**Q and A on TANF Spending**

**September 8, 2023**

**How much federal money does each state get each year?**

States receive a fixed block grant amount each year. You can find the amount of your state’s block grant amount in the sheet labeled “Adjusted SFAG” of the historical TANF spending spreadsheet that is uploaded under Additional Files at the right. The block grant amount is adjusted for any TANF funds that go directly to Tribes that operate their own TANF programs and for research funds that HHS uses to conduct research on TANF and related programs.

**Are states required to provide a match to receive the funds?**

States are not required to provide a “match” but they are required to spend a fixed amount of state funds every year – known as state Maintenance of Effort (MOE) funds. The amount they are required to spend is at least 75 percent of their historical state spending; that amount goes up to 80 percent if a state fails to meet its Work Participation Rate (WPR). You can find the 75 and 80 percent MOE amounts on the “Unadjusted SFAG” sheet of the historical TANF spending spreadsheet that is uploaded under Additional Files at the right. States can meet their MOE requirement through direct state spending or through third-party spending that can either be cash or in-kind (e.g., volunteer hours or donated food.) You can learn more about Third-Party MOE at this link: [Third-Party MOE | Resources for TANF Advocates (incomesecuritycbpp.org)](https://www.incomesecuritycbpp.org/third-party-moe/)

**Are there any additional funds that states can apply for?**

States can apply for Contingency Funds as long as they are available. In order to qualify for Contingency Funds, states must meet additional requirements. You can find more detail on those requirements and how the Contingency Fund works at this link: [Contingency Fund | Resources for TANF Advocates (incomesecuritycbpp.org)](https://www.incomesecuritycbpp.org/contingency-fund/)

**Are states required to spend all of their funds every year?**

States are required to spend all of their MOE and Contingency funds every year. They can, however, carry over any amount of the federal funds. There are no constraints on how or when the carryover funds must be spent. In recent years, a number of states have accumulated significant reserves.

**What can states use their TANF funds for?**

States have broad flexibility in how they spend their TANF funds. The main requirement is that they must be used to meet one of TANF’s four purposes:

* Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives.
* End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage.
* Prevent and reduce the incidence of out-of-wedlock pregnancies.
* Encourage the formation and maintenance of two-parent families.

**Do states have to use funds for families with low-incomes?**

Funds used to meet purposes 1 and 2 must be used to assist “needy” families, but it is up to states to define needy. Funds used for purposes 3 and 4 do not have to be targeted to needy families.

**How can I find out how much my state spends and what they use the funds for?**

States are required to report their spending quarterly to HHS on a form called the ACF-196R. HHS compiles that data and then publishes a spreadsheet with spending for all the states and the District of Columbia every year, usually in August or September for the previous fiscal year. You can find that data at this link: [State TANF Data and Reports | The Administration for Children and Families (hhs.gov)](https://www.acf.hhs.gov/ofa/programs/tanf/data-reports). You can find the instructions for the 196R at this link: [INSTRUCTIONS FOR COMPLETION OF STATE TANF FINANCIAL REPORT FORM ACF-196R (hhs.gov)](https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf). The instructions are most useful for understanding what states report under each category. States also complete another form, called the ACF-204 that provides more detail on state but not federal spending. HHS does not make those reports public. The best way to get them is to request them from your state agency (or ask a member of the Income Security team).

**Does CBPP analyze the annual spending data?**

CBPP Income Security staff produce an annual paper, state-by-state fact sheets and a longitudinal spreadsheet every year after the data comes out. Here are links to those documents:

* [Policy Brief: To Strengthen Economic Security and Advance Equity, States Should Invest More TANF Dollars in Basic Assistance | Center on Budget and Policy Priorities (cbpp.org)](https://www.cbpp.org/research/income-security/to-strengthen-economic-security-and-advance-equity-states-should-invest)
* [State Fact Sheets: How States Spend Funds Under the TANF Block Grant | Center on Budget and Policy Priorities (cbpp.org)](https://www.cbpp.org/research/income-security/state-fact-sheets-how-states-spend-funds-under-the-tanf-block-grant)
* The longitudinal spreadsheet is included at the right under Additional Files.

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| **Definition of “assistance” from the Code of Federal Regulations** |
| 45 CFR § 260.31 What does the term ‘‘assistance’’ mean?  (a) (1) The term ‘‘assistance’’ includes cash, payments, vouchers, and other forms of benefits designed to meet a family’s ongoing basic needs (i.e., for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses).  (2) It includes such benefits even when they are:  (i) Provided in the form of payments by a TANF agency, or other agency on its behalf, to individual recipients; and  (ii) Conditioned on participation in work experience or community service (or any other work activity under §261.30 of this chapter).  (3) Except where excluded under paragraph (b) of this section, it also includes supportive services such as transportation and child care provided to families *who are not employed*.  (b) It excludes:  (1) Nonrecurrent, short-term benefits that:  (i) Are designed to deal with a specific crisis situation or episode of need;  (ii) Are not intended to meet recurrent or ongoing needs; and  (iii) Will not extend beyond four months.  (2) Work subsidies (i.e., payments to employers or third parties to help cover the costs of employee wages, benefits, supervision, and training);  (3) Supportive services such as child care and transportation provided to families *who are employed*;  (4) Refundable earned income tax credits;  (5) Contributions to, and distributions from, Individual Development Accounts;  (6) Services such as counseling, case management, peer support, child care information and referral, transitional services, job retention, job advancement, and other employment-related services that do not provide basic income support; and  (7) Transportation benefits provided under a Job Access or Reverse Commute project, pursuant to section 404(k) of the Act, to an individual who is not otherwise receiving assistance. |