News Release

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TANF Shortfall Adds to State Budget Woes: Recession Makes More Families Eligible for Cash Assistance

The number of people served by Ohio Works First (OWF), Ohio's cash assistance program, is growing faster than previously expected, which will create a shortfall in the state's $1.2-billion-a-year Temporary Assistance for Needy Families (TANF) budget. According to an updated forecast by the Ohio Department of Job and Family Services, OWF will assist just under 100,000 families in FY 2011, the highest number since FY 2000. OWF caseloads totaled 88,000 in March, 2009, an increase of 10.8 percent over March, 2008. (OWF provides a time-limited cash payment to low-income families; the monthly payment amount varies by family size and income, but averaged $347 in FY 2009.)

The chart below shows how spending estimates have changed since February, 2009, when the state FY 2010-2011 budget was introduced. Spending for cash assistance in the FY 2010-2011 biennium will exceed previous estimates by $79 million. Federal stimulus will provide some relief for the caseload increase through the first quarter of SFY 2011, but Ohio's TANF grant is overcommitted for the next biennium.

Estimated Spending on TANF Cash Assistance

	FY 2009	FY 2010	FY 2011
February 2009 estimate	$ 342,032,285	$ 368,586,155	$ 393,215,853
May 2009 estimate	$ 357,752,395	$ 405,587,897	$ 435,553,384
Increase	$ 15,720,110	$ 37,001,742	$ 42,337,531

Source: ODJFS

Proposals made by the Senate and, more recently, the Governor will aggravate the TANF problem even more. The Senate version of the budget bill uses $31.5 million in TANF dollars over the biennium to help fund kinship care and Help Me Grow, which will increase the size of the TANF deficit. The kinship care program provides financial assistance to relatives providing permanent homes for children who have been in the child welfare system, and the Help Me

Grow program provides early intervention and home visitation services to children birth to age three with or at risk for developmental delays. Last week, in order to help close the state's budgetary gap, the Governor proposed reducing state funding for TANF by $91 million over the biennium.

To balance the changes proposed by the Senate and the Governor with the growth in cash assistance, TANF spending for other services would have to be reduced. TANF grant funds are primarily used for cash assistance, county programs that provide emergency assistance to families in need, and subsidized child care for working parents.

"The end of the TANF surplus, coupled with an increase in need, adds to Ohio's budgetary challenges for the next biennium," said Jon Honeck, Ph.D., public policy fellow at The Center for Community Solutions. "Despite the crisis, our state must maintain an adequate social safety net that helps Ohioans who are in need. We must do this by shoring up our revenue system to meet immediate challenges, lessen our reliance on one-time funds, and meet our long-term needs," he added.

The Center for Community Solutions is a private, independent, nonprofit organization focused on policy and system reform. It provides strategic leadership to improve targeted health, social, and economic conditions. Established in 1913, it is a United Way agency.

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