

# Temporary Assistance for Needy Families

---

## ACTION

---

- Reauthorize the Temporary Assistance for Needy Families (TANF) block grant. Maintain flexible work requirements, and reject new requirements that do not move adults into self-supporting jobs.
- Incorporate the well-being of children into the TANF law so that improving the lives of children is part of the program's planning and focus.
- Support at least six months of rehabilitative services (substance abuse and mental health services) to count as work activity, and allow states the option of additional months of treatment and services.
- Include a comprehensive family assessment, which would include an initial screening by a trained case-worker to identify and screen for barriers to work—such as substance abuse, physical and behavioral health problems, and domestic violence—and for risks to child safety.
- Allow states the option of using TANF funds to serve legal immigrants.

---

## HISTORY

---

TANF was created in 1996 as part of a federal effort to reform welfare. The law creating TANF fundamentally changed the way the federal government provides assistance to low-income families with children. Instead of providing an open-ended entitlement to parents with children under the Aid to Families with Dependent Children (AFDC) program, TANF became a capped block grant distributed from the federal government to the states.

TANF funding is capped at \$16.5 billion, along with two small bonus funds. States are no longer required to provide matching state funds to draw down federal AFDC dollars, but they do have to maintain a specific level of spending, or maintenance-of-effort (MOE). States must spend 75%–80% of what they were spending under AFDC.

States have to use TANF funds to serve families with children, but the law allows broad flexibility in how funds are spent. For example, each state is allowed to set its own income eligibility standards. States may spend federal TANF funds on a range of services in addition to cash assistance. States can establish different income eligibility standards for each program funded by the TANF block grant. The main requirement is that programs funded by TANF must address one or all of the four purposes defined in the TANF law:

- assisting needy families so children can be cared for in their own homes or the homes of relatives,
- ending dependence of needy parents on government benefits by promoting work and marriage,
- preventing and reducing out-of-wedlock pregnancies, and
- encouraging the formation and maintenance of two-parent families.

States may transfer up to 30% of TANF funds into the Child Care and Development Fund (CCDF) and 10% into the Social Services Block Grant (SSBG), but total transfers cannot exceed 30%. As a result of TANF spending flexibility, this block grant has become a major source of federal funding for child welfare services. In 2002, TANF provided 20% of the \$10.1 billion in federal funds that state child welfare agencies spent on child welfare. States also use SSBG funds for child welfare services that are transferable from TANF.

The 1996 law established a number of requirements on state TANF programs. No adult may receive federally funded TANF assistance for more than five years in a lifetime. Adults qualifying for TANF must be enrolled in a work activity. Fifty percent of a state's TANF caseload must work at least 30 hours per week. If states provide assistance to two-parent families, 90% of these families must be working. States do have the option of exempting up to 20% of their caseloads from these requirements.

States are barred from using federal TANF funds to assist most legal immigrants until they have been in the country at least five years. This restriction applies not only to cash assistance, but also to TANF-funded work supports and services, such as child care, transportation, and job training.

The 1996 law established a \$100 million bonus for the top five states that reduce out-of-wedlock births, a supplemental TANF grant for 17 states that either experienced high population growth or received a lower federal amount of TANF funding, and a \$200 million high-performance bonus rewarded to states that meet specific targets.

The law also allows federally recognized American Indian tribes to apply to operate their own TANF programs. If a tribe or consortia of tribes operates its own program, a portion of TANF funds is taken from the state or states where a tribal plan is being implemented and given to the tribe or tribes.

---

## THE 2005 DEBATE

---

In 2002, and again in 2003, the U.S. House of Representatives passed legislation to reauthorize TANF. Those bills incorporated several changes recommended by the Bush Administration. The Senate Finance Committee also passed reauthorizing legislation in 2004, but that bill never came before the full Senate for a vote. Congress will continue the debate to reauthorize the TANF block grant in 2005.

Key elements of the past House bills included TANF funding at the same level for the next five years, with no adjustment for inflation, a \$200 million increase in mandatory child care funds, and stricter work requirements. Child well-being was included as a part of TANF's overall goals. States would be required to explain in their plans how to accomplish child well-being and what performance measurements would be included in this area. The House also created two new programs that provide \$300 million a year to promote marriage.

The most significant changes in the House legislation were modifications to the work requirements. The House bills would have required states to have 70% of their caseloads working, instead of the current 50%. States could have continued to reduce this 70% requirement if they reduced the number of families on assistance—this was known as the *caseload credit*.

Under the House legislation, work requirements for two-parent families would be aligned with the single-parent family work requirements. States would have to have 70% of their two-parent families working, instead of the current requirement to have 90% of two-parent families working. TANF recipients would have to be engaged in “activities” of 40 hours per week, rather than the current 30 hours. At least 24 hours of this total would have to be in activities defined by the federal government, such as an actual job or community service. The remaining 16 hours would be in state-defined work activities, such as job training or education. States would be allowed to count three months of substance abuse treatment as a work activity.

The Senate Finance Committee-approved legislation differed from the House bill on several work requirements. The Senate Finance bill would have increased to 70% the percentage of a state's caseload that must be in work. Unlike the House version, however, a state could reduce this 70% requirement by receiving a credit for every person who leaves cash assistance for a paying job—this is known as an *employment credit*. The credit also would have allowed states to reduce their 70% requirement by receiving a credit for people who work less than the required number of hours.

The Senate bill established a more complex set of individual work requirements. A parent with a child under age 6 would have to work 24 hours instead of the current 20 hours. All other single parents would have to work 34 hours instead of the current 30. Two-parent families would have to work a combined 39 hours instead of current 35. As in existing law, two-parent families would have to work 55 hours if they are receiving a child care subsidy. The Senate bill allowed states to count six months of substance abuse treatment and other “barrier removal” activities as work if combined with work or work-readiness activities during that six months.

The Senate bill included a \$200 million increase in mandatory child care funding for FY 2004. Senator Olympia Snowe (R-ME) offered an amendment to the bill, cosponsored with Senator Christopher Dodd (D-CT), to increase child care funding by \$6 billion. The amendment passed with the support of 78 Senators. After the vote on child care, however, the overall debate and vote was stopped due to disputes over various additional amendments.

---

## KEY FACTS

---

- TANF cash assistance caseloads dramatically declined from 1996 to 2002; many states experienced caseload reductions of more than 50%. By the summer of 2003, however, these decreases had either slowed or reversed course—31 states experiencing increases in TANF caseloads over the previous year.

- States received \$16.5 billion in federal TANF funding each year from 1997 through 2003. States are required to spend \$10 billion–\$11 billion in state MOE funds to qualify for federal TANF funds. The precise amount of state MOE is based on whether a state places enough adults in work.
- In 1996, the national welfare caseload included 12.2 million children, or 4.4 million families receiving cash assistance. By June 2003, the caseload had decreased 54% and included 4.9 million recipients, or 2.032 million families.
- Between June 2001 and June 2002, 31 states had caseload increases. Since the start of the recession in March 2001, 28 states have reported caseload increases, and 22 have reported decreases.
- The overall unemployment rate of low income single mothers increased from 9.8% in 2000 to 12.3% in 2002—an increase faster than the national average.
- The TANF block grant had been providing an ever-increasing share of funding for child care; since the recession, however, this trend has stopped. In 2000, states redirected \$3.9 billion from their TANF block grants into child care. Since then, TANF funding for child care has declined to \$3.4 billion. These TANF dollars are in addition to the \$4.8 billion provided by CCDF.
- In 2002, states spent 56% of their TANF funding on nonassistance. Of the 44% spent helping needy families, 37% was used for basic assistance, 2% was used for funded child care, and 1% was allocated for transportation and supportive services.
- In FY 2002, states received 3,577,994 applications for assistance; of these, 1,915,159 were approved, and 1,662,835 were denied. In addition, 2,040,208 cases were closed that year.
- Of the 1.391 million children in child-only TANF families, 21.8% were grandchildren of heads of households, and 10.4% were relatives of heads of households but not grandchildren. The remaining child-only TANF families may actually include a parent, but that parent is not considered part of the TANF family because he or she may be receiving Supplemental Security Income, is not eligible for TANF due to legal immigrant status, or may be disqualified from TANF assistance.
- The child-only TANF caseload decreased from 978,000 in 1996 to 787,000 in 2001. Overall, AFDC/TANF caseloads have decreased at a faster rate than the child-only caseload. Although the actual number of child-only cases has decreased, the percentage of child-only TANF cases reflects an increase. Child-only cases represented 21.5% of the TANF caseload in 1996, and 37.2% in 2001.
- In FY 2002, 2.06 million families were receiving assistance. Of this number, 2.17 million were adults, 60.4% of whom were receiving assistance. Of the remaining nonrecipient adults, 23.% were parents, 13.9% were caretakers, 0.5% were minor siblings, and 1.8% were categorized as other. Thirty-nine percent were classified as child-only. Child-only cases rose from 21.5% in 1996 to 36.6% in 2002.
- Thirty-four tribal TANF plans had been approved as of September 30, 2001, covering 172 tribes and Alaskan Native villages and serving 17,000 families. State governments were serving 34,000 Indian families.
- In FY 2000, 25% of tribal TANF families were considered child-only.

Sources for statistical information are provided in the online version of this fact sheet. See [www.cwla.org/advocacy/2005legagenda.htm](http://www.cwla.org/advocacy/2005legagenda.htm).

---

#### CWLA CONTACT

John Sciamanna • 202/639-4919 • [jsciamanna@cwla.org](mailto:jsciamanna@cwla.org)



440 First Street NW, Third Floor • Washington, DC 20001-2085