Welfare – TANF Spending Data

WELFARE — TANF SPENDING DATA

TANF Fiscal Data for FY 1999

4/17/00

HHS has released TANF fiscal data reported by states for FY 1999. Overall, reports show that states have $2.85 billion in unobligated funds, or 6 percent of the $47 billion awarded for FY 1997, 1998 and 1999. Even though caseloads declined 18 percent during the year, states spent slightly more than in FY 1998, so it appears that they're investing more per person. In addition, all states have met the 75 percent MOE level, and 33 states have met the 80 percent MOE level.

How States Spent Federal TANF Funds

TANF Activity	**FY 1998**	**FY 1999**	**% Change**
Cash & Work Based Assistance	67%	57%	-15%
Work Activities	8%	11%	38%
Transfers to CCDF*	4%	11%	175%
Child Care	2%	5%	150%
Transfers to SSBG*	7%	5%	-28%
Administrative costs	9%	9%	0
Systems	2%	3%	50%
Other Expenditures	12%	14%	21%

*Transfers to the Child Care and Development Fund and Social Services Block Grant are a proportion of total funds available; all other activities are percentages of total expenditures.

SPENDING OF FEDERAL TANF FUNDS

Overall Balances

- Nationwide, states spent or obligated nearly $2 billion more in 1999 than in 1998, but 11 percentage points less as a proportion of federal funds available (including unspent funds carried over from prior years). In 1999, states spent or obligated $16.4 billion of the $23 billion available (71 percent). In 1998, states spent or obligated $14.5 billion of $18 billion available (82 percent).
- Of the FY 1999 awards alone, states spent $12.1 billion (72 percent).
- 13 states have spent or obligated all their TANF funds, including 4 states that have actually spent all their TANF funds (Illinois, Kansas, Maine and Rhode Island), and 9 states that have either spent or obligated 100 percent of their funds (Arkansas, California, Colorado, Delaware, Nevada, Ohio, Oregon, South Carolina, Texas). Several of these states have large unliquidated obligations because they obligate the funds to counties (California, Colorado and Ohio, for example).
- Another 10 states have spent or obligated between 90 and 99 percent of their TANF funds, including Arizona, Hawaii, Kentucky, New Jersey, North Carolina, Virginia and Wisconsin.
- Among the remaining 28 states that have spent or obligated less than 90 percent of their funds, 14 were at less than 75 percent; 3 (West Virginia, Wyoming and Montana) at less than 50 percent. With a spending/obligation rate of only 19 percent of their funds, West Virginia has the highest percentage of unobligated funds.
- Of total available funds, $2.85 billion, or 12 percent, remains unobligated.
- In absolute funding levels, nearly 75 percent of the $2.85 billion unobligated funds is spread across 12 states. New York and Florida have the highest amount of unobligated TANF funds. With a balance of over $700 million, New York accounts for 25 percent of the

nationwide unobligated funds (compated with 14 percent of the funds available for the year). Florida has over $180 million in remaining funds. It is likely that many of these states are saving funds for possible economic downturns. For example, in 1998, Florida's state legislature required a $250 million rainy day fund (43 percent of their annual block grant). Other states have reported their intention to maintain rainy day funds.

Cash and Work Based Assistance

- In FY 1999, states spent 57 percent of total federal expenditures ($6.4 billion) on cash and work based assistance (including workfare) – 15 percent less than the 67 percent ($7.5 billion) spent in FY 1998.
- 21 states dedicated at least 60 percent of available funds to these activities. With 91 percent of their funds going to cash and work based assistance, New Mexico spent more proportionally than any other state. Other states with high spending in this category include Hawaii, Vermont, Rhode Island and Wyoming.
- 10 states spent less than 40 percent of their funds on cash and work based assistance. Idaho was the only state to spend no federal TANF funds on these activities. Other low spending states include Texas, Florida, Wisconsin, and Louisiana. However, these states did spend MOE funds for these purposes.

Work Activities

- Nationwide, states spent 11 percent of their funds ($1.2 billion) on work activities -- 38 percent more than the 8 percent spent in 1998 ($960 million).
- Since Florida uses their MOE funds on cash assistance, Florida spent significantly more (93 percent of their total) than any other state on work activities. 22 states spent between 10 and 35 percent of their funds on work activities, and the remaining states spent less than 10 percent, including California, Idaho, Massachusetts, New York, Vermont, and Wisconsin. Three states (Connecticut, Indiana and New Mexico) dedicated no federal resources to this activity, though CT and IN did spend MOE for these purposes.

Child Care

Transfers to CCDF

- In total, states transferred 11 percent of their TANF funds ($2.4 billion) to the Child Care Development Fund (CCDF) -- nearly triple the 4 percent transferred in 1998 ($1.7 billion).
- Of the 40 states that transferred funds to CCDF, 11 transferred at least 20 percent of their TANF funds, including Alaska (transferred 38 percent, more than any other state), Louisiana, Maryland, and Oklahoma. (Some of these transfers were made with prior year funds, so they are not exceeding the cap.)
- Only 10 states did not transfer any funds into CCDF, including Arkansas, Colorado, Connecticut, Oregon, and the Dakotas.

TANF Child Care Spending

- Nationwide, states spent 5 percent of their funds ($604 million) directly on child care services -- more than double the 2 percent spent in 1998 ($260 million). Nearly 35 percent of total child care spending is attributable to Michigan, which spent $211 million or 38 percent of their TANF dollars (more than any other state) on child care.

- 19 states spent their TANF funds on child care, including California, Connecticut, Illinois, Massachusetts, Michigan, Oregon, Tennessee and Wisconsin.

SSBG

- Nationwide, states transferred 5 percent of their TANF funds, or $1.26 billion, into the Social Services Block Grant (SSBG). This is slightly more than the $1.17 billion transferred in 1998, but as a percentage of total funds, states transferred 28 percent less in FY 1999.
- 40 states transferred anywhere between 1 and 13 percent, with an average of 8 percent. Among these states, 12 transferred more than 10 percent, including Colorado, Illinois, Massachusetts, Mississippi and Texas. For FY 1999 and 2000, states can transfer up to 10 percent of their annual grant awards to SSBG. (Some of these transfers were made with prior year funds, so they are not exceeding the cap.) However, beginning in FY 2001, the transfer cap is reduced to 4.25 percent.

SPENDING OF STATE TANF FUNDS

MOE

- States must spend state funds of at least 80 percent of their FY 1994 levels. If they meet work requirements, the MOE level is reduced to 75 percent. In FY 1999, states spent $11.3 billion. All states met the 75 percent level, although 18 states did not meet their 80 percent MOE level (presumably because they expect to meet the work requirements).
- Of the $11.3 billion MOE spending, 23 states spent $865 million, or 8 percent on separate state programs – more than double the $391 million they spent in 1998. Half of the funds were used for cash assistance, 30 percent for child care, 15 percent for other expenditures, and 6 percent for work activities and administration.
- California and New York account for 62 percent of the spending in separate state programs. California spent $240 million for a separate child care program, and New York spent $242 million for a separate cash and work based assistance program.
- As a percentage of state spending, the amounts spent on separate state programs ranged from less than 1 percent (Minnesota for other expenditures) to 60 percent (Hawaii for cash and work based assistance). Other states that spent significant portions for their MOE funds on separate state programs include Georgia (other expenditures), Maine (cash and work based assistance), and Maryland (cash and work based assistance).