

# Temporary Assistance for Needy Families (TANF): Financing Issues

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September 8, 2015

**Congressional Research Service**

7-5700

[www.crs.gov](http://www.crs.gov)

R44188

## Summary

The Temporary Assistance for Needy Families (TANF) block grant provides grants to states, Indian tribes, and territories to help them fund a wide range of benefits and services for needy families with children. It was created in the 1996 welfare reform law, which rewrote the rules for cash assistance programs for these families. The 1996 law also created TANF as a broad-purpose block grant with state flexibility to design programs to address both the effects of and root causes of childhood economic disadvantage.

TANF funding is based on the amount of federal and state expenditures in its predecessor programs (Aid to Families with Dependent Children (AFDC), and related programs) in the early to mid-1990s. The bulk of federal TANF funds is in a basic block grant. Both the national total of the basic block grant, \$16.5 billion per year, and each state's grant are based on federal funding in the predecessor programs during this period. States must also expend a minimum amount of their own funds on TANF or TANF-related programs under the maintenance of effort (MOE) requirement. That minimum totals \$10.4 billion per year. The MOE is based on state expenditures in the predecessor programs in FY1994. Over time, states have received some extra TANF funding: welfare-to-work grants, contingency funds, supplemental grants, and bonus funds. However, these grants were small relative to the basic block grant and MOE funding.

The cash assistance caseload declined substantially in the late 1990s from its 1994 peak, resulting in a decline in spending on TANF basic assistance. In FY1995, under TANF's predecessor programs, AFDC cash assistance represented 70% of total expenditures in the programs consolidated into TANF. By FY2000 cash assistance had declined to 40% of total TANF and MOE funds; in FY2014 cash assistance represented 26% of all TANF and MOE funds. TANF also provides funds for state-subsidized child care programs (\$5.1 billion or 16% of total FY2014 TANF and MOE funds) as well as a wide range of services, including those addressing child abuse and neglect and pre-kindergarten programs.

Most of TANF's financing issues relate to its fixed level of funding, based on programs and conditions that existed in the early and mid-1990s. Neither the national total funding level nor each state's level of funding has been adjusted for changes since then, such as inflation, the size of the cash assistance caseload, or changes in the poverty population. From FY1997 through FY2014, the TANF block grant lost 32% of its value due to inflation alone. The TANF allocation "locked in" historical differences among the states that resulted in a wide range of funding levels relative to the number of poor children. Further, TANF potentially lacks a source of sufficient additional funding in case of a future economic downturn. Should Congress seek to address these issues, it would do so in the context of budget rules that apply to TANF as a mandatory program with fixed funding. Current budget rules would require legislation to increase TANF funding to contain corresponding offsets by reducing other mandatory funds and/or increasing revenues.

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## Introduction

The Temporary Assistance for Needy Families (TANF) block grant provides grants to states, territories, and Indian tribes for benefits and services to help ameliorate, or address the root causes of, childhood economic disadvantage. It was created in the 1996 welfare reform law (the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, PRWORA, P.L. 104-193), which ended the pre-welfare reform program of cash assistance, rewrote the federal rules for cash assistance for needy families, and gave states broad flexibility to meet TANF's statutory goals.

This report discusses the financing of the TANF block grant. It

- describes the national funding level, the distribution of funds among the states, and the basis for these funding levels;
- describes how states may use TANF funds;
- describes how states have actually used TANF funding; and
- discusses selected policy issues regarding TANF funding.<sup>1</sup>

## TANF Funding and History

The 1996 welfare reform law that created TANF based the bulk of its funding on historical expenditures in its predecessor programs. Therefore, the amount of funding a state receives in TANF today depends on the size of its pre-TANF programs before the enactment of that law.

### Financing the Pre-TANF Programs

Before the 1996 welfare reform law, federal grants helped states fund the Aid to Families with Dependent Children (AFDC) programs of cash assistance for needy families with children; Emergency Assistance (EA) for families with children; and the Job Opportunity and Basic Skills (JOBS) training program, which provided employment services and education to AFDC recipients. These three programs provided *matching grants* to states, reimbursing them for a share of the expenditures in their programs. Thus, the federal government and the states shared in the costs of these programs. The system of matching grants for cash assistance for needy families dated back to the Social Security Act of 1935 (P.L. 74-271).

Under the pre-TANF cash welfare program of AFDC, federal funding was generally provided at the Medicaid matching rate.<sup>2</sup> Under that rate, states with lower per-capita incomes received a higher match, with a statutory minimum matching rate of 50% (for higher income states) and a maximum matching rate of 83% (for the lowest income states). Federal grants for AFDC benefits, AFDC administration (matched at a 50% rate), and EA (matched at a 50% rate) were not subject to caps; federal funds reimbursed states in full for a share of expenditures in their programs. Federal grants for JOBS were subject to annual caps, with matching funds provided up to the cap.

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<sup>1</sup> See also Congressional Budget Office, *Temporary Assistance for Needy Families: Spending and Policy Options*, January 2015.

<sup>2</sup> The AFDC statute itself had a matching grant formula that provided for matching of a fraction of expenditures up to dollar caps per recipient. However, Section 1118 of the Social Security Act provided that if a state had an approved Medicaid program in place, it could receive matching funds under the Medicaid matching formula. By 1996 all states had approved Medicaid programs and received their matching funds based on the Medicaid matching rate.

The matching rate for JOBS was the Medicaid matching rate, though the statutory minimum matching rate for JOBS was 60% instead of 50%.

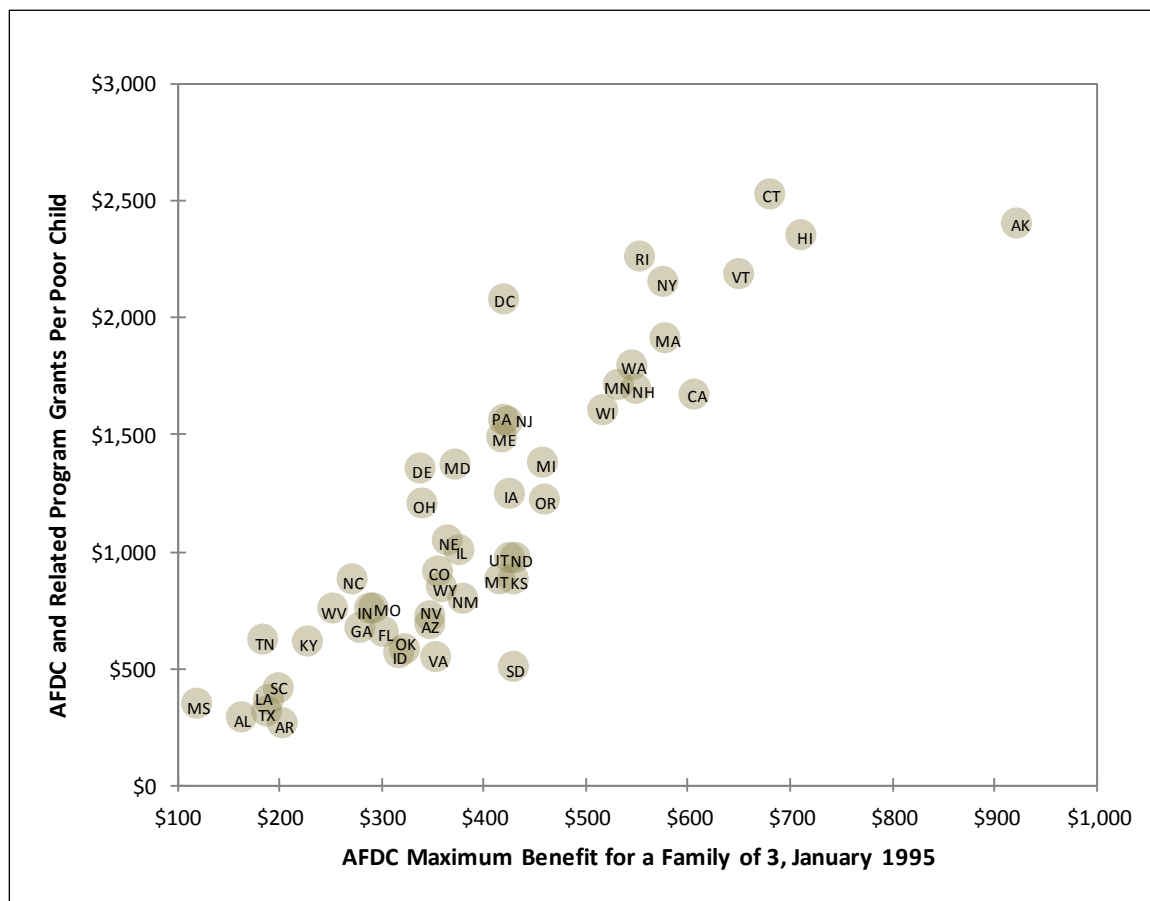
The amount of federal funding in the predecessor programs for a state depended on the expenditures in the state. While there were some federal rules for these predecessor programs, states had a great deal of discretion in determining which families were financially “needy,” and hence eligible for benefits, and the amount of benefits received in the state. Under AFDC, there was a great deal of state variation in both income eligibility thresholds and benefits paid in the states,<sup>3</sup> creating variation in state grants relative to their cash assistance caseloads or population related to the program (e.g., number of poor children). This variation is depicted in **Figure 1**, which shows the relationship between the AFDC maximum benefit for a family of three in January 1995 and the amount of federal funding per poor child under AFDC and related programs in 1995. As shown, there is a clear relationship between the size of the AFDC benefit provided by a state and federal funding provided per poor child: states with higher maximum benefits also received more federal funding per poor child.<sup>4</sup> For example, in January 1995 Mississippi paid a maximum benefit for a family of three of \$120 per month; its grant per poor child in FY1995 was \$343. On the other hand, in that month Alaska paid a maximum benefit of \$923 per month for a family of three; its FY1995 grant per poor child was \$2,403.

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<sup>3</sup> For AFDC benefit amounts prior to the enactment of the 1996 welfare reform law, see CRS Report R43634, *Temporary Assistance for Needy Families (TANF): Eligibility and Benefit Amounts in State TANF Cash Assistance Programs*, by Gene Falk.

<sup>4</sup> A statistic that measures the strength of the linear relationship between AFDC maximum benefits and funding per poor child is the simple correlation coefficient statistic. This statistic has values between 0 and 1, with 0 representing no linear relationship and 1 representing a perfect linear relationship. The correlation coefficient for AFDC maximum benefits and funding per poor child in 1995 was 0.88.

**Figure 1. AFDC Maximum Benefits for a Family of Three in January 1995 and Federal Funding Per Poor Child in FY1995**



**Source:** Congressional Research Service (CRS). AFDC maximum benefits for a family of three are from a CRS survey of the states. AFDC and related funding data are from the U.S. Department of Health and Human Services (HHS). Poverty data represent the Small Area Income and Poverty estimates (SAIPE) and are from the U.S. Census Bureau.

## The 1996 Law: “Freezing” Historical Funding Levels in the Basic TANF Block Grant

The 1996 welfare reform law substantially rewrote the rules for state cash assistance programs, imposing time limits on benefit receipt and revamping work requirements for adult recipients of aid. Along with these policy changes was a change in the financing of state cash assistance programs and other activities from matching grants to a block grant.

The 1996 law consolidated into TANF the three predecessor programs—AFDC, EA, and JOBS—creating a single funding stream.<sup>5</sup> The bulk of the funding is provided in a basic block grant. That block grant reflects peak spending for each state during the FY1992 to FY1995 period in TANF’s

<sup>5</sup> Federal funding for AFDC-related child care programs was consolidated into a mandatory funding stream for the Child Care and Development Fund. However, as discussed in “The State Maintenance of Effort (MOE) Requirement,” state expenditures for the AFDC-related child care programs were included in the computation of the TANF MOE requirements.

predecessor programs. (For the formula used in the computation and TANF basic block grant per state, see **Table A-1**.) The total of the basic block grant distributed to the 50 states and the District of Columbia is \$16.5 billion per year.<sup>6</sup> This is also known as the State Family Assistance Grant. It is *not* adjusted for changes in conditions either nationally or in each state, such as changes in prices (inflation), the cash assistance caseload, or the population (e.g., poor children). According to the House Committee report accompanying the legislation that became the 1996 welfare reform law, states were given fixed funding to provide them “with an incentive to help recipients leave welfare because, unlike current law, States do not get more money for having more recipients on the welfare rolls.”<sup>7</sup>

Though the 1996 welfare reform law contemplated no increases in the basic TANF block grant for future years, it also provided that a state could receive no less under the block grant than it historically did under the old system of matching grants to the states. That is, it was “held harmless” for the change in financing. However, having the TANF block grant based on historical expenditures had a number of additional implications. One of these is that it also “froze” the differences among the states in federal funding relative to their populations. **Figure 1** shows how these differences were related to state decisions about their AFDC program; **Figure 2** shows a sharp regional pattern in these differences, portraying FY1995 federal funding in TANF’s predecessor programs per poor child. Grants per poor child for FY1995 varied from \$2,403 in Alaska to \$263 in Arkansas. Generally, grants per poor child in states in the South were less than grants per poor child in states in the Northeast and Midwest, along the Pacific Coast, and Alaska and Hawaii.

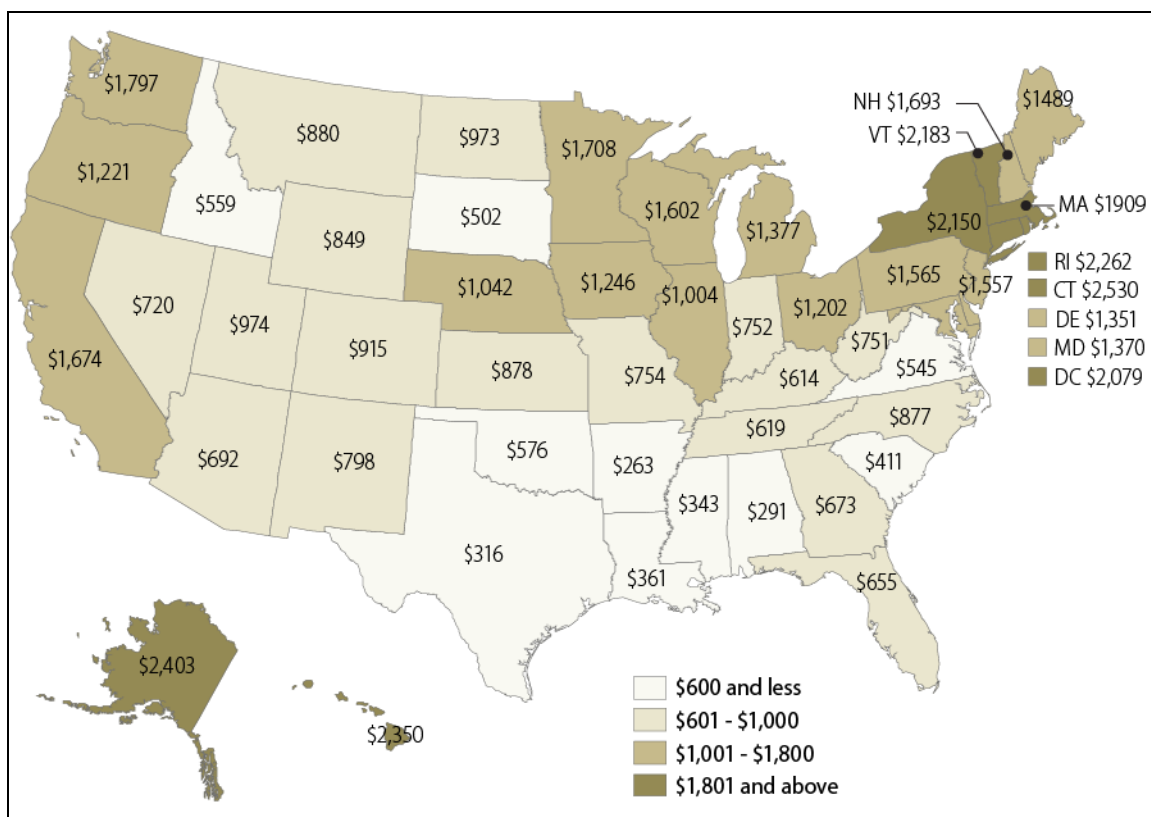
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<sup>6</sup> Tribal TANF programs within a state are funded from the state’s basic TANF block grant. Thus, the amount of funds a state has for its state TANF program is reduced by the amount of funding for tribal programs within the state. The \$16.5 billion and all basic block grant funding amounts discussed in this report represent the total going to the state for state and tribal programs.

<sup>7</sup> U.S. Congress, House Committee on the Budget, *Welfare and Medicaid Reform Act of 1996*, Report to Accompany H.R. 3734, 104<sup>th</sup> Cong., 2<sup>nd</sup> sess., June 27, 1996, H.Rept. 104-651, p. 1334.



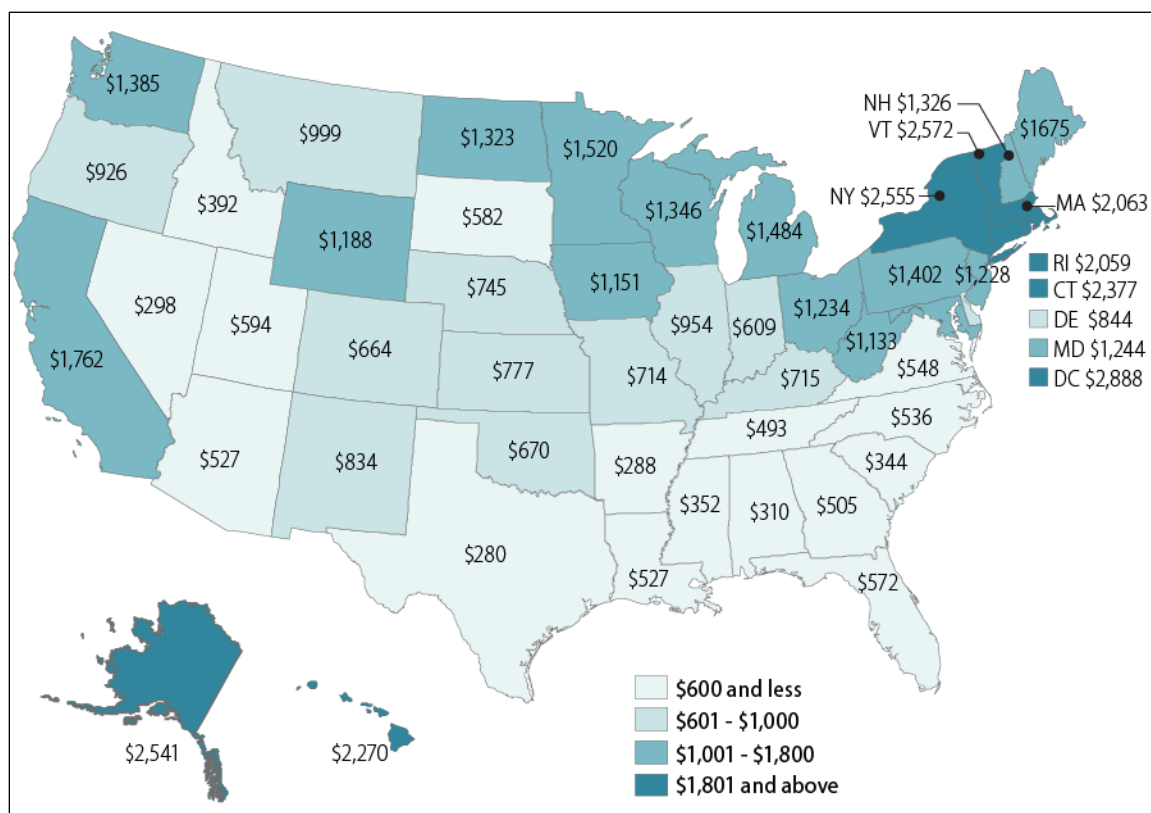
### Figure 2. AFDC and Related Program Funding Per Poor Child, FY1995



**Source:** Congressional Research Service (CRS). AFDC and related program funding data are from the U.S. Department of Health and Human Services (HHS). Poverty data represent the Small Area Income and Poverty estimates (SAIPE) and are from the U.S. Census Bureau.

These state differences have been continued over time as each state's basic block grant has remained "frozen" since FY1997.<sup>8</sup> **Figure 3** shows the basic TANF block grant (State Family Assistance Grant) per poor child in FY2013. The regional pattern of historical funding differences per poor child from the pre-TANF programs remained in place during that year. In general, funding per poor child was lower in FY2013 than in FY1995 (there were more poor children in 2013 than in 1995), but states in the South continue to have lower grants per poor child than those in the Northeast and Midwest, and along the Pacific Coast. Note that these dollars per poor children are in nominal dollars, not adjusted for inflation. The impact of inflation is discussed in the "Selected TANF Financing Issues" section of this report.

<sup>8</sup> This report uses FY1997 as the first year of TANF. Under the transition rules of the 1996 welfare reform law, states had until July 1, 1997 (the beginning of the last quarter of FY1997) to convert their programs from AFDC to TANF. However, for FY1997 total funding was constrained to the amount of the TANF basic block grant.

**Figure 3. Basic TANF Block Grant Per Poor Child, 2013**

**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS) and the U.S. Census Bureau.

Though funding became more limited, states were given increased flexibility in how funds could be spent. Under TANF, states have the authority to spend their block grants on activities to address both the effects of economic disadvantage (e.g., cash assistance) and what were viewed as some of the root causes of childhood disadvantage (e.g., preventing out-of-wedlock pregnancies and promoting the formation and maintenance of two-parent families).

## Additional Federal Funds

The \$16.5 billion basic block grant has constituted the bulk of federal funding each year since the enactment of TANF. However, this basic funding has been supplemented in most years by some additional grants to states funded in the TANF law. The additional funding streams are listed below:

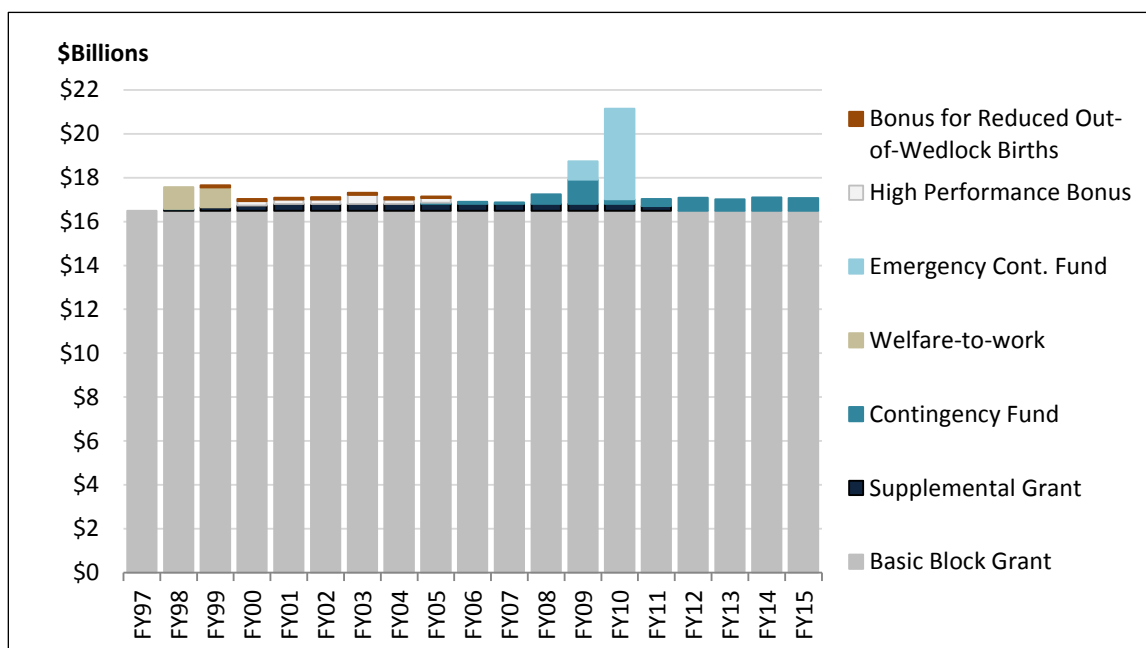
- Supplemental grants.** During consideration of legislation that led to the 1996 law, funding frozen at levels based on historical expenditures was thought to disadvantage two groups of states: (1) those that had relatively high population growth and (2) those that had historically low welfare grants relative to poverty in the state. One of the purposes of supplemental grants was to address the differences in state funding per assistance family or per poor person shown in **Figure 2**. The other purpose was to provide additional funding to states with high rates of population growth. In total, 17 states qualified for supplemental grants:

Alabama, Alaska, Arizona, Arkansas, Colorado, Florida, Georgia, Idaho, Louisiana, Mississippi, Montana, Nevada, New Mexico, North Carolina, Tennessee, Texas, and Utah. Funding for TANF supplemental grants was discontinued after June 30, 2011.

- **Welfare-to-Work Grants.** In 1997, President Clinton proposed additional funding for “welfare-to-work” grants on the presumption that the basic TANF block grant provided insufficient funding for the increased emphasis on moving cash assistance recipients to work. Congress accepted the proposal in the Balanced Budget Act of 1997 (P.L. 105-33), providing \$3 billion over two years (FY1998 to FY1999) to augment TANF funds with special “welfare-to-work” grants. These grants were administered through the Department of Labor (DOL) rather than the Department of Health and Human Services (HHS), where TANF is administered, and at the state and local level through the workforce system. Additionally, funding was split between formula grants to states (and then passed-through to local workforce boards) and competitive grants. No new welfare-to-work funding was provided after FY1999.
- **Contingency Fund.** The fixed basic grant under TANF also led to concerns that funding might be inadequate during economic downturns. The 1996 welfare reform law established a \$2 billion “regular” TANF contingency fund. To draw upon contingency funds, a state must both (1) meet a test of economic “need” and (2) spend from its own funds more than what the state spent in FY1994 on cash, emergency assistance, and job training in TANF’s predecessor programs. The original \$2 billion in the contingency fund was depleted in early FY2010; annual appropriations have provided new contingency fund monies for FY2011 through FY2015.
- **Emergency Contingency Fund.** The American Recovery and Reinvestment Act (ARRA, P.L. 111-5) provided an additional \$5 billion for FY2009 and FY2010. This was partially in response to the anticipated depletion of the regular contingency fund and partially to address that the contingency fund had not always responded to changes in economic circumstances (see **Figure 9**). Unlike regular contingency funds, which could be used for any TANF activity, the ARRA “Emergency Contingency Fund” (ECF) financed only increased spending on basic (cash) assistance, short-term emergency aid, and subsidized employment. No ECF funding was provided after FY2010.
- **Bonus Funds.** The 1996 welfare reform law, while giving states flexibility, had a number of provisions to hold a state accountable for its performance in meeting TANF’s statutory goals. These accountability provisions included two “bonus funds”—one for states with reduced out-of-wedlock pregnancy rates and a second that provided bonuses for states with “high” levels of performance in meeting TANF’s statutory goals. The bonus for reduced out-of-wedlock pregnancies was funded at up to \$100 million per year and up to five states could receive funds; the “high-performance bonus” provided an average of \$200 million per year to states that qualified for it. FY2005 was the last year for which states received bonus funds.

**Figure 4** shows total TANF state grant funding for FY1997 through FY2015.<sup>9</sup> As shown, funding has remained at approximately the same level with slight annual variations since FY1998, with the exception of a spike in funding from the “Emergency Contingency Fund” during FY2009 and FY2010. (The funding level discussed here is without adjustment for inflation. The impact of inflation on grants is discussed in the “Issues” section of this report.) However, there were no additional “Emergency Contingency Funds” after FY2010, and supplemental grants were ended after FY2011.

**Figure 4. TANF Grants to States, FY1997-FY2015**



**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS).

**Notes:** Welfare-to-work grants represent those that went to states based on a formula in law, though most of these funds were passed through to local workforce entities. They do not include competitively awarded welfare-to-work grants. For a tabular display of these data, see **Table A-3**.

Though the overall level of federal TANF grants to states in FY2015 is about the same as in earlier years, the composition of the grants differs. In the earlier years, funding in addition to the basic block grant came from welfare-to-work grants, supplemental grants, and bonus funds. For FY2012 through FY2015, the only funds in addition to the basic block grant for states were from the contingency fund. While overall funding levels in FY2015 were similar to overall levels in the early 2000s, the group of states that received contingency funds in that year differed from the group of states that received supplemental grants and bonus funds in earlier years. Also, as discussed in “Recessions and the TANF Block Grant,” the level of funding provided by the contingency fund has not been responsive to improvements in the economy over the FY2011 through FY2015 period.

<sup>9</sup> The figure excludes funding for healthy marriage and responsible fatherhood grants that is provided in TANF. These grants generally are made to community-based organizations, rather than states. The figure also excludes funding for welfare-to-work competitive grants, which also went mostly to entities other than states.

## The State Maintenance of Effort (MOE) Requirement

TANF consolidated and replaced programs that provided matching grants to the states. This meant that there were considerable state dollars contributing to the pre-TANF programs. It also meant that the federal and state shares in financing these programs varied by state, as the Medicaid matching rate is higher in states with lower per-capita incomes than in those with higher per-capita incomes.

TANF requires states to maintain spending from their own funds on TANF or TANF-related activities. States are required in the aggregate to maintain at least \$10.4 billion in spending on specified activities for needy families with children.<sup>10</sup> The \$10.4 billion, called the maintenance-of-effort level, represents 75% of what was spent from state funds in FY1994 in TANF's predecessor programs of cash, emergency assistance, job training, and welfare-related child care spending.<sup>11</sup> States are required to maintain their own spending of at least that level, and the MOE requirement increases to 80% of FY1994 spending for states that fail to meet TANF work participation requirements (discussed below). State expenditures under this requirement are often referred to as state MOE funds. (MOE levels by state are shown in **Table A-2**.)

It should be noted that the MOE sets a *minimum* amount for required state spending. There are incentives in TANF law for states to spend more than this minimum amount. First, more state spending than the minimum is required to access the TANF contingency fund. Second, states may receive a "credit" (reduction) in their TANF work participation standards if they expend more than the minimum required under the MOE.

## How States May Use TANF Funds

TANF is a broad-purpose block grant that gives states the flexibility to use its funds to address both the effects of, and the root causes of, childhood economic disadvantage. There are two sets of rules: those that relate to the use of federal TANF grants, and those for which state expenditures count toward meeting the TANF MOE state spending requirement.

### Federal Funds Expended Under TANF

States have broad discretion on how they expend federal TANF grants. States may use TANF funds "in any manner that is reasonably calculated"<sup>12</sup> to accomplish the block grant's statutory purpose. That purpose is to increase the flexibility of states in operating a program designed to

1. provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;

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<sup>10</sup> A state's MOE is reduced based on the amount of federal TANF block grant funds that are spent on tribal TANF programs. The \$10.4 billion and all MOE amounts shown in this report represent MOE amounts before reductions for tribal TANF programs.

<sup>11</sup> Some TANF MOE expenditures can also be counted toward meeting a separate child care MOE as part of the state spending requirements for the Child Care and Development Block Grant (CCDBG) matching grants. The maximum amount of funds that may be "double-counted" toward both the TANF and child care MOE requirements is \$888 million, equal to the greater of FY1994 or FY1995 state expenditures in the pre-1996 child care programs. Analysis of combined federal and state funding or expenditures under the TANF and child care block grants must recognize that some state spending can be double-counted or it will overstate the amount of funding available or the amount of spending from the two block grants. The minimum amount of TANF MOE funds that cannot be double-counted toward CCDBG matching requirements is \$9.5 billion.

<sup>12</sup> Section 404(a)(1) of the Social Security Act.

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 establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
4. encourage the formation and maintenance of two-parent families.

In addition, states may also expend federal TANF grants on any activity financed by pre-TANF programs. These are known as “grandfathered” activities.” Examples of activities that do not meet a TANF goal but may be financed by TANF grants include foster care payments and funding for juvenile justice activities, if they were financed in the pre-TANF programs.

## **Transfers of Federal Funds**

In addition to expending federal funds on allowable TANF activities, federal law permits a limited amount of the federal TANF basic block grant to be used for other programs. A maximum of 30% of the TANF block grant may be used for the following combined transfers or expenditures:

- Transfers to the Child Care and Development Block Grant;
- Transfers to the Social Services Block Grant (SSBG), with a maximum transfer to the SSBG set at 10% of the basic block grant;
- As a state match for “reverse commuter grants,” providing public transportation from inner cities to the suburbs.

## **Reservation of Unused Funds**

States may reserve unused federal TANF funds for use in later fiscal years. Funds may be reserved without fiscal year limit. This permits states to “save” any federal funds not needed in one fiscal year for use in other years—for example, to save for a recession or any other event (e.g., natural disaster) that might cause an increase in the demand for TANF funds.

## **Expenditures Countable Toward the Maintenance of Effort (MOE) Requirement**

The range of expenditures on activities that states may count toward the maintenance of effort requirement is—like the authority to spend federal funds—quite broad. The expenditures need not be in the “TANF program” itself, but in any program that provides benefits and services to TANF-eligible families in cash assistance, child care assistance, education and job training, administrative costs, or any other activity designed to meet TANF’s statutory goals. States may count expenditures made by local governments toward the MOE requirement. Additionally, there is a general rule of federal grants management that permits states to count as a state expenditure “third-party” (e.g., nongovernmental) in-kind donations, as long as they meet the requirements of providing benefits or services to TANF-eligible families and meet the requirements of the types of activities that states may count toward the MOE requirement.



## How States Have Used TANF Funds

TANF allows states to spend their funds on a wider range of activities than did the pre-1996 programs. AFDC was a cash assistance program; Emergency Assistance provided grants to states for a range of activities that provided short-term assistance; and JOBS was an employment services and education and training program for AFDC adult recipients.

The number of families receiving cash assistance reached its historical peak in March 1994, at 5.1 million families. In the mid- and late 1990s, the cash assistance caseload shrank rapidly, with a 64% decline in the number of families with children receiving cash assistance from FY1995 to FY2000. (See CRS Report R43187, *Temporary Assistance for Needy Families (TANF): Size and Characteristics of the Cash Assistance Caseload*, by Gene Falk.) Spending on cash assistance declined correspondingly.<sup>13</sup>

**Figure 5** shows both the level and composition of spending in FY1995 under the pre-TANF programs and in FY2000 and FY2014 under TANF. While the overall funding levels in FY1995 and FY2014 were similar, the composition of spending was different. The figure shows that in FY1995, AFDC cash assistance accounted for 70% of all spending under TANF's predecessor programs. In FY2014, cash assistance accounted for 26% of all TANF and MOE dollars. Child care expenditures represented 3% of total pre-TANF expenditures in FY1995, a share that grew to 16% of all spending in FY2014. On the other hand, work, education, and training expenditures grew only from 5% to 7% of total spending from FY1995 to FY2014.

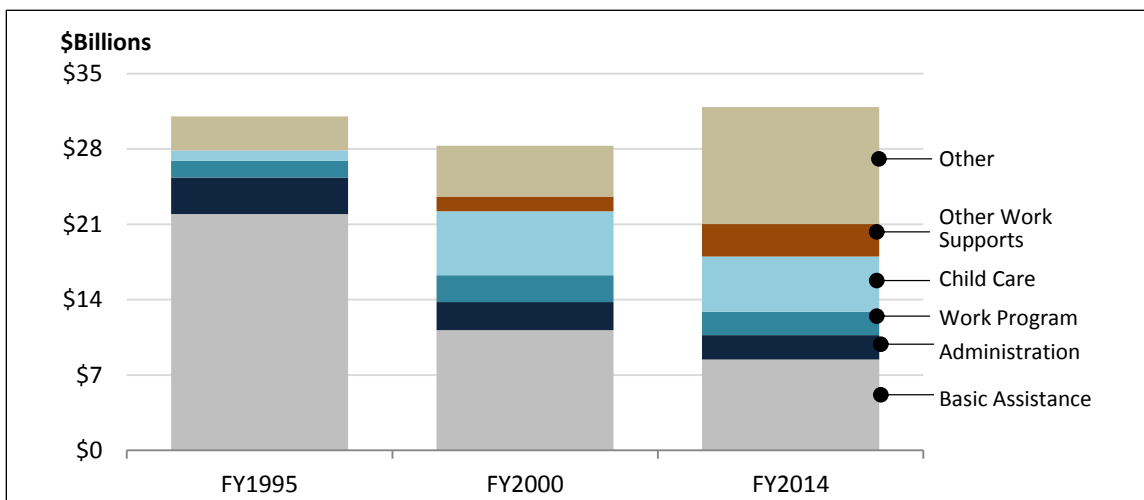
"Other work supports" represents spending for state refundable tax credits (such as state versions of the earned income tax credit) and transportation aid. Other work supports represented \$4.5 billion in FY2014, or 14.3% of total TANF and MOE dollars.

The figure shows that the largest increase in expenditures (particularly during the FY2000 to FY2014 period) was in "other spending." Under TANF, this category represents a wide range of benefits and social services related to families with children. It includes funding for services related to child abuse and neglect, pre-kindergarten and other early childhood programs, short-term emergency aid, state responsible-fatherhood and marriage programs, and programs for adolescents. The expenditure reporting system in place for FY2014 did not have enough information to categorize much of this spending properly. However, the Department of Health and Human Services (HHS) implemented a new reporting system for FY2015 and later years that will permit a better characterization of spending in the "other" category.<sup>14</sup>

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<sup>13</sup> See **Table B-3**.

<sup>14</sup> Department of Health and Human Services (HHS), Administration for Children and Families, Office of Family Assistance, *OMB approved Form ACF-196R State TANF Financial Report Form*, TANF-ACF-PI-2014-02, July 31, 2014, <http://www.acf.hhs.gov/programs/ofa/resource/tanf-acf-pi-2014-02>.

**Figure 5. Uses of TANF, MOE, and Predecessor Program Funds, FY1995, FY2000, and FY2014**

**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS).

**Notes:** FY1995 funds represent federal funding for AFDC, EA, and JOBS, state funding for those programs, and state funding for AFDC-related child care programs. For a tabular presentation of those data, see **Table B-5**.

## Selected TANF Financing Issues

The TANF funding level, both nationally and for each state, is rooted in what states spent in the early to mid-1990s in the pre-TANF programs that were focused on cash assistance for needy families with children. The 1996 welfare reform law contemplated no adjustments for changes that have been made to those funding levels since the enactment of TANF. The law also authorized and provided TANF funding through FY2002. However, extensions of TANF funding since FY2002 have maintained basic block grant funding at the \$16.5 billion level with no change—neither increases or decreases—extending the “freeze” in funding for now close to 20 years.

### The Budget Baseline and TANF

Addressing any of TANF’s financing issues would be done in the context of the current federal budget environment and rules that govern the congressional budget process. Though TANF law says that its benefits and services are not entitlements to individuals, the amount of block grant funding is set in authorizing law (the Social Security Act) and thus represents an entitlement to the states. Thus, in the federal budget process, TANF is considered “mandatory” spending. Mandatory spending is subject to “pay-as-you-go” rules. These rules would require legislation to increase spending for TANF to be offset by corresponding decreases in other mandatory spending programs or through increases in revenue.

In congressional budgeting, spending increases or decreases are measured relative to a current law budget baseline that is computed under the rules of the Budget Act. For the basic TANF block grant, this represents the \$16.5 billion funding amount because that amount is statutorily determined. Like the block grant itself, the baseline for future years contemplates no changes to this funding amount due to changes in circumstances (e.g., inflation or population change).

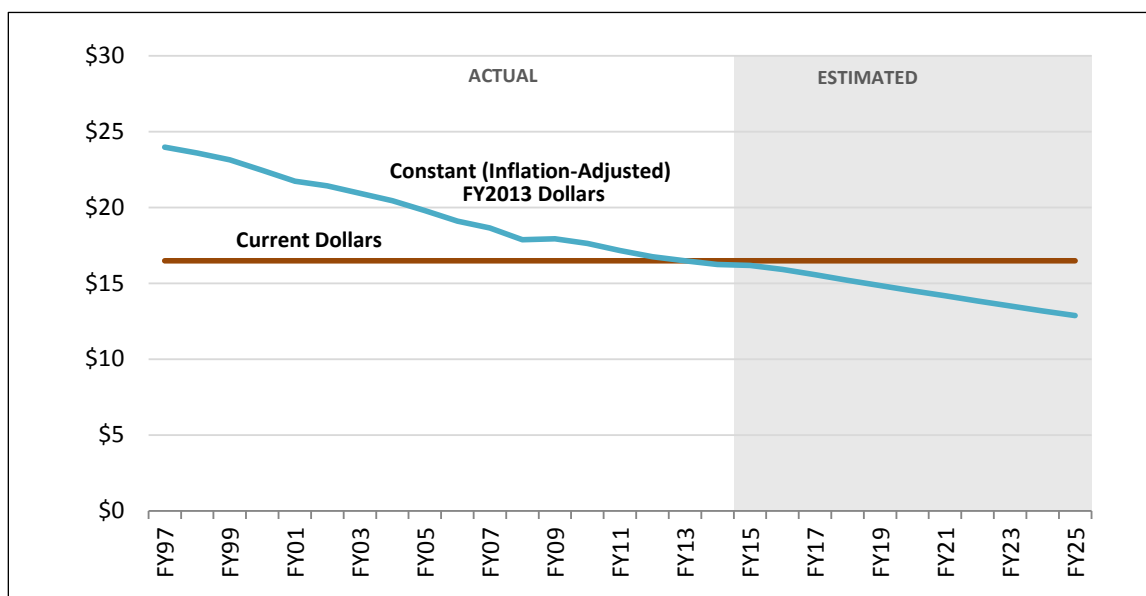


The rules for computing the TANF baseline are the same as for other mandatory spending programs with statutorily set grant amounts, such as the Social Services Block Grant (SSBG) or mandatory funding for the Child Care and Development fund. However, these rules differ from those of mandatory programs that provide direct benefits for individuals. The baselines for those programs are based on estimates of their caseloads (families, individuals served) and benefit amounts. In addition, the TANF baseline differs from those computed for discretionary grant programs in that they generally are provided an annual adjustment for inflation. Under current budget rules, total discretionary programs are subject to a statutory cap and the baseline for discretionary spending is limited to the cap.

## The Impact of Inflation on the Block Grant

Over time, price inflation reduces the purchasing power of a dollar. Hence, the frozen \$16.5 billion per year basic TANF block grant can “buy” less in FY2015 than it did in FY1997. **Figure 6** shows the gradual reduction in “real” funding from the TANF basic block for FY1997 through FY2014, and as projected under the Congressional Budget Office (CBO) August 2015 economic forecast for FY2015 through FY2025. In FY2013, the TANF basic block grant could “buy” 31% less in goods and services than it could in FY1997. In FY2015, the block grant is estimated to purchase 33% less than it did in FY1997. If the basic block grant remains at the current funding level and prices increase over the FY2015 through FY2025 period as forecast by CBO, the block grant’s purchasing power would in FY2025 be close to half of what it was in FY1997 (a 46% reduction).

**Figure 6. Federal Funding for the Basic TANF Block Grant: FY1997 through FY2025**  
(In billions of dollars)



**Source:** Congressional Research Service (CRS), based on data from the Department of Health and Human Services (HHS), U.S. Bureau of Labor Statistics (BLS), and the Congressional Budget Office (CBO).

**Notes:** Constant FY2013 dollars were computed using the Consumer Price Index for All Urban Consumers (CPI-U).

As discussed in “The Budget Baseline and TANF,” adjusting the basic block grant for inflation would be viewed as increased spending under the current congressional budget rules. If Congress sought to increase TANF funding to keep pace with inflation, CBO estimates it would increase

cumulative spending by \$22 billion over the next 10 years.<sup>15</sup> Under current budget rules, this cost would have to be offset by a corresponding decrease in other mandatory spending and/or increase in revenues.

## Funding Based on the TANF-Relevant Population

In addition to not being adjusted for inflation, the basic TANF block grant is also not adjusted for changes in the relevant population for TANF. However, with TANF there is no clear-cut answer about a relevant population to which TANF funding should be compared. The relevant population depends on opinions about whether TANF should be focused on providing benefits and services to the cash assistance population; whether the current size of the cash assistance caseload is indicative of meeting the needs of the population eligible for TANF cash assistance; or whether TANF should be viewed as a block grant to address child poverty more broadly.

This report examines inflation-adjusted TANF funding relative to the following three populations:

- **The number of families *receiving* TANF cash assistance.** As discussed in the “How States Have Used TANF Funds” section of this report, a large share of actual TANF expenditures were made on activities that were not related to traditional cash assistance programs (cash aid, administration, or work activities), and hence were made on populations other than families receiving cash assistance. Thus, showing TANF funding relative to the cash assistance population is an illustrative measure showing the amount of federal dollars that would be available if TANF funds were focused on those families receiving cash assistance.
- **The estimated number of families *eligible* for TANF-funded cash assistance.** This reflects the number of families estimated as eligible under state TANF program rules regarding family types and income and asset rules. Not all families who are eligible for TANF cash assistance actually receive benefits. Some families who are eligible do not apply or do not receive benefits for other reasons. It is estimated that a large share of the decline in the TANF cash assistance caseload resulted from a decline in the share of families eligible for cash assistance who actually received assistance.<sup>16</sup> In 1997, an estimated 73% of families eligible for assistance received TANF-funded cash aid. By 2012, this percentage had declined to 30%. This is an illustrative measure showing the amount of federal dollars that would be available per family for all families eligible for cash aid.
- **The estimated number of poor families with children.** This is an illustrative measure to show TANF funding relative to the broader population targeted by all

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<sup>15</sup> Congressional Budget Office, January 2015.

<sup>16</sup> The estimated number of families eligible for TANF-funded cash assistance comes from the TRIM3 micro-simulation model, which uses information from the Census Bureau’s household survey, the Annual Social and Economic Supplement to the Current Population Survey (CPS), to estimate families eligible for cash assistance. The TRIM3 micro-simulation model is funded by the U.S. Department of Health and Human Services (HHS) and maintained at the Urban Institute. For a discussion of the decline in the percentage of eligible families actually receiving TANF-funded cash assistance, see U.S. Government Accountability Office, *Temporary Assistance for Needy Families. Fewer Eligible Families Have Received Cash Assistance Since the 1990s, and the Recession’s Impact on Caseload Varies by State*, GAO-10-164, February 2010. Information on the percentage of families eligible for TANF cash assistance in 2012 comes from the Urban Institute.

TANF benefits and services to address both the effects of and the root causes of child poverty.

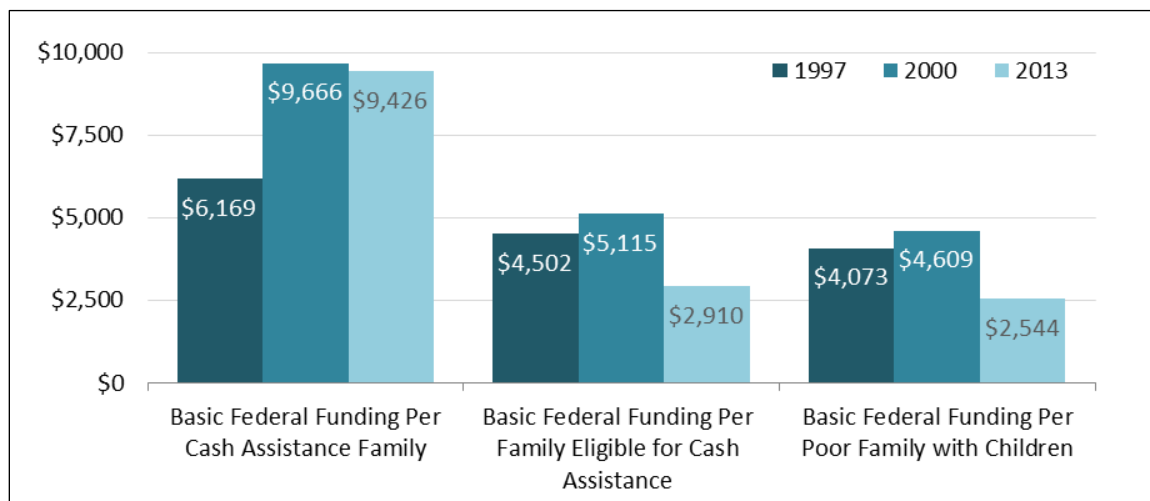
**Figure 7** shows TANF basic funding per family receiving cash assistance, eligible for cash assistance, and with children and in poverty for 1997, 2000, and 2013.

The figure shows that by any of these three measures, TANF basic funding per family *increased* from FY1997 to FY2000. In the late 1990s, the cash assistance caseload, the number of families eligible for cash assistance, and the number of poor families with children all declined sufficiently to more than offset the effects of inflation. That is, even adjusted for inflation, states had more resources per family in 2000 than in 1997 under any of the three measures.

However, the circumstances in the post-2000 period differed substantially from those in TANF's early years. Child poverty increased during the 2000s, with some of the increase occurring even before the deep 2007-2009 recession. The number of families estimated as eligible for TANF cash assistance rose together with child poverty. Yet the TANF cash assistance caseload continued to decline, albeit at a slower pace than it did in the late 1990s.

The figure shows that by any of these three measures, basic TANF funding per cash assistance family declined from 2000 to 2013. However, in 2013 basic TANF funding per family receiving cash assistance remained above that of 1997. For the other two measures, TANF funding per family had declined sufficiently by 2013 so that its inflation-adjusted value was below that of 1997. In 2013, TANF basic funding per family eligible for cash assistance was 35% below its 1997 level when considering the effects of inflation. That year, TANF basic funding per poor family with children was 37% below its 1997 level when considering the effects of inflation.

**Figure 7. Basic TANF Funding Compared to Number of Families Receiving Assistance, Number of Families Eligible for Assistance, and Number of Poor Families with Children, Selected Years**  
(In constant 2013 dollars)



**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS), U.S. Census Bureau, and estimates of families eligible for cash assistance from the TRIM3 micro-simulation model, funded by HHS and maintained at the Urban Institute.

**Notes:** Constant dollars were computed using the Consumer Price Index for all Urban Consumers (CPI-U). Basic funding per family eligible for cash assistance in 2013 was projected, based on the percentage of families eligible for TANF actually receiving benefits in 2012 and the actual TANF cash assistance family in 2013.

## The Allocation of Federal TANF Funds among the States

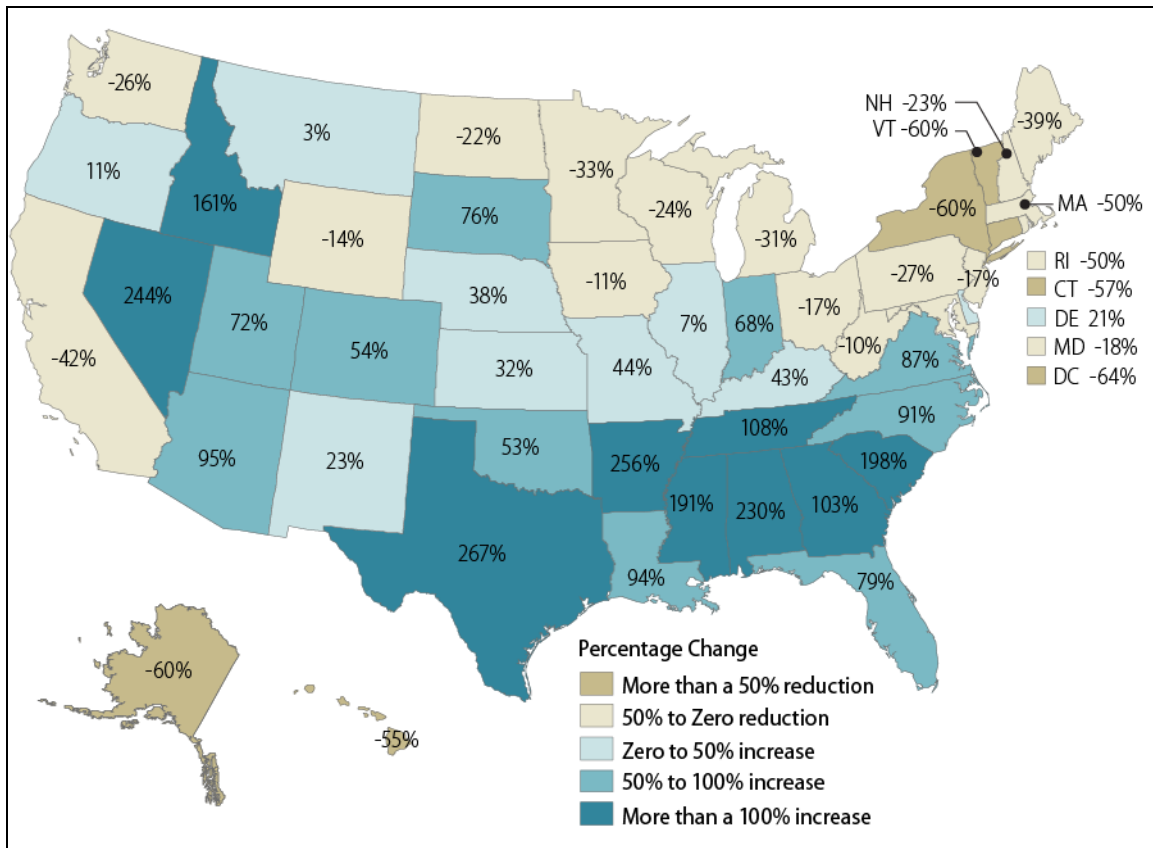
In addition to the total basic block grant being based on the early to mid-1990s levels, each state's funding is also based on what it received in federal grants in TANF's predecessor programs during this period. As discussed in "The 1996 Law: 'Freezing' Historical Funding Levels in the Basic TANF Block Grant," when the law was enacted there were differences among the states in terms of funding per family receiving assistance or per poor child. The block grant froze these historical state differences in the current allocation of federal TANF funds.

How would a TANF block grant representing equal grants per poor child change the TANF allocations among the states? If the basic TANF block grant was altered to base state funding on poor children (equal grants per poor child) rather than historical expenditures, the allocation among the states would be very different. If this allocation is done in a budget-neutral way—maintaining the total basic block grant at \$16.5 billion—such a change would result in large increases in funding for some states, and large decreases for others. States that have lower than national average grants per poor child under the current formula would be the states with funding increases, and those with higher than national average grants per poor child would experience funding decreases. Thus, there would be a regional pattern to the reallocation of funding: typically, states in the South would have their grants increased, and California and those in the Northeast and Midwest would experience funding decreases.

**Figure 8** shows this regional pattern, and provides information on the percentage change from the current allocation that would occur with a reallocation of funds based on equal grants per poor child (child poverty in 2013). The state that would experience the largest increase would be Texas, with a 267% rise in its basic block grant relative to current law. The District of Columbia would be the jurisdiction with the largest decrease in block grant funding, with a cut of 64.5%. (For dollar allocations under equal grants per poor child and comparison with current law, see **Table C-1**.)

**Figure 8. Percentage Change in TANF Basic Funding from Current State Family Assistance Grant to a Grant Based on Equal Grants Per Poor Child**

(Assumes \$16.5 billion basic block grant is maintained)



**Source:** Estimates by the Congressional Research Service (CRS).

**Notes:** Poverty allocations based on poverty counts under the “official” definition of poverty. A tabular display of this information, as well as dollar allocations, can be found in **Table C-1**.

## Recessions and the TANF Block Grant

During the consideration of the 1996 welfare reform law, the fixed basic grant under TANF led to concerns that funding might be inadequate during economic downturns. TANF law includes two provisions to address such concerns: reserve funds and a “contingency fund.”

### TANF Reserve Funds

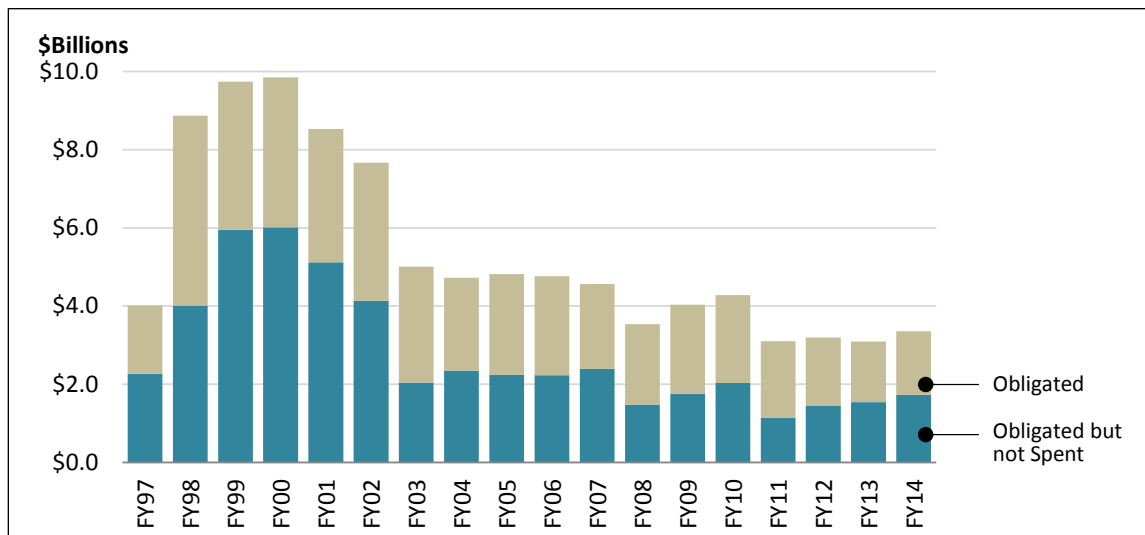
TANF law permits states to “reserve” unused basic block grant funds; for example, saving funds during periods of economic growth to have extra funding available during recessions. However, at the end of FY2013, unspent funds were at their lowest (inflation-adjusted) level in the history of the block grant. There was a slight increase in unspent TANF funds from the end of FY2013 to the end of FY2014.

**Figure 9** shows the amount of unspent TANF funds in inflation-adjusted (constant 2014) dollars for FY1997 through FY2014. As shown in the figure, states accumulated unspent funds in the early years of the block grant. However, the value of unspent funds declined after FY2000. At the

end of FY2014, the constant dollar value of unspent funds was 66% lower than it was at the end of FY2000.

**Figure 9. Unspent TANF Funds, FY1997 through FY2014**

(In billions of inflation-adjusted, constant FY2014 dollars)



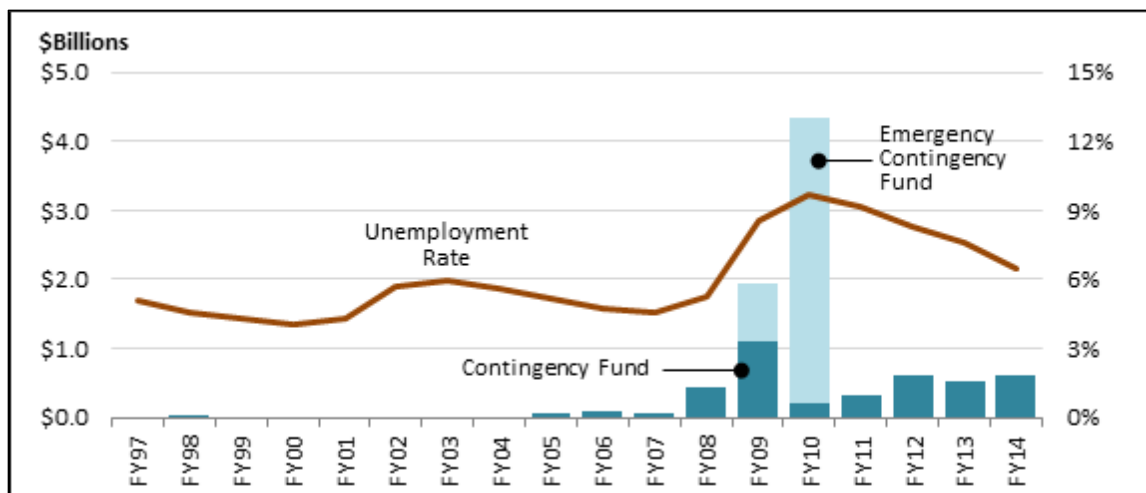
**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS) and the U.S. Bureau of Labor Statistics (BLS).

**Notes:** Constant FY2014 dollars were computed using the Consumer Price Index for all Urban Consumers (CPI-U).

## The TANF Contingency Fund

The 1996 welfare reform law created a separate \$2 billion fund to provide extra TANF funding during periods of economic hardship through a contingency fund. States would need to meet criteria of economic need in order to access the fund. The criteria of economic need are (1) a three-month average state unemployment rate of at least 6.5% and at least 10% higher than in the corresponding three months of either of the prior two years; or (2) the state's Supplemental Nutrition Assistance Programs (SNAP) caseload is at least 10% higher than it was in FY1994 or FY1995. Additionally, in order to access the TANF contingency fund states also have to spend more from their own funds than they spent in FY1994 on TANF-related programs.

**Figure 10** shows TANF contingency fund grants and their relationship to the unemployment rate for FY1998 through FY2014. As shown in the figure, the contingency fund often has not behaved as a countercyclical source of extra TANF funds. The fund was little used before FY2008. Grants did not increase together with the unemployment rate during the 2001 recession. States generally did not sufficiently increase their own spending, criteria required to access this fund, during that recession.

**Figure 10. TANF Contingency Fund Grants and the Unemployment Rate, FY1997 to FY2014**

**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS) and the U.S. Bureau of Labor Statistics.

Beginning in 2008, grants did increase with the more severe recession of 2007-2009. With the increase in access, it was projected that the \$2 billion contingency fund would be exhausted. In fact, the fund was exhausted in early FY2010. **Figure 10** also shows grants from the ARRA ECF. It was the ECF—and not the regular contingency fund—that provided the bulk of extra TANF funding in response to the recent severe recession. The ECF expired at the end of FY2010.

Following the exhaustion of the original \$2 billion for the TANF contingency fund, Congress provided it with annual appropriations in subsequent years. Over all years from FY2010 to FY2014, all states except Wyoming (which became ineligible during FY2014) were considered economically needy because they had higher SNAP caseloads than prior to welfare reform (FY1994 or FY1995). SNAP caseloads are projected to remain above those levels for the indefinite future. Therefore, the TANF contingency fund may continue to spend most of its annual appropriations into the future despite the economic recovery.

There are some implications of the potential lack of a counter-cyclical funding source for TANF. During the past recession, state government budgets were stressed, with many states cutting back on spending to meet balanced budget requirements. However, for the period when the ECF provided states with extra funds, states generally maintained their TANF benefit amounts. When the ECF expired at the end of FY2010, a number of states reduced their benefits and tightened eligibility for cash assistance.

Congress could opt to redesign the TANF contingency fund so that it would be more responsive to changes in economic conditions than the current contingency fund. That is, it could create a fund that would spend less than is currently projected during good economic times, and would provide a higher level of funding in case the economy falls into recession. Though a fund to provide extra grants during recessions might help TANF respond to future economic downturns, there are a number of difficulties in developing such a fund. Each recession is different—and there is no guarantee that a program that would have been responsive in past recessions will be responsive in future recessions.



## Uses of TANF Funds

The uses of TANF grants by states to fund a wide range of benefits and services—some well outside the scope of benefits and services related to families receiving cash assistance—have raised some fundamental questions about the TANF block grant.

- Is its primary purpose to fund cash assistance and services for families receiving cash assistance, particularly those services that could move families from assistance to work? or
- Is TANF truly a broad-purpose block grant giving states the financial flexibility to provide a wide range of benefits and services to address childhood economic disadvantage?

State organizations, in general, have argued in favor of retaining the flexibility of the TANF block grant.<sup>17</sup> There have been calls to rein in spending on certain activities to focus more dollars on cash assistance families.<sup>18</sup> There has also been interest in tightening certain rules related to what expenditures can be counted toward the TANF MOE, restricting the ability of states to count “third-party” donated services as part of their MOE.

## Conclusion

The bulk of TANF funding is based on what states spent in the pre-TANF programs in the early to mid-1990s. A freeze in the bulk of TANF funding that was originally authorized for 5 years (FY1997-FY2002) has now extended to close to 20 years. However, a number of considerations are raised by any potential changes in TANF funding, including the following:

- Under current budget rules any increase in TANF funding would have to be offset by spending reductions or revenue increases elsewhere in the budget.
- Addressing certain issues in a budget-neutral manner—such as disparities in funding among the states—could result in a large redistribution of funding from some states to others.
- There are different perspectives with which to evaluate the adequacies of TANF funding.

These different perspectives lead policymakers to fundamental questions about TANF and its goals in conjunction with addressing its financing issues.

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<sup>17</sup> See National Governors Association Policy Position HHS-01, *Temporary Assistance for Needy Families*, February 23, 2015.

<sup>18</sup> For example, see discussion in Liz Schott, LaDonna Pavetti, and Ife Finch, *How States Have Spent Federal and State Funds Under the TANF Block Grant*, Center on Budget and Policy Priorities, August 2012.



## Appendix A. History of the TANF Block Grant Funding

**Table A-1** shows how the TANF basic block grant was derived. The TANF basic block grant (state family assistance grant) provides each state a grant based on its peak funding during the early to-mid 1990s. The data underlying the formula were the federal share of expenditures in TANF predecessor programs for FY1992 through FY1995. The formula provided that each state receive the greatest of

- the average federal share of expenditures in these programs for FY1992 through FY1994 (column A);
- the federal share of expenditures for these programs in FY1994, adjusted for states that amended their EA programs in FY1994 or FY1995<sup>19</sup> (column D); or
- 4/3 times<sup>20</sup> the federal share of expenditures for these programs in the first three quarters of FY1995 (column E).

**Table A-2** provides the amount of federal funding through the TANF basic block grant by state as well as state MOE levels at 75% and 80% rates of FY1994 predecessor program state expenditures. The MOE is 75% of FY1994 predecessor program state expenditures, but if a state fails to meet TANF work participation standards, the MOE rises to 80% of FY1994 expenditures.

**Table A-3** shows the total TANF grants to states for FY1997 through FY2015.

**Table A-1. TANF Basic Block Grant Formula Factors and Allocation**

(In thousands of dollars)

	Col (A) Average: 92-94	Col (B) 94	Col (C) Emergency Assistance Add-On	Col (D, Col B+ Col C) Total 94	Col (E) 95 <sup>a</sup>	Col (F) Maximum: Family Assistance Grant Allocation	Col (G) TANF Block Grant is Based Upon...
Alabama	\$85,816	\$90,794	\$2,521	\$93,315	\$86,750	\$93,315	94
Alaska	59,859	63,609	0	63,609	61,550	63,609	94
Arizona	200,741	214,756	4,628	219,384	222,420	222,420	95
Arkansas	56,733	56,033	0	56,033	53,819	56,733	Average
California	3,385,408	3,616,076	43,908	3,659,984	3,733,818	3,733,818	95
Colorado	114,706	120,906	15,150	136,057	135,553	136,057	94
Connecticut	218,728	233,129	33,660	266,788	258,392	266,788	94
Delaware	25,029	26,037	6,114	32,152	32,291	32,291	95

<sup>19</sup> The FY1994 adjustment for EA program amendments is the amount by which the federal share of EA expenditures in FY1995 exceeded that of FY1994.

<sup>20</sup> The published conference report (H.Rept. 104-725) contains a typographical error, stating that the FY1995 formula factor was “3/4” rather than “4/3” of the first three quarters of expenditures for that fiscal year. The enrolled bill and the public law contain the correct formula factor, which is “4/3” of the first three quarters of expenditures for FY1995.

	Col (A) Average: 92-94	Col (B) 94	Col (C) Emergency Assistance Add-On	Col (D, Col B+ Col C) Total 94	Col (E) 95 <sup>a</sup>	Col (F) Maximum: Family Assistance Grant Allocation	Col (G) TANF Block Grant is Based Upon...
District of Columbia	83,822	92,610	0	92,610	85,217	92,610	94
Florida	515,818	545,942	16,398	562,340	558,436	562,340	94
Georgia	314,278	324,338	0	324,338	330,742	330,742	95
Hawaii	82,936	91,830	262	92,092	98,905	98,905	95
Idaho	27,468	30,828	1,110	31,938	31,851	31,938	94
Illinois	520,169	549,190	17,709	566,899	585,057	585,057	95
Indiana	181,711	206,799	0	206,799	178,859	206,799	94
Iowa	122,331	127,350	4,174	131,525	127,238	131,525	94
Kansas	93,381	101,931	0	101,931	94,592	101,931	94
Kentucky	181,288	172,345	884	173,230	162,545	181,288	Average
Louisiana	158,009	153,356	10,616	163,972	141,434	163,972	94
Maine	78,121	73,757	1,443	75,200	71,943	78,121	Average
Maryland	215,046	223,901	2,231	226,132	229,098	229,098	95
Massachusetts	451,843	450,182	9,189	459,371	406,019	459,371	94
Michigan	775,353	765,745	312	766,057	761,144	775,353	Average
Minnesota	261,850	265,203	2,781	267,985	249,349	267,985	94
Mississippi	86,768	82,965	0	82,965	78,726	86,768	Average
Missouri	199,581	211,588	5,464	217,052	210,593	217,052	94
Montana	41,220	42,336	937	43,273	45,534	45,534	95
Nebraska	50,158	49,046	4,187	53,233	58,029	58,029	95
Nevada	29,876	33,605	3,464	37,068	43,977	43,977	95
New Hampshire	34,788	38,263	258	38,521	37,809	38,521	94
New Jersey	394,725	394,955	9,080	404,035	391,768	404,035	94
New Mexico	101,731	121,136	438	121,574	126,103	126,103	95
New York	2,091,109	2,258,196	0	2,258,196	2,442,931	2,442,931	95
North Carolina	279,550	287,205	12,081	299,286	302,240	302,240	95
North Dakota	23,707	23,472	2,928	26,400	24,684	26,400	94
Ohio	709,556	717,863	10,105	727,968	637,440	727,968	94
Oklahoma	148,014	144,631	339	144,969	137,773	148,014	Average
Oregon	160,581	164,748	2,733	167,480	167,925	167,925	95
Pennsylvania	601,879	613,068	106,432	719,499	689,651	719,499	94
Rhode Island	81,325	87,923	6,138	94,061	95,022	95,022	95
South Carolina	99,968	98,325	0	98,325	96,842	99,968	Average

	Col (A) Average: 92-94	Col (B) 94	Col (C) Emergency Assistance Add-On	Col (D, Col B+ Col C) Total 94	Col (E) 95 <sup>a</sup>	Col (F) Maximum: Family Assistance Grant Allocation	Col (G) TANF Block Grant is Based Upon...
South Dakota	21,227	21,352	542	21,894	20,715	21,894	94
Tennessee	173,001	175,315	16,209	191,524	183,236	191,524	94
Texas	423,921	452,989	7,497	460,486	486,257	486,257	95
Utah	71,026	71,255	5,574	76,829	74,952	76,829	94
Vermont	45,828	45,217	1,252	46,469	47,353	47,353	95
Virginia	147,946	158,285	0	158,285	134,781	158,285	94
Washington	390,117	395,868	8,463	404,332	388,007	404,332	94
West Virginia	107,675	110,176	0	110,176	90,196	110,176	94
Wisconsin	318,188	316,812	186	316,998	296,644	318,188	Average
Wyoming	21,781	20,460	0	20,460	19,157	21,781	Average
Totals	15,065,689	15,733,704	377,396	16,111,100	16,025,367	16,488,667	

**Source:** Congressional Research Service (CRS) calculations based on data from the U.S. Department of Health and Human Services (HHS).

a. Annualized federal share of expenditures in predecessor programs in the first three quarters of FY1995.

**Table A-2. TANF Basic Block Grant and MOE Funding Levels**

(In millions of dollars)

State	Federal Basic Block Grant	State Maintenance of Effort (MOE) Funds		Total Federal and State Funds at the 75% MOE Rate	Federal Funding as a Share of Total Federal and State Funding at the 75% MOE Rate
		75% Rate <sup>a</sup>	80% Rate <sup>b</sup>		
Alabama	\$93.3	\$39.2	\$41.8	\$132.5	70.4%
Alaska	63.6	48.9	52.2	112.6	56.5
Arizona	222.4	95.0	101.4	317.4	70.1
Arkansas	56.7	20.8	22.2	77.6	73.1
California	3,733.8	2,726.9	2,908.7	6,460.7	57.8
Colorado	136.1	82.9	88.4	218.9	62.1
Connecticut	266.8	183.4	195.6	450.2	59.3
Delaware	32.3	21.8	23.2	54.1	59.7
District of Columbia	92.6	70.4	75.1	163.1	56.8
Florida	562.3	370.9	395.6	933.3	60.3

State	State Maintenance of Effort (MOE) Funds			Total Federal and State Funds at the 75% MOE Rate	Federal Funding as a Share of Total Federal and State Funding at the 75% MOE Rate
	Federal Basic Block Grant	75% Rate <sup>a</sup>	80% Rate <sup>b</sup>		
Georgia	330.7	173.4	184.9	504.1	65.6
Hawaii	98.9	73.0	77.8	171.9	57.5
Idaho	31.9	13.7	14.6	45.6	70.0
Illinois	585.1	430.1	458.8	1,015.1	57.6
Indiana	206.8	113.5	121.1	320.3	64.6
Iowa	131.5	62.0	66.1	193.5	68.0
Kansas	101.9	61.7	65.9	163.7	62.3
Kentucky	181.3	67.4	71.9	248.7	72.9
Louisiana	164.0	55.4	59.1	219.4	74.7
Maine	78.1	37.5	40.0	115.6	67.6
Maryland	229.1	177.0	188.8	406.1	56.4
Massachusetts	459.4	358.9	382.9	818.3	56.1
Michigan	775.4	468.5	499.8	1,243.9	62.3
Minnesota	268.0	179.7	191.7	447.7	59.9
Mississippi	86.8	21.7	23.2	108.5	80.0
Missouri	217.1	120.1	128.1	337.2	64.4
Montana	45.5	15.7	16.8	61.2	74.3
Nebraska	58.0	28.6	30.5	86.7	67.0
Nevada	44.0	25.5	27.2	69.5	63.3
New Hampshire	38.5	32.1	34.3	70.6	54.5
New Jersey	404.0	300.2	320.2	704.2	57.4
New Mexico	126.1	37.3	39.8	163.4	77.2
New York	2,442.9	1,718.7	1,833.2	4,161.6	58.7
North Carolina	302.2	154.2	164.5	456.4	66.2
North Dakota	26.4	9.1	9.7	35.5	74.4
Ohio	728.0	390.8	416.9	1,118.8	65.1
Oklahoma	148.0	61.3	65.3	209.3	70.7
Oregon	167.9	92.3	98.4	260.2	64.5
Pennsylvania	719.5	407.1	434.3	1,126.6	63.9
Rhode Island	95.0	60.4	64.4	155.4	61.2
South Carolina	100.0	35.9	38.3	135.9	73.6

State	Federal Basic Block Grant	State Maintenance of Effort (MOE) Funds		Total Federal and State Funds at the 75% MOE Rate	Federal Funding as a Share of Total Federal and State Funding at the 75% MOE Rate
		75% Rate <sup>a</sup>	80% Rate <sup>b</sup>		
South Dakota	21.9	8.8	9.4	30.7	71.4
Tennessee	191.5	82.8	88.3	274.3	69.8
Texas	486.3	236.7	251.4	723.0	67.3
Utah	76.8	25.3	27.0	102.1	75.2
Vermont	47.4	25.5	27.3	72.9	65.0
Virginia	158.3	128.2	136.7	286.5	55.3
Washington	404.3	272.1	290.2	676.4	59.8
West Virginia	110.2	32.3	34.4	142.5	77.3
Wisconsin	318.2	169.2	180.5	487.4	65.3
Wyoming	21.8	10.7	11.4	32.4	67.1
Total 50 States and District of Columbia	16,488.7	10,434.8	11,129.3	26,923.5	61.2

**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS).

- a. States are required in the aggregate to maintain at least \$10.4 billion in spending on specified activities for needy families with children. The \$10.4 billion, called the maintenance-of-effort level, represents 75% of what was spent from state funds in FY1994 in TANF's predecessor programs of cash, emergency assistance, job training, and welfare-related child care spending.
- b. States that fail to meet their work participation standards are required to spend at least 80% of what they spent from state funds in FY1994 in TANF's predecessor programs of cash, emergency assistance, job training, and welfare-related child care spending.

**Table A-3. Federal TANF Grants to States: FY1997-FY2015**

(In millions of dollars)

Fiscal Year	TANF Basic Block Grant	Supplemental Grants	Welfare-to-Work Grants	High Performance Bonus	Bonus for Reduced Out of Wedlock Births	Contingency Funds	Emergency Contingency Funds	Totals
1997	\$16,489	\$0	\$0	\$0	\$0	\$0	\$0	16,489
1998	16,489	79	999	0	0	2	0	17,569
1999	16,489	160	912	0	100	0	0	17,661

Fiscal Year	TANF Basic Block Grant	Supple- mental Grants	Welfare- to-Work Grants	High Perfor- mance Bonus	Bonus for Reduced Out of Wedlock Births	Contin- gency Funds	Emer- gency Contin- gency Funds	Totals
2000	16,489	239	0	200	100	0	0	17,027
2001	16,489	319	0	200	75	0	0	17,083
2002	16,489	319	0	200	100	0	0	17,108
2003	16,489	319	0	400	100	0	0	17,308
2004	16,489	319	0	200	100	0	0	17,108
2005	16,489	319	0	200	75	58	0	17,141
2006	16,489	319	0	0	0	93	0	16,901
2007	16,489	319	0	0	0	59	0	16,867
2008	16,489	319	0	0	0	428	0	17,236
2009	16,489	319	0	0	0	1,107	829	18,744
2010	16,489	319	0	0	0	212	4,125	21,145
2011	16,489	211	0	0	0	332	0	17,032
2012	16,489	0	0	0	0	599	0	17,088
2013	16,489	0	0	0	0	529	0	17,018
2014	16,489	0	0	0	0	610	0	17,099
2015	16,489	0	0	0	0	583	0	17,072

**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS).

**Notes:** FY1997 was a transition year with states given time to convert from TANF's predecessor programs to TANF until July 1, 1997. However, total funding for the combination of TANF and its predecessor programs was capped at the basic TANF block grant level, \$16.5 billion.

## Appendix B. Federal and State Expenditures Under TANF and its Predecessor Programs

**Table B-1. Federal and State Expenditures and Transfers from TANF and Predecessor Programs, FY1987-FY2014**

(In billions of dollars)

Fiscal Year	Federal Expenditures	Transfers to the Child Care and Development Fund	Transfers to the Social Services Block Grant	State Expenditures	Totals
1987	\$9.996			\$8.537	\$18.533
1988	10.399			8.765	19.164
1989	10.816			9.118	19.934
1990	11.953			10.179	22.132
1991	13.169			11.306	24.475
1992	14.567			12.654	27.222
1993	14.790			12.909	27.699
1994	15.686			13.966	29.652
1995	16.173			14.868	31.041
1996	15.067			14.120	29.187
1997	12.620	\$0.235	\$0.358	11.320	24.533
1998	11.353	0.787	1.118	10.683	23.942
1999	12.338	2.575	1.318	10.777	27.008
2000	13.384	2.413	1.096	11.397	28.290
2001	14.960	1.899	0.934	10.707	28.500
2002	14.588	1.926	1.031	10.827	28.372
2003	16.254	1.790	0.927	10.086	29.057
2004	14.393	1.856	0.765	11.429	28.442
2005	14.164	1.937	0.922	11.416	28.440
2006	13.570	1.878	0.974	12.024	28.446
2007	13.637	2.028	1.170	13.285	30.121
2008	14.474	1.679	1.181	13.656	30.990
2009	15.179	1.727	1.212	15.399	33.517
2010	18.065	1.373	1.220	15.191	35.848
2011	15.183	1.565	1.135	15.441	33.324
2012	14.120	1.358	1.133	14.748	31.358
2013	14.152	1.367	1.135	14.995	31.649
2014	14.027	1.382	1.156	15.324	31.889

Fiscal Year	Federal Expenditures	Transfers to the Child Care and Development Fund	Transfers to the Social Services Block Grant	State Expenditures	Totals
In Billions of Constant FY2014 Dollars					
1987	20.991			17.929	38.920
1988	20.974			17.678	38.652
1989	20.824			17.555	38.379
1990	21.919			18.666	40.585
1991	22.989			19.737	42.726
1992	24.687			21.445	46.131
1993	24.326			21.232	45.558
1994	25.140			22.383	47.523
1995	25.213			23.178	48.391
1996	22.850			21.413	44.263
1997	18.641	0.348	0.528	16.722	36.239
1998	16.501	1.144	1.625	15.527	34.798
1999	17.594	3.672	1.879	15.368	38.514
2000	18.498	3.335	1.515	15.752	39.100
2001	20.031	2.542	1.250	14.337	38.161
2002	19.244	2.541	1.361	14.283	37.429
2003	20.950	2.307	1.195	13.001	37.453
2004	18.131	2.338	0.964	14.397	35.829
2005	17.274	2.363	1.125	13.924	34.686
2006	15.963	2.209	1.146	14.144	33.461
2007	15.674	2.331	1.345	15.270	34.620
2008	15.928	1.848	1.300	15.028	34.103
2009	16.758	1.906	1.338	17.001	37.004
2010	19.614	1.490	1.325	16.493	38.922
2011	16.059	1.655	1.201	16.331	35.247
2012	14.582	1.403	1.170	15.230	32.385
2013	14.381	1.389	1.153	15.238	32.162
2014	14.027	1.382	1.156	15.324	31.889

**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS).

**Notes:** Constant dollars were computed using the Consumer Price Index for all Urban Consumers (CPI-U).



**Table B-2. Federal and State Expenditures and Transfers by Spending Category, Selected Years FY1995-FY2014**

FY1995 Expenditures Under TANF's Predecessor Programs

	FY1995	FY2000	FY2014
<b>In Billions of Dollars</b>			
Basic Assistance	\$21.9	\$11.2	\$8.4
Administration	3.4	2.6	2.3
Work Program	1.6	2.5	2.2
Child Care	0.9	5.9	5.1
Other Work Supports	0.0	1.4	3.0
Other	3.2	4.7	10.9
Totals	31.0	28.3	31.9
<b>As a Percent of Total Federal and State Dollars</b>			
Basic Assistance	70.7%	39.5%	26.5%
Administration	10.9	9.2	7.1
Work Program	5.1	8.8	6.8
Child Care	3.1	21.0	16.1
Other Work Supports	0.0	4.8	9.5
Other	10.3	16.7	34.1
Totals	100.0	100.0	100.0

**Source:** Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (HHS).

**Table B-3. TANF and Predecessor Program Expenditures for Cash Assistance, FY1987-FY2014**

(In billions of dollars)

Fiscal Year	Federal Expenditures	State Expenditures	Total Expenditures
1987	\$8.805	\$7.445	\$16.250
1988	9.001	7.590	16.591
1989	9.290	7.873	17.163
1990	10.091	8.373	18.464
1991	11.100	9.171	20.270
1992	12.193	9.971	22.164
1993	12.203	9.994	22.197
1994	12.445	10.263	22.708
1995	11.954	9.991	21.945
1996	11.003	9.326	20.329

<b>Fiscal Year</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>	<b>Total Expenditures</b>
1997	9.724	7.878	17.603
1998	7.253	6.674	13.928
1999	6.988	6.178	13.166
2000	5.444	5.736	11.180
2001	4.860	5.283	10.143
2002	4.554	4.854	9.408
2003	5.820	4.398	10.219
2004	4.717	5.652	10.368
2005	5.193	5.546	10.739
2006	4.926	4.980	9.906
2007	4.532	4.583	9.115
2008	4.755	3.894	8.649
2009	4.504	4.820	9.324
2010	6.889	3.810	10.699
2011	5.255	4.350	9.604
2012	5.003	3.979	8.982
2013	4.485	4.253	8.738
2014	4.486	3.957	8.443
<b>In Billions of Constant FY2014 Dollars</b>			
1987	18.492	15.634	34.126
1988	18.154	15.308	33.462
1989	17.887	15.158	33.045
1990	18.505	15.354	33.859
1991	19.377	16.010	35.387
1992	20.663	16.897	37.560
1993	20.070	16.438	36.508
1994	19.945	16.448	36.394
1995	18.635	15.576	34.211
1996	16.686	14.143	30.829
1997	14.364	11.637	26.002
1998	10.542	9.700	20.243
1999	9.965	8.809	18.775
2000	7.524	7.928	15.453
2001	6.508	7.074	13.582
2002	6.008	6.403	12.412
2003	7.502	5.669	13.171

Fiscal Year	Federal Expenditures	State Expenditures	Total Expenditures
2004	5.942	7.120	13.061
2005	6.334	6.764	13.098
2006	5.794	5.858	11.653
2007	5.209	5.267	10.477
2008	5.233	4.285	9.518
2009	4.972	5.321	10.294
2010	7.480	4.137	11.617
2011	5.558	4.600	10.158
2012	5.167	4.109	9.276
2013	4.558	4.322	8.879
2014	4.486	3.957	8.443

**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS).

**Note:** Constant dollars were computed using the Consumer Price Index for all Urban Consumers (CPI-U).

**Table B-4. Federal and State Expenditures and Transfers to Child Care Under TANF, FY1997-FY2014**

(In billions of dollars)

Fiscal Year	Transfers to CCDF	Federal TANF Child Care Expenditures	TANF MOE Child Care Expenditures	Total TANF Child Care Transfers and Expenditures
1997	\$0.235	\$0.013	\$0.801	\$1.050
1998	0.787	0.371	1.059	2.217
1999	2.575	0.602	1.501	4.679
2000	2.413	1.553	1.966	5.932
2001	1.899	1.643	1.809	5.350
2002	1.926	1.572	1.932	5.431
2003	1.790	1.698	1.770	5.259
2004	1.856	1.427	1.924	5.206
2005	1.937	1.279	1.918	5.134
2006	1.878	1.238	2.304	5.420
2007	2.028	1.168	2.549	5.745
2008	1.679	1.622	2.614	5.915
2009	1.727	1.787	2.347	5.861

Fiscal Year	Transfers to CCDF	Federal TANF Child Care Expenditures	TANF MOE Child Care Expenditures	Total TANF Child Care Transfers and Expenditures
2010	1.373	1.426	2.644	5.442
2011	1.565	1.352	2.606	5.523
2012	1.358	1.233	2.431	5.022
2013	1.367	1.110	2.529	5.006
2014	1.382	1.232	2.512	5.127
<b>In Billions of Constant FY2014 Dollars</b>				
1997	0.348	0.020	1.184	1.551
1998	1.144	0.540	1.538	3.222
1999	3.672	0.859	2.141	6.672
2000	3.335	2.146	2.717	8.198
2001	2.542	2.199	2.422	7.164
2002	2.541	2.074	2.549	7.164
2003	2.307	2.189	2.282	6.778
2004	2.338	1.797	2.423	6.558
2005	2.363	1.560	2.339	6.262
2006	2.209	1.457	2.710	6.376
2007	2.331	1.342	2.930	6.603
2008	1.848	1.785	2.877	6.509
2009	1.906	1.973	2.591	6.470
2010	1.490	1.548	2.871	5.909
2011	1.655	1.430	2.756	5.841
2012	1.403	1.274	2.511	5.187
2013	1.389	1.128	2.570	5.088
2014	1.382	1.232	2.512	5.127

**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS).

**Notes:** Constant dollars were computed using the Consumer Price Index for all Urban Consumers (CPI-U).

**Table B-5. Federal TANF and State MOE Funds by Category, FY2014**

(In millions of dollars)

State	Basic Assistance	Administration	Work	Child Care	Other Work Supports	Other Expenditures	Total
Alabama	\$39.7	\$8.3	\$21.5	\$5.5	\$4.2	\$109.6	\$188.9
Alaska	39.8	4.7	12.5	24.8	1.2	3.4	86.4
Arizona	32.1	35.4	8.1	12.9	1.3	266.1	355.9
Arkansas	11.1	13.3	17.1	0.4	2.2	96.7	140.9
California	3,076.0	567.4	576.4	795.9	195.5	1,493.7	6,705.1
Colorado	79.3	20.5	2.2	0.9	7.2	206.0	316.1
Connecticut	83.4	38.1	17.7	39.4	5.1	313.2	497.0
Delaware	21.3	6.2	6.6	61.3	0.4	10.4	106.2
District of Columbia	60.3	8.6	34.6	55.7	21.0	84.2	264.5
Florida	165.5	41.3	50.7	337.8	0.9	403.0	999.3
Georgia	42.6	17.5	10.8	22.2	10.9	404.9	508.9
Hawaii	58.7	15.9	97.0	20.0	3.7	68.9	264.1
Idaho	6.7	5.1	5.7	11.8	0.2	16.7	46.3
Illinois	77.4	26.0	22.0	710.1	45.3	338.9	1,219.7
Indiana	23.4	18.8	15.0	77.7	32.5	100.0	267.4
Iowa	50.3	8.2	18.3	45.1	27.0	71.6	220.6
Kansas	22.8	10.2	0.5	19.7	50.9	54.8	159.0
Kentucky	132.1	11.3	33.9	31.4	19.5	30.3	258.5
Louisiana	20.3	19.6	5.3	10.2	18.8	144.8	219.0
Maine	45.3	3.0	10.7	5.7	12.2	8.7	85.5
Maryland	116.7	55.7	43.4	18.4	163.3	198.9	596.4
Massachusetts	292.7	34.6	6.4	323.6	114.3	328.3	1,099.9

State	Basic Assistance	Administration	Work	Child Care	Other Work Supports	Other Expenditures	Total
Michigan	167.2	159.9	62.9	30.9	56.4	918.4	1,395.7
Minnesota	86.0	46.5	66.2	144.1	162.0	46.6	551.4
Mississippi	14.4	3.6	32.5	19.1	13.0	16.6	99.2
Missouri	83.8	4.7	23.6	41.0	0.0	242.0	395.2
Montana	15.8	6.2	11.0	10.5	0.0	9.2	52.7
Nebraska	23.4	3.8	18.1	23.5	37.4	10.1	116.3
Nevada	50.0	11.1	1.3	0.0	1.3	34.5	98.3
New Hampshire	21.6	11.6	6.6	8.0	1.2	12.6	61.6
New Jersey	218.5	67.2	96.5	114.0	202.4	594.7	1,293.4
New Mexico	47.2	7.6	13.0	36.2	47.6	63.2	214.8
New York	1,747.5	338.2	168.2	438.8	1,494.9	1,541.8	5,729.4
North Carolina	54.3	49.5	34.3	175.1	55.1	244.2	612.4
North Dakota	4.6	4.0	3.9	1.0	1.3	22.3	37.2
Ohio	282.6	161.0	73.8	399.4	11.6	196.8	1,125.3
Oklahoma	18.3	25.5	0.0	63.2	26.9	63.1	196.9
Oregon	140.2	47.4	18.6	13.7	2.1	119.3	341.2
Pennsylvania	256.2	72.5	85.8	411.4	9.2	223.8	1,058.8
Rhode Island	23.3	10.9	10.3	24.0	13.1	94.5	176.1
South Carolina	21.8	18.4	15.0	4.1	2.1	209.8	271.2
South Dakota	15.5	2.7	4.1	-3.5	0.1	6.4	25.4
Tennessee	81.3	32.5	38.4	44.3	0.0	70.2	266.7
Texas	64.4	56.2	89.3	26.7	4.6	646.9	888.1
Utah	24.6	5.7	28.0	13.5	0.0	22.1	93.9
Vermont	18.5	8.0	0.1	27.8	26.4	11.8	92.5

State	Basic Assistance	Administration	Work	Child Care	Other Work Supports	Other Expenditures	Total
Virginia	99.4	21.4	52.1	39.1	8.1	69.0	289.1
Washington	180.9	65.7	164.1	158.2	3.7	401.0	973.7
West Virginia	30.6	28.7	1.6	11.9	31.4	36.8	141.0
Wisconsin	150.7	27.7	29.7	219.3	65.9	163.9	657.3
Wyoming	3.2	7.4	2.7	0.5	0.0	15.5	29.2
Totals	8,443.4	2,275.2	2,168.3	5,126.6	3,015.4	10,860.3	31,889.3

**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS).

**Note:** Negative numbers denote adjustments to prior years' expenditures.

**Table B-6. Federal TANF and State MOE Funds by Category, as a Percentage of Total Federal TANF and State MOE Funds Used, FY2014**

	Basic Assistance	Administration	Work	Child Care	Other Work Supports	Other Expenditures	Total
Alabama	21.0%	4.4%	11.4%	2.9%	2.2%	58.0%	100.0%
Alaska	46.0	5.5	14.5	28.7	1.4	3.9	100.0
Arizona	9.0	9.9	2.3	3.6	0.4	74.8	100.0
Arkansas	7.9	9.5	12.1	0.3	1.6	68.7	100.0
California	45.9	8.5	8.6	11.9	2.9	22.3	100.0
Colorado	25.1	6.5	0.7	0.3	2.3	65.2	100.0
Connecticut	16.8	7.7	3.6	7.9	1.0	63.0	100.0
Delaware	20.1	5.9	6.2	57.7	0.4	9.8	100.0
District of Columbia	22.8	3.2	13.1	21.1	7.9	31.8	100.0
Florida	16.6	4.1	5.1	33.8	0.1	40.3	100.0

	Basic Assistance	Administration	Work	Child Care	Other Work Supports	Other Expenditures	Total
Georgia	8.4	3.4	2.1	4.4	2.1	79.6	100.0
Hawaii	22.2	6.0	36.7	7.6	1.4	26.1	100.0
Idaho	14.4	11.0	12.4	25.6	0.5	36.1	100.0
Illinois	6.3	2.1	1.8	58.2	3.7	27.8	100.0
Indiana	8.8	7.0	5.6	29.0	12.2	37.4	100.0
Iowa	22.8	3.7	8.3	20.5	12.2	32.5	100.0
Kansas	14.3	6.4	0.3	12.4	32.0	34.5	100.0
Kentucky	51.1	4.4	13.1	12.1	7.5	11.7	100.0
Louisiana	9.3	9.0	2.4	4.6	8.6	66.1	100.0
Maine	52.9	3.6	12.5	6.6	14.2	10.2	100.0
Maryland	19.6	9.3	7.3	3.1	27.4	33.3	100.0
Massachusetts	26.6	3.1	0.6	29.4	10.4	29.8	100.0
Michigan	12.0	11.5	4.5	2.2	4.0	65.8	100.0
Minnesota	15.6	8.4	12.0	26.1	29.4	8.4	100.0
Mississippi	14.5	3.6	32.8	19.2	13.1	16.7	100.0
Missouri	21.2	1.2	6.0	10.4	0.0	61.2	100.0
Montana	29.9	11.8	21.0	19.9	0.0	17.4	100.0
Nebraska	20.1	3.3	15.6	20.2	32.1	8.7	100.0
Nevada	50.9	11.3	1.3	0.0	1.4	35.1	100.0
New Hampshire	35.1	18.8	10.7	13.0	2.0	20.5	100.0
New Jersey	16.9	5.2	7.5	8.8	15.7	46.0	100.0
New Mexico	22.0	3.5	6.1	16.9	22.2	29.4	100.0
New York	30.5	5.9	2.9	7.7	26.1	26.9	100.0
North Carolina	8.9	8.1	5.6	28.6	9.0	39.9	100.0



	Basic Assistance	Administration	Work	Child Care	Other Work Supports	Other Expenditures	Total
North Dakota	12.5	10.7	10.5	2.7	3.6	60.1	100.0
Ohio	25.1	14.3	6.6	35.5	1.0	17.5	100.0
Oklahoma	9.3	12.9	0.0	32.1	13.7	32.0	100.0
Oregon	41.1	13.9	5.4	4.0	0.6	35.0	100.0
Pennsylvania	24.2	6.8	8.1	38.9	0.9	21.1	100.0
Rhode Island	13.2	6.2	5.8	13.6	7.4	53.7	100.0
South Carolina	8.1	6.8	5.5	1.5	0.8	77.4	100.0
South Dakota	61.2	10.7	16.2	-13.6	0.4	25.1	100.0
Tennessee	30.5	12.2	14.4	16.6	0.0	26.3	100.0
Texas	7.2	6.3	10.1	3.0	0.5	72.8	100.0
Utah	26.2	6.1	29.8	14.4	0.0	23.6	100.0
Vermont	20.0	8.6	0.1	30.0	28.5	12.8	100.0
Virginia	34.4	7.4	18.0	13.5	2.8	23.9	100.0
Washington	18.6	6.7	16.9	16.2	0.4	41.2	100.0
West Virginia	21.7	20.4	1.1	8.4	22.3	26.1	100.0
Wisconsin	22.9	4.2	4.5	33.4	10.0	24.9	100.0
Wyoming	10.8	25.2	9.2	1.8	0.0	53.0	100.0
Totals	26.5	7.1	6.8	16.1	9.5	34.1	100.0

**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS).

**Note:** Negative numbers denote adjustments to prior years' expenditures.

## Appendix C. Table Showing Allocations Based on Poor Children Compared with the Current TANF Basic Block Grant

**Table C-1. Current Law TANF Basic Block Grant Versus A Basic Block Grant Based on Equal Grants Per Poor Child, Official Poverty Definition**

(Budget-neutral scenario, in billions of dollars)

State	Current Law	Equal Grants Per Poor Child	Change from Current Law	
			\$	Percentage
Alabama	\$93	\$308	\$215	\$230.2
Alaska	64	26	-38	-59.7
Arizona	222	433	211	94.7
Arkansas	57	202	145	256.1
California	3,734	2,172	-1,562	-41.8
Colorado	136	210	74	54.3
Connecticut	267	115	-152	-56.9
Delaware	32	39	7	21.4
District of Columbia	93	33	-60	-64.5
Florida	562	1,007	444	79.0
Georgia	331	672	341	103.0
Hawaii	99	45	-54	-54.8
Idaho	32	83	51	161.2
Illinois	585	629	43	7.4
Indiana	207	348	141	68.4
Iowa	132	117	-14	-10.9
Kansas	102	135	33	32.0
Kentucky	181	260	78	43.3
Louisiana	164	319	155	94.4
Maine	78	48	-30	-38.8
Maryland	229	189	-40	-17.6
Massachusetts	459	228	-231	-50.3
Michigan	775	535	-240	-30.9
Minnesota	268	181	-87	-32.6
Mississippi	87	253	166	191.1
Missouri	217	312	94	43.5

State	Current Law	Equal Grants Per Poor Child	Change from Current Law	
			\$	Percentage
Montana	46	47	1	2.6
Nebraska	58	80	22	37.5
Nevada	44	151	107	244.1
New Hampshire	39	30	-9	-22.7
New Jersey	404	337	-67	-16.5
New Mexico	126	155	29	22.8
New York	2,443	980	-1,463	-59.9
North Carolina	302	578	275	91.1
North Dakota	26	20	-6	-22.5
Ohio	728	605	-123	-16.9
Oklahoma	148	227	79	53.1
Oregon	168	186	18	10.6
Pennsylvania	719	526	-194	-26.9
Rhode Island	95	47	-48	-50.2
South Carolina	100	298	198	197.7
South Dakota	22	39	17	76.2
Tennessee	192	398	206	107.7
Texas	486	1,783	1,296	266.6
Utah	77	132	56	72.4
Vermont	47	19	-28	-60.1
Virginia	158	296	138	87.2
Washington	404	299	-105	-26.0
West Virginia	110	100	-11	-9.6
Wisconsin	318	242	-76	-23.9
Wyoming	22	19	-3	-13.7
Totals	16,489	16,489	0	0.0

**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS) and U.S. Census Bureau.

## Appendix D. Unspent TANF Funds

**Table D-1. Unspent TANF Funds, End of FY1997-FY2014**

(In billions of dollars)

	Obligated but not Spent	Unobligated	Total Unspent Funds
1997	\$1.537	\$1.175	\$2.712
1998	2.756	3.347	6.103
1999	4.173	2.655	6.829
2000	4.349	2.777	7.126
2001	3.820	2.547	6.367
2002	3.133	2.678	5.811
2003	1.580	2.306	3.886
2004	1.863	1.887	3.750
2005	1.843	2.104	3.947
2006	1.896	2.151	4.047
2007	2.087	1.886	3.974
2008	1.343	1.871	3.214
2009	1.586	2.065	3.651
2010	1.873	2.066	3.939
2011	1.075	1.855	2.930
2012	1.409	1.684	3.093
2013	1.519	1.525	3.044
2014	1.730	1.622	3.352
<b>In Billions of Constant FY2014 Dollars</b>			
1997	2.270	1.736	4.006
1998	4.006	4.865	8.871
1999	5.951	3.787	9.738
2000	6.010	3.838	9.849
2001	5.115	3.410	8.526
2002	4.133	3.533	7.667
2003	2.037	2.972	5.009
2004	2.347	2.377	4.724
2005	2.248	2.566	4.814
2006	2.230	2.530	4.760
2007	2.399	2.168	4.567
2008	1.477	2.059	3.537

	Obligated but not Spent	Unobligated	Total Unspent Funds
2009	1.751	2.280	4.031
2010	2.034	2.243	4.277
2011	1.137	1.962	3.099
2012	1.455	1.739	3.195
2013	1.543	1.550	3.093
2014	1.730	1.622	3.352

**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS).

**Notes:** Constant dollars were computed using the Consumer Price Index for all Urban Consumers (CPI-U).

**Table D-2. Unspent TANF Funds by State, End of FY2014**

(In billions of dollars)

State	Obligated but not Spent	Unobligated	Total Unspent Funds
Alabama	\$2.9	\$30.7	\$33.6
Alaska	0.0	63.4	63.4
Arizona	0.4	0.0	0.4
Arkansas	0.0	49.5	49.5
California	89.4	0.0	89.4
Colorado	14.0	7.7	21.7
Connecticut	0.2	6.3	6.4
Delaware	0.8	7.7	8.5
District of Columbia	2.0	80.7	82.7
Florida	34.3	0.0	34.3
Georgia	34.9	42.5	77.4
Hawaii	3.8	86.7	90.5
Idaho	30.3	0.0	30.3
Illinois	0.0	14.4	14.4
Indiana	301.1	2.6	303.7
Iowa	16.2	11.6	27.7
Kansas	10.7	42.1	52.8
Kentucky	0.0	4.4	4.4
Louisiana	0.0	0.0	0.0
Maine	0.0	58.8	58.8
Maryland	0.0	0.0	0.0
Massachusetts	0.0	0.0	0.0
Michigan	0.0	38.9	38.9

State	Obligated but not Spent	Unobligated	Total Unspent Funds
Minnesota	60.5	69.6	130.2
Mississippi	0.0	21.2	21.2
Missouri	9.7	0.0	9.7
Montana	41.8	0.0	41.8
Nebraska	0.2	56.1	56.3
Nevada	6.5	0.0	6.5
New Hampshire	0.0	29.3	29.3
New Jersey	29.5	13.9	43.5
New Mexico	75.2	0.0	75.2
New York	171.6	20.9	192.5
North Carolina	201.1	3.5	204.6
North Dakota	0.0	14.1	14.1
Ohio	197.6	79.6	277.2
Oklahoma	61.8	0.0	61.8
Oregon	0.0	0.0	0.0
Pennsylvania	65.6	355.4	421.0
Rhode Island	12.1	0.0	12.1
South Carolina	0.0	35.5	35.5
South Dakota	0.0	19.4	19.4
Tennessee	0.0	153.1	153.1
Texas	188.7	0.0	188.7
Utah	0.0	116.0	116.0
Vermont	0.0	0.0	0.0
Virginia	0.7	53.6	54.3
Washington	65.0	0.0	65.0
West Virginia	0.0	3.7	3.7
Wisconsin	0.0	5.0	5.0
Wyoming	1.9	23.9	25.7
Total	1,730.1	1,622.0	3,352.1

**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS).

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## **Acknowledgments**

Austin Frerick, formerly of the Domestic Social Policy Division, provided research assistance for this report. CRS Graphics Specialist Amber Wilhelm produced the figures. CRS GIS Analyst Jim Uzel produced the maps.