

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
ADMINISTRATION FOR CHILDREN AND FAMILIES

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

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DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Administration for Children and Families  
Temporary Assistance for Needy Families

	<u>Amounts Available for Obligation</u>		
	<u>2005</u> <u>Enacted</u>	<u>2006<sup>1</sup></u> <u>Enacted</u>	<u>2007</u> <u>Estimate</u>
Appropriation			
Permanent .....	\$22,347,733,000	\$11,988,328,000	\$17,390,625,000
Unobligated balance start of year			
Contingency Fund .....	1,957,898,000	1,899,600,000	1,767,600,000
Unobligated balance start of year TANF Program .....	0	5,070,297,000	0
Total Funds Available.	24,305,631,000	18,958,225,000	19,158,625,000
Unobligated balance Lapsing .....	-51,455,000	0	0
Unobligated balance end of year			
Contingency Fund .....	-1,899,600,000	-1,767,600,000 <sup>2</sup>	-1,888,000,000 <sup>2</sup>
Unobligated balance end of year TANF Program .....	-5,070,297,000	0	0
Total obligations .....	\$17,284,279,000	\$17,190,625,000	\$17,270,625,000

Note: The "TANF Emergency Response and Recovery Act of 2005", P.L. 109-68, enacted during the last days of FY 2005, made \$5,139,108,000 available (as soon as practicable) to states, territories and tribes for family assistance grants and Federal Loans to the states of Louisiana, Mississippi and Alabama to assist them in providing services to the Hurricane Katrina evacuees.

<sup>1</sup> Throughout this budget document the FY 2006 and FY 2007 columns assume enactment of S. 1932, the Deficit Reduction Act of 2005. The Act included the following (1) reauthorization of the TANF program through 2010 by maintaining current program funding levels for Family Assistance Grants to States, Tribes and Territories; Matching Grants to Territories; Tribal Work Programs; Supplemental Grants for Population Increases (reauthorized through the end of FY 2008) and the Contingency Fund; (2) \$150 million for a new Healthy Marriage and Responsible Fatherhood Grant program; and (3) elimination of funding for both the Bonus to Reward High Performance States and the Bonus to Reward Decreases in Illegitimacy.

<sup>2</sup> After the Secretary of Agriculture notified them that their food stamp caseloads met the eligibility criteria to draw down Contingency funds during FY 2005, two States requested and were awarded Contingency funds during 2005: Tennessee \$38.3M and South Carolina \$20M. Current HHS estimates project that a number of states will access \$132 million in Contingency Funds during FY 2006 and \$112 million in Contingency Funds in FY 2007.

Temporary Assistance for Needy Families

SUMMARY OF CHANGES

2006 Estimate .....	\$17,058,625,000
(Obligations) .....	\$17,190,625,000
2007 Estimate .....	\$17,390,625,000
Net Change (Estimate) .....	+\$332,000,000
(Obligations) .....	\$17,270,625,000
Net change (Obligations).....	+\$80,000,000

	<u>2006</u> <u>Estimate Base</u>	<u>Change from Base</u>
Increases:		
A. <u>Program</u> :		
1. Contingency Fund .....	[1,900,000,000]	+\$232,000,000
2. Family Formation and Healthy Marriage Matching Grants	\$0	+\$100,000,000
Net Change.....		+\$332,000,000

Temporary Assistance for Needy Families

Budget Authority by Activity

	<u>2005<sup>1</sup></u> <u>Enacted</u>	<u>2006</u> <u>Enacted</u>	<u>2007</u> <u>Estimate</u>
State Family Assistance Grants....	\$16,488,667,000	\$16,488,667,000	\$16,488,667,000
Territories – Family Assistance Grants.....	77,875,000	77,875,000	77,875,000
Healthy Marriage Promotion and Responsible Fatherhood Grant Program .....	0	150,000,000	150,000,000
Family Formation and Healthy Marriage Matching Grants.....	0	0	100,000,000
Supplemental Grants for Population Increases.....	319,450,000	319,450,000	319,450,000
Matching Grants to Territories.....	15,000,000	15,000,000	15,000,000
Tribal Work Programs .....	7,633,000	7,633,000	7,633,000
Bonus to Reward Decrease in Illegitimacy .....	100,000,000	0	0
High Performance Bonus .....	200,000,000	0	0
Federal Loans (forgivable).....	68,811,000		
Contingency Fund <sup>2</sup> .....	[1,957,898,000]	[1,899,600,000]	[1,768,000,000] +232,000,000
Total, Budget Authority .....	\$17,277,436,000	\$17,058,625,000	\$17,390,625,000

<sup>1</sup> For purposes of comparability this table reflects the TANF Emergency Recovery and Response budget authority in the year in which it was obligated. The Federal Loans for Hurricane Katrina relief were obligated in FY 2005 and the family assistance grants to states, tribes and territories are shown in the FY 2006 column.

<sup>2</sup> Bracketed budget authority reflects unobligated balance estimates for all years. The additional \$232M is proposed as new budget authority which would bring the total amount available in the Contingency Fund to \$2B by 2007.

Temporary Assistance Children's Research and Technical Assistance

Budget Authority by Object

	<u>2006</u> <u>Enacted</u>	<u>2007</u> <u>Estimate</u>	<u>Increase</u> <u>or</u> <u>Decrease</u>
<u>Personnel Compensation:</u>			
Full-time permanent (11.1).....	\$1,247,000	\$2,228,000	981,000
Other than Full-time Permanent (11.3).....	18,000	32,000	14,000
Civilian personnel benefits (12.1).....	280,000	500,000	220,000
Subtotal, Pay Costs.....	1,545,000	2,760,000	1,215,000
Travel and transportation of persons (21.0).....	96,000	96,000	0
Rental payments to GSA (23.1).....	378,000	648,000	270,000
Printing and reproduction (24.0).....	0	0	0
<u>Other contractual services:</u>			
Advisory and assistance services (25.1).....	12,533,000	12,533,000	0
Other services (25.2).....	15,600,000	14,115,000	-1,485,000
Supplies and materials (26.0).....	8,000	8,000	0
Equipment (31.0).....	40,000	40,000	0
Grants, subsidies, and contributions (41.0).....	17,160,425,000	17,240,425,000	+80,000,000
Subtotal, Non-Pay Costs.....	17,190,625,000	17,270,625,000	+78,785,000
 Total, obligations.....	 17,190,625,000	 17,270,625,000	 +80,000,000

Temporary Assistance for Needy Families

Authorizing Legislation

	<u>2006 Amount Authorized</u>	<u>2006 Estimate</u>	<u>2007 Amount Authorized</u>	<u>2007 Estimate</u>
State Family Assistance Grants: Section 403(a)(1)(E) of the Social Security Act	Such sums	\$16,488,667,235	Such sums	\$16,488,667,235
Territories – Family Assistance Grants: Section 403(a)(1)(E) of the Social Security Act <sup>1</sup>	Such sums	77,875,765	Such sums	77,875,765
Matching Grants to Territories	Such sums	15,000,000	Such sums	15,000,000
Healthy Marriage and Responsible Fatherhood Grants	150,000,000	150,000,000	150,000,000	150,000,000
Family Formation and Healthy Marriage State Grants			100,000,000	100,000,000
Supplemental Grants for Population Increases: Section 403(a)(3)(E) of the SSA	Such sums	319,450,226	Such sums	319,450,226
Tribal Work Programs: Section 412(a)(2)(D) of SSA	7,633,000	7,633,000	7,633,000	7,633,000
Contingency Fund: Section 403(b) of the SSA	[1,899,600,000]	[1,899,600,000]	[1,768,000,000] +232,000,000	[1,768,000,000] +232,000,000
<b>Total Appropriations</b>	<b>\$17,058,625,000</b>	<b>\$17,058,625,000</b>	<b>\$17,390,625,000</b>	<b>\$17,390,625,000</b>

<sup>1</sup> Section 1108(a) of the Social Security Act provides for a limitation on payments to Puerto Rico, Guam, the Virgin Islands and American Samoa under titles I, X, XIV, XVI, parts A and E of title IV, and subsection 1108(b) (Matching grants). The limitations, which became permanent with the enactment of Public Law 96-272, were established by P.L. 104-193 and most recently amended by Section 5512 of P.L. 105-33, are as follows: \$107,255,000 for Puerto Rico, \$4,686,000 for Guam, \$3,554,000 for the Virgin Islands and \$1,000,000 for American Samoa.

APPROPRIATIONS HISTORY TABLE  
Temporary Assistance for Needy Families

<u>Year</u>	<u>Budget Estimate to Congress</u>	<u>Appropriation</u>
1997		\$15,410,374,000
1998		16,689,175,287
1998- multi-year		800,000,000 <sup>1</sup>
1999		16,689,175,287
1999- multi-year		1,000,000,000 <sup>2</sup>
2000		16,689,175,287
2001		16,689,175,287
2002		17,008,625,287 <sup>3</sup>
2003		17,008,625,513 <sup>3</sup>
2004		17,208,625,513 <sup>3</sup>
2005		17,208,625,513
2005/06		5,139,108,000 <sup>4</sup> (appropriated in FY 2005)
2005/6		11,988,328,513 <sup>4</sup> (appropriated in FY 2006)
2007	17,390,625,513	

<sup>1</sup> In FY 1998, Congress appropriated \$800 million for Supplemental Grants for Population Increases available until expended. ACF awarded approximately \$79 million in 1998, \$160 million in 1999, \$239 million in 2000, and \$319 million in 2001 for such purposes.

<sup>2</sup> Congress appropriated a total of \$1 billion in FY 1999 for High Performance Bonus grants for fiscal years 1999 through 2003. Congress appropriated \$200 million per year for 2004 & 2005 for High Performance Bonus grants.

<sup>3</sup> Congress appropriated \$319 million for Supplemental Grants for 2002, 2003, 2004 and 2005 as part of the basic program. ACF awarded \$319 million a year (02, 03, 04 and 05) for such purposes.

<sup>4</sup> The TANF Emergency Response and Recovery Act of 2005, P.L. 109-68, enacted late in FY 2005, made \$5.1 billion available late in FY 2005 – these funds included 1<sup>st</sup> quarter 2006 allocations for states, territories and tribes for family assistance grants and Federal Loans to the states of Louisiana, Mississippi and Alabama to assist them in providing services to the Hurricane Katrina evacuees. The Deficit Reduction Act of 2005, provides the remaining three quarters worth of FY 2006 funding for the TANF program, eliminates the High Performance and Out of Wedlock Bonus funding and adds new authority for \$150 million for Healthy Marriage and Responsible Fatherhood grants.

Temporary Assistance for Needy Families

Justification

	2005 Actual	2006 <sup>1</sup> Enacted	2007 Estimate	Increase or Decrease
State Family Assistance Grants	\$16,488,667,000	\$16,488,667,000	\$16,488,667,000	0
Territory Family Assistance Grants	77,875,000	77,875,000	77,875,000	0
Healthy Marriage Promotion and Responsible Fatherhood Grant program	0	150,000,000	150,000,000	0
Family Formation and Healthy Marriage Grants	0	0	100,000,000	+100,000,000
Supplemental Grants for Population Increases	319,450,000	319,450,000	319,450,000	0
Matching Grants to Territories	15,000,000	15,000,000	15,000,000	0
Tribal Work Programs	7,633,000	7,633,000	7,633,000	
Contingency Fund	[1,957,898,000]	[1,899,600,000]	[1,768,000,000] +232,000,000	+232,000,000
Federal Loans (forgivable) <sup>2</sup>	68,811,000	0	0	0
Bonus to Reward High Performance	200,000,000	0	0	0
Bonus to Reward Decrease in Illegitimacy	100,000,000	0	0	0
Total, BA	17,277,436,000	17,058,625,000	17,390,625,000	+\$332,000,000

<sup>1</sup> Bracketed budget authority in FY 2006 reflects grants that will be made from unobligated balances. In FY 2007 the President proposes a family formation matching grant program and reinstatement of full funding for the Contingency Fund to remain available for five years. The 2006 column assumes enactment of the Deficit Reduction Act of 2005 (S. 1932) which authorized TANF through the end of FY 2010.

<sup>2</sup> The "TANF Emergency Response and Recovery Act of 2005", P.L. 109-68, enacted during the last days of FY 2005, made \$68,811,000 available immediately to the States of Louisiana, Mississippi and Alabama to assist them in providing services to the Hurricane Katrina evacuees residing within their respective States. The statute prohibits the imposition of a penalty for failure to repay or make interest payments for such loans.

## General Statement

Title I of P. L. 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), created the Temporary Assistance for Needy Families (TANF) program. The legislation repealed the Aid to Families with Dependent Children (AFDC) and related programs and replaced them with a single fixed block grant. The purpose of the TANF program is to increase state flexibility in operating programs designed to: (1) provide assistance to needy families so that children may be cared for in their own homes; (2) end dependence of needy parents 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.

This budget assumes enactment of S. 1932 (The Deficit Reduction Act of 2005). This Act addresses several critical Presidential initiatives impacting the TANF program including: (1) reauthorizing the TANF program through 2010 and maintaining current program funding levels for Family Assistance Grants to States, Tribes and Territories; Matching Grants to Territories; Tribal Work Programs; and the Contingency Fund; (2) strengthening work participation requirements; (3) creating and providing funds for a program focused on promotion of healthy marriage and responsible fatherhood; (4) reinstating authority for the Supplemental Grants for Population Increases program through FY 2008; and eliminating funding for both the Bonus to Reward High Performance States and the Bonus to Reward Decreases in Illegitimacy.

In order to strengthen work participation, the Act recalibrates the caseload reduction credit by updating the base year from 1995 to 2005 – thereby reestablishing a meaningful family work participation rate requirement. Prior to this time most states had a zero, or nearly zero, target rate for parents participating in work activities. Additionally, the current statutory provision for a separate participation rate requirement for 2-parent families is retained and beginning in FY 2007 families receiving assistance in Separate State Programs (SSP) will be included in the calculation of work participation rates. The Act also requires HHS to issue regulations to ensure consistency in measuring work participation rates with regard to determining whether activities may be counted as “work activities,” how to count and verify hours of work, and determining who is a work-eligible individual. Further, the Act requires states to establish and maintain work participation verification procedures and establishes a new penalty (of not less than one percent and not more than five percent of the state family assistance grant) for state failure to comply with these procedures.

The Act also includes \$150 million for a comprehensive program focused on the promotion of healthy marriage and responsible fatherhood, which are areas that the Administration has long considered vital to ensuring that welfare reform continues to place a greater emphasis in TANF on strengthening families and improving the well-being of children. The Healthy Marriage and Responsible Fatherhood Grants program will be used to fund several key efforts specified in the statute, including healthy marriage and responsible fatherhood activities, demonstrations coordinating child welfare and TANF for at-risk tribal families, and technical assistance provided to states and tribes.

**Statement of the Budget Request** – The FY 2007 budget of \$17.4 billion reflects a \$332 million increase over the FY 06 funding level assuming Congressional action on several legislative proposals. These legislative proposals will build on the critical measures included in the Deficit Reduction Act of 2005 and continue to move the TANF program toward a stronger focus on promoting work, strengthening families and improving child well-being.

New legislation is proposed to authorize and appropriate \$100 million for the Family Formation and Healthy Marriage Grants previously proposed by the Administration. These competitive state grants will

be targeted to innovative approaches to promoting healthy marriage and reducing out-of-wedlock births. A dollar-for-dollar match to participate in the grant program will be required and states can use federal TANF funds to meet the match requirement. These funds will expand upon the efforts begun under the Healthy Marriage and Responsible Fatherhood Grant program established by the Deficit Reduction Act of 2005 to support a broader focus on strengthening families.

In addition, the Administration will propose legislation to fully fund the Contingency Fund at \$2 billion and modify the fund to make it easier for states to access by changing the definition of maintenance of effort and simplifying the annual reconciliation process. The request level of \$232 million is the difference between current estimates of unobligated balances in the Contingency Fund at the end of FY 2007 and \$2 billion, which is the amount originally appropriated for this program in 1997.

Finally, the Administration will propose extending authority and funding for the Supplemental Grants for Population Increases program beyond the year (FY 2008) stipulated in S.1932. This extension will make the Supplemental Grants for Population Increases program consistent with the other components of the TANF program.

### **Program Description**

State Family Assistance Grants: Funding under the TANF program is provided primarily through State Family Assistance Grants, which are authorized and pre-appropriated at \$16.5 billion each year. State allocations are based on historic levels of welfare spending. While states must meet certain work, participation, and maintenance of effort requirements, they have enormous flexibility with their TANF funds to design programs that promote work, responsibility and self-sufficiency, and strengthen families.

States have wide flexibility under TANF to determine their own eligibility criteria, benefit levels, and the type of services and benefits available to TANF recipients. However, states must maintain a historical level of state spending on behalf of eligible families (the maintenance of effort requirement) and must meet minimum work participation rate requirements. In addition, families who have received federally funded assistance under TANF for five cumulative years (or less at state option) are not eligible for federally funded assistance.

States may transfer up to a total of 30 percent of their TANF funds to either the Child Care and Development Block Grant program or the Social Services Block Grant (SSBG) program with not more than 10 percent transferable to SSBG.

Tribes are eligible to operate their own TANF programs and those that choose to do so receive their own Family Assistance Grants. The number of approved TANF plans has steadily increased since the first three tribal TANF programs started in July 1997. As of January 2006, 51 tribal TANF grantees covering 237 tribes and Alaska Native Villages have been approved, all of which are fully operational. Forty-one of the approved plans involve individual tribes and ten are multi-tribal TANF operations.

Territories — Family Assistance Grants: These grants provide funding to Guam, Puerto Rico and the Virgin Islands to operate their own TANF programs. Territories are subject to the same state plan, work and maintenance of effort requirements as the fifty states and the District of Columbia. A territory's allocation is based on historic funding levels, with a total of \$77.9 million made available annually.

Healthy Marriage Promotion and Responsible Fatherhood Grants: The Deficit Reduction Act of 2005 included \$150 million for the Healthy Marriage Promotion and Responsible Fatherhood Grant program

beginning in FY 2006. The Healthy Marriage portion of the initiative will be funded at approximately \$100 million to help couples, who have chosen marriage for themselves, gain greater access to marriage education services on a voluntary basis. These services will help couples acquire the skills and knowledge necessary to form and sustain a healthy marriage. All grantees must include documentation to demonstrate that the funds will not be used for other purposes and that they intend to consult with experts in domestic violence or relevant community domestic violence coalitions in developing the programs and activities. The law stipulates that the term “healthy marriage promotion activities” may include the following activities:

- Public advertising campaigns on the value of marriage and the skills needed to increase marital stability and health.
- Education in high schools on the value of marriage, relationship skills, and budgeting.
- Marriage education, marriage skills, and relationship skills programs, that may include parenting skills, financial management, conflict resolution, and job and career advancement, for non-married pregnant women and non-married expectant fathers.
- Pre-marital education and marriage skills training for engaged couples and for couples or individuals interested in marriage.
- Marriage enhancement and marriage skills training programs for married couples.
- Divorce reduction programs that teach relationship skills.
- Marriage mentoring programs which use married couples as role models and mentors in at-risk communities.
- Programs to reduce the disincentives to marriage in means-tested aid programs, if offered in conjunction with any activity described in this subparagraph.

Within the Healthy Marriage Promotion and Responsible Fatherhood funding, approximately \$48 million will be available for activities specifically designed to promote responsible fatherhood to reverse the rise in father absence and its subsequent impact on our nation's children. ACF will award these funds on a competitive basis to states, territories, Indian tribes and tribal organizations, and public and nonprofit community entities, including religious organizations, for activities promoting responsible fatherhood. The statute defines activities promoting responsible fatherhood as the following:

- Activities to promote marriage or sustain marriage through activities such as counseling, mentoring, disseminating information about the benefits of marriage and two-parent involvement for children, enhancing relationship skills, education regarding how to control aggressive behavior, disseminating information on the causes of domestic violence and child abuse, marriage preparation programs, premarital counseling, marital inventories, skills-based marriage education, financial planning seminars, including improving a family's ability to effectively manage family business affairs by means such as education, counseling, or mentoring on matters related to family finances, including household management, budgeting, banking, and handling of financial transactions and home maintenance, and divorce education and reduction programs, including mediation and counseling.
- Activities to promote responsible parenting through activities such as counseling, mentoring, and mediation, disseminating information about good parenting practices, skills-based parenting education, encouraging child support payments, and other methods.
- Activities to foster economic stability by helping fathers improve their economic status by providing activities such as work first services, job search, job training, subsidized employment, job retention, job enhancement, and encouraging education, including career-advancing

education, dissemination of employment materials, coordination with existing employment services such as welfare-to-work programs, referrals to local employment training initiatives, and other methods.

- Activities to promote responsible fatherhood that are conducted through a contract with a nationally recognized, nonprofit fatherhood promotion organization, such as the development, promotion, and distribution of a media campaign to encourage the appropriate involvement of parents in the life of any child and specifically the issue of responsible fatherhood, and the development of a national clearinghouse to assist States and communities in efforts to promote and support marriage and responsible fatherhood.

In addition, approximately \$2 million of the Healthy Marriage and Responsible Fatherhood funding will be available to fund on a competitive basis demonstration projects designed to test the effectiveness of tribal governments or tribal consortia in coordinating the provision to tribal families at risk of child abuse or neglect of child welfare services and services under tribal programs funded under this part. The statute stipulates that grants shall be used to improve case management for families eligible for assistance from such a tribal program; for supportive services and assistance to tribal children in out-of-home placements and the tribal families caring for such children, including families who adopt such children; and for prevention services and assistance to tribal families at risk of child abuse and neglect.

Finally, within this program the statute provides funds to support broad technical assistance provided by the federal government to states, Indian tribes and tribal organizations, receiving a grant for any program funded under this Part. In addition to the technical assistance provided to the above efforts, the statute laid the framework for enhanced technical assistance that will be provided to states and tribes as they design more meaningful work participation efforts.

Supplemental Grants for Population Increases: These grants provide additional TANF funding to states that experienced increases in their populations and/or had low levels of welfare spending per capita. A state qualified for a grant in years after FY 1998 only if it qualified in FY 1998. Territories and Tribes are not eligible. Seventeen states received a total of \$319 million for these grants in FY 2005. The Deficit Reduction Act provides authority for these grants at the FY 2005 level through the end of FY 2008.

Matching Grants to Territories: These grants are an additional source of funding to the territories. These Matching Grants are subject to a ceiling under Section 1108 of the Social Security Act and additional maintenance of effort requirements. Matching Grant funds may be used for the TANF program and the Foster Care, Adoption Assistance, and Independent Living programs. The federal-matching rate for these funds is 75 percent, and up to \$15 million is made available annually for this purpose. Use of the Matching Grant is optional.

Tribal Work Programs: These grants are available to Indian tribes and Alaska Native organizations that conducted a Job Opportunities and Basic Skills Training (JOBS) program in FY 1995. The purpose of these grants is to allow Indian tribes and Alaska Native organizations to operate a program to make work activities available to their members. Funding is authorized and pre-appropriated at \$7,633,000 for each fiscal year.

Contingency Fund: The Contingency Fund provides a funding reserve which can be used to assist states that experience economic downturns. In order to be eligible to receive Contingency Funds, a state must meet one of two criteria:

- 1) The state's unemployment rate for the most recent 3-month period for which data are available must exceed 6.5 percent and this rate must be at least 10 percent higher than the unemployment rate for the same 3-month period in either or both of the last two calendar years or;
- 2) The number of food stamp participants in the state must exceed by at least 10 percent the number of food stamp participants in the state in the comparable quarter of either FY 1994 or FY 1995.

The TANF Emergency and Response Act of FY 2005 made states eligible for the TANF Contingency Fund if short-term, nonrecurring cash benefits were provided to families who traveled from the Hurricane Katrina impacted states of Alabama, Florida, Louisiana, or Mississippi to another state as a result of the hurricane. If the state determined that these families were not receiving TANF cash benefits from another state, the state would be reimbursed for the costs they incurred for evacuee benefits provided through the end of August 2006.

The reauthorized level for the Contingency Fund through 2010 retained the above triggers and provided funding at current levels (\$1.9 billion in FY 2006).

**Performance Analysis** — This program was evaluated under the PART process as part of the FY 2007 budget cycle. The rating was Moderately Effective.

Six of the seven performance measures for TANF relate specifically to achieving economic independence. Further, research has shown that the seventh measure (increasing the number of children living in married two-parent families) does in fact increase the economic and overall well-being of children. Of the measures for which data are available for FY 2004, ACF met or exceeded one target: increasing earnings of TANF recipients.

One of the measures, the all-family minimum participation rate standard was statutorily established at 50 percent for FY 2002 and subsequent years. However, because of the statutory caseload reduction credit, most states currently have a zero, or nearly zero target rate for parents participating in work activities. The work participation rate for all families fell from 33.4 percent in FY 2002 to 31.3 percent in FY 2003, the second year in a row in which the national all-family rate declined. Under S.1932 a meaningful family work participation rate was established and we anticipate significant improvement in this area.

The performance targets for the employment retention measure (employment retention over three quarters rather than over two quarters) were adjusted at the time the retention measure was changed, but we did not take into consideration the dampening effect of the caseload reduction credit on the magnitude of recipient work participation. In fact for the past four years, nearly 60 percent of the adult TANF recipients have not engaged in any work/work preparation activities. We believe the current employment retention targets may be unrealistically ambitious and have changed the FY 2006 and FY 2007 targets to 61 and 62 percent respectively. ACF exceeded its target for increasing the percentage rate of earnings gained by employed adult TANF recipients between a base quarter and subsequent quarter with actual performance in FY 2004 of 37 percent (target 29 percent). The FY 2004 earnings gain rate is the new baseline for the 10 percent improvement goal by FY 2007.

Finally, the program will re-evaluate the performance measures and the associated targets to fully assess and reflect the potential policies in S. 1932, The Deficit Reduction Act of 2005.

Performance Goal	Results	Context
Increase the percentage of adult TANF recipients/former recipients employed in one quarter that were still employed in the next two consecutive quarters.	In FY 2004, ACF did not meet this performance target, with a 59 percent rate of employment retention (the FY 2004 target was 68 percent).	TANF aims not only to move recipients to work, but also to keep them in work. This measure assesses employment retention over three quarters.
Increase the percentage rate of earnings gained by employed adult TANF recipients/former recipients between a base quarter and a second subsequent quarter.	In FY 2004, ACF met this performance target, with a 37 percent rate of earnings gained. This exceeded the FY 2004 target of 29 percent.	The goal of the TANF program is not only to increase employment, but also to increase employment retention and advancement. A key indicator of this is earnings gain.

Resource and Program Data  
State Family Assistance Grant

	2005 Actual	2006 Estimate	2007 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$16,480,048,448	\$16,488,667,235	\$16,488,667,235
Discretionary			
Research			
Demonstration			
Development			
Training/Technical Assistance			
Evaluation			
Program Support			
Other			
TOTAL PROGRAM	\$16,480,048,448	\$16,488,667,235	\$16,488,667,235
<u>Program Data:</u>			
Number of Grants <sup>1</sup>	90	94	94
New Starts:			
# <sup>1</sup>	3		
\$	18,056,438		
Continuations:			
# <sup>1</sup>	87	94	94
\$	16,461,992,010	16,488,667,235	16,488,667,235
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

<sup>1</sup> Includes Tribal plans receiving Family Assistance Grants.

Resource and Program Data  
Matching Grants to Territories

	2005 Actual	2006 Estimate	2007 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$0	\$6,000,000	\$6,000,000
Discretionary			
Research			
Demonstration			
Development			
Training/Technical Assistance			
Evaluation			
Program Support			
Other			
TOTAL PROGRAM	\$0	\$6,000,000	\$6,000,000
<u>Program Data:</u>			
Number of Grants	0	TBD	TBD
New Starts:			
#	0	TBD	TBD
\$	\$0	\$6,000,000	\$6,000,000
Continuations:			
#			
\$			
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

Resource and Program Data  
 Bonus to Reward Decrease in Illegitimacy<sup>1</sup>

	2005 Actual	2006 Estimate	2007 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$75,000,000		
Discretionary			
Research			
Demonstration			
Development			
Training/Technical Assistance			
Evaluation			
Program Support			
Other			
TOTAL PROGRAM	\$75,000,000		
<u>Program Data:</u>			
Number of Grants	3		
New Starts:			
#	3		
\$	\$75,000,000		
Continuations:			
#			
\$			
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

<sup>1</sup> The Administration is not requesting reauthorization of this program.

Resource and Program Data  
Healthy Marriage and Responsible Fatherhood Grants

	2005 Actual	2006 Estimate	2007 Estimate
<u>Resource Data:</u>			
Formula			
Discretionary		\$116,800,000	\$116,800,000
Research		1,000,000	1,000,000
Demonstration		14,000,000	14,000,000
Development			
Training/Technical Assistance		12,251,000	14,066,000
Evaluation			
Program Support <sup>1</sup>		5,949,000	4,134,000
Other			
TOTAL PROGRAM		\$150,000,000	\$150,000,000
<u>Program Data:</u>			
Number of Applicants		750	
Number of Grants		250	
New Starts:			
#		250	
\$		\$119,800,000	
Continuations:			
#			250
\$			\$119,800,000
Contracts:			
#		10	7
\$		\$27,552,000	\$26,066,000
Interagency Agreements:			
#			
\$			

<sup>1</sup> Includes funding for panel reviews, information technology support, and salaries/benefits and associated overhead.

Resource and Program Data  
Family Formation and Healthy Marriage Grant Program

	2005 Actual	2006 Estimate	2007 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula			
Discretionary <sup>1</sup>			\$100,000,000
Research			
Demonstration			
Development			
Training/Technical Assistance			
Evaluation			
Program Support			
Other			
TOTAL PROGRAM			\$100,000,000
<u>Program Data:</u>			
Number of Grants			TBD
New Starts:			
#			
\$			\$98,000,000
Continuations:			
#			
\$			
Contracts:			
#			2
\$			\$2,000,000
Interagency Agreements:			
#			
\$			

<sup>1</sup> Includes funds for discretionary grants and panel review of grants in the making of the awards.

Resource and Program Data  
 Bonus to Reward High Performance

	2005 Actual	2006 Estimate	2007 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$200,000,000		
Discretionary			
Research			
Demonstration			
Development			
Training/Technical Assistance			
Evaluation			
Program Support			
Other			
TOTAL PROGRAM	\$200,000,000		
<u>Program Data:</u>			
Number of Applicants	51		
Number of Grants	42		
New Starts:			
#	42		
\$	\$200,000,000		
Continuations:			
#			
\$			
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

Resource and Program Data  
Tribal Work Programs

	2005 Actual	2006 Estimate	2007 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$7,558,020	\$7,633,287	\$7,633,287
Discretionary			
Research			
Demonstration			
Development			
Training/Technical Assistance			
Evaluation			
Program Support			
Other			
TOTAL PROGRAM	\$7,558,020	\$7,633,287	\$7,633,287
<u>Program Data:</u>			
Number of Grants	78	78	78
New Starts:			
#			
\$			
Continuations:			
#	78	78	78
\$	\$7,558,020	\$7,633,287	\$7,633,287
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

**DEPARTMENT OF HEALTH AND HUMAN SERVICES  
ADMINISTRATION FOR CHILDREN AND FAMILIES**

**FY 2007 MANDATORY STATE/FORMULA GRANTS**

**PROGRAM: Temporary Assistance for Needy Families (CFDA #93.558)**

<b>STATE/TERRITORY</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Enacted</b>	<b>FY 2007 Estimate</b>	<b>Difference +/- 2006</b>
Alabama	\$122,626,461	\$104,408,461	\$104,408,461	\$0
Alaska	61,573,531	54,836,834	54,836,834	0
Arizona	226,416,505	226,130,536	226,130,536	0
Arkansas	65,787,876	62,951,233	62,951,233	0
California	3,693,923,450	3,671,818,170	3,671,818,170	0
Colorado	149,626,381	149,626,381	149,626,381	0
Connecticut	266,788,107	266,788,107	266,788,107	0
Delaware	33,318,552	32,290,981	32,290,981	0
District of Columbia	117,529,232	92,609,815	92,609,815	0
Florida	622,745,788	622,745,788	622,745,788	0
Georgia	372,028,378	368,024,967	368,024,967	0
Hawaii	99,247,069	98,904,788	98,904,788	0
Idaho	33,910,608	33,910,608	33,910,608	0
Illinois	585,809,178	585,056,960	585,056,960	0
Indiana	214,243,876	206,799,109	206,799,109	0
Iowa	137,827,630	131,524,959	131,524,959	0
Kansas	102,062,116	101,931,061	101,931,061	0
Kentucky	181,287,669	181,287,669	181,287,669	0
Louisiana	218,344,691	180,998,997	180,998,997	0
Maine	81,153,716	78,120,889	78,120,889	0
Maryland	229,098,032	229,098,032	229,098,032	0
Massachusetts	468,575,940	459,371,116	459,371,116	0
Michigan	780,507,264	775,352,858	775,352,858	0
Minnesota	278,696,952	263,434,070	263,434,070	0
Mississippi	114,973,653	95,803,252	95,803,252	0
Missouri	227,904,327	217,051,740	217,051,740	0
Montana	43,511,197	39,171,817	39,171,817	0
Nebraska	57,769,382	57,769,382	57,769,382	0
Nevada	47,385,875	47,646,820	47,646,820	0
New Hampshire	40,447,324	38,521,261	38,521,261	0
New Jersey	404,554,298	404,034,823	404,034,823	0
New Mexico	115,237,450	117,131,204	117,131,204	0
New York	2,487,311,684	2,442,930,602	2,442,930,602	0
North Carolina	338,349,547	338,349,547	338,349,547	0
North Dakota	27,719,799	26,399,809	26,399,809	0

STATE/TERRITORY	FY 2005 Actual	FY 2006 Enacted	FY 2007 Estimate	Difference +/- 2006
Ohio	742,646,585	727,968,260	727,968,260	0
Oklahoma	153,796,974	147,594,230	147,594,230	0
Oregon	167,914,961	166,798,629	166,798,629	0
Pennsylvania	724,155,234	719,499,305	719,499,305	0
Rhode Island	97,882,652	95,021,587	95,021,587	0
South Carolina	124,959,780	99,967,824	99,967,824	0
South Dakota	21,721,099	21,279,651	21,279,651	0
Tennessee	260,941,146	213,088,938	213,088,938	0
Texas	544,850,344	538,964,526	538,964,526	0
Utah	112,995,525	84,313,871	84,313,871	0
Vermont	48,471,859	47,353,181	47,353,181	0
Virginia	166,199,431	158,285,172	158,285,172	0
Washington	392,665,059	382,853,771	382,853,771	0
West Virginia	110,317,966	110,176,310	110,176,310	0
Wisconsin	320,915,119	314,499,354	314,499,354	0
Wyoming	19,203,368	18,500,530	18,500,530	0
<b>Subtotal</b>	<b>17,057,930,640</b>	<b>16,648,997,785</b>	<b>16,648,997,785</b>	<b>0</b>
Tribal Family Asst. Grants	141,096,066	159,119,676	159,119,676	0
Guam	3,208,892	3,388,690	3,388,690	0
Puerto Rico	71,562,501	71,562,501	71,562,501	0
Virgin Islands	2,846,564	2,846,564	2,846,564	0
<b>Subtotal</b>	<b>218,714,023</b>	<b>236,917,431</b>	<b>236,917,431</b>	<b>0</b>
<b>Total States/Territories</b>	<b>17,276,644,663</b>	<b>16,885,915,216</b>	<b>16,885,915,216</b>	<b>0</b>
Tribal New Program	7,558,020	7,633,287	7,633,287	0
Healthy Marriage and Responsible Fatherhood	0	150,000,000	150,000,000	0
Family Formation Match	0	0	100,000,000	100,000,000
Contin. Fund (CF) Bud Auth	[1,957,898,000]	[1,899,600,000]	[2,000,000,000]	0
Contin. Fund (CF) Usage	0	132,076,497	112,076,497	0
Territories Matching Fund	0	15,000,000	15,000,000	0
<b>Subtotal adjustments</b>	<b>7,558,020</b>	<b>304,309,287</b>	<b>384,633,287</b>	<b>100,000,000</b>
<b>TOTAL RESOURCES</b>	<b>\$17,284,202,683</b>	<b>\$17,190,625,000,000</b>	<b>\$17,270,625,000</b>	<b>\$100,000,000</b>

State levels include State Family Assistance Grants, High Performance bonuses, Illegitimacy bonuses, Supplemental Pop. Grants, Contingency Funds and Federal Loans for Hurricane Katrina in FY 2005. State levels for FY's 2006&7 include only State Family Assistance Grants and Supplemental Population Grants.

Notes: In 2007, the President is requesting to reinstate the full funding level for the Contingency Fund. Based on current estimates of Contingency Fund usage we estimate that a balance of \$232 million will be needed in FY 2007 to fully restore \$2M to this program. The Contingency Fund usage amounts are/will be made from the unobligated Contingency Funds balances as noted in the brackets above.