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TANF BENEFITS ARE LOW AND HAVE NOT KEPT PACE WITH INFLATION But Most States Have Increased Benefits Above a Freeze Level in Recent Years

By Liz Schott and Zachary Levinson

TANF cash assistance programs provide critical income support to some of the nation's most vulnerable families with children. How well these programs do at protecting children from deep poverty and material deprivation depends on both the extent to which very poor families are actually enrolled in the program and the level of benefits and quality of services the programs provide. Currently, TANF cash assistance programs only serve about 4 out of every 10 very poor families that meet the income eligibility criteria for the program in their state.

For those who do receive assistance from TANF, the benefits they receive remain quite low. TANF benefits alone do not lift families out of deep poverty. In 2008, all but one state (Alaska) have benefit levels that are *less than half* of the Federal Poverty Level (FPL) and some 20 states have benefit levels below 25 percent of the FPL.¹ Even when combining TANF benefits with food assistance (recently renamed SNAP) benefits, all but three states (Alaska, Hawaii and California) have benefit levels below 75 percent of the poverty line. See Chart 1.

The good news is that many states have adjusted benefits upwards in recent years, although these adjustments generally are not enough to ensure that benefits keep pace with inflation. Table 1 shows TANF benefit levels in each state at several points in time over the last decade. Table 2 shows the extent to which the 2008 TANF benefit level in each state is higher or lower in inflation-adjusted terms when compared to benefit levels in 1996, 2000, 2002, and 2005.

- **In most states, benefit levels have not remained frozen under TANF.** The majority of states have adjusted their benefit levels upwards at least somewhat under TANF and many states have done so in the last few years.

¹ The 2008 Federal Poverty Guideline for a family of three is \$1467 per month (higher in Alaska and Hawaii).
<http://aspe.hhs.gov/POVERTY/08poverty.shtml>

- **Some 29 (including the District of Columbia) states have higher TANF benefit levels (without adjusting for inflation) now than they did in 1996.** For half of these 29 states, the change since 1996 is 20 percent or greater (before adjusting for inflation). As discussed below, even when states have adjusted benefit levels upwards, few of these benefit changes have kept pace with increased costs of living. In all but three states, a poor family relying solely on TANF to provide the basics for her children — often during a period of joblessness, illness, or disability — is further below the poverty line today than in 1996. See Chart 2.
- **In the remaining 22 states, benefit levels have been cut or have remained frozen under TANF.** Three states have decreased their benefit levels since 1996. Some 19 states have the same TANF benefit levels in July 2008 as they had in 1996.
- **More than one-third of states either have recently adjusted their TANF benefits upward or are scheduled to do so before January 2009.** Between January 2005 and July 2008, some 16 states adjusted their TANF benefit levels upwards. In addition, nine states — including six of the 16 states with recent benefit changes and three states that have not adjusted benefits since 2005 — have upwards benefit adjustments slated to take effect between August 2008 and January 2009.

TANF Benefit Levels Have Declined In Real (Inflation-Adjusted)
Dollars in Nearly All States Under TANF

- **Even states that have adjusted benefit levels upwards under TANF have not generally kept pace with increased costs of basic necessities.** When adjusting for inflation using the Consumer Price Index (CPI), 48 states (including DC) have lower *real dollar* benefit levels now than they did in 1996.
- **In the 19 states where TANF benefits have been frozen since 1996, TANF benefits are now worth 25 percent less in inflation-adjusted terms than they were in 1996.** Some 23 states — including the 19 states with frozen benefit levels since 1996 — have the same TANF benefit level in 2008 that that the state had in 2000; in these 23 states, TANF benefit levels have lost nearly 20 percent of their value since 2000.
- **TANF benefits do less to help families out of extreme poverty than they did in 1996.** In 2008, some 20 states have benefit levels below 25 percent of the FPL, nearly twice as many states as had benefits below 25 percent of the poverty line 1996.

**TABLE 1: STATE-BY-STATE TANF BENEFIT LEVELS
(Single-Parent Family of Three)**

STATE	1996	2000	2002	2005	2008
Alabama	164	164	164	215	215
Alaska	923	923	923	923	923
Arizona	347	347	347	347	347
Arkansas	204	204	204	204	204
California	596	626	679	723	723 ¹
Colorado	356	356	356	356	356 ²
Connecticut	636	636	636	636	674 ³
Delaware	338	338	338	338	338
D.C.	415	379	379	379	428 ⁴
Florida	303	303	303	303	303
Georgia	280	280	280	280	280
Hawaii	712	570	570	570	636
Idaho	317	293	293	309	309
Illinois	377	377	377	396	434 ⁵
Indiana	288	288	288	288	288
Iowa	426	426	426	426	426
Kansas	429	429	429	429	429
Kentucky	262	262	262	262	262
Louisiana	190	190	240	240	240
Maine	418	461	485	485	485 ⁶
Maryland	373	417	472	482	565 ⁷
Massachusetts	565	565	618	618	618
Michigan	459	459	459	459	489 ⁸
Minnesota	532	532	532	532	532
Mississippi	120	170	170	170	170
Missouri	292	292	292	292	292
Montana	438	469	494	405	472
Nebraska	364	364	364	364	364
Nevada	348	348	348	348	383
New Hampshire	550	575	600	625	625 ⁹
New Jersey	424	424	424	424	424
New Mexico	389	439	389	389	447
New York	577	577	577	691	691 ¹⁰
North Carolina	272	272	272	272	272
North Dakota	431	457	477	477	477
Ohio	341	373	373	373	410 ¹¹
Oklahoma	307	292	292	292	292
Oregon	460	460	460	460	485
Pennsylvania	421	421	421	421	421 ¹²
Rhode Island	554	554	554	554	554
South Carolina	200	204	205	205	263 ¹³
South Dakota	430	430	469	501	539
Tennessee	185	185	185	185	185
Texas	188	201	201	223	244 ¹⁴
Utah	416	451	474	474	498
Vermont	633	708	709	709	709 ¹⁵
Virginia	354	354	389	389	389

TABLE 1: STATE-BY-STATE TANF BENEFIT LEVELS (Cont'd)

Washington	546	546	546	546	562
West Virginia	253	328	453	340	340
Wisconsin	517	673	673	673	673
Wyoming	360	340	340	340	506

¹ California statutory COLA increase scheduled for October 1, 2008 (if it is not suspended)

² Colorado grants are scheduled to increase on January 1, 2009. The estimate for a family of 3 is \$427, although an additional increase is possible.

³ Connecticut's benefit levels vary across three regions. The listed number is for the region with the highest benefit level. However, that region represents less than 10 percent of the TANF beneficiaries in the state. Over 80 percent of the caseload is in Region B (which includes the largest cities: Hartford, New Haven and Bridgeport). The benefit level for that Region B was \$543 in 2005 and is \$576 in 2008.

⁴ District of Columbia benefits will increase effective October 1, 2008; estimated new benefit level is \$437.

⁵ This is the level for the Chicago area; benefit levels for a family of three in the southern and central parts of the state are \$401 and \$419 respectively.

⁶ Maine number does not include the TANF housing special need payment which increased by \$50 effective July 1, 2008. Approximately 30% of families get the housing special needs payment

⁷ Maryland expects an increase in October 2008; Maryland law requires a yearly review of grant levels

⁸ Michigan grant will increase to \$492 on October 1, 2008. For 2005, Michigan had separate benefit levels for six regions of the state. The number listed for 2005, \$459, was for the region with the most recipients. In May 2006, Michigan eliminated different benefit levels across regions and adopted the highest regional benefit level (\$489 for a family of three) for the entire state. This change resulted in a benefits increase for five of the six regions, although the increases varied by region.

⁹ New Hampshire increase to \$675 effective August 1.

¹⁰ New York's benefit levels vary by county and range from \$550 and to \$738 for a family of three; the listed benefit level is for New York City.

¹¹ Ohio will start yearly COLA increases on January 1, 2009.

¹² Pennsylvania's benefit levels vary by county. The listed number is the highest, not the most typical, benefit level

¹³ South Carolina expects a small increase in October 2008.

¹⁴ Texas COLA increase effective October 1, 2008 will raise benefit to about \$250.

¹⁵ Vermont has different benefit levels for Chittenden County and outside of Chittenden County. The number listed is for Chittenden County (the higher benefit level) and includes a special needs housing allowance.

Sources: Figures for January 1996, 2000, 2002, and 2005: Congressional Research Services Report "The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions" (Table 6)

<http://www.nationalaglawcenter.org/assets/crs/RL32760.pdf>

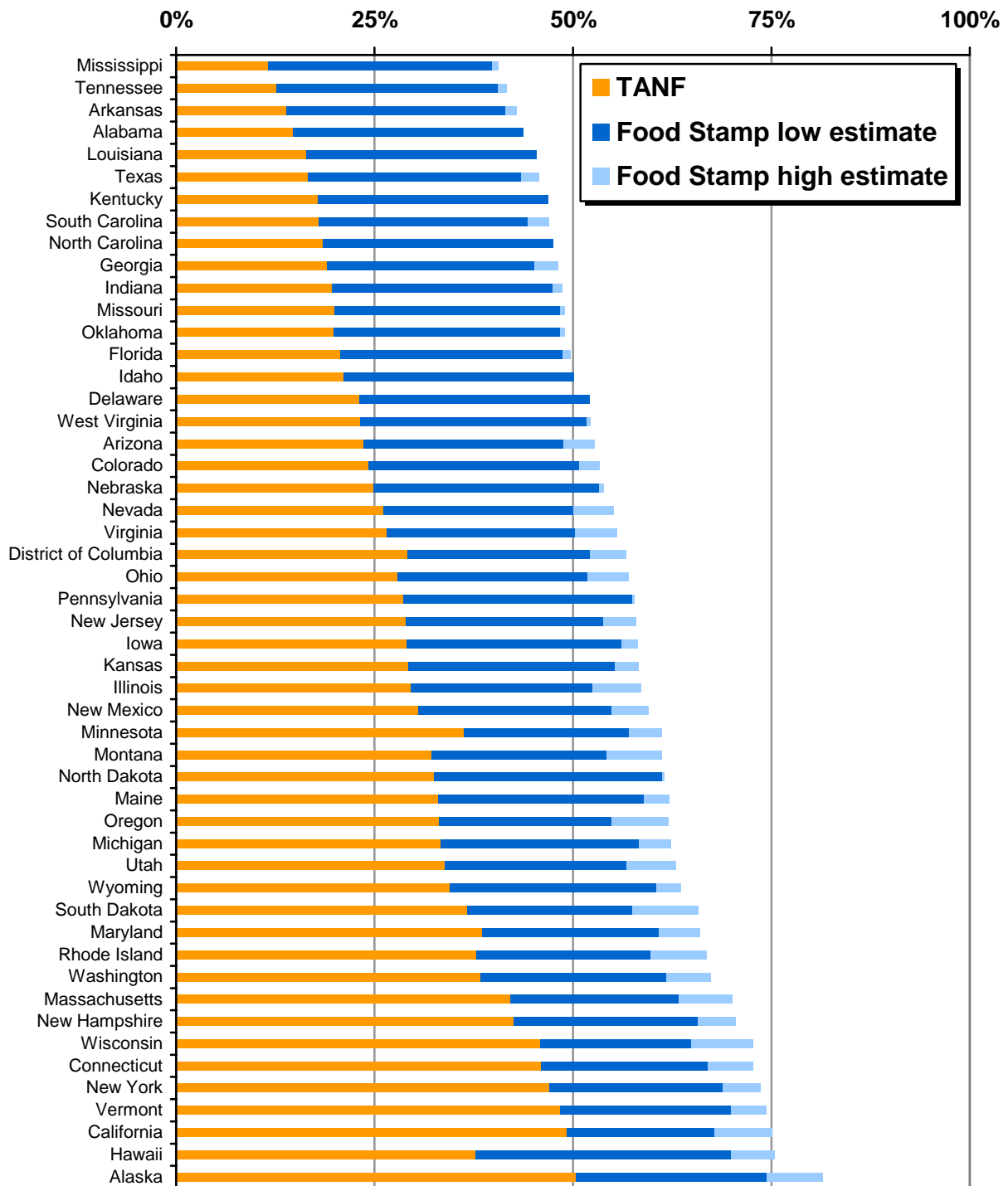
Figures for July 1, 2008: CBPP compilation from various sources

**TABLE 2: STATE-BY-STATE TANF BENEFIT LEVELS:
PERCENT CHANGE IN REAL (INFLATION ADJUSTED) DOLLARS**
Comparing Benefit Levels in 2008 to 1996, 2000, 2002, and 2005
for a Single-Parent Family of Three)

State	1996-2008	2000-2008	2002-2008	2005-2008
Alabama	-3.5%	5.9%	10.6%	-8.4%
Alaska	-26.4	-19.2	-15.6	-8.4
Arizona	-26.4	-19.2	-15.6	-8.4
Arkansas	-26.4	-19.2	-15.6	-8.4
California	-10.7	-6.7	-10.2	-8.4
Colorado	-26.4	-19.2	-15.6	-8.4
Connecticut	-22.0	-14.4	-10.6	-2.9
Delaware	-26.4	-19.2	-15.6	-8.4
D.C.	-24.1	-8.8	-4.7	3.4
Florida	-26.4	-19.2	-15.6	-8.4
Georgia	-26.4	-19.2	-15.6	-8.4
Hawaii	-34.3	-9.9	-5.9	2.2
Idaho	-28.3	-14.8	-11.0	-8.4
Illinois	-15.3	-7.0	-2.9	0.4
Indiana	-26.4	-19.2	-15.6	-8.4
Iowa	-26.4	-19.2	-15.6	-8.4
Kansas	-26.4	-19.2	-15.6	-8.4
Kentucky	-26.4	-19.2	-15.6	-8.4
Louisiana	-7.1	2.0	-15.6	-8.4
Maine	-14.6	-15.0	-15.6	-8.4
Maryland	11.5	9.4	1.0	7.4
Massachusetts	-19.5	-11.7	-15.6	-8.4
Michigan	-21.6	-14.0	-10.1	-2.4
Minnesota	-26.4	-19.2	-15.6	-8.4
Mississippi	4.2	-19.2	-15.6	-8.4
Missouri	-26.4	-19.2	-15.6	-8.4
Montana	-20.7	-18.7	-19.4	6.7
Nebraska	-26.4	-19.2	-15.6	-8.4
Nevada	-19.0	-11.1	-7.2	0.8
New Hampshire	-16.4	-12.2	-12.1	-8.4
New Jersey	-26.4	-19.2	-15.6	-8.4
New Mexico	-15.5	-17.8	-3.1	5.2
New York	-11.9	-3.3	1.0	-8.4
North Carolina	-26.4	-19.2	-15.6	-8.4
North Dakota	-18.6	-15.7	-15.6	-8.4
Ohio	-11.5	-11.2	-7.3	0.7
Oklahoma	-30.0	-19.2	-15.6	-8.4
Oregon	-22.4	-14.9	-11.1	-3.4
Pennsylvania	-26.4	-19.2	-15.6	-8.4
Rhode Island	-26.4	-19.2	-15.6	-8.4
South Carolina	-3.2	4.1	8.2	17.5
South Dakota	-7.8	1.2	-3.0	-1.5
Tennessee	-26.4	-19.2	-15.6	-8.4
Texas	-4.5	-2.0	2.4	0.2
Utah	-11.9	-10.8	-11.4	-3.8
Vermont	-17.6	-19.1	-15.6	-8.4
Virginia	-19.1	-11.3	-15.6	-8.4
Washington	-24.3	-16.9	-13.2	-5.7
West Virginia	-1.1	-16.3	-36.7	-8.4
Wisconsin	-4.2	-19.2	-15.6	-8.4
Wyoming	3.4	20.2	25.6	36.3

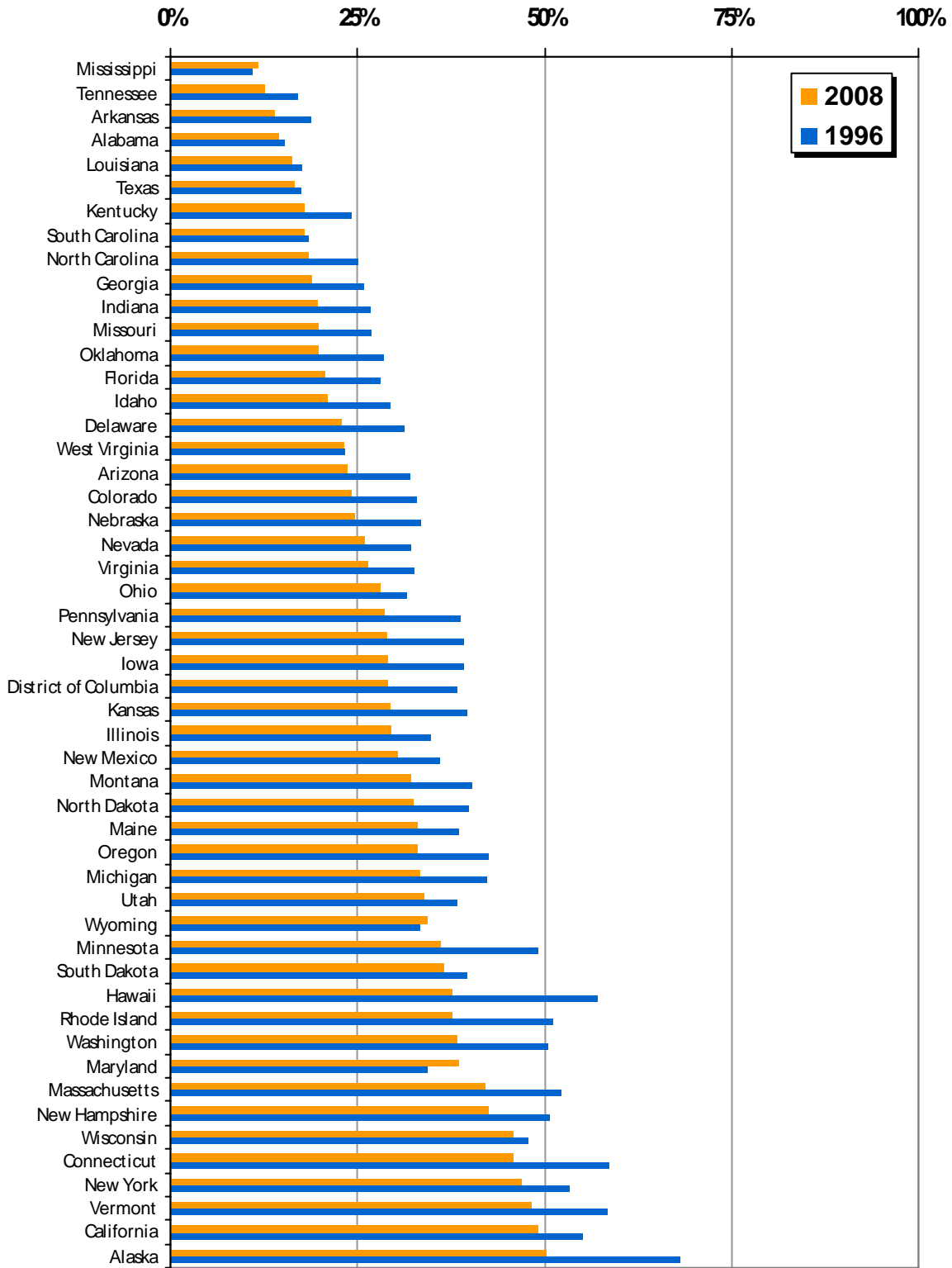
Source: Calculated from figures in Table 1 adjusted for inflation using the Consumer Price Index (CPI).

CHART 1 COMBINED 2008 TANF AND FOOD STAMP BENEFIT LEVELS AS A PERCENT OF FEDERAL POVERTY LINE



Sources: Used 2008 HHS Poverty Guidelines for a family of three. (\$17,600 for all states and DC, \$22,000 for Alaska and \$20,240 for Hawaii.) TANF benefit levels for single parent families of 3 were compiled by CBPP from various sources and are current as of July 1, 2008. Food Stamp benefit levels were calculated by CBPP using the 2006 QC data and inflated to FY 2008 dollars. The range of Food Stamp benefit levels was estimated by using the 25th and 75th percentile of shelter expenses for households of 3 with kids at or below 80 percent of the poverty line. Note: On October 1, 2008 the Food Stamp Program was renamed the Supplemental Nutrition Assistance Program (SNAP).

CHART 2 1996 AND 2008 TANF BENEFIT LEVELS AS A PERCENT OF FEDERAL POVERTY LINE



Sources: Used 1996 and 2008 HHS Poverty Guidelines for a family of three. TANF 2008 benefit levels for single parent families of 3 were compiled by CBPP from various sources and are current as of July 1, 2008. Benefit levels for 1996: Congressional Research Services Report "The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions." (Table 6)