

## TANF Spending Shifts

Jon Peacock, August 2006

In Wisconsin, as well as nationally, there has been a tremendous shift over the last decade in the use of TANF block grant funds. The Brookings Institution's recent paper about the TANF transformation, *New Goals and Outcomes for Temporary Assistance*, notes:

“States now spend a majority of Temporary Assistance funds on benefits and services other than cash assistance, and the beneficiaries of these benefits and services include a substantial number of families who do not receive cash assistance.”

The following trends in Wisconsin spending help document the dramatic spending shift, which is also illustrated by the two charts on the following pages:

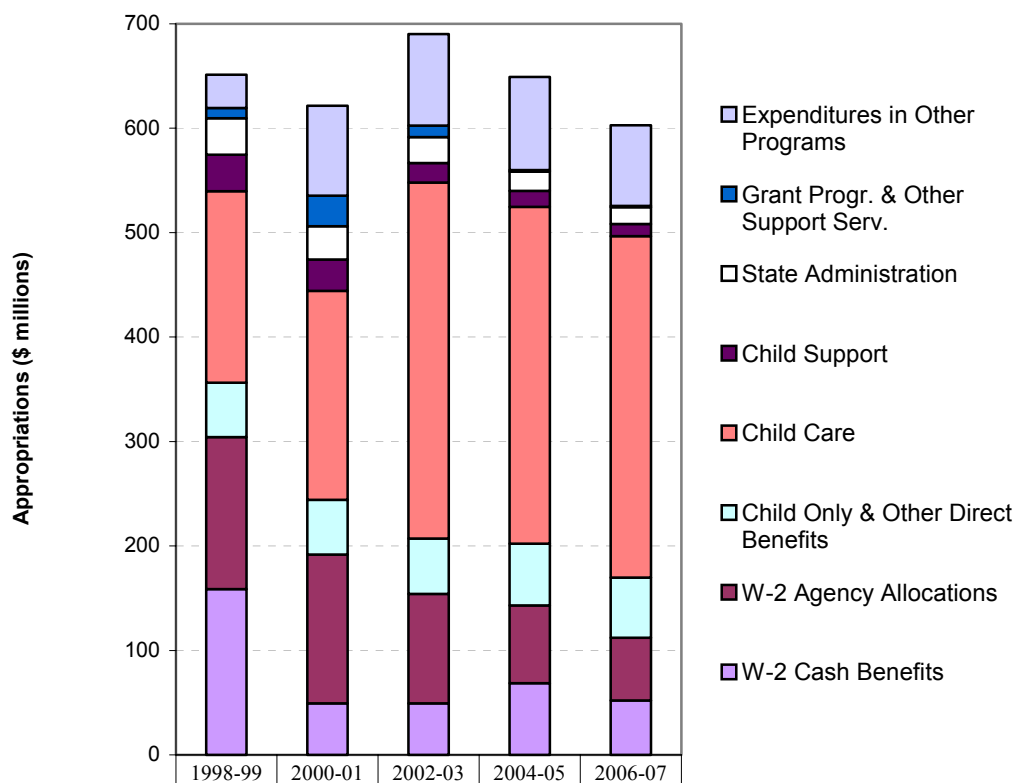
- The state appropriation for W-2 cash assistance in FY 2007 is less than one third of the appropriation for that assistance in FY 1999.
- Similarly, the amount appropriated for contracts with W-2 agencies for administration and support services (such as case management) has declined by 59 percent from FY 1999 to FY 2007.
- Spending for child care subsidies (from all funding sources) increased 185 percent from CY 1998 to 2005. The TANF-funded portion of child care spending increased even faster, growing from just 13.9 percent of Wisconsin's total TANF spending in FY 1998 to 43.9 percent in FY 2004 and it continues to increase.
- TANF appropriations for “other programs” (such as the state earned income tax credit, or EITC), which are outside the core components of W-2, increased from less than \$32 million in FY 1999 to more than \$86 million from 2001 through 2005, before falling slightly in the current budget (\$77 million in 2007).

Figure 1 shows the trends since 1999 in spending choices for W-2 and related programs, using the Legislative Fiscal Bureau's appropriations data. It includes not only TANF funds, but all the other funding sources that the Legislative Fiscal Bureau routinely considers to be part of the W-2 related budget. The spending numbers for state FY 2007 are the appropriations in 2005 *Act 25*, after factoring in the Governor's vetoes. To help make the chart easier to interpret, it focuses on every second, or odd-numbered, fiscal year because the second year of the biennium has generally been more representative of the choices made during each biennial budget.

Figure 2 focuses just on TANF spending (including state maintenance of effort dollars), and it doesn't include other funding sources, such as child care block grant funds. That chart was prepared for WCCF and The Brookings Institution by the Center on Budget and Policy Priorities, using the reports each state makes to the federal Department of Health and Human Services (DHSS). Unlike the previous chart, it uses actual spending figures, rather than the appropriations number, which means that the data cannot be as current as that used in Figure 1.



**Figure 1. TANF and W-2 Related Appropriations**  
(All funding sources, FY 1999 - FY 2007)



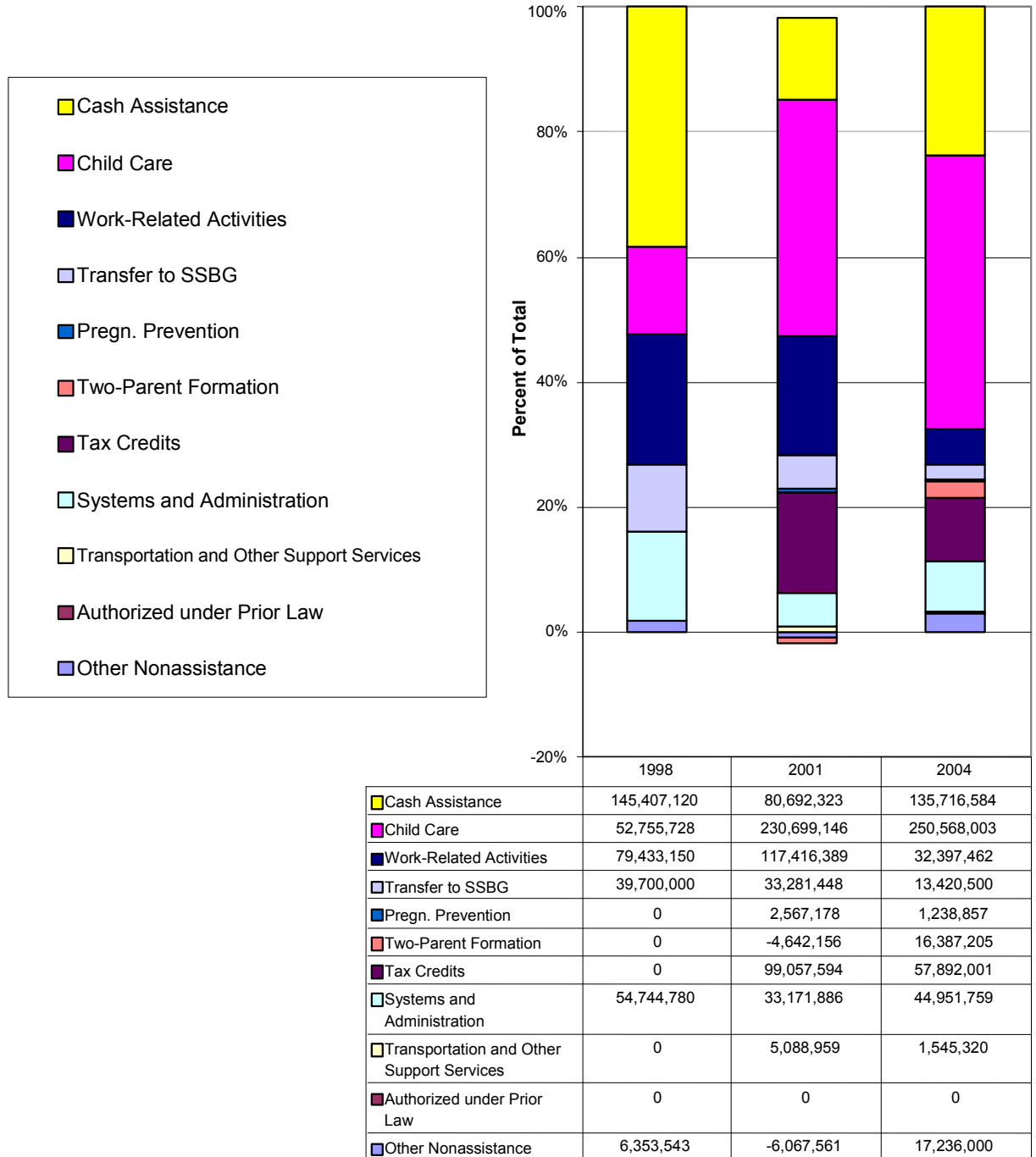
	1998-99	2000-01	2002-03	2004-05	2006-07
Expenditures in Other Programs	31.8	86.1	87.7	89.2	77.2
Grant Progr. & Other Support Serv.	9.9	29.4	11.1	1.5	1.4
State Administration	34.8	31.8	24.7	18.5	16.1
Child Support	35.1	30.3	18.7	15.1	11.7
Child Care	183.3	199.9	341.0	322.8	326.7
Child Only & Other Direct Benefits	52.0	52.4	53.1	58.9	57.6
W-2 Agency Allocations	145.6	142.4	104.8	74.5	60.3
W-2 Cash Benefits	158.7	49.3	49.3	68.7	51.9

Source: biennial data from the Legislative Fiscal Bureau, except for the child support appropriation in FY 2007.

There are a few odd and challenging things about working with the data reported by the states to DHSS. As shown in Figure 2, states sometimes report negative spending figures when they are making corrections to a spending amount provided for an earlier year. In addition, there can be anomalies created by the difference between the federal fiscal year (October through September), which is used in reports to DHSS, and the state fiscal year (July through June) or the tax year (January through December). In the 1999 federal fiscal year, Wisconsin counted two years worth of expenditures for the Earned Income Tax Credit, which explains why the tax credit amount shown in Figure 2 was much higher in 1999.

The paper WCCF wrote for The Brookings Institution discusses spending shifts in more detail, and it includes an appendix discussing the advantage and disadvantages of the two primary data sources we used to analyze the spending trends.

**Figure 2. TANF Spending and Transfers in Wisconsin  
1998, 2001, and 2004**



Source: Prepared by the Center on Budget and Policy Priorities, using data submitted by the state to DHHS.