

820 First Street, NE  
Suite 510  
Washington, DC 20002

Tel: 202-408-1080  
Fax: 202-408-1056

center@cbpp.org  
www.cbpp.org

**FOR IMMEDIATE RELEASE:**  
Revised, June 27, 2000

**CONTACT:** Robert Greenstein  
Jim Jaffe, Michelle Bazie  
(202) 408-1080

**LEGISLATION MOVING THROUGH CONGRESS WOULD CUT  
WELFARE REFORM FUNDS FOR 16 STATES**

Legislation moving through Congress would cut federal welfare-reform funding for 16 states by \$240 million even though these states generally have higher rates of child poverty than other states and already receive less per poor child than other states in federal welfare-reform money. The states whose welfare-reform block grants would be cut are: Alabama, Alaska, Arizona, Arkansas, Colorado, Florida, Georgia, Idaho, Louisiana, Mississippi, Nevada, New Mexico, North Carolina, Tennessee, Texas and Utah.

The measure reducing funds for these 16 states is contained in legislation to fund the Departments of Labor, Health and Human Services, and Education for the coming fiscal year, which is now on the Senate floor. The House of Representatives approved legislation containing this funding cut earlier this month.

An analysis of this funding reduction by the Center on Budget and Policy Priorities, a policy institute in Washington, D.C., finds that the states whose welfare-reform funds would be cut now receive federal welfare-reform funding that equals an average of \$679 for each poor child in these states. By contrast, the states whose grants would *not* be reduced receive an average of \$1,579 in federal welfare-reform funds for each poor child in their states.

Under the measure moving through Congress, the affected states would have their funding reduced from an average of \$679 per poor child to \$630 per poor child. The \$630 figure is 40 percent of the average amount provided to the other states.

In enacting the welfare law in 1996, federal policymakers took note of the existing disparities in federal funding per poor child among states. Poorer-than-average states tend to receive significantly less federal welfare funding per poor child than more-affluent states. The 1996 welfare law contained a provision aimed at modestly lessening these inequities by providing some additional funding to the disadvantaged states. The legislation currently moving through Congress would eliminate most of these supplementary funds.

**Robert Greenstein**  
Executive Director

**Iris J. Lav**  
Deputy Director

**Board of Directors**

**John R. Kramer, Chair**  
*Tulane Law School*

**Henry J. Aaron**  
*Brookings Institution*

**Douglas L. Becker**  
*Sylvan Learning Systems, Inc*

**Barbara B. Blum**  
*Columbia University*

**David de Ferranti**  
*The World Bank*

Marian Wright Edelman  
*Children's Defense Fund*

**James O. Gibson**  
*DC Agenda*

**Beatrix Hamburg, M.D.**  
*Cornell Medical College*

**Frank Mankiewicz**  
*Hill and Knowlton*

**Richard P. Nathan**  
*Nelson A Rockefeller Institute  
of Government*

**Marion Pines**  
*Johns Hopkins University*

**Sol Price**  
*Chairman, The Price Company  
(Retired)*

**Robert D. Reischauer**  
*Urban Institute*

**Audrey Rowe**  
*Lockheed Martin, IMS*

**Susan Sechler**  
*The Aspen Institute*

**Juan Sepulveda, Jr.**  
*The Common Experience/  
San Antonio*

**William Julius Wilson**  
*Harvard University*

**Table 1**

**Reduction in TANF  
Block Grant for States  
Affected by the  
Proposal in FY 2001  
(in millions of dollars)**

Alabama	-8.4
Alaska	-5.2
Arizona	-18.2
Arkansas	-4.7
Colorado	-10.3
Florida	-45.9
Georgia	-28.3
Idaho	-2.7
Louisiana	-12.9
Mississippi	-6.9
Nevada	-2.8
New Mexico	-3.3
North Carolina	-27.4
Tennessee	-16.4
Texas	-40.0
Utah	-6.6

This funding cut initially was included in the Clinton Administration's budget 18 months ago, at a time when it appeared that the states receiving the supplementary funds were leaving substantial amounts of federal welfare-reform funds unused and would not miss the funds that would be cut. In the past year, however, many of these states have substantially strengthened their welfare-reform programs to help parents with serious barriers to employment overcome these barriers and go to work, and to provide more child care and other support to working poor families. These states now are using a much larger share of their federal welfare reform funds. According to the Center's analysis, many of these states could encounter difficulties if the cut that Congress is considering becomes law. Some of these states would likely curtail various welfare-reform initiatives.

"There is no valid justification for this funding cut," said Wendell Primus, director of income security at the Center. "On average, the 16 states that would be hit have higher child poverty rates and less per-capita income than other states. They already receive less federal welfare-reform funding per poor child. And they are utilizing a somewhat larger share of their current federal welfare-reform grants than the other states. Cutting the welfare-reform funds provided to these states is highly inequitable and could adversely affect low-income children and families in these states."

Congress is considering these cuts, despite mounting budget surpluses, to comply with a budget plan it adopted earlier this year that requires reductions in funding for domestic programs generally while authorizing large tax cuts.

**Table 2**

**Impact of the Proposed Reduction  
In TANF Block Grant on TANF Dollars  
per Poor Child in Selected States**

	<b>FY 2001 TANF dollars per poor child (current law)</b>	<b>FY2001 TANF dollars per poor child (if cut is enacted)</b>
<b><i>States Affected by Proposed Reduction in TANF Block Grant</i></b>		
Alabama	422	388
Alaska	3,040	2,815
Arizona	639	592
Arkansas	384	355
Colorado	1,230	1,145
Florida	891	826
Georgia	768	709
Idaho	492	455
Louisiana	567	527
Mississippi	493	457
Nevada	725	682
New Mexico	744	725
North Carolina	985	905
Tennessee	701	647
Texas	408	378
Utah	1,070	987
<b><i>The Five Largest States Not Affected by the Reduction</i></b>		
California	1,635	1,635
Michigan	1,803	1,803
New York	2,055	2,055
Ohio	1,400	1,400
Pennsylvania	1,436	1,436

The full report can be viewed at  
<http://www.cbpp.org/6-22-00wel.htm>

<b>Impact of Reductions in TANF Block Grants if Proposal is Enacted in Fiscal Year 2001</b>				
<b>(in millions of dollars)</b>				
	<b>Basic Annual TANF Allocation</b>	<b>Basic Grant Plus Supplemental Under Current Law</b>	<b>Amount of Reduction in Proposal</b>	<b>Basic Grant Plus Supplemental Under Proposal</b>
<b>Alabama</b>	93.3	104.4	-8.4	96.0
<b>Alaska</b>	63.6	70.5	-5.2	65.3
<b>Arizona</b>	222.4	246.3	-18.2	228.2
<b>Arkansas</b>	56.7	63.0	-4.7	58.2
<b>Colorado</b>	136.1	149.6	-10.3	139.3
<b>Florida</b>	562.3	622.7	-45.9	576.9
<b>Georgia</b>	330.7	368.0	-28.3	339.7
<b>Idaho</b>	31.9	35.4	-2.7	32.8
<b>Louisiana</b>	164.0	181.0	-12.9	168.1
<b>Mississippi</b>	86.8	95.8	-6.9	88.9
<b>Nevada</b>	44.0	47.7	-2.8	44.9
<b>New Mexico</b>	126.1	132.7	-3.3	129.3
<b>North Carolina</b>	302.2	338.3	-27.4	310.9
<b>Tennessee</b>	191.5	213.1	-16.4	196.7
<b>Texas</b>	486.3	539.0	-40.0	498.9
<b>Utah</b>	76.8	85.5	-6.6	78.9

---

**The Center on Budget and Policy Priorities** is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. It is supported primarily by foundation grants.

####