

Temporary Assistance for Needy Families

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Temporary Assistance for Needy Families (TANF) is a federal block grant program that provides funds to states to assist low income families. TANF was last reauthorized under the Deficit Reduction Act of 2005 (DRA). The program was scheduled to be reauthorized in 2010. Congress has instead extended authorization for the program under existing statute through periodic continuing resolutions since 2010.

HISTORY AND PURPOSE

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) replaced Aid to Families with Dependent Children (AFDC), an entitlement program established by the Social Security Act of 1935, with the TANF block grant. TANF is used by states to provide cash assistance and work supports, such as child care, transportation, and job training, to assist low income families with children.

The purpose of the TANF program is to reduce dependence on cash assistance for low income families with children by promoting work and marriage, preventing out-of-wedlock pregnancies, and promoting the formation and maintenance of two-parent families. Its purposes also include providing assistance to families “so that children may be cared for in their own homes or in the homes of relatives.”

PROGRAM SUMMARY

TANF dollars are distributed to states on a formula basis that reflects the states’ historical spending on assistance for low income families. States are required to provide their own funding toward meeting the purposes of the block grant, known as the Maintenance of Effort (MOE). To meet the MOE requirement, states must maintain 75 to 80% of their historical spending on assistance to low income families. The program may be administered by the state- or county-level TANF agency.

Programs can vary widely because states have a lot of flexibility in how the funds are used. Cash assistance comprises approximately 30% of how states use federal and state TANF funds. States typically commit substantial portions of their TANF dollars toward meeting child care needs. States also use the funds for work preparation activities including job training, education, rehabilitative services, and subsidized employment. With the availability of additional TANF resources provided for a short period of time through the American Recovery and Reinvestment Act (ARRA), states significantly increased their use of subsidized employment to assist families, which is credited with helping thousands of families from falling into deeper poverty during the recession.

Some states use TANF resources to help meet the housing needs of low income families, including through the use of short- or medium-term rental assistance, eviction prevention assistance, and security deposit and first month’s rent to help families exit shelter. TANF resources are also used in states to support shelters and transitional housing programs serving families. In February 2013, the U.S. Department of Health and Human Services (HHS) issued an Information Memorandum (ACF-2013-01) to TANF administrators outlining how states can use TANF resources to meet the housing needs of homeless families.

Eligibility criteria for TANF cash assistance and TANF-funded services are largely determined by the state. Typically, households with children and very limited incomes are eligible for TANF cash assistance. Legal resident immigrant families cannot receive federally funded TANF assistance unless they have resided in the United States for more than five years.

Receipt of TANF cash assistance is time-limited for families. States cannot use federal TANF resources to provide cash assistance to families for more than five years, although 20% of a state’s caseload can be exempted from the five-year time limit. Many states have adopted shorter time limits. Families receiving cash assistance are expected to participate in 20-35 hours in approved work activities each week. Families who do not meet the required number of hours in work activities may be sanctioned, which reduces or suspends

the families' cash assistance grants. States can choose to use MOE funds to support families who cannot be supported with federal TANF assistance, including immigrant families and families who have exceeded federal time limits for receipt of TANF assistance.

TANF cash assistance is an important source of financial support for families without other sources of income. Benefit levels are set by each state, and are well below what families need to pay for housing. The average cash assistance benefit for a family of three leaves them with incomes below 30% of the poverty level. A family of three with no other income received less than \$500 a month in 35 states. Families served by TANF programs have high rates of housing instability and homelessness, likely due to their very low incomes. The loss of TANF cash assistance due to sanctions or time limits can further increase the risk of housing instability and homelessness.

Nationally, 1.9 million families receive TANF cash assistance each month. In 1995, 84 percent of eligible families received assistance from AFDC. In 2009, 32% of eligible families received assistance from the TANF program. Recent research indicates that some of the poorest families are not receiving assistance. Approximately 40% of families entering homeless shelters report income from TANF cash assistance. Poor families who are not receiving cash assistance include those who have been sanctioned off because they have not complied with program requirements or who have reached their state's time limit. Studies have found that families who have lost TANF cash assistance through sanctions are more likely than other families to include a person with a disability which can hinder their ability to find or maintain employment.

FUNDING

The TANF block grant provides \$16.5 billion annually to states. States are required to provide their own funding for the purposes of the block grant, known as the Maintenance of Effort.

FORECAST FOR 2014

State-level advocates should look for opportunities to preserve and expand financial support to low income families under the TANF program. Housing advocates should support state and local efforts to improve TANF for low income families because a strong performing income and employment support program can help low income families access and maintain housing in their community.

State advocates should also explore opportunities to use TANF resources to meet the housing needs of at-risk and homeless families. Advocates may use information outlined in the HHS Information Memorandum (ACF-2013-01) to educate welfare advocates and TANF administrators about opportunities to use TANF resources more effectively to help families avoid or escape homelessness.

TIPS FOR LOCAL SUCCESS

Local homelessness and housing advocates should develop partnerships with state and local organizations advocating for improved TANF income and employment supports for low income families. Through collaboration, housing and welfare advocacy organizations can propose solutions that meet the holistic needs of low income families.

WHAT TO SAY TO LEGISLATORS

Local advocates should educate their Congressional delegation about how TANF resources are being used to meet the needs of families in their state and the need for more funding for the TANF block grant.

FOR MORE INFORMATION

Center on Budget and Policy Priorities, 202-408-1080, www.cbpp.org

Center on Law and Social Policy, 202-906-8000, www.clasp.org

National Alliance to End Homelessness, 202-638-1526, www.endhomelessness.org