



TANF Maintenance of Effort

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Purposes of the TANF Program

Temporary Assistance for Needy Families (TANF) is a \$263 million annual block grant Minnesota receives from the federal government. There are four broad purposes in federal law:

- “To provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives
- To end the dependence of needy parents on government benefits by promoting job preparation, work and marriage
- To prevent and reduce out-of-wedlock pregnancies
- To encourage the formation and maintenance of two-parent families.”

TANF MOE Requirement

Federal law requires that a state must spend at least 75% or 80% of the amount spent under AFDC and related programs in 1994 on qualified activities for eligible families. In Minnesota this is \$174.9 million and \$187 million, respectively. The lower percentage is required if the state meets the TANF work participation rate.

Generally in Minnesota a household must have an income below 200% of the federal poverty guidelines to qualify for activities funded with TANF dollars. The exception is efforts to promote marriage.

Activities for Eligible Families Qualifying for MOE Under Federal Law

- Cash assistance
- Child care assistance
- Educational activities designed to increase self-sufficiency, job training and work
- Other services or benefits designed to accomplish the **purposes of the TANF program**
- Administrative costs in connection with the above expenditures
- Non-assistance expenditures on healthy marriage promotion and responsible fatherhood grants

Allowable MOE Expenditures in State Law

Within federal parameters, state law establishes expenditures that can be used to meet the TANF MOE

- Minnesota Family Investment Program (MFIP) expenditures
- Child Care Assistance Program expenditures
- State and county MFIP administrative expenditures
- Qualifying Head Start expenditures
- Qualifying Working Family Tax Credit expenditures

TANF MOE Expenditures

Expenditure Description	FY 2018 (actual)	FY 2019 (actual)	FY 2020 (actual)	FY 2021 (proj.)
State and County Administration ¹	\$17,209	\$17,209	\$19,592	\$19,592
Employment and Training	\$6,340	\$6,340	\$6,340	\$6,340
Working Family Tax Credit ²	\$6,707	\$6,707	\$6,707	\$6,707
Head Start ³	\$5,700	\$5,700	\$5,700	\$5,700
Child Care	\$110,939	\$110,430	\$91,502	\$89,928
State MFIP Cash/Food ⁴	\$28,010	\$27,948	\$44,743	\$46,317
Recoveries and Recoupments	\$343	\$343	\$343	\$343
Total MOE Required	\$175,248	\$174,677	\$174,927	\$174,927

1. Amount of expenditures available for MOE capped at 15 percent in federal law
2. Amount of expenditures available for MOE capped in state law
3. Estimated amount of expenditures available for TANF MOE
4. State law requires at least 16% of MOE requirements to come from state expenditures for MFIP

TANF Fund Balance

- Based on the November, 2020 forecast, the state is projected to have a surplus in the TANF fund of \$71.427 million at the end of FY 2025. This is a one-time surplus as opposed to a structural surplus.
- The balance is driven by two primary factors:
 - The temporary shift of some groups to a state-funded portion of the MFIP program as part of the response to the COVID peacetime emergency.
 - The need to increase state-funding for MFIP in order to meet TANF MOE requirements

Allowable Ways to Spend the TANF Fund Balance

- TANF funds can be used to achieve any of the broad purposes of TANF laid out in federal law. As reminder, these include the following:
 - “To provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives
 - To end the dependence of needy parents on government benefits by promoting job preparation, work and marriage
 - To prevent and reduce out-of-wedlock pregnancies
 - To encourage the formation and maintenance of two-parent families.”

Thank You!

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