

Comptroller Inquiry into TANF

Status Update to TANF Working Group

February 6, 2020

TENNESSEE COMPTROLLER OF THE TREASURY



Recap: Three Sources of TANF Funding

- **Annual federal block grant**
\$191 million recurring
- **Unspent federal funding (the “reserve”)**
\$700+ million nonrecurring
- **State maintenance of effort requirement**
\$83, \$88, or \$110 million annually

State Maintenance of Effort

- Beginning in 2013, federal spending started to slow down
- TANF reserve began to build up
- Tennessee continued spending more state money than required

Since 2013, Tennessee has spent \$221 million more state money than necessary, rather than using available federal funding.

This state money is unrestricted and could have been used for any purpose.

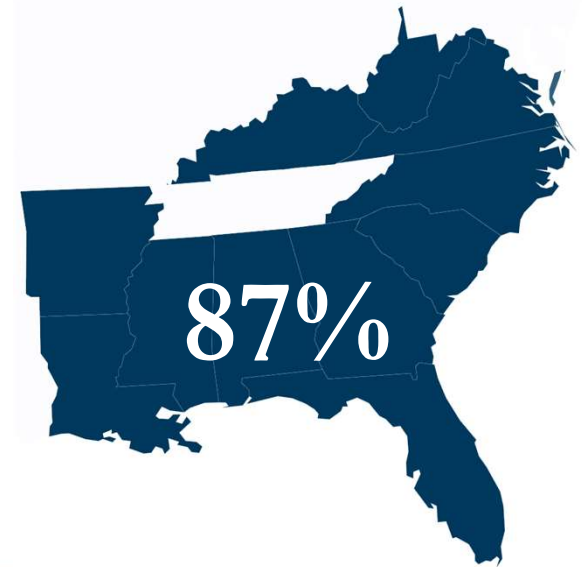
Administrative Costs

In 2018, Tennessee spent a comparable amount of its annual block grant on administration compared to the rest of the Southeast.



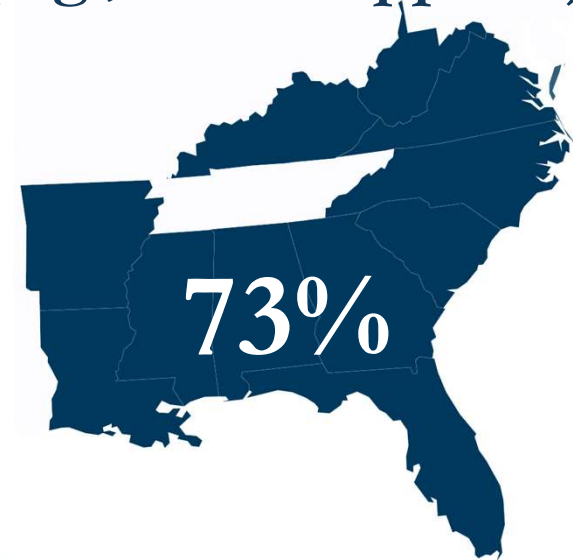
Administrative Costs

Other Southeastern states spent much more of their federal block grant.

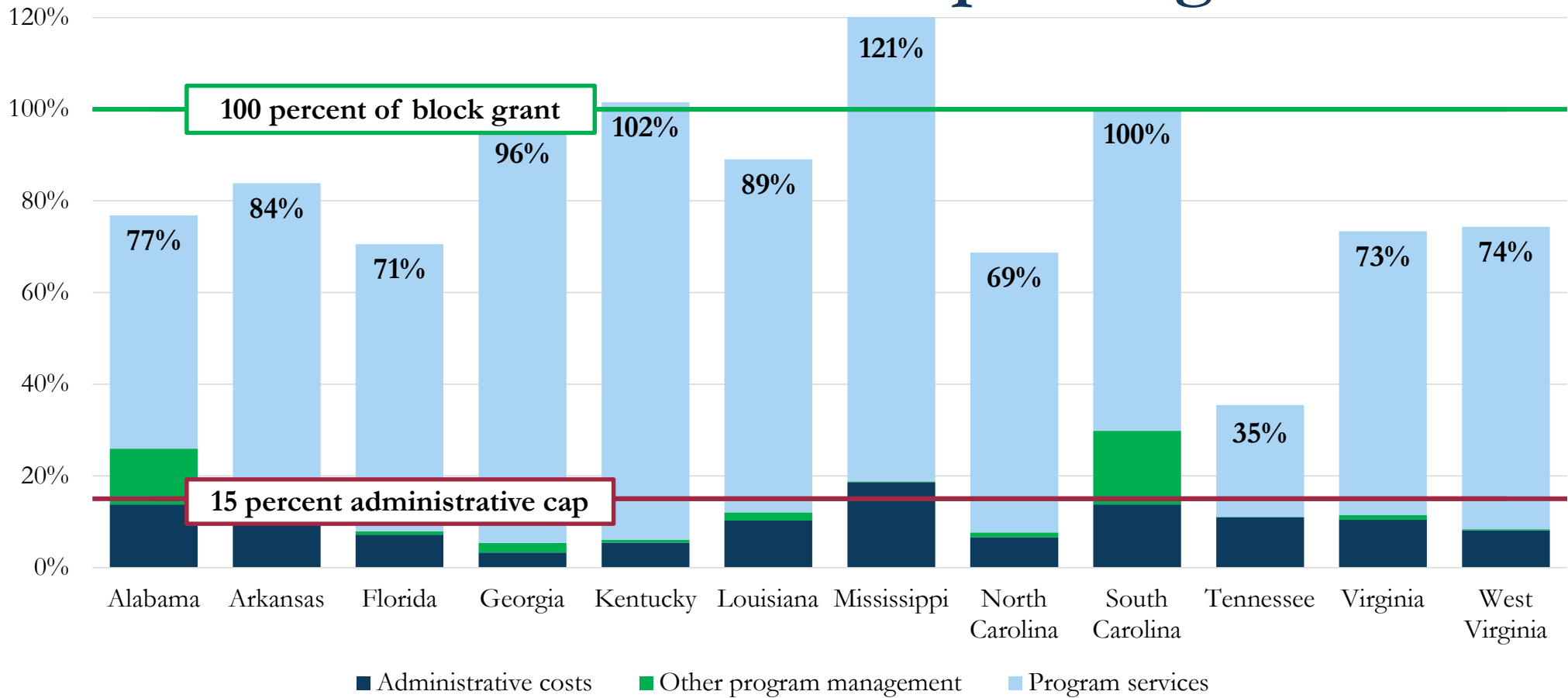


Administrative Costs

Other Southeastern states spent a much larger portion of their block grant on program services (e.g., work supports).

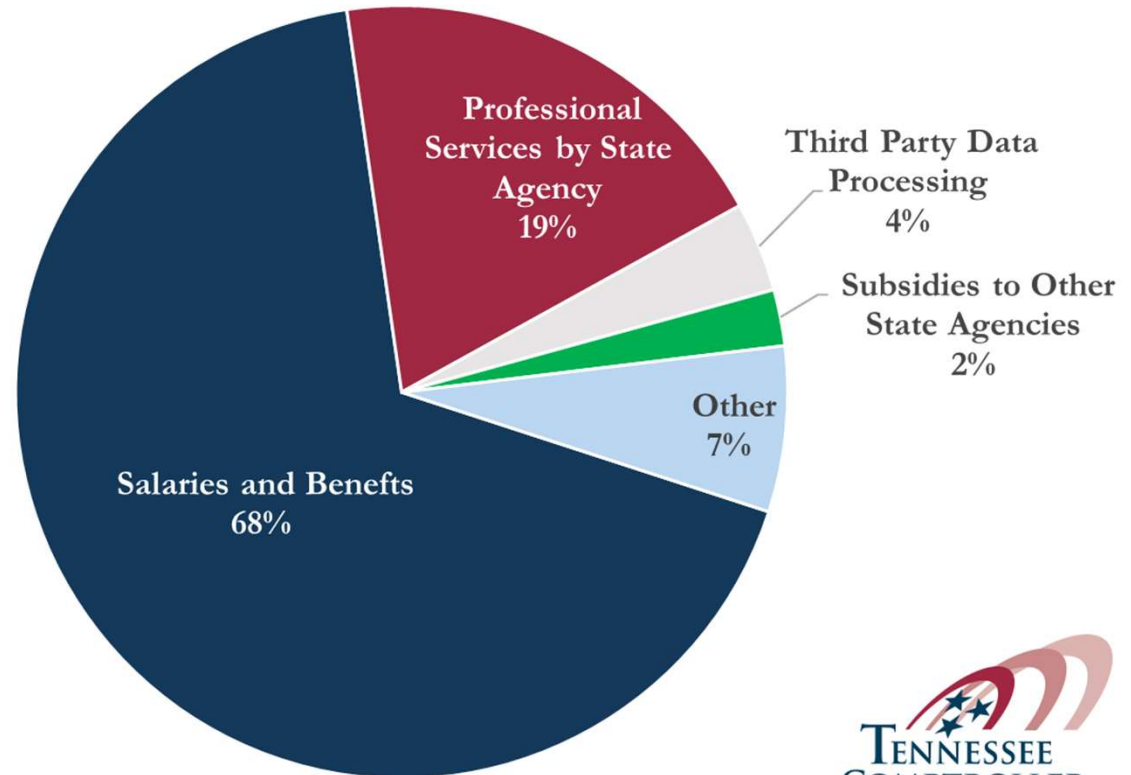


2018 Block Grant Spending



Administrative Costs

In 2018 and 2019, close to 30 percent of federal spending went toward administrative costs (\$20 million).



Tracking TANF Spending

Three sources:

1. TANF expenditures reported to federal government
2. State budget
3. State Comprehensive Annual Financial Report (CAFR)

Currently, there is no publicly available way to track TANF spending.

TANF Spending Authority

- Almost all \$191 million of federal block grant in DHS budget each year
- Gives DHS legal authority to draw down the funding, if needed
- DHS authorized to spend nearly all of \$700+ million TANF reserve as part of prior years' block grants

The Department of Finance and Administration already has the authority to add nearly all of the \$700+ million TANF reserve to the current DHS budget without further approval from the legislature.

TANF Spending Authority

Section 15:

The Commissioner of Finance and Administration is hereby authorized to adjust departmental revenue and related expenditures to recognize (a) the carry-over of federal funds and other departmental revenues that were budgeted and allotted but unexpended or unobligated at June 30 ...
(emphasis added)

Key Takeaways

1. Since 2013, Tennessee has spent \$221 million more state dollars than necessary, rather than using available federal funding.
2. Compared proportionately to the rest of the Southeast, Tennessee spent roughly the same amount of federal money to administer one-third of the program services provided by other states.
3. There is no publicly available way to monitor Tennessee's TANF spending.
4. F&A has the authority to add almost all of the TANF reserve to the current DHS budget without further approval.

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