COUNTIES AND THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM

Understanding the program and why it matters to counties

JULY 2018

NATIONAL ASSOCIATION of COUNTIES NACo

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NATIONAL ASSOCIATION of COUNTIES NACo

CHAPTER 1

UNDERSTANDING TANF AND ITS ROLE IN OUR NATION'S SOCIAL SAFETY-NET

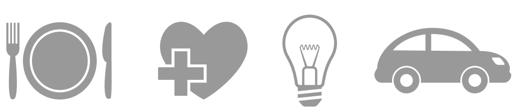
POVERTY ACROSS AMERICA

The official measure of poverty is established by the White House Office of Management and Budget (OMB) and is adjusted annually by the U.S. Census Bureau to reflect inflation.

The average poverty threshold for a family of four in 2015 was

$24,257

This threshold represents the cost of food, housing and other family expenses.

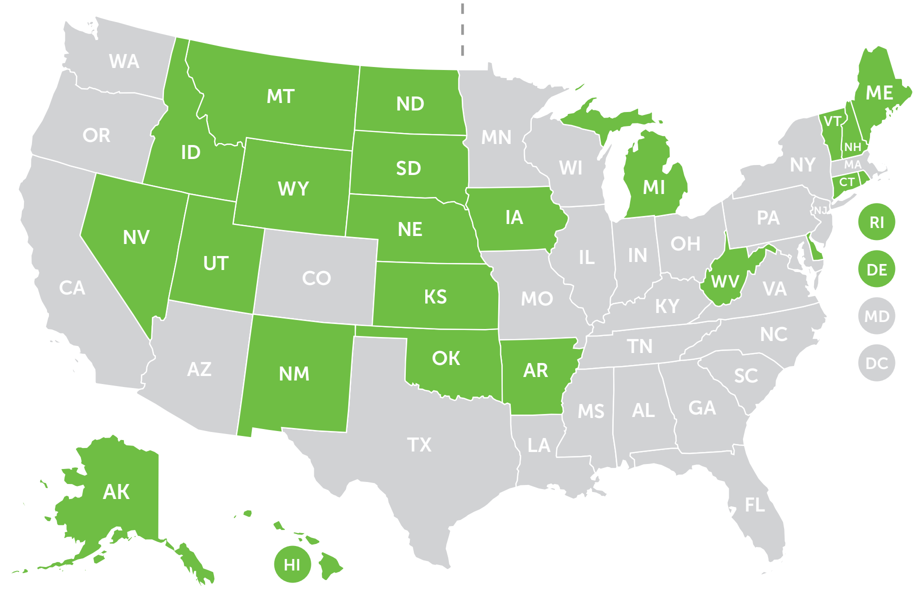


According to the U.S. Census Bureau, in 2015, **13.5 percent of all Americans fell under the federal poverty line**.

The number of people living in poverty

43.1 MILLION PEOPLE

is roughly equal to the entire population of the 23 least-populated states combined.*



**total combined population estimate for 2016: 43.7 million*

TANF 101

TANF is a federal entitlement program providing federal funding to states, tribes and territories for a wide range of benefits, services and activities to address both the effects of and the root causes of poverty.

The program provides states with resources for temporary assistance for families living below the poverty level, and empowers state and local governments, social service organizations and families to work together toward self-sufficiency and financial stability.

Serving as the front-line social safety net, counties work to ensure critical welfare services reach those families most in need and help those involved in the TANF program to obtain and maintain employment. Ten states delegate TANF administration to county agencies, which contribute significant local funds to administrative and supplemental costs of running the program.

In 2015, a total of 1.6 million low-income families, composed of

4.1 MILLION

individuals, received critical services funded by TANF.

COUNTIES' TANF PRIORITIES

- **Counties operating TANF have a direct stake in the program because they share administrative costs and often contribute funds to the program**
- **Counties support a long-term reauthorization of TANF**
- **TANF work requirements should provide greater flexibility to reflect the needs of local communities**
- **States and counties should be given flexibility to provide partial credit to families with special needs**

TANF IS A KEY COMPONENT OF THE FEDERAL SAFETY-NET

Congress created the TANF block grant through the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as a part of an effort to reform federal welfare programs. TANF replaced the Aid to Families with Dependent Children (AFDC) program, which had provided cash welfare to low-income families with children since 1935.

The federal government provides $16.5 billion annually in TANF funding to states, which use the funds to operate their own TANF programs.

TANF IS A FEDERAL-STATE-LOCAL PARTNERSHIP IN 10 STATES

TANF is a federal program that passes funding to states

Some states delegate administrative responsibilities to counties

In ten states, TANF is county-administered: **Calif., Colo., Minn., N.J., N.Y., N.C., N.D., Ohio, Va., Wis.**

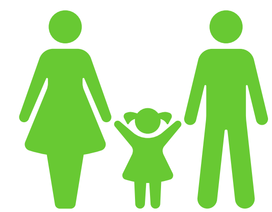
FOUR GOALS OF TANF

States and counties can use TANF funds to promote the four goals outlined in the 1996 law:

Providing assistance to needy families so that children may be cared for in their own homes or in the homes of relatives

Promoting job preparation, work and marriage by ending dependence of low-income parents on government benefits

Preventing and reducing the incidence of out-of-wedlock pregnancies



Encouraging the formation and maintenance of two-parent families

FUNDING STRUCTURE OF THE TANF BLOCK GRANT

Under TANF, states are given a fixed block grant that they can spend on a wide variety of activities to further any of the four goals.

TANF also has a “maintenance of effort” (MOE) requirement under which states must continue to spend at least 75 percent of the amount that they did prior to welfare reform (in 1994) on programs serving low-income families. Additionally, states may spend funds on a range of programs and services for low-income families with children regardless if these families are receiving cash assistance.

TANF FUNDING PATHWAYS

FUNDING SOURCE

TANF funding comes from two major sources - federal funding and funding from states and counties

FEDERAL FUNDING

Basic federal block grant: This is an entitlement that states receive annually

Federal contingency funding: Because the basic block grant is legislatively determined, the contingency fund was developed to help states in times of economic downturn

STATE & COUNTY MAINTENANCE OF EFFORT (MOE) FUNDING

State & county contribution: States must contribute 75% of what they spent in 1994, raised to 80% if the state fails to meet federal TANF work requirements

STATES & COUNTIES

HOW FUNDING CAN BE USED

- **Social Services Block Grant (SSBG):** SSBG has a separate limit of 10% of TANF grants, excluding contingency funds. TANF funds transferred to SSBG must be used for families with incomes below 200% of the poverty line
- **Child Care & Development Block Grant (CCDBG):** Up to 30% of TANF funds can be transferred to CCDBG and SSBG combined
- **Non-specific activities that are reasonably calculated to help achieve TANF goals:** For state maintenance of effort (MOE) funds, expenditures in ongoing programs only count towards total state MOE spending if they are greater than FY 1995 levels
- **Cash welfare & administration of cash welfare**
- **Work programs**
- **Child care**

$8.2 BILLION

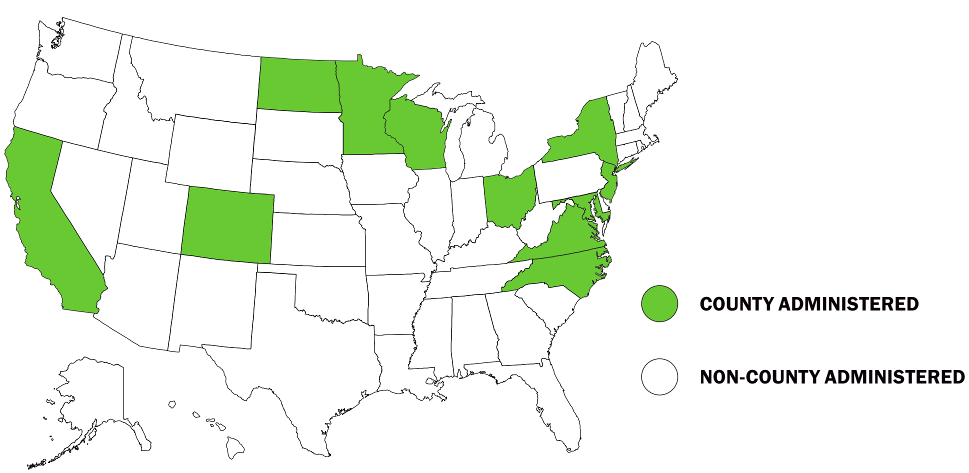
In 2016, the ten TANF county-administered states contributed $8.2 billion to the state maintenance of effort (MOE) requirement, predominantly through county funds.

COUNTIES PLAY A MAJOR ROLE IN THE FUNDING STRUCTURE OF TANF

Counties that operate TANF have a direct stake in the program because they share administrative costs and fund part of the state “maintenance of effort” (MOE) requirement. In order to receive federal funding, states, and sometimes counties, must also spend some of their own dollars on programs for low-income families. If they fail to do so, states face severe fiscal penalties. This state-spending requirement is known as the **“maintenance of effort” (MOE) requirement.**

In addition to the basic TANF block grant, some states can receive additional TANF federal funds from the **TANF Contingency Fund (TCF).** Congress created this $2 billion fund in the 1996 welfare law to provide additional help to states in hard economic times. Some states pass their TCF onto counties.

TANF IS COUNTY-ADMINISTERED IN 10 STATES



WHO IS ELIGIBLE FOR TANF?

States have broad discretion to determine eligibility for TANF and benefits and services. However, there are several federal requirements states must follow regarding eligibility restrictions.

ELIGIBILITY REQUIREMENTS

- **Income:** Applicant must have "low or very low" income, be under-employment, unemployed or about to be unemployed. States do have discretion when it comes to identifying an income level that qualifies to receive TANF

- **Minors:** A family must have a minor child (a person under the age of 18 or age 18 and still in school) or be pregnant

- **Work activity:** States must require TANF recipients to engage in work activities and must impose sanctions on those who do not participate

FEDERAL RESTRICTIONS

- **Time limits:** States cannot provide cash assistance from federal TANF funds for longer than 60 months – or five years – to a family that includes an adult recipient. Federal law does not impose a time limit on families where the adult is not included in the TANF benefit calculation, or on families receiving assistance funded entirely with state MOE funds

- **Immigrant eligibility**: Federal law bars states from using federal TANF dollars to assist most legal immigrants until they have been in the United States for at least five years

TANF WORK REQUIREMENTS

A central component of the TANF program is its emphasis on work. Adult TANF recipients, with some exceptions, must participate in work activities determined by the federal government as a condition of receiving TANF assistance.

WHAT IS A WORK PARTICIPATION RATE? (WPR)

Federal law requires each state to meet federal work participation standards for those receiving TANF benefits.

To meet the federal WPR, states are required to ensure that 90 percent of two-parent TANF families, and 50 percent of all TANF families, are engaged in work activities. The number of hours a family must participate in work activities varies depending on if it is a two-parent family or a single-parent family.

DETAILS OF TANF WORK REQUIREMENTS

Who must fulfill work requirements?	Are certain TANF recipients exempt from work requirements?	Are there specific work activities and hours a TANF recipient much participate in?	Are there consequences if a state does not meet the TANF Work Participation Rates	Is there state variation when it comes to work requirements?
For families receiving TANF cash assistance, federal law requires states to engage at least 50 percent of all families with a work-eligible individuals and 90 percent of two-parent families with two work-eligible individuals	Yes, but varies by state. Federally-recognized exemptions include: single parent with a child under 12 months old, parents caring for a disabled family member and recipients sanctioned in certain situations. States may choose to exempt other individuals or groups from work activities, but the exemption does not remove the individuals from the calculation of the state's federal work participation rate	Specific work-related activities (e.g., unsubsidized or subsidized employment; job search and readiness; job skills training) for a minimum number of hours per week	States face federal financing penalties if they do not meet the work participation rate. States establish consequence for TANF, ranging from warning to termination of benefits	Yes, state rules for cash assistance vary in activities available, timing and exemptions

WHAT COUNTS AS WORK?

Work-eligible individuals must participate in work activities for at least an average of 30 hours per week to count as "working." To meet the number of required hours of work, participants must partake in either **"core"** or **"non-core" activities.**

HOURS REQUIRED IN WORK ACTIVITIES AND TYPE OF ACTIVITY BY FAMILY

	AVERAGE HOURS	
	ONE-PARENT FAMILY	**TWO-PARENT FAMILY**
Minimum total hours	30 hours per week	35 hours per week 55 hours per week in some circumstances
CORE ACTIVITIES		
Unsubsidized employment	At least an average of 20 of the 30 hours per week must be from core activities	At least an average of 30 of the 35 hours (or 50 of the 55 hours) per week must be from core activities
Subsidized private sector employment		
Subdizied public-sector employment		
Work experience if sufficient private-sector employment not available		
On-the-job training		
Job search and job-readiness assistance		
Community service programs		
Vocational education training		
Child care services for individuals participating in a community service program		
NONCORE ACTIVITIES		
Job-skills training directly related to employment	Beyond 20 hours per week in core activities, participation in non-core activities may be counted	Beyond 30 hours per week in core activities, participation in non-core activities may be counted
Education directly related to employment (in the case of a recipient who has not received a high school diplomacy or certificate of high school equivalency)		
Satisfactory attendance at high school or in a course of study leading to a certificate of general equivalence, if a recipient has not completed high school or received such a certificate		

If a state continues to fail in meeting the federal WPR, this initial reduction is increased by 2 percent for every year they fail to meet the requirement, up to a maximum of 21 percent

TANF WORK STANDARDS

STATE COMPLIANCE WITH FEDERAL WORK PARTICIPATION RATES

DOES FULFILL	DOES NOT FULFILL
States that fulfill their minimum work participation rate (WPR) are not penalized. In addition to work activities, states may also meet the WPR through case load reduction. If a state reduces its number of case loads, it is rewarded with a credit, known as a case load reduction credit (CRC), which can be used to lower a state's WPR for the next year	States that fail to meet the Work Participation Rate (WPR) face a 5 percent reduction in their TANF block grant funding. This initial reduction is increased by 2 percent for every year they fail to meet the requirement, up to a maximum of 21 percent.

CHAPTER 2

THE ROLE OF COUNTIES IN FUNDING AND ADMINISTERING TANF TO SUPPORT LOW-INCOME RESIDENTS

COUNTY ACTION ON POVERTY REDUCTION

To reduce poverty in our nation, counties are investing in services such as early childhood development, nutrition assistance and workforce training.

For more information, visit www.naco.org/about/serving-underserved

COUNTIES ARE THE NATION'S SOCIAL SAFETY-NET AT THE LOCAL LEVEL

The nation's 3,069 counties provide vital services to more than **300 million residents.** Counties provide and administer federal, state and local systems of services to break the cycle of poverty, from early childhood development to workforce and economic development.

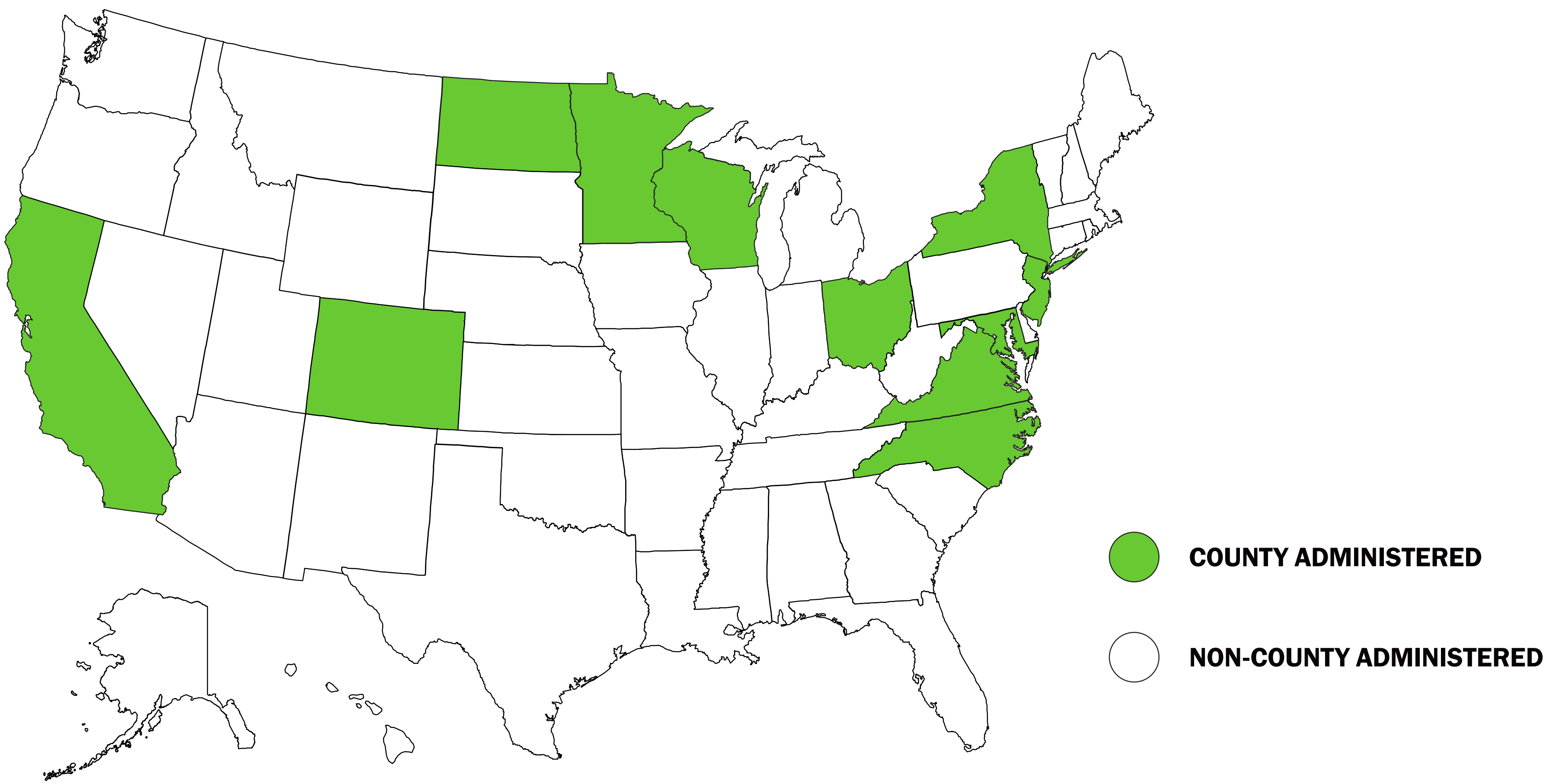
In doing so, counties utilize federal, state and local resources to **address and combat the root poverty and provide workforce training and social services to low-income individuals across the nation.**

LIKE OTHER FEDERAL SAFETY-NET PROGRAMS, TANF CAN BE COUNTY-ADMINISTERED OR STATE-ADMINISTERED

In county-administered states, states generally offer significant authority and much-needed flexibility to county administrative offices. States are responsible for the mandates associated with each program, and often pass these mandates down to counties, creating an implementation system that can be extremely complex. Whether TANF is state or county-administered, program administration varies by state and county.

COUNTIES CONTRIBUTE TO TANF IN 10 STATES

Although TANF is an entitlement program disbursed to states, county agencies administer TANF benefits in ten states: California, Colorado, Minnesota, New Jersey, New York, North Carolina, North Dakota, Ohio, Virginia and Wisconsin. **Counties in these states contribute significant local funds to administrative and supplemental costs of running the program, which cover 51 percent of our nation's TANF recipients.**



TANF OPERATES AS A JOINT FEDERAL-STATE-LOCAL PARTNERSHIP

Counties are an integral part of the federal-state-local partnership in service delivery.

Across the country, counties administer federal resources and funds to combat poverty.

Whether or not a federal program is state or county-administered varies by program and state.

Because of the flexibility granted within TANF, county administration varies from state to state

In county-administered states, states generally offer significant authority and much-needed flexibility to county administrative offices.

Although counties are granted significant authority and flexibility, they must still comply with certain state mandates (such as who is eligible for TANF and how much cash assistance a family can receive), which creates a complex implementation system.

COUNTIES HAVE AN ADMINISTRATIVE AND FINANCIAL STAKE IN THE TANF PROGRAM

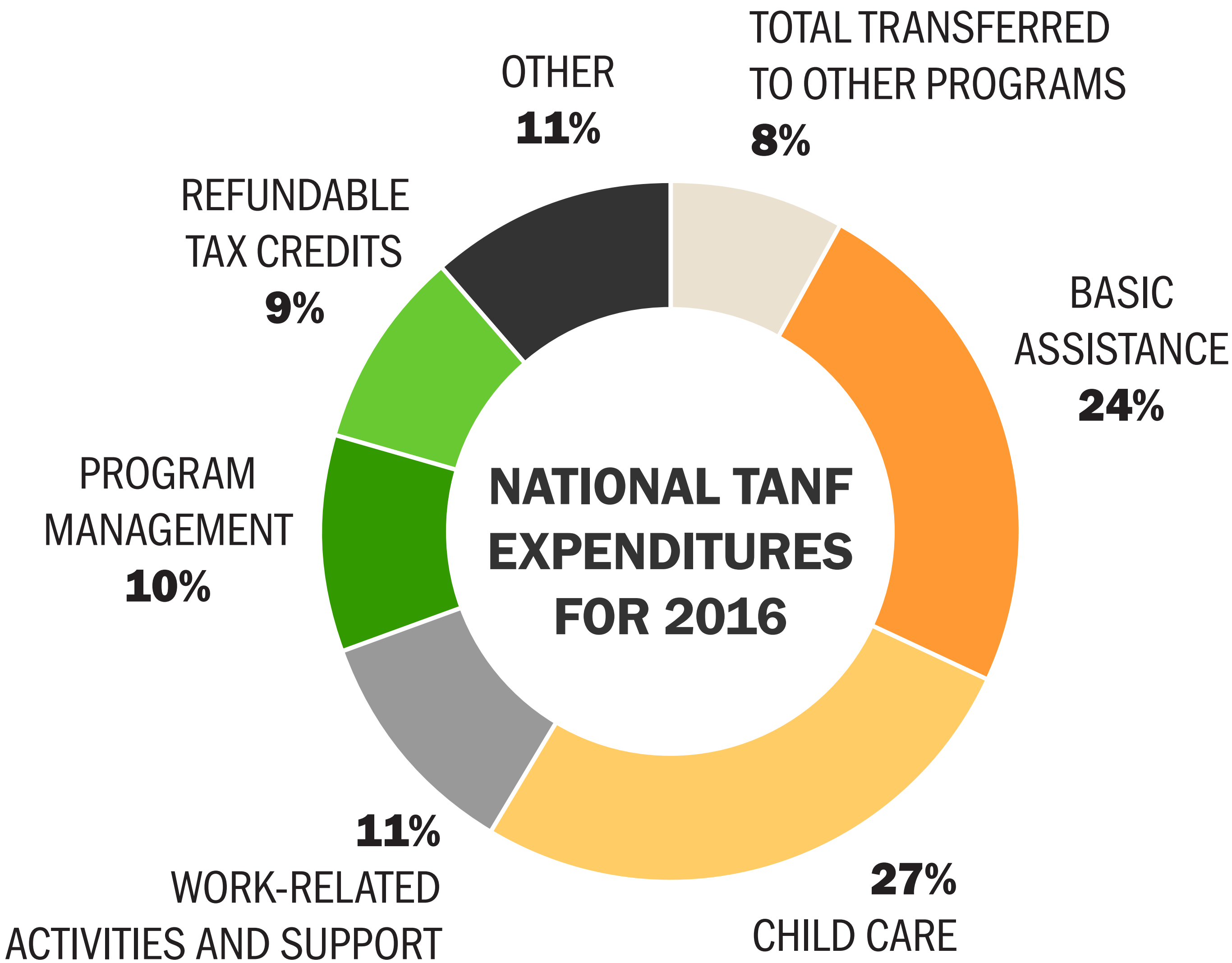
For TANF, there are no two county-administered systems that are the same. Counties' contributions and involvement in the TANF program vary from county to county. However, there are overarching similarities:

County employees deliver **TANF services** in county-run local offices

County governments contribute funding for **TANF** – contributing up to 50 percent of state MOE funding

County elected officials review the local **TANF budget** and policies

TANF'S FLEXIBILITY ALLOWS STATES TO USE FUNDING FOR A VARIETY OF SERVICES THAT ARE CRITICAL TO COUNTIES

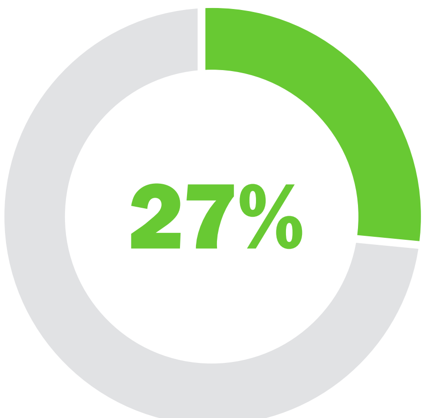


CHAPTER 3

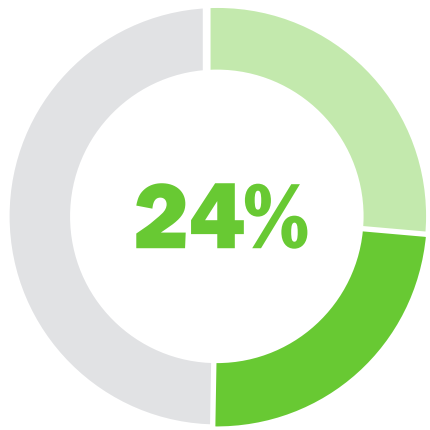
COUNTY ROLE IN FUNDING AND DELIVERING TANF

COUNTIES USE TANF FOR OTHER CRITICAL HUMAN SERVICES PROGRAMS

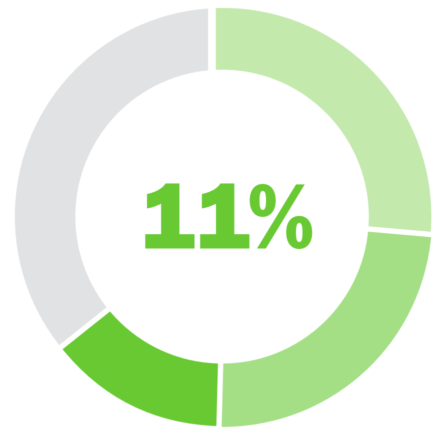
Under TANF, counties can transfer funds to other programs providing vital services for low-income families. The flexibility of TANF is extremely important to counties and our residents because counties can utilize these funds for other underfunded programs and services.



CHILD CARE SERVICES



BASIC ASSISTANCE



WORK-RELATED ACTIVITIES

STATES HAVE FLEXIBILITY TO LINK TANF WITH OTHER FEDERAL HUMAN SERVICES PROGRAMS

Many states use TANF and MOE funds for other activities including child care, child welfare services, early childhood education and transportation. In addition, TANF funds may be transferred to other programs such as the Child Care Development Block Grant (CCDBG) and the Social Services Block Grant (SSBG).

Funding for SSBG and CCDBG are top policy priorities for NACo as both programs provide services to ensure access to critical services and resources for low-income parents and children.

TANF FUNDING AND THE SOCIAL SERVICES BLOCK GRANT

While TANF funding itself is critical to providing assistance to low-income families, federal law also allows counties to transfer up to ten percent of their TANF block grant to the Social Services Block Grant (SSBG).

SSBG funds are distributed to states and counties, and can be used for nearly 30 different activities to help and safeguard vulnerable populations, such as adult and child protective services. This array of services makes it one of the most flexible federal block grants. In 2014, the last year for which data is available, SSBG served 30 million individuals, 44 percent of whom were children.

$1.14 BILLION

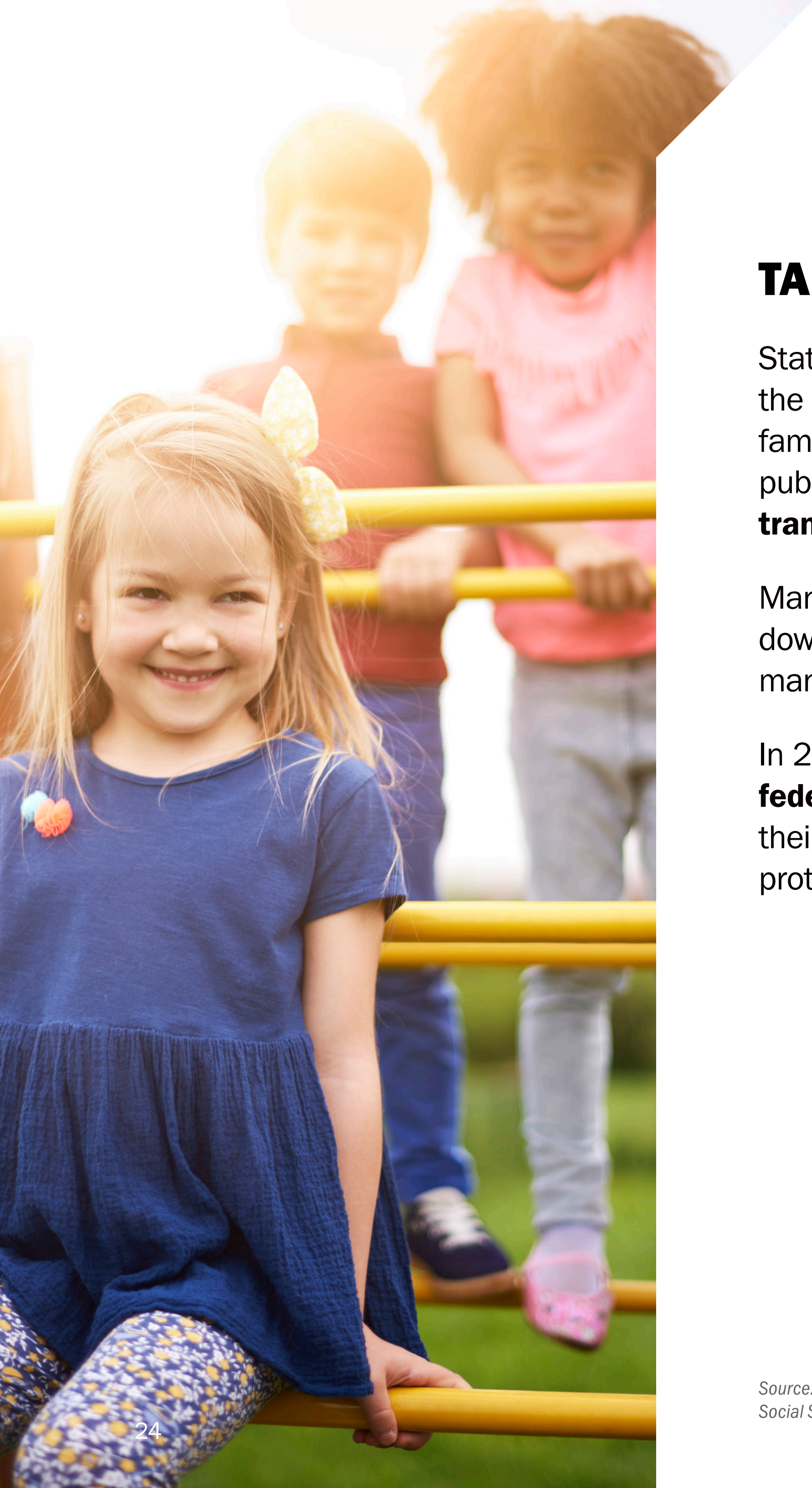
in TANF funds was transferred to SSBG by 40 states.

Source: U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services. (2016). Social Services Block Grant Program Annual Report 2015.

SSBG AND COUNTIES

SSBG, a flexible federal funding source, is crucial for counties that help low-income children and families receive the services they need to overcome obstacles in their lives.

For more information, visit www.naco.org/resources/faces-social-services-block-grant



TANF FUNDS SUPPORT CHILD CARE PROGRAMS

States and counties can also transfer up to 30 percent of TANF funds over to the Child Care Development Block Grant (CCDBG), which helps low-income families, families receiving public assistance and families transitioning from public assistance in obtaining child care. **In 2016, over $1.4 billion was transferred from TANF to CCDBG.**

Many states pass the responsibilities of delivering child care assistance down to counties, meaning those counties must comply with federal mandates for child care programs.

In 2013, at least **438 counties in 23 states invested $939 million in federal CCDBG funds.** Counties can distribute funds to families to select their own child care programs or establish baseline health and safety protections within child care programs receiving CCDBG funds.

OVER $1.4 BILLION

was transferred from TANF into CCBG, which helps low-income families obtain child care.

Source: U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services. (2016). Social Services Block Grant Program Annual Report 2015.

CHAPTER 4

CHALLENGES FOR COUNTY GOVERNMENTS

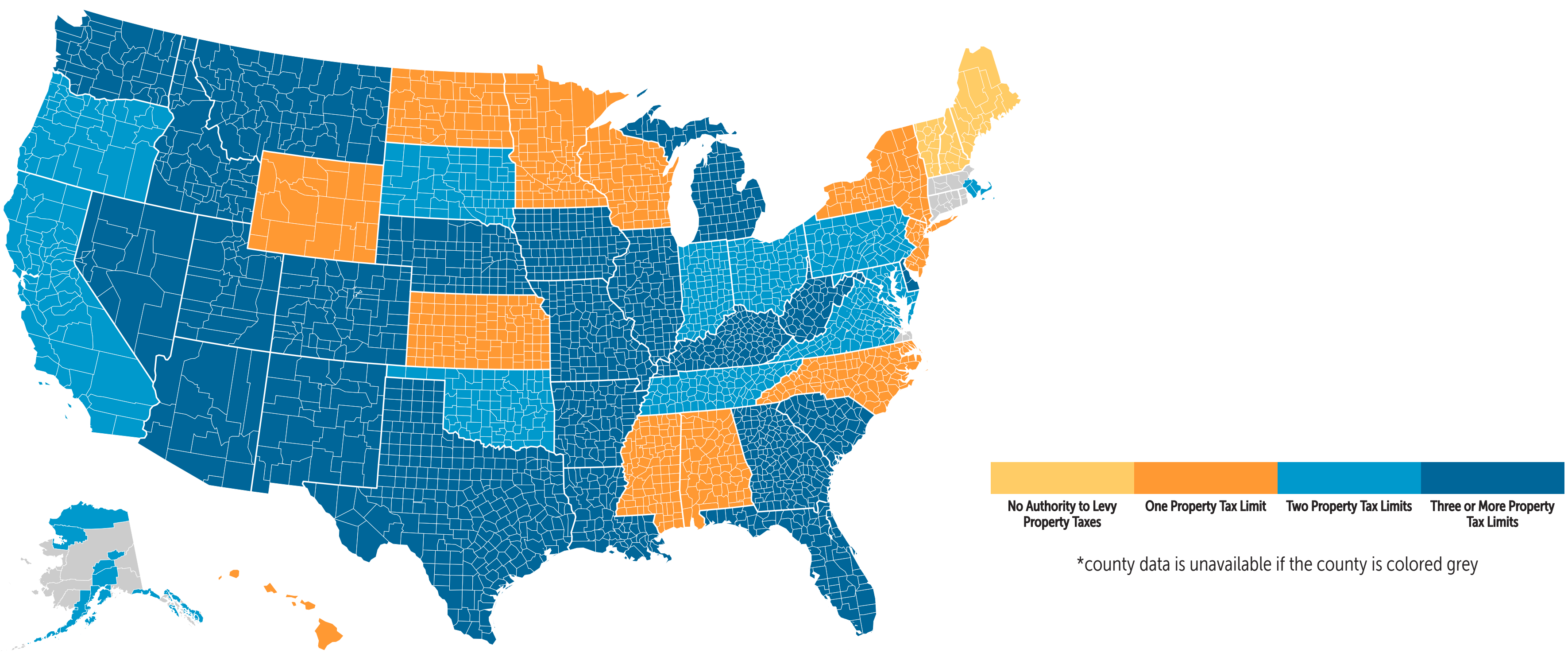
MAJOR CHALLENGE: MANY STATES LIMIT COUNTIES' ABILITY TO RAISE REVENUE FOR SOCIAL SERVICE NEEDS

Although the need for health care services and assistance remains pressing in communities across the country, many states place limits on counties' already limited options for raising revenue.

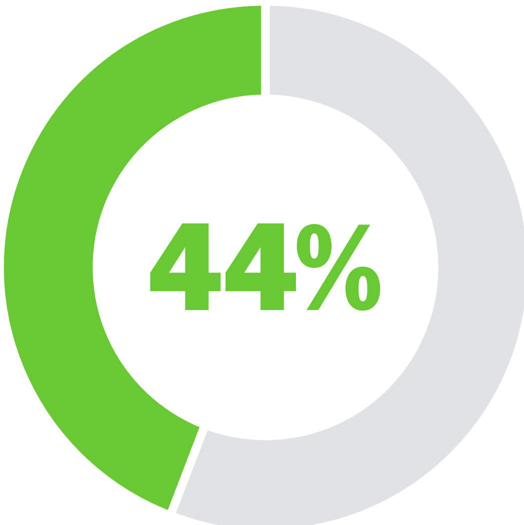
In fact, **45 states** impose some form of county property tax limits, affecting the main revenue source for counties.

At the same time, many states mandate delivery of indigent care and human services, often forcing counties to choose between critical programs.

STATE PROPERTY TAX LIMITATIONS FOR COUNTIES, AS OF APRIL 2017



Source: NACo County Explorer explorer.naco.org, NACo interviews with state associations, as well as county and state officials; NACo analysis of state legislation.



of county officials mentioned that their county **reduced and/or eliminated programs and services because of budget constraints** in their last fiscal year

MAJOR CHALLENGE: COUNTIES' ABILITY TO RAISE REVENUE

Given the fiscal limitations counties already face from states, the federal government's commitment to programs helping those most in need and to supporting local stakeholders and service providers is increasingly crucial.

Without the support of federal and state funds, many counties would have to reduce service levels for critical programs and cut any non-mandated services, such as economic development activities.

In a 2016 NACo survey, 44 percent of county officials mentioned that their county reduced and/or eliminated programs and services because of budget constraints in their last fiscal year.

DESPITE THESE FISCAL LIMITATIONS, COUNTIES INVEST HEAVILY IN HUMAN SERVICES

$58 BILLION
The amount of federal, state and local funds counties invest annually in human services while serving as the front-line social safety net

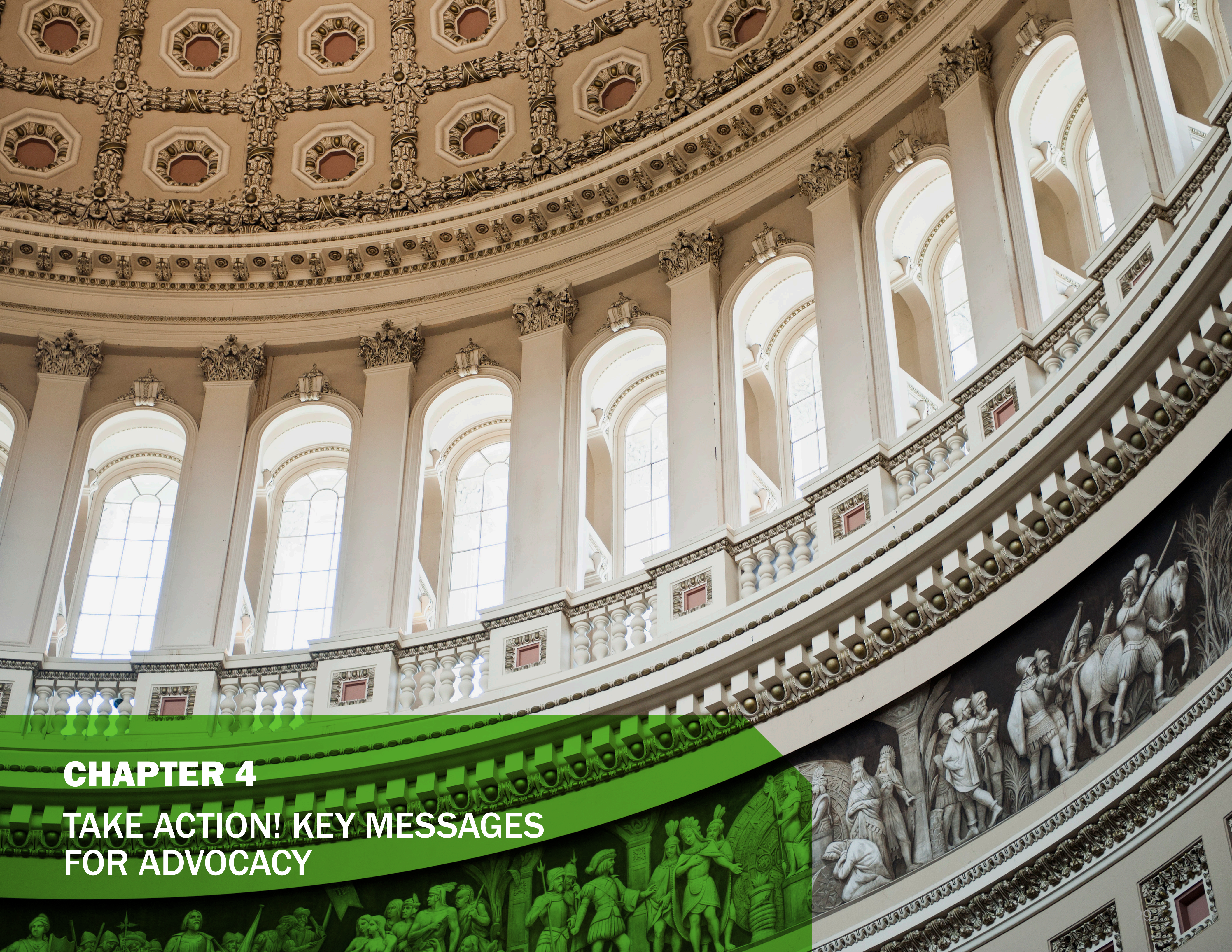
$28.6 MILLION
The average yearly amount a single county spends on human services

227,000
The number of county employees involved in human services across the country

Although it varies by program and state, county governments are often mandated to operate and administer a wide variety of federal programs at the local level.

Federal, state and local funds counties invest $58 billion annually in human services while serving as the front-line social safety net. In addition, on average, a single county spends $28.6 million a year on human services and counties employ over 225,000 county human services employees.

Source: NACo analysis of Federal Audit Clearinghouse Data, 2014-2016.



CHAPTER 4

TAKE ACTION! KEY MESSAGES FOR ADVOCACY

RECOMMENDATIONS FOR THE FEDERAL GOVERNMENT

NACo supports a long-term reauthorization of the TANF program that includes a provision increasing TANF funds annually at an amount commensurate with the rate of inflation. In addition, reauthorization of the current TANF program should be updated by providing greater state and county flexibility to create and provide services that support families and help move them off welfare and out of poverty.

As Congress looks to update and improve the TANF program, counties across the country urge Congress to:

- **Support** long-term reauthorization of the program that ensures program continuity and funding stability
- **Allow** more flexibility in the TANF program design such as allowing higher education to count as work
- **Promote** measures that provide greater flexibility and incentivize program efficiency and innovation through state and local program flexibility
- **Support** measure that allows states and TANF recipients partial credit for part-time work and giving states the option to include participation of working, timed-out parents whose children are receiving aid in the state's work participation rate calculation
- **Oppose** measures that would shift costs to local governments through increased requirements on county agencies

KEY TALKING POINTS

Counties have a direct stake in the TANF program.

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

A long-standing priority for NACo is long-term reauthorization of TANF.

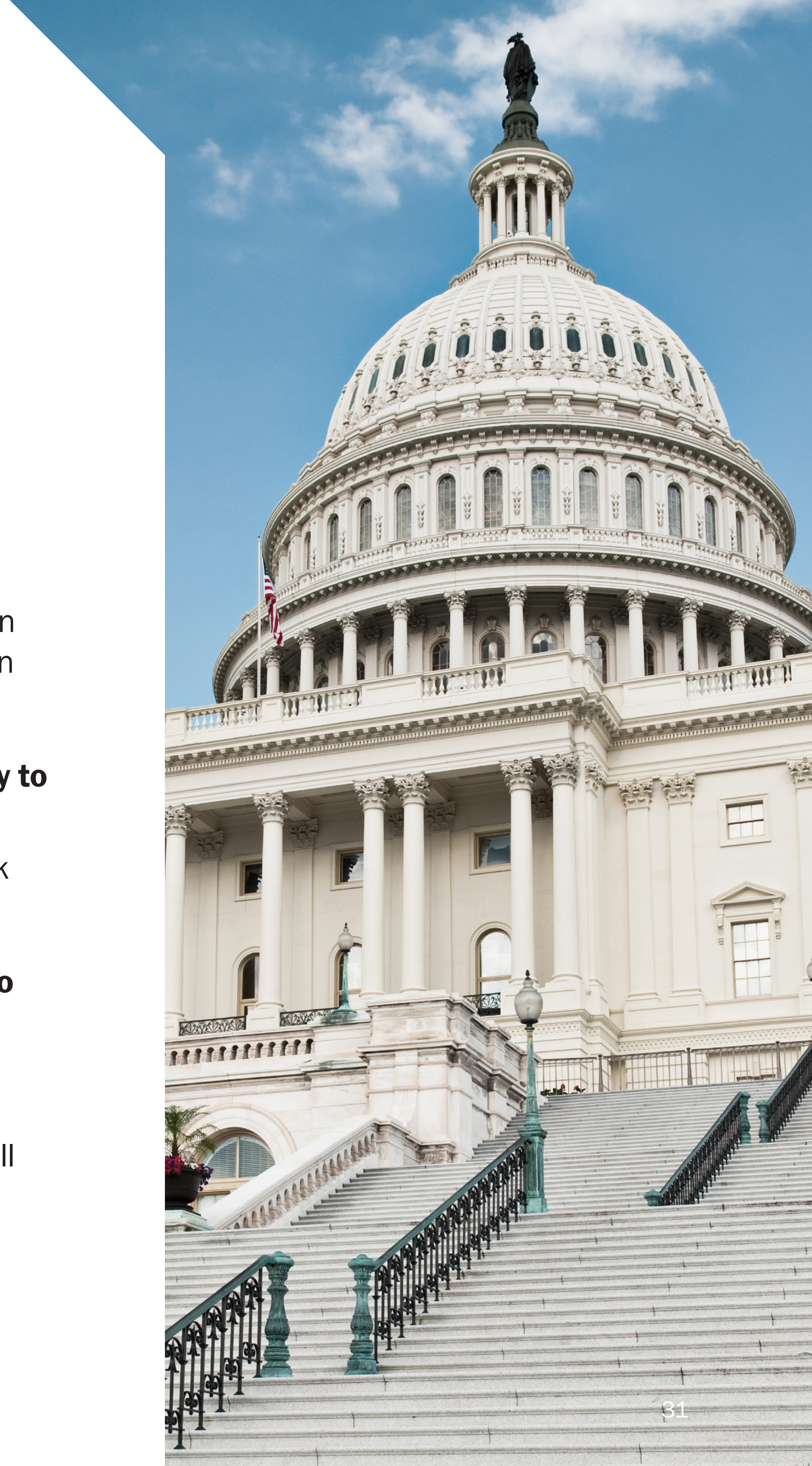
To ensure program continuity and funding stability, long-term reauthorization of TANF is needed. Short-term extensions create uncertainty and difficulty in planning and implementing long-term program changes.

Work requirements for TANF recipients should provider greater flexibility to reflect the needs of local communities.

For example, states should be allowed to count higher education as a "work activity."

States and counties should be given flexibility to provide partial credit to families with special needs.

Many TANF families struggle with multiple barriers to self-sufficiency, such as disabilities, mental health issues, domestic violence and substance use disorders. As a result, these families may not always be able to meet the full participation requirements.

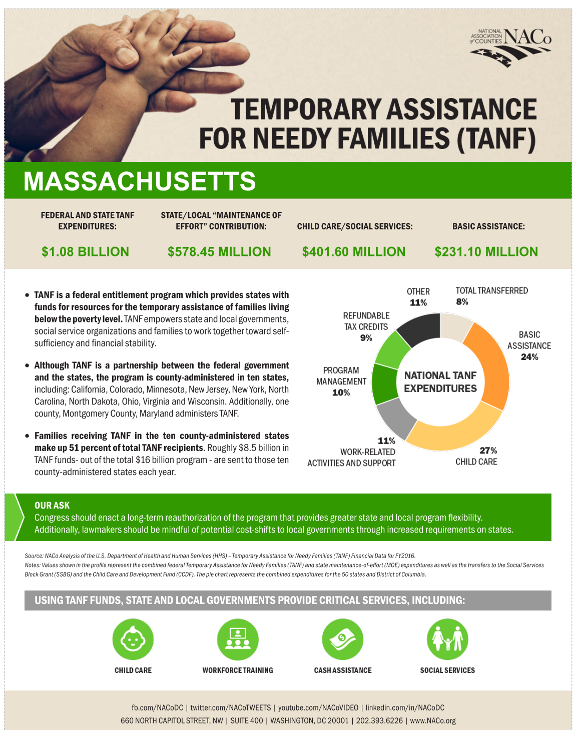


TAKE ACTION!

- **Work with your local media to publish an op-ed on the importance of TANF to your county and residents.** Submitting an op-ed or guest commentary to your local paper is an excellent way to keep your residents informed about what you are doing on their behalf.

- **Amplify personal stories from constituents who are receiving TANF services.** Sharing personal stories helps legislators put a face to policy issues.

- **Utilize state-level TANF data from NACo's County Explorer to demonstrate how your county delivers and invests in human services.**



NATIONAL ASSOCIATION of COUNTIES NACo

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

MASSACHUSETTS

FEDERAL AND STATE TANF EXPENDITURES:	STATE/LOCAL "MAINTENANCE OF EFFORT" CONTRIBUTION:	CHILD CARE/SOCIAL SERVICES:	BASIC ASSISTANCE:
$1.08 BILLION	$578.45 MILLION	$401.60 MILLION	$231.10 MILLION

- **TANF is a federal entitlement program which provides states with funds for resources for the temporary assistance of families living below the poverty level.** TANF empowers state and local governments, social service organizations and families to work together toward self-sufficiency and financial stability.
- **Although TANF is a partnership between the federal government and the states, the program is county-administered in ten states,** including: California, Colorado, Minnesota, New Jersey, New York, North Carolina, North Dakota, Ohio, Virginia and Wisconsin. Additionally, one county, Montgomery County, Maryland administers TANF.
- **Families receiving TANF in the ten county-administered states make up 51 percent of total TANF recipients**. Roughly $8.5 billion in TANF funds- out of the total $16 billion program - are sent to those ten county-administered states each year.

OUR ASK
Congress should enact a long-term reauthorization of the program that provides greater state and local program flexibility. Additionally, lawmakers should be mindful of potential cost-shifts to local governments through increased requirements on states.

Source: NACo Analysis of the U.S. Department of Health and Human Services (HHS) – Temporary Assistance for Needy Families (TANF) Financial Data for FY2016.
Notes: Values shown in the profile represent the combined federal Temporary Assistance for Needy Families (TANF) and state maintenance-of-effort (MOE) expenditures as well as the transfers to the Social Services Block Grant (SSBG) and the Child Care and Development Fund (CCDF). The pie chart represents the combined expenditures for the 50 states and District of Columbia.

USING TANF FUNDS, STATE AND LOCAL GOVERNMENTS PROVIDE CRITICAL SERVICES, INCLUDING:

CHILD CARE | WORKFORCE TRAINING | CASH ASSISTANCE | SOCIAL SERVICES

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For more information and resources, please visit NACo's website at
http://explorer.naco.org/

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