

State TANF Spending in FY 2015

ADMINISTRATION FOR
CHILDREN & FAMILIES
Office of Family Assistance

FACT SHEET

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The Temporary Assistance for Needy Families (TANF) Program is a \$16.5 billion block grant to states, territories, and eligible tribes to provide assistance to low-income families and support a range of services to improve employment and other child and family outcomes. States have broad flexibility in how they spend their TANF and maintenance-of-effort (MOE) funds, and they report their expenditures quarterly to the Administration for Children and Families (ACF). This annual release of financial data reveals state priorities, effects of past policy choices, and how the TANF program has changed over time.

The fiscal year (FY) 2015 national data show that less than half of the \$31.7 billion in TANF and MOE funds were spent on the combination of basic assistance; work, education, and training activities; and child care. FY 2015 was the first year that states used a revised financial reporting form (the ACF-196R), which clarifies and expands the list of expenditure categories and also improves the accounting methodology. This new level of detail reveals that states spent about 15 percent of TANF and MOE funds on the combination of child welfare services, pre-kindergarten and Head Start programs, and services for children and youth (including after-school programs and home visiting).

USE OF TANF AND MOE FUNDS

TANF funds monthly cash assistance payments to low-income families with children, as well as a wide range of services that are “reasonably calculated” to address the program’s four broad purposes.

As a condition of receiving federal TANF funds, states are required to spend a certain amount of their own funds (MOE) on TANF-allowable activities. Many states spend additional funds above the required amount.¹ States also may expend federal TANF funds on activities previously permitted under the Aid to Families with Dependent Children program but not otherwise permitted under TANF (i.e., activities “Authorized Solely Under Prior Law” such as certain expenditures for children involved in foster care or the juvenile justice system).

The statutory purposes of TANF are to:

1. Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
2. End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
3. Prevent and reduce the incidence of out-of-wedlock pregnancies; and
4. Encourage the formation and maintenance of two-parent families.

1. To fulfill the MOE requirement, states must maintain state expenditures for “eligible families” to receive benefits and services related to TANF purposes in an amount equal to at least 80 percent of state spending in FY 1994 for AFDC programs related to cash assistance, emergency assistance, job training, and child care (about \$11.1 billion). This amount is reduced to 75 percent (about \$10.4 billion) if a state meets its work participation rates. States with excess MOE spending can receive a reduction in their work participation rate requirement.

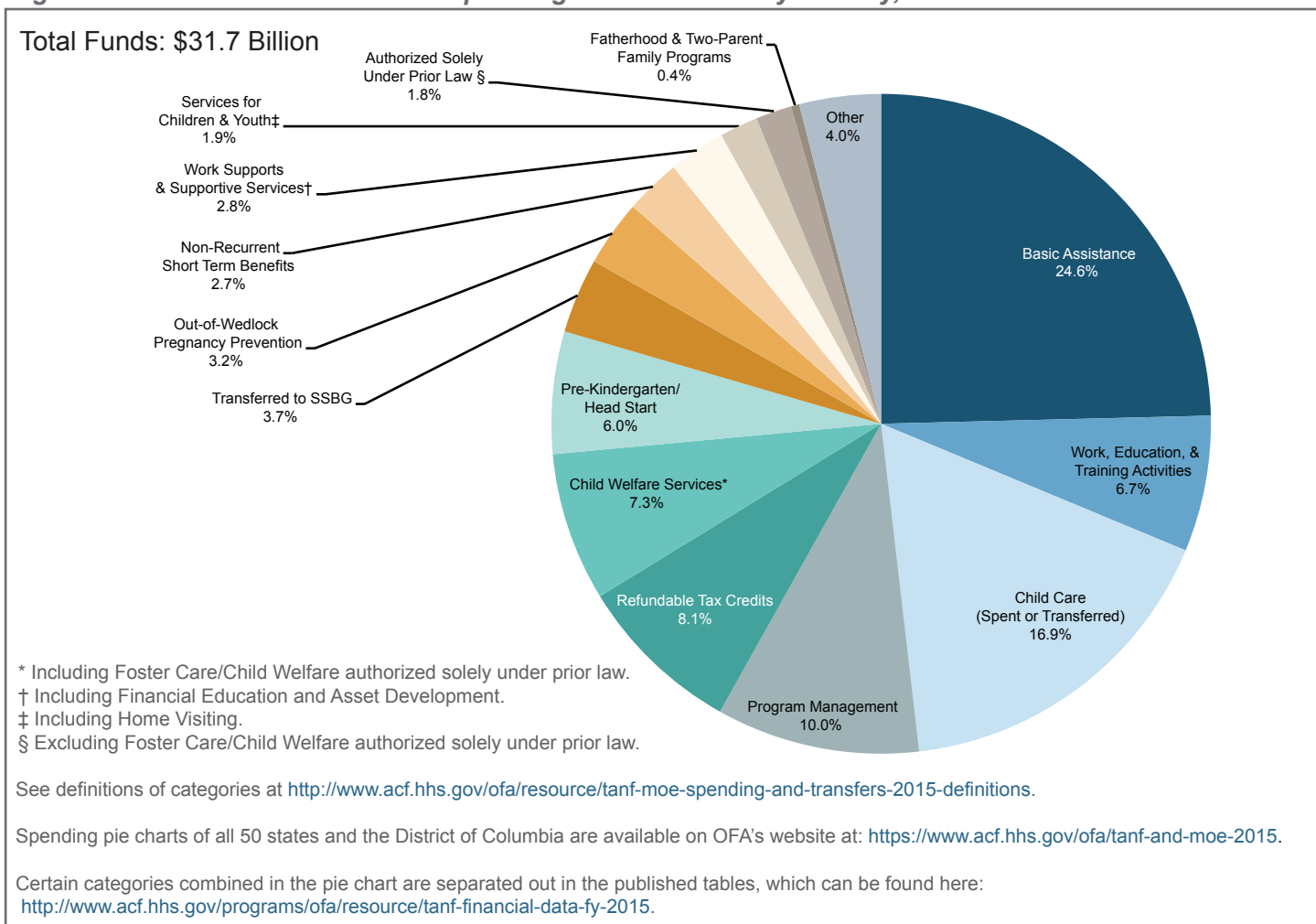
States may transfer up to a total of 30 percent of their TANF funds to either the Child Care Development Fund (CCDF) or the Social Services Block Grant (SSBG) programs, with no more than 10 percent transferred to SSBG. States may reserve unobligated federal block grant funds for use in future fiscal years.

FY 2015 NATIONAL DATA

In FY 2015, combined federal TANF and state MOE expenditures and transfers totaled \$31.7 billion.²

Across the country, states spent about 25 percent (\$7.7 billion) of TANF and MOE funds on basic cash assistance. Less than 7 percent (\$2.1 billion) of all funds were spent on work, education, and training activities, and another 17 percent (\$5.4 billion) of TANF and MOE funds were used for child care (including transfers to CCDF). Combined, national spending and transfers on basic assistance; work, education, and training activities; and child care totaled 48 percent, compared with 49 percent in FY 2014. From FY 2014 to FY 2015, there was a small decrease in the dollars spent on basic assistance and work-related activities, while the amount used for child care (spending and transfers) increased slightly.

Figure 1 - FY 2015 TANF and MOE Spending and Transfers by Activity, United States



2. The reported FY 2015 financial data is current as of August 18, 2016 and may be subject to adjustments from states.

Due to the modification and expansion of categories on the new reporting form, the category of “other” decreased over 10 percentage points from 15 percent in FY 2014 to 4 percent in FY 2015.

States vary widely in how they distribute their federal TANF and state MOE funds. An analysis of FY 2015 spending across states reveals that seven states spent less than 10 percent of their TANF and MOE funds on basic assistance, and 25 states spent less than half of their funds on the combination of basic assistance; work, education, and training activities; and child care. By comparison, in FY 2014, 23 states spent less than half of federal TANF and state MOE funds on the combination of these benefits and services.

The FY 2015 TANF and MOE financial data separately report several new categories, including child welfare services and funding for pre-kindergarten and Head Start programs. In FY 2015, five states spent more than 25 percent of their TANF and MOE funds on child welfare benefits and services while three states spent more than 25 percent of their TANF and MOE funds on pre-kindergarten and Head Start.

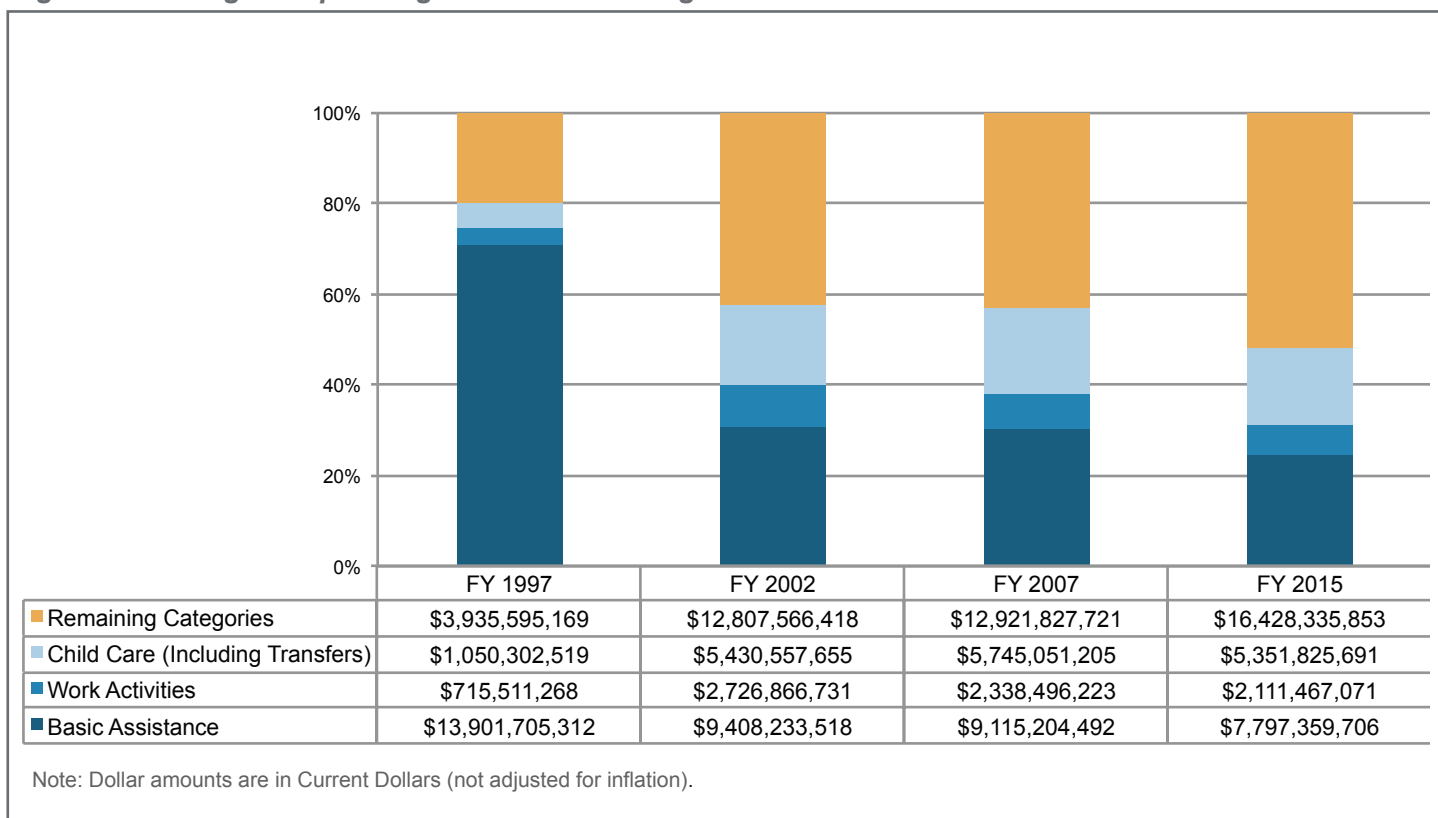
Share of Funds Spent on Basic Assistance + Work, Education, & Training + Child Care

- Less than 25%
- Between 25% and 50%
- Between 50% and 75%
- Greater than 75%

TANF SPENDING TRENDS

Spending patterns have shifted since TANF was enacted in 1996, with a decline in spending on basic assistance and increased spending on various other services and benefits. In FY 1997, over 70 percent of TANF and MOE funds were used for basic assistance, compared to less than 25 percent in FY 2015. As spending on basic assistance has declined, so have caseloads, and the share of eligible families receiving TANF cash assistance has decreased from 69 percent in 1997 to 32 percent in 2012.³

Figure 3 - Change in Spending on Selected Categories Over Time



TANF FINANCIAL DATA REPORTING REVISIONS

Prior to FY 2015, TANF financial reporting expenditure categories did not fully reflect the wide range of benefits and services funded by federal TANF and state MOE dollars, causing states to categorize many activities simply as “other” and allowing certain activities to fall into multiple categories at once. This created confusion and inconsistencies that made analyzing spending information and comparing data across states problematic. Additionally, it was difficult to understand exactly how much money had been spent in a given fiscal year, due to the cumulative reporting nature of the previous accounting method.

3. U.S. Department of Health and Human Services, Administration for Children and Families, caseload tabulations and unpublished tabulations from the TRIM3 microsimulation model.

In an effort to increase transparency and accuracy of the TANF financial data and eliminate ambiguities and inconsistencies without placing undue burden on states, OFA created the revised reporting form ACF-196R, which does two things:

1. The ACF-196R modifies and expands the list of expenditure categories and accompanying definitions (see Figure 4). It includes new categories such as child welfare, services to children and youth, and pre-kindergarten/Head Start. It also requires narrative descriptions of expenditures reported as “Other,” and “Authorized Solely Under Prior Law.”
2. The ACF-196R changes the accounting method to require states to report actual expenditures made in a fiscal year and make any subsequent revisions or corrections to the report for the fiscal year in which that expenditure occurred.

Figure 4 - Former and Current Spending Categories Crosswalk

Former Spending Categories (FY 1997—FY 2014)	FY 2015 Spending Categories
Basic Assistance	Basic Assistance
Assistance Authorized Solely Under Prior Law	Assistance Authorized Solely Under Prior Law
Non-Assistance Authorized Solely Under Prior Law	Non-Assistance Authorized Solely Under Prior Law
Work-Related Activities/Expenses	Work, Education, and Training Activities
(1) Transportation, (2) Other Support Services - Assistance, and Transportation	Work Supports
(1) Child Care Assistance, (2) Child Care Non-Assistance	Child Care (Assistance and Non-Assistance)
Individual Development Accounts	Financial Education and Asset Development
Refundable Earned Income Tax Credits	Refundable Earned Income Tax Credits
Other Refundable Tax Credits	Non-EITC Refundable State Tax Credits
Non-Recurrent Short Term Benefits	Non-Recurrent Short Term Benefits
Prevention of Out-of-Wedlock Pregnancies	Prevention of Out-of-Wedlock Pregnancies
Two-Parent Family Formation and Maintenance	Fatherhood and Two-Parent Family Formation and Maintenance Programs
Administration	Administrative Costs
Systems	Systems
Other	Other (Total)
	<i>Pre-Kindergarten/Head Start</i>
	<i>Home Visiting</i>
	<i>Child Welfare Services</i>
	<i>Supportive Services</i>
	<i>Services for Children and Youth</i>
	<i>Assessment/Service Provision</i>
	<i>Other (remaining)</i>
Transferred to CCDF Discretionary	Transferred to CCDF Discretionary
Transferred to SSBG	Transferred to SSBG

For more information, see the ACF-196R State TANF Financial Report Form and Instructions at:
<http://www.acf.hhs.gov/programs/ofa/resource/tanf-acf-pi-2014-02>.