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Chart Book: Temporary Assistance for Needy Families

As the country endures its greatest economic crisis since the Great Depression, it is essential to ensure that everyone has enough resources to meet their basic needs. Access to cash is critical when hardship is high, jobs are scarce, and unemployment compensation does not cover everyone who has lost employment or who cannot work. The Temporary Assistance for Needy Families (TANF) block grant, created in 1996 as a replacement for the Aid to Families with Dependent Children (AFDC) program, can play an important role in stabilizing families during a recession and helping them regain their economic footing. Cash assistance to families with limited or no income can help them meet their basic needs and it can provide a foundation that helps their children grow and prosper. It also can give parents access to economic opportunities and work supports that can help them realize their full potential.

But TANF's record since its enactment has been dismal and Black and brown families often experience the worst the program has to offer. TANF provides cash assistance to few families in need, and the benefits it does provide are not sufficient to help families afford the basics or to improve their employability. TANF's emphasis on taking benefits away when parents do not meet a work requirement has resulted in millions of families — most often those who face the greatest labor market challenges — losing access to the very benefits that could help them to escape deep poverty and improve their employment prospects. And Black and Latino children often live in the states where benefits are the lowest and the program serves the fewest families in poverty.

In addition, TANF's funding structure has been a bad deal for states — and an especially bad deal for children in the poorest families. TANF gave states a fixed allocation of federal funds in exchange for greater flexibility in how they could use the funds. The block grant has eroded for all states over time. Allocations per poor child were inequitable at the block grant's inception and this inequity increased over time as the program failed to account for demographic changes such as the rise in the number of children in poverty, particularly in poor states. States also have not used the block grant wisely. Instead of using the funds to provide cash assistance and employment assistance to the families with the greatest needs, many states have used the funds to fill budget holes, with fewer and fewer funds going to families in need of or receiving TANF cash assistance.

Taking into account the full 24 years of TANF's history, this chart book illustrates TANF's poor performance and how its failures disproportionally affect children of color. Consider that:

- Over time, TANF has provided basic cash assistance to fewer and fewer families, even when need has increased.
- Nearly all states have let cash assistance benefits lose value in inflation-adjusted terms, leaving families without sufficient funds to meet their most basic needs.

- Black and Latino children are likelier to live in deep poverty and to live in states with the weakest TANF programs.
- Even in good economic times, states spend few TANF funds to help improve recipients' employability.
- Work requirements for cash assistance recipients fueled a rise in deep poverty.

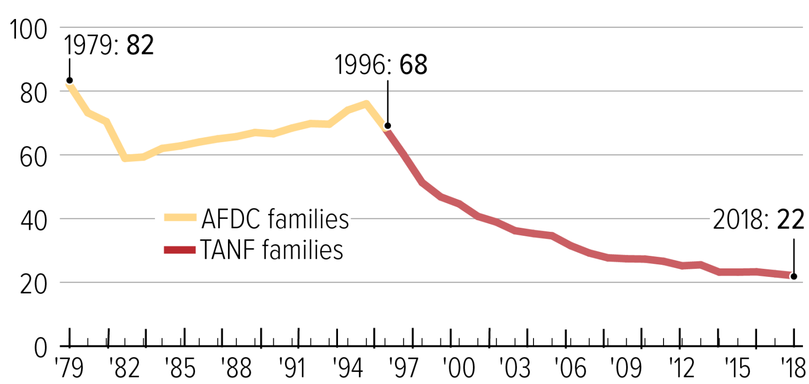
TANF has provided basic cash assistance to fewer and fewer eligible families over time.

Over the last two decades, the national TANF average monthly caseload has fallen by almost two-thirds — from 4.4 million families in 1996 to 1.2 million families in 2018 — even as poverty and deep poverty remained widespread. The number of families with children in poverty hit a low of 5.1 million in 2000, but rose somewhat to about 5.2 million in 2018. Similarly, the number of families with children in deep poverty (with incomes below half of the poverty line) hit a low of about 1.9 million in 2000, but was about 2.2 million in 2018.

In 2018, for every 100 families in poverty, only 22 received cash assistance from TANF, down from 68 families when TANF was enacted in 1996. This "TANF-to-poverty ratio" (TPR) is the lowest in the program's history. If TANF had maintained the same reach to families in poverty that its predecessor, AFDC, had in 1996, nearly 3.6 million families would have received TANF each month in 2018, about 2.4 million more than reported for that year.

TANF's Reach Declined Significantly Over Time

Number of families receiving AFDC/TANF benefits for every 100 families with children in poverty



Note: TANF = Temporary Assistance for Needy Families, AFDC = Aid to Families with Dependent Children

Source: CBPP analysis of poverty data from the Census' Current Population Survey and AFDC/TANF caseload data from Department of Health and Humand Services and (since September 2006) caseload data collected by CBPP from state agencies.

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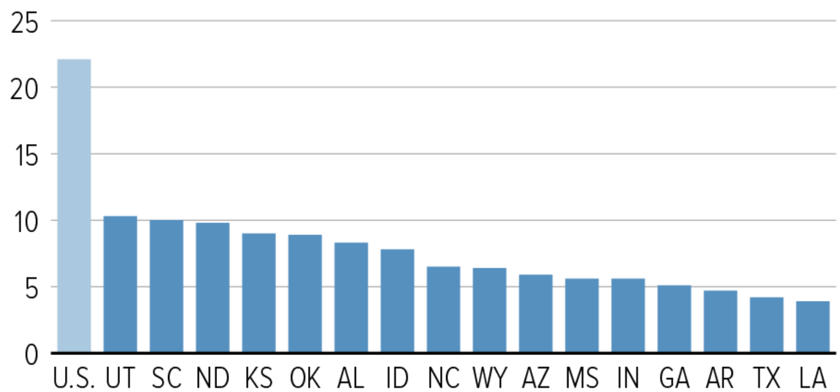
TANF is less effective at reaching families in need in every state, but in an increasing number of states, it has almost disappeared. In 2018, 16 states provided cash assistance to 10 or fewer families for every 100 families in poverty. Without changes to their eligibility and penalty policies, these states will continue to drastically underserve the growing number of families in poverty.

TANF Serves Hardly Any Poor Families in Some States

For every 100 families living in poverty, 10 or fewer receive TANF cash assistance in 16 states



Note: TANF = Temporary Assistance for Needy Families. TANF-to-poverty ratio measures the number of families receiving TANF benefits for every 100 families with children in poverty. Figures reflect two-year averages for 2017-18.

Source: CBPP analysis of poverty data from the Current Populations Survey and TANF caseload data collected by CBPP from state agencies.

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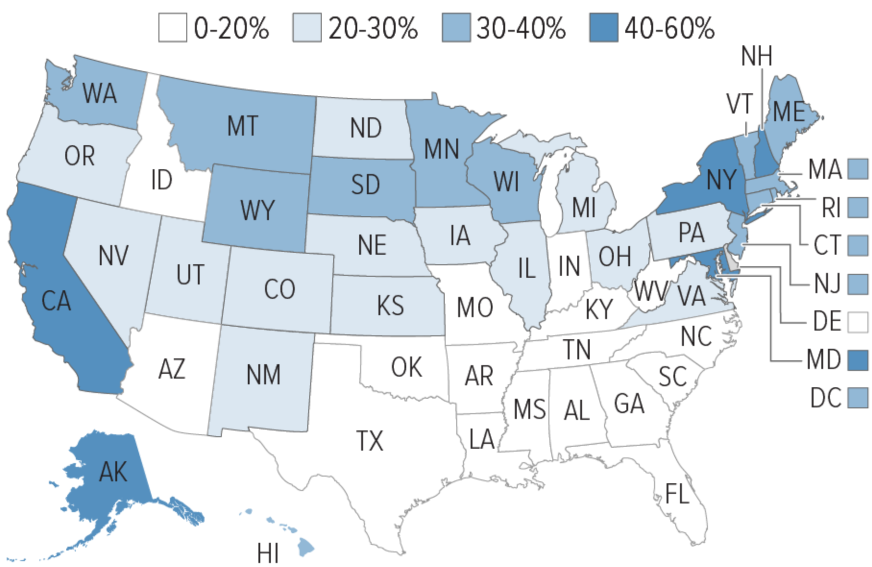
TANF's performance during the Great Recession suggests that TANF may provide little help to families in need during the current health and economic crisis. Nationally, during the Great Recession, caseloads rose modestly but returned to their pre-recession levels while poverty remained high. In some states, the TANF caseloads didn't respond at all to the increased need. Now, due to the pandemic, caseloads are starting to rise in 24 of 36 states for which we have data, but early trends suggest there may be wide variation in how much of a role TANF will play in helping families weather the health and economic crisis. Without additional federal support in a prolonged downturn, TANF programs are at risk of cuts as states seek to close growing budget gaps.

Nearly all states have let cash assistance benefits lose value in inflation-adjusted terms.

Not only do fewer needy families receive TANF cash benefits, but benefit levels for those who do are extremely low. TANF benefits are below two-thirds of the federal poverty line in all 50 states and the District of Columbia and at or below 20 percent of the poverty line in 18 states. In the median state in 2020, a family of three received $486 per month; in 13 states, such a family received less than $300.

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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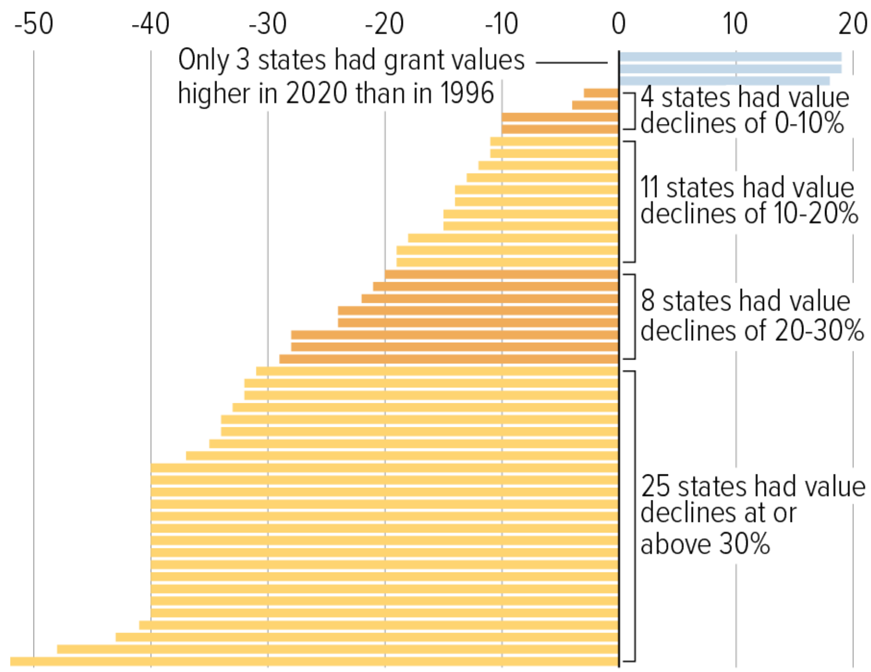
TANF benefit levels were not high in most states at the start of TANF, and most states have allowed their benefits to erode even further. In all but three states, the real (inflation-adjusted) value of TANF cash benefits has fallen since 1996, and in about half of the states, TANF cash benefits are worth at least 30 percent less today than in 1996.

TANF Benefits in Most States Have Declined in Inflation-Adjusted Terms Since 1996



Note: TANF = Temporary Assistance for Needy Families

Source: 1996 TANF benefits for a family of three collected from Congressional Research Service and 2020 benefits compiled by CBPP from various sources. Benefit information adjusted for inflation using the CPI-U-RS.

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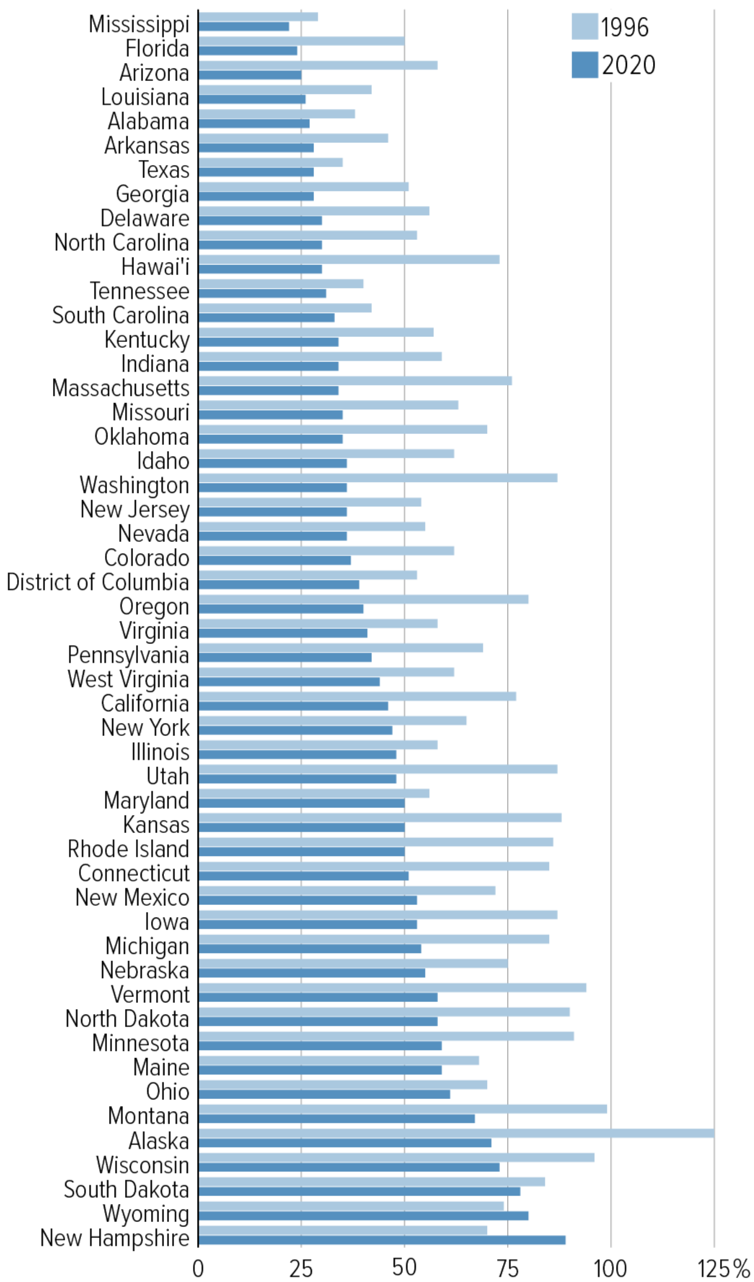
The impact on families is even greater than these data suggest because as TANF benefits have declined in value, in many places the cost of families' basic needs has increased. That's especially true for housing, which is most families' greatest expense. Consequently, TANF benefits cover only a fraction of a family's housing costs. The monthly TANF benefit level for a family of three is less than the estimated cost of a modest two-bedroom apartment in all states (based on the Department of Housing and Urban Development's Fair Market Rents, or FMRs). Additionally, the monthly TANF benefit level for a family of three in 2020 was *less than half* of the FMR in 32 states, compared to only seven states in 1996. Because modest housing is so often out of reach for TANF families, they can find themselves living in substandard conditions, doubled up with family or friends, or homeless.

TANF Benefits Falling Further Behind Housing Costs

Percent of HUD Fair Market Rent covered by cash assistance



Note: TANF = Temporary Assistance for Needy Families; HUD = Department of Housing and Urban Development. The National Low Income Housing Coalition creates weighted statewide average Fair Market Rents based on HUD Fair Market Rents for various sub-regions in the state. Numbers here are for a two-bedroom apartment.

Source: National Low Income Housing Coalition's Out of Reach report. TANF 2020 benefit levels for single-parent families of three were compiled by CBPP from various state sources and are current as of July1, 2020

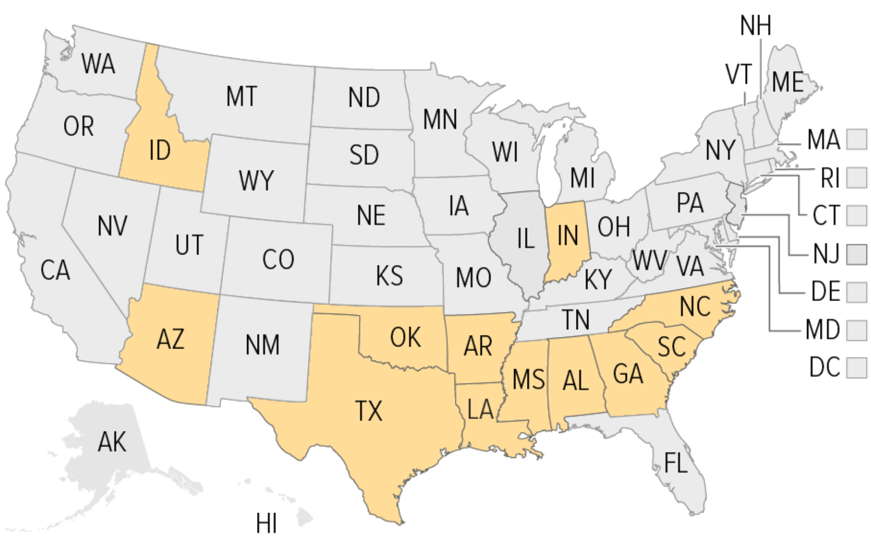
Black and Latino children are likelier to live in deep poverty and in states with the weakest TANF programs.

Deep poverty generally rose among children between 1995 and 2005 mainly due to the loss of cash assistance for millions of families under TANF policies that take cash assistance away from those who don't meet a work requirement, impose strict time limits, and impose other barriers that prevent families from accessing the program. However, Black and Latino children experienced greater levels of deep poverty than white children during the same decade. TANF benefits currently lift families above half the poverty line in only one state, compared to ten states in 1996. While deep poverty rates declined after other programs such as SNAP were improved and expanded, Black and Latino children were still likelier than white children to live in deep poverty in 2016, the most recent year for which these data are available.

Despite their higher levels of deep poverty, Black and Latino children are likelier than white children to live in states with the weakest TANF programs. Forty percent of Black children and 32 percent of Latino children live in the 12 states that have a TANF to poverty ratio of 10 or fewer *and* have benefits below 20 percent of FPL. Only 26 percent of white children live in these states. Most of these states are concentrated in the South and have a history of purposely blocking Black families from AFDC and keeping benefits extremely low and limited to certain times of the year to ensure that Black labor was available for agriculture and domestic work.

Black, Latino Children Likelier Than White Children to Live in States With Weakest TANF Programs

States with TANF benefit below 20 percent of the poverty line and serving 10 or fewer of every 100 families in poverty



Note: TANF = Temporary Assistance for Needy Families

Source: CBPP analysis of state benefit levels, poverty data from the Census' Current Population Survey and TANF caseload compiled by CBPP from state agencies, and data on children from the Census' Current Population Survey.

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Even in good economic times, states spend few TANF funds to help recipients' employability.

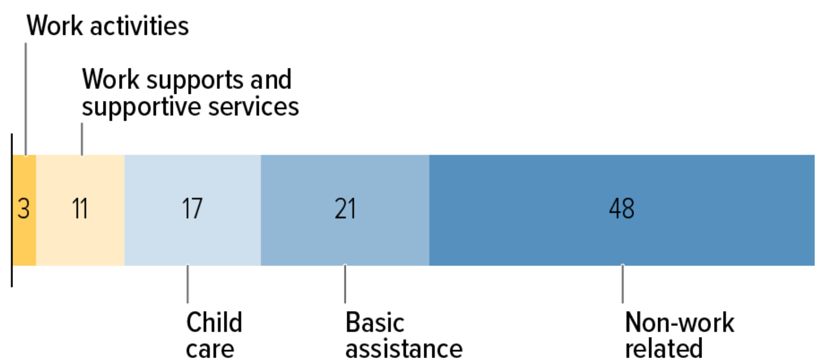
A key reason for block-granting TANF was to give states greater flexibility to help cash assistance recipients find and maintain work so they would no longer need assistance. But even in better economic times than today, states have not sustained the modest spending increases in work supports they made in TANF's early years. And, as noted above, states do not adequately fund cash assistance, which is also a critical work support offering some stability until parents are able to return to work.

In 2018, a year with lower levels of unemployment and hardship than today, states spent just over half of federal and state TANF funds on core program areas: 21 percent on basic assistance for TANF recipients; 17 percent on child care, much of which does not go to TANF or former TANF families; just 11 percent on work activities; and 3 percent on work supports (such as transportation) and supportive services (such as mental health or domestic violence services). And even when states have spent TANF funds on work activities generally, they haven't always [targeted the funds to families receiving cash assistance as they should]() — for example, they've spent some of the funds on college scholarships for students who are not low income.

The rest of federal and state TANF funds are spent on non-core areas such as program management, working-family tax credits, and other state services. Program management is important for TANF operations, and state working-family tax credits ultimately support the goal of work. However, states use these other services, which make up about 29 percent of total TANF spending, to expand programs like pre-K education or to cover the growing costs of existing services such as child welfare. In other cases, states use TANF funds to replace existing state funds, freeing up those state dollars for purposes unrelated to providing stability or work opportunities for families with low incomes.

States Spend Few TANF Funds on Work Activities and Supports

Percent of total TANF spending



Note: TANF = Temporary Assistance for Needy Families. Totals may not equal 100% due to rounding

Source: CBPP analysis of Department of Health and Human Services 2018 TANF Financial Data

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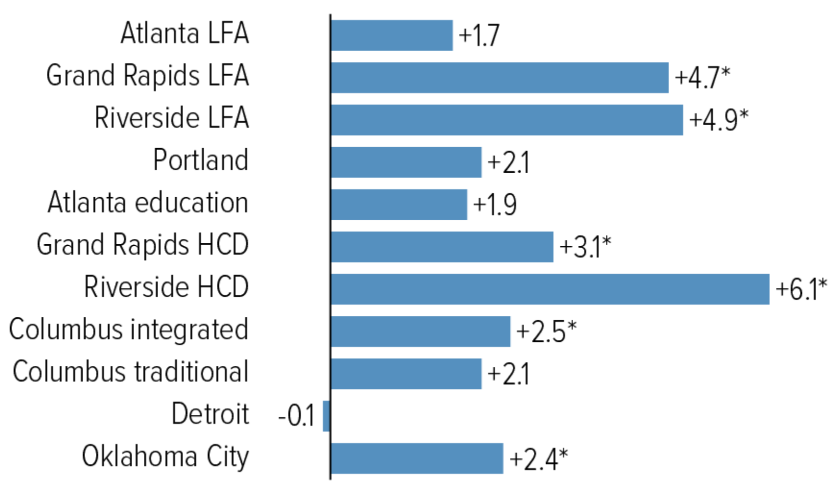
Work requirements for parents receiving cash assistance fueled a rise in deep poverty.

As mentioned above, TANF policies contributed to the rise in deep poverty among children of color in the decade after the 1996 law. A large and rigorous study in the 1990s offered scientific evidence that AFDC/TANF work requirements *caused* a rise in deep poverty for recipient families. The study examined 11 pilot programs — local forerunners of the work requirements in the 1996 law that created TANF — and found that while most of them slightly improved short-term employment and overall poverty rates, they cut many families off the program or reduced their benefits due to work-related sanctions. As a result, *deep* poverty rates rose by a statistically significant amount in six of the 11 programs — and didn't fall significantly in any — relative to randomly assigned control groups.

The 11 programs reduced poverty by an average of 2.1 percentage points but raised deep poverty by 2.9 percentage points. This pattern suggests that the programs raised the stakes for families in poverty, pushing some to find more work and perhaps climb above the poverty line, while letting other families — or the same families in months they were less fortunate — fall into deeper financial hardship when they failed to find work or their earnings were especially low.

1990s Pilot Programs With Work Requirements Raised Deep Poverty

Percentage-point difference in deep poverty vs. those not assigned to work requirements



*Statistically significant

Note: "Deep poverty" = those below one-half of poverty line, counting earnings, SNAP (then called food stamps), and tax credits. LFA = Labor force attachment; HCD = human capital development. Under "integrated" pilots, enrollees had a single case manager to perform income maintenance, such as determining eligibility, and welfare-to-work functions, such as assigning enrollees to employment activities. "Traditional" pilots had two case managers to perform these functions.

Source: MDRC, https://www.mdrc.org/sites/default/files/full_93.pdf, table ES-10

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In addition, the employment and overall poverty rate improvements didn't last. The results above reflect the programs' second year. A [follow-up study](#) found that over five years the employment gains weakened, and because reductions in cash assistance offset the earnings gains, the 11 programs did not yield greater income or reduced poverty and did not generally improve the recipients' economic well-being.

Evaluators did not track the pilot programs' impacts on *deep* poverty over the longer period. Nationwide data, however, suggest that the work requirements and other policies of the 1990s erected lasting barriers to cash assistance for families in need. For example, more than 2 million families have lost all of their TANF cash support because of work-related sanctions, and many more have had their support reduced since July 1997, when the federal government began collecting these data. Many parents losing assistance face significant employment barriers as well as racial bias when sanctions are imposed, studies find.