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Policy Brief: TANF Benefits Still Too Low to Help Families, Especially Black Families, Avoid Increased Hardship

By Ali Safawi and Ife Floyd

Temporary Assistance for Needy Families (TANF), the primary cash assistance program for families with the lowest incomes, are at their weakest point in the program's history in most states. In 33 states, benefit levels have declined by at least 20 percent in inflation-adjusted value since TANF's enactment in 1996. In *every* state, benefits are at or below 60 percent of the poverty line and fail to cover rent for a modest two-bedroom apartment.

TANF does a poor job of providing assistance to Latino and especially Black children,¹ whose parents and the communities in which they live are more likely to feel the devastating effects of COVID-19 and the resulting economic crisis. Black children are also more likely than white children to live in states where benefits are the lowest, continuing a trend that began under TANF's predecessor, Aid to Families with Dependent Children (AFDC). Many states with high Black populations kept AFDC benefits very low.

It's crucial that all families with children have income to cover their basic needs not only in the current public health and economic crises, but also for their children's futures. Studies show that income matters for children's long-term well-being. Financial stability gives them a better chance of growing up healthy and with the opportunity to thrive.²

Thirteen states plus the District of Columbia raised benefits between July 2019 and July 2020, and several states have issued additional payments to TANF families in response to COVID-19. (See Table 1.) However, benefits in most states remain extremely low, hampering TANF's ability to help families meet their basic needs during the current crises. States should raise benefits, which will require more federal resources, as well as reinvest their TANF funds back into basic benefits and

¹ For more detail see Ali Safawi and Ife Floyd "TANF Benefits Still Too Low to Help Families, Especially Black Families, Avoid Increased Hardship," CBPP, October 8, 2020, <https://www.cbpp.org/research/family-income-support/tanf-benefits-remain-low-despite-recent-increases-in-some-states>.

² National Academies of Sciences, Engineering, and Medicine, "A Roadmap to Reducing Child Poverty," 2019, <https://www.nap.edu/catalog/25246/a-roadmap-to-reducing-child-poverty>.

make annual inflation adjustments to ensure that families get the resources they need to weather current and future crises.

TABLE 1

States Raising TANF Benefits in Past Year (Monthly benefit for family of three)

	July 2020 Benefit	Increase Since July 2019	Increase Due to an Annual or Periodic Adjustment
California	\$878	\$93	X
District of Columbia	\$658	\$16	X
Illinois	\$533	\$13	X
Maine	\$610	\$16	X
Maryland	\$727	\$18	X
Minnesota	\$632	\$100	
New Hampshire	\$1,086	\$20	X
Ohio	\$505	\$8	X
South Carolina	\$299	\$7	X
Texas	\$303	\$8	X
Vermont	\$699	\$59	
Virginia	\$508	\$66	
Wyoming	\$712	\$15	X

Benefits Are Low and Have Eroded in Value

Despite these increases, TANF benefits still leave family incomes at or below 60 percent of the poverty line in every state.³ (See Figure 1.) In 1996, 16 states had benefit levels at or below 30 percent of the poverty line; today, 33 states do. In 18 of those states, benefit levels are at or below 20 percent of the poverty line — that is, \$362 a month or less.

Benefits have lost considerable value over time in the vast majority of states. Since 1996, they have shrunk by 20 percent or more in 33 states, after adjusting for inflation. Fourteen states had the same *nominal* benefit levels in July 2020 as in 1996, meaning that benefits have fallen in inflation-adjusted terms by 40 percent. This decline follows a quarter-century of major declines in the real value of benefits provided through AFDC.

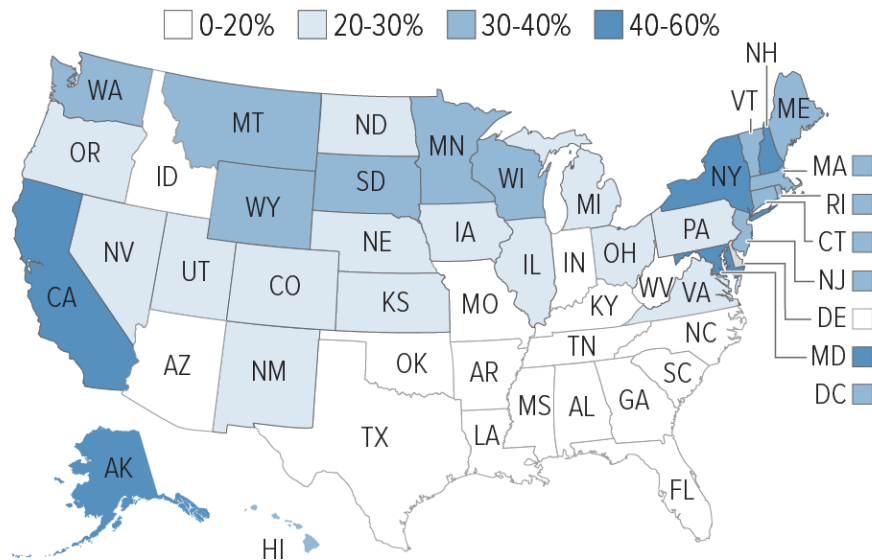
Four states (Arizona, Hawai'i, Idaho, and Oklahoma) have cut and not restored TANF benefits in the last 20 years, so benefits there are below their 1996 levels even without adjusting for inflation. In all of these states, benefits have shrunk by 41 percent or more after adjusting for inflation.

³ The 2020 poverty guideline from the Department of Health and Human Services (HHS) for a family of three is \$1,810 per month in the 48 contiguous states and Washington, D.C.; Alaska and Hawai'i have higher guidelines. (See <https://aspe.hhs.gov/poverty-guidelines>.) CBPP uses HHS' poverty guidelines in this analysis because they are a simplification of the poverty thresholds (the Census Bureau's measure of poverty) and are used to determine financial eligibility for certain programs.

FIGURE 1

Maximum TANF Benefits Leave Families Well Below Federal Poverty Line

Maximum TANF benefit as a percent of poverty line (for a family of three)



TANF = Temporary Assistance for Needy Families

Note: The federal poverty level for a family of three in 2020 is \$1,810 per month in the 48 contiguous states and Washington, D.C.; Alaska and Hawai'i have higher poverty levels.

Source: 2020 Health and Human Services Poverty Guidelines. TANF benefit levels for a single-parent family of three were compiled by CBPP from various sources and are current as of July 1, 2020.

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Although TANF benefit levels have risen slightly, housing costs in most areas also continue to rise, substantially in some areas. In every state, the monthly TANF benefit for a family of three is well below the fair market rent, the Department of Housing and Urban Development's (HUD) estimated cost of a modest two-bedroom apartment and utilities. Maximum TANF benefits for a family of three cover less than half of the estimated fair market rent in 32 states and the District of Columbia, compared with only seven states in 1996.

Moreover, most TANF families receive no housing subsidies — in fact, only about 17 percent of TANF families receive HUD housing assistance.⁴ Some states provide small additional funds to help low-income families cover housing costs, but these rarely cover the large gap between TANF grants and local fair market rents. Low-income families without housing assistance likely have high rates of housing instability which can harm both adults and children and is associated with poor developmental, educational, and health outcomes.⁵

⁴ CBPP calculation of TANF caseload and HUD administrative data.

⁵ Will Fischer, "Research Shows Housing Vouchers Reduce Hardship and Provide Platform for Long-Term Gains Among Children," CBPP, updated October 7, 2015, <http://www.cbpp.org/research/housing/research-shows-housing-vouchers-reduce-hardship-and-provide-platform-for-long-term>.

State Benefit Decisions Rooted in Historical Racism, Have Disparate Impacts

Low TANF benefits, which disproportionately affect the benefits available to Black children, are rooted in historical racism. A majority (55 percent) of Black children in the country live in a state with benefits at or below 20 percent of the poverty line, compared to 41 percent of Latino children and 40 percent of white children. And while some states may have lower costs of living than others, we see a similar trend when considering housing costs. Nearly half (49 percent) of Black children and 38 percent of Latino children live in states with benefits that cover less than one-third of the housing costs for a modest two-bedroom apartment, compared to 29 percent of white children. Many of these extremely low-benefit states had some of the lowest benefits under AFDC, and in almost every instance, leave a family deeper in poverty today than they did in the past.

The politics underlying the initial design of AFDC (originally Aid to Dependent Children or ADC) set the course for racial disparities in its implementation over time. Southern lawmakers in Congress, intent on upholding the white supremacist socioeconomic order of the Jim Crow South, successfully insisted on provisions in the Social Security Act of 1935 that vested control of key ADC/AFDC policy decisions, including benefit levels, with state and local officials.⁶ For example, some Southern states lowered or cut off benefits during the planting or harvesting seasons to coerce Black parents and children as young as 7 to work in the fields for extremely low wages.⁷ Since then, the South has generally had lower benefit levels than the rest of the country. Even in 1970, after the Welfare Rights Movement and legal aid organizations had won key legislative and judicial victories against many discriminatory eligibility policies in AFDC,⁸ maximum benefits remained low in most Southern states. States' flexibility to set benefits without meeting any federal requirements has allowed states to continue their past racist policies, where current benefits are extremely low. (See Figure 2.) The end result is that TANF does far less than it could to help Black families — and especially Black children — to weather crises like the pandemic and to stave off hardship that can have long-term, negative consequences for children.⁹ Moreover, these policies rooted in historical racism don't just affect Black families — they affect all families facing a crisis or struggling to pay for the basics.

⁶ Ira Katznelson, "Jim Crow Congress," *Fear Itself: The New Deal and the Origins of Our Time*, Liveright Publishing Corporation, 2013, pp. 156-194; Jill Quadagno, "The Repression of Rights," *The Color of Welfare: How Racism Undermined the War on Poverty*, Oxford University Press, 1994, pp. 20-24.

⁷ Frances Fox Piven, "Why Welfare Is Racist," *Race and Politics of Welfare Reform*, University of Michigan Press, 2003, p. 323-336; Elisa Minoff, "The Racist Roots of Work Requirements," Center for the Study of Social Policy, February 2020, pp. 14-15, <https://cssp.org/resource/racist-roots-of-work-requirements/>.

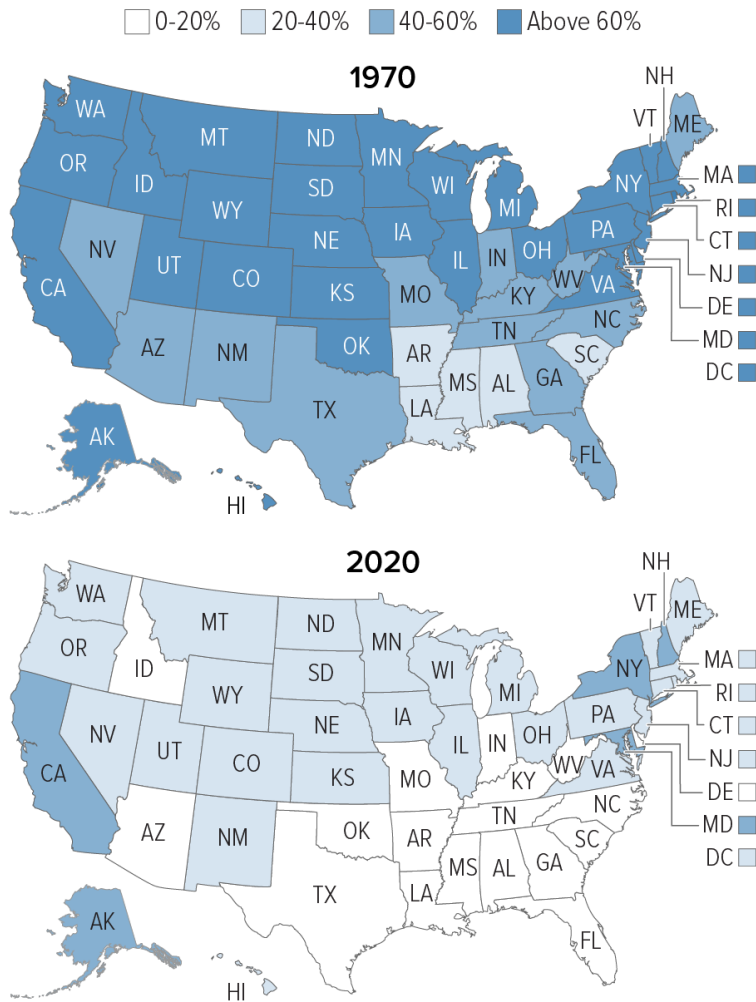
⁸ Update forthcoming: Ife Floyd, "Cash Assistance Should Reach Millions More Families," CBPP, March 4, 2020, <https://www.cbpp.org/research/family-income-support/cash-assistance-should-reach-millions-more-families>.

⁹ For more on the long-term effects of adversity and hardship in early childhood see National Scientific Council on the Developing Child, "Connecting the Brain to the Rest of the Body: Early Childhood Development and Lifelong Health Are Deeply Intertwined," Working Paper No. 15, 2020, <https://developingchild.harvard.edu/resources/connecting-the-brain-to-the-rest-of-the-body-early-childhood-development-and-lifelong-health-are-deeply-intertwined/>.

FIGURE 2

Cash Assistance – Historically Weak in Southern States – Now Weak in Most States

Maximum AFDC/TANF benefits by state as a share of federal poverty line, 1970 vs. 2020



Note: AFDC = Aid to Families with Dependent Children. TANF = Temporary Assistance for Needy Families. Policymakers replaced AFDC with TANF in 1996. Calculations are based on the maximum AFDC/TANF benefit a family of three could receive in July of 1970 and 2020, respectively.

Source: 2020 Health and Human Services Poverty Guidelines. Prior to 1982, poverty guidelines were published by the Office of Economic Opportunity. 2020 TANF benefits collected by CBPP from various sources. 1970 AFDC benefits from Table 5.5 in HHS, "Aid to Families with Dependent Children: The Baseline," 1998.

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TANF Benefit Increases Needed During Crisis to Help Children Long Term

The COVID-19 economic crisis has led to dramatic increases in joblessness and hardship. Many studies have shown that experiencing poverty and hardship, even briefly, has detrimental, life-long

impacts on children. Researchers have linked stress caused by a scarcity of resources to lasting negative consequences for children’s brain development and physical health.¹⁰ Income support programs can improve children’s academic, health, and economic outcomes, the National Academies of Sciences’ report on reducing childhood poverty finds.¹¹ Even relatively small infusions of cash, like those from TANF, can make a difference.¹²

Given the history of cash assistance programs in this country and what the science tells us about child development, states and federal policymakers need to improve the adequacy of TANF benefit levels. Higher benefits, especially in high-Black-population states, for all families in poverty would have a meaningful impact on children’s futures.

- States should reinvest TANF and maintenance-of-effort (MOE) funds back into basic assistance and provide higher cash grants for participating families.¹³
- States should establish mechanisms to prevent benefits from eroding in the future.¹⁴
- Congress should invest more funds into state TANF block grants and require that new monies be directed toward basic assistance. These actions would give states more resources to support grant increases and ensure those resources do not erode over time.

TABLE 2

State TANF Benefit Levels Relative to Measures of Need and Erosion of Value

State	Monthly benefit, July 2020	Benefit, percent of poverty line	Change 1996-2020, adjusted for inflation	Percent of Fair Market Rent
Alabama	\$215	11.9%	-20.9%	26.8%
Alaska	923	40.8%	-39.7%	70.8%
Arizona	278	15.4%	-51.7%	25.3%
Arkansas	204	11.3%	-39.7%	27.6%
California	878	48.5%	-11.2%	45.7%
Colorado	508	28.1%	-13.9%	36.9%
Connecticut	698	38.6%	-33.8%	50.8%

¹⁰ Arloc Sherman and Tazra Mitchell, “Economic Security Programs Help Low-Income Children Succeed Over Long Term, Many Studies Find,” CBPP, July 17, 2017, <https://www.cbpp.org/research/poverty-and-inequality/economic-security-programs-help-low-income-children-succeed-over>.

¹¹ National Academies of Sciences, Engineering, and Medicine, 2019.

¹² Greg Duncan and Katherine Magnuson, “The Long Reach of Early Childhood Poverty,” *Pathways*, Winter 2011, https://inequality.stanford.edu/sites/default/files/PathwaysWinter11_Duncan.pdf.

¹³ MOE requires a certain level of state TANF spending based on historical levels.

¹⁴ A statutory cost-of-living adjustment (COLA) is the best way to ensure that benefits keep pace with inflation. TANF agencies will fare much better in their state budget process if a COLA is part of the baseline of a current-needs budget. For example, Wyoming’s COLA is based on the Wyoming Cost of Living Index for the previous year. The COLA has made Wyoming one of only three states whose benefits have risen since 1996 in inflation-adjusted terms. Ohio’s COLA follows the same approach used for Social Security and Supplemental Security Income benefits: the state uses the Social Security Administration’s COLA percentage to raise TANF benefits at the start of every calendar year.

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State	Monthly benefit, July 2020	Benefit, percent of poverty line	Change 1996-2020, adjusted for inflation	Percent of Fair Market Rent
Delaware	338	18.7%	-39.7%	29.6%
D.C.	658	36.4%	-4.4%	38.5%
Florida	303	16.7%	-39.7%	23.9%
Georgia	280	15.5%	-39.7%	28.2%
Hawai'i	610	29.3%	-48.3%	30.3%
Idaho	309	17.1%	-41.2%	35.8%
Illinois	533	29.4%	-14.7%	48.1%
Indiana	288	15.9%	-39.7%	34.0%
Iowa	426	23.5%	-39.7%	53.0%
Kansas	429	23.7%	-39.7%	50.2%
Kentucky	262	14.5%	-39.7%	33.6%
Louisiana	240	13.3%	-23.8%	26.4%
Maine	610	33.7%	-12.0%	59.3%
Maryland	727	40.2%	17.5%	49.8%
Massachusetts	633	35.0%	-32.4%	34.3%
Michigan	492	27.2%	-35.4%	54.3%
Minnesota	632	34.9%	-28.4%	59.2%
Mississippi	170	9.4%	-14.6%	22.0%
Missouri	292	16.1%	-39.7%	34.9%
Montana	588	32.5%	-19.0%	67.0%
Nebraska	468	25.9%	-22.5%	55.3%
Nevada	386	21.3%	-33.1%	36.2%
New Hampshire	1086	60.0%	19.1%	89.2%
New Jersey	559	30.9%	-20.5%	36.2%
New Mexico	447	24.7%	-30.7%	52.5%
New York	789	43.6%	-17.5%	46.7%
North Carolina	272	15.0%	-39.7%	29.6%
North Dakota	486	26.9%	-32.0%	57.8%
Ohio	505	27.9%	-10.7%	60.7%
Oklahoma	292	16.1%	-42.6%	35.3%
Oregon	506	28.0%	-33.7%	39.9%
Pennsylvania	421	23.3%	-39.7%	42.1%
Rhode Island	554	30.6%	-39.7%	50.3%
South Carolina	299	16.5%	-9.8%	33.2%
South Dakota	615	34.0%	-13.7%	77.6%
Tennessee	277	15.3%	-9.7%	31.2%
Texas	303	16.7%	-2.8%	27.9%
Utah	498	27.5%	-27.8%	48.3%
Vermont	699	38.6%	-29.4%	57.5%

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State	Monthly benefit, July 2020	Benefit, percent of poverty line	Change 1996-2020, adjusted for inflation	Percent of Fair Market Rent
Virginia	508	28.1%	-13.5%	41.3%
Washington	569	31.4%	-37.2%	35.9%
West Virginia	340	18.8%	-19.0%	43.7%
Wisconsin	653	36.1%	-23.8%	72.7%
Wyoming	712	39.3%	19.3%	79.8%

For more detailed notes on state benefit levels, please see our full report at <https://www.cbpp.org/research/family-income-support/tanf-benefits-remain-low-despite-recent-increases-in-some-states>.

Sources: TANF benefit levels for a single-parent family of three were compiled by CBPP from various state sources and are current as of July 1, 2019. Share of the poverty line calculated using Health and Human Services 2019 Poverty Guidelines. 1996 TANF benefits for a family of three collected from the Congressional Research Service. Benefits adjusted for inflation using the CPI-U-RS. Share of Fair Market Rents calculated using housing cost data from the National Low Income Housing Coalition's "Out of Reach" report.