

Temporary Assistance for Needy Families

By Elizabeth Lower-Basch, Director, Income and Work Supports, Center for Law and Social Policy; and Sharon McDonald, Director for Families and Youth, National Alliance to End Homelessness

Temporary Assistance for Needy Families (TANF) is a federal block grant program that provides funds for states to assist low-income families. TANF was last reauthorized under the “Deficit Reduction Act of 2005.” The program was scheduled to be reauthorized in 2010. Congress has instead extended authorization for the program under existing statutes through periodic short-term extensions.

HISTORY AND PURPOSE

The “Personal Responsibility and Work Opportunity Reconciliation Act of 1996” 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 a wide range of benefits and services that promote the four purposes of TANF for low-income families with children.

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

PROGRAM SUMMARY

TANF dollars are distributed to states based on what states received under AFDC and related programs from 1994 to 1996. States are required to provide their own funding toward meeting the purposes of the block grant; this is known as the

Maintenance of Effort (MOE). To meet the MOE requirement, states must maintain 75% to 80% of their historical spending on programs that benefit low-income families. The programs may be administered by the state- or county-level TANF agency.

Cash Assistance

Under AFDC, states provided monthly cash benefits to poor families with children, primarily single-parent families. All states have continued to operate such programs with their TANF funds, although cash assistance now accounts for only 22.7% of total TANF and MOE spending.

Eligibility criteria for TANF cash assistance and TANF-funded services are largely determined by the state or the county. Typically, households with children and very limited incomes are eligible for TANF cash assistance. However, in all the states and the District of Columbia, a family of three with earnings at nearly 11% or less of the federal poverty line, which is \$2,243, earns too much to qualify for TANF assistance. Also, to maintain eligibility, a family of three that makes 12% or less of FPL (\$2,522 or less) in the first seven months of receipt earns too much to keep assistance. States cannot use federal TANF resources to provide cash assistance to families for more than five years and many states have adopted shorter time limits. Legal resident immigrant families cannot receive federally funded TANF assistance unless they have resided in the United States for more than five years. Still, states can choose to use MOE funds to support families that don’t or no longer qualify for TANF assistance.

All states impose participation requirements in work-related activities on most adults who receive assistance. States have flexibility in determining who to exempt and what activities to permit but must meet a federal work participation rate that only counts certain activities. Families that do not meet the required number of hours in work activities may be

sanctioned, which reduces or suspends the families' cash assistance grants. Most states will eventually fully sanction families who do not participate in work activities, meaning that those families lose the entire cash benefit.

TANF cash assistance is an important source of financial support for families without other sources of income. However, in all states, benefit levels 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. In 33 states and the District of Columbia, a family of three with no other income receives benefits at or below 30 percent of the federal poverty line. In 18 of those 33 states, families of three receive benefits at or below 20 percent of the poverty line, which is \$346. 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, during FY18, a monthly average of 1 million families received cash assistance under TANF; 52% of those families were “no-parent cases,” in which only children received assistance. In 1995, the U.S. Department of Health and Human Services (HHS) estimated that 84% of eligible families received assistance from AFDC. In the most recent data, only 26.3% of eligible families receive assistance from the TANF program, and 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 that are not receiving cash assistance include those that have been sanctioned because they have not complied with program requirements, or that 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 that can hinder his or her ability to find or maintain employment.

Use of Funds

States have a great deal of flexibility in the use of TANF funds, with few limitations, as long as they are used to promote the four goals of TANF. In addition to cash assistance, common uses of TANF and MOE funds include child care, work activities, refundable state earned income tax credits, and child-welfare related services.

Some states use TANF resources to help meet the housing needs of low-income families, including eviction prevention assistance, security deposit and first month's rent, and short- or medium-term rental assistance (“short-term non-recurrent benefits” that last no longer than four months are not considered “assistance” under TANF, and therefore do not trigger the TANF time limits or work participation requirements). In addition to providing rental assistance that can prevent or end homelessness, TANF resources are also used in states to support shelters and transitional housing programs serving families. In February 2013, 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.

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 MOE. Because the block grant has not been increased to reflect inflation since TANF was first created, its value in real dollars has declined by 38%.

FORECAST FOR 2019

Although there were congressional discussions about TANF reauthorization in 2015 and 2018, TANF continues to be incrementally extended without full reauthorization.

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 those 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 in helping 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 states 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, <http://www.endhomelessness.org>.

Funders Together to End Homelessness - Temporary Assistance for Needy Families Fails to Meet Basic Needs Interactive Map provides an interactive map outlining the benefit levels within each state and how they measure up against the fair market rent in that state: http://www.funderstogether.org/map_tanf_fails_to_meet_basic_needs.