



# Testimony

## HB 1516

### TANF Needs an Efficiency Audit

*Testimony in support of HB 1516  
submitted to the Texas House Committee on Human Services*

by Vance Ginn, PhD

Chairman Frank and Members of the Committee:

My name is Vance Ginn, and I am chief economist at the Texas Public Policy Foundation. Thank you for the opportunity to testify in support of [House Bill 1516](#). Given the current [economic situation](#) with many unemployed Texans struggling—but even during robust economic times—the Legislature should ensure that scarce taxpayer dollars going to safety net programs that intend to help Texans in need are used in the most effective way to provide determined support and quickly move people to self-sufficiency.

Expanding economic opportunities to achieve self-sufficiency starts with an [institutional framework](#) that provides ways for Texans to prosper. Also, there is a need to improve safety nets to better assist those in need, starting with the Temporary Assistance for Needy Families ([TANF](#)).

**TANF was originally intended to help needy families to achieve [four goals](#):**

1. Ensuring that children can be cared for in their own homes or the homes of relatives;
2. Ending dependence on government benefits by promoting job preparation, work, and marriage;
3. Preventing and reducing the incidence of out-of-wedlock pregnancies; and
4. Encouraging the formation and maintenance of two-parent families.

**Unfortunately, TANF spending is not meeting these goals.**

- States are often abusing the federal block grant program by using taxpayer dollars in ways not intended and that do not go to achieving the program's goals.
- A [recent study by Pew](#) found states direct just 11% of TANF funding to work-related activities.
- Many states use TANF funding to cover budget shortfalls, fund bureaucracy, and support other programs, which reduces the opportunity to achieve TANF's goals.
- Examples in [Texas](#):
  - Only about half of the \$993 million to [TANF in FY19](#) was spent to achieve the four goals.
  - Only about one third of [TANF funding](#) is distributed to the Department of Family and Protective Services with [over half](#) allocated to overhead costs (e.g., staff costs and IT).

**House Bill 1516 will help meet these goals** by requiring an independent efficiency audit of TANF within HHSC to identify roadblocks to success for people on it, with the audit cost (0.03% of program cost) funded from existing resources that will be more than covered from increased efficiency and reductions where necessary. The audit will include an evaluation of duplicative bureaucracy, safety net cliffs, and funding not received by enrollees that waste taxpayer money and do not promote self-sufficiency.

**Learn from the past** by looking at passage of [HB 3](#) during the 86th Texas Legislature, which included requiring an independent efficiency audit before raising school district property taxes.

**Expand practicing efficiency audits across government.** By finding more efficient ways to allocate scarce taxpayer dollars, government can allow Texans to keep more money and to be more self-sufficient. This will also help provide a targeted, timely, and temporary approach to those in need while keeping the state's budget growth within the [average taxpayer's ability to pay for it](#).

I appreciate your work and look forward to helping improve Texans' livelihoods through pro-growth policy that reduces government barriers. A good start would be an efficiency audit of TANE. ★

## ABOUT THE AUTHOR



**Vance Ginn, PhD**, is chief economist at the Texas Public Policy Foundation, a 501(c)3 nonprofit, nonpartisan research institute in Austin. He served as associate director for economic policy at the White House's Office of Management and Budget, taught at several universities, and earned his doctorate in economics from Texas Tech University.

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