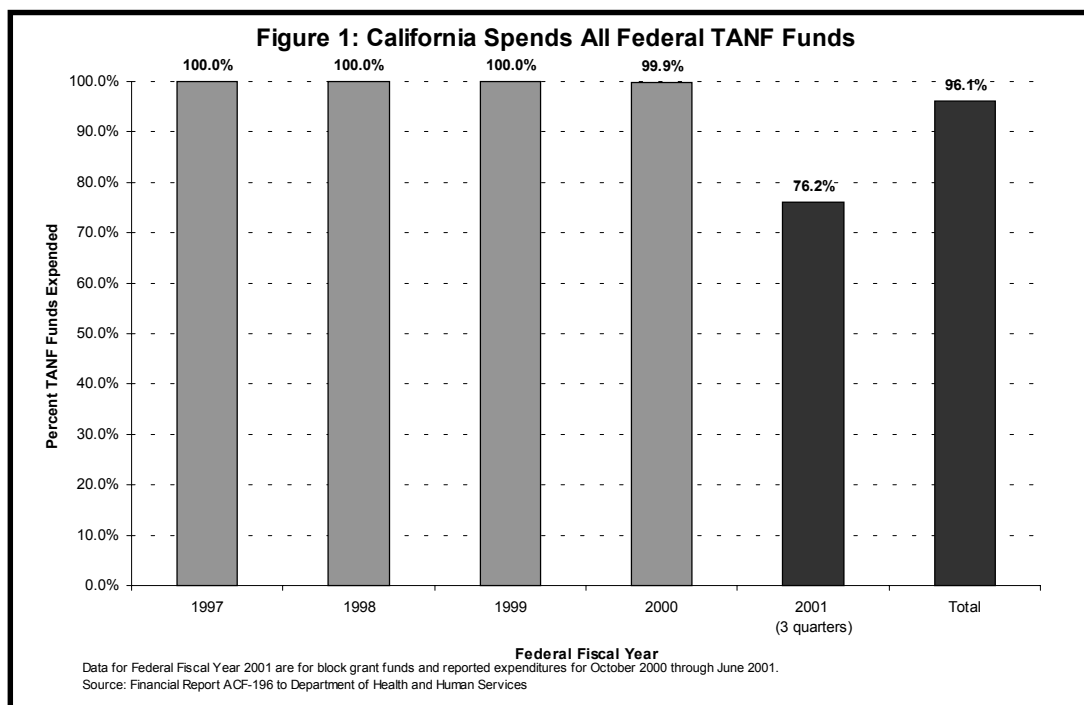


## TANF AND CALWORKS: CALIFORNIA SPENDS AVAILABLE FUNDS

This *Update* summarizes the most recent data regarding how California and the 58 counties spend federal Temporary Assistance for Needy Families (TANF) and state maintenance of effort (MOE) funds. Even before California began to enter a recession, the state was using all available federal funds. California's counties were also spending all or nearly all of the funds they receive to provide employment services to CalWORKs recipients.

### CALIFORNIA HAS EXHAUSTED ALL FEDERAL FUNDS

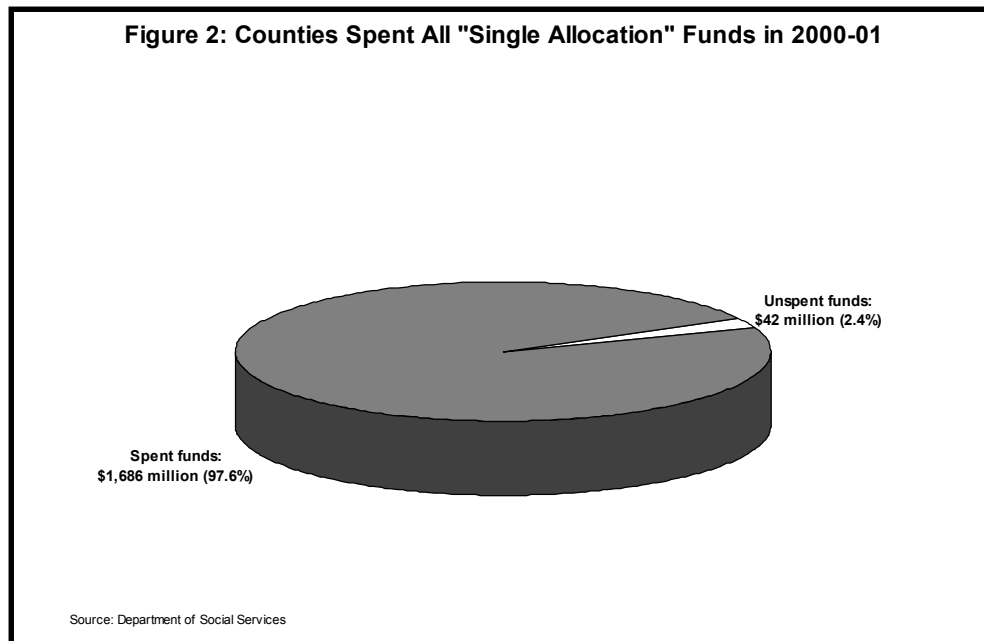
California receives an annual TANF block grant of \$3.7 billion. California can spend these funds in the years in which they are received, as well as in subsequent years. TANF funds are combined with state maintenance of effort (MOE) dollars to finance CalWORKs cash assistance, child care, employment services, and related expenditures.<sup>1</sup> California has spent 96.1 percent of all funds received since federal fiscal year (FFY) 1997 (Figure 1).<sup>2</sup> The state has spent 99.9 percent of TANF funds received in FFY 2000, and 76.2 percent of funds received in the first three quarters of FFY 2001.



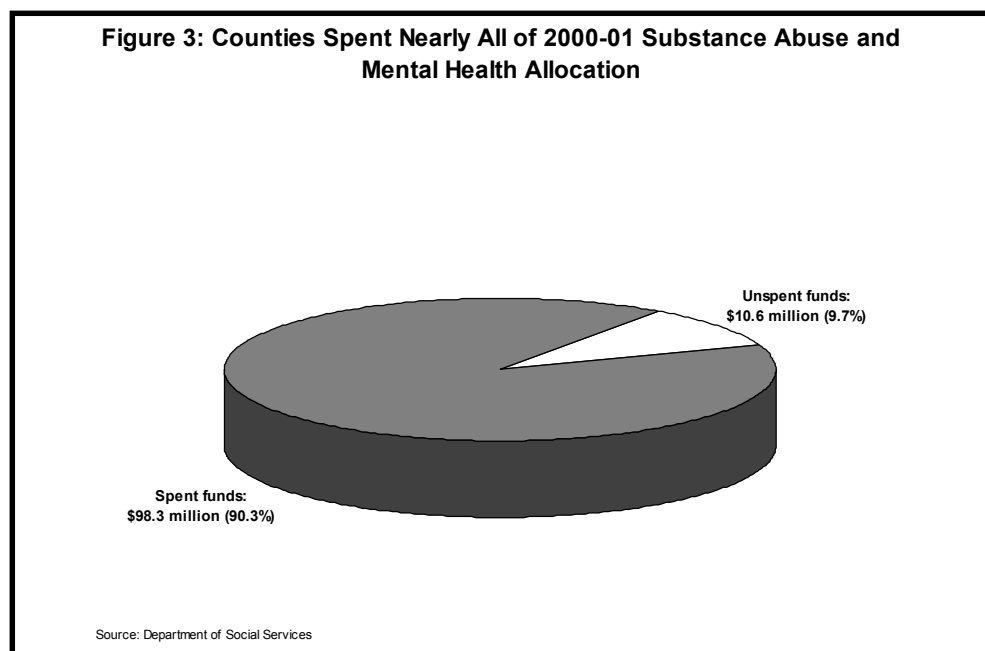
### COUNTIES ARE SPENDING MAIN EMPLOYMENT SERVICES FUNDS

California counties spent essentially all (97.6 percent) of the \$1.7 billion "single allocation" funds in the state fiscal year ending June 30, 2001. These are federal and state funds that counties use for employ-

ment services, child care, and administration (Figure 2). Eleven counties (including Kern, San Bernardino, and Tulare Counties) overspent their allocation. All but seven counties (Colusa, Humboldt, Imperial, Mono, Napa, Plumas, and Tehama Counties) spent at least 75 percent of their allocation.



Counties also receive funds earmarked for substance abuse and mental health services for CalWORKs recipients. In contrast to prior years, counties spent nearly all (90.3 percent) of the \$109 million they received for these services in state fiscal year 2000-01 (Figure 3). Twenty-four counties (including Alameda, Los Angeles, and Tulare Counties) spent all or more of their allocations. Six counties (Alpine, Calaveras, Colusa, Inyo, San Benito, and Sierra Counties) report having spent less than 20 percent of their allocations.



Counties have also received a total of over \$1 billion in performance incentive funds since CalWORKs began.<sup>3</sup> As of June 30, 2001, counties had spent \$137 million (12.5 percent) of these funds. While counties have spent only a small percentage of available funds, spending increased significantly in the second half of the 2000-01 fiscal year. Moreover, counties did not receive any new performance funds in 2000-01, and they have developed multi-year plans for spending the funds.

## ENDNOTES

<sup>1</sup> For a detailed explanation of the funding structure for CalWORKs and TANF, see California Budget Project, *TANF and CalWORKs: How California Spends the Money* (August 2001).

<sup>2</sup> A portion of the funds that California reports as being spent has been allocated to counties, but has not actually been spent on services. Performance incentive funds, for example, have been reported as spent by the state but have not largely been spent by counties. Expenditures also include transfers to the Child Care and Development Fund (CCDF) and the Social Services Block Grant (SSBG).

<sup>3</sup> See also, California Budget Project, *CalWORKs Performance Incentives: Can the Money Be Better Used?* (May 2001).

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*David Carroll prepared this Update. The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low and middle income Californians. Publication of this update was supported by grants from the David and Lucile Packard and William and Flora Hewlett Foundations. This publication is the eighth in a series monitoring the implementation of welfare reform in California. Please visit the CBP's web site at [www.cbp.org](http://www.cbp.org).*

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