1275 First Street NE, Suite 1200
Washington, DC 20002

Tel: 202-408-1080
Fax: 202-408-1056

center@cbpp.org
www.cbpp.org

Updated January 12, 2021

To Lessen Hardship, States Should Invest More TANF Dollars in Basic Assistance for Families

By Ali Safawi and Liz Schott[1]

States spend only about a fifth of their combined federal and state dollars under the Temporary Assistance for Needy Families (TANF) block grant on basic assistance for families with children, our analysis of the latest data from fiscal year 2019 shows, and several states spend less than a tenth. States are using their considerable flexibility under TANF, the primary cash assistance program for families with the lowest incomes, to divert funds *away from* income support for families and toward other, often unrelated state budget areas, as they have increasingly done since TANF's creation in 1996. By changing course and redirecting the funds back towards cash assistance, states could improve academic, health, and economic outcomes for children in families in poverty, research shows.[2]

Direct financial assistance to families struggling to make ends meet can improve children's long-term outcomes while also providing parents with the cash they need to afford basic necessities like rent, utilities, personal hygiene products, and school supplies. Over time, however, TANF has significantly declined in performing this core task. Fewer families in need even have access to the program (in 2019, for every 100 families living in poverty, only 23 received TANF cash assistance, down from 68 families when TANF was created); benefits have lost value for those who do have access; and as this report explains, states are spending a shrinking portion of their TANF funds on basic assistance.[3]

Proponents of TANF's block grant structure, which combines fixed annual federal funding with broad state flexibility over use of the funds, argued that as state cash assistance caseloads declined, states would use that flexibility to shift spending from cash assistance to investments in work

[1] Evelyn Bellew contributed to proofing the data in this report.

[2] National Academies of Sciences, Engineering and Medicine, "A Roadmap to Reducing Child Poverty," 2019, https://www.nap.edu/catalog/25246/a-roadmap-to-reducing-child-poverty.

[3] For in-depth analysis of TANF benefit levels, see Ali Safawi and Ife Floyd, "TANF Benefits Still Too Low to Help Families, Especially Black Families, Avoid Increased Hardship," CBPP, updated October 8, 2020, https://www.cbpp.org/research/family-income-support/tanf-benefits-still-too-low-to-help-families-especially-black. For in-depth analysis of TANF caseloads and access, see Laura Meyer and Ife Floyd, "Cash Assistance Should Reach Millions More Families to Lessen Hardship," CBPP, updated November 30, 2020, https://www.cbpp.org/research/family-income-support/cash-assistance-should-reach-millions-more-families-to-lessen.

programs and work supports, such as child care subsidies to enable parents to work. Instead, states have redirected a substantial portion of their state and federal TANF funds to other purposes, to fill state budget holes, and in some cases to substitute for existing state spending, rather than investing in basic assistance or in connecting families to work.

Among our key findings for 2019:

- **States spent a little more than one-fifth of their federal and state TANF dollars on basic cash assistance.** Fourteen states spent less than 10 percent. Such low spending levels hinder the program's capacity to help families who are very poor to care for their children and meet basic needs such as shelter, utilities, food, and personal care products.
- **States spent less than a third of their federal and state TANF dollars on work activities, work supports and supportive services, and child care.** A central tenet of TANF was that cash assistance should provide temporary support while a family engages in required activities to help it connect to or prepare for work. Yet state spending on work-related activities has remained flat or fallen for more than a decade and constituted only 29 percent of total TANF spending in 2019. (See Table 1.)
- **States used almost half of federal and state TANF dollars for state services other than helping families meet their basic needs.** In some cases, states used TANF funds to expand existing programs, such as state Earned Income Tax Credits or pre-K education, or to cover the growing costs of existing services, such as child welfare. In other cases, states used TANF funds to replace existing state spending, thereby freeing those state funds for purposes often unrelated to providing financial assistance or work opportunities to families with low incomes.

Since 2019, a year in which the country experienced its lowest poverty rate since the Great Recession of 2007-09, the situation has changed radically. Millions of families with children, especially families of color, have been hard hit by COVID-19 and the resulting economic crisis, which has caused enormous job losses.[4] Many families have turned to TANF (as well as other public programs) for relief, and more will likely seek assistance as the crisis continues and families exhaust their limited savings and eligibility for unemployment insurance.[5] Unfortunately, TANF's block grant structure leaves it ill equipped to respond to the sharp increase in need. While states with unspent TANF funds can draw down those funds to cover the costs of rising caseloads, those without reserves will need to shift funds from other programs. If unable to do so, they may end up restricting eligibility to reduce the number of families that qualify for assistance, leaving many families with no financial assistance to meet their basic needs.

Moving beyond the current crisis, states should invest more of their TANF funds in basic assistance to provide more families with cash assistance and to increase families' monthly grants. States should also invest in other forms of direct financial assistance, such as transportation vouchers, housing supplements, and non-recurrent short-term benefits for family emergencies.

[4] Arloc Sherman *et al.*, "New Data on Hardship Underscore Continued Need for Substantial COVID Relief," CBPP, December 2, 2020, https://www.cbpp.org/research/poverty-and-inequality/new-data-on-hardship-underscore-continued-need-for-substantial-covid.

[5] Laura Meyer, "Senate Republican Plan's Emergency Fund a Good Step, But Inadequate," CBPP, July 30, 2020, https://www.cbpp.org/blog/senate-republican-plans-emergency-fund-a-good-step-but-inadequate.

TABLE 1

States Spent Only Half of Federal and State TANF Funds on Basic Assistance and Work-Related Activities in 2019

Basic Assistance/Work Activities		Other Activities	
Basic Assistance	21%	Program Management	10%
Work Activities	10%	Refundable Tax Credits	9%
Work Supports and Supportive Services	3%	Pre-K/Head Start	8%
Child Care	16%	Child Welfare	8%
		Other	14%
Total	**50%**	**Total**	**49%**

Note: TANF = Temporary Assistance for Needy Families.

Source: CBPP analysis of Department of Health and Human Services 2019 TANF financial data

Background

TANF's predecessor, Aid to Families with Dependent Children (AFDC), provided federal funds that matched half or more of every state dollar of cash assistance for a needy family. The TANF block grant,[6] in contrast, combines fixed federal funding with broad state flexibility on how to use the money. Under TANF, the federal government gives states a fixed block grant totaling $16.5 billion each year. [7] This annual amount has not been increased for inflation over the past two decades and now is worth about 40 percent less than when policymakers created TANF in 1996.

Under the law's maintenance-of-effort (MOE) requirement, states must maintain a certain level of *state* TANF spending, based on a state's spending for AFDC and related programs prior to TANF's creation. (A state must maintain 80 percent of its historical spending level — 75 percent if it meets its target work participation rate.) This minimum state spending threshold has also declined by about 40 percent in value due to inflation. States may also qualify for federal "Contingency Funds" to draw upon during periods of economic distress; roughly 20 states have done so for the last several years. (See Appendix IV.)

States can use these funds for a broad range of activities related to promoting the four purposes of TANF specified in federal law: (1) assisting needy families so children can be cared for in their own homes or the homes of relatives; (2) reducing the dependency of needy parents by promoting

[6] Enacted under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

[7] Additional background on the TANF block grant funding structure is available in Appendix I. See also Liz Schott, LaDonna Pavetti, and Ife Finch, "How States Have Spent Federal and State Funds under the TANF Block Grant," CBPP, August 8, 2012, http://www.cbpp.org/research/how-states-have-spent-federal-and-state-funds-under-the-tanf-block-grant; and "Temporary Assistance for Needy Families: Spending and Policy Options," Congressional Budget Office, January 21, 2015, http://www.cbo.gov/publication/49887.

job preparation, work, and marriage; (3) preventing pregnancies among unmarried persons; and (4) encouraging the formation and maintenance of two-parent families.[8]

States must report quarterly and annually to the Department of Health and Human Services (HHS) on how much they have spent and for what purposes; the data cited here on states' use of TANF and MOE funds come from these reports. Starting with fiscal year 2015, HHS revised the financial data reporting form to provide greater and more uniform detail on how states spend the funds, particularly spending in other areas of state budgets that was not foreseen when the original data reporting form was designed.[9] Because some of the new, detailed breakout is not available for years prior, this report focuses on the most recent, 2019 spending and how it varies across states.[10]

This report groups spending into nine categories:[11]

- basic assistance;
- work-related activities;
- work supports and supportive services;
- child care (including transfers to the Child Care and Development Fund);
- program management;
- refundable tax credits for low-income working families;
- child welfare services;
- pre-kindergarten or Head Start; and
- other areas.[12]

[8] States may also spend funds on activities that they supported with Emergency Assistance funds prior to 1996 even if the activities do not fall under one of these four TANF purposes. Spending under this grandfathered authority is reported as "authorized under prior law" (AUPL).

[9] The new reporting form and instructions are available at http://www.acf.hhs.gov/ofa/resource/tanf-acf-pi-2014-02. For a cross-walk between the pre-2015 TANF expenditure reporting categories and the new ones, see HHS's State TANF Spending Fact Sheet, Figure 4, http://www.acf.hhs.gov/sites/default/files/ofa/2015_tanf_financial_data_report_factsheet_final.pdf.

[10] The data used in this report are posted at https://www.acf.hhs.gov/sites/default/files/ofa/tanf_financial_data_fy_2019_91020.xlsx and are based on 2019 HHS data available at https://www.acf.hhs.gov/ofa/resource/tanf-financial-data-fy-2019. See also our state fact sheets posted at http://www.cbpp.org/research/family-income-support/state-fact-sheets-how-states-have-spent-federal-and-state-funds-under.

Prior reports, which had a greater focus on longitudinal spending, are still available, and supporting longitudinal data are available on request. See Liz Schott, LaDonna Pavetti, and Ife Finch, "How States Have Spent Federal and State Funds under the TANF Block Grant," CBPP, August 8, 2012, http://www.cbpp.org/research/how-states-have-spent-federal-and-state-funds-under-the-tanf-block-grant; Liz Schott, LaDonna Pavetti, and Ife Floyd, "How States Use Federal and State Funds Under the TANF Block Grant," CBPP, updated October 15, 2015, http://www.cbpp.org/research/family-income-support/how-states-use-federal-and-state-funds-under-the-tanf-block-grant.

[11] Details of the new HHS reporting categories and how we group them into the nine categories used in this report are available in Appendix II.

[12] We use the term "other areas" to encompass a number of categories detailed in the state reporting to HHS, including: non-recurrent short-term benefits, funds transferred to the Social Services Block Grant, services for children and youth, home visiting programs, financial education and asset development, pregnancy and family programs, funds authorized solely under prior law for juvenile justice programs, funds authorized solely under prior law for emergency assistance, and other.

This analysis uses the term "federal TANF dollars" to include the TANF block grant and any additional federal funds, such as the TANF Contingency Fund. It uses the term "state TANF funds" to refer to MOE spending. The analysis combines TANF and MOE spending data rather than focus on whether the funds used for a particular benefit or service were federal TANF funds or state MOE funds, and often refers to the combined funds as TANF funds. Since the federal and state dollars are mostly fungible, combined state and federal funds provide the best basis for comparisons across states. In 2019, states spent $30.9 billion in combined federal TANF ($16.2 billion) and state MOE ($14.7 billion) funds, relatively unchanged from their combined spending in 2018.[13]

Limited Basic Assistance Spending, Few Families Getting Help

Direct financial assistance has weakened significantly under TANF, with potentially devastating long-term consequences for children growing up in families with little or no cash income to meet basic needs. States spent $6.5 billion, just 21 percent, of their federal and state TANF funds on basic assistance for families struggling to make ends meet in 2019 (see Figure 1), down from $14 billion (71 percent) in 1997, TANF's first year of implementation. That amounts to a 71 percent decrease when adjusting for inflation.

The share of federal and state TANF funds spent on basic assistance varies widely across states, from 4 percent to 69 percent in 2019. Fourteen states spent less than 10 percent on basic assistance, while 11 spent more than 30 percent. (See Figure 2.) Prior to TANF, in contrast, basic assistance represented the single biggest use of federal and state AFDC funds for every state.

The basic assistance category of spending includes not only direct cash assistance to children and their parents but also payments to children living with caretaker relatives (including adoptive relatives) and, should the state choose, legal guardians. In 2019, 12 states (see Appendix III) spent $504 million in combined TANF and MOE funding on payments to non-parental caregivers and adoption subsidies. Payments to caretaker relatives and legal guardians ranged from 2 percent to 79 percent of state spending claimed under the basic assistance category; five states spent less than 10 percent under basic assistance on these payments, while three states spent more than 50 percent.

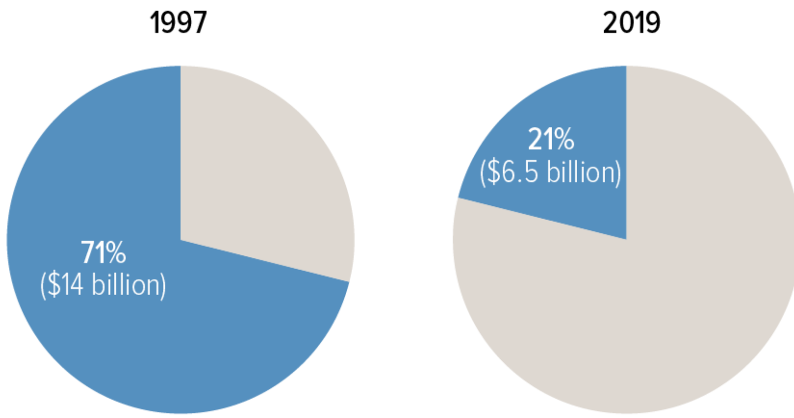
States' broad flexibility over use of their block grant funds means that a family's experience with TANF depends heavily on their state. Not surprisingly, the states that spend the smallest shares of their TANF funds on basic assistance tend to have lower benefits and assist a smaller share of families living in poverty than the typical state. In some states, TANF cash assistance reaches very few families in poverty; in 14 states, 10 or fewer of every 100 families who are poor received this help. For families that do receive assistance, benefit levels do not lift a family out of poverty in every state and do not lift families above 20 percent of poverty in 18 states.

[13] Spending of federal TANF funds may vary from year to year, as states can carry over some unspent federal TANF dollars to a subsequent year. States may also build up reserves with their unspent TANF federal allotment that can be spent at a later date. The federal TANF funds are primarily the annual fixed block grant amount (the State Family Assistance Grant, or SFAG) but also include other federal dollars, primarily the TANF Contingency Fund, which 14 states received in 2019.

FIGURE 1

TANF Spending on Basic Assistance Has Fallen Dramatically

Share of federal and state TANF spending going to basic assistance, adjusted for inflation



Note: TANF = Temporary Assistance for Needy Families.
Source: CBPP analysis of Department of Health and Human Services TANF financial data

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

Moreover, since Black and white children are not equally distributed across the states, state TANF spending choices can exacerbate racial inequities and unequal access to TANF cash assistance. Research has found that states with larger shares of Black residents tend to spend lower shares of their TANF funds on basic assistance.[14] A disproportionate number of Black children live in states where TANF reaches the fewest families with the lowest benefits.[15] Take North Carolina and Texas, for example:

- North Carolina, which has the nation's fifth-largest Black child population,[16] spent only 6 percent of its TANF funds on basic assistance in 2019. The state's TANF caseload has fallen by *89 percent* since 1996 and TANF now reaches only 7 in 100 families with children in poverty, down from 74 in 1996. And, as caseloads have fallen, North Carolina has not reinvested any of the savings to strengthen temporary cash assistance benefits for families living in poverty. The state hasn't raised TANF (or AFDC) benefits since 1990; benefits are just $272 a month for a family of three, or 15 percent of the federal poverty line.
- Texas, which has the nation's largest Black child population (9 percent of the national total),[17] spent only 4 percent of its TANF funds on basic assistance in 2019, one of the smallest

---

[14] Zachary Parolin, "Temporary Assistance for Needy Families and the Black-White Child Poverty Gap in the United States," *Socio-Economic Review,* May 14, 2019, https://doi.org/10.1093/ser/mwz025.

[15] Safawi and Floyd, *op. cit.*; Meyer and Floyd, *op. cit.*

[16] CBPP analysis of the racial and ethnic composition of states based on 2019 U.S. Census data.

[17] *Ibid.*

proportions of any state. Its TANF caseload has fallen by *92 percent* since 1996. TANF in Texas now reaches just 4 out of every 100 families in poverty, down from 47 in 1996. Benefits remain extremely low despite small annual increases starting in 2010. Today, benefits are just $303 a month for a family of three, representing 17 percent of poverty.

When states do not invest their TANF funding in basic assistance, they harm not only Black children and their families but all families facing a crisis or struggling to pay for the basics. For instance, 20 percent of the nation's Latino children live in Texas, as do 9 percent of the nation's Asian children and 6 percent of the nation's white children.[18]

HHS Spending Data Provide Only Partial Picture of State Basic Assistance Spending

While state spending data reported to the federal government provide an overall reliable picture of TANF and MOE spending, some states have made changes in spending configurations that can obscure their actual spending on low-income children and families. These changes were precipitated by the Deficit Reduction Act of 2005, which made it harder for states to meet their TANF work participation rate (WPR) requirements[a] and thereby threatened states with a loss of federal TANF funds due to penalties. Federal law requires state TANF program to engage 50 percent of all work-eligible families (and 90 percent of two-parent families) in a set list of work activities for a minimum number of hours each week.

To meet their WPR, about half the states have created solely state-funded (SSF) programs, not funded by federal TANF or state MOE dollars, to provide cash assistance to families who either have significant barriers to employment (such as disabilities) or would count toward the state's WPR for two-parent families. Because no TANF or MOE funds are used, these families are not included in the work rate calculation. While most SSF programs are a relatively small share of a state's cash assistance caseload, in a few states they provide assistance to a significant share of the combined TANF and SSF caseload.

States do not include spending on SSF programs in the data they report to HHS, so those data can understate a state's spending on cash assistance to families with children. Illinois is a prime example: HHS data show that Illinois spends only 4 percent of its TANF and MOE funds on basic assistance, but the state's large SSF program assists roughly as many families as its TANF program. (The two programs together, however, only provided cash assistance to 14 out of every 100 families in poverty in 2019, below the national average of 23.[b])

A state's spending can also be skewed when it spends much more than its minimum MOE obligation in order to obtain "caseload reduction credits" to lower its WPR. (For more on this "excess MOE strategy," see Appendix I.) However, the data states report to HHS are still the best source for comparing spending across states and over time.

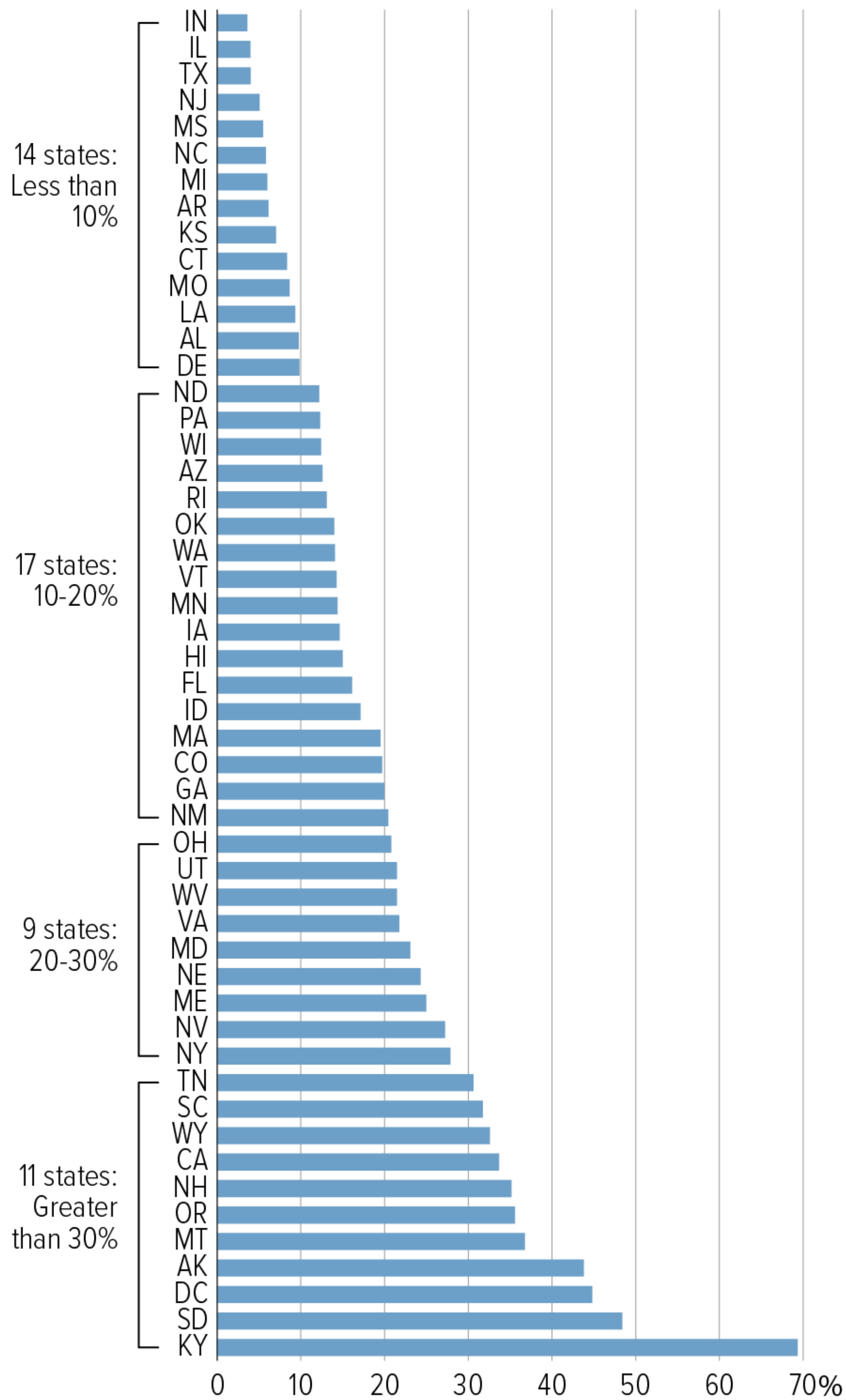
[a] For more information on the work participation rate, see Elizabeth Lower-Basch and Ashley Burnside, "TANF 101: Work Participation Rate," Center for Law and Social Policy (CLASP), revised October 16, 2020, www.clasp.org/sites/default/files/publications/2019/08/Oct%202020_TANF%20101%20Work%20Participation%20Rate.pdf.

[b] Meyer and Floyd, *op. cit.*

[18] CBPP analysis of the racial and ethnic composition of states based on 2019 U.S. Census data.

FIGURE 2

14 States Spent Less Than 10 Percent of Federal and State TANF Funds on Basic Assistance in 2019



Source: CBPP analysis of HHS 2019 TANF financial data

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

States Also Spend Relatively Little on Work Activities or Supports, Despite "Welfare to Work" Rhetoric

A central tenet of TANF was that cash assistance should provide temporary support while a family engages in required activities to help it connect to or prepare for work — the so-called "welfare to work" strategy. Yet most states spend little of their TANF funding on work-related activities. States raised work-related spending somewhat in TANF's early years, but this spending has remained flat or fallen for more than a decade, even though such assistance could help families living in poverty improve their circumstances by increasing their skills and connecting them to high-quality jobs.

In 2019 states spent $3.2 billion (10 percent) of their federal and state TANF funds on work-related activities.[19] As with basic assistance, the share varied widely among states, ranging from less than 1 percent to 27 percent. (See Figure 3.) Ten states spent less than 2 percent of their funds on work-related activities, while nine states spent more than 15 percent.

Similarly, states in 2019 spent just $815 million (3 percent) of their federal and state TANF funds on work supports, such as transportation, or supportive services, such as mental health or domestic violence services. State spending in this area ranged from 0 to 13 percent of total TANF spending, with 17 states spending less than 1 percent and five states spending more than 5 percent.[20] Eight states spent less than 5 percent of their funds on work activities and work supports and supportive services *combined*.

Even when states spend TANF funds on work activities generally, they don't always target the funds at the families most in need. Some states that reported spending large shares of their TANF dollars on work activities in the past few years spent much of it on state universities and scholarships for low- or moderate-income students.[21] These are important areas for states to fund, but such expenditures aren't directed at TANF cash assistance recipients and don't help them prepare for or connect to work. In fact, states often don't let students meet their TANF work requirement by attending college.

Hawai'i, Louisiana, and Mississippi, for example, each devoted over half of their spending on work activities in 2019 to state higher education programs that served a broad group of students, essentially using TANF to fund portions of the state higher education or financial aid budget.

- Hawai'i spent 20 percent of its total TANF funds on work activities in 2019, a higher share than all but two other states, but the majority of it went to the state university system. Hawai'i

[19] This analysis combines three categories as work-related activities: subsidized employment, education and training, and additional work activities. Previous CBPP analyses also included work supports such as transportation in this combined work category, but following the revised HHS data form, we now combine work supports with supportive services in a new category.

[20] Starting in 2015, CBPP analyses combined spending on work supports and supportive services and broke this out separately from overall work-related activities. Previously, we included work supports as part of work-related activities and did not have specific state data on supportive services spending (as it was reported to HHS under "other nonassistance"). The new detail available starting in 2015 provides spending information for supportive services.

[21] Currently, states are not required to provide a breakdown of TANF spending to indicate amounts spent on cash assistance recipients, as compared to other groups, such as recipients of college financial aid.

spent nearly $34 million in federal and state TANF funds — approximately 80 percent of its spending on work activities — on the University of Hawai'i.[22] This funding served families with incomes up to 300 percent of the federal poverty line and was not focused on helping TANF cash assistance recipients prepare for work. (In comparison, the TANF benefit level for a single-parent family of three in Hawai'i represents 29 percent of the federal poverty line, down from 57 percent in 1996.[23])

- Louisiana spent 19 percent of its total TANF funds on work activities in 2019, the fifth highest among states, but 94 percent of those funds (about $32.6 million) went to two state-funded college scholarship programs rather than programs that can help TANF parents find and maintain employment opportunities.[24]
- Mississippi spent 25 percent of its total TANF funds on work activities in 2019, second highest among states, but three quarters of that ($19 million) went to a state-funded scholarship program that serves families with incomes up to 350 percent of the federal poverty line.[25] The TANF benefit level for a single-parent family of three in Mississippi represents just 9 percent of the federal poverty line, the lowest in the country.[26]

---

[22] Hawai'i TANF-MOE Report, ACF-204 for Temporary Assistance for Needy Families, October 1, 2018 through September 30, 2019.

[23] 2020 Health and Human Service Poverty Guidelines. TANF benefit levels for a single-parent family of three were compiled by CBPP from various sources and are current as of July 1, 2020.

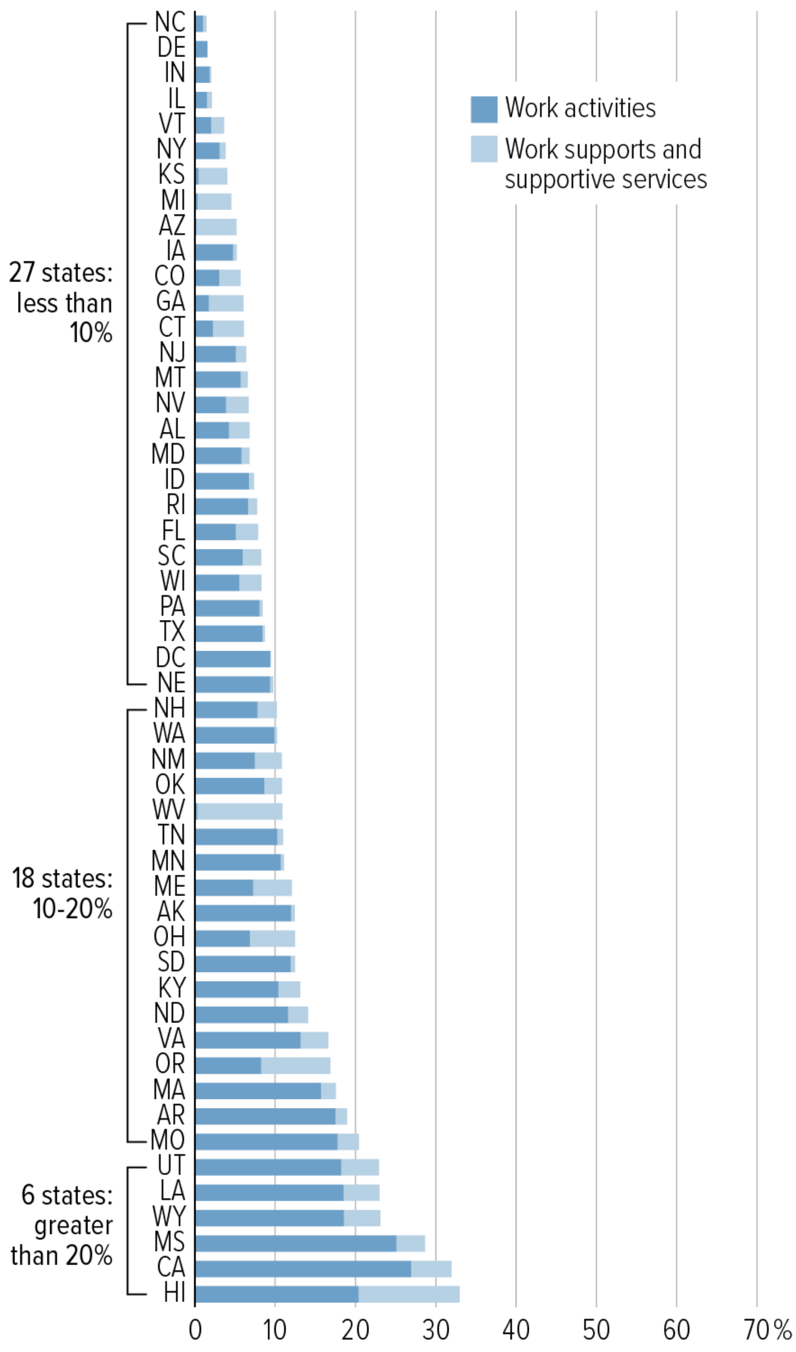
[24] Louisiana TANF-MOE Report, ACF-204 for Temporary Assistance for Needy Families, October 1, 2018 through September 30, 2019.

[25] Mississippi TANF-MOE Report, ACF-204 for Temporary Assistance for Needy Families, October 1, 2018 through September 30, 2019.

[26] Safawi and Floyd, *op. cit.*

FIGURE 3

27 States Spent Less Than 10 Percent of Federal and State TANF Funds on Work Assistance in 2019



Source: CBPP analysis of HHS 2019 TANF financial data

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

Need Remains High for Child Care Assistance to Help Parents Work

Child care is another area that needs significant investment, through a combination of dedicated child care programs outside TANF and an appropriate level of TANF child care spending that still allows for adequate spending on basic assistance. As with work programs, a central tenet of TANF's creation was that as states' cash assistance caseloads declined, they could spend more of the funds on child care subsidies — which are essential to enabling low-income parents to work — rather than on cash assistance. Yet, as with work programs, states' TANF spending on child care has been flat or declining for over a decade. TANF child care spending rose dramatically early on (from $1.1 billion in 1997 to $5.9 billion in 2000)[27] but has fluctuated between $5 billion and $6 billion over the last decade. In 2019, states spent $5 billion (16 percent) of their federal and state TANF funds on child care,[28] a 42 percent decline since 2000 after adjusting for inflation.

The share of TANF funds spent on child care varies tremendously across states, from 0 to 68 percent. (See Figure 4.) Ten states spent more than 30 percent of their TANF funds on child care, while 14 states spent less than 5 percent.

The need for child care subsidies remains high.[29] Fifteen states either have waiting lists or have frozen admissions to their child care programs, and in 22 states the income eligibility limit for child care subsidies is a *lower* percentage of the federal poverty line than it was in 2001.[30] Still, the income eligibility cutoff is higher for child care subsidies than for TANF cash assistance in many states; in nearly one-third of states, child care assistance eligibility cutoffs are above 200 percent of the federal poverty line.[31]

In recent years, Congress has appropriated a substantial increase in child care funds through the Child Care and Development Block Grant. However, the pandemic has dramatically changed the child care landscape, and both families and providers need more support.[32] But that support should not come at the expense of providing direct cash assistance to families.

---

[27] Recognizing the importance of child care to support work, the 1996 law that created TANF created a new Child Care and Development Fund under the Child Care and Development Block Grant (CCDBG), which provides a set amount of federal funds for child care each year; CCDBG was reauthorized in 2014. The law also allows states to transfer some of their TANF block grant dollars to CCDBG (up to a cap). In addition, under TANF, states can spend federal or state TANF funds directly on child care (without having to transfer the funds to CCDBG and without any cap or limit), since spending on child care for needy families furthers the TANF goal of connecting families to work. States need not limit child care assistance financed by federal or state TANF funds to families receiving cash assistance; states can also use these funds for families that have left TANF for work or other low-income working families.

[28] This analysis examines trends in state use of federal or state TANF funds for child care, including federal TANF funds transferred to CCDBG, but not other federal funds, such as those directly appropriated to CCDBG.

[29] Karen Schulman, "Early Progress: State Child Care Assistance Policies 2019," National Women's Law Center (NWLC), October 2019, https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2019/11/NWLC-State-Child-Care-Assistance-Policies-2019-final.pdf.

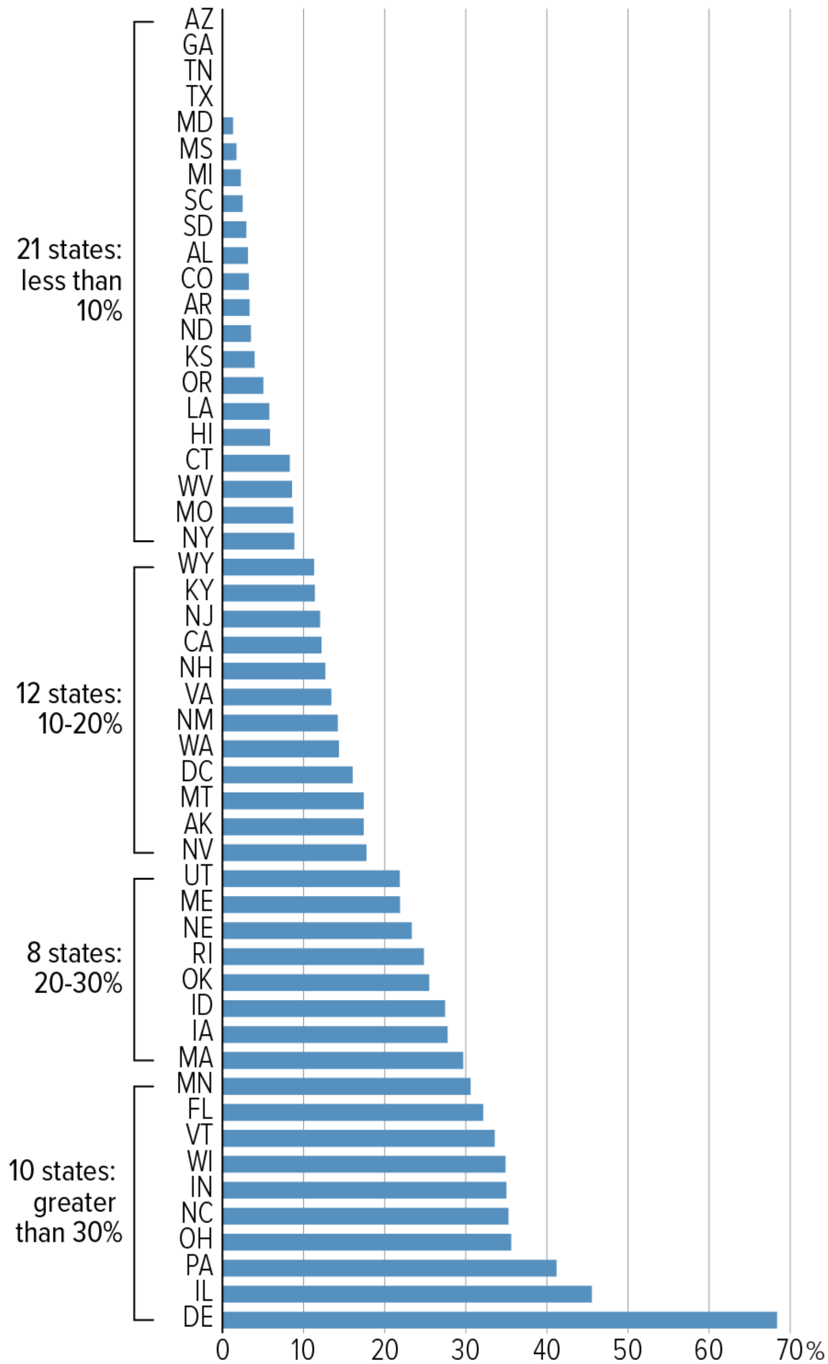
[30] *Ibid.*

[31] *Ibid.*

[32] Karen Schulman, "Child Care's Struggle to Survive COVID-19: State Impacts and Responses (July Update)," NWLC, August 5, 2020, https://nwlc.org/resources/child-cares-struggle-to-survive-covid-19-state-impacts-and-responses-july-update/. Karen Schulman, "Child Care's Struggle to Survive COVID-19: State Impacts and Responses (July Update)," NWLC, August 5, 2020, https://nwlc.org/resources/child-cares-struggle-to-survive-covid-19-state-impacts-and-responses-july-update/.

FIGURE 4

21 States Spent Less Than 10 Percent of Federal and State TANF Funds on Child Care in 2019



Note: TANF = Temporary Assistance for Needy Families

Source: CBPP analysis of HHS 2019 TANF financial data

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

Spending on Working-Family Tax Credits Helps Families Make Ends Meet

Refundable tax credits for low-income working families are an important work support and a permissible use of federal and state TANF funds, but as with TANF's work activities, work supports, and child care, funding for them should leave adequate room for cash assistance for families that lose their jobs or are unable to work and need TANF benefits to meet their basic needs. It's important to note that state Earned Income Tax Credit (EITC) programs only benefit families currently working, while basic assistance programs can provide support to families looking for employment and trying to make ends meet.

In 2019, 21 states and D.C. (see Appendix III) spent $2.8 billion of TANF funds for refundable tax credits, most commonly a state EITC — amounting to 9 percent of federal and state TANF spending nationwide and 18 percent of spending for those 21 states and D.C. Among those states, the share of TANF spending going to refundable tax credits ranged from less than 1 percent to 33 percent; seven states spent more than 20 percent.

Refundable state EITCs help working families make ends meet and stay employed. They also reduce poverty among working families — including people of color, a larger proportion of whom benefit from the state credits relative to population size — with both immediate and long-lasting benefits for children.[33] The availability of TANF funds may encourage a state to enact or retain a state EITC.

States Spend Relatively Little on Program Management

In 2019 states spent $3.2 billion (10 percent) of their federal and state TANF funds on program management, which includes administration and systems as well as the cost of screening and assessing applicants and recipients and providing case management services.

How States Spend the Rest of Their TANF Funds

States use the rest of their federal and state TANF funds elsewhere, representing 30 percent of total spending nationwide and more than half of TANF spending in 11 states. The data available since 2015 give richer information on where these funds are used.

The biggest-ticket areas are child welfare services and pre-kindergarten/Head Start. While these are worthy and important investments, states should use funding sources other than federal and state TANF funds for them — particularly when the average state spends only around *half* of its TANF funds to provide cash assistance to families, connect TANF families to work, or provide child care help to working families with low incomes.

Child welfare. Some 42 states (see Appendix III) used $2.6 billion in federal and state TANF funds for child welfare services.[34] This represents 8 percent of total national TANF spending and 10

[33] For more information on state EITCs, see Erica Williams, Samantha Waxman, and Juliette Legendre, "States Can Adopt or Expand Earned Income Tax Credits to Build a Stronger Future Economy," CBPP, updated March 9, 2020, https://www.cbpp.org/research/state-budget-and-tax/states-can-adopt-or-expand-earned-income-tax-credits-to-build-a.

[34] 2019 is the fifth year for which comprehensive data are available for TANF spending on child welfare services. Child welfare services grouped here include child protective services, family support and preservation, and adoption support, as well as foster care payments (which are a permissible TANF use because they were "authorized under prior law").

percent of spending in those states. Among the 42 states, the share of spending going to child welfare services ranged from less than 1 percent to 63 percent; 21 states spent more than 10 percent and 14 states spent more than 20 percent.

Pre-K/Head Start. Some 26 states (see Appendix III) used $2.6 billion in federal and state TANF funds for pre-K/Head Start in 2019. This represents 8 percent of federal and state TANF spending and 15 percent of spending for those 26 states. Among those states, the share of spending going to pre-K/Head Start ranged from less than 1 percent to 44 percent; six states spent more than 20 percent.

Other areas. The rest of federal TANF spending — $4.2 billion in 2019, representing 14 percent of the total — goes to areas such as short-term non-recurrent benefits, which are used to help low-income families in crisis situations (3 percent of total TANF spending), transfers to the Social Services Block Grant (4 percent), services for youth and children (3 percent), pregnancy and family programs (1 percent), and services "authorized under prior law" (2 percent), meaning they are not within the four TANF purposes but were in the state's AFDC Emergency Assistance plan when TANF replaced AFDC.[35] (See Appendix I.) The share of spending going to other areas varies greatly across states, ranging from less than 1 percent to 47 percent.

Many States Have Unspent Funds, Some Exceeding Their Annual Block Grant

States are not required to spend all of their annual federal TANF block grant allocation each year. In 2019, 12 states spent less than 90 percent[36] and Oklahoma and Tennessee spent less than half. States can carry over unspent funds to future years, and many have accumulated carry-over or "reserve" funds by not spending their full block grant allocation over multiple years. There is no limit under federal law on when states must spend these carry-over funds, and states can use them in the same way as any TANF funds. Some states choose to spend reserve funds for purposes other than providing cash assistance to families. States can also save unspent TANF funds as "rainy day funds" to help when need rises during recessions. In response to the COVID-19 pandemic and the resulting recession, states with reserves should tap into them to help families facing the greatest hardship meet their basic needs. (See box, "States Should Tap TANF Reserves to Meet Increased Need Due to COVID-19.")

Accumulating significant amounts of TANF reserve funds can provide both opportunity and peril for states. The unspent funds can offer an opportunity to invest in families and significantly improve direct financial assistance to families, work programs, and benefits and services to low-income families. At the same time, unspent funds can be an inviting pot for funding lawmakers' pet projects or be redirected to supplant other state spending, even if this is not their most effective use to lessen child poverty.

By the same token, the fact that some states have very low reserves does not necessarily mean they are spending their TANF funds efficiently and responsibly. For example, a state with no

[35] The AUPL spending listed here does not include the child welfare or foster care expenditures that were "authorized under prior law"; those expenditures are included in child welfare services for this report and related state fact sheets and spreadsheet, as well as in the HHS fact sheets and pie charts.

[36] Alabama, Arkansas, Delaware, Hawai'i, Louisiana, North Dakota, Oklahoma, Oregon, South Dakota, Tennessee, West Virginia, and Wyoming.

reserves may have spent its TANF funds in areas other than providing needy families with direct cash assistance.

In 2019, states had almost $5.9 billion in unspent TANF funds, 76 percent of which represented unobligated balances, meaning they had not yet been committed to be spent. Six states (Connecticut, Illinois, Massachusetts, Missouri, South Carolina, and Vermont) had no unspent TANF funds; at the other extreme, ten states had unspent funds exceeding 100 percent of their annual block grant (see Table 2.) In the median state, unspent funds equaled about 30 percent of its annual block grant.

TABLE 2

10 States' TANF Reserves Exceed Their Annual Block Grant

	Total Unspent Funds, 2019 (rounded in millions)	Total Unspent Funds as a Share of Annual Block Grant, 2019
Tennessee	$732	383%
Hawai'i	$352	357%
Maine	$128	167%
Arkansas	$90	159%
Wyoming	$29	155%
Oklahoma	$213	147%
Nebraska	$79	140%
Alabama	$110	119%
South Dakota	$22	104%
Delaware	$33	102%

Note: TANF = Temporary Assistance for Needy Families.

Source: CBPP analysis of HHS TANF financial data

States Should Tap TANF Reserves to Meet Increased Need Due to COVID-19

The COVID-19 pandemic and resulting recession have dramatically increased hardship for families. Four in 10 children lived in a household that had difficulty paying usual household expenses in November 2020, according to Census Bureau data.[a] Households of color have been particularly hard hit: 49 percent of Black households and 47 percent of Latino households reported difficulty covering their usual expenses, compared to 28 percent of white households.[b]

With COVID-19 still not under control and a recovery likely to be drawn out, especially for the populations that TANF primarily serves (low-income mothers, a majority of whom are Black or Latina, who face significant barriers to employment[c]), states with large TANF reserve funds should use them to increase benefit levels, to distribute additional payments on top of families' regular cash assistance benefits, or to provide families with rental and other emergency assistance.

Several states with large TANF reserves have provided emergency cash assistance to families using TANF funds.[d] States can provide additional payments to families already receiving TANF, as Alabama and Oklahoma have done.[e] Alternatively, they can reach a larger number of families by providing cash payments to families receiving SNAP or to families that have lost jobs or much of their earnings, as Tennessee has done.[f] Maine and New York have provided additional food benefits and rental assistance using TANF funds, respectively.[g]

[a] Sherman *et al.*, *op. cit.*

[b] *Ibid.*

[c] Ali Safawi and LaDonna Pavetti, "Most Parents Leaving TANF Work, But in Low-Paying, Unstable Jobs, Recent Studies Find," CBPP, November 19, 2020, https://www.cbpp.org/research/family-income-support/most-parents-leaving-tanf-work-but-in-low-paying-unstable-jobs-recent.

[d] Justin Schweitzer, "How States Can Use TANF To Immediately Help Struggling Residents," Center for American Progress, December 17, 2020, https://www.americanprogress.org/issues/poverty/reports/2020/12/17/493861/states-can-use-tanf-immediately-help-struggling-residents/.

[e] *Ibid.*

[f] "Emergency Cash Assistance," Tennessee Department of Human Services, https://www.tn.gov/humanservices/covid-19/emergency-cash-assistance-and-covid-19-faqs.html.

[g] Schweitzer, *op. cit.*

Direct Financial Assistance to Families Can Improve Outcomes

According to a bipartisan report from the National Academies of the Sciences, income support programs can improve children's academic, health, and economic outcomes.[37] Families need cash for necessary expenses like rent, utilities, cleaning products, period supplies, and other basics. While all states use some TANF funds for direct financial assistance for families struggling to make ends meet, over the past two decades they have invested fewer funds in this area, in part due to the block grant's flexibility.

When states invest in direct financial assistance for children, they provide opportunities for all children to thrive. Black children have less access to these positive outcomes because they disproportionately live in the states where TANF reaches the fewest families in poverty and where benefits are the lowest. Forty-one percent of the nation's Black children live in states where TANF reaches fewer than 10 out of every 100 families in poverty, compared to 33 percent of Latino

[37] National Academies, *op. cit.*

children and 28 percent of white children.[38] And 55 percent of Black children live in states where maximum TANF benefits are below 20 percent of the federal poverty line for a family of three, compared to 41 percent of Latino children and 40 percent of white children.[39] States can improve outcomes for *all* children experiencing poverty by investing more of their TANF funds in basic assistance to provide more families with cash assistance and to increase families' monthly grants. They can also invest in other forms of direct financial assistance for families, such as transportation vouchers, housing supplements, and non-recurrent short-term benefits for family emergencies.

Federal policymakers could encourage states to use more TANF funds to lessen child poverty by:

- **Restoring the block grant at least to its original value and targeting the new funds where need is greatest.** The block grant has lost about 40 percent of its value since 1996 due to inflation. This means states have fewer federal funds to invest in families struggling to make ends meet, despite a high level of need. Nationally, for every 100 families living in poverty, only 23 families received TANF cash assistance in 2019.[40]

  To promote the stability that's critical for children's growth and development and to contribute to a more equitable recovery, additional federal funding should be allocated to states based on the share of families living in deep poverty. The new funds should be designated for three purposes: (1) monthly cash assistance; (2) subsidized jobs; and (3) training programs that prepare recipients for higher-paying jobs with a long-term positive earnings trajectory.[41] Most of the new funds should be designated for the first two purposes so they go directly to families.

- **Directing states to spend at least 50 percent of existing TANF block grant and state MOE funds towards direct financial assistance to help families meet their basic needs.** Given evidence of the impacts of income on children's long-term growth and development, Congress should require states to spend a higher portion of their TANF block grant funds on direct financial support for needy families. As this report notes, states spent 71 percent of TANF funds on basic assistance in 1997 but only 21 percent in 2019.

- **Requiring states to target all TANF and MOE spending towards families with incomes at or below 100 percent of the federal poverty level.** Under current law, states must generally spend funds on "needy families," but there is no national definition of "needy" or income eligibility limit for TANF-funded programs. As a result, TANF funds often go to families with incomes well above the federal poverty line even though a growing number of families are living in deep poverty — often in states where TANF benefits are low and reach few families. Federal lawmakers should require states to target their TANF funds towards families with the lowest incomes.

[38] Meyer and Floyd, *op. cit.*

[39] Safawi and Floyd, *op. cit.*

[40] Meyer and Floyd, *op. cit.*

[41] For more information and recommendations on using TANF funds for these purposes, see Safawi and Floyd, *op. cit.;* Safawi and Pavetti, *op. cit.;* Lauran Meyer, "Next Relief Package Should Include Funds for Subsidized Jobs," CBPP, July 30, 2020, https://www.cbpp.org/blog/next-relief-package-should-include-funds-for-subsidized-jobs.

Appendix I: Background on Funds Available to States

Federal TANF Funding

Each state receives a fixed annual amount of federal TANF funding, technically known as the State Family Assistance Grant (SFAG) but generally referred to as the TANF block grant. The total amount of federal block grant funds available to all states each year is $16.5 billion. The TANF block grant allocations are set for each state in accordance with the 1996 law that created TANF, based on the amount of federal funding that the state had received in AFDC and related programs before 1996. Each state's annual block grant amount has generally remained unchanged since TANF's creation and thus has declined in value by about 40 percent due to inflation. (In 2019, each state's allocation was reduced by 0.33 percent as a set-aside for research funding.) Because states can carry over unspent TANF funds to use in future years, the amount of federal TANF funds that a state spends in a given year may vary.

In 19 states, the annual block grant is further reduced by a certain amount as a set-aside for tribal TANF programs. Federal law allows tribal governments and organizations to administer tribal TANF programs that serve federally recognized Tribes and Alaska Native Villages. The set-aside for tribal TANF programs varies by state. In 2019, set-asides for tribal TANF programs ranged from just under $70,000 in Nevada to $86 million in California. (See Appendix IV.) In total, $200 million in federal TANF funding was set aside for tribal TANF programs in 2019, about 1 percent of total federal funding. In Appendix IV, "Adjusted Block Grant" refers to the state's annual allocation once the research funding and tribal TANF (in states with such programs) set-asides are subtracted out.

A state can transfer up to 30 percent of its block grant funds per year to the Child Care and Development Block Grant (CCDBG) and up to 10 percent to the Social Services Block Grant (SSBG), as long as the *total* amount transferred doesn't exceed 30 percent. Transferred funds are subject to the rules of the program to which they are transferred, not to TANF rules. Funds transferred to SSBG must be spent on programs and services for children or families with incomes below 200 percent of the poverty line.

In addition to the basic block grant, some states can receive additional TANF federal funds from the TANF Contingency Fund. Congress created this $2 billion fund when it created TANF to provide additional help to states in hard economic times. States made little use of it until the Great Recession, but they began to draw on it in 2008, and nearly half of the states have done so since then. After the original $2 billion provided in 1996 was depleted early in fiscal year 2010, Congress has added limited funds for each year; qualifying states have received less than half of the amount for which they qualified each year since 2010.

State Maintenance-of-Effort Funding

Each year, states are required to meet a maintenance-of-effort (MOE) obligation under the TANF block grant or face a fiscal penalty. (The statute refers to this spending as "qualified state expenditures" but common usage is "state MOE.") Each state's MOE amount is based on its historical spending, defined as its 1994 financial contribution to AFDC and related work programs. To meet its MOE obligation, a state must report spending at least 80 percent of this historical spending level; this minimum share falls to 75 percent for any year in which a state meets its TANF work participation rate requirement.

The fact that the MOE requirement is only 75 percent or 80 percent of a state's historical spending, rather than the full 100 percent, itself allowed states to withdraw part of the funds they had spent on AFDC and related programs. Moreover, a state's MOE requirement is based on its 1994 expenditure level, with *no* adjustment for inflation over the years since then.

Since the Deficit Reduction Act of 2005 made it harder for states to meet their TANF work participation rate requirements — thereby threatening states with the loss of some federal TANF funds due to penalties — a number of states have found it advantageous to claim as MOE certain existing expenditures they hadn't previously claimed. States with MOE spending exceeding their minimum MOE requirement can obtain a "caseload reduction credit" that lowers their work participation rate requirement. Claiming excess MOE also helps a state qualify for additional federal money from the TANF Contingency Fund.

Thus, since 2006, total MOE spending across states has risen above the minimum required levels. In 2019, 38 states reported spending over 80 percent MOE, with 23 of these reporting spending of more than 100 percent. *This increase does not necessarily represent an increase either in underlying state spending or in benefits or services for low-income families.* Some of the reported MOE may represent existing state spending or existing third-party spending that the state hadn't previously counted as MOE. In analyzing a state's TANF and MOE expenditures, therefore, it is important to understand the extent to which they may be part of an "excess MOE" strategy. Also, when a state has a particularly high MOE, percentages of total spending in various categories can be skewed, though these percentages are still the best way to compare spending across states and across time.

Expenditures that qualify as MOE include state and local government spending or "third-party" spending that benefits members of needy families and meets one of TANF's four purposes. Examples of qualifying third-party expenditures include spending by food banks or domestic violence shelters on TANF-eligible families. Third-party MOE also can include *in-kind* contributions, such as volunteer hours or employer-provided supervision and training for people in subsidized jobs. While a number of states have reported third-party MOE in order to boost MOE to obtain caseload reduction credits or Contingency Funds, not all third-party spending is excess MOE spending; some states claim third-party expenditures towards their minimum MOE obligations. The financial data that states report to HHS do not identify what reported spending arises from third-party MOE.

MOE expenditures must occur during the year for which the state claims them; states cannot carry them over to a future year. MOE expenditures can come from any area of the state budget and are not limited to spending by the TANF agency. MOE spending, however, must be an actual expenditure, not simply forgone revenue; thus, a state can count the refundable portion of a state EITC as MOE but not the portion that simply reduces the amount of income tax owed to the state.

Appendix II: CBPP Groupings of Federal TANF Reporting Categories

CBPP Category	Federal Reporting Categories
Basic Assistance	• Basic Assistance (excluding Relative Foster Care Maintenance Payments & Adoption & Guardianship Subsidies) • Relative Foster Care Maintenance Payments & Adoption and Guardianship Subsidies
Work-Related Activities	• Subsidized Employment • Education & Training • Additional Work Activities
Work Supports and Supportive Services	• Work Supports • Supportive Services
Child Care	• Child Care - Assistance & Non-assistance • Transferred to Child Care & Development Fund
Program Management	• Administrative Costs • Assessment/Service Provision • Systems
Refundable Tax Credits	• Refundable Earned Income Tax Credit • Non-EITC Refundable State Tax Credits
Child Welfare Services	• Family Support/Family Preservation/Reunification • Adoption Services • Additional Child Welfare Services • Authorized Under Prior Law (AUPL): Child Welfare or Foster Care (Assistance & Non-assistance)
Pre-K/Head Start	• Pre-Kindergarten/Head Start
Other Areas	• Non-Recurrent Short-Term Benefits • Transferred to Social Services Block Grant • Services for Children and Youth • Home Visiting Programs • Financial Education and Asset Development • Prevention of "Out-of-Wedlock" Pregnancies • Fatherhood & 2-Parent Family Formation & Maintenance Programs • AUPL: Juvenile Justice Payments (Assistance & Non-assistance) • AUPL: Emergency Assistance (Assistance & Non-assistance) • Other

Appendix III: Selected Areas of State Spending of TANF Funds

	Relative Foster Care Payments	Refundable Tax Credits	Child Welfare	Pre-K/Head Start
Alabama			X	X
Alaska				
Arizona	X		X	
Arkansas			X	X
California	X			
Colorado		X	X	X
Connecticut		X	X	X
Delaware				
Dist. Of Colum.		X		
Florida	X		X	
Georgia	X		X	
Hawai'i			X	
Idaho			X	X
Illinois		X	X	X
Indiana		X	X	
Iowa		X	X	
Kansas		X	X	X
Kentucky	X			
Louisiana		X	X	X
Maine		X	X	X
Maryland	X	X	X	X
Massachusetts		X	X	
Michigan	X	X	X	X
Minnesota		X		X
Mississippi			X	
Missouri			X	
Montana			X	
Nebraska		X	X	
Nevada			X	X
New Hampshire	X		X	
New Jersey	X	X		X
New Mexico		X	X	X
New York		X	X	X
North Carolina			X	X
North Dakota	X		X	
Ohio			X	
Oklahoma	X		X	X
Oregon		X	X	X

	Relative Foster Care Payments	Refundable Tax Credits	Child Welfare	Pre-K/Head Start
Pennsylvania				X
Rhode Island		X	X	
South Carolina	X		X	X
South Dakota			X	
Tennessee				X
Texas			X	X
Utah			X	X
Vermont		X	X	
Virginia		X	X	X
Washington			X	X
West Virginia			X	
Wisconsin		X	X	
Wyoming				

Source: CBPP analysis of HHS 2019 TANF financial data

Appendix IV: Federal TANF Funds Allocated to Each State in 2019 (millions)

	Unadjusted Block Grant	Adjusted Block Grant	Contingency Fund	Tribal TANF
Alabama	$93.3	$93.0	$10.8	
Alaska	$63.6	$44.4		$19.0
Arizona	$222.4	$199.4	$23.1	$22.3
Arkansas	$56.7	$56.5	$6.6	
California	$3,733.8	$3,635.6		$85.9
Colorado	$136.1	$135.6	$15.7	
Connecticut	$266.8	$265.9		
Delaware	$32.3	$32.2	$3.7	
Dist. Of Colum.	$92.6	$92.3	$10.7	
Florida	$562.3	$560.5		
Georgia	$330.7	$329.7		
Hawai'i	$98.9	$98.6		
Idaho	$31.9	$30.3		$1.5
Illinois	$585.1	$583.1		
Indiana	$206.8	$206.1		
Iowa	$131.5	$130.6		$0.5
Kansas	$101.9	$101.5		$0.1
Kentucky	$181.3	$180.7		
Louisiana	$164.0	$163.4		
Maine [a]	$78.1	$76.8		
Maryland	$229.1	$228.3	$26.5	
Massachusetts	$459.4	$457.9	$53.1	
Michigan	$775.4	$772.8		
Minnesota	$268	$259.6		$7.5
Mississippi	$86.8	$86.5		
Missouri	$217.1	$216.3		
Montana	$45.5	$37.9		$7.5
Nebraska	$58.0	$56.6		$1.2
Nevada	$44.0	$43.8		$0.07
New Hampshire	$38.5	$38.4		
New Jersey	$404.0	$402.7		
New Mexico	$126.1	$109.9	$12.7	$15.8
New York	$2,442.9	$2,434.9	$282.2	
North Carolina	$302.2	$300.4	$34.8	$0.8
North Dakota	$26.4	$26.3		
Ohio	$728.0	$725.6		
Oklahoma	$148.0	$144.8		$2.7

	Unadjusted Block Grant	Adjusted Block Grant	Contingency Fund	Tribal TANF
Oregon	$167.9	$165.8		$1.5
Pennsylvania	$719.5	$717.1		
Rhode Island [b]	$95.0	$94.3		
South Carolina	$100.0	$99.6	$11.5	
South Dakota	$21.9	$21.2		$0.6
Tennessee	$191.5	$190.9		
Texas	$486.3	$484.7	$56.2	
Utah	$76.8	$75.4		$1.2
Vermont	$47.4	$47.2		
Virginia	$158.3	$157.8		
Washington	$404.3	$379.1	$43.9	$23.9
West Virginia	$110.2	$109.8		
Wisconsin	$318.2	$312.8		$4.3
Wyoming	$21.8	$18.4		$3.3

Source: CBPP analysis of HHS 2019 TANF financial data

[a] Maine's block grant for fiscal year 2019 was reduced due to a federal penalty the state incurred by not meeting its WPR in 2007. The adjusted block grant here represents the size of the block grant after subtracting both the 0.33 percent research set-aside and the penalty amount for the fiscal year from the state's typical block grant allocation.

[b] Rhode Island's block grant for fiscal year 2019 was reduced due to a federal penalty the state incurred by not meeting its WPR in 2009 and 2010. The adjusted block grant here represents the size of the block grant after subtracting both the 0.33 percent research set-aside and the penalty amount for the fiscal year from the state's typical block grant allocation.