

# TANF and Child Care Expenditure Accountability

## POLICY BRIEF

June 2025



## Overview

Child care assistance is critical for families to become self-sufficient and is also needed to support low-wage working families to avoid welfare receipt. The Temporary Assistance for Needy Families (TANF) Block Grant is an annual federal allocation to states that can be used to help families avoid welfare. States are also required to spend at least 80% of the funds they spent in 1994 on families prior to the creation of TANF under welfare reform. These state funds are referred to as maintenance of effort or MOE.<sup>1, 2</sup>

TANF funds can be used in a flexible manner designed by states to:<sup>3</sup>

- Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives
- End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage
- Prevent and reduce the incidence of out-of-wedlock pregnancies
- Encourage the formation and maintenance of two-parent families

TANF expenditures fall into two categories: “Assistance” and “Non-assistance.”<sup>4</sup>

**Assistance** generally refers to monthly cash benefits or supportive services that help families receiving monthly cash aid.

**Non-assistance** generally refers to supportive services provided to families not receiving monthly cash aid (e.g., child care, PreKindergarten, education and training, as well as services for low-income children and families, fatherhood programs, and short-term benefits such as emergency housing payments).

To support parents in obtaining and retaining employment, states can transfer up to 30% of their TANF funds to the Child Care and Development Block Grant (CCDBG).<sup>5</sup>

When transferred to CCDBG, funds are spent in compliance with state regulations and requirements.

States can also spend directly on child care, which allows funds to be spent on any child care regardless of health, safety and quality of care. The law requires states to report only the total amount spent on child care, but no other information.<sup>6</sup> States are not required to report the number of children and families served, the amount of assistance, or if the care meets minimum health and safety requirements or conducts background checks for providers.

In contrast, when TANF funds are transferred to CCDBG, requirements under CCDBG law must be followed. This includes reporting the number of children receiving assistance, the type of care that they receive, the average amount of monthly assistance provided, and other demographic information.<sup>7</sup> This data helps provide accountability for the expenditure of public dollars.

A recent report from the U.S. Government Accountability Office (GAO) showed that spending on non-assistance as a share of all TANF spending significantly increased between 2015 and 2022 while spending on assistance declined.<sup>8</sup> In Fiscal Year 2022, 25.2% of TANF funds were spent on assistance, 44.2% were spent on non-assistance, 13.6% on both assistance and non-assistance combined, and the remainder spent on administrative costs and transfers to other block grants.<sup>9</sup>

States are allowed to keep unobligated funds indefinitely. GAO reported that TANF unobligated balances increased from \$4 billion in FY2015 to \$9 billion in FY2022. Unobligated funds do not lapse. They grow over time and can be drawn down for use related to any of the law's four goals. While these funds can be spent by states, they cannot be transferred to CCDBG or Title XX.<sup>10</sup>

## TANF Child Care Spending

About \$5.1 billion in TANF dollars, including state MOE, were used for child care in FY2023.<sup>11</sup>

- \$4.13 billion spent directly (federal TANF and state MOE)
- \$1.06 billion transferred to CCDBG

## TANF Transferred to CCDBG in FY2023

The total of TANF grants transferred to CCDBG has declined from \$2.4 billion (14.9%) in FY2000 to \$1.06 billion (3.1%) in FY2023.<sup>12</sup> The number of states that transferred TANF funds to CCDBG has declined from 44 states in 2000 to 27 states in FY2023.<sup>13</sup> As a result, nothing is known about the number of children served and the quality of care received, including the safety of children.

In its report, GAO flagged the lack of data and accountability for non-assistance expenditures as a problem.<sup>14</sup> However, federal Administration for Children and Families officials reported that "TANF's authorizing statute prohibits oversight of state TANF programs beyond what is explicitly required in the law – [Section 411](#) of the Social Security Act."<sup>15</sup>

## TANF Unobligated Balances

GAO reported on the growth in TANF unobligated funds between FY2015 and FY2022.<sup>16</sup> The report was released in December 2024 based on FY2022 data. Since that time, FY2023 TANF expenditure data has been released.<sup>17</sup> While GAO reported an increase in state TANF unobligated funds from \$4 billion in FY2015 to \$9 billion in FY2022, the FY2023 TANF expenditure data shows \$10.04 billion in TANF unobligated funds.<sup>18</sup>

- \$7.7 billion unobligated
- \$2.3 billion unliquidated

In FY2023, 12 states had no unobligated TANF funding (CA, CT, DE, IL, MA, MN, MO, NC, NJ, OH, VT, and WA).<sup>19</sup>

## TANF Funds are Critical for Child Care

Over \$5 billion in TANF funds is spent either directly or transferred to CCDBG for child care. Any reduction or cuts to TANF will likely result in cuts to child care assistance in many states. With only 15 percent of federally eligible families receiving assistance, more parents could be forced out of the labor market.

Increasing the 30% cap for the amount of funds that can be transferred to CCDBG and allowing states to transfer any unobligated funds to CCDBG will help states support child care affordability and also expand

the supply of care where needed. In this way, TANF can be used to support access to child care for working families, which was always the intent behind welfare reform.

## Supporting the Child Care Needs of Working Families

In January 2025, GAO reported that about 1.8 million children received child care subsidies in an average month in FY2021 (about 15% of the 11.5 million eligible under federal rules).<sup>20</sup> Although child care is essential to keep families employed, only 15% of eligible children receive child care assistance. TANF is an important source of funds to ensure children have access to safe and healthy care, however, certain restrictions within the TANF law limit state flexibility to use TANF funds for child care.

The 1996 welfare reform law set a cap of 30% on TANF funding that can be transferred to CCDBG.<sup>21</sup> In FY2023, 27 states transferred TANF funds to CCDBG ranging from 1% of TANF in Colorado to 30% in Indiana and Mississippi. Another 11 states transferred between 20% and 26% (AK, IA, ID, MN, MT, NE, NM, OK, UT, WA, and WI).<sup>22</sup> It is possible that states would transfer more if the cap were increased from 30%.

**While states have unobligated TANF balances for a variety of reasons, allowing states to transfer funds from their unobligated balance to CCDBG would help make child care more affordable for more working parents.**

Despite the \$4.13 billion in TANF spent on child care,<sup>23</sup> it is currently unknown how many children and families are supported. Requiring the same data reporting for all TANF child care expenditures could increase accountability for funds. To do so, the TANF law must be amended.



## Recommendations

1. **Require funds, whether spent directly or transferred to CCDBG, to meet the same reporting requirements for CCDBG**
2. **Require all TANF funds spent on child care to meet the same health, safety, and background check requirements applied to CCDBG**
3. **Increase or remove the 30% cap on TANF transfers to CCDBG**
4. **Allow states to transfer funds from unobligated balances to CCDBG and require transfers to follow CCDBG rules**
5. **Ensure TANF funds spent on child care are protected from budget cuts**

# Appendix

| State TANF Funding on Child Care<br>(Federal Funds & State Maintenance of Effort, MOE)<br>FY2023 |  |  |  |
|--|--|--|--|
| Year   | Federal TANF<br>Spent on Child Care,<br>FY2023 | State TANF MOE<br>Spent on Child Care,<br>FY2023 | Total TANF<br>Spent on Child Care,<br>FY2023 |
| Alabama  | \$22,834,200                                   | \$926,115  | \$23,760,315                                 |
| Alaska   | \$205,507,808                                  | \$3,447,037                                      | \$208,954,845                                |
| Arizona  | \$54,408,842                                   | \$0  | \$54,408,842                                 |
| Arkansas   | \$125,992,875                                  | \$0  | \$125,992,875                                |
| California   | \$98,012,012                                   | \$703,755,461                                    | \$801,767,473                                |
| Colorado   | \$27,980,863                                   | \$13,475,219                                     | \$41,456,082                                 |
| Connecticut  | \$0  | \$11,371,416                                     | \$11,371,416                                 |
| Delaware   | \$0  | \$6,098,791                                      | \$6,098,791                                  |
| District of Columbia   | \$0  | \$39,305,642                                     | \$39,305,642                                 |
| Florida  | \$0  | \$118,719,024                                    | \$118,719,024                                |
| Georgia  | \$0  | \$22,182,651                                     | \$22,182,651                                 |
| Hawaii   | \$0  | \$6,128,014                                      | \$6,128,014                                  |
| Idaho  | \$0  | \$1,175,819                                      | \$1,175,819                                  |
| Illinois   | \$0  | \$722,484,316                                    | \$722,484,316                                |
| Indiana  | \$21,138,540                                   | \$15,356,947                                     | \$36,495,487                                 |
| Iowa   | \$2,521,217                                    | \$16,261,573                                     | \$18,782,790                                 |
| Kansas   | \$6,659,650                                    | \$6,673,024                                      | \$13,332,674                                 |
| Kentucky   | \$11,957,673                                   | \$27,841,402                                     | \$39,799,075                                 |
| Louisiana  | \$3,293,843                                    | \$0  | \$3,293,843                                  |
| Maine  | \$4,452,728                                    | \$1,790,860                                      | \$6,243,588                                  |
| Maryland   | \$4,452,728                                    | \$87,887   | \$4,540,615                                  |
| Massachusetts  | \$0  | \$44,973,368                                     | \$44,973,368                                 |
| Michigan   | \$0  | \$19,529,091                                     | \$19,529,091                                 |
| Minnesota  | \$0  | \$49,695,735                                     | \$49,695,735                                 |
| Mississippi  | \$0  | \$0  | \$0  |
| Missouri   | \$1,701,700                                    | \$18,462,957                                     | \$20,164,657                                 |
| Montana  | \$0  | \$1,313,990                                      | \$1,313,990                                  |
| Nebraska   | \$0  | \$6,498,998                                      | \$6,498,998                                  |
| Nevada   | \$0  | \$14,170,449                                     | \$14,170,449                                 |
| New Hampshire  | \$1,164,158                                    | \$4,581,872                                      | \$5,746,030                                  |
| New Jersey   | \$43,406,477                                   | \$227,406,457                                    | \$270,812,934                                |
| New Mexico   | \$37,123,178                                   | \$0  | \$37,123,178                                 |
| New York   | \$0  | \$101,983,998                                    | \$101,983,998                                |
| North Carolina   | \$6,283,299                                    | \$38,271,558                                     | \$44,554,857                                 |
| North Dakota   | \$1,024,890                                    | \$0  | \$1,024,890                                  |
| Ohio   | \$43,924,765                                   | \$169,035,596                                    | \$212,960,361                                |
| Oklahoma   | \$19,463,330                                   | \$8,591,665                                      | \$28,054,995                                 |
| Oregon   | \$22,088,577                                   | \$20,098,191                                     | \$42,186,768                                 |
| Pennsylvania   | \$2,372,858                                    | \$252,845,727                                    | \$255,218,585                                |
| Rhode Island   | \$0  | \$5,321,207                                      | \$5,321,207                                  |
| South Carolina   | \$246,099,976                                  | \$4,085,269                                      | \$250,185,245                                |
| South Dakota   | \$0  | \$802,914  | \$802,914                                    |
| Tennessee  | \$40,687,628                                   | \$0  | \$40,687,628                                 |
| Texas  | \$0  | \$0  | \$0  |
| Utah   | \$0  | \$4,474,924                                      | \$4,474,924                                  |
| Vermont  | \$0  | \$33,075,365                                     | \$33,075,365                                 |
| Virginia   | \$0  | \$17,063,011                                     | \$17,063,011                                 |
| Washington   | \$0  | \$33,211,579                                     | \$33,211,579                                 |
| West Virginia  | \$0  | \$2,971,392                                      | \$2,971,392                                  |
| Wisconsin  | \$0  | \$27,793,701                                     | \$27,793,701                                 |
| Wyoming  | \$0  | \$2,128,801                                      | \$2,128,801                                  |
| United States  | \$1,312,961,677                                | \$2,825,469,015                                  | \$4,138,430,691                              |

Source: U.S. Department of Health and Human Services, Office of Family Assistance, TANF Expenditures FY2023

<https://acf.gov/ofa/data/tanf-financial-data-fy-2023>



| TANF Funds Transferred to the Child Care & Development Fund (CCDF) by Percentage, FY2023 |                  |                     |            |
|--|------------------|---------------------|------------|
| State  | TANF Awarded     | Transferred to CCDF | % Transfer |
| Alabama  | \$103,952,222    | \$18,601,451        | 17.9%      |
| Alaska   | \$44,397,466     | \$8,879,493         | 20.0%      |
| Arizona  | \$225,494,996    | \$0                 | 0.0%       |
| Arkansas   | \$63,199,850     | \$0                 | 0.0%       |
| California   | \$3,634,115,206  | \$0                 | 0.0%       |
| Colorado   | \$151,565,821    | \$1,113,847         | 0.7%       |
| Connecticut  | \$265,907,706    | \$26,678,810        | 10.0%      |
| Delaware   | \$35,971,836     | \$0                 | 0.0%       |
| District of Columbia   | \$103,166,426    | \$0                 | 0.0%       |
| Florida  | \$560,484,398    | \$82,996,516        | 14.8%      |
| Georgia  | \$329,650,291    | \$0                 | 0.0%       |
| Hawaii   | \$98,578,402     | \$0                 | 0.0%       |
| Idaho  | \$30,307,166     | \$7,804,096         | 25.8%      |
| Illinois   | \$583,126,272    | \$0                 | 0.0%       |
| Indiana  | \$206,116,672    | \$61,835,002        | 30.0%      |
| Iowa   | \$130,558,068    | \$26,205,412        | 20.1%      |
| Kansas   | \$101,477,697    | \$0                 | 0.0%       |
| Kentucky   | \$180,689,420    | \$0                 | 0.0%       |
| Louisiana  | \$163,430,877    | \$0                 | 0.0%       |
| Maine  | \$77,863,090     | \$9,609,599         | 12.3%      |
| Maryland   | \$255,212,962    | \$0                 | 0.0%       |
| Massachusetts  | \$511,734,913    | \$91,570,224        | 17.9%      |
| Michigan   | \$772,794,194    | \$8,300,000         | 1.1%       |
| Minnesota  | \$259,569,108    | \$56,425,000        | 21.7%      |
| Mississippi  | \$86,481,245     | \$25,944,373        | 30.0%      |
| Missouri   | \$216,335,469    | \$0                 | 0.0%       |
| Montana  | \$37,888,854     | \$8,700,000         | 23.0%      |
| Nebraska   | \$56,627,234     | \$14,409,787        | 25.4%      |
| Nevada   | \$43,762,394     | \$2,500,000         | 5.7%       |
| New Hampshire  | \$38,394,141     | \$0                 | 0.0%       |
| New Jersey   | \$402,701,508    | \$79,000,000        | 19.6%      |
| New Mexico   | \$124,710,508    | \$31,527,500        | 25.3%      |
| New York   | \$2,721,400,715  | \$209,446,200       | 7.7%       |
| North Carolina   | \$335,887,368    | \$21,773,001        | 6.5%       |
| North Dakota   | \$26,312,690     | \$0                 | 0.0%       |
| Ohio   | \$725,565,965    | \$0                 | 0.0%       |
| Oklahoma   | \$138,007,998    | \$27,601,600        | 20.0%      |
| Oregon   | \$158,156,417    | \$0                 | 0.0%       |
| Pennsylvania   | \$717,124,957    | \$43,162,500        | 6.0%       |
| Rhode Island   | \$94,708,016     | \$0                 | 0.0%       |
| South Carolina   | \$111,363,172    | \$0                 | 0.0%       |
| South Dakota   | \$21,207,402     | \$0                 | 0.0%       |
| Tennessee  | \$190,891,768    | \$0                 | 0.0%       |
| Texas  | \$533,022,768    | \$0                 | 0.0%       |
| Utah   | \$75,355,939     | \$15,071,188        | 20.0%      |
| Vermont  | \$47,196,916     | \$9,224,076         | 19.5%      |
| Virginia   | \$157,762,831    | \$2,659,033         | 1.7%       |
| Washington   | \$426,411,852    | \$108,021,311       | 25.3%      |
| West Virginia  | \$109,812,728    | \$0                 | 0.0%       |
| Wisconsin  | \$312,845,980    | \$62,569,196        | 20.0%      |
| Wyoming  | \$18,428,651     | \$0                 | 0.0%       |
| United States  | \$16,063,463,652 | \$1,061,629,215     | 6.6%       |

Source: U.S. Department of Health and Human Services, Office of Family Assistance, TANF Expenditures FY2023

<https://acf.gov/ofa/data/tanf-financial-data-fy-2023>

| TANF Unobligated Funds by State, FY2023 |                 |
|---|-----------------|
| State                                   | 2023            |
| Alabama                                 | \$59,234,364    |
| Alaska                                  | \$13,452,606    |
| Arizona                                 | \$36,479,375    |
| Arkansas                                | \$73,395,203    |
| California                              | \$0             |
| Colorado                                | \$109,301,356   |
| Connecticut                             | \$0             |
| Delaware                                | \$0             |
| District of Columbia                    | \$56,779,996    |
| Florida                                 | \$254,074,544   |
| Georgia                                 | \$204,746,095   |
| Hawaii                                  | \$452,501,036   |
| Idaho                                   | \$16,447,548    |
| Illinois                                | \$0             |
| Indiana                                 | \$192,273,116   |
| Iowa                                    | \$75,333,058    |
| Kansas                                  | \$67,632,040    |
| Kentucky                                | \$109,479,949   |
| Louisiana                               | \$4,110,429     |
| Maine                                   | \$43,917,811    |
| Maryland                                | \$40,687,628    |
| Massachusetts                           | \$0             |
| Michigan                                | \$108,180,118   |
| Minnesota                               | \$2             |
| Mississippi                             | \$156,589,491   |
| Missouri                                | \$0             |
| Montana                                 | \$75,159,657    |
| Nebraska                                | \$75,800,233    |
| Nevada                                  | \$58,406,291    |
| New Hampshire                           | \$66,758,594    |
| New Jersey                              | \$0             |
| New Mexico                              | \$79,931,716    |
| New York                                | \$1,687,101,949 |
| North Carolina                          | \$0             |
| North Dakota                            | \$19,414,277    |
| Ohio                                    | \$1             |
| Oklahoma                                | \$193,211,199   |
| Oregon                                  | \$176,939,287   |
| Pennsylvania                            | \$1,274,414,202 |
| Rhode Island                            | \$105,964,304   |
| South Carolina                          | \$31,557,893    |
| South Dakota                            | \$23,036,131    |
| Tennessee                               | \$752,339,571   |
| Texas                                   | \$355,123,916   |
| Utah                                    | \$96,608,549    |
| Vermont                                 | \$0             |
| Virginia                                | \$36,678,448    |
| Washington                              | \$0             |
| West Virginia                           | \$141,758,509   |
| Wisconsin                               | \$397,094,509   |
| Wyoming                                 | \$23,248,932    |
| United States                           | \$7,745,163,932 |

Note: An additional \$2.3 billion is unliquidated (unspent, but subject to a contract). In total, there is \$10.04 billion unspent.

Source: U.S. Department of Health and Human Services, Office of Family Assistance, TANF Expenditures FY2023

| U.S. TANF Unspent Funds, FY2015 - FY2023 |                      |                     |                  |
|--|----------------------|---------------------|------------------|
| Year                                     | Unliquidated Balance | Unobligated Balance | Total Unspent    |
| 2015                                     | \$1,446,369,454      | \$2,625,294,837     | \$4,071,664,291  |
| 2016                                     | \$1,661,505,636      | \$3,011,810,705     | \$4,673,316,341  |
| 2017                                     | \$1,795,351,464      | \$3,325,583,475     | \$5,120,934,939  |
| 2018                                     | \$1,434,903,289      | \$3,691,137,660     | \$5,126,040,949  |
| 2019                                     | \$1,382,954,167      | \$4,475,233,617     | \$5,858,187,784  |
| 2020                                     | \$890,053,757        | \$5,155,607,607     | \$6,045,661,364  |
| 2021                                     | \$1,854,617,776      | \$6,156,520,318     | \$8,011,138,094  |
| 2022                                     | \$2,501,939,748      | \$6,452,791,083     | \$8,954,730,832  |
| 2023                                     | \$2,303,186,344      | \$7,745,163,932     | \$10,048,350,277 |

Source: U.S. Department of Health and Human Services, Office of Family Assistance, TANF Expenditures FY2015-FY2023

<https://acf.gov/ofa/data/tanf-financial-data-fy-2023>

<https://acf.gov/ofa/data/tanf-financial-data-fy-2022>

<https://acf.gov/ofa/data/tanf-financial-data-fy-2021>

<https://acf.gov/ofa/data/tanf-financial-data-fy-2020>

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<https://acf.gov/ofa/data/tanf-financial-data-fy-2018>

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<https://acf.gov/ofa/data/tanf-financial-data-fy-2016>

<https://acf.gov/ofa/data/tanf-financial-data-fy-2015>



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- 1 Personal Responsibility and Work Opportunity Reconciliation Act of 1996, [P.L. 104-193](#)
- 2 Ibid.
- 3 Ibid.
- 4 Ibid.
- 5 Ibid.
- 6 Ibid.
- 7 Child Care and Development Block Grant Act, 42 [U.S. Code § 9858i - Reports and audits](#).
- 8 U.S. Government Accountability Office (GAO), Temporary Assistance for Needy Families, [Enhanced Reporting Could Improve HHS Oversight of State Spending](#), December 2024.
- 9 Ibid.
- 10 U.S. Department of Health and Human Services, Administration for Children and Families, 45 CFR Parts 260, 261, 262, 263, 264, and 265, [Temporary Assistance for Needy Families Program \(TANF\) Final Rule](#), Page 17916, April 12, 1999.
- 11 U.S. Department of Health and Human Services, Office of Family Assistance, [TANF and MOE Spending and Transfers by Activity, FY 2023](#).
- 12 Ibid.
- 13 Ibid.
- 14 U.S. Government Accountability Office (GAO), Temporary Assistance for Needy Families, [Enhanced Reporting Could Improve HHS Oversight of State Spending](#), December 2024.
- 15 Ibid.
- 16 Ibid.
- 17 U.S. Department of Health and Human Services, Office of Family Assistance, [TANF and MOE Spending and Transfers by Activity, FY 2023](#).
- 18 Ibid.
- 19 Ibid.
- 20 U.S. Government Accountability Office (GAO), Child Care: Subsidy Eligibility and Use and State Waiver Requests Related to New Program Requirements, January 30, 2025.
- 21 Personal Responsibility and Work Opportunity Reconciliation Act of 1996, [P.L. 104-193](#)
- 22 U.S. Department of Health and Human Services, Office of Family Assistance, [TANF and MOE Spending and Transfers by Activity, FY 2023](#).
- 23 Ibid.