The TANF Funding Stream:
When and How Welfare Funds Can Support Reproductive Health
or Teen Parent Initiatives

Marie Cohen

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THE TANF FUNDING STREAM:
WHEN AND HOW WELFARE FUNDS CAN SUPPORT
REPRODUCTIVE HEALTH OR TEEN PARENT INITIATIVES

Unspent federal welfare funds are an unexpected by-product of the 1996 welfare reform law. While welfare allocations are based upon caseload levels in the early 1990's, most state caseloads have fallen greatly since that time. As a result, many states have not spent their entire welfare allocations for 1997 and 1998. For example, only 19 states spent their entire TANF grants in FY 1998. The unspent funds total about $3 billion. The availability of unspent funds offers a unique opportunity for many states because the 1996 welfare law broadened the array of allowable uses of federal welfare funds. States can now use these funds to support a wide variety of activities. This fact sheet focuses on one set of potential uses for welfare funds: pregnancy prevention and teen parent services. Activities that states are already undertaking with the funds include:

- the establishment of a statewide teen pregnancy prevention program,
- the addition of sites to an existing home visiting program,
- the expansion of existing family planning services, and
- the creation of a new program to keep TANF teen parents in school.

For a more detailed explanation of the federal requirements and the approaches discussed here, and specific illustrations of how states are using TANF funds to implement these programs, see the issue brief on which this fact sheet is based, Tapping TANF: When and How Welfare Funds Can Support Reproductive Health or Teen Parent Initiatives, available on the CLASP website.

TANF AND MOE FUNDS

The 1996 welfare grant created a block grant, Temporary Assistance for Needy Families (TANF), to replace Aid to Families with Dependent Children (AFDC). Each state receives a block grant based upon its caseload in the early 1990's. In order to draw down their entire block grants, states must spend at least 80 percent of the funds they were spending in 1994 (or 75 percent if they meet federal work participation requirements). The funds that states spend in order to draw down their federal allocations are called Maintenance-of-Effort (MOE) funds.

What activities can TANF and MOE funds be used for?

A state may spend TANF funds for any of the following four purposes:

- to “provide assistance to needy families so that the children may be cared for in their homes or in the homes of relatives” (Purpose 1);
- to “end the dependence of needy parents on government benefits by promoting job preparation, work and marriage” (Purpose 2);
• to “prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies” (Purpose 3); and
• to “encourage the formation and maintenance of two-parent families” (Purpose 4).

In addition, a state can use TANF funds in any way it was previously authorized to use funds under AFDC and may also transfer a total of up to 30 percent of its TANF funds to the Child Care and Development Block Grant and the Social Services Block Grant. While using TANF for medical services is prohibited, an exception is made for pre-pregnancy family planning services.

The set of purposes for which MOE can be used is similar but not identical to the TANF purposes. MOE is somewhat more restrictive regarding public education expenditures, which can only count as MOE if they involve special services over and above the programs generally available to other residents of the state without cost and without regard to income. In addition, services are not allowable under MOE just because they were previously authorized under AFDC: they must meet one of the purposes listed in the law. On the other hand, MOE is less restrictive regarding medical services, which can be counted as MOE. There are also differences, which are discussed below, in the populations that can be served by TANF and MOE.

What happens when a family receives “assistance” under TANF?

The 1996 welfare law created various prohibitions and requirements for people receiving TANF “assistance.” In order to receive assistance, a family must assign its child support rights to the state and a teen parent must live in an adult supervised setting and attend school or an approved alternative. A family cannot receive federally-funded TANF assistance for more than 60 months. A state must also require a parent or caretaker receiving assistance to work when he or she is deemed ready or has received assistance for 24 months—whichever comes sooner. HHS has defined “assistance” to mean “cash, payments, vouchers, and other forms of benefits designed to meet a family’s ongoing basic needs.” Services such as counseling, case management, and peer support do not count as assistance, so families receiving such services are not subject to the time limits and requirements. Most pregnancy prevention services, including family planning, would not be considered assistance.

Who can receive TANF and MOE-funded support?

TANF expenditures for the third and fourth purposes (including prevention of out-of-wedlock pregnancies) need not be limited to the needy. TANF spending for Purposes 1 and 2, however, is always limited to needy families, and similarly, all MOE spending is restricted to needy families, although states have broad discretion in defining “needy.” Moreover, a state may create separate standards for different services, so that, for example, a family can be ineligible for cash benefits but still...
eligible for other services funded under TANF and MOE. MOE funds, when segregated or spent in a separate state program, can also be used to provide “assistance” to groups who cannot receive TANF-funded assistance, such as families who have reached their TANF time limits, certain immigrants, or minor teen parents who have failed to meet a requirement like being in school or living with adults.

**ACTIVITIES WHICH COULD BE FUNDED WITH TANF OR MOE**

Below are some examples of program models that could be funded through TANF or MOE. See Tapping TANF for details on these models, available evaluation data, examples of states using TANF funds to implement them, and contacts for further information.

**What are some pregnancy prevention programs that could be funded with TANF and MOE funds?**

One of the four purposes of TANF is to prevent out-of-wedlock births. TANF funds could be used for a variety of programs to achieve this goal, including:

- **Contraceptive Access and Information** is an essential element in the prevention of unwanted pregnancies. Contraceptive use can be promoted through clinic-based family planning services, public information campaigns, and targeted community awareness programs.

- **Youth Development Programs** are based on the assumption that giving youth hope for a better future will lead to decreases in high-risk behavior such as unprotected intercourse, drug abuse, and dropping out of school. These interventions combine components like tutoring, community service, and sexuality education. Several program models, such as the Quantum Opportunities Program, the Teen Outreach Program, and the Reach for Health Program, have shown promising evaluation results.

- **Home Visiting Programs** were originally established in order to prevent child abuse, promote good prenatal and infant care, or enhance child development. Home visitors provide counseling and information and link pregnant women or mothers with services they need. Some programs have included goals like increased spacing between births and avoidance of welfare dependency by the mother. Nurse home visiting is one of the few programs shown through a random assignment research design to delay or reduce subsequent births.
What are some programs for teenage parents that could be funded with TANF and MOE funds?

Teenage parents have been the subject of special attention from federal, state, and local governments because family formation by teenagers is associated with long-term poverty and poor child outcomes. The welfare law places restrictions on minor teen parents who receive assistance, typically requiring them to live with adults and stay in school. Some teen parent programs that could be funded with TANF funds include:

- **Case management programs** for teen parents can serve TANF recipients exclusively or along with other teen parents. Case managers coordinate the many services teen parents need and work with the teens to help them stay in or return to school, prevent a second birth, obtain support services and manage their parenting responsibilities.

- Some **home visiting** programs target teen parents to receive services. While most or all of these programs focus on parenting skills and child development, some of these programs are starting to emphasize work and self-sufficiency.

- **Teen parent educational programs** provide case management and/or education in alternative settings to encourage teen parents to continue their educations. TANF and MOE funds can also be used to provide employment for teen parents while in school.

- **School-based child care** can both enable teen parents to return to school and provide high quality early childhood care and education to their children.

- **Second chance homes** are group homes for teen parents who have no appropriate adult family member with whom to live. The homes often provide an array of services, including counseling and education in parenting and life skills.

For additional information please also see these and future CLASP publications posted at [www.CLASP.org](http://www.CLASP.org) or available by contacting CLASP:

- # **Tapping TANF: When and How Welfare Funds Can Support Reproductive Health or Teen Parent Initiatives**... an issue brief with state examples of tapping TANF. April ‘99

- # **Frequently Asked Questions: Tapping TANF for Reproductive Health or Teen Parent Programs**...provides answers to common questions about how to tap TANF. April ‘99
State Spending Opportunities and Requirements in Light of the TANF Caseload Decline ...an overview of how the caseload decline and TANF/state expenditure rules present a range of new spending opportunities. February ‘99

Spend or Transfer, Federal or State: Considerations in Using TANF and TANF-Related Dollars for Child Care ...a summary of the different options available to states in using TANF and Welfare to Work Funds to pay for child care. January ‘98

The TANF Maintenance of Effort Requirement...a description of the flexibility and restrictions attached to the funds states must spend of their own money to gain their full TANF allotment. December ‘98

Relevant HHS materials can be found at: www.acf.dhhs.gov.