Analysis of TANF Spending Over Time

LaDonna Pavetti

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Intro to TANF Spending: Federal TANF Funds (1)

• Primary Federal Funds
  – TANF Block Grant
    o $16.5 billion
  – Supplemental Grants
    o $319 million each year through FY 2010;
    o $211 million for FY 2011
    o Shared by 17 states potentially disadvantaged by block grant due to population growth or low cash benefit levels
Intro to TANF Spending: Federal TANF Funds (2)

• Other Federal Funds
  – Contingency Fund
    o $2 billion, exhausted in 12/2010
    o $334 million, 1st quarter, FY 2011
    o No funds currently available
  – Emergency Fund
    o $5 billion for FY 2009 and 2010
    o Fund ended September 30, 2010
  – High Performance Bonus
    o Ended in 2004
• **Important background:**
  
  – States can carry over funds from year to year (except for Contingency Funds)
  
  – A state can transfer up to 30 percent of its block grant for a year to the Child Development Block Grant (CCDBG) and up to 10 percent to the Social Services Block Grant (SSBG); total transferred can’t exceed 30 percent
  
  – Tribal TANF option allows federally recognized American Indian Tribes within a state, as well as Alaska Native organizations, to receive a portion of the state’s block grant directly and to use it to operate their own TANF program
• **Important background:**
  
  – Each year states are required to meet a TANF MOE obligation
  – Amount is based on historical spending, defined as 1994 contribution to AFDC and related work programs
  – States can count as MOE spending any state or third-party spending that benefits members of needy families and meets one of the four purposes of TANF (much broader than historical base)
  – MOE funds must be spent in the year in which they are claimed
Intro to TANF Spending: State Maintenance of Effort Funds (2)

- Important background (con’t.):
  - State must spend 80 percent of historical spending; reduced to 75 percent in years in which the state meets its Work Participation Rate (WPR)
  - To qualify for the Contingency Fund, state must meet a 100 percent MOE requirement; spending on child care and certain non-TANF programs *does not* count toward this requirement
  - States can translate excess MOE spending into a caseload reduction credit; helps states meet their WPR
  - After Deficit Reduction Act made it harder for states to meet the WPR, states *reported* more MOE spending, but this does not represent an actual increase in spending
Nationally, TANF block grant has remained relatively constant while reported MOE spending started increasing in 2006.
Analysis of TANF and MOE Spending Over Time

- Federal TANF spending was relatively constant over the years, with slight increases during the 2001-2002 recession and the current recession.
- In FY 2009, states and DC reported $15.4 billion in state MOE spending, representing 112 percent of historical state spending.
- Reported MOE spending started increasing substantially beginning in 2006 and continued to increase through 2009.
Washington State MOE spending had reached 310% of historical spending by FY 2009.

![Graph showing MOE and Block Grant Spending in Washington State](image-url)
The use of federal TANF and state MOE funds has changed over time.

![Total Federal TANF and MOE Spending by Category in the US](chart.png)

- Authorized Under Prior Law and Other Nonassistance
- Transferred to Social Services Block Grant
- Pregnancy Prevention and 2-Parent Family Formation and Maintenance
- Non-recurrent Short Term Benefits
- Refundable Tax Credits
- Child Care (including transfers to Child Care and Development Fund)
- Work-related Activities and Supports
- Administration and Systems
- Basic Assistance
In FY 2009, all states combined spent their TANF/MOE dollars as follows:

- 28 percent on basic assistance, an 8 percent decline in spending since 2001
- 9 percent on work-related activities and supports, a 13 percent decline in spending since FY 2001
- 17 percent on child care, an increase of 10 percent since 2001
- 8 percent on pregnancy prevention and two-parent family formation and maintenance; an increase of more than 500 percent since 2001
- 19 percent on authorized under prior law and other nonassistance, an increase of 31 percent since 2001
California spends half of its TANF/MOE Funds on Basic Assistance
Georgia spends 70% of its TANF/MOE Funds on AUPL and Other NonAssistance, with much of it funding child welfare services.
Utah spends 27 percent of its TANF/MOE funds on work activities.
Arkansas spends 42 percent of its TANF/MOE Funds on pregnancy prevention and 2-parent family formation and maintenance.
Illinois spends 43 percent of its TANF/MOE funds on child care.