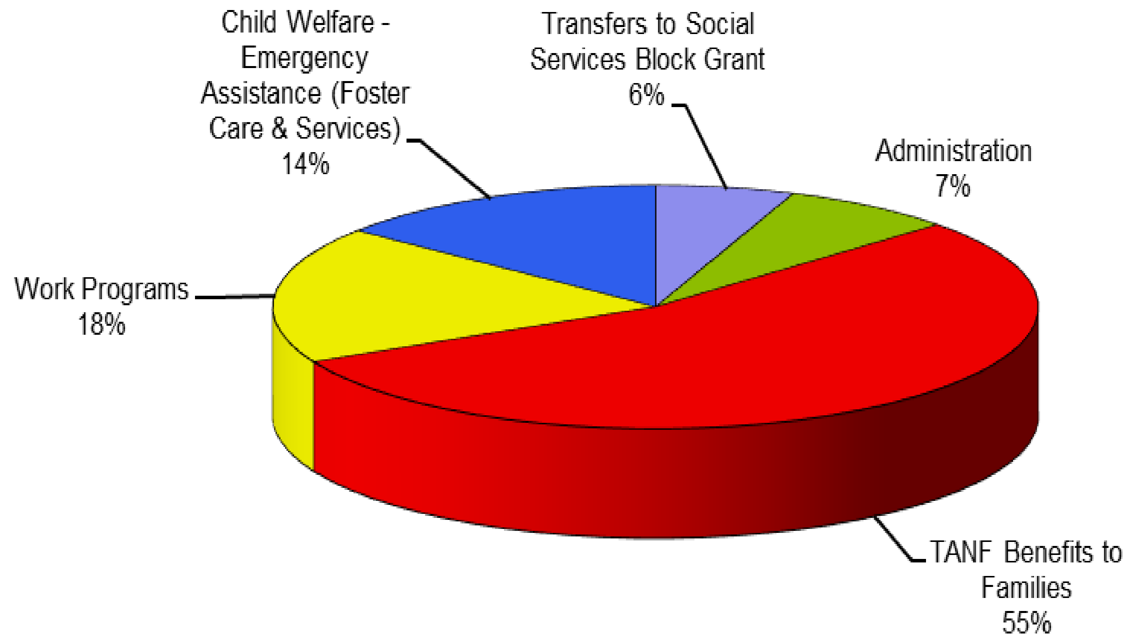
Temporary Assistance for Needy Families (TANF)

July 23, 2025

South Dakota Department of Social Services

South Dakota’s Use of TANF Funds



SFY26 Operating Budget
Federal TANF & General MOE Funds

$21,207,402	Annual federal award
+ $ 8,540,000	Required state match (maintenance of effort/MOE*)
$29,747,402	Total TANF annual budget

There are no anticipated increases to the federal award.

* The TANF maintenance of effort (MOE) requirement is a requirement that a state must spend at least a specified amount of state funds for benefits and services for members of needy families each year.

TANF at a Glance

TARGETED POPULATION

For families with children under age 18, or under age 19 if the child is in high school, who need financial support because:

- parent is absent from the home
- physical or mental incapacity of a parent
- death of a parent

PURPOSE

TANF benefits assist individuals and their families with their basic needs such as food, clothing, shelter, utilities, household items, and personal care items.

Who Qualifies for TANF?

The TANF cash assistance amount is based on:

- who lives with the family
- who is eligible in the household
- level of income and resources available to the TANF recipient
    - Income limit approximately 32% of the federal poverty level

The majority of the TANF recipients are non-parent relatives (82%)

Requirements of/Limits to TANF benefits

Parents who receive TANF are required to participate in work activities and are provided access to resources aimed at helping them overcome barriers to employment.

Adult TANF recipients may not receive TANF benefits for more than 60 months (five years).

What Benefits Does TANF Provide?

TANF recipients receive:

1. **Monthly benefits** SFY25
   - 2,491 Average monthly households served
   - $517.21 Average monthly benefit
2. **Employment supports** (job training, work services)

How Did South Dakota Build the TANF Reserve?

Most states nationally, including South Dakota have carryover balances from prior years grant awards. These unused funds have accumulated as a **TANF "Reserve"** or carryover.

	SFY2021	SFY 2022	SFY 2023	SFY 2024	SFY2025
TANF Reserve Balance	23,265,913	24,120,012	23,859,796	23,443,475	23,112,301

Summary of Other State Carryover FY 2023

STATE	FY 2023 FEDERAL AWARDS State Family Assistance Grants + Contingency Funds	CARRYOVER FROM PREVIOUS FISCAL YEARS State Family Assistance Grant
COLORADO	$151,565,821	$107,854,245
MINNESOTA	$259,569,108	$203,118,181
MONTANA	$37,888,854	$60,772,432
NEBRASKA	$56,627,234	$126,121,791
NORTH DAKOTA	$26,312,690	$12,880,467
SOUTH DAKOTA	$21,207,402	$24,539,957
WYOMING	$18,428,651	$26,124,215

Source: ACF FY 2023 Federal TANF & State MOE Financial Data, Table A.6

What Can the TANF Reserve Be Used for?

TANF funds—both current and carryover—can be used to meet any of the four, federally-defined core purposes:

- **Assist needy families** so children can live with their families or relatives
- **Reduce dependency** by promoting job prep, work, and marriage
- **Prevent out-of-wedlock pregnancies**
- **Encourage two-parent family formation and stability**

SFY2026 Strategy for Using Reserve Funds

Short-Term Stabilization:

- $3.8M from the reserve offsets a $5.3M drop in state funding (2025)

One-Time Technology Investments:

- Upgrading eligibility and case management systems (one-time costs)
- Improve efficiency and streamline operations

Program Support:

- Funding **Child Welfare Emergency Assistance**
- Support for **SD-JAG** (Jobs for America’s Graduates)

DSS Innovations Impacting TANF Spending

1. **Kinship Licensure Reform-** Informal kin caregivers will no longer receive the higher rate offered in TANF's 'agency-placed' category ~ **estimated $200k**
    - Encourages formal licensure with access to higher federal match through child welfare funding sources (outside TANF)
2. **Benefit Reduction - estimated annual reduction in TANF spending of $1.5 million** total **funds**
    - **10% cut to TANF benefits** starts September 2025
3. **Eliminated use of TANF funds for Specialized Services for Pregnant Women – no reduction in services - reduction of $335K**

Aligning Costs with Budget

CONTEXT

FY26 Budget adopted by Legislature aligns to “what is constitutionally-required.”

- SD reduced its amount of state general funds to the Federal-minimum ($5.3 million)
- Taking a strategic, multi-year approach to implementation

Three-tiered approach to program administration costs with revenues and federal requirements.

- Advent of the Kinship Licensure
- Reduction in benefit amounts
- Utilization of TANF carryover funds

Administrative Rule Changes

- Reduces TANF payment standards by 10%
- Consolidates the eligibility categories from four to three

Timeline and Process

20 June 2025

Public Comment

July 2025

Notice to Tribal leaders

15 July 2025

Administrative Rules Hearing

01 August 2025

Notice to TANF recipients

1 September 2025

Reduction applied to September benefit

Questions?

www.dss.sd.gov
DSSInfo@state.sd.gov
605-773-3165

South Dakota Department of Social Services