

In 2013, Colorado spent \$135 million in federal TANF block grant funds, \$12 million in federal TANF Contingency Funds, and claimed \$169 million in state maintenance of effort (MOE) spending, for a total of \$315 million in TANF spending.

Funding & Spending

- **Federal funding is flat.** The Federal TANF Block Grant, which accounts for the majority of county funds, is losing value because allocations have been flat and not adjusted for inflation. The real value of the federal TANF block grant has declined by about 40 percent since 1997.
- **State spending on core TANF activities makes up small share of total state MOE expenditure.** The state spends very little of its own money on core TANF services such as basic assistance, work-related activities, child care, short-term benefits, pregnancy prevention, and family formation.
- **Increased state MOE expenditure does not reflect additional funding to provide core TANF services and assistance.** Mostly, expenditures have been on “other non-assistance.” Other Non-assistance is a catch-all category for non-assistance expenditures which do not fit in any other reporting category criteria (See Table 1.) Only a small share of state spending goes to the Colorado Works program (about 9 percent of total claimed in FY2012). The rest goes to a mix of other programs, including CCCAP and Early Childhood Development programs.
- **Level of future federal funding is unclear.** Federal emergency funds are no longer available and Contingency Funds are not guaranteed.

Table 1. Comparing Spending of Federal TANF and State MOE Dollars, FY-2013

| Spending Category | TANF Spending (Federal Money) | | MOE Claimed (State and 3 rd Party Money) | |
|---|----------------------------------|------------------|--|------------------|
| | Millions | Percent of Total | Millions | Percent of Total |
| Basic Assistance | \$62.2 | 42.5% | \$8.4 | 5.0% |
| Work-Related Activities | \$6.9 | 4.7% | \$0.53 | 0.3% |
| Child Care Spending | \$1.2 | 0.8% | \$0.012 | .01% |
| Pregnancy Prevention and Family Formation | \$0.39 | 0.3% | \$0.005 | <.01% |
| Short-term Benefit Spending | \$4.4 | 3.0% | \$0.38 | 0.2% |
| Child Care Tax Credit | \$0 | 0.0% | \$3.0 | 1.8% |
| Transferred to Social Services Block Grant (SSBG) | \$1.1 | 0.8% | N/A | N/A |
| Administrations and Systems | \$12.8 | 8.7% | \$7.9 | 4.7% |
| Authorized Under Previous Law | \$.296 | 0.2% | N/A | N/A |
| Other Non-assistance | \$57.1 | 38.9% | \$149.1 | 88.1% |
| TOTAL | \$146.4 million | | \$169.2 million | |

Source: CBPP Analysis of DHS ACF-196 TANF Expenditure Reports

TANF Caseloads

- **Caseloads are down but need has increased.** Despite flat or declining federal and state funding for the Colorado Works program, the need for the program has risen sharply in recent years. Figure 1 below compares the number of families with children in poverty to the assistance caseload under AFDC and TANF. It shows that while the number of families with children in poverty has increased, the assistance caseload has actually decreased. Put simply, need has risen while supply has contracted.
- **The TANF-Poverty Ratio:** In FY1995, the ratio of families with children in poverty to the TANF caseload was 72%. Put another way, about 72% of families in need received AFDC services in FY1995. In recent years, the gap has widened, with only about 18% of needy families with children receiving assistance under TANF in FY2013.
- **Why is the TANF-Poverty Ratio Widening?** The large gap between families in need and families receiving assistance reflects two factors. First, the need standard to receive assistance has lost footing due to inflation, dropping from around 28% FPL to 25% FPL since 2009 when it was last updated. Second, it is possible that families in need choose not to enroll in CO Works for any number of reasons.
- **During the Recession, CO Works solvency hinged on TANF Reserves:** From FY 2009 to FY 2011, counties increased spending for Colorado Works in response to increased demand. In order to maintain their ability to provide services, counties dipped into TANF Reserves. However, this is not a sustainable means to remain solvent. An increase of federal and/or state funds is necessary for providing CO Works' services in the future.

Figure 1. TANF Basic Assistance Caseload Shrinks While Family Poverty Grows

