

Categories and Definitions for TANF and MOE Funds

The state-by-state analyses combine information from a set of federal reporting categories in order to help clarify the overall picture of the use of funds in FY 2003. This document explains what was combined, and then excerpts from federal reporting instructions the relevant definitions so that one can understand what is in each category.

How Federal Categories Are Combined in this Analysis	
CLASP Category	Federal Reporting Categories
Basic Assistance	Basic Assistance
Child Care (Spent or Transferred)	Combines Transferred to Child Care and Development Fund; Child Care "assistance" and "nonassistance"
Transferred to Social Services Block Grant (Title XX)	Transferred to Social Services Block Grant
Transportation and Supportive Services	Combines Transportation and Supportive Services; Job Access, and Other Transportation Nonassistance
Authorized Under Prior Law	All benefits and services only permissible because authorized under prior law; combines those considered "assistance" and "nonassistance"
Work-Related Activities	Combines Work Subsidies, Education and Training, and other Work Activities/Expenses
Individual Development Accounts	Individual Development Accounts
Refundable EITC or Other Refundable Tax Credit	Combines Refundable Earned Income Tax Credit and Other Refundable Tax Credits
Nonrecurrent Short-Term Benefits	Nonrecurrent Short-Term Benefits
Pregnancy Prevention	Pregnancy Prevention
Two-Parent Family Formation and Maintenance	Two-Parent Family Formation and Maintenance
Administration and Systems	Combines Administration and Systems
Other Nonassistance	Other Nonassistance

The following text is drawn from or paraphrases the definitions provided to states for purposes of fiscal reporting in the federal financial reporting form, the ACF-196.

Basic Assistance. Includes benefits provided in the form of cash, payments, vouchers, or other forms designed to meet on-going, basic needs. Includes such benefits, even when provided in the form of payments by a TANF agency, or other public agency on its behalf, to individuals and conditioned on their participation in work experience or community service (or any other work activity under 45 C.F.R. 261.30, i.e., countable toward federal participation rates). (For example, if an individual must participate in work experience as a condition of receiving TANF benefits, the TANF benefits would still be considered to fall within the definition of assistance.) Does not include assistance that is only allowable because authorized under prior law.

Child Care Meeting Definition of Assistance. Includes child care expenditures for families that are not employed, but need child care to participate in other work activities such as job search, community service, education, or training, or for respite purposes. Does not include child care provided as a nonrecurrent, short-term benefit (for example, during applicant job search or to recently employed families who need child care extended during a temporary period of unemployment in order to maintain continuity of care). Does not include expenditures on pre-k activities or other programs designed to provide early childhood development or educational services (e.g., following the Head Start model); such activities should be reported as "other" and identified as such in a footnote to that category.

Child Care Nonassistance. Expenditures for child care that does not meet the definition of assistance. Includes child care provided to employed families (related either to their work or related job retention and advancement activities) and child care provided as a nonrecurrent, short-term benefit (e.g., during applicant job search or to a recently employed family during a temporary period of unemployment). Does not include amounts of funds transferred to the CCDF or the Social Services Block Grant (Title XX) programs. Also, does not include expenditures on pre-k activities or other programs designed to provide early childhood development or educational services (e.g., following the Head Start model); such activities should be reported as "other" and identified as such in a footnote to that category.

Transportation and Other Supportive Services Meeting Definition of Assistance. Includes expenditures for families who are not employed but need supportive services to participate in other work activities, such as job search, community service, education, or training, or for respite purposes. Does not include transportation or other supports provided as a nonrecurrent, short-term benefit (for example, during applicant job search).

Other Transportation Nonassistance. Expenditures for other types of transportation activities that do not constitute assistance. Includes the value of transportation benefits (such as allowances, bus tokens, car payments, auto insurance reimbursement, and van services) provided to employed families (related either to their work or related job retention and advancement activities) and provided as a nonrecurrent, short-term benefit (e.g., during applicant job search or to a recently employed family during a temporary period of unemployment).

Assistance Authorized Solely Under Prior Law. These are expenditures that are not otherwise consistent with the purposes of TANF and/or with TANF prohibitions on assistance contained in 42 U.S.C. §608, but are allowable because they were authorized under AFDC, the JOBS Program, the Emergency Assistance Program, or the IV-A Child Care Programs on September 30, 1995, or at state option, August 21, 1996. States including expenditures on this line are supposed to include a footnote explaining the nature of these benefits (e.g., previously authorized juvenile justice or State foster care payments) and reference the State plan provision under which they were authorized. States may not report MOE expenditures in this category; all State MOE expenditures must be consistent with the purposes of TANF.

Non-Assistance Authorized Solely Under Prior Law. Expenditures on non-assistance that are not otherwise consistent with the purposes of TANF and/or with the prohibitions in 42 U.S.C. §608, but are allowable because they were authorized under AFDC, the JOBS Program, the Emergency Assistance Program, or the IV-A Child Care Programs on September 30, 1995, or at state option, August 21, 1996. States including expenditures on this line must include a footnote explaining the nature of these benefits (e.g., previously authorized juvenile justice or State foster care payments) and reference the State plan provision under which they were authorized. States may not report MOE expenditures in this category; all State MOE expenditures must be consistent with the purposes of TANF.

Work Subsidies. Work subsidies include payments to employers or third parties to help cover the costs of employee wages, benefits, supervision, or training. Does not include expenditures related to payments to or on behalf of participants in community service and work experience activities that are within the definition of assistance.

Education and Training. These are expenditures on educational activities that are consistent with the recognized work activities at 45 C.F.R. §261.30 (i.e., the activities countable toward TANF participation rates) or as a supplement to such activities. Thus, includes secondary education (including alternative programs); adult education, GED, and ESL classes; education directly related to employment; education provided as vocational educational training; and postsecondary education. Does not include costs of early childhood education or after-school or summer enrichment programs for children in elementary or junior high school.

Other Work Activities/Expenses. These are expenditures on work activities or work expenses that have not been reported as education or work subsidies (including staff costs related to providing work experience and community service activities, on-the-job training, job search and job readiness, job skills training, and training provided as vocational educational training), related services (such as employment counseling, coaching, job development, information and referral, and outreach to business and non-profit community groups), and other work-related expenses such as costs for work clothes and equipment. Includes such costs when provided as part of a diversion program or as transitional services to individuals who ceased to receive assistance due to employment.

Job Access. Expenditures for the Department of Transportation Access to JOBS program. Includes federal TANF expenditures that are used as non-federal match to meet matching requirements for the Department of Transportation Job Access program.

Any other expenditure of federal TANF funds on non-assistance transportation, including the expenditure of federal TANF funds in the Job Access program, but not for the purpose of matching, must be reported as “Other Transportation Nonassistance.”

Individual Development Accounts. Expenditures on contributions to Individual Development Accounts and any other expenditures related to the operation of an IDA program that fall outside the definition of administrative costs.

Refundable Earned Income Tax Credits. Expenditures on refundable earned income tax credits paid to families and otherwise consistent with TANF requirements from October 1 of the federal fiscal year for which the report is being submitted through the current quarter being reported. Includes state and local tax credits that represent a specific portion of the Federal Earned Income Credit and expenditures on similar state programs designed to defray the costs of employment for low-income families.

Other Refundable Tax Credits. Expenditures on any other refundable tax credits provided under state or local law that are consistent with the purposes of TANF and TANF requirements.

Nonrecurrent Short-Term Benefits. Expenditures on one-time, short-term benefits to families in the form of cash, vouchers, subsidies, or similar form of payment to deal with a specific crisis situation or episode of need and excluded from the definition of assistance on that basis. Does not include expenditures on supportive services such as child care or transportation (including car repairs) or work activities and expenses (such as applicant job search) provided under a diversion program; these items should be reported in other reporting categories.

Prevention of Out-of-Wedlock Pregnancies. Expenditures for prevention of out-of-wedlock pregnancies activities that have not otherwise been reported.

Two-Parent Family Formation and Maintenance. Expenditures for two-parent family formation and maintenance activities that have not otherwise been reported.

Administration. Expenditures for administrative costs (as defined at 45 C.F.R. §263.0).

Systems. Expenditures for systems costs related to monitoring and tracking under the program. TANF’s 15 percent administrative cost cap does not apply to the use of a grant for information technology and computerization needed for tracking or monitoring required by or under part IV-A of the Social Security Act. The systems exclusion applies to items that might normally be administrative costs, but are systems-related and needed for monitoring or tracking purposes under TANF. The same information technology exclusion applies to MOE expenditures. The TANF rules at §§263.2 and 263.11 provide guidance about what is excluded under this definition.

Other Nonassistance. Expenditures on non-assistance that were not reported elsewhere. For example, includes as “other” costs on general family preservation activities and parenting training. Also includes costs on activities such as substance abuse treatment, domestic violence services, and case management to the extent that such costs are not directed at the second goal of TANF and included as work-related costs.

Background: Rules Concerning Use of TANF and MOE Funds

Each year, every state qualifies for an annual block grant of TANF funds. A minority of states qualifies for supplemental grants, and states may also qualify for certain bonuses. A state may use its TANF funds in three ways:

- **Transfer:** A state can transfer up to 30 percent of its current year block grant funds to its program under the Child Care and Development Block Grant. The state can also transfer up to 10 percent of its TANF funds to its program under the Social Services Block Grant, provided that the total amount transferred may not exceed 30 percent of its current year block grant.
- **Expenditures reasonably calculated to accomplish a TANF purpose:** Unless prohibited, a state can spend its TANF funds in any manner reasonably calculated to accomplish any of the four purposes of TANF. Those purposes are to provide assistance to needy families; to end the dependency of needy parents on government benefits through job preparation, work, and marriage; to reduce out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.
- **Expenditures under a grandfather clause:** A state may also, unless prohibited, spend TANF funds in any manner in which the state was authorized to spend funds on September 30, 1995 (or at state option, August 21, 1996) under the programs that were repealed at the time TANF was enacted.

When TANF funds are used for benefits and services, the expenditure is classified as either “assistance” or “nonassistance.” Any month in which a family receives federally funded “assistance” counts against time limits, and families receiving TANF assistance are considered part of the state’s caseload for purposes of work requirements and certain other program requirements. A state is not required to spend TANF funds in the year in which the funds first become available. Rather, a year’s unspent funds remain available in subsequent years, though under HHS interpretations, unobligated prior year funds can only be used for benefits that fall within the definition of assistance.

In order to avoid a TANF penalty each year, a state must also meet its maintenance of effort (MOE) requirement. The MOE requirement is to spend at least 80 percent of what the state had spent in 1994 for a set of programs repealed at the time TANF was enacted; if a state meets program work requirements, the MOE obligation falls to 75 percent. Generally, in order to satisfy the MOE requirement, a state must spend at least a specified amount of non-federal funds for needy families in a manner that is reasonably calculated to accomplish a TANF purpose. So, all MOE spending must be for needy families, and a state cannot transfer MOE funds or use such funds for spending that is only allowable under the grandfather clause.