

# BUDGET & TAX POLICY INITIATIVE SPECIAL REPORT

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Voices for Illinois Children

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## WELFARE SPENDING IN ILLINOIS: Creating a Foundation for Poverty Reduction



Voices for Illinois Children and the National Center on Poverty Law collaborated in preparing this paper pursuant to a joint grant awarded by the Center for Budget and Policy Priorities with the generous support of the Ford Foundation. Andrea Ingram, director of the Budget & Tax Policy Initiative at Voices for Illinois Children, is the principal author. Special thanks is extended to John Bouman at the National Center on Poverty Law for his direction and support, to the Illinois Department of Human Services for its cooperation in providing the data that was necessary for this analysis, and to Lawrence B. Joseph, Associate Director, Center for Urban Research and Policy Studies at the Irving B. Harris Graduate School of Public Policy Studies, The University of Chicago, for his input and advice. To promote discussion of the data and analysis presented in this report, we invite readers to make and disseminate copies of the report.

## **About Voices for Illinois Children**

Voices for Illinois Children is a statewide, non-profit, non-partisan group of child advocates who work with families, communities and policy-makers to ensure that all children grow up healthy, nurtured, safe and well educated. Through policy analysis, public education and outreach, Voices generates support from civic, business and community leaders for cost effective and practical proposals to improve the lives of Illinois children. Jerome Stermer is the president of Voices for Illinois Children and James J. Mitchell, III is the chair of the board of directors.

## **About the Budget & Tax Policy Initiative**

Investing in our children's health, education, safety and welfare is the long-term, common sense approach to preserving and enhancing the well being of children, their families and all citizens of Illinois. Smart investment decisions require good information, sound analysis and timely action.

The Budget & Tax Policy Initiative at Voices for Illinois Children is the timely, credible and visible source for state fiscal analysis in Illinois. The project's work helps Illinois policy-makers and advocates set priorities and make choices that make sense for the short term and for the long haul.

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## Introduction

Our country's welfare system fundamentally changed in 1996. That year, with President Clinton's support, Congress repealed the program known as Aid to Families with Dependent Children (AFDC) and replaced it with Temporary Assistance for Needy Families (TANF). The new program conditions public assistance on meeting work requirements and sets a 60-month lifetime limit on benefits. TANF funding will expire on September 30, 2002 unless the federal government reauthorizes it.

This paper examines the policy choices and spending commitments that the State of Illinois made in implementing welfare reform. The data establishes that the state has spent all of its available TANF funds. It also reveals spending trends that demonstrate state policymakers' recognition that self-sufficiency should be a tandem goal to caseload reduction. The State of Illinois increased spending on family and work supports in almost direct proportion to the decline in expenditures for cash assistance.

The spending analysis in this report supports two pointedly different but indelibly linked conclusions. First, the State of Illinois has made important strides towards creating a system that results in long-term poverty reduction. The foundation for such a system exists because TANF's flexible spending rules allowed the state to redirect spending to support services and programs.

This same policy compels the second conclusion. At this early stage of welfare reform, Illinois' system is vulnerable to both the economy and to budget policy. Because Illinois has invested in longer-term solutions to welfare dependency, it does not have the TANF funding reserves to pay for a caseload that will climb as the economy falters or if funding is reduced. If the state is forced to reduce spending on family and work supports, it will have a direct and immediate impact on families who will lose their child care subsidies, and their corresponding places in the workforce.

The support system on which the most vulnerable children and families in Illinois rely is now at risk. The severe budget challenges facing the State of Illinois have pushed the nature of the danger from academic to imminent. Programs and services that serve the state's low-income children and their families have been cut and are in dire jeopardy of further reductions for the next fiscal year. Changes in spending patterns suggest that the state struggled to meet the technical TANF spending requirements in federal fiscal year 2001. An even more momentous challenge to meet those requirements awaits Illinois next year, and into the future, if the state further reduces spending on programs and services that serve Illinois' most vulnerable families.

## Overview: Welfare Reform in Illinois

To the extent that welfare reform in Illinois has worked, it is because of the early recognition of two important concepts. First, people perform well when provided with positive incentives. Second, working parents need access to child care and other support services.

Turning these concepts into a successful system requires good policy, effective implementation and the commitment of resources. Working in coalition with communities, parents and advocacy groups, Illinois state governmental agencies developed a variety of creative policies and programs as a foundation for welfare reform. Three fundamental policies form the basis of welfare reform in Illinois.

**Work Pays:** Welfare reform began in Illinois well before federal reform. In the early 1990s Illinois adopted a Work Pays policy. Under this policy, a family's cash grant is reduced by only \$1 for each \$3 earned. The former policy required a grant to be reduced by \$1 for every \$1 earned over Illinois' \$90 earned income disregard after three months of earnings. A single parent with two children living in Kankakee County had to work 54 hours a month at minimum wage (\$5.15 per hour) before her family's monthly net income increased another dollar.

**Child Care:** Illinois policymakers reformed its child care subsidy policy to ensure that families transitioning to self-sufficiency from welfare have access to affordable child care. Any family with an income that is less 50% of the state's 1997 median income is now eligible to receive subsidized care regardless of whether the family has ever received TANF cash assistance.

**Stopping the Clock:** Any month during which a TANF parent works full-time does not count toward the family's 60-month lifetime TANF assistance limit. The family's TANF clock also stops if the recipient is in a full-time post-secondary educational program and has at least a 2.5 g.p.a.. Recently, the state began to stop the clock for parents who must care for a minor child or a spouse with a documented disability or medical condition.

These policies have worked because the State of Illinois has backed them with needed appropriations. The welfare caseload in Illinois declined 66% between July of 1997, which is when the state implemented TANF, to August of 2001. Over 170,000 TANF recipients have worked their way off of TANF in just over four years. Almost 90% of the people who transition from welfare to work have not returned to welfare within 24 months.

The declining caseload has allowed the state to shift resources from cash assistance to child care and other work supports. A program that subsidized child care for fewer than 92,000 children as recently as 1997 now serves almost 200,000 of Illinois' children. The state has also increased its commitment to family stability programs, which include, among others, Teen REACH, Healthy Families Illinois, and Homeless Prevention.

Illinois is better prepared than most other states to take welfare reform to the next stage: poverty reduction. Child poverty declined, but not nearly at the same rate as the welfare caseload. With essential work supports and incentives in place, Illinois is now positioned to support people permanently leaving public assistance by helping them climb the economic ladder through education and training.

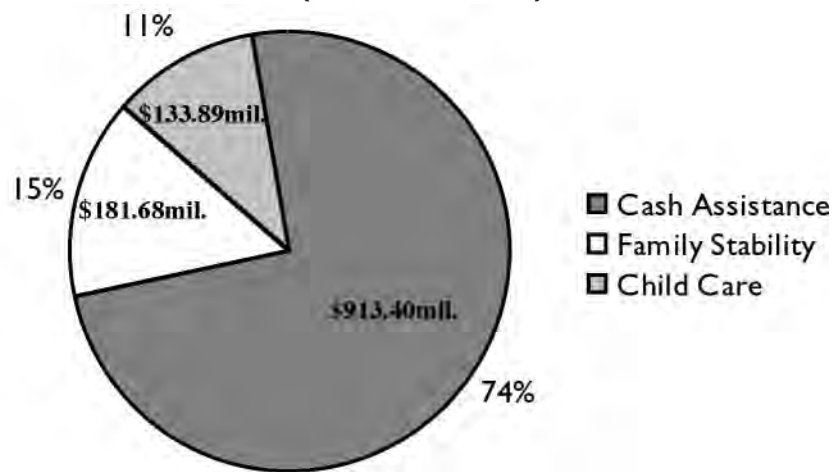
## Before Welfare Reform: Aid to Families with Dependent Children

Prior to 1996, the federal government provided funding for state welfare programs through Aid to Families with Dependent Children (AFDC). Under AFDC, states set their own eligibility rules and cash assistance amounts. The federal government matched Illinois state welfare expenditures with an approximately 50% match. No ceiling on the amount that would be reimbursed existed. Instead, the state's fiscal priorities and limitations naturally constrained the system.

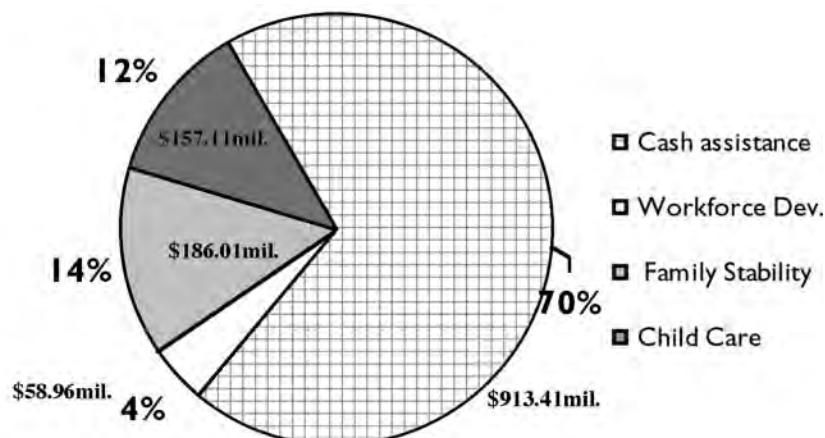
AFDC was restrictive in the types of aid that it would fund. For the most part, it did not reimburse states for programs that were designed to help people find work or to support their transition to work. The work support programs that were eligible for AFDC matching funds were very minimal. For example, AFDC allowed reimbursement to a state for some transitional child care, but only for one year after the client lost her AFDC eligibility.

Supplemental federal programs, including Job Opportunities and Basic Skills Training Program (JOBS), and Emergency Assistance, tempered the limits of AFDC matching fund eligibility rules. These programs provided additional federal matching funds for workforce development, family stability, and some child care. Congress collapsed these funding vehicles into TANF. Accordingly, for a fair comparison of pre-TANF spending to current allocations, those programs should be considered in the analysis.

**Federal Fiscal Year 1996  
State and Federal AFDC Only Spending in Illinois  
(\$1,228,977,668)**



**Federal Fiscal Year 1996  
All Spending in Illinois Replaced by TANF  
(\$1,315,496,398)**



# Welfare Reform: The First Stage

## Overview of Change

In adopting TANF, the federal government fundamentally altered its relationship with the states in both funding and implementing welfare. Under TANF, states have far greater flexibility in creating and funding programs that address poverty, but the federal funding contribution is capped. States are allotted a fixed share of a \$16.38 billion annual federal block grant.

The block grant framework presents states with a conundrum. Under AFDC, federal spending increased as caseloads increased and declined as caseloads declined. In theory, the TANF block grant shifted the financial risks and rewards to states. If caseloads declined, states could stockpile federal funds to pay for cash assistance later. If caseloads increased, states would bear the fiscal burden, which could only be eased with federal funds if the state had held them in reserve.

The incentive is therefore to reduce caseloads. Astute state policymakers and advocates recognized that permanent caseload reduction results only if the recipient population is lifted firmly out of poverty and into self-sufficiency. Achieving this type of reduction requires shifting spending from cash assistance to family and work supports, including education and training.

There lays the conundrum. If a state shifted funds into support programs and education and training, it does not have the reserves to weather temporary caseload increases caused by economic malaise. The most successful states, therefore, become the most vulnerable. Illinois is one of those states.

## Sharing the Cost

TANF requires a state to expend a minimum sum on qualified programs as a condition of receiving its share of the block grant. This contribution of state funds is called its “maintenance of effort” (MOE). For states that meet minimum work participation requirements, like Illinois, this means that they must maintain spending levels of at least 75% of their historic state spending. Pre-TANF spending is defined as the state’s share of federal fiscal year 1994 expenditures on AFDC, Emergency Assistance, the Job Opportunities and Basic Skills Training Program (JOBS) and AFDC-related child care. For states that do not meet the minimum work participation requirements, they must maintain spending levels at 80% of pre-TANF spending.

The flexible spending rules add some complexity to identifying the expenditures that count towards a state’s MOE. The federal government intended to prevent states from meeting their MOE by re-categorizing then existing social services. MOE may include expenditures that would have qualified for AFDC matching funds and spending that is in excess 1995 spending on a qualified program. The latter can mean both new dollars on old programs and new dollars on new programs.

The flexibility exists in the types of programs that can be supported by federal TANF funds and the state’s MOE. There are three categories of TANF related spending.

**Assistance:** Assistance is narrowly defined as including cash payments, vouchers and other forms of benefits designed to meet a family’s ongoing basic needs (i.e. for food clothing, shelter, utilities, household goods, and incidental items.) The definition of assistance determines whether recipients of program benefits and services are subject to key TANF requirements, including work requirements, time limits, data collection and reporting, and child support assignment. Federal TANF dollars and state MOE may be used to fund assistance.

**Transitional Supports:** TANF allows the use of TANF funds for benefits and services that support work and basic needs on an interim basis. Such supports include child care, transportation, Individual Development Account benefits, the refunded portion of state earned income tax credits, work subsidies to employers, education and training, case management, job search services, counseling and other supports given to working families. Families may access these supports without triggering their time limits and work requirements. Federal TANF dollars and state MOE may be used to fund transitional supports.

**Separate State Programs:** States may create separate state programs. If the program serves at least one of TANF's goals, any state expenditure on the program may be counted towards its MOE. Such programs may include medical drug rehabilitation services, post-secondary education programs, English as a second language programs, cash assistance for families that have passed the five year limits, are ineligible due to immigration status, or for whom work requirements and time limits are inappropriate—e.g., families with disabled parents or children. These programs do not need to meet the key TANF rules including work requirements and time limits. Only state dollars may be used to fund these programs.

A family's eligibility for TANF funded programs is dependent on the family's income. A family qualifies for cash assistance if the family income exceeds the assistance payment level by no more than \$90. For much of the state, the assistance payment for a single parent family with 2 children is \$377 a month. However, families are eligible for supportive services and programs that are funded with federal or state TANF spending if their income is below 200% of the federal poverty level. However, a family qualifies for the Illinois child care subsidy program, which is partially supported with TANF spending, if the family income is less than 50% of the state's 1997 median income.

## Making TANF Work for Illinois

Successful welfare reform is co-dependent on innovative policymaking and secure funding. In Illinois, policymakers, advocates and communities recognized early that requiring work required work supports. A welfare parent cannot earn an income outside of the home unless she has care for her child(ren). Illinois shifted funding from cash assistance to work supports as TANF recipients shifted from welfare to work.

During each of the years since the state implemented welfare reform, it has invested all available TANF related funds in Illinois children and their families. The state has expended at least its required annual TANF contribution, or MOE, which is \$430 million. Illinois has also spent its entire annual share of the TANF block grant. In 1998 and 1999, Illinois received and spent its fixed \$585.06 million share of the federal block grant.

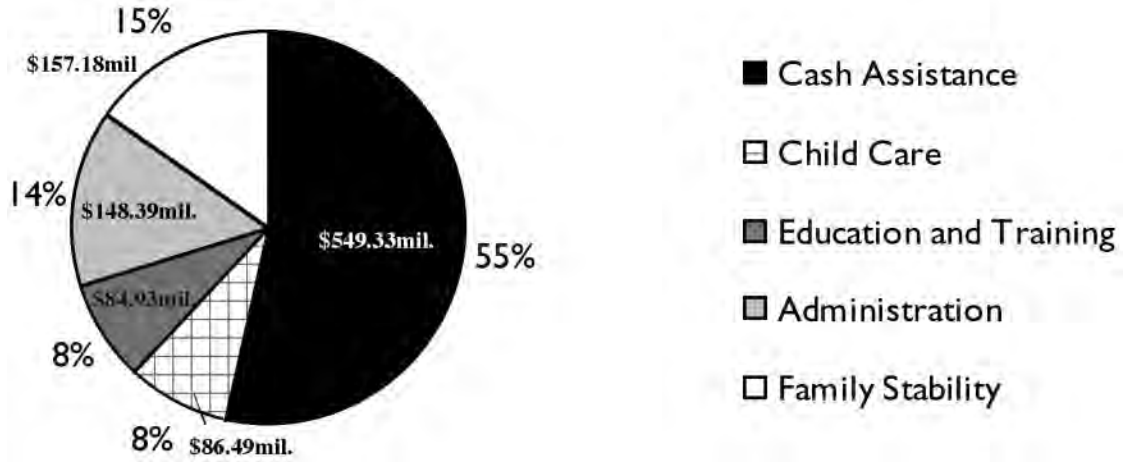
In 2000 and 2001, the federal government awarded Illinois bonuses related to its welfare programs. In 2000, the State of Illinois received a total of \$626.63 million in TANF related funds. This spike resulted from the state's receipt of a \$20 million bonus for a decrease in out of wedlock births. (Although the drop in such births in Illinois was almost imperceptible (-0.022), it was a greater rate of decrease than the competition.) The state also received a high performance bonus in the amount of \$21.6 million. This bonus is awarded based on performance measures related to job placement, job success (retention and earnings), improvement in job placement, and improvement in job success. In 2001, the State of Illinois received a total of \$601.75 million from the federal government. This sum included a \$16.69 million high performance bonus.

### TANF Related Spending in Illinois Federal Fiscal Years 1998 through 2001

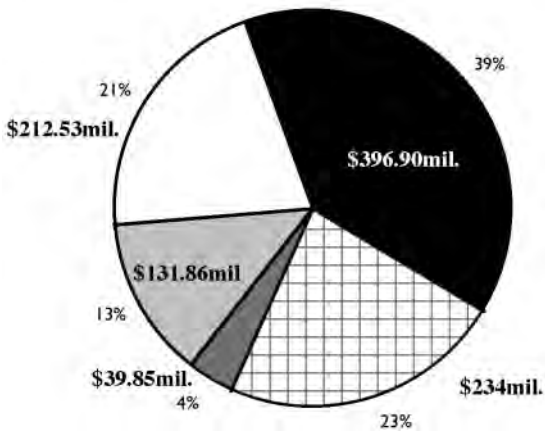
| Federal Fiscal Year | Illinois Share of TANF Block Grant | Illinois State Spending | Federal Bonuses Received by Illinois | Total           |
|---------------------|------------------------------------|-------------------------|--------------------------------------|-----------------|
| 1998                | \$585,056,960                      | \$441,265,454           | -0-                                  | \$1,026,322,414 |
| 1999                | \$585,056,960                      | \$430,088,196           | -0-                                  | \$1,015,145,156 |
| 2000                | \$585,056,960                      | \$441,272,522           | \$ 41,571,928                        | \$1,067,901,410 |
| 2001                | \$585,056,960                      | \$439,380,113           | \$ 16,693,489                        | \$1,041,130,562 |

# Illinois TANF Spending Patterns Federal Fiscal Years 1998-2001

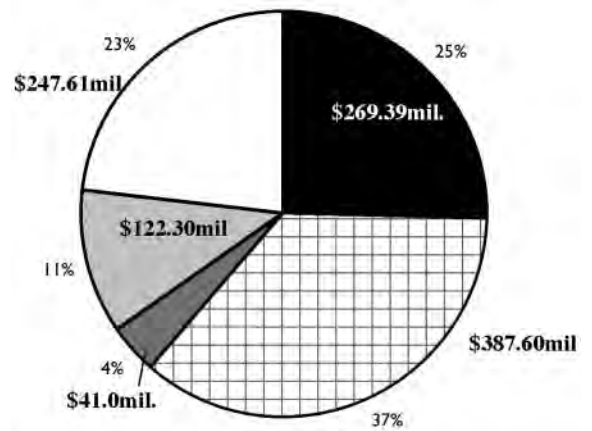
Federal Fiscal Year 1998  
Illinois TANF Spending  
(\$1,026,322,414)



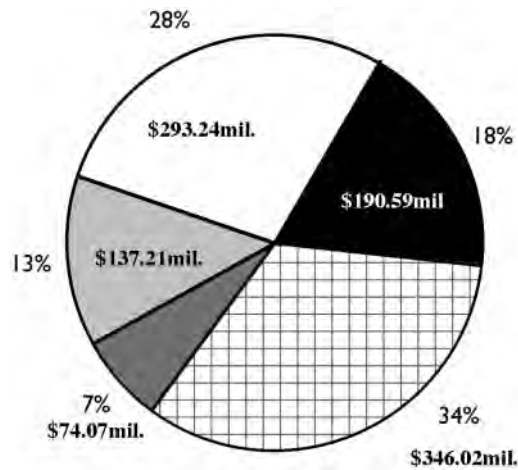
Federal Fiscal Year 1999  
Illinois TANF Spending  
(\$1,015,145,156)



Federal Fiscal Year 2000  
Illinois TANF Spending  
(\$1,006,901,410)



Federal Fiscal Year 2001  
Illinois TANF Spending  
(\$1,041,130,562)

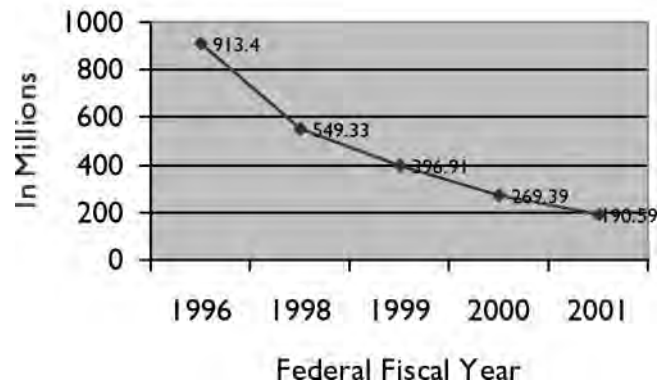


Please see Appendix A for a detail of Illinois TANF spending trends for federal fiscal years 1998 through 2001.

## Investing For the Long Term Cash Assistance

Combined federal and state spending on cash assistance, including the child support pass-through, declined from \$549.33 million during federal fiscal year 1998 to \$190.59 million in federal fiscal year 2001. Several factors are at play in the debate surrounding the cause of the rapid cash caseload reduction, including the existence of a historic economic boom and the motivational affect that TANF time limits had on state institutions and on welfare recipients. In Illinois, however, following the money reveals a core point about caseload reduction. The need has not declined, only the nature of the spending.

**Illinois Cash Assistance Spending  
1996, 1998-2001**



## Child Care

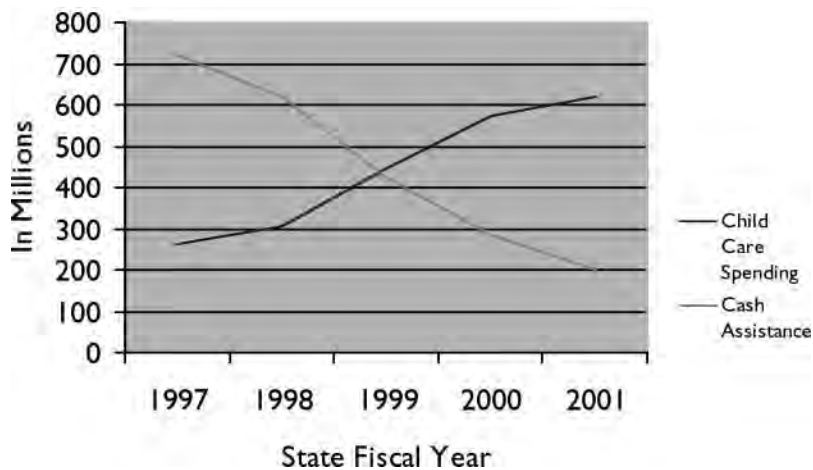
As cash assistance spending declined, the Illinois Department of Human Services shifted most of the “savings” to help fund the Illinois child care program. The graph below demonstrates this dramatic shift.

In federal fiscal years 1999 and 2000, Illinois increased its commitment of TANF dollars to the child care program by an amount that is greater than its reduced expenditures on cash assistance. In 1998, Illinois spent \$549 million on cash assistance and \$86 million of TANF funds on child care. In 1999, spending on cash assistance declined by \$153 million while TANF spending on child care increased by \$148 million. In 2000, spending on cash assistance declined by an additional \$128 while TANF funds expended on child care increased by \$154 million. The state was able to increase TANF spending on child care more than the cash

assistance spending decrease because of additional TANF dollars available because of federal TANF bonuses received by IDHS and because of a decline in spending on education and training, and on administration.

Federal Fiscal Year 2001 reflects a shift in Illinois TANF spending patterns. TANF spending on child care declined by \$41.58 million to \$346.02 million.<sup>1</sup> At the same time, the state cash assistance expenditures declined by \$78.80 million. The inclusion of new spending categories that caused spikes in family stability and education and training expenditures, which are discussed in more detail below, offset the impact of these declines on total state and federal TANF spending.

**Illinois TANF Cash Assistance and  
Child Care Spending (All Sources)**



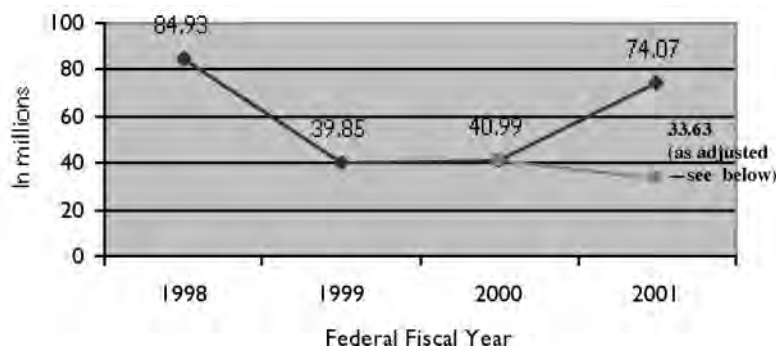
<sup>1</sup> This reduction does not mean that spending on the state child care program had a corresponding drop in funding. Child care funding levels remained level because of additional federal funds received through the Child Care and Development Block Grant.

## Education and Training

Illinois' current welfare and support system lays the foundation for poverty reduction, but it is a work in progress that is at risk. To move families from welfare to work, the system expanded necessary work supports. As of yet, available TANF resources are insufficient to fund education and training at a level that transforms short-term caseload reduction into long-term self-sufficiency for former TANF recipients.

The spike in education and training spending in FFY 2001 does not indicate a positive change in TANF related spending priorities. In FFY 2001, the state for the first time allocated federal TANF dollars for the cost of financial aid granted to independent students with incomes below 200% of the federal poverty level and with dependents through the Monetary Award Program, which is administered by the Illinois Student Assistance Commission. This is not a new program and it is not all new spending on the defined population. Instead, the state allocated federal TANF dollars to a qualified preexisting program. Spending on education and training programs that had previously been supported with TANF related spending actually decreased to \$33.63 million.

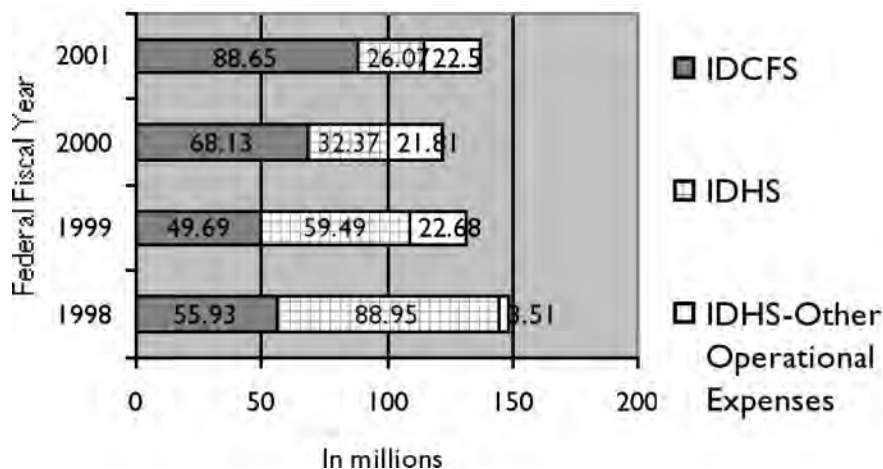
**Illinois TANF Spending on Education and Training**



## Administration

The Illinois Department of Human Services administers the majority of TANF related programs, including transitional services and cash assistance. However, as discussed in more detail below, the state directs an increasingly large portion of TANF funds expended on family emergency programs that are administered by the Illinois Department of Children and Family Services. A corresponding shift in departmental administrative expenses has also occurred.

**Illinois TANF Administrative Spending**



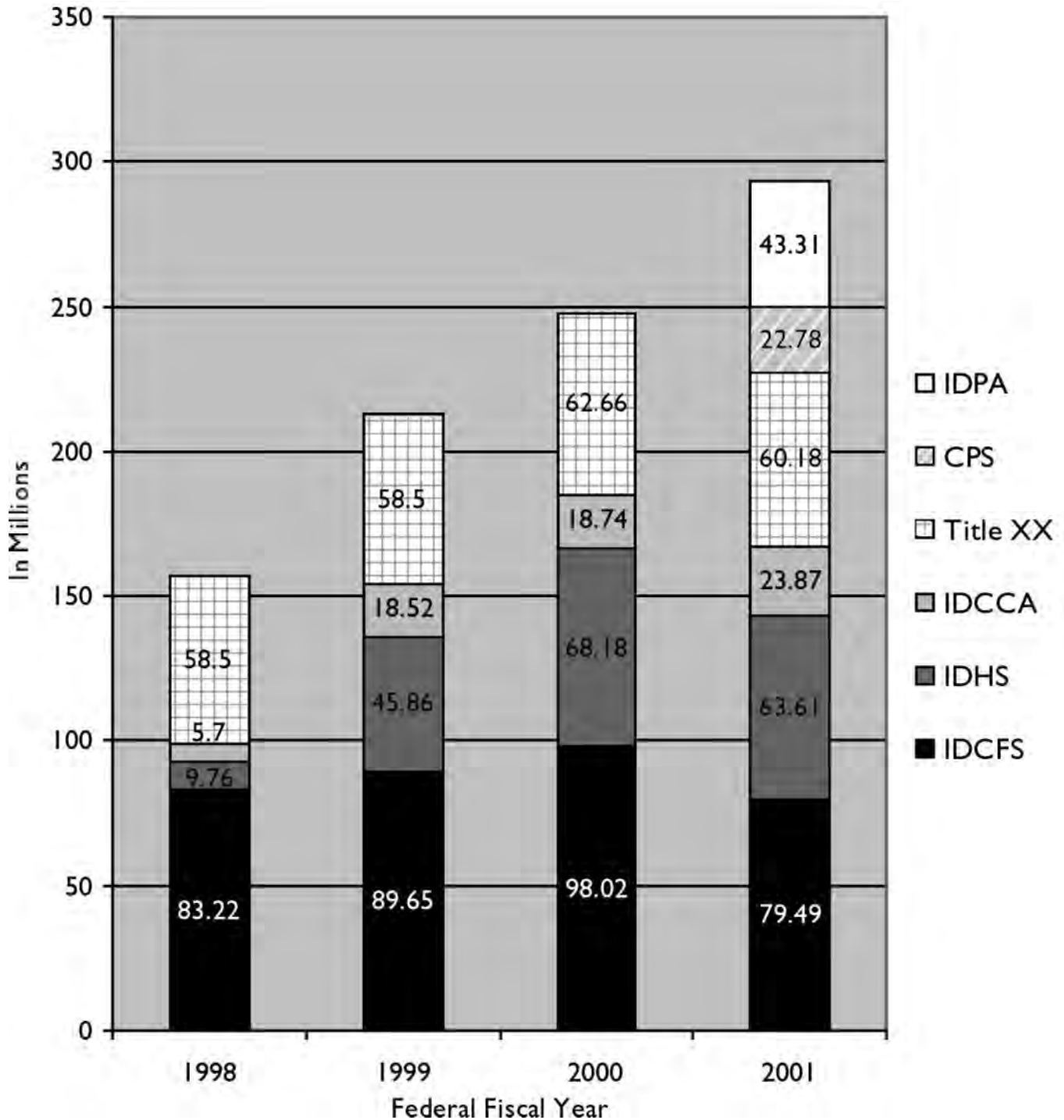
TANF rules establish limits and exclusions for administrative expenses. No more than 15% of TANF funding may be spent on “administration.”<sup>2</sup> However, the definition of “administration” does not include the cost of TANF case management, information and computer systems that are used to track and monitor TANF cases, or direct overhead costs. (“Other Operational Expenses” on the chart above.) These rules have resulted in an increasing segmentation of IDHS operational expenses. See Appendix D for a detail of Illinois TANF Administration Spending Trends.

<sup>2</sup> The 15% limit does not apply to transfers to the Child Care and Development Block Grant or the Social Services Block Grant.

## Family Stability

Family stability can be broadly defined as including expenditures that enhance family fiscal and physical well being other than through cash assistance, education and training, and child care. The Illinois Department of Human Services (DHS), Illinois Department of Children and Family Services (DCFS), the Illinois Department of Commerce and Community Affairs (DCCA), Chicago Public Schools (CPS) and the Illinois Department of Public Aid all administer programs that receive federal TANF funds or count as state maintenance of effort spending. These programs address a variety of needs ranging from temporary utility bill assistance to pregnancy prevention.

**Illinois TANF Family Stability Spending Trends**



Most of the DCFS TANF spending is on Emergency Assistance. This program provides services that are directed towards keeping families that are in crises together. Families may receive shelter, counseling, parenting education, child care, transportation and other basic needs. Children who are separated from their families may receive care, food and clothing. DCFS also operates a crisis hotline, arranges relative foster care, counseling services and skills training. Because these programs previously qualified to receive AFDC matching funds, Illinois is entitled to count it as TANF spending.

DHS manages a range of family stability programs that were explicitly designed to meet the purposes of TANF and to assist in helping families achieve self-sufficiency. Some of these programs are described below.

**Teen Parent Services:** This program helps TANF parents who are under 20 years old to stay in school and obtain a high school diploma or the equivalent. Participation is mandatory for teens receiving TANF and optional for teens receiving KidCare assistance. (FFY 2001 TANF spending: \$10,593,272)

**Teen Reach:** Teen REACH (Responsibility, Education, Achievement, Caring and Hope) provides programs and services to high-risk youth between the ages of 6 and 17 during non-school hours. (FFY 2001 TANF spending: \$15,651,850)

**Homeless Shelter Program:** The Emergency Food and Shelter program gives immediate, comprehensive shelter services to homeless families and families at risk of becoming homeless. The program provides funding for meals, shelter and supportive services to non-profit organizations and local governments. (FFY 2001 TANF spending: \$3,103,406)

**Parents Too Soon:** This program has two components. It provides pregnancy prevention programs and information in hopes of minimizing teen births. However, the program also provides assistance in developing nurturing relationships with their children to new and expectant teen parents. (FFY 2001 TANF spending: \$7,577,865)

**Healthy Families Illinois:** This program is intended to strengthen family functioning and improve parent-child interaction through voluntary, intensive home visits to families at risk of child abuse or neglect. (FFY 2001 TANF spending: \$9,001,897)

DCCA family stability TANF spending is limited. It administers the low-income energy assistance program. In one instance, a designated provider youth program is operated through DCCA. In federal fiscal year 2001, DCCA also ran a job-training program that counted as state MOE.

In FFY 2001, the State of Illinois captured qualified spending from two additional agencies to count as TANF related family stability spending. The state counted \$9.85 million in Chicago Public Schools (CPS) spending on the Lighted School House program as federal TANF expenditures and a total of \$12.93 million in CPS spending on a summer youth program, Cradle to the Classroom and state pre-Kindergarten as state MOE. Illinois also counted as MOE for the first time in FFY 2001, \$43.31 million in spending of state money by the Illinois Department of Public Aid on medical programs that do not meet federal requirements for Medicaid matching funds.

For details about Illinois TANF related family stability spending, please refer to Appendix E.

## Completing the Picture: General Trends in Non-TANF Federal Support of State Social Services Spending

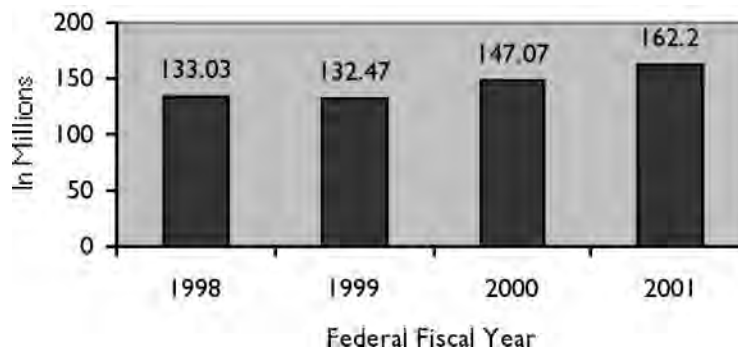
The TANF Block Grant is just one piece of the social service spending equation. The states also receive federal funds through the Social Services Block Grant (Title XX) and the Child Care and Development Block Grant. Because of TANF's flexible spending rules, many programs may qualify for funding from multiple sources. It is important to monitor trends in these other funding streams to place TANF funding in its proper context in the overall social services picture.

## Child Care and Development Block Grant

The primary vehicle for federal child care funding is the Child Care and Development Block Grant. States are required to use these funds to provide child care to low income families to enable the parent(s) to participate in approved education and training activities and to assist families that are at risk of becoming eligible for TANF. Illinois state child care program provides subsidies on a sliding scale for families with earnings up to 50% of the 1997 state median income as adjusted by a 10% earnings disregard. This rule means that a family of four remains eligible for subsidized care until their earnings exceed \$28,864.

The federal child care block grant has both mandatory and discretionary funding components. The mandatory part of the grant replaces the AFDC/JOBS-Child Care Title IV-A of the Social Security Act. These funds are allocated based on the federal share of expenditures of Title IV-A child care in federal fiscal year 1994, FY 1995, or the average of FY 1992 to 1994, whichever is greater. States are required to maintain their spending at federal fiscal year 1994 or 1995 spending levels. If the state spends its entire federal mandatory grant, and meets its maintenance of effort, the state is entitled to a match for additional expenditures at its Medicaid match rate, which is 50% for Illinois. The federal Department of Health and Human Services also may allocate additional discretionary grant funds.

**Total Mandatory and Discretionary Child Care Development Block Grant Federal Transfers to Illinois**



## Social Services Block Grant

The Social Services Block Grant is funded under Title XX of the Social Security Act. This program distributes funds to the states for programs that fulfill any one of five delineated goals.

To prevent, reduce or eliminate dependency;

To achieve or maintain self-sufficiency;

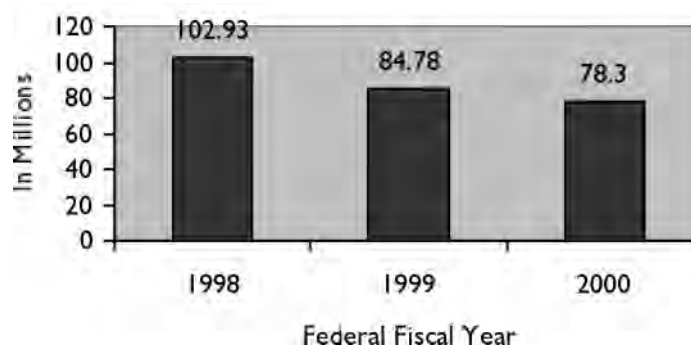
To prevent neglect, abuse or exploitation of children and adults;

To prevent or reduce inappropriate institutional care;

To secure admission or referral for institutional care when other forms of care are not appropriate.

Total federal Title XX appropriations are capped at \$2.8 billion. A state's share of the annual allotment is based on its population and total U.S. population. There is no state matching requirements or maintenance of effort rules.

**Social Services Block Grant Federal Transfers to Illinois**



## Conclusion

The State of Illinois has used all of its TANF funds to pay for programs and services that are imperative to welfare reform that works. The system has created a strong foundation of work supports and incentives to assist families as they transition from welfare to work. Based on these strengths, Illinois is ready for the next stage: poverty reduction.

A reauthorized TANF should be directed towards transforming welfare reform into an effective tool for poverty reduction. This means investing in education and training to assist the newly employed in moving up the economic ladder and firmly into self-sufficiency. It also means continuing to transform the Illinois child care subsidy program into a system that provides a consistently high quality of care so that the state's children enter the education system prepared to learn. While the Illinois child care subsidy program may be more sound and extensive than in other states, it is far from perfect. This critical transition requires more resources, not less.

While the next stage of welfare reform should be about poverty reduction, it may now be about preservation of basic supports for families. The success of the State of Illinois in implementing welfare reform has revealed the hidden irony of the TANF funding scheme. The states that maximized TANF's flexible spending rules to fulfill the objectives of welfare reform are in the most peril in a bad economy. Without TANF block grant reserves, Illinois' system may quickly descend from being heralded as a leader in welfare reform to one of its biggest losers.

Illinois policymakers, advocates, community leaders and families have struggled to build the foundation for a system that helps lift the state's most vulnerable children and their families from poverty. What has been built will not matter if funding levels are not maintained and the next level will not be achieved if funding levels are not increased.

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# Appendix A

## Illinois TANF Spending Trends Federal Fiscal Years 1998 through 2001

|                                 | 1998            | 1999             | 2000             | 2001             |
|---------------------------------|-----------------|------------------|------------------|------------------|
| <b>Cash Assistance</b>          | \$ 549,326,837  | \$ 396,908,693   | \$ 269,391,206   | \$ 190,590,551   |
| <b>Child Care</b>               | \$ 86,486,522   | \$ 233,998,749   | \$ 387,598,968   | \$ 346,015,395   |
| <b>Education &amp; Training</b> | \$ 84,933,400   | \$ 39,846,384    | \$ 40,997,605    | \$ 74,073,312    |
| <b>Administration</b>           | \$ 148,391,874  | \$ 131,858,148   | \$ 122,307,835   | \$ 137,213,568   |
| <b>Family Stability</b>         | \$ 157,183,781  | \$ 212,533,182   | \$ 247,605,796   | \$ 293,237,736   |
| <b>TOTAL</b>                    | \$1,026,322,414 | \$ 1,015,145,156 | \$ 1,067,901,410 | \$ 1,041,130,562 |

# Appendix B

## Illinois TANF Cash Assistance<sup>1</sup> Spending Federal Fiscal Years 1998 through 2001

|                                       | 1998                  | 1999                  | 2000                  | 2001                  |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Cash Assistance</b>                | <b>\$ 531,812,368</b> | <b>\$ 389,276,036</b> | <b>\$ 260,550,104</b> | <b>\$ 186,646,872</b> |
| <b>Child Support<br/>Pass-Through</b> | <b>\$ 8,556,846</b>   | <b>\$ 5,749,767</b>   | <b>\$ 3,597,517</b>   | <b>\$ 3,041,854</b>   |
| <b>Work First Wages</b>               | <b>\$ 8,957,623</b>   | <b>\$ 1,882,890</b>   | <b>\$ 5,243,585</b>   | <b>\$ 901,825</b>     |
| <b>TOTAL</b>                          | <b>\$ 549,326,837</b> | <b>\$ 396,908,693</b> | <b>\$ 269,391,206</b> | <b>\$ 190,590,551</b> |

<sup>1</sup> This category excludes spending on “other supportive services” that are included by IDHS as expenditures on assistance. Spending on “other supportive services” meets the definition of assistance because the recipients are still receiving cash payments. However, because of the nature of the services provided with the funding, this report categorized this spending as education and training.

# Appendix C

## Illinois TANF Education and Training Spending Trends

|   | 1998          | 1999          | 2000          | 2001   |
|---|---------------|---------------|---------------|--|
| <b>Employability Development Support (EDS) Payments<sup>2</sup></b> | \$ 18,173,311 | \$ 8,434,615  | \$ 14,802,805 | \$ 9,052,370                                 |
| <b>EDS Education and Training Contracts<sup>3</sup></b>             | \$ 49,525,263 | \$ 16,366,122 | \$ 10,826,369 | \$ 10,532,048                                |
| <b>Illinois Community College Board</b>                             | \$ 7,527,410  | \$ 5,055,263  | \$ 5,486,807  | \$ 4,710,276                                 |
| <b>Illinois State Board of Education</b>                            | \$ 9,707,416  | \$ 9,990,384  | \$ 9,881,624  | \$ 9,340,264                                 |
| <b>Illinois Student Assistance Commission</b>                       |               |               |               | \$ 40,438,354 <sup>4</sup>                   |
| <b>TOTALS</b>   | \$ 84,933,400 | \$ 39,846,384 | \$ 40,997,605 | \$ 74,073,312 <sup>5</sup><br>[\$33,634,958] |

<sup>2</sup> Employability Development Support (EDS) payments include payments for transportation and other employment support services such as uniforms and books.

<sup>3</sup> EDS Education and Training contracts include contracts for employment, training and placement.

<sup>4</sup> The Illinois Student Assistance Commission administers the state higher education financial aid program. In federal fiscal year 2001, IDHS allocated federal TANF dollars for the cost of financial aid granted to independent students with dependents with incomes below 200% of the federal poverty level through the Monetary Award Program. The inclusion of this category is not an increase in spending on education and training since it does not reflect new spending, but rather the re-categorization of a preexisting program funding.

<sup>5</sup> Without the inclusion of the Monetary Award Program, TANF related education and training spending in federal fiscal year 2001 would have been \$33,634,958.

# Appendix D

## Illinois TANF Administration Spending Trends

|                                       | 1998           | 1999           | 2000           | 2001           |
|---------------------------------------|----------------|----------------|----------------|----------------|
| <b>DHS Administration</b>             | \$ 88,945,615  | \$ 59,485,759  | \$ 32,372,939  | \$ 26,070,447  |
| <b>DCFS Administration</b>            | \$ 55,932,713  | \$ 49,690,825  | \$ 68,126,220  | \$ 88,647,637  |
| <b>Information Systems</b>            | \$ 3,513,546   | \$ 6,106,736   | \$ 4,658,968   | \$ 3,558,113   |
| <b>TANF Case Management</b>           |                |                | \$ 14,526,444  | \$ 15,974,971  |
| <b>Overhead Direct Administration</b> |                |                | \$ 2,623,264   | \$ 2,962,400   |
| <b>Adjustment</b>                     |                | \$ 16,574,828  |                |                |
| <b>TOTALS</b>                         | \$ 148,391,874 | \$ 131,858,148 | \$ 122,307,835 | \$ 137,213,568 |

## Appendix E

### Illinois TANF Family Stability Spending<sup>6</sup>

|                                      | 1998                 | 1999                  | 2000                  | 2001                       |
|--------------------------------------|----------------------|-----------------------|-----------------------|----------------------------|
| Teen Parent                          | \$ 9,922,921         | \$ 11,893,134         | \$ 10,593,272         |                            |
| DCCA <sup>7</sup>                    | \$ 5,698,625         | \$ 18,520,467         | \$ 18,743,150         | \$ 23,868,309              |
| Abstinence Education                 | \$ 744,990           | \$ 1,580,000          | \$ 1,108,200          | \$ 841,900                 |
| Homeless Shelter Prog.               | \$ 2,730,894         | \$ 2,501,188          | \$ 2,010,334          | \$ 3,103,406               |
| Homeless Prevention Prog.            |                      |                       |                       | \$ 958,535                 |
| Alcohol and Substance Abuse          |                      | \$ 5,000,000          | \$ 11,893,818         | \$ 2,380,498               |
| Enterprise Zone/Enterprise Community | \$ 5,000,000         | \$ 4,986,150          | \$ 13,850             |                            |
| Teen Reach                           |                      | \$ 16,392,993         | \$ 12,422,183         | \$ 15,651,850              |
| Parents Too Soon                     | \$ 5,210,903         |                       | \$ 8,115,100          | \$ 7,577,865               |
| Healthy Families                     |                      |                       | \$ 3,746,362          | \$ 9,001,897               |
| Domestic Violence                    |                      |                       | \$ 11,949,395         | \$ 12,878,165              |
| DCFS                                 | \$ 83,218,945        | \$ 89,646,314         | \$ 98,015,902         | \$ 79,490,492              |
| Chicago Public Schools               |                      |                       |                       | \$ 22,778,968 <sup>8</sup> |
| Department of Public Aid             |                      |                       |                       | \$ 43,313,019 <sup>9</sup> |
| Immigrant Services                   | \$ 888,107           | \$ 5,317,336          | \$ 12,000             | \$ 41,613                  |
| Crisis Nursery                       |                      |                       |                       | \$ 517,831                 |
| Other Misc.                          | \$ 191,317           | \$ 146,267            | \$ 47,179             | \$ 51,221                  |
| Transfer to Title 20                 | \$ 58,500,000        | \$ 58,505,696         | \$ 62,662,889         | \$ 60,175,045              |
| <b>TOTAL</b>                         | <b>\$157,183,781</b> | <b>\$ 212,533,182</b> | <b>\$ 247,605,796</b> | <b>\$ 293,237,736</b>      |

<sup>6</sup> For the purposes of this report, the “family stability” category is used as a catch-all for spending that is not cash, child care, education and training, or administration.

<sup>7</sup> Includes Low Income Emergency Assistance and designated provider youth program

<sup>8</sup>For federal fiscal year 2001, IDHS counted money spent by the Chicago Public Schools (CPS) on certain qualified programs as either federal TANF spending or towards the state’s maintenance of effort (MOE) requirement. The costs included in this sum reflect CPS spending on Lighted School House, a summer youth program, Cradle to the Classroom and state pre-Kindergarten.

<sup>9</sup>Also in federal fiscal year 2001, IDHS included state spending by the Department of Public Aid towards meeting its MOE requirement. This sum reflects state spending on programs that do not qualify for other federal matching funds or cannot qualify to constitute the state’s share of a federally approved program.

# Notes

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**The Budget and Tax Policy Initiative is a project of Voices for Illinois Children.**

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