Reauthorize the Temporary Assistance for Needy Families (TANF) Program

ACTION NEEDED:
Urge your members of Congress – particularly those who serve on the House Ways and Means Committee and the Senate Finance Committee – to enact a long-term reauthorization of the Temporary Assistance for Needy Families Block Grant (TANF) and protect funding for the TANF Contingency Fund.

BACKGROUND:
In an effort to overhaul the welfare system, Congress created TANF in 1996 to replace the Aid to Families with Dependent Children (AFDC) program, which primarily provided cash assistance to low-income individuals. The U.S. Department of Health and Human Services (HHS) Administration for Children and Families (ACF) administers TANF, which provides states with flexible funding for programs aimed at achieving four overarching goals: 1) equipping low-income families to care for children in their own homes; 2) promoting job preparation, work and marriage among low-income parents; 3) preventing and reducing unplanned pregnancies among single young adults; and 4) encouraging the formation and maintenance of two-parent families.

As an entitlement, TANF is not subject to the annual appropriations process. However, as a capped federal block grant, TANF funding has remained at $16.5 billion annually since its inception, with no growth for inflation, while the formula for state allocations remains linked to data from the mid-1990s. To be eligible for the block grant, states must meet a Maintenance of Effort (MOE) requirement, meaning they must spend state dollars on programs for needy families. Although TANF is a partnership between the federal government and states, counties in the following states are responsible for administering the program and contributing to the MOE: California, Colorado, Minnesota, New Jersey, New York, North Carolina, North Dakota, Ohio and Virginia. These states represent more than half of total TANF participants. Additionally, Montgomery County, Maryland operates TANF.

Congress last reauthorized TANF in the Deficit Reduction Act of 2005 (P.L. 109-171) and has renewed the program through a series of short-term extensions since its expiration in 2010. Most recently, in response to the COVID-19 pandemic, Congress

TANF features four program goals:

1. Provide assistance to needy families so that they can care for children in their own homes
2. Reduce the dependency of needy parents by promoting job preparation, work and marriage
3. Prevent and reducing unplanned pregnancies among single young adults
4. Encourage the formation and maintenance of two-parent families

2017 Child Poverty Rate, by County

Source: NACo Analysis of U.S. Census Bureau, Small Area Income and Poverty Estimates 2017
passed the Consolidated Appropriations Act of 2021 which extends TANF through September 30, 2021. A long-term TANF reauthorization with substantive program improvements and adequate funding is critical for all counties, which invest over $58 billion annually in federal, state and local dollars in human services programs.

TANF’s design aims to give states great flexibility in creating programs and determining eligibility, benefits and services. TANF can fund cash assistance as well as non-cash assistance such as child care, education, job training and work support programs. While states have more flexibility under TANF than under AFDC, the program does impose certain limitations. Families do not qualify for cash assistance under TANF unless states require recipients to participate in narrowly defined “work activities” as well as require a share of participating individuals to meet a minimum weekly work threshold of 30 hours. There is also a five-year limit for cash assistance to families that include an adult recipient, although states may exceed the time limit for up to 20 percent of their caseloads based on hardship. In 2019, states spent 23 percent of TANF and MOE funds on basic cash assistance.

COVID-19: TANF funds a wide range of benefits and services that can low-income families weather emergencies and economic recessions. HHS has issued guidance to states to help them respond to the COVID-19 pandemic, noting that while it cannot waive TANF work rules without Congressional authorization, it can relieve states of penalties for states’ failure to meet these standards and “will exercise this authority to the maximum extent possible.” The American Rescue Plan Act of 2021 (P.L. 117-2) also includes $1 billion in emergency TANF funds to support short-term targeted aid to families in crisis. States would receive funds based on their population’s share of children and portion of TANF expenditures dedicated to cash assistance.

KEY TALKING POINTS
TANF provides funding to states to help families reduce welfare dependency and allows states to design and implement the program according to their needs

Counties that operate TANF have a direct stake in the program because they share administrative costs and may also fund part of the state MOE requirements

When states are directed to sanction TANF participants for failing to meet program requirements, the reduced benefit can lead to county residents facing increased economic hardship, new barriers to employment, and increased reliance on other county support programs

A long-term TANF reauthorization will provide program continuity and represents an opportunity to make substantive improvements to the program. Short-term extensions create uncertainty and make it difficult to plan and implement long-term program changes

TANF reauthorization should provide states greater flexibility in determining which activities count as “work activities.” For example, states should be allowed to count higher education as a “work activity”

Many TANF families struggle with multiple barriers to self-sufficiency, such as disabilities, mental health issues, domestic violence and substance use disorders, making it difficult for them to meet the full participation requirements. TANF should provide states and counties with flexibility to provide partial credit to families with special needs

TANF funding should increase annually commensurate with the rate of inflation to ensure that the program’s actual value does not erode over time

For further information, contact Rachel Mackey at 202.661.8843 or rmackey@naco.org.