
Updated December 2, 2021

Policy Brief: States Must Continue Recent Momentum to Further Improve TANF Benefit Levels Benefit Increases Can Promote Racial Equity and Child Well-Being

By Ali Safawi and Cindy Reyes¹

Temporary Assistance for Needy Families (TANF), the primary cash assistance program for families with children when they face a crisis or have very low incomes, can play a key role in ensuring that these families have income for their basic needs. Research shows that cash assistance to families experiencing poverty can improve children’s long-term prospects. Despite recent increases, maximum TANF benefit levels are at or below 60 percent of the poverty line in every state and are below 20 percent in 16, mostly Southern, states. (See Figure 1.) In all but six states, benefit levels have declined in inflation-adjusted value since 1996. TANF benefits in all states also leave families unable to afford modest housing.

While TANF provides inadequate support for *all* children, it does a particularly poor job of aiding Black children, who are more likely than white children to live in states where benefits are the lowest.² This continues a historical trend of states using their unfettered flexibility to set benefit levels for TANF and its predecessor programs to preserve economic systems that exploit Black families. Latinx children are also somewhat more likely than white children to live in states where benefits are the lowest.

Seventeen states increased benefit levels between July 2020 and July 2021. (See Table 1.) Some of the increases represent historic changes and continue the positive trend of states increasing benefit levels in recent years. Since 2015, 26 states and D.C. have raised their benefit levels at least one time, after a period when most states either cut or did not increase benefits in the aftermath of the Great Recession of 2007-09.

¹ Cindy Reyes is an intern with CBPP.

² For more detail, see Ali Safawi and Cindy Reyes, “States Must Continue Recent Momentum to Further Improve TANF Benefit Levels,” CBPP, December 2, 2021, <https://www.cbpp.org/research/family-income-support/tanf-benefits-still-too-low-to-help-families-especially-black>.

TABLE 1

States Raising TANF Benefits between July 2020 and July 2021

Monthly maximum benefit for a single-parent family of three

	July 2021 Benefit	Increase Since July 2020	Percent Change	Recurring Adjustment?
Connecticut	\$709	\$11	2%	X
Illinois	\$543	\$10	2%	X
Maine	\$620	\$9	1%	X
Massachusetts	\$712	\$119	20%	
Mississippi	\$260	\$90	53%	
Nebraska	\$485	\$17	4%	X
New Hampshire	\$1,098	\$12	1%	X
Ohio	\$512	\$7	1%	X
Rhode Island	\$721	\$167	30%	
South Carolina	\$305	\$6	2%	X
South Dakota	\$630	\$15	2%	
Tennessee	\$387	\$110	40%	
Texas	\$308	\$5	2%	X
Virginia	\$559	\$51	10%	
Washington	\$654	\$85	15%	
West Virginia	\$542	\$202	59%	
Wyoming	\$726	\$14	2%	X

Note: TANF = Temporary Assistance for Needy Families.

Source: CBPP-compiled 2021 state benefit levels

TANF Benefits Are Low and Have Eroded in Value

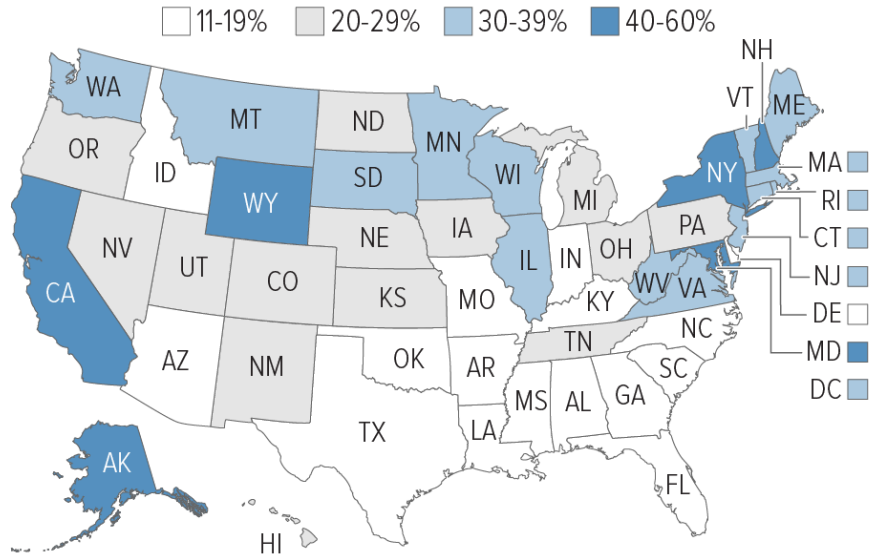
Despite recent increases, TANF benefits still leave a family of three at or below 60 percent of the poverty line in every state. (See Figure 1 and Table 2.) In 16 states,³ benefit levels do not even reach 20 percent of the poverty line (\$366 per month for a family of three), compared to seven states in 1996. Nationally, TANF benefits have lost substantial purchasing power due to inflation and do far less to help families escape “deep poverty” (family incomes below half of the poverty line) than in 1996.

³ Alabama, Arkansas, Arizona, Delaware, Florida, Georgia, Idaho, Indiana, Kentucky, Louisiana, Missouri, Mississippi, North Carolina, Oklahoma, South Carolina, and Texas.

FIGURE 1

Despite Recent Increases, TANF Benefits Still Leave Families Well Below Federal Poverty Line

Maximum TANF benefit as a percent of poverty line (for a family of three), July 2021



Note: TANF = Temporary Assistance for Needy Families. Federal poverty line for a family of three in 2021 is \$1,830 per month in the 48 contiguous states and the District of Columbia; Alaska and Hawai'i have higher poverty lines.

Source: 2021 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, 2021

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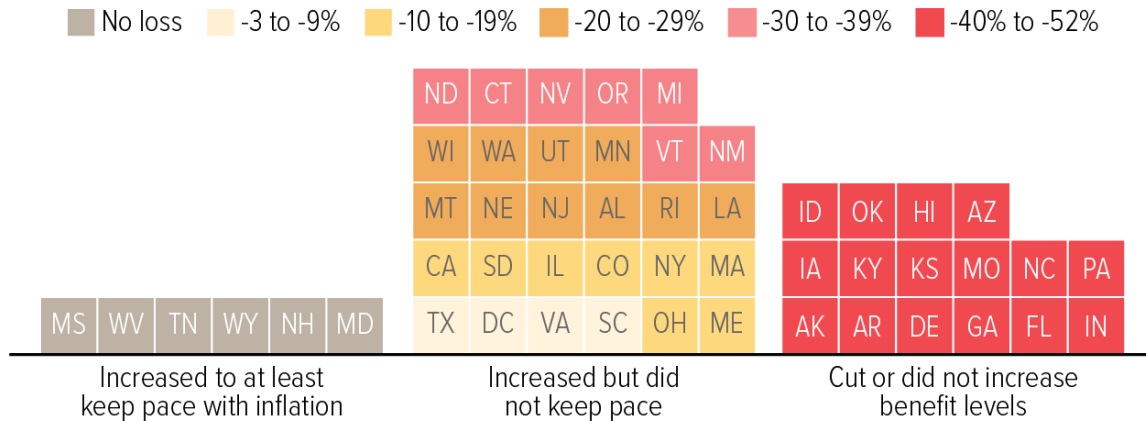
In 2021, benefits in just six states had a real (inflation-adjusted) value that was the same as or higher than in 1996. (See Figure 2 and Table 2.) At the other end, 12 states⁴ had the same nominal benefit levels in 2021 as in 1996, meaning that benefits have fallen by 41 percent in inflation-adjusted terms. Four states — Arizona, Hawai'i, Idaho, and Oklahoma — cut benefits without later restoring them, so these benefits are below their 1996 levels even without adjusting for inflation. In the remaining 29 states, benefit increases were not sufficient to keep pace with inflation, leading to an average value loss of 21 percent.

⁴ Alaska, Arkansas, Delaware, Florida, Georgia, Iowa, Indiana, Kansas, Kentucky, Missouri, North Carolina, and Pennsylvania.

FIGURE 2

Most States Have Not Sufficiently Increased TANF Benefits to Keep Pace With Inflation

Percent loss in real (inflation-adjusted) value of TANF benefits, 1996 to 2021



Note: TANF = Temporary Assistance for Needy Families. Benefits adjusted for inflation using the CPI-U.

Source: July 1996 and July 2021 benefits compiled by CBPP from various sources

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In every state, modest rental housing is unaffordable for TANF families. Federal standards define rent (including utilities) as affordable when it takes up no more than 30 percent of a household’s income. For families whose only source of income is TANF, Fair Market Rents (FMRs)⁵ for a two-bedroom apartment are well above 30 percent of their monthly benefit in every state. This is particularly concerning for Black and Latinx children, whose families face higher rates of housing insecurity and eviction filing, both before and during the COVID-19 pandemic.⁶ When TANF families must spend more of their grant on their rent, they are left with less flexible income to spend on other needs.

A few states provide a housing supplement in addition to the base TANF benefit for families who do not receive rental assistance. For example, Maine provides a housing supplement of up to \$300 per month to households whose housing costs exceed 50 percent of their countable income. In Minnesota, TANF families who do not receive rental assistance are eligible for a flat housing supplement of \$110 per month. More states should provide housing supplements to lessen the burden of high housing costs on TANF families.

⁵ The Department of Housing and Urban Development’s FMRs are gross rent estimates that include the shelter rent plus the cost of all utilities except phone and internet. For more on FMRs, see Andrew Aurand *et al.*, “Out of Reach 2021,” National Low Income Housing Coalition (NLIHC), 2021, https://nlihc.org/sites/default/files/oor/2021/Out-of-Reach_2021.pdf.

⁶ Arloc Sherman, “Widespread Economic Insecurity Pre-Pandemic Shows Need for Strong Recovery Package,” CBPP, July 14, 2021, <https://www.cbpp.org/research/poverty-and-inequality/widespread-economic-insecurity-pre-pandemic-shows-need-for-strong>; CBPP, “Tracking the COVID-19 Economy’s Effects on Food, Housing, and Employment Hardships,” updated November 10, 2021, <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-economys-effects-on-food-housing-and>; Emily Lemmerman *et al.*, “Preliminary Analysis: Who is being filed against during the pandemic?” The Eviction Lab, December 21, 2020, <https://evictionlab.org/pandemic-filing-demographics/>.

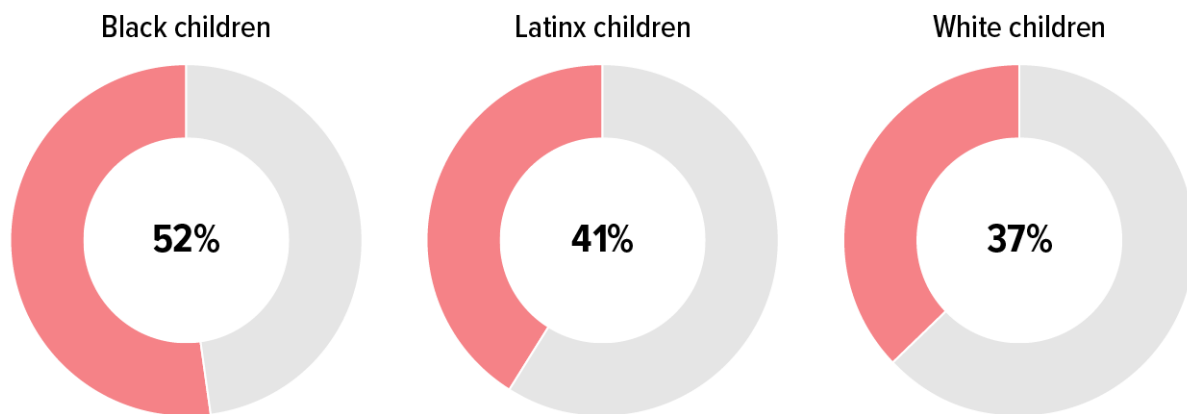
State Benefit Decisions Rooted in Historical Racism Have Disparate Impacts

Low TANF benefits, which disproportionately affect the benefits available to Black children, are rooted in a long history of racist ideas and policies.⁷ Fifty-two percent of all Black children in the United States live in states with benefit levels below 20 percent of the poverty line, compared to 41 percent of Latinx children and 37 percent of white children. (See Figure 3.)⁸

FIGURE 3

Black Children Likelier to Live In States With Lowest TANF Benefits

Share of U.S. children in states with TANF benefits below 20% of poverty line in 2021, by race/ethnicity



Note: TANF = Temporary Assistance for Needy Families. States with the lowest TANF benefits were the 16 states with maximum TANF benefits for a family of three that were less than 20 percent of the federal poverty line in 2021. Latinx children can be of any race.

Source: CBPP analysis of TANF benefit levels, collected from states, and CBPP analysis of the racial and ethnic composition of states based on 2020 U.S. Census population estimates

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TANF benefit levels tend to be lower in states where Black residents make up a greater share of the population, when controlling for other factors, recent research finds.⁹ This trend is consistent with findings regarding TANF's predecessor, Aid to Families with Dependent Children (AFDC). States' unfettered ability to set inadequate benefit levels set the course for these racial and disparities. As Congress debated the 1935 Social Security Act, which created AFDC (originally Aid to Dependent Children or ADC), initial proposals by federal policymakers to provide adequate benefits were undermined by a then-powerful Southern congressional bloc, which insisted on state and local

⁷ For more on the racist history of AFDC and TANF benefit levels, see Ife Floyd *et al.*, "TANF Policies Reflect Racist Legacy of Cash Assistance," CBPP, August 4, 2021, <https://www.cbpp.org/research/family-income-support/tanf-policies-reflect-racist-legacy-of-cash-assistance>.

⁸ CBPP analysis of 2020 U.S. Census population estimates collected from Kids Count Data Center, "Child Population by race in the United States," Annie E. Casey Foundation, September 2021, <https://datacenter.kidscount.org/data/tables/103-child-population-by-race?loc=1&loct=2#detailed/2/2-52/false/574/68,69,67,12,70,66,71,72/423>.

⁹ Heather Hahn *et al.*, "Why Does Cash Welfare Depend on Where You Live?" Urban Institute, June 5, 2017, <https://www.urban.org/research/publication/why-does-cash-welfare-depend-where-you-live>.

control over the program. Later attempts to establish a minimum federal benefit for AFDC were similarly rejected by Congress. By defeating these proposals and others that would have made cash assistance more adequate and accessible to Black women and their families, lawmakers preserved racial discrimination and segregation in the economy by ensuring that AFDC did not compete with the low wages paid to Black workers, who often were segregated into agricultural and domestic roles.¹⁰

In addition to keeping benefit levels low, states with higher shares of Black residents are likelier to adopt punitive TANF policies that reduce or take away families' benefits. These policies include full family sanctions, which take away a family's entire benefit for not meeting work requirements, and family caps, which deny additional cash to families who have another baby while receiving TANF.¹¹ They also include states' decision whether to partially or fully lift the federal drug felony ban, which denies families benefits appropriate for their family size by making parents with drug felony convictions ineligible for assistance.¹² These policies are based on racist ideas that Black women are lazy and immoral, but they harm families of *all* races.

TANF Benefit Increases Needed to Promote Racial Equity and Child Well-Being

While hardship rates have fallen in 2021 following a sharp increase due to the pandemic and recession, financial insecurity remains widespread.¹³ A large and growing body of research shows that experiencing poverty and hardship, even briefly, can have detrimental, life-long impacts on children. Researchers have linked stress caused by a scarcity of resources to long-lasting negative consequences for children's brain development and physical health. Income support programs can improve children's academic, health, and economic outcomes, the National Academies of Sciences, Engineering, and Medicine's report on reducing child poverty finds.¹⁴ While TANF cannot ameliorate all of the barriers that families face, it can provide adequate benefits to help them meet their basic needs in times of crisis.

Given the history of cash assistance programs in the United States and what research tells us about child development, states and federal policymakers need to improve the adequacy of TANF benefits. Steps states can take now include:

- **Reinvest TANF dollars to provide higher benefit levels for participating families.** At a minimum, states should raise their benefit levels to restore value lost to inflation since 1996.

¹⁰ Floyd *et al.*, *op. cit.*

¹¹ Hahn *et al.*, *op. cit.*; Joe Soss *et al.*, "Setting the Terms of Relief: Explaining State Policy Choices in the Devolution Revolution," *American Journal of Political Science*, Vol. 45, No. 2, Apr. 2001, <http://urban.hunter.cuny.edu/~schram/ssvosettingthetermsrelief.pdf>.

¹² Ali Safawi, "Remaining States Should Lift Racist TANF Drug Felony Bans; Congress Should Lift It Nationwide," CBPP, June 30, 2021, <https://www.cbpp.org/blog/remaining-states-should-lift-racist-tanf-drug-felony-bans-congress-should-lift-it-nationwide>.

¹³ CBPP, *op. cit.*

¹⁴ National Academies of Science, Engineering, and Medicine, "The Consequences of Child Poverty," *A Roadmap to Reducing Child Poverty*, 2019, <https://www.ncbi.nlm.nih.gov/books/NBK547371/>.

- **Establish mechanisms to prevent benefits from eroding in the future.** Adjusting TANF benefits yearly in step with inflation, such as through a statutory cost-of-living-adjustment (COLA),¹⁵ would maintain families’ purchasing power and help them meet basic needs.
- **Provide additional monthly or short-term payments to families.** States can to provide additional payments to TANF families to cover housing or other needs.
- **End policies that reduce or take away families’ benefits.** In 2021, Maine passed legislation to end full family sanctions; Connecticut repealed its family cap law; and Illinois, Kentucky, and Nevada each fully lifted the TANF drug felony ban.

While states have the flexibility to ensure families have enough to afford the basic necessities, they have a long history of providing inadequate assistance to families — especially states with higher shares of Black residents. To ensure that no family falls below a certain income level, Congress needs to establish a federal minimum benefit. Congress also needs to make significant changes to TANF’s funding structure to retarget its resources to provide cash assistance, address funding inequities, and prevent the erosion of benefits over time.

TABLE 2

State TANF Benefit Levels Relative to Poverty Line, 1996 and 2021

State	Maximum Monthly Benefit, July 1996	Share of 1996 Poverty Line	Maximum Monthly Benefit, July 2021	Share of 2021 Poverty Line	1996-2021 Change, Adjusted for Inflation
Alabama	\$164	15%	\$215	12%	-22%
Alaska	\$923	68%	\$923	40%	-41%
Arizona	\$347	32%	\$278	15%	-52%
Arkansas	\$204	19%	\$204	11%	-41%
California	\$596	55%	\$878	48%	-12%
Colorado	\$356	33%	\$508	28%	-15%
Connecticut	\$636	59%	\$709	39%	-34%
Delaware	\$338	31%	\$338	18%	-41%
District of Columbia	\$415	38%	\$658	36%	-6%
Florida	\$303	28%	\$303	17%	-41%
Georgia	\$280	26%	\$280	15%	-41%
Hawai'i	\$712	57%	\$610	29%	-49%

¹⁵ A statutory COLA is the best way to ensure that benefits keep pace with inflation. For example, Wyoming’s COLA is based on the Wyoming Cost of Living Index for the previous year. New Hampshire’s benefit level is tied to 60 percent of the federal poverty line, which is indexed for inflation. Therefore, the state’s benefit also rises each year with inflation. These policies have made New Hampshire and Wyoming two of only six states whose benefits have risen since 1996 in inflation-adjusted terms.

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State TANF Benefit Levels Relative to Poverty Line, 1996 and 2021

State	Maximum Monthly Benefit, July 1996	Share of 1996 Poverty Line	Maximum Monthly Benefit, July 2021	Share of 2021 Poverty Line	1996-2021 Change, Adjusted for Inflation
Idaho	\$317	29%	\$309	17%	-42%
Illinois	\$377	35%	\$543	30%	-14%
Indiana	\$288	23%	\$288	16%	-41%
Iowa	\$426	39%	\$426	23%	-41%
Kansas	\$429	40%	\$429	23%	-41%
Kentucky	\$262	24%	\$262	14%	-41%
Louisiana	\$190	18%	\$240	13%	-25%
Maine	\$418	39%	\$620	34%	-12%
Maryland	\$373	34%	\$727	40%	16%
Massachusetts	\$525	49%	\$712	39%	-19%
Michigan	\$459	42%	\$492	27%	-36%
Minnesota	\$532	49%	\$632	35%	-29%
Mississippi	\$120	11%	\$260	14%	29%
Missouri	\$292	27%	\$292	16%	-41%
Montana	\$438	40%	\$588	32%	-20%
Nebraska	\$364	34%	\$485	27%	-21%
Nevada	\$348	32%	\$386	21%	-34%
New Hampshire	\$550	51%	\$1098	60%	19%
New Jersey	\$424	39%	\$559	31%	-22%
New Mexico	\$389	36%	\$447	24%	-32%
New York	\$577	53%	\$789	43%	-19%
North Carolina	\$272	25%	\$272	15%	-41%
North Dakota	\$431	40%	\$486	27%	-33%
Ohio	\$341	32%	\$512	28%	-11%
Oklahoma	\$307	28%	\$292	16%	-43%
Oregon	\$460	43%	\$506	28%	-35%
Pennsylvania	\$403	37%	\$403	22%	-41%
Rhode Island	\$554	51%	\$721	39%	-23%
South Carolina	\$200	18%	\$305	17%	-9%
South Dakota	\$430	40%	\$630	34%	-13%
Tennessee	\$185	14%	\$387	21%	24%
Texas	\$188	17%	\$308	17%	-3%
Utah	\$416	38%	\$498	27%	-29%
Vermont	\$597	55%	\$699	38%	-30%
Virginia	\$354	33%	\$559	31%	-6%
Washington	\$546	50%	\$654	36%	-29%

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State TANF Benefit Levels Relative to Poverty Line, 1996 and 2021

State	Maximum Monthly Benefit, July 1996	Share of 1996 Poverty Line	Maximum Monthly Benefit, July 2021	Share of 2021 Poverty Line	1996-2021 Change, Adjusted for Inflation
West Virginia	\$253	23%	\$542	30%	27%
Wisconsin	\$517	48%	\$653	36%	-25%
Wyoming	\$360	33%	\$726	40%	20%
Median state	\$377	35%	\$498	27%	-21%

For more detailed notes on state benefit levels and sources, please see our full report at <https://www.cbpp.org/research/family-income-support/states-must-continue-recent-momentum-to-further-improve-tanf-benefit>.