Temporary Assistance for Needy Families

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 in FY 2019 cash assistance accounted for only 21.1% 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 11% or more of the federal poverty line, which was $2,286 in 2018, earns too much to qualify for TANF assistance. Also, to maintain eligibility, a family of three that makes 12% or more of FPL ($2,494 or more) in the first seven months of receipt earns too much to keep assistance in nearly all states. States cannot use federal TANF resources to provide cash assistance to families for more than five years (although 20% of the caseload can be exempted from this time limit) and many states have adopted shorter time limits. Legal resident immigrants 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 state funds claimed as MOE 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 whom 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 that 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. The amount of cash assistance provided to families vary across states, 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, a family of three with no other income receives benefits at or below 30% of the federal poverty line. In 18 of those 33 states, families of three receive benefits at or below 20% of the poverty line, which is $362. Black children are more likely than white children to live in a state offering low TANF benefit levels, magnifying already existing disparities.

In every state, monthly TANF benefits for a family of three are much less than the estimated cost of a two-bedroom apartment and utilities. This means that TANF benefits cannot even cover rent, let alone the other necessary costs that families face. In 32 states and the District of Columbia, TANF monthly benefits cover less than half of the fair-market rent. 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 FY19, a monthly average of 1.1 million families received cash assistance under TANF; 44% of those families were “no-parent” or “child-only” cases, in which only children received assistance. Children may receive TANF child-only cases if they live with non-needy relative caregivers or if their parents are ineligible due to immigration status, receipt of SSI benefits, and in some states, sanctions or time limits.

TANF is failing to reach millions of poor children, including children in homeless families. In 1995, the U.S. Department of Health and Human Services (HHS) estimated that 84% of eligible families received assistance from AFDC. By 2014, only 28% of eligible families received TANF cash assistance. When TANF was enacted in 1996, benefits reached 68 families with children out of every 100 families living in poverty, in 2019, only 23 of every 100 poor families with children received TANF cash assistance. The proportion of poor families assisted by TANF varies widely across states and, according to an analysis by Center on Budget and Policy Priorities, Black children are more likely to reside in the states serving the least poor families for every 100 living in poverty than white children. Poor families that are not receiving cash assistance include those that have been sanctioned because they have been unable to comply with program requirements or they have reached their state’s time limit. 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. The application process for TANF cash assistance can also be burdensome for families with significant challenges.

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 childcare, work activities, refundable state earned income tax credits, and child-welfare related services.

Some states use TANF resources to help meet the short-term and crisis housing needs of low-income families, including eviction prevention assistance, hotel vouchers, security deposit and first month’s rent, and short- or medium-term rental assistance (note that “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, transitional housing, and rapid re-housing programs serving families. In February 2013, HHS issued an Information Memorandum (TANF-ACF-IM-2013-01) to TANF administrators outlining how states can use TANF resources to meet the housing needs of homeless families.

During the COVID-19 economic crisis, some states and counties used their TANF funds to provide emergency cash benefits to families facing unexpected expenses. For example, Illinois provided one-time payments of $500 to TANF recipients. Pennsylvania used TANF funds to create an Emergency Assistance Program to provide one-time payments for families with low incomes who lost wages during the pandemic. Summit County in Ohio used TANF funds, along with other funding streams, to provide emergency relief for people behind on rent or mortgage payments. Ohio also awarded $15 million in TANF funds to COOHIO for homelessness prevention and rapid re-housing for homeless families across the state.

**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 about 40%.

**FORECAST FOR 2021**
Although there were congressional discussions about TANF reauthorization in 2015 and 2018, TANF continues to be incrementally extended without full reauthorization. So far, Congress has not provided additional funding for TANF as part of COVID-19 relief, although the TANF Pandemic Assistance Act (S. 3672) would have authorized $10 billion for grants modeled on the TANF Emergency Fund, as well as suspending TANF work requirements and time limits. State-level advocates should look for opportunities to preserve and expand financial support to low-income families under the TANF program. States should waive in-person and work reporting requirements during the public health emergency. HHS has made clear (ACF-PI-2020-01) that it will provide penalty relief to states that fail the work participation rate requirements due to the pandemic. In addition, if the state has carryover TANF funds, advocates should encourage lawmakers to use those funds to provide additional cash assistance benefits or emergency short-term non-recur rent to families with low incomes during the economic crisis.

Housing advocates should support state and local efforts to improve TANF for low-income families. A strong performing income and employment support program is needed to help low-income families access and maintain housing in their community. Advocacy efforts may focus on increasing benefit levels to better reflect the cost of housing, making TANF cash assistance easier to access and retain, and allowing families to continue to receive TANF cash assistance while increasing household income.

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 (TANF-ACF-IM-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 state and the need for more funding for the TANF block grant. Advocates should also emphasize the need to provide additional relief to families with low incomes during the economic crisis.

FOR MORE INFORMATION


