



CENTER ON BUDGET AND POLICY PRIORITIES

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STATEMENT BY ROBERT GREENSTEIN, EXECUTIVE DIRECTOR, CENTER ON BUDGET AND POLICY PRIORITIES, ON PRESIDENT BUSH'S ANNOUNCEMENT REGARDING TANF REAUTHORIZATION

The President's proposal freezes funding for basic assistance, welfare-to-work programs, and child care for the next five years, with no adjustment for inflation, while imposing expensive new mandates on states. The likely result would be reductions in job training, child care, and other services in the years ahead, especially for working poor families. Of particular concern, the plan ignores the fiscal crises most states are now experiencing, which represent the most severe such crises in half a century. Just yesterday, Governor Davis of California proposed substantial cuts in child care for 2004 that would cause an estimated 55,000 fewer low-income children in California to receive child care subsidies each month in 2004.

The President is proposing frozen funding levels that would result in reductions in child care and welfare-to-work programs at the same time he is proposing \$670 billion in tax cuts heavily tilted toward the nation's wealthiest households, with people who make over \$1 million a year scheduled to get average tax cuts of \$90,000 apiece. Today, assistance to help hard-pressed families to afford child care is available only to one in every seven eligible low- and moderate-income children. The President has placed priority on new tax cuts for the most well-off while neglecting low-income parents who need child care assistance when they work in low-wage jobs.

The President also was less than straightforward in presenting his proposal, claiming that funding for families on welfare has increased from \$7,000 to \$16,000 per year. This is a distortion of the facts. These figures are calculated by dividing total welfare reform block grant dollars by the number of families receiving cash assistance. This is misleading because it ignores the more than one million people, primarily in low-income working families, who do not receive cash welfare benefits but do receive child care, transportation, or other such assistance funded with block grant dollars so that they can get and keep jobs. Fewer than four of every ten block grant dollars are spent on cash assistance for welfare recipients.

Finally, the President's plan apparently would force many states to terminate successful welfare-to-work efforts. Over the past year, the Administration's welfare proposal has been sharply criticized by states and others as and inflexible because the plan would compel states to abandon effective welfare-to-work initiatives in order to comply with rigid new federal requirements that limit the types of employment and training programs states can run. The plan announced today appears to ignore these concerns and to recycle the requirements proposed last year. There is no evidence that these rigid requirements would increase the effectiveness of these programs. The new requirements appear to be driven more by ideology than by research or practical experience.