

Estimated State Maintenance of Effort Thresholds

Attachment A

<u>State</u>	<u>State Maintenance of Effort Threshold</u>
Alabama	\$ 6,896,415
Alaska	3,544,811
Arizona	10,065,324
Arkansas	1,886,541
California	92,945,659
Colorado	8,985,899
Connecticut	18,738,357
Delaware	5,179,351
District of Columbia	4,720,514
Florida	33,424,300
Georgia	22,167,213
Hawaii	5,220,634
Idaho	1,175,819
Illinois	59,609,473
Indiana	15,356,949
Iowa	5,299,427
Kansas	6,672,989
Kentucky	7,274,356
Louisiana	5,219,484
Maine	1,928,151
Maryland	23,301,407
Massachusetts	44,973,373
Michigan	24,360,587
Minnesota	19,690,395
Mississippi	1,715,431
Missouri	16,548,755
Montana	1,315,298
Nebraska	6,955,059
Nevada	2,580,422
New Hampshire	5,051,606
New Jersey	31,662,653
New Mexico	3,034,328
New York	104,893,534
North Carolina	37,978,185
North Dakota	1,017,135
Ohio	45,628,354
Oklahoma	10,650,305
Oregon	11,714,991
Pennsylvania	46,628,930
Rhode Island	5,321,126
South Carolina	4,087,361
South Dakota	802,897
Tennessee	18,975,714
Texas	34,681,426
Utah	4,474,925
Vermont	2,804,331
Virginia	21,328,766
Washington	38,768,113
West Virginia	2,971,393
Wisconsin	16,470,677
Wyoming	1,553,781

Note: Preliminary calculation based on available aggregate data; may need to be adjusted. In order to be eligible for Matching Funds, States are required to maintain the greater of FY 1994 or FY 1995 expenditures for IV-A child care.

MAINTENANCE OF EFFORT REQUIREMENTS

P.L. 104-193 replaces the Aid to Families with Dependent Children (including Emergency Assistance) program and JOBS program with the Temporary Assistance for Needy Families (TANF) program and establishes a maintenance of effort requirement for State expenditures in the new program. In this guidance, section references are to the Social Security Act, as amended by P.L. 104-193, unless otherwise noted.

Need for Guidance on Maintenance of Effort

P.L. 104-193 requires States to maintain certain levels of State expenditures in the TANF program each fiscal year. Failure to maintain the specified levels of State spending may result in a penalty which ACF will deduct from the State Family Assistance Grant (SFAG). This program instruction describes the maintenance of effort requirements under the TANF program, outlines statutory penalties for failure to meet those requirements, and provides specific State-by-State maintenance of effort expenditure levels. ACF will carefully monitor State maintenance of effort expenditures and enforce the penalties as specified in the statute. This program instruction contains information which States need to make plans for expending State funds at the required maintenance of effort levels. More detailed information about MOE requirements will be provided in the regulations which will be developed on the penalty provisions of P.L. 104-193.

The Maintenance of Effort Requirement for the TANF Program

Section 409(a)(7) of the Social Security Act as amended by PRWORA (see Attachment 1) provides for a dollar-for-dollar offset against a State's State Family Assistance Grant (SFAG) to the extent that "qualified State expenditures" to, or on behalf of, "eligible families" in the immediately preceding fiscal year are less than a percentage of "historic State expenditures."

"Historic State expenditures" means expenditures by the State for FY 1994 under Title IV, parts A (AFDC, Emergency Assistance and the repealed child care programs under Part A) and F (JOBS), as in effect during FY 1994.

If a State meets the work program participation requirements in section 407(a) for a fiscal year, its qualified State expenditures in that fiscal year must equal at least 75 percent of historic State expenditures in order to avoid a penalty under section 409 (a)(7). If a State fails to meet the work program participation requirements in a fiscal year, its qualified State expenditures must equal at least 80 percent of historic State expenditures in order to avoid a penalty under 409(a)(7).

Attachment 2 is a table which shows the historic State expenditures for FY 1994 and the maintenance of effort requirements at the 75 percent and 80 percent levels. The historic State expenditures were computed using the same data sources for FY 1994 that ACF used in determining State Family Assistance Grant amounts and Mandatory Child Care grant amounts. Specifically, to determine the historic State expenditures, we used data on the State share of expenditures for AFDC, Emergency Assistance, AFDC/JOBS, and Transitional and At-Risk Child Care programs as reported on the ACF-231 as of April 28, 1995. We also included the State share of JOBS expenditures as reported on the ACF-331 as of April 28, 1995.

ATTACHMENT 1

The following is an excerpt from Section 409(a) of the Social Security Act as amended by PL 104-193.

"(7) FAILURE OF ANY STATE TO MAINTAIN CERTAIN LEVEL OF HISTORIC EFFORT.

"(A) In general.--The Secretary shall reduce the grant payable to the State under section 403(a)(1) for fiscal year 1998, 1999, 2000, 2001, 2002, or 2003 by the amount (if any) by which qualified State expenditures for the then immediately preceding fiscal year are less than the applicable percentage of historic State expenditures with respect to such preceding fiscal year.

"(B) Definitions.--As used in this paragraph:

"(i) QUALIFIED STATE EXPENDITURES.--

"(I) IN GENERAL.--The term 'qualified State expenditures' means, with respect to a State and a fiscal year, the total expenditures by the State during the fiscal year, under all State programs, for any of the following with respect to eligible families:

"(aa) Cash assistance.

"(bb) Child care assistance.

"(cc) Educational activities designed to increase self-sufficiency, job training, and work, excluding any expenditure for public education in the State except expenditures which involve the provision of services or assistance to a member of an eligible family which is not generally available to persons who are not members of an eligible family.

"(dd) Administrative costs in connection with the matters described in items (aa), (bb), (cc), and (ee), but only to the extent that such costs do not exceed 15 percent of the total amount of qualified State expenditures for the fiscal year.

"(ee) Any other use of funds allowable under section 404(a)(1)

"(II) EXCLUSION OF TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.--Such term does not include expenditures under any State or local program during a fiscal year, except to the extent that--

"(aa) the expenditures exceed the amount expended under the State or local program in the fiscal year most recently ending before the date of the enactment of this part; or

"(bb) the State is entitled to a payment under former section 403 (as in effect immediately before such date of enactment) with respect to the expenditures.

"(III) Eligible families.--As used in subclause (I), the term 'eligible families' means families eligible for assistance under the State program funded under this part, and families that would be eligible for such assistance but for the application of section 408(a)(7) of this Act or section 402 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

"(ii) Applicable percentage.--The term 'applicable percentage' means for fiscal years 1997 through 2002, 80 percent (or, if the State meets the requirements of section 407(a) for the fiscal year, 75 percent) reduced (if appropriate) in accordance with subparagraph (C)(ii).

"(iii) Historic state expenditures.--The term 'historic State expenditures' means, with respect to a State, the lesser of--

"(I) the expenditures by the State under parts A and F (as in effect during fiscal year 1994) for fiscal year 1994; or

"(II) the amount which bears the same ratio to the amount described in subclause (I) as--

“(aa) the State family assistance grant, plus the total amount required to be paid to the State under former section 403 for fiscal year 1994 with respect to amounts expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994); bears to

“(bb) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994.

Such term does not include any expenditures under the State plan approved under part A (as so in effect) on behalf of individuals covered by a tribal family assistance plan approved under section 412, as determined by the Secretary.

“(iv) Expenditures by the state.--The term ‘expenditures by the State’ does not include--

“(I) any expenditures from amounts made available by the Federal Government;

“(II) any State funds expended for the medicaid program under title XIX;

“(III) any State funds which are used to match Federal funds; or

“(IV) any State funds which are expended as a condition of receiving Federal funds under Federal programs other than under this part.

Notwithstanding subclause (IV) of the preceding sentence, such term includes expenditures by a State for child care in a fiscal year to the extent that the total amount of such expenditures does not exceed an amount equal to the amount of State expenditures in fiscal year 1994 or 1995 (whichever is greater) that equal the non-Federal share for the programs described in section 418(a)(1)(A).

STATE MAINTENANCE OF EFFORT LEVELS REQUIRED UNDER P.L. 104-193

State	FY 1994 State	MAINTENANCE OF EFFORT (MOE):	
	Expenditures 1/	75% MOE Level 2/	80% MOE Level 3/
Alabama	\$52,285,491	\$39,214,118	\$41,828,393
Alaska	65,256,536	48,942,402	52,205,229
Arizona	126,703,568	95,027,676	101,362,854
Arkansas	27,785,269	20,838,952	22,228,215
California	3,643,207,905	2,732,405,929	2,914,566,324
Colorado	110,494,527	82,870,895	88,395,622
Connecticut	244,561,409	183,421,057	195,649,127
Delaware	29,028,092	21,771,069	23,222,474
District of Columbia	93,931,934	70,448,951	75,145,547
Florida	494,558,734	370,919,051	395,646,987
Georgia	231,158,036	173,368,527	184,926,429
Hawaii	97,308,840	72,981,480	77,846,912
Idaho	18,238,307	13,678,730	14,590,646
Illinois	572,027,363	429,020,522	457,621,890
Indiana	151,366,637	113,524,978	121,093,310
Iowa	82,617,695	61,963,271	66,094,156
Kansas	82,332,751	61,749,563	65,866,201
Kentucky	89,891,312	67,418,484	71,913,050
Louisiana	73,886,837	55,415,128	59,109,470
Maine	50,370,048	37,777,536	40,296,038
Maryland	235,953,925	176,965,444	188,763,140
Massachusetts	478,596,697	358,947,523	382,877,358
Michigan	624,691,167	468,518,375	499,752,934
Minnesota	239,660,347	179,745,260	191,728,278
Mississippi	28,965,744	21,724,308	23,172,595
Missouri	160,161,033	120,120,775	128,128,826
Montana	20,919,224	15,689,418	16,735,379
Nebraska	38,628,645	28,971,484	30,902,916
Nevada	33,985,152	25,488,864	27,188,122
New Hampshire	42,820,131	32,115,098	34,256,105
New Jersey	405,274,008	303,955,506	324,219,206
New Mexico	49,933,908	37,450,431	39,947,126
New York	2,281,060,386	1,710,795,290	1,824,848,309
North Carolina	205,567,684	154,175,763	164,454,147
North Dakota	12,092,480	9,069,360	9,673,984
Ohio	520,734,467	390,550,850	416,587,574
Oklahoma	81,667,075	61,250,306	65,333,660
Oregon	123,006,454	92,254,841	98,405,163
Pennsylvania	542,834,133	407,125,600	434,267,306
Rhode Island	80,489,394	60,367,046	64,391,515
South Carolina	47,785,847	35,839,385	38,228,678
South Dakota	11,699,056	8,774,292	9,359,245
Tennessee	110,413,171	82,809,878	88,330,537
Texas	314,299,558	235,724,669	251,439,646
Utah	33,720,733	25,290,550	26,976,586
Vermont	34,204,541	25,853,406	27,363,633
Virginia	170,897,560	128,173,170	136,718,048
Washington	362,747,900	272,060,925	290,198,320
West Virginia	43,601,385	32,701,039	34,881,108
Wisconsin	225,638,309	169,228,732	180,510,647
Wyoming	14,220,435	10,665,326	11,376,348
State Total	\$13,913,281,640	\$10,434,961,230	\$11,130,625,312

1/ The State share of expenditures for AFDC benefits, administration, EA, IV-A child care and JOBS in FY 1994.

State expenditures may be revised to account for expenditures made by States on behalf of Tribes.

2/ States must maintain a level of effort at 75% of FY 1994 expenditures if they meet participation rate requirements.

3/ States must maintain a level of effort at 80% of FY 1994 expenditures if they do not meet participation rate requirements.