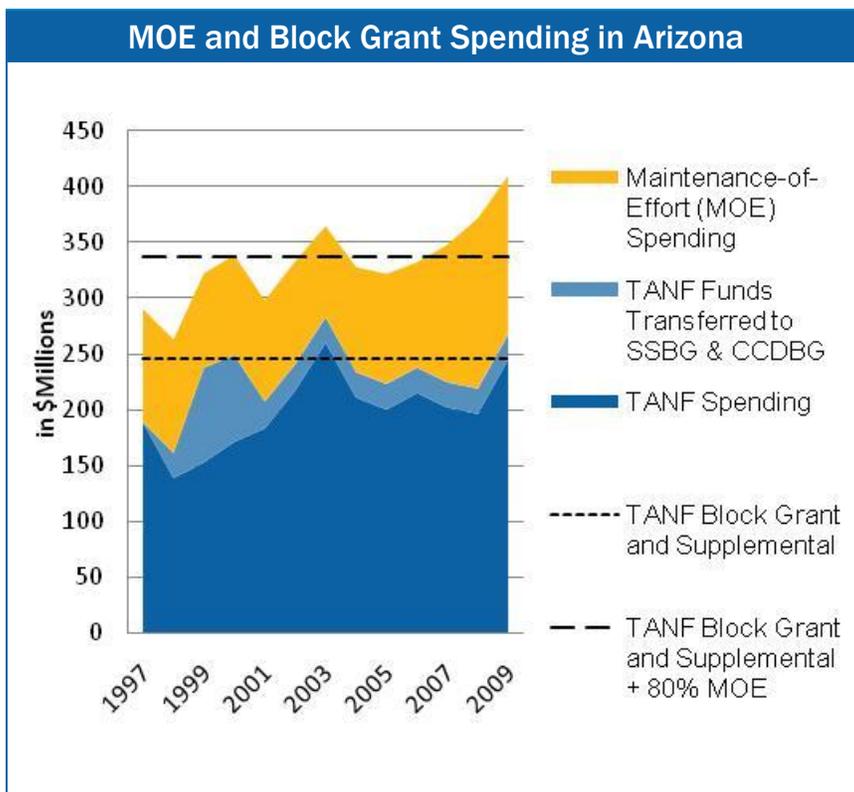


# Arizona | TANF Spending Factsheet

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

- State TANF Block Grant amounts, after adjusting for inflation, eroded by 25 percent between fiscal years 1997 and 2009 and by 28 percent by 2011.
- The block grant did not rise or fall to meet Arizona's changing needs. In 2008-09, 192,864 Arizona families with children lived in poverty. The number of families in poverty reached a low of 100,000 in 1999-00 and a high of nearly 193,000 in 2008-09.

## The amount of federal TANF and state maintenance-of-effort (MOE) funds spent in a given year varies over time and reflects the condition of the economy and state policy and budgeting choices.



- Spending from the TANF Block Grant in Arizona remained relatively flat after a spike in spending in 2003, before increasing again in 2009.
- In fiscal year 2009, Arizona reported \$63 million in state MOE spending. This represents 124 percent of the amount of state spending on AFDC and related work programs prior to the advent of TANF - substantially more than the minimum MOE requirement of 75 or 80 percent of historic state spending. The increased MOE claimed since 2007 does not necessarily represent any increase in state financial effort or in benefits or services available to needy families.

MOE and Block Grant Spending in Arizona		
In millions of dollars	FY 2001	FY 2009
<b>Total Federal TANF Funds Used</b>	<b>207</b>	<b>268</b>
TANF Funds spent	184	246
Funds transferred to SSBG	23	22
Funds transferred to CCDBG	1	1
<b>Reported MOE Spending</b>	<b>90</b>	<b>141</b>

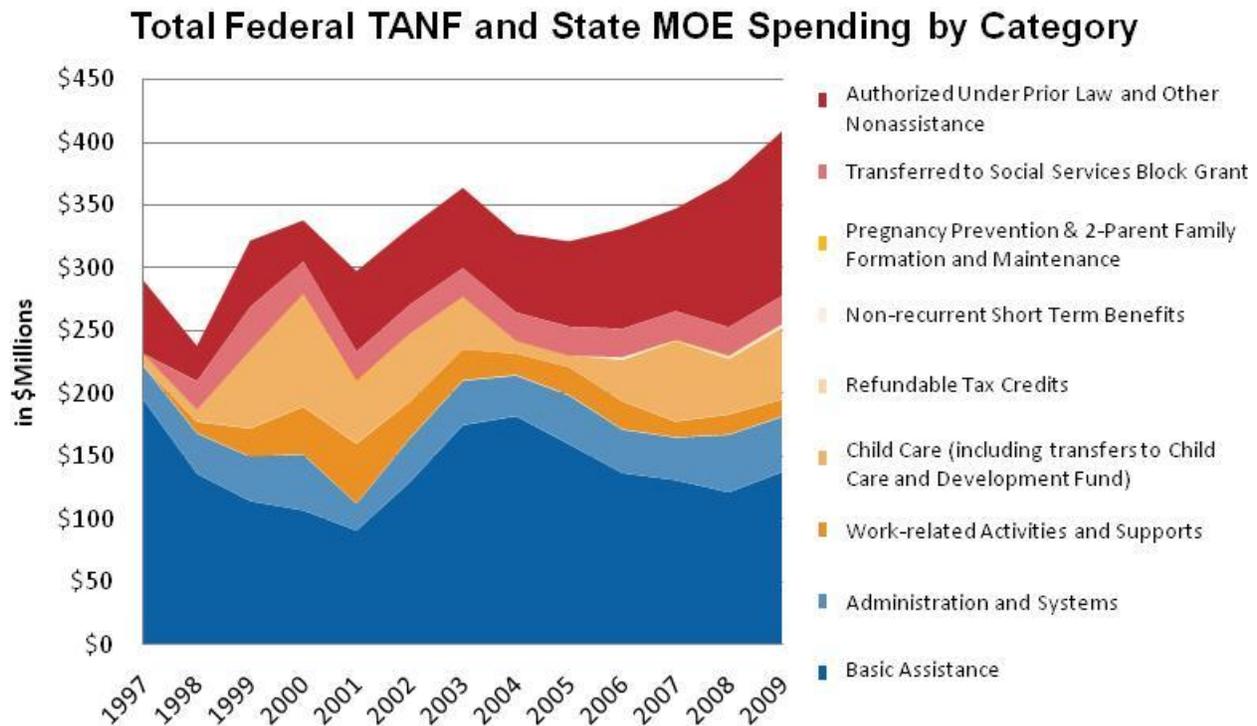
Additional background on TANF and MOE funds and technical notes for this fact sheet are available in following pages.

2009 Federal TANF Allocations	
TANF Block Grant Amount <sup>1</sup>	200
TANF Supplemental Grant	24
Contingency Fund	40
Emergency Fund	0
MOE Obligation	
80% MOE Obligation	91
75% MOE Obligation	86

<sup>1</sup>Excludes \$22 million transferred to tribal TANF programs. The minimum MOE requirements reflect reductions based on this transfer.

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

### Total Spending by Category in Arizona



Trends in Selected Spending Categories (in millions of dollars and as a percentage of spending)	FY 2001		FY 2009	
	Reported Spending	Percentage of Total Funds Used	Reported Spending	Percentage of Total Funds Used
Basic Assistance	91	31%	138	34%
Administration and Systems	21	7%	44	11%
Work-related Activities and Supports	47	16%	13	3%
Child Care	47	16%	57	14%
Pregnancy Prevention & 2-Parent Family Formation and Maintenance	3	1%	0	0%
Authorized under Prior Law and Other Nonassistance	64	22%	131	32%

- In fiscal year 2009, Arizona spent 34 percent of its TANF/MOE expenditures on Basic Assistance.
- Arizona spent 32 percent of its TANF/MOE expenditures in the combined Authorized Under Prior Law/Other Nonassistance spending category in 2009. Most of this spending was reported as Other Nonassistance. This is an increase of nearly \$67 million from 2001. A substantial increase in reported spending in this category occurred between fiscal years 2007 and 2008.
- Over the years, Arizona has pulled back TANF/MOE spending on Work-related Activities and Supports and now spends less than a third of what it spent in the early 2000s. In 2009, Arizona spent 3 percent of its TANF and MOE expenditures in this category, less than half the national average for this spending category.

# Background on TANF and MOE Spending

## Federal TANF Funds:

- Each state gets a fixed annual TANF Block Grant (known formally as the State Family Assistance Grant) allocation each year. In addition, some states may get additional TANF federal funds in a year from:
  - *Supplemental Grants*: Congress created the Supplemental Grants along with the TANF block grant in order to provide additional funds to states potentially disadvantaged by the block grant formula, either due to high population growth or because the state historically had provided relatively small cash grants. Seventeen states receive Supplemental Grants. The amount they receive was constant each year until 2011, when the Supplemental Grants were not fully funded.
  - *Contingency Fund*: Congress created the Contingency Fund as part of the 1996 TANF law to provide additional help to states in hard economic times. Over a third of states received TANF Contingency Funds in 2009.
  - *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 funding. Every state but one received support from the Fund in 2009 or 2010. The Fund expired on September 30, 2010.
  - *High Performance Bonus*. Through 2004, states could receive additional federal TANF funds for strong performance in meeting the objectives of TANF.
- States can carry over TANF funds (except for Contingency Funds) from year to year, so a state may spend more or less than the federal TANF allocation in a given year.
- A state can transfer up to 30 percent of its 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 then 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) obligation. The amount is based on its historical spending, defined as its 1994 contribution to Aid to Families with Dependent Children (AFDC) and related work programs. 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 at least 80 percent of its historical spending. This minimum share is reduced to 75 percent for any year in which a state meets the TANF Work Participation Rate (WPR). In order to qualify for the Contingency Fund, a state must meet a 100 percent MOE requirement. Spending on child care and certain non-TANF programs does not count toward this special Contingency Fund MOE requirement.
- Using a formula used 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 to meet its WPR because the WPR a state must achieve is reduced by one percentage point for every percentage point reduction in the caseload since 2005.
- 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 they had not previously reported. Once the recession hit, some states also reported additional MOE in order to be eligible for TANF Contingency Funds. When states more aggressively identify and report additional MOE spending, it appears to increase total TANF/MOE spending, even if no actual increase in spending 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>2,3</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> Spending on certain pre-TANF activities are permissible even if the expenditures are not otherwise consistent with the purposes of TANF and/or with the prohibitions included in the 1996 welfare law. This spending has been reported as Authorized Under Prior Law since fiscal year 2000.  
<sup>3</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 and which 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 exceed the federal Block Grant amount it may be because the state spent funds it had in reserve from previous years or it received additional funds from the TANF Contingency Fund or the TANF Emergency Fund. In some instances, a state was not awarded the Emergency Funds until 2010 for increased TANF/MOE spending that occurred in 2009.
- The TANF Block Grant Amount line in the MOE and Block Grant Spending graph includes Supplemental Grants but excludes Tribal TANF. (Tribal TANF spending is not included in the spending analysis.)
- 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 which 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 the 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, 2008-09 represents merged CPS poverty data for calendar years 2008 and 2009.