the initiatives that no longer received TANF funding ceased to exist. Others received reduced funding, such as the Pre-Kindergarten program. That program had been initiated under TANF but began to receive state funds as TANF was reduced. The plan which created the non-assistance programs did not affect the amount of funding needed for assistance. There was a natural decline in assistance expenditures as the caseload declined over time. There were also significant caseload decreases in 2003 and 2005. In 2003, a more restrictive TANF work program was implemented; and in 2005 Hurricane Katrina caused a major population decrease for the state. As a result of the continuing caseload decline in assistance, there has been less of a reduction in the non-assistance initiatives than had been originally planned.

There has never been a need for State General Fund to be used because there was insufficient TANF funds for assistance. The "spend-down" plan for non-assistance always was based on first having sufficient funds for all assistance needs.

Please let me know if additional information is needed.