



ARIZONA STATE SENATE
Forty-ninth Legislature, First Regular Session

PROGRAM PRESENTATION
Temporary Assistance for Needy Families

Background

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (PL 104-193) reformed the welfare system in the United States. PRWORA combined federal funding for Aid to Families with Dependent Children (AFDC), Job Opportunities and Basic Skills (JOBS) and Emergency Assistance programs into a single block grant titled Temporary Assistance for Needy Families (TANF). Elements of PRWORA include a focus on family self-sufficiency through employment, flexibility for states to design their own programs and replacement of open-ended entitlements with capped block grants subject to state legislative appropriations.

States may use TANF funds in any manner “reasonably calculated to accomplish the purposes of TANF,” which are to: 1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; 2) end the dependence of needy parents on government benefits by promoting job preparation, work and marriage; 3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and 4) encourage the formation and maintenance of two-parent families. Under TANF expenditure requirements, states must require work participation, set time limits for assistance, improve child support enforcement, encourage parental responsibility and collect data on performance outcomes. States may receive financial bonuses for success in achieving goals, and financial penalties are imposed if requirements are not met. States are also required to maintain a specified level of funding, known as “maintenance of effort.” According to the Department of Economic Security (DES), the base requirement is 80 percent of the spending in federal fiscal year 1994, which is approximately \$92,000,000 for Arizona. However, because Arizona received contingency funds, the maintenance of effort requirement increased to approximately \$127,000,000 for FY 2008-2009; however, Arizona’s funding already met that threshold so additional funding was not required.

The TANF block grant and expenditure requirements were authorized and funded for federal fiscal years 1998-2002, with reauthorization anticipated in five-year increments. From 2002 to 2006, TANF operated under a series of continuing resolutions and extensions. In February 2006, TANF was reauthorized for five years under the federal Deficit Reduction Act of 2005.

Fiscal Information

According to the Joint Legislative Budget Committee (JLBC), TANF base revenues for FY 2008-2009 total \$226,630,500. In FY 2008-2009, DES received additional funding from the federal TANF Contingency Fund, which is a reserve fund set aside for states with rising costs in TANF-related programs. Because of rising Food Stamps cases, DES received \$40,000,000 in

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Page 2

FY 2008-2009. Combined with a beginning balance of \$14,354,900, TANF revenues in FY 2008-2009 total \$280,985,400. The FY 2008-2009 budget provides \$281,716,100 of the state's federal TANF Block Grant allocation. However, the actual ending balance cannot be negative; the agency will employ funding options to balance the appropriation for FY 2008-2009.

Arizona uses TANF monies for multiple programs, including cash assistance, programs for hunger and homelessness, domestic violence prevention, adoption services, foster care, child protective services programs, child care assistance and employment services. The attached table provides detailed information on TANF expenditures and appropriations.

Committee Activity

The Senate Public Safety and Human Services Committee held one public hearing on January 21, 2009 to hear a presentation from DES regarding TANF.

Prepared by Senate Research

February 2, 2009

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Table 2

	TANF Block Grant Spending		
	Revised FY 2008	Change from FY 2008	Approved FY 2009
<u>Cost Center/Special Line Item</u>			
Administration			
Operating	\$6,025,500	\$543,800	\$6,569,300
Finger Imaging	277,500	0	277,500
Attorney General Legal Services	<u>167,900</u>	<u>100</u>	<u>168,000</u>
Total – Administration	\$6,470,900	\$543,900	\$7,014,800
Benefits and Medical Eligibility			
Operating	\$11,578,300	\$3,361,900	\$14,940,200
TANF Cash Benefits	79,297,200	0	79,297,200
Eligibility System Upgrade	<u>0</u>	<u>5,468,000</u>	<u>5,468,000</u>
Total – Benefits and Medical Eligibility	\$90,875,500	\$8,829,900	\$99,705,400
Aging and Community Services			
Operating	\$ 247,500	\$100	\$ 247,600
Community and Emergency Services	5,424,900	0	5,424,900
Coordinated Hunger Program	500,000	0	500,000
Coordinated Homeless Programs	1,649,500	0	1,649,500
Domestic Violence Prevention	<u>6,620,700</u>	<u>0</u>	<u>6,620,700</u>
Total – Aging and Community Services	\$14,442,600	\$100	\$14,442,700
Children, Youth and Families			
Operating	\$ 31,444,200	\$ 5,120,000	\$ 36,564,200
Adoption Services	11,886,100	7,416,300	19,302,400
Adoption - Family Preservation Projects	1,000,000	(300,000)	700,000
Children Support Services	29,929,100	0	29,929,100
CPS Emergency Placement	3,006,400	0	3,006,400
CPS Residential Placement	11,166,600	0	11,166,600
Foster Care Placement	6,223,100	0	6,223,100
Healthy Families	5,034,200	0	5,034,200
Family Builders Program	5,200,000	0	5,200,000
Attorney General Legal Services	52,200	0	52,200
Joint Substance Abuse Treatment (Families FIRST)	2,000,000	0	2,000,000
Homeless Youth Intervention	400,000	0	400,000
Permanent Guardianship Subsidy	<u>859,300</u>	<u>883,700</u>	<u>1,743,000</u>
Total – Children, Youth and Families	\$108,201,200	\$13,120,000	\$121,321,200
Employment and Rehabilitation Services			
Operating	\$ 5,897,400	\$ 3,000	\$ 5,900,400
JOBS	18,246,500	2,000	18,248,500
Day Care Subsidy	<u>8,020,300</u>	<u>7,062,800</u>	<u>15,083,100</u>
Total – Employment and Rehabilitation Services	<u>32,164,200</u>	<u>7,067,800</u>	<u>39,232,000</u>
TOTAL - DEPARTMENT OF ECONOMIC SECURITY	\$252,152,800	\$29,563,300	\$281,716,100
Beginning Balance	\$ 9,878,800		\$ 14,354,900
TANF Base Revenues	226,630,500		226,630,500
TANF Contingency Fund Revenues	<u>30,000,000</u>		<u>40,000,000</u>
Total TANF Revenues	\$266,509,300		\$280,985,400
TANF Expenditures	<u>252,154,400</u>		<u>281,716,100</u>
Ending Balance	\$ 4,354,900		\$ (730,700) ^{1/}

^{1/} Actual ending balance cannot be negative; the agency will employ funding options to balance the appropriation for FY 2009.