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UNSPENT TANF FUNDS IN THE MIDDLE OF FEDERAL FISCAL YEAR 2000

by Ed Lazere

Spending on cash assistance for needy families with children has fallen dramatically since the early 1990s as a result of the declining number of families receiving such assistance. Available federal funding under the Temporary Assistance to Needy Families block grant has not dropped, however, because each state's annual TANF allocation as established in the 1996 welfare law is based largely on the amount of federal welfare funding it received in the early 1990's. Many states have taken advantage of the TANF funds freed up by welfare caseload declines to invest in a wide range of benefits and services for needy families, such as transportation, child care, and substance abuse treatment.

Many states also have left a portion of their TANF funds unspent. Under the 1996 welfare law, funds that a state leaves unspent in a given year are reserved by the federal government and can be accessed by the state in future years. TANF balances have become an important issue in many states because they present 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. The issue of unspent TANF funds also is important because some federal policy makers have proposed reducing TANF funds and using the savings for other purposes. It is likely that TANF funds will remain an attractive target for reductions unless states invest a greater share in benefits and services that help needy families.

This paper analyzes unspent TANF funds through the middle of federal fiscal year 2000 — March 31, 2000 — based on expenditure data states have prepared for federal reporting purposes. (The federal fiscal year runs from October through September.) It also includes information on the amount of funds states have transferred from TANF to the Child Care Development Fund and the Social Services Block Grant, as well as the level of expenditures states have made from their own funds as part of the TANF maintenance-of-effort requirement. It is an update of earlier Center reports on unspent TANF funds.¹

¹ See, for example, *Welfare Balances after Three Years of TANF Block Grants: Unspent TANF Funds at the end of Fiscal Year 1999*, January 12, 2000. (<http://www.cbpp.org/1-11-00wel.pdf>)

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 basic cash assistance, education and training, child care, and transportation. The reports also show the extent to which states transferred TANF funds to the social services block grant and the child care block grant, the amount of TANF funds that remain unspent, and expenditures states made from their own funds as a condition of receiving the TANF block grant — known as state maintenance-of-effort (MOE) funds.

The ACF-196 reports for the quarter ending on March 31, 2000 were collected in May and June 2000 by the Center on Budget and Policy Priorities from the state agencies responsible for preparing the ACF-196 reports — typically the budget, accounting, or federal reporting division of the state’s welfare agency. 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.

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.
- “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, these reported fund 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 this paper does.

Some funds reported as unliquidated obligations could be considered unobligated funds. The definition of unliquidated obligations has varied from state to state. The definitions appear to vary so widely that some states report *all* TANF funds that have not been expended as

unliquidated obligations, while a number of other states report all unspent TANF funds as unobligated and report no unliquidated obligations.

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 reflect funds that generally would be considered unobligated funds. Some state officials have acknowledged in phone conversations with Center on Budget and Policy Priorities staff that all unspent TANF funds are reported as unliquidated obligations, whether the funds have been committed for a specific purpose or not.

The final TANF regulations have given states an incentive to report unspent funds as being obligated. The TANF regulations that went into effect on October 1, 1999 include a new provision that restricts a state's use of unspent funds from prior years. The regulations prohibit states from spending carryover funds on activities other than cash assistance or other forms of ongoing assistance intended to meet a family's basic needs, such as housing.² The federal regulations thus do not allow states to use unspent TANF funds from previous years on many otherwise allowable activities, such as work supports for employed families. These kinds of 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. Funds that a state *obligates* from its current-year TANF allocation for activities other than ongoing basic assistance can be spent in that year or the following year. If, for example, a state obligates \$10 million in TANF funds for transportation services in FY 2000, it has until the end of FY 2001 to spend those funds on transportation. (Any of those funds not spent by the end of FY 2001 would have to be spent in future years on ongoing basic assistance.) By contrast, if the state did not obligate TANF funds in FY 2000, none of its funds carried forward could be spent on transportation for employed families in FY 2001.

It is likely that this restriction on the use of carryover TANF funds does not greatly limit a state's ability to use TANF funds. States can retain flexibility by using carryover funds to provide cash assistance and using their current-year TANF allocation for other services and benefits. Nevertheless, it appears that some state officials believe this provision limits their

² The preamble to the final TANF regulations indicates that states can spend funds carried forward from prior years 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. The regulations specify that many uses of TANF funds are not considered "assistance," including short-term assistance; child care, transportation, and other work supports for employed families; wage subsidies; state Earned Income Tax Credits; and services such as counseling that do not provide basic income support. (64 FR 17880)

flexibility, and this appears to have led a number of states to greatly increase the amount of obligated but unspent TANF funds reported over the past year.³

No systematic analysis of the recent upsurge in TANF obligations has been conducted, but it is likely that at least a significant share of the obligated funds are or will become available for new uses. In some cases, TANF funds have been obligated by granting spending authority to counties or other local entities. In these cases, it is likely that the local entities have not committed all available funds, which means that at least some of the funds effectively remain unobligated at the local level. In other states that have obligated large amounts of TANF funds for specific activities, such as child care, it may take a long period to actually expend the large amount of newly obligated funds. In these states, policy makers may decide at a future date to alter the planned use of those 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.

³ The restrictions on the use of TANF funds were announced in April 1999 and went into effect in October 1999. Because the restrictions were not applicable to funds from FY 1999 or prior years that were obligated before October 1, 1999, a number of states obligated substantial amounts of TANF funds, in an apparent effort to avoid the restrictions.

TABLE I: Unobligated TANF Funds in the Middle of Federal Fiscal Year 2000

Table I identifies the level of unobligated TANF funds in each state as of March 31, 2000, the middle of federal fiscal year 2000. These are the most recent data available.

The first column identifies unobligated TANF amounts that remain unspent from each state's TANF allocations prior to fiscal year 2000 plus the amount of unobligated funds from the first half of the state's fiscal year 2000 TANF allocation.

The second column of Table I measures the accumulated unobligated TANF balance as a percentage of the cumulative amount of TANF funding available to each state from fiscal year 1997 through the middle of fiscal year 2000. 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 annual TANF allocation is included in Table V of this report.)

EXAMPLE: As of March 31, 2000, Utah had \$22.7 million in unobligated TANF funds. This amount equals eight percent of the TANF funds that have been available to Utah in the period from fiscal year 1997, when TANF was implemented, through the middle of fiscal year 2000.

The figures presented here differ from those presented in the ACF-196 financial reports states submitted to HHS in one key way. To determine the amount of unobligated TANF funds from the first half of the fiscal year 2000 TANF allocation, Table I subtracts the amount of TANF funds that were spent, transferred, or obligated in the first half of fiscal year 2000 from an amount equal to half of the state's FY 2000 TANF allocation. By contrast, the unobligated funds identified in the state TANF financial reports reflect the difference between a state's use of TANF funds and the amount of TANF funds "awarded" to the state in the first half of FY 2000. The amount "awarded" in essence reflects the amount the state has reported to HHS that it may need and would like to have access to during a given period.⁴ In some states, the awarded amount is significantly more or less than half of its annual TANF allocation. Because the amount awarded is somewhat arbitrary, it is more instructive to compare uses of TANF funds in the six months of the year with half of the block grant, as is done in Table I.

⁴ The federal government sets limits on the portion of the TANF block grant a state can be awarded for a given calendar quarter. The awarded amount represents the maximum amount for which a state can claim reimbursement in a given period.

Table I
Unobligated TANF Funds as of March 31, 2000
(middle of federal fiscal year 2000)

| | Unobligated TANF Funds as of March 31, 2000* (\$ figures in millions) | Unobligated Funds as a Percent of TANF Funds Available** |
|----------------------|---|---|
| Alabama | 46.2 | 13% |
| Alaska | 0.5 | 0 |
| Arizona | 34 | 4 |
| Arkansas | 29.7 | 18 |
| California | 901.3 | 7 |
| Colorado | 64.6 | 16 |
| Connecticut | 0 | 0 |
| Delaware | 0 | 0 |
| District of Columbia | 24.4 | 8 |
| Florida | 112.6 | 6 |
| Georgia | 169.6 | 15 |
| Hawaii | 7.6 | 3 |
| Idaho | 19.4 | 21 |
| Illinois | 0 | 0 |
| Indiana | 0 | 0 |
| Iowa | 35.4 | 8 |
| Kansas | 4.8 | 1 |
| Kentucky | 0 | 0 |
| Louisiana | 165.5 | 29 |
| Maine | 9.3 | 3 |
| Maryland | 105.1 | 14 |
| Massachusetts | 0 | 0 |
| Michigan | 86.3 | 3 |
| Minnesota | 119.3 | 15 |
| Mississippi | 91.4 | 29 |
| Missouri | 0 | 0 |
| Montana | 37.8 | 26 |
| Nebraska | 1.7 | 1 |
| Nevada | 3 | 2 |
| New Hampshire | 9.9 | 7 |
| New Jersey | 0 | 0 |
| New Mexico | 46.9 | 12 |
| New York | 1189.6 | 15 |
| North Carolina | 45.5 | 4 |
| North Dakota | 8 | 11 |
| Ohio | 337.6 | 13 |
| Oklahoma | 86.3 | 17 |
| Oregon | 5.1 | 1 |
| Pennsylvania | 106.1 | 5 |
| Rhode Island | 13.7 | 5 |
| South Carolina | 7.7 | 2 |
| South Dakota | 17.8 | 25 |
| Tennessee | 86.1 | 12 |
| Texas | 55.3 | 3 |
| Utah | 22.7 | 8 |
| Vermont | 3.1 | 2 |
| Virginia | 0 | 0 |
| Washington | 272.9 | 21 |
| West Virginia | 166.9 | 46 |
| Wisconsin | 100.8 | 9 |
| Wyoming | 45.9 | 64 |

* This reflects unobligated TANF amounts from TANF allocations prior to fiscal year 2000 plus unobligated funds from the first half of the fiscal year 2000 TANF allocation (uses of FY 2000 funds compared with half of the FY 2000 allocation).

** Unobligated funds as a percent of TANF funds awarded from FY 1997 through FY 1999 plus half of the FY 2000 allocation.

TABLE II: States With Unliquidated Obligations of TANF Funds in the Middle of Federal Fiscal Year 2000

The figures in Table I do not reflect amounts reported as unliquidated obligations, because such funds generally are not available for new spending initiatives. 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 reported have increased sharply over the past year. In some states with substantial unliquidated obligations and little or no unobligated funds, at least some of the unliquidated obligations generally would 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 to help low-income families in other ways. 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 in each state as of March 31, 2000. The table also 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 middle of fiscal year 2000.

EXAMPLE: In the middle of federal fiscal year 2000, Colorado reported \$44.8 million in federal TANF funds as unliquidated obligations. The amount of unliquidated obligations is equivalent to 11 percent of the TANF funds that have been available to the state from the inception of its TANF program.

Table II
Unliquidated Obligations of TANF Funds as of March 31, 2000
(middle of federal fiscal year 2000)

| | Unliquidated Obligations of TANF Funds as of March 31, 2000 <i>(\$ figures in millions)</i> | Unliquidated Obligations as a Percent of TANF Funds Available* |
|----------------------|--|--|
| Alabama | \$2.4 | 1% |
| Alaska | 16.7 | 9 |
| Arizona | 66.0 | 8 |
| Arkansas | 7.4 | 4 |
| California | 785.7 | 6 |
| Colorado | 44.8 | 11 |
| Connecticut | 21.2 | 2 |
| Delaware | 4.3 | 4 |
| District of Columbia | 50.5 | 16 |
| Florida | 322.5 | 16 |
| Georgia | 37.5 | 3 |
| Hawaii | 1.3 | 0 |
| Idaho | 13.8 | 15 |
| Illinois | 10.8 | 1 |
| Indiana | 143.7 | 20 |
| Iowa | 5.3 | 1 |
| Kansas | 0 | 0 |
| Kentucky | 31.4 | 5 |
| Louisiana | 0 | 0 |
| Maine | 0 | 0 |
| Maryland | 45.5 | 6 |
| Massachusetts | 90.8 | 6 |
| Michigan | 0 | 0 |
| Minnesota | 38.4 | 5 |
| Mississippi | 15.4 | 5 |
| Missouri | 0 | 0 |
| Montana | 0 | 0 |
| Nebraska | 0 | 0 |
| Nevada | 21.7 | 14 |
| New Hampshire | 3.2 | 2 |
| New Jersey | 80.8 | 6 |
| New Mexico | 0 | 0 |
| New York | 262.0 | 3 |
| North Carolina | 56.5 | 6 |
| North Dakota | 2.5 | 3 |
| Ohio | 509.7 | 20 |
| Oklahoma | 0 | 0 |
| Oregon | 23.1 | 4 |
| Pennsylvania | 200.3 | 9 |
| Rhode Island | 0.0 | 0 |
| South Carolina | 27.7 | 8 |
| South Dakota | 1.0 | 1 |
| Tennessee | 48.2 | 7 |
| Texas | 219.9 | 13 |
| Utah | 0 | 0 |
| Vermont | 0 | 0 |
| Virginia | 37.0 | 7 |
| Washington | 50.9 | 4 |
| West Virginia | 0 | 0 |
| Wisconsin | 268.6 | 24 |
| Wyoming | 0 | 0 |

* Unliquidated obligations as a percent of TANF funds awarded from FY 1997 through FY 1999 plus half of the FY 2000 allocation.

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TABLE III: Total Unspent TANF Funds in the Middle of Federal Fiscal Year 2000

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 March 31, 2000 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 middle of fiscal year 2000.

EXAMPLE: In the middle of federal fiscal year 2000, Arizona reported \$34 million in unobligated federal TANF funds and \$66 million in unliquidated obligations. The total amount of unspent TANF funds was \$100 million, and this equaled 13 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 as of March 31, 2000 (middle of federal fiscal year 2000)

| | Unobligated TANF Funds as of March 31, 2000* | Unliquidated Obligations of TANF Funds as of March 31, 2000 | Total Unspent Funds as of March 31, 2000 | Unspent Funds as a Percent of TANF Funds Available** |
|---------------------------------|--|---|---|--|
| <i>(\$ figures in millions)</i> | | | | |
| Alabama | \$46.2 | \$2.4 | \$48.6 | 14% |
| Alaska | 0.5 | 16.7 | 17.2 | 9 |
| Arizona | 34.0 | 66.0 | 100.1 | 13 |
| Arkansas | 29.7 | 7.4 | 37.0 | 22 |
| California | 901.3 | 785.7 | 1,686.9 | 13 |
| Colorado | 64.6 | 44.8 | 109.3 | 28 |
| Connecticut | 0 | 21.2 | 21.2 | 2 |
| Delaware | 0 | 4.3 | 4.3 | 4 |
| District of Columbia | 24.4 | 50.5 | 74.9 | 24 |
| Florida | 112.6 | 322.5 | 435.1 | 21 |
| Georgia | 169.6 | 37.5 | 207.1 | 18 |
| Hawaii | 7.6 | 1.3 | 8.9 | 3 |
| Idaho | 19.4 | 13.8 | 33.3 | 35 |
| Illinois | 0 | 10.8 | 10.8 | 1 |
| Indiana | 0 | 143.7 | 143.7 | 20 |
| Iowa | 35.4 | 5.3 | 40.7 | 9 |
| Kansas | 4.8 | 0 | 4.8 | 1 |
| Kentucky | 0 | 31.4 | 31.4 | 5 |
| Louisiana | 165.5 | 0 | 165.5 | 29 |
| Maine | 9.3 | 0 | 9.3 | 3 |
| Maryland | 105.1 | 45.5 | 150.6 | 20 |
| Massachusetts | 0 | 90.8 | 90.8 | 6 |
| Michigan | 86.3 | 0 | 86.3 | 3 |
| Minnesota | 119.3 | 38.4 | 157.7 | 20 |
| Mississippi | 91.4 | 15.4 | 106.8 | 34 |
| Missouri | 0 | 0 | 0.0 | 0 |
| Montana | 37.8 | 0 | 37.8 | 26 |
| Nebraska | 1.7 | 0 | 1.7 | 1 |
| Nevada | 3.0 | 21.7 | 24.7 | 16 |
| New Hampshire | 9.9 | 3.2 | 13.0 | 10 |
| New Jersey | 0 | 80.8 | 80.8 | 6 |
| New Mexico | 46.9 | 0 | 46.9 | 12 |
| New York | 1,189.6 | 262.0 | 1,451.6 | 18 |
| North Carolina | 45.5 | 56.5 | 102.0 | 10 |
| North Dakota | 8.0 | 2.5 | 10.5 | 14 |
| Ohio | 337.6 | 509.7 | 847.3 | 33 |
| Oklahoma | 86.3 | 0 | 86.3 | 17 |
| Oregon | 5.1 | 23.1 | 28.2 | 5 |
| Pennsylvania | 106.1 | 200.3 | 306.4 | 14 |
| Rhode Island | 13.7 | 0.0 | 13.7 | 5 |
| South Carolina | 7.7 | 27.7 | 35.4 | 10 |
| South Dakota | 17.8 | 1.0 | 18.8 | 26 |
| Tennessee | 86.1 | 48.2 | 134.3 | 19 |
| Texas | 55.3 | 219.9 | 275.2 | 16 |
| Utah | 22.7 | 0 | 22.7 | 8 |
| Vermont | 3.1 | 0 | 3.1 | 2 |
| Virginia | 0 | 37.0 | 37.0 | 7 |
| Washington | 272.9 | 50.9 | 323.7 | 25 |
| West Virginia | 166.9 | 0 | 166.9 | 46 |
| Wisconsin | 100.8 | 268.6 | 369.4 | 33 |
| Wyoming | 45.9 | 0 | 45.9 | 64 |

* This reflects unobligated TANF amounts from TANF allocations prior to fiscal year 2000 plus unobligated funds from the first half of the fiscal year 2000 TANF allocation (uses of FY 2000 funds compared with half of the FY 2000 allocation).

** Unspent funds as a percent of TANF funds awarded from FY 1997 through FY 1999 plus half of the FY 2000 allocation.

TABLE IV: Transfers from TANF to the Child Care Development Fund and the Social Services Block Grant in the First Half of Federal Fiscal Year 2000

States have the authority to transfer a portion of their annual TANF allocation to the Child Care Development Fund (also known as the child care block grant) and the Social Services Block Grant. The amount transferred to SSBG is limited to 10 percent of the annual block grant, and the combined CCDF/SSBG transfer amount is 30 percent. Starting in fiscal year 2001, transfers to SSBG will be limited to 4.25 percent of the block grant. (The combined transfer limit will remain at 30 percent). When TANF funds are transferred to CCDF or SSBG, the rules of those block grants, not TANF rules, govern the use of the funds.

TANF funds transferred to CCDF can be used to strengthen a state's child care system and expand access to assistance. While states can spend TANF funds directly on child care, transferring these funds to CCDF may be advantageous because it can help states maintain a unified child care system. In addition, TANF funds spent on child care would have time limit and work requirement implications while for non-working families use of CCDF funds transferred from TANF does not carry these restrictions. Thus, it may be advantageous to use TANF funds transferred to CCDF to provide child care to some families, particularly families that are not employed but that also are not receiving a welfare check.

SSBG funds a wide array of social services for families with children as well as single individuals and childless couples, especially the elderly. TANF funds transferred to SSBG can be used for any allowable SSBG service, but only for families with children and incomes below 200 percent of the poverty threshold. Transferring TANF funds may be advantageous because use of SSBG funds does not have time limit or work requirement implications and because some services for needy families allowable under SSBG are not allowable under TANF.

Table IV identifies the amount of TANF funds transferred by each state to CCDF and SSBG in the first half of federal fiscal year 2000, and it presents those amounts as a share of the state's FY 2000 TANF allocation.

EXAMPLE: In the first half of fiscal year 2000, Illinois transferred \$75 million of TANF funds — 12.4 percent of its FY 2000 TANF grant — to the Child Care and Development Fund. The state also transferred \$29 million of TANF funds — 4.8 percent of its FY 2000 TANF grant — to the Social Services Block Grant.

Table IV
TANF Funds Transferred to the Child Care Development Fund
And the Social Services Block Grant in the First Half of Federal Fiscal Year 2000

| | Transferred to CCDF | Percent of FY 2000 TANF Grant | Transferred to SSBG | Percent of FY 2000 TANF Grant |
|----------------------|--------------------------|----------------------------------|--------------------------|----------------------------------|
| | (\$ figures in millions) | | (\$ figures in millions) | |
| Alabama | \$1.3 | 1.2% | \$5.0 | 4.8% |
| Alaska | 1.5 | 2.3 | 4.0 | 6.3 |
| Arizona | 15.3 | 6.5 | 0 | 0 |
| Arkansas | 1.0 | 1.6 | 0 | 0 |
| California | 76.2 | 2.0 | 0 | 0 |
| Colorado | 0 | 0 | 0 | 0 |
| Connecticut | 0 | 0 | 12.2 | 4.5 |
| Delaware | 2.7 | 8.0 | 0 | 0 |
| District of Columbia | 9.3 | 10.0 | 4.6 | 5.0 |
| Florida | 65.9 | 10.7 | 33.0 | 5.4 |
| Georgia | 30.0 | 8.4 | 0 | 0 |
| Hawaii | 0 | 0 | 0 | 0 |
| Idaho | 3.2 | 9.6 | 1.6 | 4.8 |
| Illinois | 75.1 | 12.4 | 29.3 | 4.8 |
| Indiana | 41.4 | 19.2 | 0 | 0 |
| Iowa | 14.9 | 11.2 | 0 | 0 |
| Kansas | 6.6 | 6.5 | 0 | 0 |
| Kentucky | 36.2 | 20.0 | 18.1 | 10.0 |
| Louisiana | 0 | 0 | 0 | 0 |
| Maine | 3.9 | 5.0 | 0.5 | 0.6 |
| Maryland | 0 | 0 | 0 | 0 |
| Massachusetts | 46.8 | 10.0 | 9.8 | 2.1 |
| Michigan | 0 | 0 | 35.6 | 4.6 |
| Minnesota | 18.3 | 6.6 | 13.7 | 5.0 |
| Mississippi | 8.7 | 9.3 | 8.7 | 9.3 |
| Missouri | 0 | 0 | 21.7 | 10.0 |
| Montana | 0 | 0 | 0 | 0 |
| Nebraska | 4.0 | 6.9 | 0 | 0 |
| Nevada | 0 | 0 | 0 | 0 |
| New Hampshire | 0 | 0 | 0 | 0 |
| New Jersey | 104.0 | 25.7 | 17.2 | 4.2 |
| New Mexico | 9.4 | 7.1 | 0 | 0 |
| New York | 25.2 | 1.0 | 0 | 0 |
| North Carolina | 40.1 | 12.2 | 4.5 | 1.4 |
| North Dakota | 0 | 0 | 0 | 0 |
| Ohio | 0 | 0 | 0 | 0 |
| Oklahoma | 0 | 0 | 0 | 0 |
| Oregon | 0 | 0 | 0 | 0 |
| Pennsylvania | 67.1 | 9.0 | 54.9 | 7.4 |
| Rhode Island | 0 | 0 | 0.2 | 0.2 |
| South Carolina | 0 | 0 | 0 | 0 |
| South Dakota | 0 | 0 | 0 | 0 |
| Tennessee | 22.6 | 10.5 | 0 | 0 |
| Texas | 0 | 0 | 0 | 0 |
| Utah | 0 | 0 | 2.9 | 3.4 |
| Vermont | 3.2 | 6.7 | 2.4 | 5.0 |
| Virginia | 0 | 0 | 0 | 0 |
| Washington | 0 | 0 | 0 | 0 |
| West Virginia | 0 | 0 | 0 | 0 |
| Wisconsin | 26.9 | 8.5 | 15.9 | 5.0 |
| Wyoming | 0 | 0 | 0 | 0 |

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TABLE V: 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 percent of the fiscal year 1994 baseline.

Because states must meet the MOE requirement or face significant financial penalties, unspent funds under TANF/MOE typically show up as federal TANF funds and not MOE funds. Nevertheless, information on the level of MOE expenditures in each state can be useful to understanding a state's unspent TANF funds, and the full amount of resources available to the state under TANF and MOE.

- States that met a substantial share of their MOE requirement in the first half of federal fiscal year 2000 could reduce MOE spending in the last half of the fiscal year and still meet the minimum requirement. In these cases, the state may rely more on TANF funds in the last half of the fiscal year than in the first half, and thus its unspent TANF balance may be smaller than in the first half of the year.
- By contrast, a state that spent less than half of its MOE requirement in the first two quarters of the fiscal year would have to increase MOE spending in the last half of the fiscal year in order to meet the minimum MOE requirement. In these cases, states may rely less on TANF funds in the last half of the year than in the first, thereby resulting in more unspent TANF funds than the state had for the first half of the year.

Table V presents each state's MOE spending level in the first half of the year and measures the MOE spending as a percentage of the MOE baseline. Because states must spend at either the 80 percent level or the 75 percent level to meet the minimum *annual* MOE requirement, states would have to have spent at the 40 percent level (or at the 37.5 percent level) as of March 31 to have met at least half of annual MOE requirement.

EXAMPLE: Louisiana reported MOE spending in the first half of federal fiscal year 2000 totaled \$27.6 million, which is equal to 37.4 percent of the MOE baseline if the state plans to spend at the 75 level, or slightly less than half if the state plans to spend at the 80 percent level for the year.

Table V
State MOE Spending in the First Half of Federal Fiscal Year 2000
(as of March 31, 2000)

NOTE: States must spend at least 80 percent of the MOE baseline (75 percent in some cases) during each fiscal year. States spending at least 40% (or 37.5%) of the annual baseline as of mid-FY 2000 have met at least half of the annual MOE requirement.

| | Annual MOE Baseline | FY 2000 MOE Expenditures As of March 31, 2000 | Spending as a Percent of the MOE Baseline ("MOE Level") |
|---------------------------------|---------------------|---|---|
| <i>(\$ figures in millions)</i> | | | |
| Alabama | \$52.3 | \$14.0 | 26.8% |
| Alaska | 65.3 | 28.8 | 44.1 |
| Arizona | 125.7 | 35.5 | 28.2 |
| Arkansas | 27.8 | 12.9 | 46.5 |
| California | 3,634.7 | 1,692.1 | 46.6 |
| Colorado | 110.5 | 53.6 | 48.5 |
| Connecticut | 244.6 | 90.2 | 36.9 |
| Delaware | 29.0 | 12.3 | 42.4 |
| District of Columbia | 93.9 | 26.5 | 28.3 |
| Florida | 491.2 | 167.6 | 34.1 |
| Georgia | 231.2 | 31.0 | 13.4 |
| Hawaii | 94.9 | 30.4 | 32.0 |
| Idaho | 18.2 | 6.8 | 37.2 |
| Illinois | 573.5 | 174.9 | 30.5 |
| Indiana | 151.4 | 34.4 | 22.8 |
| Iowa | 82.6 | 45.5 | 55.0 |
| Kansas | 82.3 | 47.9 | 58.1 |
| Kentucky | 89.9 | 48.3 | 53.8 |
| Louisiana | 73.9 | 27.6 | 37.4 |
| Maine | 50.0 | 26.1 | 52.2 |
| Maryland | 236.0 | 64.9 | 27.5 |
| Massachusetts | 478.6 | 159.0 | 33.2 |
| Michigan | 624.7 | 71.8 | 11.5 |
| Minnesota | 239.7 | 95.6 | 39.9 |
| Mississippi | 29.0 | 9.0 | 31.0 |
| Missouri | 160.2 | 73.0 | 45.6 |
| Montana | 21.0 | 6.2 | 29.6 |
| Nebraska | 38.2 | 15.9 | 41.5 |
| Nevada | 34.0 | 13.6 | 40.0 |
| New Hampshire | 42.8 | 8.7 | 20.3 |
| New Jersey | 400.2 | 119.1 | 29.8 |
| New Mexico | 49.8 | 16.2 | 32.5 |
| New York | 2,291.4 | 865.6 | 37.8 |
| North Carolina | 205.6 | 77.5 | 37.7 |
| North Dakota | 12.1 | 4.1 | 33.7 |
| Ohio | 521.1 | 221.0 | 42.4 |
| Oklahoma | 81.6 | 30.6 | 37.5 |
| Oregon | 122.2 | 46.2 | 37.8 |
| Pennsylvania | 542.8 | 228.2 | 42.0 |
| Rhode Island | 80.5 | 43.5 | 54.1 |
| South Carolina | 47.9 | 18.0 | 37.6 |
| South Dakota | 11.4 | 4.2 | 36.8 |
| Tennessee | 110.4 | 36.5 | 33.0 |
| Texas | 314.3 | 128.4 | 40.9 |
| Utah | 33.7 | 9.5 | 28.2 |
| Vermont | 34.1 | 12.2 | 36.0 |
| Virginia | 170.9 | 57.2 | 33.5 |
| Washington | 362.7 | 187.1 | 51.6 |
| West Virginia | 43.1 | 17.4 | 40.3 |
| Wisconsin | 225.2 | 71.5 | 31.8 |
| Wyoming | 14.1 | 3.3 | 23.2 |

Table VI: Basic Information on TANF and MOE Funds

This table provides the amount of each state's fiscal year 2000 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 historically low levels of spending per poor person or high rates of population growth and 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 a year nationally. (This table does not include the bonus grants to states with the greatest reductions in out-of-wedlock births, since they have not been announced yet.) The total grant for each year equals the basic grant plus the additional grants if the state receives one. Table VI also provides MOE spending amounts at the 75 percent, 80 percent, and 100 percent level. These figures are presented for background purposes.

EXAMPLE: Florida's basic annual TANF allocation equals \$562.3 million. The state is eligible for a supplemental TANF grant, and the fiscal year 2000 supplement totals \$44.7 million. The state also received a bonus for high performance of \$6.8 million. That results in total TANF funding of \$613.8 million in fiscal year 2000. The state would have to spend \$368.4 million in state funds to meet the 75 percent MOE level, \$392.9 million to meet the 80 percent MOE level, and \$491.2 million to meet the 100% MOE level.

Table VI
TANF Allocations and MOE Requirements

| | FY 2000 | | High | Total FY 2000 TANF Grant | MOE Requirement | | |
|---------------------------------|--------------------------|----------------------------|-----------------------|-----------------------------|-----------------|--------------|---------------|
| | Basic TANF Allocation | Supplemental TANF grant | Performance Bonus* | | 75% Level | 80% Level | 100% Level |
| <i>(\$ figures in millions)</i> | | | | | | | |
| Alabama | \$93.3 | \$8.2 | \$2.7 | \$104.2 | \$39.2 | \$41.8 | \$52.3 |
| Alaska | 58.8 | 5.1 | | 63.9 | 48.9 | 52.2 | 65.3 |
| Arizona | 218.2 | 17.7 | | 236.0 | 94.3 | 100.6 | 125.7 |
| Arkansas | 56.7 | 4.6 | | 61.3 | 20.8 | 22.2 | 27.8 |
| California | 3,730.2 | | 45.5 | 3,775.6 | 2,726.1 | 2,907.8 | 3,634.7 |
| Colorado | 136.1 | 10.1 | | 146.1 | 82.9 | 88.4 | 110.5 |
| Connecticut | 266.8 | | 2.4 | 269.2 | 183.4 | 195.6 | 244.6 |
| Delaware | 32.3 | | 1.6 | 33.9 | 21.8 | 23.2 | 29.0 |
| District of Columbia | 92.6 | | | 92.6 | 70.4 | 75.1 | 93.9 |
| Florida | 562.3 | 44.7 | 6.8 | 613.9 | 368.4 | 392.9 | 491.2 |
| Georgia | 330.7 | 27.6 | | 358.4 | 173.4 | 184.9 | 231.2 |
| Hawaii | 98.9 | | 0.9 | 99.8 | 71.1 | 75.9 | 94.9 |
| Idaho | 30.6 | 2.6 | | 33.2 | 13.7 | 14.6 | 18.2 |
| Illinois | 585.1 | | 21.6 | 606.6 | 430.1 | 458.8 | 573.5 |
| Indiana | 206.8 | | 8.8 | 215.6 | 113.5 | 121.1 | 151.4 |
| Iowa | 131.5 | | 1.2 | 132.7 | 62.0 | 66.1 | 82.6 |
| Kansas | 101.9 | | | 101.9 | 61.7 | 65.9 | 82.3 |
| Kentucky | 181.3 | | | 181.3 | 67.4 | 71.9 | 89.9 |
| Louisiana | 164.0 | 12.6 | 3.8 | 180.4 | 55.4 | 59.1 | 73.9 |
| Maine | 78.1 | | | 78.1 | 37.5 | 40.0 | 50.0 |
| Maryland | 229.1 | | | 229.1 | 177.0 | 188.8 | 236.0 |
| Massachusetts | 459.4 | | 10.6 | 469.9 | 358.9 | 382.9 | 478.6 |
| Michigan | 775.4 | | 2.5 | 777.9 | 468.5 | 499.8 | 624.7 |
| Minnesota | 267.2 | | 9.4 | 276.6 | 179.7 | 191.7 | 239.7 |
| Mississippi | 86.8 | 6.7 | | 93.5 | 21.7 | 23.2 | 29.0 |
| Missouri | 217.1 | | | 217.1 | 120.1 | 128.1 | 160.2 |
| Montana | 43.9 | 1.1 | | 45.1 | 15.7 | 16.8 | 21.0 |
| Nebraska | 58.0 | | | 58.0 | 28.6 | 30.5 | 38.2 |
| Nevada | 44.0 | 2.8 | 2.2 | 48.9 | 25.5 | 27.2 | 34.0 |
| New Hampshire | 38.5 | | | 38.5 | 32.1 | 34.3 | 42.8 |
| New Jersey | 404.0 | | | 404.0 | 300.2 | 320.2 | 400.2 |
| New Mexico | 126.1 | 6.6 | | 132.7 | 37.3 | 39.8 | 49.8 |
| New York | 2,442.9 | | 8.0 | 2,450.9 | 1,718.6 | 1,833.2 | 2,291.4 |
| North Carolina | 302.2 | 26.7 | | 329.0 | 154.2 | 164.5 | 205.6 |
| North Dakota | 26.4 | | 0.9 | 27.3 | 9.1 | 9.7 | 12.1 |
| Ohio | 728.0 | | | 728.0 | 390.8 | 416.9 | 521.1 |
| Oklahoma | 147.6 | | 3.4 | 151.0 | 61.2 | 65.3 | 81.6 |
| Oregon | 166.8 | | | 166.8 | 91.6 | 97.7 | 122.2 |
| Pennsylvania | 719.5 | | 24.2 | 743.7 | 407.1 | 434.3 | 542.8 |
| Rhode Island | 95.0 | | 2.5 | 97.5 | 60.4 | 64.4 | 80.5 |
| South Carolina | 100.0 | | 1.2 | 101.2 | 35.9 | 38.3 | 47.9 |
| South Dakota | 21.3 | | 0.5 | 21.8 | 8.5 | 9.1 | 11.4 |
| Tennessee | 191.5 | 16.0 | 6.4 | 213.9 | 82.8 | 88.3 | 110.4 |
| Texas | 486.3 | 39.0 | 16.3 | 541.6 | 235.7 | 251.4 | 314.3 |
| Utah | 76.8 | 6.4 | 2.6 | 85.9 | 25.3 | 27.0 | 33.7 |
| Vermont | 47.4 | | | 47.4 | 25.5 | 27.3 | 34.1 |
| Virginia | 158.3 | | | 158.3 | 128.2 | 136.7 | 170.9 |
| Washington | 403.3 | | 10.6 | 413.9 | 272.1 | 290.2 | 362.7 |
| West Virginia | 110.2 | | 2.5 | 112.7 | 32.3 | 34.4 | 43.1 |
| Wisconsin | 317.0 | | | 317.0 | 168.9 | 180.1 | 225.2 |
| Wyoming | 20.8 | | 0.9 | 21.7 | 10.5 | 11.2 | 14.1 |