



Iowa
Department
Of
Human Services

UNDERSTANDING TANF

Wendy Rickman
Division Administrator
wrickma@dhs.state.ia.us

TANF BACKGROUND

In 1996, federal legislation replaced Aid to Families with Dependent Children (AFDC) with the Temporary Assistance for Needy Families (TANF) block grant.

Iowa implemented TANF effective January 1997.

KEY DIFFERENCES BETWEEN AFDC AND TANF

AFDC was an entitlement program

- Basically limited to providing a monthly cash payment to low-income families
- States were required to provide assistance to all households meeting eligibility requirements
- Federal funds were provided on a match basis limited only by the amount states spent

KEY DIFFERENCES BETWEEN AFDC AND TANF (continued)

TANF is a block grant not a single program

- No federal entitlement based on eligibility
- States have flexibility in using funds to meet specific federal purposes or as otherwise allowed
- States get a fixed annual award each year
- No state match but states do have to spend a minimum amount of state funds each year = maintenance of effort or MOE

HOW CAN TANF FUNDS BE USED?

To meet one or more federal specified purposes:

1. Provide assistance to needy families so children can be cared for in their own homes.
2. End the dependence of needy parents on government benefits by promoting job preparation, work and marriage.
3. Prevent and reduce out-of-wedlock pregnancies.
4. Encourage the formation and maintenance of 2-parent families.

HOW CAN TANF FUNDS BE USED

(continued)

- Programs under purposes 1 and 2 are for “needy” families/parents
 - ✓ Must be some type of income limit set by the state
 - ✓ Can have different income limits for different programs
- Programs under purposes 3 and 4 do not have to have income limits

HOW CAN TANF FUNDS BE USED

(continued)

States can also use TANF funds for activities “previously authorized” under the state’s old AFDC State Plan

- Often referred to as “emergency assistance” services – usually child welfare type
- Limited to those identified in the AFDC State Plan
- Must continue to use eligibility criteria from old State Plan

HOW CAN TANF FUNDS BE USED

(continued)

States can transfer up to 30% of annual award

- To the state's Child Care Development Fund (CCDF) and/or
- To the state's Social Services Block Grant (SSBG)
- Combined transfer can't exceed 30%
- Transfer to SSBG limited to 10%
- Once transferred funds no longer considered TANF – other block grant rules apply

FLEXIBILITY WITH STRINGS

States have considerable more flexibility using TANF compared to AFDC but there are strings and limits

- Purpose 1 & 2 programs for “needy” only
- Previously authorized services limits
- Transfer limits
- No more than 15% of annual award for administrative costs

FLEXIBILITY WITH STRINGS

(continued)

- Can't be used for medical purposes
- Can only be used for citizens and certain non-citizens

FLEXIBILITY WITH STRINGS

(continued)

Additional limits if program provides
“assistance”

- Federal definition for TANF; basically help to meet ongoing basic needs such as a monthly cash payment
- Must be a minor child
- Family must participate in work and training activities

FLEXIBILITY WITH STRINGS

(continued)

- Must assign rights to child support
- Minor parents must finish high school/GED and live with parent or legal guardian
- 60-month lifetime limit (for adults) – hardship can extend (no more than 20% of caseload)

FLEXIBILITY WITH STRINGS

(continued)

- States must meet work participation requirements
 - ✓ Certain percent of families must be engaged a minimum number of hours per week in specific activities
 - ✓ Different rates for all families and 2-parent families (much higher for 2-parent)
 - ✓ Penalty for failure – reduced award

MAINTENANCE OF EFFORT (MOE)

- Each state has its own MOE amount
- Based on historic state spending under AFDC
- MOE must be spent to meet 4 TANF purposes
- With some exceptions must be spent on “needy” families/individuals even for purposes 3 & 4
- Most but not all TANF strings apply – no federal time limit for assistance if state only

TANF AND MOE IN IOWA

- Annual TANF award = \$131.5M
- About 1/2M goes to a Tribal TANF program – federal law allows Tribes to establish their own TANF program
- Amount available for appropriation = \$131M
- Unspent TANF funds carry over from year-to-year

TANF AND MOE IN IOWA

(continued)

Additional TANF Emergency funds were available during federal fiscal years 2009 and 2010

- Iowa received \$34,349,075 in Emergency funds
 - ✓ As some of this was based on estimated qualifying expenses, some amount may need to be paid back based on actual expenses – estimated at less than \$600,000

TANF AND MOE IN IOWA

(continued)

- ✓ Less than \$2 million of Emergency funds went to support a summer youth employment program - the state only received these funds because of the program
- ✓ The balance will be used for the Family Investment Program (FIP) - some was used in SFY 2010 and the rest is being used in SFY 2011

TANF AND MOE IN IOWA

(continued)

TANF Emergency Funds

- Helped offset reductions in state funding for FIP in SFY 2009, 2010 and 2011
- Were used to meet increased FIP costs in SFY 2010 and 2011 due to the national recession – both caseloads and cost per case increased in SFY 2010 and remain higher than pre-recession

TANF AND MOE IN IOWA

(continued)

- TANF Emergency funds were 1-time only
- Maintaining current service levels requires replacing with state funds

TANF AND MOE IN IOWA

(continued)

USE OF TANF FUNDS IN IOWA (SFY 2011)

- TANF Purposes 1&2 – “Needy” Families
 - ✓ Family Investment Program – cash assistance
 - ✓ PROMISE JOBS – work and training
 - ✓ Family Development and Self-Sufficiency – families with multiple/severe barriers

(\$58.4 M)

TANF AND MOE IN IOWA

(continued)

➤ TANF Purposes 3 & 4 Plus Previously Authorized Services

- ✓ Pregnancy Prevention
- ✓ Child Welfare Juvenile Delinquency
- ✓ Direct Child Abuse Prevention
- ✓ Other Child Welfare Services

(\$33.4M)

TANF AND MOE IN IOWA

(continued)

➤ Other Allowable Purposes

- ✓ Child Care Transfer (included funds for Early Childhood Development)
- ✓ Social Services Block Grant Transfer
- ✓ Field Operations (Direct Service Delivery)
- ✓ General Administration

(\$63.4M)

❖ Although states can spend up to 15% on administration, Iowa spends less than 3%

TANF AND MOE IN IOWA

(continued)

MAINTENANCE OF EFFORT (MOE)

- Not a state match
- State must spend minimum amount every year
- Iowa's annual MOE = \$65,845,626 (after slight reduction due to Tribal TANF program)
- Penalty for failure to meet – TANF grant reduced same amount

TANF AND MOE IN IOWA

(continued)

➤ Sources of MOE in Iowa

- ✓ State general funds appropriated to DHS – must be used for allowable TANF purposes
- ✓ State share of assigned child support collections – used for FIP, reduces need for general funds
- ✓ Refundable state earned income tax credit for families

TANF AND MOE IN IOWA

(continued)

- DHS MOE expenditures
 - ✓ Family Investment Program
 - ✓ PROMISE JOBS
 - ✓ Family Development and Self-Sufficiency (FaDSS)
 - ✓ Child Care
 - ✓ Field Operations
 - ✓ General Administration

Questions?

Bob Krebs

rkrebs@dhs.state.ia.us

515-281-7315



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