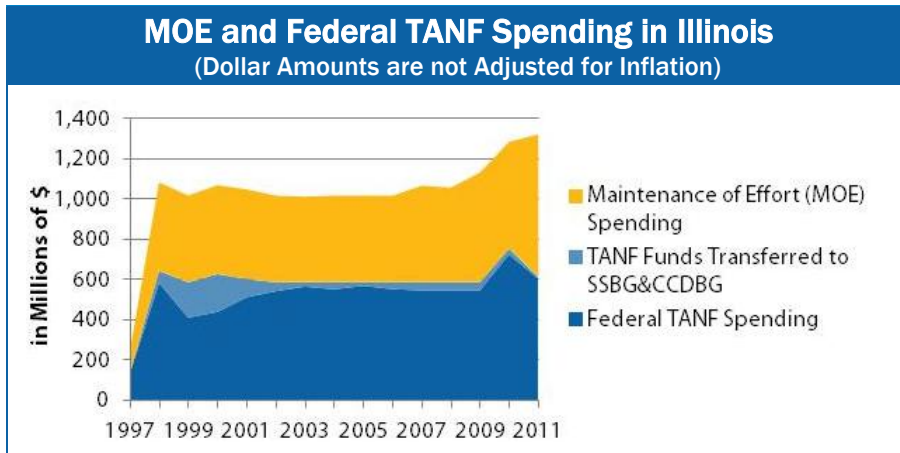


# Illinois | TANF Spending Factsheet

## The value of the TANF block grant has declined while need remains high.

- The state's TANF Block Grant amount, adjusted for inflation, declined by 28 percent between fiscal years 1997 and 2011 and by 29 percent by 2012.
- The block grant did not rise or fall to meet Illinois's changing needs. In 2009-10, 278,000 Illinois families with children lived in poverty, up from 203,000 in 1995-96.

## State MOE and Federal TANF Spending Trends from 1997 to 2011



2011 Federal TANF Allocations (in millions of dollars)	
TANF Block Grant Amount	585
TANF Supplemental Grant	N/A
TANF Contingency Fund	N/A
MOE Obligation	
80% MOE Obligation	459
75% MOE Obligation	430

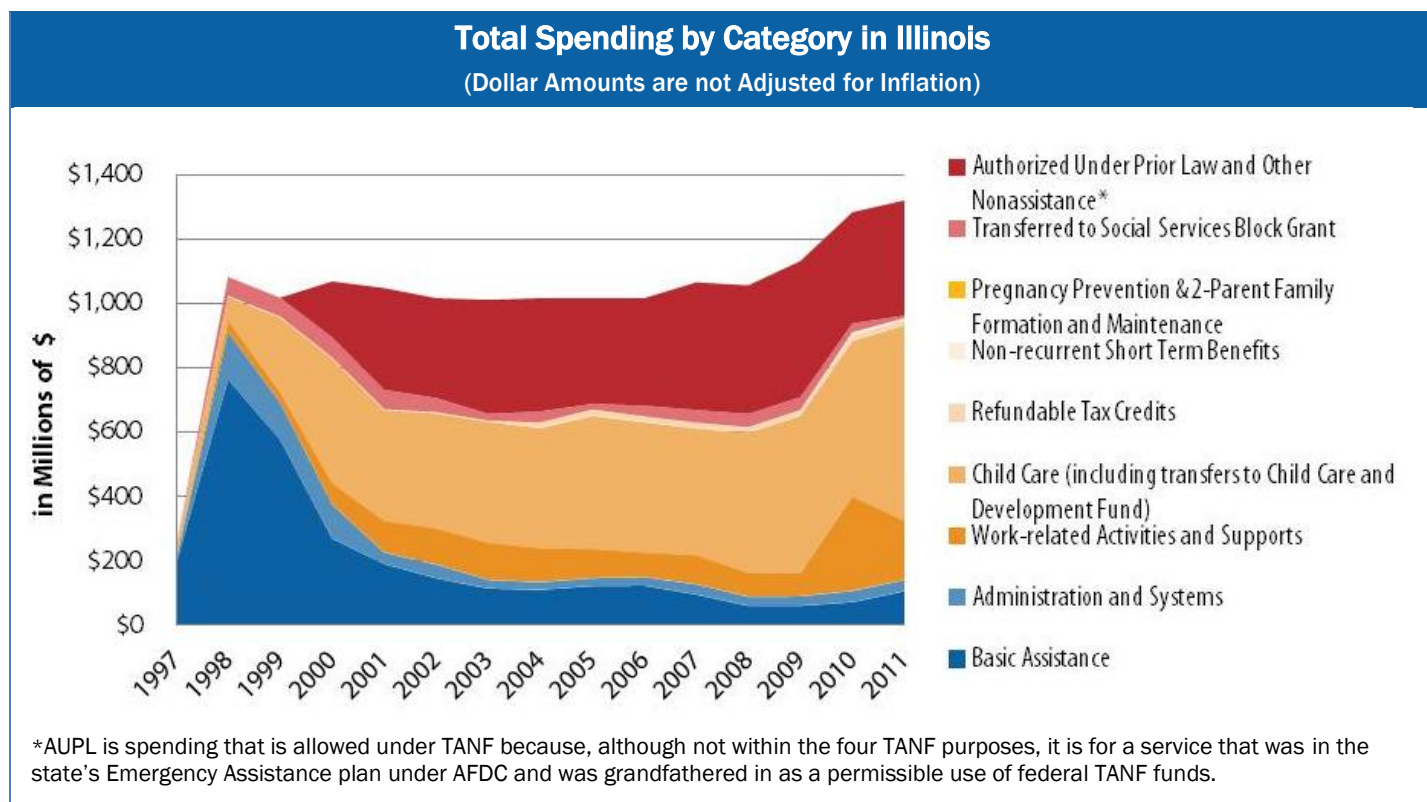
MOE and Federal TANF Spending in Illinois (Dollar Amounts are not Adjusted for Inflation)		
In millions of dollars	FY 2001	FY 2011
<b>Total Federal TANF Funds Used</b>	<b>602</b>	<b>613</b>
TANF Federal Funds spent directly	511	605
Funds transferred to SSBG	60	8
Funds transferred to CCDBG	30	0
<b>Reported MOE Spending</b>	<b>445</b>	<b>706</b>

Additional background on TANF and MOE funds and technical notes for this fact sheet are available in following pages.

## National Trends in the Amount of Federal TANF and State MOE Spending

- After initially rising in early years of TANF, total state spending of federal TANF dollars has been generally flat with an increase in 2009 and 2010. Federal TANF funds from the Recovery Act helped states to meet increased need for federal fiscal years 2009 and 2010 (with most of the increased spending in 2010). When the extra TANF funds from the Recovery Act stopped at the end of 2010, total state spending of federal TANF funds dropped for 2011.
- *Reported* MOE spending has increased in many states— and in the nation overall— in recent years. For most years under TANF, the total MOE that a state spent equaled about 80 percent of the state's spending on AFDC and related work programs prior to the advent of TANF. Particularly since 2007, some states have reported MOE levels significantly above this minimum requirement. The increased MOE *claimed* in recent years, however, does not necessarily represent any increase in state financial effort or in benefits or services available to needy families. In many cases, it reflects the use of state accounting practices to claim spending by third-parties as MOE or to claim other state spending for various programs and services that are not directly related to TANF.

## Use of federal TANF and state MOE funds has changed over time.



Trends in Selected Spending Categories (in millions of dollars and as a percentage of state TANF/MOE spending)	FY 2001		FY 2011	
	Reported Spending	% of Total Funds Used	Reported Spending	% of Total Funds Used
Basic Assistance	191	18%	106	8%
Work-related Activities	100	10%	185	14%
Child Care	344	33%	609	46%
Pregnancy Prevention & 2-Parent Family Formation and Maintenance	1	0%	0	0%
Authorized under Prior Law and Other Nonassistance	316	30%	358	27%

Dramatic one-time dips or zero spending in a specific category in a single year may be the result of reporting shifts or spending adjustments from the prior year and should be interpreted with caution.

## National Trends in Spending on Basic Assistance and Work Activities

- Total TANF and MOE spending by states on basic assistance has generally declined (in nominal dollars) over time under TANF with some fluctuations, including an increase in 2010 with help from Recovery Act Funds. Most states' spending for basic assistance remained steady or declined in 2011 as funds from the Recovery Act were no longer available to help meet increased spending.
- After initially increasing in the first years of TANF, total TANF and MOE spending by states on work activities has remained generally flat (in nominal dollars) over the last decade with the exception of an increase in 2010 when most states used funds from the Recovery Act to support subsidized employment programs. Most of the subsidized employment programs ended with the expiration of the Recovery Act funds on September 30, 2010 and thus spending on work-related activities declined in 2011.

# Background on TANF and MOE Spending

## Federal TANF Funds:

- Each state gets a fixed annual TANF Block Grant allocation each year (known formally as the State Family Assistance Grant). Some states may get additional TANF federal funds from:
  - *Supplemental Grants*: Congress created the Supplemental Grants along with the TANF block grant in order to provide additional funds to states disadvantaged by the block grant formula due to high population growth or because the state historically had provided very small cash assistance grants to needy families. Seventeen states received Supplemental Grants each year until 2011, when the amounts were reduced because the Supplemental Grants were not fully funded. *There is no funding at all for Supplemental Grants in FY 2012*, and it is unclear whether there will be any such funding in the future.
  - *Contingency Fund*: Congress created the Contingency Fund as part of the 1996 TANF law to provide additional help to states in hard economic times. Some 20 states received TANF Contingency Funds in 2011.
  - *TANF Emergency Fund*: Congress created the Emergency Fund as part of the 2009 Recovery Act to reimburse states for 80 percent of increased TANF or MOE expenditures. Every state but one received support from the Fund in 2009 or 2010 (or both). As noted, the Fund expired on September 30, 2010.
- States can carry over TANF funds (except for Contingency Funds) from year to year, so a state may spend more or less than its federal TANF allocation in a given year.
- A state can transfer up to 30 percent of its TANF block grant funds for a year to the Child Care and Development Block Grant (CCDBG) and up to 10 percent to the Social Services Block Grant (SSBG), provided that the total amount transferred does not exceed 30 percent of its current-year block grant.
- The Tribal TANF option allows federally recognized American Indian Tribes within a state, as well as Alaska Native organizations, to receive a portion of the state's TANF block grant directly and use it to operate their own TANF programs.

## Maintenance-of-Effort (MOE) Requirement:

- Each year, a state is required to meet a TANF maintenance-of-effort (MOE) requirement, which is based on the amount of state funds the state contributed to Aid to Families with Dependent Children (AFDC) and related work programs in 1994. States can count as MOE spending any state or third-party spending that benefits members of needy families and meets one of the four purposes of TANF. MOE funds must be spent during the year in which they are claimed.
- To meet its MOE obligation, a state must spend each year an amount equal to at least 80 percent of its 1994 expenditure level. This minimum percentage is reduced to 75 percent for any year in which a state meets its TANF work participation rate (WPR). To qualify for the *Contingency Fund*, a state must meet a 100 percent MOE requirement, with spending on child care and certain non-TANF programs not counting toward this special Contingency Fund MOE requirement.
- Using a formula developed by the federal government, states can translate any MOE spending in excess of their minimum MOE requirement into a "caseload reduction credit." This helps a state meet its WPR, because the caseload reduction credit lowers the WPR that a state must achieve.
- The Deficit Reduction Act of 2005 made it harder for states to meet the TANF WPR. In order to boost their caseload reduction credit, some states found it advantageous to report MOE that they had not previously claimed. Once the recession hit, additional states also claimed additional MOE in order to be eligible for TANF Contingency Funds. When states aggressively claim and report additional MOE spending, it increases the total amount of TANF/MOE spending that is reported even if no actual increase in spending has occurred. If the excess MOE spending is reported in just a few spending categories, it will significantly change the apportionment of spending across categories.

# TANF Spending: Technical Notes

## Guide to Spending Categories

CBPP Category	Federal Reporting Categories
Basic Assistance	Basic Assistance
Administration and Systems	Administration Systems
Work-related Activities and Supports <sup>1</sup>	Work Subsidies Education and Training Other Work Activities/Expenses Transportation (all categories) and Other Supportive Services Individual Development Accounts
Child Care	Child Care Assistance and Nonassistance Funds Transferred to Child Care and Development Fund
Refundable Tax Credits	Refundable Earned Income Tax Credit Other Refundable Tax Credits
Nonrecurrent Short-Term Benefits	Nonrecurrent Short-Term Benefits
Pregnancy Prevention & 2-Parent Family Formation and Maintenance	Prevention of Out-of-Wedlock Pregnancies Two-Parent Family Formation and Maintenance
Transferred to Social Services Block Grant	Transferred to Social Services Block Grant
Authorized Under Prior Law and Other Nonassistance <sup>2</sup>	Assistance and Non-Assistance Solely Under Prior Law Other Nonassistance

<sup>1</sup> Federal reporting categories separate Assistance and Nonassistance; we combined them for analysis.  
<sup>2</sup> Prior to fiscal year 2000, states reported Other instead of Other Nonassistance. Other Nonassistance is a catch-all category for expenditures that meet one of the purposes of TANF but do not fit in any other reporting category.

## Spending Data Technical Notes

- Data Source: [U.S. Department of Health and Human Services](#) and the [Center for Law and Social Policy DataFinder](#) and [TANF Spending Analysis](#).
- When the Total Federal Funds Used exceeds the federal Block Grant amount, it may be because the state spent funds it had in reserve from previous years or because it received additional funds from the TANF Contingency Fund or the TANF Emergency Fund. In some instances, a state was not awarded money from the TANF Emergency Fund until 2010 for increased TANF/MOE spending that occurred in 2009.
- States can report adjustments for prior years that may appear as “negative expenditures” in the current year. If such negative adjustments exceed current spending in a category, that category will show negative expenditures for the year. In most cases, this reflects changes in the funding stream that expenditures are charged against rather than real reductions in funds available for an activity. However, in some cases, funds may have been recovered from a program or transferred back from SSBG or CCDBG to TANF. For purposes of the tables, negative expenditures are included as reported by ACF. For the purposes of the charts, negative expenditures are treated as equal to zero.

## Poverty Data Technical Notes

- Data Source: [Current Population Survey \(CPS\)](#). Two years of [Current Population Survey \(CPS\)](#) data were merged to improve reliability. For example, 2009-10 represents merged CPS poverty data for calendar years 2009 and 2010.