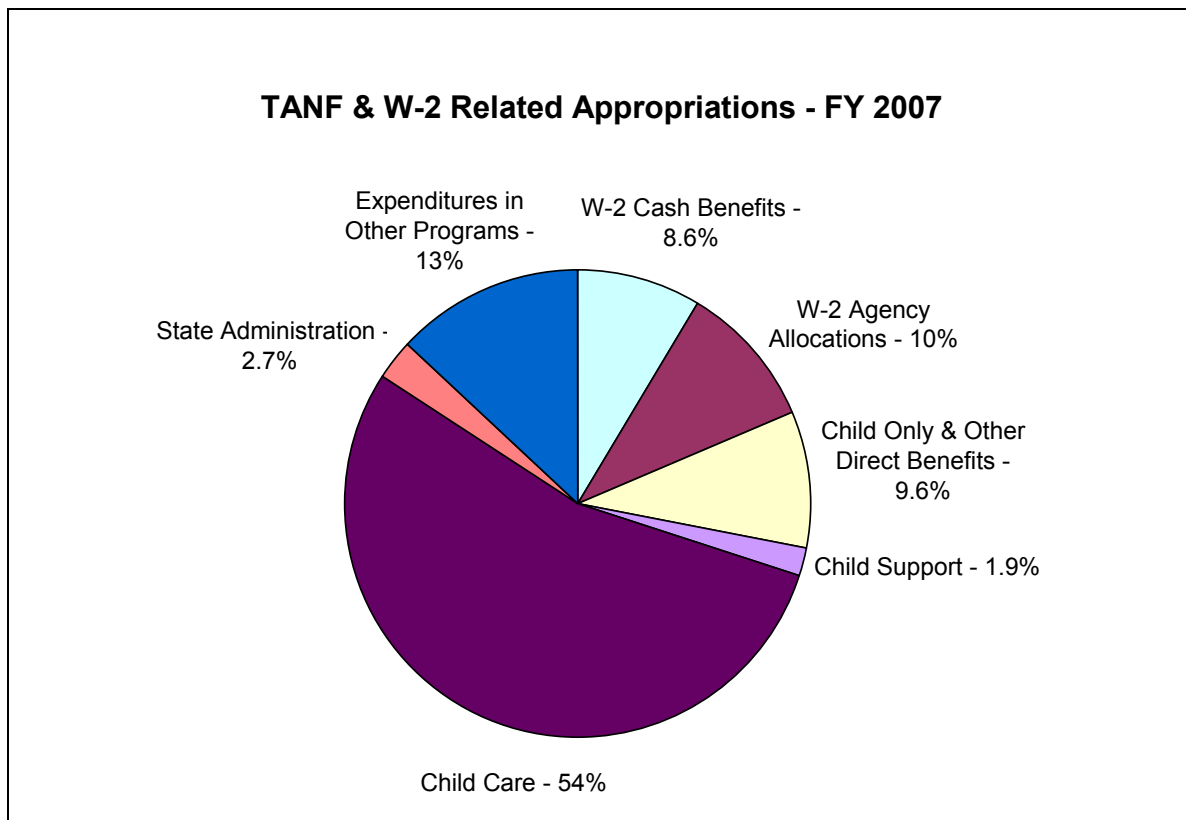


## Current TANF and W-2 Related Appropriations

Jon Peacock, August 2006

The pie chart below illustrates the allocation of \$602.9 million in appropriated funds for Wisconsin Works (W-2), child care and related programs in fiscal year 2007. The funding comes primarily from the federal TANF block grant (\$319.5 million, including an estimated \$5 million in carryover). Other major revenue sources include the child care block grant (\$81.8 million) and state general fund dollars (\$150 million – nearly all of which is “maintenance of effort” funding for TANF and child care).<sup>1</sup>



The following are a few key points from the FY 2007 appropriations data:

- Only 8.6 percent of the total W-2 related appropriations is devoted to W-2 cash benefits for work, and 9.6 percent to “child only and other direct benefits” (which is primarily for the caretaker supplement and kinship care, but includes a small amount for emergency assistance).

<sup>1</sup> All the figures are derived from the Legislative Fiscal Bureau’s comparative summary of the 2005-07 budget bill, except that we added child support revenue and spending to the W-2 related appropriations (whereas the LFB did not), because that was necessary for a consistent analysis of the spending trends from year to year.



- The amount spent on W-2 cash benefits is surpassed by the amount designated for the contracts with W-2 agencies for services and administration, which constitutes 10 percent of total TANF and W-2 related spending.
- Child care programs account for more than half (54 percent) of the total W-2 related appropriations, even though the child care block grant contributes less than 14 percent of the total funding. Approximately 96 percent of the amount budgeted for child care is for the Wisconsin Shares child care subsidy program.<sup>2</sup>
- The next largest category, constituting 13 percent (\$78.6 million), is categorized by Legislative Fiscal Bureau as “expenditures in other programs,” which is the TANF funding used outside W-2 and in other agencies. This is primarily composed of funding for the state earned income tax credit (\$59.5 million), the Social Service Block Grant transfer used for Community Aids (\$13.4 million), and child welfare services (\$8.5 million).

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<sup>2</sup> This calculation excludes the state appropriation for Head Start, which is now funded with general purpose revenue and is no longer counted by the Legislative Fiscal Bureau as part of the TANF and W-2 related appropriations. For more information on child care appropriations and trends, see WCCF’s September 2005 paper. *Investing in Early Education in Wisconsin: The 2005-07 Budget and Recent Spending Trends*.