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WELFARE BALANCES AFTER THREE YEARS OF TANF BLOCK GRANTS: Unspent TANF Funds at the End of Federal Fiscal Year 1999

by Ed Lazere

Introduction

Welfare caseloads have fallen dramatically in almost every state since the early 1990s. Nationally, 2.4 million families received welfare cash assistance in mid-1999, a 52 percent reduction from the level of five million in early 1994. As caseloads have fallen, so has spending on cash assistance. Federal and state expenditures for cash assistance benefits in fiscal year 1999 totaled $12.4 billion, or $10.6 billion less than in fiscal year 1994.

While cash assistance caseloads and spending have fallen, available federal funding for assistance to low-income families has not dropped. The 1996 federal welfare law specified that the annual TANF block grant allocation would be based on federal welfare funding levels in the early 1990's, when welfare caseloads were much higher, and that this funding level would be maintained through 2002, the full period of the law's authorization.[1]

The combination of fixed funding and falling caseloads has given states an opportunity to implement new investments that help needy families overcome barriers to work and to provide supports that help low-income working families remain employed. Many states have taken advantage of this opportunity and are using TANF for a wide range of benefits and services, such as transportation, child care, housing assistance, substance abuse treatment, and domestic violence services.

Many states also have left a portion of their TANF funds unspent. Under the welfare law, when a state does not spend all of its federal TANF funds in a given year, the unspent funds can be accessed by the state in future years. (As discussed below, the final TANF regulations include provisions that limit to some extent the uses of such funds.)

For several reasons, it is important to understand the amount of unspent TANF funds a state has accumulated.

- The need for TANF investment remains high. State and national-level studies have found that families leaving welfare for work typically have very low earnings and remain in poverty. The studies also show that many such families do not receive important supports such as child care and transportation assistance that

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[1] States with rapidly growing populations or that historically spent less per poor person receive small supplemental TANF grants that increase each year from 1997 to 2001.

could be funded under TANF. Providing aid to working poor families can help parents remain employed and off welfare. In addition, many families that leave welfare without work or that remain on the rolls face many barriers to stable employment and thus may require substantial ongoing TANF-funded support.[2]

- States have enhanced flexibility to spend TANF funds. Federal regulations issued in April 1999 affirm the flexibility intended under the federal law. For example, the regulations allow states to provide a wide range of supports to low-income working families without applying the federal time limit or other major TANF restrictions. The regulations also enhance state flexibility to support families receiving basic welfare assistance.[3]

- Congress could decide to use unspent TANF funds for other purposes. Some proposals were raised in Congress during 1999 to rescind unspent TANF funds. While none of those proposals was successful, TANF funds will remain an attractive target for reductions unless states invest more in benefits and services that help needy families, such as helping parents overcome employment barriers or providing support to families that are needy despite having working adults.

This paper analyzes unspent TANF funds through the end of federal fiscal year 1999 — September 30, 1999 — based on expenditure data states have prepared for federal reporting purposes. These are the most recent TANF financial data available.

Data Source

Each state is required to report to the U.S. Department of Health and Human Services on its expenditures of TANF funds on a quarterly basis, using the "ACF-196" federal reporting form. These reports identify expenditures of TANF funds by major category, such as "cash and work-based assistance" and "work activities." The reports also show the extent to which states transferred TANF funds to the social services block grant and the child care block grant, as well as the amount of TANF funds that remain unspent. The reporting forms also include information on the expenditures states must make from their own funds as a condition of receiving the TANF block grant — known as state maintenance-of-effort (MOE) funds.[4]

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[2] For examples of effective policies that could be funded under TANF, see Center on Budget and Policy Priorities, *Windows Of Opportunity: Emerging Strategies to Support Work and Help Low-Income Families*, January 2000, at www.cbpp.org. .

[3] For more information on the final TANF regulations, see Center on Budget and Policy Priorities, *Highlights of the Final TANF Regulations*, at http://www.cbpp.org/4-29-99wel.htm.

[4] Starting in FY 2000, the ACF-196 form contains many new spending categories, such as transportation, and thus it will provide much more detail on the nature of state spending.

This analysis includes data from ACF-196 reports for the quarter ending on September 30, 1999, the end of federal fiscal year 1999. (The federal fiscal year runs from October 1 through September 30.) While these reports are filed on a quarterly basis, they do not reflect spending for only one quarter. Instead, they reflect cumulative spending through the end of the relevant quarter. Thus, the reports filed for the fourth quarter of federal fiscal year 1999 reflect spending through all of the year.

These data were collected in November and December 1999 by the Center on Budget and Policy Priorities from the state agencies responsible for preparing the ACF-196 reports. In every state, the reports are prepared by a division of the welfare agency — typically the budget, accounting, or federal reporting division.

It should be noted that these data have not been verified by the U.S. Department of Health and Human Services and thus should be considered preliminary. In addition, some states may have revised their ACF-196 reports since the time they were obtained for this analysis.

Background

A few concepts related to the budgeting and reporting of TANF and MOE expenditures are important to understand before analyzing the data that states have submitted to HHS.

First, because states do not have to spend a given year's TANF allocation within that year, expenditures made during a given fiscal year could come either from a state's current-year TANF allocation or from a previous year's allocation that had not been fully expended. In some states, TANF-funded programs were supported in fiscal year 1999 by a mixture of funds from the state's fiscal year 1997, fiscal year 1998, and fiscal year 1999 allocations. The TANF financial reporting rules require states to provide separate reports each quarter for each year's block grant allocation until it is fully expended. This paper identifies the unspent balance from each year's grant, as well as the cumulative amount of unspent TANF funds in each state — that is, the combination of unspent funds from the 1997, 1998, and 1999 block grants.

Second, this analysis does not distinguish between the amounts of unspent TANF funds that states have set aside in "rainy day" reserves and the amounts that remain unspent for other reasons. A number of states have established such reserves in legislation. Other states have chosen not to spend all of their TANF funds in order to establish a fiscal cushion, even though they have not created a reserve account in legislation. States are not required to report such information to HHS, and thus amounts in reserve funds cannot be identified from the ACF-196 reports.[5]

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[5] Under the application of federal cash management policies to the TANF block grant, federal funds are transferred to states only as reimbursement for actual expenditures on TANF programs. Because establishment of a "rainy day" fund does not entail an expenditure on benefits and services, such funds remain as unobligated TANF

Finally, this analysis does not reflect unspent *state* funds that have been set aside as a reserve to cover expenditures that qualify for MOE purposes. A small number of states have created such reserves.[6] But because states must meet their MOE requirement each year with expenditures on benefits and services, state funds placed in a reserve in a given year do not count toward that year's MOE requirement, and they are not reported to HHS. Such funds can count toward a state's MOE requirement when they are drawn from the reserve account and spent on allowable benefits and services.

Unliquidated Obligations and Unobligated Funds

TANF funds that a state has not spent (or transferred to another block grant) are reported in two categories on the ACF-196 reports, following traditional budgeting methods: "unliquidated obligations" and "unobligated" funds.

- "Unliquidated obligations" refer to amounts that a state has committed to spend but has not yet spent. For example, this could include funds a state has contracted to pay a private service provider, such as a child care agency, but has not yet paid out because the service has not yet been provided. Unliquidated obligations also could include payments that a state is processing, but has not finalized, for services that already have been provided. Finally, the unliquidated obligations reported in some states in this report appear to reflect TANF funds the state has set aside in a "rainy day" reserve for future unforeseen needs, although this is not a traditional application of this term.

- "Unobligated" TANF funds refer to the funds states have neither spent nor committed to spend as of a given date.

Because unliquidated obligations generally reflect an intent to make expenditures, the funds states report in this category may not be available for spending the way that unobligated funds are. For two reasons described below, however, it is worthwhile to examine the amount of unliquidated obligations in each state when examining unspent TANF balances. As a result, Table II of this analysis identifies the unliquidated TANF obligations in all states that report having funds in this category, and Table III identifies the total amount of unspent TANF funds by combining amounts of unobligated funds and unliquidated obligations.

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funds or unliquidated obligations until the state taps into the reserve fund. The funds remain in the federal treasury. For a listing of some state actions to establish reserves, see Elaine Ryan and Anna Lovejoy, *TANF Rainy Day Reserve Funds: 1999 Update*, American Public Human Services Association, 1999.

[6] See Ryan and Lovejoy, cited in footnote five, for information on state reserves.

Some funds reported as unliquidated obligations could be considered unobligated funds. The definition of unliquidated obligations has varied from state to state, with some states using a fairly broad definition. Some states, for example, report funds set aside as a "rainy day" reserve as an unliquidated obligation, while other states identify reserve amounts as part of their unobligated funds. The definitions appear to vary so widely that some states report *all* TANF funds that have not expended as unliquidated obligations, while a number of other states report all unspent TANF funds as unobligated and have no reported unliquidated obligations. (As discussed below, the final TANF regulations addressed issues related to when funds should be reported as unliquidated obligations, which is likely to lead to greater uniformity across the states.)

In states with substantial amounts of unliquidated obligations and little or no unobligated funds, it seems likely that at least a portion of unliquidated obligations actually reflect what are commonly considered unobligated funds. Some state officials have acknowledged in phone conversations with Center on Budget and Policy Priorities staff that they report all unspent TANF funds as unliquidated obligations, whether the funds have been committed for a specific purpose or not.

There was an upsurge in the amount of unliquidated obligations reported by states in the second half of federal fiscal year 1999.[7] This may in part reflect increased contracting activity or devolution of responsibilities to local governments. For example, Florida reported \$393 million in unliquidated obligations as of September 30, 1999, up from \$93 million as of March 31, 1999. This trend appears to reflect a response to the final TANF regulations issued in April 1999. As described in the box on page six, the regulations that went into effect on October 1, 1999 set some restrictions on the use of funds left unspent at the end of a fiscal year. Those restrictions were not applicable to expenditures made prior to October 1, nor to funds obligated prior to that date. Thus, some states may have obligated substantial amounts of TANF funds to avoid the restrictions.

No systematic analysis of the recent upsurge in TANF obligations has been conducted. In some states, the recently obligated funds appear to reflect new multi-year contracts for child care or other services. In other states, such as Florida, the newly obligated funds reflect increased funding authority given to the state's local welfare agencies. In cases where TANF spending authority has been passed on to counties or other local entities, it is likely that the local entities have not committed all available funds. Thus, while the TANF funds have been obligated by the state, at least some of the funds effectively remain unobligated at the local level.

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[7] Between the middle and the end of federal fiscal year 1999, for example, unliquidated obligations in 17 states increased by an amount equal to or greater than 10 percent of the state's 1999 TANF allocation. These states are Arizona, Arkansas, California, Colorado, Washington D.C., Florida, Idaho, Indiana, Maryland, Minnesota, Nevada, New Hampshire, New Jersey, North Carolina, South Carolina, Washington, and Wisconsin.

Final TANF Regulations Restrict Use of Unspent TANF Funds

The final TANF regulations issued in April 1999 include a new — and somewhat restrictive — interpretation of the welfare law that will limit the uses of unspent TANF funds to some extent.

The welfare law notes that "a State may reserve amounts paid to the state under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program funded under this part." (Section 604(e) of PRWORA) The preamble to the final TANF regulations interprets this provision to mean that states can spend reserve funds only on activities considered "assistance." (64 FR 17840-41) The term "assistance" is defined in the regulations to include benefits and services that help families meet ongoing basic needs such as shelter or food, with some exceptions. (This definition is important because the major TANF restrictions — such as time limits — apply to the provision of "assistance" but not to services that are considered "non-assistance.") This provision went into effect on October 1, 1999, the implementation date for most of the TANF regulations.

In practical terms, this restriction means that carryover funds will be used primarily for cash assistance benefits. The federal regulations thus do not allow states to use unspent TANF funds from previous years on many activities that otherwise are allowable uses of TANF. In particular, states can not transfer TANF carryover funds to the social services or child care block grants, and states cannot use such funds to support "non-assistance" services. These activities represent a growing share of the use of TANF funds.

The regulations provide one exception to the restriction on use of prior-year TANF funds. If a state obligates TANF funds from a given fiscal year for "non-assistance" before the fiscal year ends, those funds do not have to be spent until the end of the following fiscal year. For example, if a state obligates a portion of its fiscal year 2000 TANF funds to provide transportation services for working parents, those funds can be spent in fiscal year 2000 or fiscal year 2001. Any such funds not expended by the end of 2001 could be spent only on activities considered "assistance."*

It is not yet clear how significant the limitation on the use of unspent TANF funds will be. States interested in transferring TANF funds to the child care or social services block grants will have to identify their needs and plan the transfers early enough in the fiscal year so that full transfers can be made before the fiscal year ends. In future years, states also may need to adjust their distribution of TANF funds so that assistance activities are funded with unspent carryover funds and non-assistance activities are funded with current-year funds.

* The provision did not apply to funds obligated prior to October 1, 1999. In other words, funds obligated for "non-assistance" activities prior to October 1 do not have to be spent before the end of fiscal year 2000.

It is worth noting that it may take a long period to actually expend the large amount of newly obligated funds. If the funds are spent at a slow rate in a given state, policy makers may decide at a future date to alter the planned use of funds. This means that a portion of the unliquidated obligations in some states, while reflecting a real obligation of funds, ultimately may be available for other uses.

In the future, it may be somewhat easier to distinguish the meaning of obligated and unobligated funds. New TANF financial reporting requirements issued along with the final TANF regulations include several new rules related to the reporting of unliquidated obligations.[8] Beginning with the first reporting period in federal fiscal year 2000, states must report as unliquidated obligations only amounts that meet the definition as established in the general regulations governing grants provided through the U.S. Department of Health and Human Services.[9] TANF rainy day reserves — TANF funds states have left unspent as a reserve for unforeseen needs — must be reported as unobligated funds, not as unliquidated obligations. Finally, the new reporting rules note that unliquidated obligations for certain activities (those deemed “non-assistance”) must be spent within the fiscal year they are obligated or within the following fiscal year. After that, any such funds not actually expended must be reported as unobligated funds. (See the box on page six for more information.)

It appears that some states took the new rules into account in fiscal year 1999 in anticipation of the changes that would be required in fiscal year 2000. In eight states, the amount of unliquidated obligations *fell* by a significant amount in the last half of fiscal year 1999, while the amount of unobligated funds rose.[10] Some of these states previously had reported all unspent funds as unliquidated obligations. This change seems to reflect an awareness that certain funds the state had considered to be obligated would have to be reported as being unobligated in their federal financial reports.

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8 See 64 FR 17919.

9 The regulations governing HHS grants define obligations as “amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period.” Unliquidated obligations are those obligations for which payment has not yet been made. See 45 CFR § 92.3.

10 The states are Alaska, Iowa, Massachusetts, Missouri, Montana, South Dakota, Virginia, and Wyoming. In addition to these states, Ohio reported having $150 million in unobligated TANF funds as of September 30, 1999. Prior to this reporting period, Ohio had reported all unspent funds as unliquidated obligations.

TABLE I: Unobligated TANF Funds at the End of Federal Fiscal Year 1999

Using data collected from state welfare agencies, Table I identifies the level of unobligated TANF funds in each state as of September 30, 1999 — the end of federal fiscal year 1999 — the most recent data available.

The first three columns identify unobligated TANF amounts from each state's fiscal year 1997, fiscal year 1998, and fiscal year 1999 allocations. The table also shows the accumulated amount of unobligated TANF funds from the three block grant allocations.

The final column of Table I measures the accumulated unobligated TANF funds as a percentage of the cumulative amount of TANF funding available to each state from fiscal year 1997 through the middle of fiscal year 1999. It thus reflects the portion of all TANF funds available to the state since the inception of the TANF block grant that have not been spent. Each state's fiscal year 1999 TANF allocation is included in Table IV of this report, for those interested in comparing unobligated funds with the annual block grant amounts.

> EXAMPLE: As of September 30, 1999, Minnesota had spent all of its fiscal year 1997 and fiscal year 1998 TANF funds and had $66.7 million in funds remaining from its fiscal year 1999 block grant. The table shows that this amount equals 10 percent of the TANF funds that have been available to Minnesota in the period from fiscal year 1997, when TANF was implemented, through fiscal year 1999.

TABLE I
Unobligated TANF Funds As of September 30, 1999 (End of Fiscal Year 1999)

	Unobligated TANF Funds from:				
(figures in millions)	FY1997 Allocation	FY1998 Allocation	FY 1999 Allocation	Total Unobligated Funds At the End of FY1999	Unobligated Funds as a Percent of TANF Funds Available since FY 1997 [a]
Alabama	$0	$0	$31.4	$31.4	11%
Alaska	0	0	7.0	7.0	5
Arizona	0	0	0	0	0
Arkansas	0	0	0	0	0
California	0	0	0	0	0
Colorado	0	0	0	0	0
Connecticut	0	0	40.7	40.7	5
Delaware	0	0	0	0	0
District of Columbia [b]	3.9	13.4	20.0	37.3	14
Florida	0	0	0	0	0
Georgia	6.7	0	113.0	119.7	13
Hawaii	0	0	4.0	4.0	2
Idaho	0	12.9	6.3	19.2	25
Illinois	0	0	0	0	0
Indiana	0	0	0	0	0
Iowa	0	0	21.0	21.0	6
Kansas	0	0	0	0	0
Kentucky	0	0	0	0	0
Louisiana	0	33.2	79.0	112.2	24
Maine	0	0	0	0	0
Maryland	0	12.9	34.2	47.2	7
Massachusetts	0	0	69.1	68.2	5
Michigan	0	0	146.1	146.1	6
Minnesota	0	0	66.7	66.7	10
Mississippi [b]	4.0	34.4	34.8	73.2	27
Missouri	0	0	11.4	11.4	2
Montana	3.3	6.8	16.5	26.6	21
Nebraska	0	0	9.2	9.2	6
Nevada	0	0	0	0	0
New Hampshire	0	0	6.0	6.0	5
New Jersey	0	0	0	0	0
New Mexico	0	3.4	53.5	56.9	18
New York	0	55.4	696.7	752.1	11
North Carolina	0	0	3.4	3.4	0
North Dakota	0	0	8.3	8.3	16
Ohio	75.0	75.0	0	150.0	7
Oklahoma	0	0	61.4	61.4	14
Oregon	0	0	0	0	0
Pennsylvania	0	153.5	21.1	174.6	9
Rhode Island	0	0	0	0	0
South Carolina	0	0	0	0	0
South Dakota	0	5.1	6.8	11.9	20
Tennessee	30.3	47.1	26.1	103.6	18
Texas	0	0	0	0	0
Utah	0	0	17.8	17.8	8

Table I, Contd.	Unobligated TANF Funds from:				
	FY1997 Allocation	FY1998 Allocation	FY 1999 Allocation	Total Unobligated Funds At the End of FY1999	Unobligated Funds As Percent of TANF Funds Available Since FY 1997 [a]
(figures in millions)					
Vermont	$0	$0	$3.0	$3.0	2%
Virginia	0	0	1.7	1.7	0
Washington	0	0	130.2	130.2	12
West Virginia	0	64.4	89.2	153.5	51
Wisconsin	0	0	30.7	30.7	3
Wyoming	8.4	14.9	11.9	35.2	58

[a] This reflects accumulated unobligated TANF funds as a percent of cumulative TANF block grant amounts for fiscal year 1997, fiscal year 1998, and fiscal year 1999.

[b] The amount of unobligated funds shown here for the District of Columbia and Mississippi differ from those shown on each of the state's ACF-196 report. This is because the states' ACF-196 reports do not report the full amount of the 1999 TANF award. In the District of Columbia, the ACF-196 does not reflect a $20 million bonus the state received for a reduction in out-of-wedlock births. In Mississippi, the ACF-196 report does not reflect the full amount of the supplemental TANF grant the states receive for population growth and low prior spending per poor child.

Source: Center on Budget and Policy Priorities

TABLE II: States With Unliquidated Obligations of TANF Funds at the End of Federal Fiscal Year 1999

The figures in Table I do not reflect amounts of unliquidated obligations because such funds generally are not available for new spending initiatives as unobligated funds are. Unliquidated obligations generally are amounts a state has committed to spend — through contracts that have been established or goods and services that have been received — but has not yet paid out.

Yet, as noted earlier, a number of states report substantial unliquidated obligations of TANF funds, and the amounts increased sharply in the second half of fiscal year 1999 in many states. In some states with substantial unliquidated obligations and little or no unobligated funds, at least some of the unliquidated obligations would traditionally be considered unobligated funds. Some of the states obligated a substantial amount of TANF funds by giving increased spending authority to local welfare agencies. In such states, at least some of these funds may remain unobligated at the local level. In other states where unliquidated obligations increased significantly in recent months, it may be difficult to spend such large amounts over the next year. As a result, policy makers may have the opportunity to re-direct some of those obligated funds for other uses. For both of these reasons, it is important to assess the amounts of TANF funds reported as unliquidated obligations.

Table II identifies the unliquidated TANF obligations from each state's TANF allocation for fiscal years 1997, 1998, and 1999 as of September 30, 1999. The table also indicates the combined amount of unliquidated obligations from the three annual block grants for this period.

Finally, Table II calculates the amount of each state's unliquidated obligations as a percentage of the cumulative amount of TANF funds made available to each state through the end of fiscal year 1999.

> <u>EXAMPLE:</u> At the end of federal fiscal year 1999, North Carolina reported $98.3 million in federal TANF funds as unliquidated obligations. All of these funds are from the state's 1999 TANF allocation. The amount of unliquidated obligations is equivalent to 12 percent of the TANF funds that have been available to the state from the inception of its TANF program.

Note that the table provides data for 32 states. States that are not listed reported no unliquidated obligations as of the end of federal fiscal year 1999.

TABLE II
Unliquidated Obligations of TANF Funds As of September 30, 1999 (end of Fiscal Year 1999)

	Unliquidated Obligations of TANF Funds from:				
(figures in millions)	**FY1997 Allocation**	**FY1998 Allocation**	**FY 1999 Allocation**	**Total Unliquidated Obligations as of the End of FY1999**	**Unliquidated Obligations As a Percent of TANF Funds Available since FY 1997** [a]
Alabama	$0	$0	4.8	$4.8	2%
Arizona	0	15.8	75.5	91.3	13
Arkansas	0	0	39.5	39.5	29
California	0	7.9	1,612.7	1,620.6	15
Colorado	0	0	77.1	77.1	24
Delaware	0	0.2	2.7	2.9	3
District of Columbia	0.1	0	32.8	32.8	13
Florida	0	0	392.6	392.6	23
Georgia	0.4	5.2	10.4	16.1	2
Hawaii	0	0	1.4	1.4	1
Idaho	0	0.9	16.9	17.8	23
Indiana	0	71.4	128.1	199.5	32
Iowa	0	0	5.7	5.7	2
Maryland	1.7	5.2	45.2	52.1	8
Minnesota	0	0	67.3	67.3	10
Mississippi	0.8	0.9	18.8	20.5	8
Missouri	0	0	15.3	15.3	2
Nevada	0	0	16.8	16.8	13
New Hampshire	0	0	4.6	4.6	4
New Jersey	13.9	34.9	204.3	253.1	23
New York	0.8	131.6	238.5	370.8	5
North Carolina	0	0	98.3	98.3	12
Ohio	0	134.7	449.2	583.9	27
Oregon	0	0	23.8	23.8	5
Pennsylvania	0	14.6	110.6	125.3	7
South Carolina	0	10.0	22.2	32.2	11
South Dakota	0	2.2	0	2.2	4
Tennessee	0	10.4	9.2	19.6	3
Texas	0	0	175.6	175.6	12
Virginia	0	0	14.2	14.2	3
Washington	0	0	68.1	68.1	6
Wisconsin	44.0	105.2	141.3	290.4	30

[a] This reflects accumulated unliquidated obligations as a percent of cumulative TANF block grant amounts for fiscal year 1997, fiscal year 1998, and fiscal year 1999.

Source: Center on Budget and Policy Priorities

TABLE III: Total Unspent TANF Funds at the End of Federal Fiscal Year 1999

As noted in Table II, an examination of unspent TANF funds in any state should include amounts of unliquidated obligations. To get a full picture of the amount of unspent TANF funds in a given state, it may be appropriate to examine the combined amounts of unobligated funds and unliquidated obligations, even though a portion of the obligated funds may be committed for a specific purpose and may soon be spent.

Table III identifies the accumulated amount of unobligated TANF funds in each state as of September 30, 1999, as shown in Table I, and the accumulated amount of unliquidated obligations, as shown in Table II. This table then shows the combined amount of the two types of unspent TANF funds and presents the combined amount as a percentage of the cumulative amount of TANF funds made available to each state through the end of fiscal year 1999.

> EXAMPLE: At the end of federal fiscal year 1999, Georgia reported $119.7 million in unobligated federal TANF funds and $16.1 million in unliquidated obligations. The total amount of unspent TANF funds was $135.8 million, and this equaled 14 percent of the TANF funds that have been available to the state from the inception of its TANF program.

TABLE III
Total Unspent TANF Funds at the End of Federal Fiscal Year 1999

(All figures in millions)	**Unobligated Funds As of 9-30-99**	**Unliquidated Obligations As of 9-30-99**	**Total Unspent Funds**	**Unspent Funds As a Percent of TANF Funds Available Since FY 1997**
Alabama	$31.4	4.8	$36.2	12%
Alaska	7.0	0	7.0	5
Arizona	0	91.3	91.3	13
Arkansas	0	39.5	39.5	29
California	0	1,620.6	1,620.6	15
Colorado	0	77.1	77.1	24
Connecticut	40.7	0	40.7	5
Delaware	0	2.9	2.9	3
District of Columbia	37.3	32.8	70.1	26
Florida	0	392.6	392.6	23
Georgia	119.7	16.1	135.8	14
Hawaii	4.0	1.4	5.4	2
Idaho	19.2	17.8	37.0	47
Illinois	0	0	0	0
Indiana	0	199.5	199.5	32
Iowa	21.0	5.7	26.7	7
Kansas	0	0	0	0
Kentucky	0	0	0	0
Louisiana	112.2	0	112.2	24
Maine	0	0	0	0
Maryland	47.2	52.1	99.3	15
Massachusetts	68.2	0	68.2	5
Michigan	146.1	0	146.1	6
Minnesota	66.7	67.3	134.0	21
Mississippi	73.2	20.5	93.7	35
Missouri	11.4	15.3	26.8	4
Montana	26.6	0	26.6	21
Nebraska	9.2	0	9.2	6
Nevada	0	16.8	16.8	13
New Hampshire	6.0	4.6	10.6	9
New Jersey	0	253.1	253.1	23
New Mexico	56.9	0	56.9	18
New York	752.1	370.8	1,122.9	16
North Carolina	3.4	98.3	101.7	12
North Dakota	8.3	0	8.3	16
Ohio	150.0	583.9	733.9	34
Oklahoma	61.4	0	61.4	14
Oregon	0	23.8	23.8	5
Pennsylvania	174.6	125.3	299.9	16
Rhode Island	0	0	0	0
South Carolina	0.0	32.2	32.2	11
South Dakota	11.9	2.2	14.0	23
Tennessee	103.6	19.6	123.2	21
Texas	0	175.6	175.6	12
Utah	17.8	0	17.8	8

Table III Contd.

(All figures in millions)	**Unobligated Funds As of 9-30-99**	**Unliquidated Obligations As of 9-30-99**	**Total Unspent Funds**	**Unspent Funds As a Percent of TANF Funds Available Since FY 1997**
Vermont	$3.0	$0	$3.0	2%
Virginia	1.7	14.2	15.9	4
Washington	130.2	68.1	198.3	18
West Virginia	153.5	0	153.5	51
Wisconsin	30.7	290.4	321.2	34
Wyoming	35.2	0	35.2	58

Center on Budget and Policy Priorities

TABLE IV: MOE Spending in Federal Fiscal Year 1999

In order to receive federal TANF funds, states must spend specified amounts of their own funds on activities that meet one of the purposes of the welfare law. The maintenance-of-effort (MOE) requirement under TANF requires states to spend an amount equal to at least 80 percent of the amount spent on AFDC programs in federal fiscal year 1994. States that meet the work participation requirements in the federal law are allowed to reduce state MOE spending to as low as 75 of the fiscal year 1994 baseline.

States must meet the MOE requirement within each fiscal year. This means that there is no carryover of MOE funds and that states report on MOE expenditures only for the current year.

Table IV presents each state's MOE spending level for fiscal year 1999 and measures the MOE spending as a percentage of the MOE baseline. It shows that every state except Georgia reported spending enough to meet at least the 75 percent MOE spending requirement. Officials in Georgia indicate that complications related to a new accounting system adopted in July affected their ability to report all state spending that is counted toward the MOE requirement and that the state is planning to revise its financial report.

> <u>EXAMPLE:</u> Rhode Island's reported MOE spending in the federal fiscal year 1999 totaled $69.4 million, which is equal to 86 percent of the MOE baseline. This means the state met the annual MOE requirement for FY 1999.

Table IV

State MOE Spending in Federal Fiscal Year 1999 (as of September 30, 1999)

(figures in millions)

NOTE: States must spend at least 80 percent (75 percent in some cases) of the MOE baseline during each fiscal year

	MOE Expenditures, Federal Fiscal Year 1999	Spending as a Percent of the MOE Baseline ("MOE Level")	Annual MOE Baseline
Alabama	$39.2	75	$52.3
Alaska	50.2	77	65.3
Arizona	97.6	78	125.7
Arkansas	26.2	94	27.8
California	2,906.6	80	3,634.7
Colorado	89.4	81	110.5
Connecticut	179.4	73	244.6
Delaware	26.7	92	29.0
District of Columbia	77.1	82	93.9
Florida	371.0	76	491.2
Georgia	112.3	49	231.2
Hawaii	81.0	85	94.9
Idaho	14.4	79	18.2
Illinois	430.1	75	573.5
Indiana	121.1	80	151.4
Iowa	62.0	75	82.6
Kansas	68.3	83	82.3
Kentucky	82.1	91	89.9
Louisiana	59.1	80	73.9
Maine	40.6	81	50.0
Maryland	177.0	75	236.0
Massachusetts	358.9	75	478.6
Michigan	471.3	75	624.7
Minnesota	203.3	85	239.7
Mississippi	23.2	80	29.0
Missouri	128.1	80	160.2
Montana	15.7	75	21.0
Nebraska	30.5	80	38.2
Nevada	27.2	80	34.0
New Hampshire	32.1	75	42.8
New Jersey	300.2	75	400.2
New Mexico	39.9	80	49.8
New York	2,114.8	92	2,291.4
North Carolina	171.3	83	205.6
North Dakota	9.1	75	12.1
Ohio	413.8	79	521.1
Oklahoma	65.3	80	81.6
Oregon	91.6	75	122.2
Pennsylvania	434.3	80	542.8
Rhode Island	69.4	86	80.5
South Carolina	35.8	75	47.9
South Dakota	9.1	80	11.4

Table IV Contd.

	MOE Expenditures, Federal Fiscal Year 1999	Spending as a Percent of the MOE Baseline ("MOE Level")	Annual MOE Baseline
Tennessee	88.3	80	110.4
Texas	$251.4	80	314.3
Utah	25.3	75	33.7
Vermont	27.4	80	34.1
Virginia	128.2	75	170.9
Washington	291.7	80	362.7
West Virginia	43.6	101	43.1
Wisconsin	168.9	75	225.2
Wyoming	11.0	78	14.1

Source: Center on Budget and Policy Priorities

Table V: Basic Information on TANF and MOE Funds

This table provides the amount of each state's fiscal year 1999 TANF allocation. This includes a basic grant in all states and one or more additional grants in other states. The additional grants include grants for states with high historically low levels of spending per poor person or high rates of population growth and bonus grants to states with the greatest reductions in out-of-wedlock births. (This table does not include the recently announced bonus grants to states with the highest rankings on various performance measures — such as the percentage of cash assistance recipients that go to work in a given year — which total $200 million nationally. Those bonus grants were awarded in fiscal year 2000, not in fiscal year 1999.) The total grant for each year equals the basic grant plus the additional grants if the state receives one. Table V also provides MOE spending amounts at the 75 percent, 80 percent, and 100 percent level. These figures are presented for background purposes.

> EXAMPLE: Mississippi's basic annual TANF allocation equals $86.8 million. The state is automatically eligible for a supplemental TANF grant, and the fiscal year 1999 supplement totals $4.4 million. That results in total TANF funding of $91.2 million in fiscal year 1999. The state would have to spend $21.7 million in state funds to meet the 75 percent MOE level, $23.2 million to meet the 80 percent MOE level, and $29 million to meet the 100% MOE level.

TABLE V
TANF ALLOCATIONS AND MOE REQUIREMENTS

	Basic Annual TANF Allocation	Supplemental Grant, FY 1999[a]	Bonus for Reduction In Out-of-Wedlock Births	MOE Requirement 75% Level	MOE Requirement 80% Level	MOE Requirement 100% level
(all figures in millions)						
Alabama	$93.3	$5.4	$20.0	$39.2	$41.8	$52.3
Alaska	61.2	3.4		48.9	52.2	65.3
Arizona	218.7	11.7		94.3	100.6	125.7
Arkansas	56.7	3.0		20.8	22.2	27.8
California	3,731.1		20.0	2,726.1	2,907.8	3,634.7
Colorado	136.1	6.6		82.9	88.4	110.5
Connecticut	266.8			183.4	195.6	244.6
Delaware	32.3			21.8	23.2	29.0
District of Columbia	92.6		20.0	70.4	75.1	93.9
Florida	562.3	29.5		368.4	392.9	494.6
Georgia	330.7	18.2		173.4	184.9	231.2
Hawaii	98.9			71.1	75.9	97.3
Idaho	31.3	1.7		13.7	14.6	18.2
Illinois	585.1			430.1	458.8	573.5
Indiana	206.8			113.5	121.1	151.4
Iowa	131.5			62.0	66.1	82.6
Kansas	101.9			61.7	65.9	82.3
Kentucky	181.3			67.4	71.9	89.9
Louisiana	164.0	8.3		55.4	59.1	73.9
Maine	78.1			37.5	40.0	50.0
Maryland	229.1			177.0	188.8	236.0
Massachusetts	459.4		20.0	358.9	382.9	478.6
Michigan	775.4		20.0	468.5	499.8	624.7
Minnesota	267.4			179.7	191.7	239.7
Mississippi	86.8	4.4		21.7	23.2	29.0
Missouri	217.1			120.1	128.1	160.2
Montana	44.3	1.1		15.7	16.8	21.0
Nebraska	58.0			28.6	30.5	38.2
Nevada	44.0	1.8		25.5	27.2	34.0
New Hampshire	38.5			32.1	34.3	42.8
New Jersey	404.0			300.2	320.2	400.2
New Mexico	126.1	6.6		37.3	39.8	49.8
New York	2,442.9			1,718.6	1,833.2	2,291.4
North Carolina	302.2	17.6		154.2	164.5	205.6
North Dakota	$26.4			$9.1	$9.7	$12.1

Table V, Contd.

	Basic Annual TANF Allocation	Supplemental Grant, FY 1999	Bonus for Reduction In Out-of-Wedlock Births	MOE Requirement 75% Level	80% Level	100% level
(all figures in millions)						
Ohio	$728.0			390.8	416.9	521.1
Oklahoma	147.6			61.2	65.3	81.7
Oregon	166.8			91.6	97.7	123.0
Pennsylvania	719.5			407.1	434.3	542.8
Rhode Island	95.0			60.4	64.4	80.5
South Carolina	100.0			35.9	38.3	47.9
South Dakota	21.3			8.5	9.1	11.7
Tennessee	191.5	10.5		82.8	88.3	110.4
Texas	486.3	25.7		235.7	251.4	314.3
Utah	76.8	4.2		25.5	27.3	33.7
Vermont	47.4			25.5	27.3	34.1
Virginia	158.3			128.2	136.7	170.9
Washington	403.3			272.0	290.1	362.7
West Virginia	110.2			32.3	34.4	43.1
Wisconsin	317.5			168.9	180.1	225.6
Wyoming	20.8			10.5	11.1	14.2
TOTAL	$16,472.7	$161.0	100.0	$10,435.0	$11,130.6	$13,913.3

Source: U.S. Department of Health and Human Services.