Strengthening TANF for States and Needy Families

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At a time of continued economic distress, high unemployment, and historically high child poverty rates, cash welfare assistance plays a very small role. Known formally as the Temporary Assistance for Needy Families (TANF) block grant, this cash assistance reaches fewer than one in three poor families nationally (about 1.5 percent of the total population). And of these families, almost half receive assistance only on behalf of a child, with no financial support for the adults' needs. Since TANF's implementation in 1997 (when it replaced the Aid to Families with Dependent Children welfare program), the share of poor families receiving assistance has fallen in all states, and the difference among states has grown.

Whether a family receives TANF assistance, and how much it receives, depends largely on the state in which the family lives. States are able to set their own TANF rules, usually reflecting the state's culture and philosophy about government's role in helping the poor. For example, while California generally has committed to a strong safety net, Texas has aimed to move people immediately into jobs and to avoid TANF dependency. In accordance with these state approaches, fewer than one in ten poor families receives assistance in Texas compared with almost three out four in California. Between the bookends of California and Texas are Washington State's goal to "make work pay" so families do not need to rely on TANF, Michigan's mission to support families that "play by the rules" while helping them find jobs, and Florida's philosophy that having a good job is a family's safety net.[1] In none of these states, however, did TANF respond to the increased needs created by the recession.

Nationwide, as unemployment rates doubled during the recession, the number of families receiving cash assistance grew by only about 13 percent, and the share of poor families receiving assistance declined. In this brief, we examine the policy implications of TANF's performance, now that a long period of flat federal funding followed by a deep, long-lasting recession have tested the structure created more than 15 years ago. Where should national and state welfare policy go from here? How can TANF more effectively support poor children and their families during periods of deep unemployment as well as when labor markets are strong? How can policymakers strike a balance between creating a more effective safety net and maintaining two key elements of welfare reform: appropriate flexibility for state's policy choices and a focus on work? And how can TANF best link to other critical elements of the safety net—including the earned income tax credit, the child tax credit, Medicaid, the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), child care subsidies, unemployment insurance, and housing assistance—many of which have expanded greatly in scale and importance since TANF was created?

Improving the well-being of poor families does more than benefit the families; it is vital to the national economy. Childhood poverty costs the United States at least $500 billion a year in lower productivity and economic output, poorer health, higher health expenses, and higher costs of crime (Holzer et al. 2007). Adequately funding programs that ameliorate poverty is a good investment. Ensuring that those programs reach and effectively support families in need is good policy.

The recommendations in this brief are organized according to four problems with TANF's recent performance:[2]

PROBLEM #1: Far too few needy families with children receive help from TANF, whether through cash assistance, employment, or help getting employment. The share who get help varies significantly across states.

PROBLEM #2: TANF did not respond to the rapid increase in unemployment and economic distress during the recession until the American Recovery and Reinvestment Act (ARRA) passed. ARRA's temporary TANF provisions provided a partial response.

PROBLEM #3: TANF policy has been unresponsive to changes in the nature of its caseload over time, particularly that half the cases only offer benefits to children ("child-only cases"), with no benefit going to adults in the family.

PROBLEM #4: TANF's limited reach and short duration heighten families' need to connect to the whole package of support programs.

This brief analyzes the reasons for each problem and offers specific recommendations for addressing them. Broadly, these recommendations include ways to increase the federal funding available for TANF so states can better accommodate increases in need; strategies to align and balance TANF incentives with the goals of work, family economic stability, and child well-being; and suggestions for streamlining access to the full range of supports available for all low-income working families.

PROBLEM #1: Far too few needy families with children receive help from TANF, whether through cash assistance, employment, or help getting employment. The share who get help varies significantly across states.

The welfare reform legislation that created TANF spells out four program purposes, the first two of which include assisting needy families and promoting work. While much debate has focused on whether there is a trade-off between these goals, the evidence shows something more troubling: today's TANF program devotes relatively few resources to either of these purposes. As indicated earlier, the share of poor families receiving assistance has fallen in all states. Less than one-third of TANF funds nationally go toward cash payments to needy families. An even smaller share goes to work-related activities. In 2011, states spent less than 8 percent of federal TANF funds and related state funds on work subsidies, education and training, transportation, individual development accounts, and other work activities or expenses, combined.[3]

Many TANF funds are used instead for services related to child care (16.6 percent in 2011) and activities promoting two-parent family formation; many funds are also transferred to other social service programs, such as services for abused and neglected children. These are extremely important services; the problem is not in the activities but in the trade-off with cash assistance and employment help.

Equally troubling is the related problem of extreme differences among states. While state flexibility is a key element of TANF legislation, there are extraordinary differences in the likelihood that a poor child will receive help, based on the state in which that child lives. In Texas, fewer than one in ten poor families receives cash assistance. In California, nearly three out of four poor families receive cash assistance. In Michigan, which more closely aligns with the national average, fewer than one in three poor families receives cash assistance. Funding also varies greatly among individual states; California uses about half its TANF block grant for cash assistance, but Texas spends only 10 percent. Total TANF spending on work-related activities and supports ranges from just 1.5 percent in Colorado to nearly 40 percent in Mississippi, with California and Texas both coming in at 10 percent.[4]

TANF's extremely limited cash and employment assistance to poor families and its extreme state variation both stem from a series of perverse federal incentives to states—arising not just from the statute and regulations, but also from federal funding decisions. State incentives arising out of current and historical budget needs also play a role. Each state's response to these incentives is also driven by that state's specific definition of the TANF program's mission. But the stronger the incentives, the harder it is for the mission conception to push back against fiscal reality. (As discussed later, temporary ARRA funding revealed that states make very different choices when new resources become available, but those choices continue to be guided by their overall mission.)

At the federal level, one set of incentives arises from the broad framework of the TANF block grant: the interaction of state flexibility with a capped federal block grant that, because of inflation, is worth less and less over time. States have no legal obligation to support poor families through either cash or work but can use the fixed block grant for any of four legal purposes: (1) assisting needy families so children can be cared for in their own homes; (2) reducing the dependency of needy parents by promoting job preparation, work, and marriage; (3) preventing out-of-wedlock pregnancies; and (4) encouraging the formation and maintenance of two-parent families. This flexibility creates incentives for states to provide cash assistance to fewer families and not to create employment programs that, especially for hard-to-serve families, can be very expensive. States have responded to these incentives by setting eligibility criteria that allow only the very poorest families to qualify for assistance and by creating disincentives for even eligible families to participate. One result, as already noted, is that most poor families nationally do not receive support from TANF, even if they are eligible.

A second set of counterproductive incentives for states arises from TANF's federal performance measures, especially as revised in the Deficit Reduction Act of 2005. States face financial penalties if they fail to meet the work participation rate, which is the primary measure of state performance in TANF.[5] However, most states say they cannot meet the required rate by actually engaging clients in work or work-related activities because the specific definition of what counts toward the rate is so narrow and the levels expected are so high.[6] As a result, states have an incentive to avoid helping hard-to-employ families. In addition, TANF clients are often steered toward the narrow list of activities that bolster states' work participation rates but that do not necessarily give the client what she needs to become self-sufficient and support her family. Further, states can reduce their work participation rate requirements by 1 percentage point for each percentage point drop in the number of families receiving TANF. This creates a direct incentive for states to reduce their caseloads.

Recommendations Addressing Problem #1

To partially counteract these incentives, we offer the following recommendations:

- Provide additional TANF resources targeted to cash assistance and employment programs. (Funding available to states in 2009 and 2010 through ARRA was targeted in this way by reimbursing states only for additional expenses related to cash assistance, employment programs, and short-term nonrecurring benefits.) A portion of these resources could be available by formula to all states, with another portion available competitively to states interested in achieving specific goals, such as increasing the share of poor children whose families are supported through cash or employment or improving the reach and quality of employment programs.
- Provide an annual inflation adjustment to the TANF block grant, potentially tied to a specific requirement to spend the added dollars on cash assistance or employment.
- Revise federal TANF performance measures to create balanced incentives for work, family economic stability, and child well-being.[7] The performance measures could focus more broadly on client outcomes with fewer specific reporting requirements and minimal restrictions on specific activities. Such a revision could begin with state pilots, as many states have ideas about measures that would help them achieve a mission more fully focused on work and economic stability.[8] Meanwhile, states at the very least should receive partial credit toward the work participation rate for clients who are engaged part time in work or work-related activities, not just for those who are engaged full time. Also, federal policy

could allow states to count more hours in activities that help clients prepare for work, such as training and addressing substance abuse or domestic violence issues.

As described above, some incentives push states toward divergent paths, depending on their philosophy and fiscal capacity. To reduce some of this inequity in supports to children based on where they live, we offer the following recommendations:

- Create bonuses or credits for states serving larger shares of their deeply poor families and/or providing these families with additional benefits. Such bonuses or credits would need to be carefully designed to increase the incentive for states like Texas and Florida to invest more, as well for states that already provide for larger shares of their poor families. The specific design of a policy providing additional federal supports also would need to balance the goal of compensating for state deficiencies against the risk of states diminishing their own financial commitments.
- Explore possible approaches to federal minimum eligibility criteria. A potential next step after bonuses or credits would be requiring states to comply with a minimum income eligibility level, with the flexibility to provide TANF to families with higher incomes. Successfully achieving such a change would almost certainly require a new federal-state financing structure. One approach might be phasing the new plan in over a period of years, for example, starting with babies under a year old and adding cohorts of older children as was done in Medicaid.

PROBLEM #2: TANF did not respond to the rapid increase in unemployment and economic distress during the recession until the passage of ARRA, which provided a partial response through temporary TANF provisions.

During the recession, more families turned to TANF for assistance, but the program did not keep pace with increased need or with growth in other programs, such as SNAP. Nationally, TANF cases rose by 13 percent between 2008 and 2010 (GAO 2011), while the unemployment rate shot up by 66 percent over the same period and more than doubled between 2007 and 2010. Among the states included in our companion research report, increases in the number of families on TANF ranged from 5 to 18 percent in Florida, Michigan, and California between 2008 and 2010, while the number of families receiving TANF in Texas actually fell by 1 percent. In Washington State, the number of TANF families grew by 29 percent, and Washington reacted by reducing eligibility and strengthening time limits, cutting thousands of families from TANF in 2011. California also changed its program rules to reduce TANF eligibility and cut program costs.

TANF's inability to respond to rising need stands in sharp contrast to other programs for low-income families, such as SNAP and Medicaid. SNAP participation has grown from 26.3 million in 2007 to over 46 million in 2012. SNAP benefits reached 72 percent of eligible people in 2009, although this figure masks some variation among states, counties, and subpopulations.

Medicaid benefits reach a similar share of eligible people, and participation rose from 42.7 million in 2007 to 51.5 million in 2010. In comparison, the number of TANF recipients grew from 3.9 million to 4.4 million over the same period.

The reasons for TANF's limited response are, once again, rooted in federal law and state philosophy and fiscal history. First, as noted earlier, the TANF block grant is fixed, while federal funding for SNAP and Medicaid grows as the number of participants grow. Also, states are required to serve additional families eligible for SNAP and Medicaid. Nutrition assistance payments are funded entirely by the federal government, with states sharing administrative costs.[9] The federal government provides nearly 60 percent of the total funding for Medicaid, although the cost sharing varies by state.[10]

Second, although the TANF law includes some provisions for assisting states in difficult economic times, they were insufficient during the recent recession. The original TANF law provided a $2 billion contingency fund, which states could draw from if they met certain economic triggers. However, limited funding and restrictive rules have made it difficult for states to access these funds. In fiscal year 2011, the contingency fund was depleted after two months (in December 2010), leaving no additional money for the remaining 10 months. The TANF law also provided supplemental grants to some of the poorest states, based on historically low benefit levels and high population growth, but these grants expired in 2011 when states' needs continued to be high.

Finally, most states had already committed TANF funds to purposes other than cash assistance, making it challenging to pull back those funds during the recession, even if they wanted to. This is partly because TANF is a flexible funding source that can accommodate many needs in a state's budget. But our companion study also finds that states' inability to draw on TANF funds is the result of a state's budget history: once states have chosen to shift TANF resources into another area, they are reluctant to shift those resources back, even if TANF needs increase. This pattern began in TANF's early years when caseloads fell dramatically. States had far more TANF funds than they needed to cover the costs of basic cash assistance and work-related services, so they used the surplus TANF funds to support related programs, create innovative new programs (such as college scholarships and employment training programs), and support other state needs. Unfortunately, as state budgets tightened (as they did during the 2001 recession) and with no block grant increases, states began to feel the squeeze on their cash assistance programs. But shifting resources back to TANF would leave other critical programs underfunded. That trade-off is particularly difficult in the case of services for abused and neglected children—services that have been supported by TANF funds as dedicated federal funding sources have diminished.

As a result, the trend over time has been for all states to use less of their TANF funds on cash assistance and more for other purposes. In 1997, the first year of the TANF block grant, 73 percent of TANF expenditures nationally were for cash assistance and 27 percent were for other purposes. In 2009, the figures were almost reversed, with 30 percent of TANF expenditures for cash assistance and 70 percent for other purposes. (These expenditures include federal funds and the money states are required to spend to receive the federal block grant; see GAO 2011.) After committing the dollars to other programs in earlier times, states entered the recession with diminished cash assistance funds. As the recession took hold, states attempted to close budget gaps by using TANF funds creatively, pitting TANF programs against other programs previously funded with state general revenues. As a result, fewer supports were available to needy families just as need was rising.

Recommendations Addressing Problem #2:

To improve TANF's ability to respond during a recession, we have several recommendations:

- Streamline states' access to additional federal funds for cash assistance and job creation during an economic downturn.

  The experiences of the recent recession include not only states' challenges but also an example of how the federal government can successfully buoy states by making additional funds available. ARRA established the Emergency Contingency Fund to provide additional funding for state TANF programs for fiscal years 2009 and 2010. This emergency fund provided up to $5 billion to help states, territories, and tribes that had increased assistance caseloads and spending on basic assistance, short-term benefits, or subsidized employment. ARRA funds were limited to these three purposes and were available only for expenses incurred through September 30, 2010. The window of opportunity was intentionally short to encourage states to spend the money immediately to help disadvantaged people and boost the economy.

  Every state except Wyoming accessed some funds, although some states were not able to fully draw down all available funds before the time window elapsed. States used the funds to maintain existing programs as well as to create new opportunities, particularly in subsidized employment. State innovation in spending ARRA funds points to the value of new federal money as well as to a clearer definition of purposes. Because of the limited time frame, though, legislators and administrators in some states scrambled to devise and implement new or modified programs—and federal and state administrators scrambled to develop new procedures for requesting and granting the funds. In addition, the window for using the funding closed before the effects of the recession on unemployment and child and family poverty had truly wound down, leading to sharp reductions in support for families in some states.

  Congress should draw on lessons from ARRA to enact a comparable TANF provision for the future. Enhanced funding and program design could be triggered by high unemployment or another national- or state-specific trigger.[11] Such a provision could help families when they need help, give states more advance notice to design and implement effective programs, and avoid cutting off aid when families and states still need it.

- Develop funding more responsive to need for other support programs as well, particularly dedicated federal funding for child care, so states do not face such extreme trade-offs among these crucial supports.

  When a state chooses to transfer TANF funds to another program, it usually means that the state sees a need for more spending on the program receiving the transfer, other federal funds for that program are insufficient or less convenient, and TANF is a convenient source at that moment. A positive aspect of the TANF block grant is its flexibility as a convenient funding source for programs that need funding more than direct TANF services do. However, when TANF funds are used because federal funds for other programs are insufficient and, as a result, benefits and services to TANF-eligible families are cut, we believe that is cause for serious concern. Our concern is both for the children and families who do not receive the support they need to thrive and for the rest of the nation that shares in the high cost of childhood poverty.

  Like funding for TANF, federal funding to states for child care subsidies is capped and did not grow for many years until ARRA, despite high levels of unmet need and erosion in the value of the grant due to inflation. A full proposal for enhanced federal child care funding is beyond the scope of this paper, but initial steps that should be considered include an annual inflation adjustment (as suggested earlier for TANF) and a multiyear plan to reach a far larger proportion of needy families—possibly beginning with incentives to states that propose to go deeper into their waiting lists or expand eligibility and access.

- Within the balanced set of federal performance measures suggested above, include measures specifically designed to assess state performance (and, in aggregate, federal performance) during periods of high unemployment. Such measures could include subsidized work and work training, as well as responsiveness of caseload.

PROBLEM #3: TANF has been unresponsive to changes in its caseload over time, particularly that nearly half the cases offer benefits to children only ("child-only cases"), with no benefit going to adults in the family.

Child-only TANF cases make up more than 40 percent of the TANF caseload nationally. Of the five states in our companion study, child-only cases make up fully two-thirds of caseloads in Texas and Florida.[12] However, these cases tend to receive less attention in policy debates and in welfare offices. The limited research evidence available suggests considerable reason to worry about the well-being of children in these families.[13]

Child-only cases reflect several very different kinds of circumstances. About 40 percent are cases where the parents do not live in the home, so the child-only TANF grant supports children being cared for by relatives other than their parents ("caretaker relatives"). The rest are families where the parent lives in the home but is not eligible for TANF because, for example, the mother is a legal immigrant who does not meet TANF's detailed status requirements or because she is disabled and receiving Supplemental Security Income. The different circumstances of these families raise different specific policy issues but a common concern for children's developmental outcomes (Golden and Hawkins 2011).

Probably most in need of attention are the children living without their parents. Living with caregiver relatives who get help from TANF can be a positive arrangement for children under certain circumstances, but evidence suggests these children may have many of the same needs as children in foster care. Yet, TANF does not provide them with the same supports or services available through the foster care system (Golden and Hawkins 2011). States may look at nonparental child-only cases as a less expensive alternative to foster care and may not be doing enough to assess and address the mental health and other developmental needs of these children.

State TANF programs have not given sufficient attention to child-only cases for three primary reasons. First, federal TANF performance measures, particularly the work participation rate, do not hold states accountable for child-only cases, except where the child's parents are ineligible for TANF cash assistance due to sanctions. As a result, states focus their attention on cases that include a work-eligible adult, and caseworkers have little remaining time for assessing or addressing the needs of child-only cases. An additional result is that few states provide TANF benefits to children in families with sanctioned parents, opting instead to eliminate TANF cash assistance for the entire family. Second, limited resources in both TANF and child welfare services, including the foster care system, can create incentives for states to provide caretaker relatives with minimal supports through TANF rather than making more expensive investments through child protective services. Third, the services children may need, such as mental health and developmental supports, are often not easily accessible to TANF workers or the TANF agency and require development of new collaborations.

Recommendations Addressing Problem #3:

To address the limited accountability for state performance with child-only TANF cases, we recommend the following:

- Revise federal TANF performance measures to create balanced incentives for work, family economic stability, and the well-being of children. Again, such a revision could begin with state pilots to demonstrate state activities that support children and effective measurement of positive child outcomes.
- Support states in data analysis and development of frameworks for understanding the strengths and needs of their own programs. Such support should come jointly from the federal offices that oversee TANF, early childhood programs, and child protective services.[14]

PROBLEM #4: TANF's limited reach and short duration heighten families' need to connect to the whole package of support programs.

TANF cash assistance can be a crucial support for deeply poor families with children, but alone it is insufficient for the well-being of low-income families, and, in any case, most families do not receive cash assistance. A family of three with no other income can receive no more than $260 a month in Texas, $492 a month in Michigan, and $638 a month in California. Even in relatively more generous states like California, TANF cash assistance payments are well below the official poverty level ($1,510 a month for a family of three in 2011) and even further below the amount needed to support a family. Families receiving TANF are eligible to receive SNAP benefits, but at a maximum of $526 a month for a family of three, even SNAP and TANF combined leave a family below the poverty level. Other federal programs, such as health insurance coverage (Medicaid) and subsidies for child care, provide vital complementary supports. Access to SNAP and Medicaid is usually automatic for families receiving TANF, and they often have priority on waiting lists for child care. However, access to these other support programs is important not only for TANF families, but also for the vast majority of poor families that do not receive TANF cash assistance. Receiving these supports can help families stabilize their lives, improve their ability to maintain employment, and, ultimately, increase their earnings (Mills, Compton, and Golden 2011).

Federal child care law allows states to subsidize child care for low-income working families with higher incomes than just those on TANF, but funding for subsidies is capped just as TANF is, leaving states trading off access among vulnerable groups. As a result, only about one in six eligible families receives child care subsidies.

As noted earlier, Medicaid and SNAP provide benefits funded partly (Medicaid) or wholly (SNAP) by the federal government to all eligible families. In Medicaid, eligibility is defined by states within federal rules; in SNAP, eligibility is defined by the federal government. Not surprisingly, both serve a broader population than TANF, as a result of broader eligibility rules. Yet while access to Medicaid and SNAP for families on TANF is strong, access for families that do not receive TANF or that leave TANF may vary greatly. For example, while 96 percent of TANF families also receive SNAP, about 60 percent of non-TANF families receive the SNAP benefits for which they are eligible. Program-by-program differences in policy, administrative processes, and funding mechanisms can complicate the process for families trying to apply for and maintain the benefits of one or more programs. States have little short-term incentive to improve access to supports, particularly given state staffing constraints. However, limited access to these supports long term destabilizes families, undermines employment, and reduces earnings.

Finally, unemployment insurance can be an important support for individuals who lose their jobs, but unemployment insurance benefits do not reach many low-income families. Eligibility is restricted by the types of employment and wages one needs to qualify for benefits. ARRA included incentives for states to increase eligibility for people with more limited work histories and for people seeking part-time work, although some states had already implemented these reforms. These changes are particularly beneficial to low-wage workers and young, unmarried women with children—two groups more likely to rely on TANF and SNAP under the more restrictive unemployment insurance program rules (Lindner and Nichols 2012).

Recommendations Addressing Problem #4:

To improve access to and retention of Medicaid, SNAP, and other supports among low-income families, we recommend four actions:

- Assess state policies and business processes for TANF, Medicaid, SNAP, and child care subsidies to make sure they are as efficient as possible both for applicants and for state workers. For example, states should ensure that their verification and redetermination processes do not have unintended obstacles, such as requiring applicants to provide the same pay stubs for three different programs, each handled by a different staff member. States' eligibility systems should support streamlined access and continuity across TANF, child care subsidies, SNAP, Medicaid, and other programs. States should seize the opportunity to include TANF in any technology improvements being made to Medicaid to comply with the Affordable Care Act.
- Provide federal incentives and technical assistance to states to help them improve families' access to available supports.

  Toward that end, Golden and Hahn are engaged in a privately funded initiative called "Work Support Strategies: Streamlining Access, Strengthening Families," which provides a select group of states with the opportunity to design, test, and implement more effective, streamlined, and integrated approaches to delivering key supports for low-income working families, including health coverage, nutrition benefits, and child care subsidies.[15] The lessons from this initiative and others can identify ways to improve families' access to available supports.
- Encourage the federal agencies overseeing TANF and Medicaid to work together to help states ensure that parents departing TANF have full and uninterrupted access to health insurance, including coverage for behavioral health needs, as health reform is implemented.
- Expand unemployment insurance to cover low-income families who have some work history, rather than supporting them through TANF.

Conclusions

The enormous financial need created by the recession highlights what a weak safety net TANF provides. TANF reaches a minority of the families living in poverty and offers them little cash assistance and insufficient help preparing for, finding, and maintaining employment. TANF's shortcomings are rooted in the structure and incentives built into the program. With funds decreasing in real terms and spread thinly across multiple purposes, and with performance measures that undercut rather than promote states' focus on TANF recipients and goals, the TANF block grant cannot provide the support families need to thrive.

Our numerous specific recommendations for addressing the problems of TANF can be summed in three broad points:

1) **Increase the federal funding available for TANF**, through annual inflation adjustments and additional funding available during economic downturns.
2) **Restructure the incentives within TANF** through both targeted funding and revised performance measures that create balanced incentives for work, family economic stability, and the well-being of children.
3) **Look beyond TANF to fully support low-income families** by improving access to the full package of supports and ensuring that these supports are adequately funded.

It is our hope that TANF can be revitalized and work in tandem with other programs to provide real support that helps struggling families reach their full potential.

This commentary builds on a companion research report, *State Approaches to the TANF Block Grant: Welfare Is Not What You Think It Is*, by Heather Hahn, Olivia Golden, and Alexandra Stanczyk. That report examines in depth how state goals, policies, and expenditure decisions contribute to unique pictures of TANF in California, Florida, Michigan, Texas, and Washington. The report examines not only cash assistance, but also states' overall approaches to the block grant. Further, the report studies how state TANF programs responded to new federal requirements (the Deficit Reduction Act) and funding (the American Recovery and Reinvestment Act) and to the recession. The study methodology included telephone interviews in 2010–11 with state TANF and workforce agency administrators, budget staff, local office directors, and key staff of advocacy organizations; analyses of state-reported data compiled by the U.S. Department of Health and Human Services' (HHS) Administration for Children and Families (ACF); details about state policy choices as captured in the Urban Institute's HHS-funded Welfare Rules Database; and reviews of other relevant documents illuminating state choices from 1997 to the present.

Appendix Table: TANF Use, Eligibility, and Benefits in 2010

	Percent of poor families with children receiving TANF	Maximum income for initial eligibility for a family of three	Maximum income for initial eligibility for a family of three as a % of FPL	Maximum TANF benefit for a family of three with no income as a % of FPL[a]
Alabama	16%	$269	18%	14%
Alaska	33%	$1,554	81%[b]	48%[b]
Arizona	18%	$585	38%	18%
Arkansas	10%	$279	18%	13%
California	73%	$1,203	79%	45–51%
Colorado	12%	$511	33%	30%
Connecticut	34%	$858	56%	37%
Delaware	36%	$428	28%	27%
District of Columbia	74%	$588	39%	28%
Florida	15%	$393	26%	20%
Georgia	8%	$514	34%	18%
Hawaii	62%	$1,740	99%[c]	35%[c]
Idaho	5%	$648	42%	20%
Illinois	9%	$763	50%	28%
Indiana	24%	$378	25%	19%
Iowa	41%	$1,061	70%	28%
Kansas	26%	$519	34%	28%
Kentucky	25%	$908	60%	17%
Louisiana	8%	$360	24%	16%
Maine	67%	$1,023	67%	32%
Maryland	34%	$718	47%	38%
Massachusetts	52%	$708–$723	46–47%	40–41%
Michigan	29%	$815	53%	32%
Minnesota	30%	$1,224	80%	35%
Mississippi	12%	$458	30%	11%
Missouri	31%	$557	37%	19%
Montana	20%	$811	53%	33%
Nebraska	25%	$886	58%	24%
Nevada	19%	$1,430	94%	25%
New Hampshire	44%	$844	55%	44%
New Jersey	26%	$636	42%	28%
New Mexico	32%	$1,017	67%	29%
New York	38%	$843	55%	49%
North Carolina	9%	$681	45%	18%
North Dakota	19%	$1,306	86%	31%
Ohio	38%	$763	50%	28%
Oklahoma	10%	$824	54%	19%
Oregon	38%	$616	40%	35%
Pennsylvania	23%	$493	32%	26%
Rhode Island	40%	$1,277	84%	36%
South Carolina	15%	$1,411	92%	18%
South Dakota	23%	$782	51%	36%
Tennessee	38%	$1,315	86%	12%
Texas	7%	$401	26%	17%
Utah	13%	$668	44%	31%
Vermont	33%	$1,053	69%	42%
Virginia	32%	$539	35%	37%
Washington	57%	$1,122	74%	22%

	Percent of poor families with children receiving TANF	Maximum income for initial eligibility for a family of three	Maximum income for initial eligibility for a family of three as a % of FPL	Maximum TANF benefit for a family of three with no income as a % of FPL[a]
West Virginia	22%	$565	37%	22%
Wisconsin	22%	--[d]	--[d]	41–44%
Wyoming	4%	$760	50%	37%

a. The monthly federal poverty level (FPL) for a family of three in 2010 was $1,526.

b. Figures based on Alaska's unique monthly FPL, $1,908 in 2010.

c. Figures based on Hawaii's unique monthly FPL, $1,755 in 2010.

d. Units with earnings at application will not receive a cash benefit, except some Community Service Job Participants who may qualify for a prorated cash benefit. Applicants may earn up to $1,755 and still be eligible for nonfinancial assistance.

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Notes

[1] A fuller description of these states' TANF approaches and their divergent responses to changing federal requirements and economic circumstances is laid out in a companion research report, *State Approaches to the TANF Block Grant: Welfare Is Not What You Think It Is*, by Heather Hahn, Olivia Golden, and Alexandra Stanczyk (August 2012).

[2] The four problems addressed in this brief are explained in greater detail in the companion research report.

[3] This figure does not include the ARRA funds states spent on subsidized employment, which are discussed later in the brief.

[4] These specific numbers refer to average spending across fiscal years 2008 and 2009, but they are indicative of the range of state expenditures in other years.

[5] States generally are required to engage at least 50 percent of their work-eligible TANF cases in specific work or work-related activities for a minimum number of hours each month, although states can reduce the required rate below 50 percent by reducing their caseloads or spending more than the required amount of state funds on TANF-related expenses. Federal law also requires states to engage at least 90 percent of two-parent TANF families with two work-eligible individuals in work or work-related activities.

[6] This is particularly true given the limited skills, abilities, and work histories of many TANF clients, and the strict definitions of which work activities and hours count toward the work participation rate. For example, clients working for fewer than the required number of hours (generally 30 hours a week) do not count as working at all. Job-search activities beyond a certain number of weeks do not count. Training and activities to address substance abuse and domestic violence are also limited.

[7] Golden and Edelman made a more general version of this recommendation in a 2010 brief focused on reducing poverty and economic distress (Edelman Golden, and Holzer 2010).

[8] See Hahn and Loprest (2011) for examples of how a handful of states have gone beyond federal requirements and innovated additional performance measurement systems for their TANF programs. In July 2012, HHS announced that states may apply for waivers "to allow states to test alternative and innovative strategies, policies, and procedures that are designed to improve employment outcomes for needy families."

[9] States are responsible for about 53 percent of the costs of administering the SNAP program, with the federal government responsible for the remaining costs. However, under ARRA provisions, the federal government temporarily paid the full administrative costs for SNAP as well.

[10] Under provisions of the Affordable Care Act, the federal government will cover 90 percent of the cost of some state technology improvements for Medicaid.

[11] We made a similar proposal in Edelman and colleagues (2010).

[12] Child-only cases include nonparental cases—where a child or children live with a relative or nonrelative caregiver—and parental cases—where the child's parents are ineligible for TANF due to sanctions, SSI recipient status, citizenship or immigration status, time limits, or other reasons. While the absolute number of child-only cases has remained fairly steady over the years, the share of the caseload that is child-only has grown due to the dramatic decline in the number of adult-headed cases.

[13] See Golden and Hawkins (2011) for a summary of the research.

[14] TANF is administered federally by the Office of Family Assistance within the Administration for Children and Families of the Department of Health and Human Services. The Children's Bureau is one of two bureaus within the Administration on Children, Youth and Families, Administration for Children and Families, of the Department of Health and Human Services.

[15] Work Support Strategies is a project of the Ford Foundation, the Urban Institute, the Center on Budget and Policy Priorities, the Open Society Foundations, and the Annie E. Casey Foundation. See http://www.urban.org/worksupport for additional information.