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Temporary Assistance for Needy Families (TANF): Its Role in Response to the Effects of Hurricane Katrina

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Summary

The Temporary Assistance for Needy Families (TANF) block grant provides grants to states to help them fund a wide variety of benefits and services to low-income families with children. TANF is best known as helping fund ongoing cash welfare benefits for families with children, but the block grant may also fund other benefits and services such as emergency payments, child care, transportation assistance, and other social services. Welfare programs are not usually associated with responses to natural disasters. However, the scope of Hurricane Katrina's displacement of families, the strain likely to be placed on human service agencies responding to this displacement, plus the flexibility allowed states to design programs under TANF, has made the block grant a potential source of help to the victims of this disaster. H.R. 3672, which cleared the Congress on September 15, 2005, would provide some additional TANF funds and waive certain program requirements for states affected by Katrina. That same day Senators Grassley and Baucus introduced S. 1716, which would expand upon provisions of H.R. 3672. This report will be updated.

The TANF block grant is a fixed amount of funding paid to each state based on a formula. States design and administer benefits and services funded by TANF and have wide latitude in their use of block grant funds. States are required to share a portion of the cost of TANF benefits and services by expending some of their own funds on TANF-related benefits and services through a "maintenance of effort" requirement.[1]

TANF was created in the 1996 welfare reform law (P.L. 104-193), when it replaced the New Deal program of Aid to Families with Dependent Children (AFDC), which helped states fund cash welfare benefits. The funding authority provided in the 1996 law originally expired at the end of FY2002 (September 30, 2002). Since then, Congress has

[1] For details on TANF grants and financing, as well as requirements the block grant places on states, see: CRS Report RL32748, *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on Financing and Requirements for State Programs.*

inconclusively debated legislation to provide for a five-year reauthorization of TANF and instead has enacted temporary extensions of the program. The latest of these extensions is set to expire on September 30, 2005.

TANF Cash Welfare Benefit Programs

TANF is the major federal-state program providing cash assistance to needy families with children. While federal TANF grants help fund this cash assistance, states determine eligibility rules and benefit amounts which vary greatly among the states. There are no federal rules regarding eligibility and benefits for ongoing cash welfare, other than the requirement that it be paid to families with children that meet a financial test of economic need.

Table 1 provides some basic information on cash welfare benefits in the states affected by Hurricane Katrina and some of their neighboring states. It shows both the maximum monthly benefit amount paid to a family of three as of January 2005 and the average number of families that received cash assistance in December 2004. The maximum monthly benefit is generally the amount paid to a family with no other income sources. TANF cash assistance benefits in this region are relatively low compared with those paid in other regions and states. For example, the comparable maximum cash welfare grant paid in New York City in January 2005 was $691 per month and the maximum cash welfare grant paid to a family of three in the urban areas of California was $723 per month.

Table 1. TANF Cash Welfare Benefits and the Cash Welfare Caseload in Selected States Affected by Hurricane Katrina

State	Maximum Monthly Cash Welfare Grant for a Family of 3: January 2005 (unless otherwise noted)	Average Monthly Number of Families Receiving Cash Assistance: December 2004
States directly affected by Hurricane Katrina		
Alabama	$215	21,119
Florida	303	66,974
Louisiana	240	17,184
Mississippi	170	17,272
Selected Neighboring States		
Texas	223	98,721
Arkansas	204 (as of 1/1/04)	8,771
Georgia	280	46,336
Tennessee	185	73,236

Source: TANF cash assistance maximum benefit amounts are based on a Congressional Research Service (CRS) survey of the states. Cash assistance caseloads are based on data from the U.S. Department of Health and Human Services (HHS).

TANF imposes some requirements on states with respect to families receiving cash assistance. The purpose of the requirements is to ensure that receipt of cash welfare is temporary and to encourage movement off the rolls and into work. TANF requires that a specified percentage of its caseload be engaged in work or job preparation activities, limits federally-funded assistance to five years, and requires that cash assistance recipients cooperate with child support enforcement rules (establish paternity and assign child support to the state).

Emergency Assistance

TANF also gives authority to states to pay "emergency assistance" benefits. Emergency benefits are those that:

- are considered "nonrecurrent, short-term benefits;"
- are designed to deal with a specific crisis situation or episode of need;
- are not intended to meet recurrent or ongoing needs; and
- will not extend beyond four months.[2]

Families receiving such emergency benefits are *not* subject to the same requirements (i.e, work requirements and time limits) as are families that receive cash assistance. As with cash welfare, states determine eligibility for and the scope of emergency benefits provided to low-income families with children.

Other Benefits and Services

In addition to ongoing cash welfare and emergency aid, TANF can fund a wide range of other social services for low-income families with children, such as child care, transportation aid, family preservation and support services, and similar types of services. As with ongoing cash welfare and emergency assistance, states determine eligibility and the scope of benefits provided to needy families with children.

Legislation to Respond to the Impact of Hurricane Katrina

Welfare programs are not usually associated with responses to natural disasters. However, the scope of Hurricane Katrina's displacement of families, the strain likely to be placed on human service agencies responding to this displacement, plus the flexibility allowed states to design programs under TANF, has made the block grant a potential source of help to the victims of this disaster. While TANF funding is flexible and provides states with options to help needy families, there are challenges to the program to help meet emerging needs. First, TANF is a state-based program, with each state operating its own program under its own rules for its own residents. For example, how will Texas provide benefits and services to displaced residents of Louisiana? Second, TANF block grants are fixed amounts determined by formula in federal law. In the above example, if a state such as Texas provides benefits and services to families from Louisiana, they would have to be paid for out of Texas' allocation of TANF funds. Third,

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[2] The rules for emergency assistance are not in TANF statute, but are in regulations promulgated by the Department of Health and Human Services (HHS) at 45 CFR 260.31.

in terms of ongoing cash assistance, there are questions about applying some of the 1996 welfare reforms (work requirements and time limits) to victims of a natural disaster.

H.R. 3672, which passed the House on September 8, 2005 and the Senate on September 15, 2005 would address some of these issues by:

- Providing extra funding for three states directly impacted by Hurricane Katrina — Alabama, Louisiana, and Mississippi.
- Federalizing the costs of benefits paid by a host state to evacuees from states directly impacted by Hurricane Katrina for one year. The measures would provide 100% federal funding for such benefits, though limited to 20% of a state's basic block grant in the year.
- Allowing families in the three states directly impacted by Hurricane Katrina and evacuees from those states to receive benefits free of certain TANF requirements, such as the work requirement and time limit.
- Allowing an advance draw down of the first quarter of the FY2006 TANF block grant in September 2005;
- Allowing states to use unspent TANF funds on any benefit and service to aid families affected by the Hurricane; and
- Waiving penalties for failure to comply with most TANF requirements for the states of Alabama, Louisiana, and Mississippi.

Though the Senate passed H.R. 3672 on September 15, 2005 by unanimous consent, that same day Senate Finance Committee Chairman Grassley and Ranking Member Baucus introduced S. 1716, which would amend provisions of H.R. 3672 by increasing the limits and availability of the contingency fund and allowing a waiver of TANF requirements for a broader set of benefits and services. Table 2 compares provisions of H.R. 3672 with those of S. 1716.

Table 2. Comparison of House and Senate Versions of H.R. 3672

Provision	H.R. 3672 (as passed both the House and Senate)	TANF Provisions of S. 1716
Additional funding for states directly impacted by Hurricane Katrina	Permits Alabama, Louisiana, and Mississippi to draw up to 20% of their block grant from the TANF loan fund, with the loan and its interest forgiven.	Permits Alabama, Louisiana, and Mississippi to draw upon the TANF contingency fund. 100% federal funding (no state match required) up to a maximum 70% of the TANF block grant in a year for the 14 months August 2005-September 2006. Also allows these states to draw upon the loan fund, with the maximum loan of 40% of the TANF block grant with the loan and interest on the loan forgiven.

Provision	H.R. 3672 (as passed both the House and Senate)	TANF Provisions of S. 1716
Funding to a state hosting evacuees from directly impacted states	Permits states to draw from the existing TANF contingency fund to pay benefits for evacuees from directly impacted states. Families cannot already be receiving benefits from their home state. 100% federal funding (no match required) for the cost of these benefits up to a maximum 20% of the TANF block grant in the year.	Permits states to draw from the existing TANF contingency fund to pay benefits for evacuees from directly impacted states. 100% federal funding (no match requirement) for the cost of these benefits up to a maximum 70% of the TANF block grant for the 14 months August 2005-September 2005.
Application of TANF requirements to families affected by Hurricane Katrina	Time limits and work requirements do not apply to such families if the benefits are paid as non-recurrent, short-term benefits to meet a subsistence need.	Time limits, work requirements, and certain child support requirements do not apply to evacuated families receiving "Hurricane Katrina Emergency TANF Benefits" provided in other states. "Hurricane Katrina Emergency Benefits" are benefits and services normally provided by TANF that are designated as emergency benefits for evacuated families or families in Alabama, Louisiana, or Mississippi.
TANF Penalties	Waives TANF penalties for Alabama, Louisiana, and Mississippi for failure to comply with TANF requirements. Does not waive the penalty for failure to meet state fiscal effort.	Similar provision.
TANF Funding	Allows states to draw their first quarter FY06 grant (normally payable on October 1, 2005) in Sept. 2005. Extends TANF funding through the end of Dec. 2005.	No change from H.R. 3672.
Use of Unspent TANF Funds	Allows states to use unspent funds for any TANF benefit or service for a family affected by Hurricane Katrina.	No change from H.R. 3672.

Source: Congressional Research Service (CRS).