# The Temporary Assistance for Needy Families Block Grant: An Introduction

**Gene Falk**
Specialist in Social Policy

October 23, 2013

**Congressional Research Service**
7-5700
www.crs.gov
R40946

**CRS Report for Congress**
*Prepared for Members and Committees of Congress*

# Summary

The Temporary Assistance for Needy Families (TANF) block grant provides grants to states, Indian tribes, and territories for a wide range of benefits, services, and activities that address economic and social disadvantage for families with children. TANF is best known for funding state cash welfare programs for needy families with children, and it was created in the 1996 welfare reform law. However, TANF is not synonymous with cash welfare. In FY2012, only 28.6% of federal and state TANF dollars were for cash welfare. TANF also funds child care; programs that address child abuse and neglect; various early childhood initiatives, including pre-kindergarten programs; earnings supplements for workers in low-income families; emergency and short-term aid; pregnancy prevention programs; responsible fatherhood programs; and initiatives to encourage healthy marriages.

The bulk of federal TANF funding is in a fixed block grant, which has been set at $16.5 billion since FY1997. The basic block grant is not adjusted for inflation, or for changes in the circumstances of a state such as its cash welfare caseload, population, or number of children in poverty. States are also required to spend a specified minimum of $10.4 billion in state funds on TANF-related activities and populations. This amount also has not changed since FY1997.

TANF cash welfare programs today reflect a long history (going back to the early 1900s) and much controversy. States set their own cash welfare benefit levels. In 2011, cash benefits in all states represented a fraction of poverty-level income. In New York, the state with the highest benefit among the 48 contiguous states, the maximum monthly TANF cash benefit for a family of three was $753, which translates to 49% of poverty-level income. In contrast, Mississippi paid a monthly cash benefit for a family of three of $170 (11% of poverty-level income). Families with adult recipients (and certain nonrecipient parents) come under work participation rules. Federally funded aid is also time-limited for such families.

The cash welfare caseload has declined dramatically from its pre-welfare-reform high of 5.1 million families in 1994 to 1.7 million families in July 2008. The cash welfare caseload increased with the economic slump associated with the 2007-2009 recession, to a peak of 2.0 million families in December 2010. In March 2013, the cash welfare caseload stood at 1.8 million families. The cash welfare caseload has traditionally consisted of families headed by a nonworking parent, usually a single mother. However, in FY2010, less than half of the TANF cash caseload fit this description. The TANF cash caseload is very diverse, with more than half the caseload having different characteristics than the historical traditional cash welfare family.

TANF is not a program per se, but a flexible funding stream used to provide a wide range of benefits and services that address the effects of, and the root causes of, disadvantage among families with children. TANF is currently funded through January 15, 2014. Decisions on extending TANF funding further will be made in the context of both the lingering effects of the 2007-2009 recession and longer trends that were evident even before the recession, which showed an increasing percentage of children living in poverty and born into circumstances associated with economic disadvantage.

# Contents



## Figures



## Tables



## Appendixes

## Contacts

# Introduction

The Temporary Assistance for Needy Families (TANF) block grant provides grants to states, Indian tribes, and territories for a wide range of benefits, services, and activities that address economic disadvantage. TANF is best known for funding state cash welfare programs for low-income families with children. It was created in the 1996 welfare reform law (The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193), replacing the Aid to Families with Dependent Children (AFDC) cash welfare program and several related programs. However, in FY2012, cash welfare represented only 28.6% of TANF funds. TANF funds a wide range of activities that seek to both ameliorate the effects of and address the root causes of child poverty. In addition to state block grants, TANF includes competitive grants to fund healthy marriage and responsible fatherhood initiatives.

This report provides a nontechnical introduction to the TANF block grant. It briefly describes

- TANF financing;
- how TANF funds may be used and are being used;
- the TANF cash welfare programs; and
- other TANF benefits, services, and activities.

For a more technical discussion of federal financing and program rules in TANF, see CRS Report RL32748, *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements*, by Gene Falk. For current data and statistics on activities funded by TANF, see CRS Report RL32760, *The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions*, by Gene Falk.

# TANF Funds

TANF financing involves both federal and state monies. Most TANF funding is set at a fixed amount that does not change with state circumstances. In addition to federal grants to states, there are also TANF competitive grants to community-based organizations for healthy marriage and responsible fatherhood initiatives.

## Basic Block Grants

The bulk of federal TANF funding is in a basic block grant totaling $16.5 billion for the 50 states and the District of Columbia. TANF funds also go to Puerto Rico, Guam, and the Virgin Islands. Indian tribes also may operate their own TANF programs, with funding coming from a state's block grant amount. For basic block grants by state, see **Table A-1** in the **Appendix** of this report.

The amount each state is entitled to is based on its historical expenditures in the early to mid-1990s in TANF's predecessor programs (AFDC and related programs). This amount has been frozen since TANF's creation in the 1996 welfare law. It has not been adjusted for inflation or changes in a state's circumstances such as its cash welfare caseload, population, or number of poor children.

## The State Maintenance of Effort Requirement

States are required to spend at least a minimum amount each year on TANF-related populations and activities. This is known as the "maintenance of effort" (MOE) requirement. Like the basic federal TANF block grant, which is based on historical federal funding in TANF's predecessor programs, the amount each state is required to spend from its own funds is based on historical expenditures from its own funds in AFDC and related programs. In total, a minimum of $10.4 billion must be spent collectively by the states from their own funds under the MOE requirement.

## Healthy Marriage and Responsible Fatherhood Grants

While most federal TANF funding is for state grants, TANF law includes competitive grants that have been made to community-based organizations (including faith-based organizations) for healthy marriage and responsible fatherhood initiatives. Funding for these grants is $150 million, split evenly ($75 million each) for healthy marriage and responsible fatherhood initiatives. These initiatives often include education and training sessions for parents or prospective parents in relationship skills and conflict resolution. Responsible fatherhood programs can also include employment services and education for noncustodial parents. Both healthy marriage and responsible fatherhood grants can also fund media campaigns on their respective topics.

# Uses of State TANF Funds

States may use TANF funds in any manner "reasonably calculated" to achieve the four goals set forth in TANF statute. These four goals are

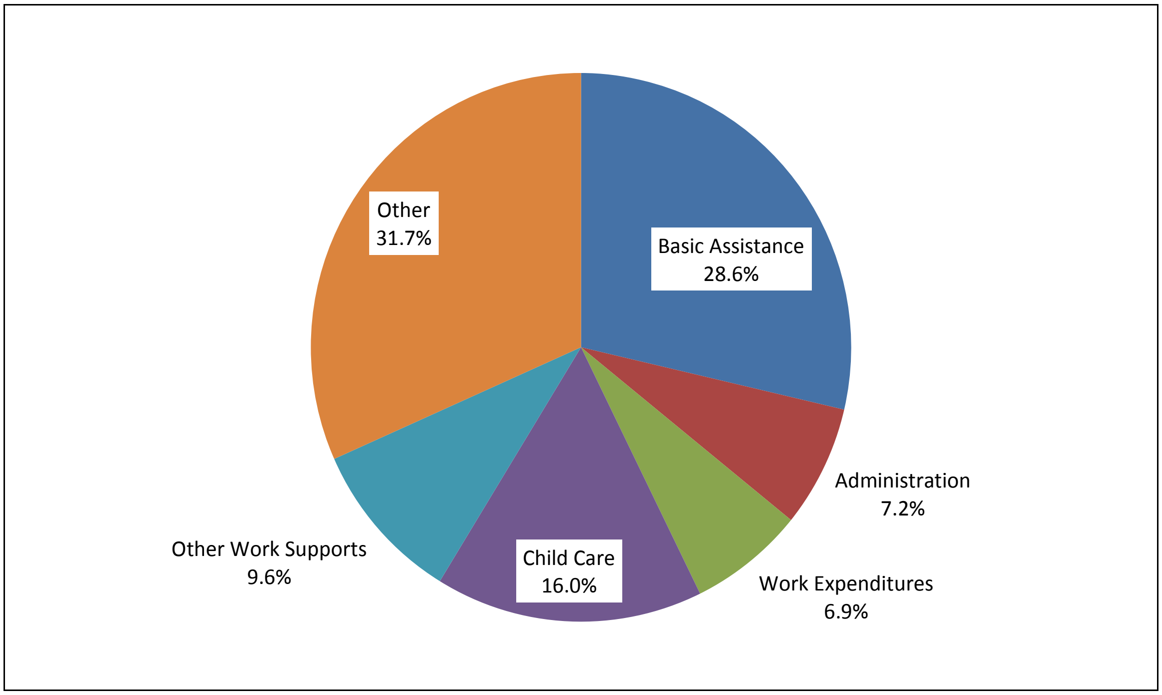
1. provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
2. end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
3. prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
4. encourage the formation and maintenance of two-parent families.

States may also use TANF funds to finance any activity that was included in the pre-1996 predecessor programs. This gives states broad leeway in spending TANF funds. In general, state MOE funds can be used for these same activities (there are some technical differences in the use of federal and state funds).

States have used this flexibility to create very diverse programs in terms of the benefits, services, and activities they fund. **Figure 1** shows the uses of federal TANF and state MOE funds in FY2012. Of the total $31.4 billion, 28.6% ($9.0 billion) was used for basic assistance, which most closely corresponds to cash welfare.

**Figure 1. Federal TANF and State MOE Funds Used in FY2012, by Major Benefit and Service Category**

Total = $31.4 billion




**Source:** Congressional Research Service (CRS), with data from the U.S. Department of Health and Human Services (HHS).

# TANF Cash Welfare Programs

To many, TANF is synonymous with cash welfare for needy families. As discussed above, this is not true: TANF is far broader than cash welfare. However, the policy concerns around cash welfare are what led to the creation of TANF. This section provides a brief history of the development of cash welfare, a discussion of cash benefit amounts, the requirements on cash welfare recipients, and an overview of the number and type of families on the cash welfare caseload.

## Brief History of Cash Welfare

The modern form of cash welfare for needy families with children dates back to the Progressive Era of the early 1900s and state- or locally funded mothers' pensions for "fatherless" families. The Social Security Act of 1935 (P.L. 74-271) provided federal funding for these types of programs by creating the Aid to Dependent Children (ADC) program. In the early years, benefits were paid only on behalf of the children (not the caretaker, usually the mother). Families receiving benefits were usually headed by a widow or had a disabled father.

However, over time, the nature of both the program and the families it aided changed. Social Security survivors benefits were created in the Social Security Amendments of 1939, and those receiving ADC increasingly were families where the father was alive but absent. The caseload also increasingly became nonwhite. Amendments to the program made in 1950 authorized benefits for caretakers. In 1956, the goals of creating "self sufficiency" and strengthening family life were added to ADC, along with funding for services that would seek to achieve these goals. In 1962, the program was renamed Aid to Families with Dependent Children (AFDC).

Policymakers became concerned that cash welfare was a contributing cause of economic disadvantage. Providing cash to a nonworking parent was seen as a work disincentive, during a time when an increasing number of women, and mothers, were going to work. Economic studies generally confirmed that providing welfare was a disincentive to work.[1]

Further, there was concern that restricting benefits to only single-parent families (usually headed by the mother) contributed to the trend of an increasing number of children living in single-parent families. The social science research on the impact of welfare, as embodied in AFDC, on family structure is inconclusive.[2] Cash welfare benefits for families headed by two able-bodied parents became available in 1961 at state option. It was not until the Family Support Act of 1988 (P.L. 100-485) that states were mandated to provide benefits for such families, and even then it was on more restrictive terms than those for single-parent families. Two-parent families never became a large portion of the cash welfare caseload.

The 1980s also saw increasing attention to the notion of "welfare dependency." Research showed that many single mothers received cash welfare for only a short period of time, but others were likely to spend a long time on the rolls. Additional research conducted in the 1980s showed that mandatory welfare-to-work programs could move families off the rolls and into employment.[3]

The Family Support Act of 1988 (P.L. 100-485) established in AFDC the notion of mutual responsibility between the welfare recipient and the state. It created the Job Opportunity and Basic Skills (JOBS) Training program, which provided employment services, education, and training for welfare recipients. Following the Family Support Act, states also experimented with welfare "waivers" of federal law, and began designing their own cash assistance programs and

[1] Robert Moffitt, "Incentive Effects of the U.S. Welfare System: A Review," *Journal of Economic Literature*, vol. 30, no. 1 (March 1992), pp. 1-61.

[2] In his review of the effects of the U.S. welfare system, published in 1992 and cited above, Moffitt concluded that the welfare system affected family structure "weakly." The studies he reviewed were econometric analyses that used variation in welfare benefits to seek to explain the family status of mothers. The experimental evidence about this effect is much more ambiguous. A major social experiment that studied the effects of replacing AFDC with a negative income tax (NIT), which was available to all families regardless of structure, showed that the NIT actually *increased* family dissolution over what occurred under AFDC. See *Final Report of the Seattle-Denver Income Maintenance Experiment: Volume 1 Design and Results* (SRI International, 1983).The findings of that experiment were subsequently disputed. See Alicia H. Munnell, ed., "The Income Maintenance Experiments and the Issue of Marital Stability and Family Composition," in *Lessons from the Income Maintenance Experiments: Proceedings of a Conference Held in September 1986* (Federal Reserve Bank of Boston and the Brookings Institution), pp. 60-105. Additionally, a study of Minnesota's welfare-to-work experiment (Minnesota Family Investment Program, MFIP), which eliminated rules that restricted eligibility for two-parent families, had some short-term impacts on marital stability. In the longer-term (six years), those impacts faded for all those studied, though some positive family impacts were found in some subgroups. See Lisa A. Gennetian, Cynthia Miller, and Jared Smith, *Turning Welfare into a Work Support: Six Year Impacts on Parents and Children from the Minnesota Family Investment Program*, MDRC, July 2005. MFIP also had an impact of raising family incomes, which might have affected family structure independent of the changes in rules for two-parent families. Further, in the post-welfare period, particularly in the 2000-2007 period, the time series relationship between single-parent families and welfare receipt changed. Cash welfare receipt declined, while the percentage of babies born out-of-wedlock and the percent of children in single-parent families increased.

[3] Judith M. Gueron and Edward Pauly, *From Welfare to Work* (New York: Russell Sage Foundation, 1991).

requirements for welfare recipients. The 1996 welfare law abolished AFDC, and consolidated the funding of AFDC, a program that provided emergency assistance, and JOBS into the TANF block grant.

## Benefit Amounts

There are no federal rules on how much a state pays needy families in its TANF cash welfare program. TANF cash welfare benefits in all states represent only a fraction of poverty-level income. In 2011, the maximum benefit for a family of three was $923 per month in Alaska or 48% of the poverty line that applies in Alaska. (The poverty line in Alaska is higher than that in the 48 contiguous states and District of Columbia.) New York had the highest benefits in the lower 48 contiguous states and the District of Columbia, paying $753 per month (49% of poverty-level income). In the median benefit state (North Dakota), the maximum benefit for a family of three was $427 per month, 28% of poverty-level income. Mississippi, the state with the lowest benefit levels, paid a family of three a maximum of $170 per month, 11% of poverty-level income. The maximum benefit is generally the amount paid for a family with no other income who is complying with program requirements. For maximum benefits for a family of three by state, see **Table A-3** in the **Appendix**.

TANF cash benefits have declined over time in real terms because of inflation. States sometimes make benefit adjustments, but these tend to be ad hoc (not automatic or tied to the inflation rate) and have failed to keep pace with inflation.

Families that receive TANF cash welfare usually benefit from other programs as well. Most TANF cash welfare families receive aid from the Supplemental Nutrition Assistance Program (SNAP, the program formerly known as Food Stamps) and have coverage from Medicaid. Housing subsidies are received sometimes. Families with earnings can also get benefits from the Earned Income Tax Credit (EITC) and the child credit.

## State Flexibility Within Federal Requirements

The overarching purpose of TANF is to *increase the flexibility of states* to operate a program to achieve its four statutory goals. States have broad flexibility in designing their cash welfare programs. As discussed above, there are no federal rules that states must follow to determine the size of the cash benefit paid to a family. Additionally, there are no federal rules for determining the income eligibility level, how much money a family may have in the bank, the value of a family's car(s), whether or not a state pays benefits to families with earnings, or other factors that go into determining a family's eligibility for TANF and its cash welfare benefit amount.

However, cash welfare paid to a family does come with some federal requirements. *States* must meet numerical work participation standards, which specify that a percentage of the cash welfare caseload must be engaged in certain activities. These standards also require that a minimum number of hours be spent in these activities, with the hours varying by family type. Guided by these standards, states themselves design participation rules that apply to individual recipient families and determine the sanction for families that fail to comply.

The federal TANF time limit prohibits the use of federal funds to aid a family with an adult recipient beyond 60 months in a lifetime. States are free to use state funds—and even count those funds toward their MOE requirements—to aid a family beyond 60 months. States may also impose shorter time limits. Most states do end benefits for families entirely after a certain number of months, most often 60.

Families that receive TANF cash welfare also must assign (legally turn over) to the state any child support paid by a noncustodial parent. This is to reimburse the state and the federal government for the welfare paid to the family. States *may* pass along collected child support to the family. If the amount passed through does not adversely affect the family's eligibility for TANF cash or reduce its benefit, the pass-through amount can count toward the state's MOE as state spending on needy families or be partially financed by the federal government up to a certain level.

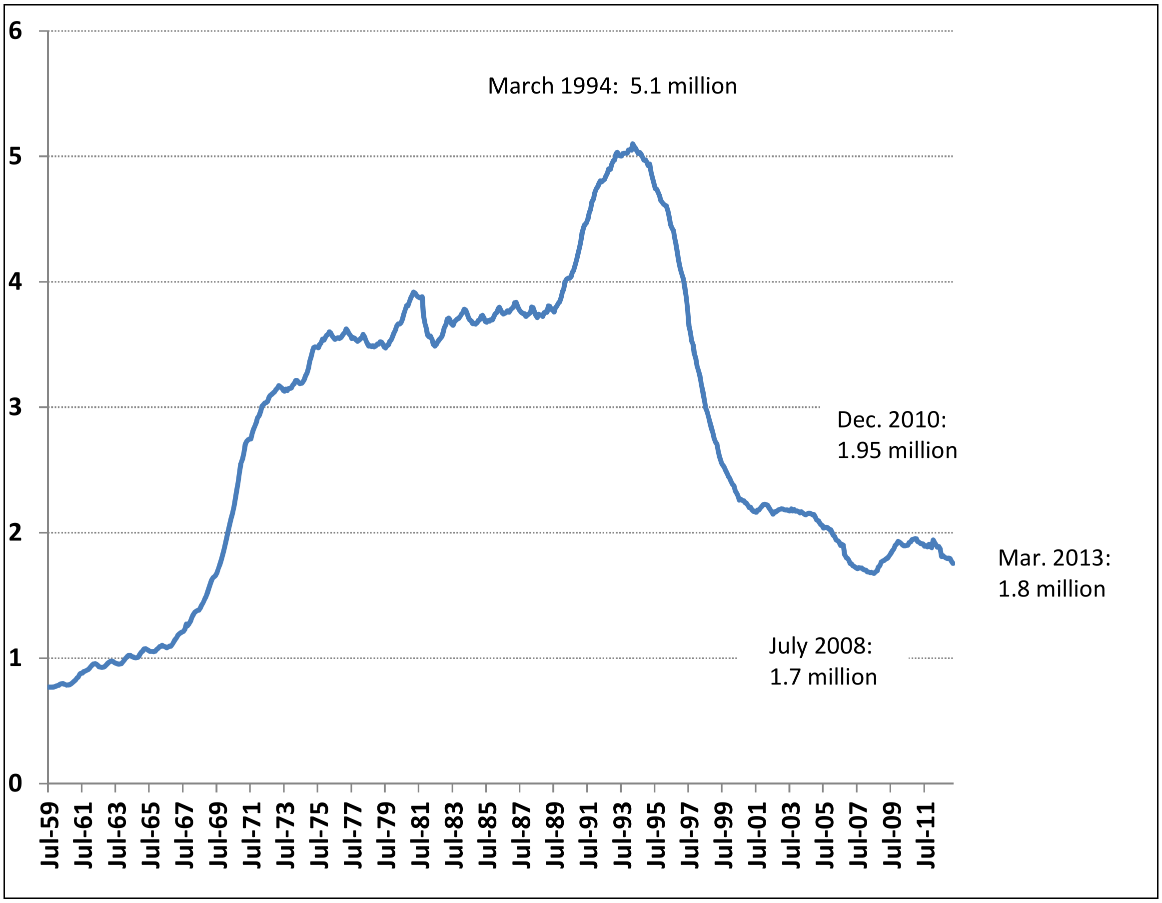
## The Welfare Caseload

In March 2013, the cash welfare caseload stood at 1.8 million families. The caseload is down dramatically from its pre-welfare-reform level, reduced by 66% from the historic peak of 5.1 million families in March 1994.

**Figure 2** shows the trend in the monthly number of families receiving cash welfare. It shows the sharp rise in the caseload in the 1960s and early 1970s, a period of relative stability from 1975 through 1987, the rise in the caseload to its historic peak from 1988 to 1994, and its decline after 1994. The period of rapid decline ended in 2001, coincident with a recession in that year. The caseload declined more slowly thereafter through July 2008. The uptick in the caseload associated with the 2007-2009 recession began in August 2008, and peaked in December 2010.

**Figure 2. Number of Families Receiving Cash Assistance: 1959-2013**

(Families in millions)




**Source:** Prepared by the Congressional Research Service (CRS) with data from the U.S. Department of Health and Human Services (HHS).

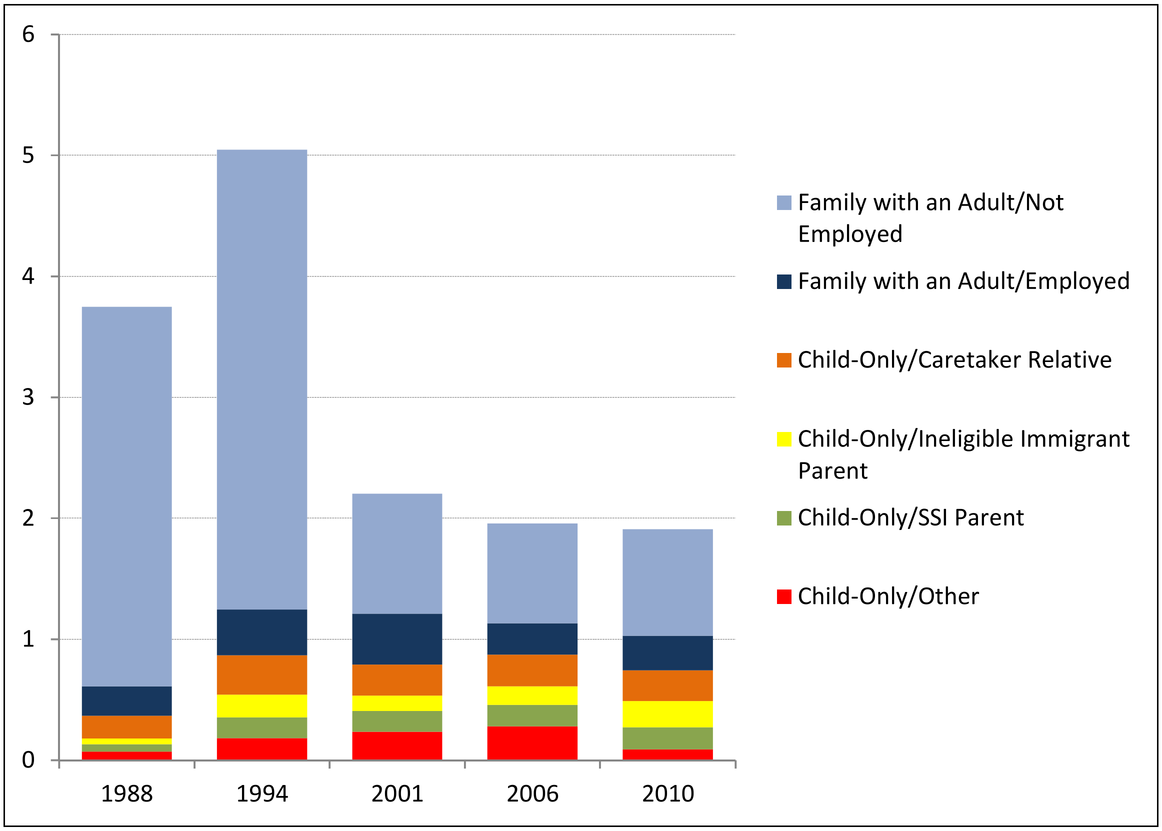
**Notes:** Cash welfare represents assistance from Aid to Dependent Children (ADC), Aid to Families with Dependent Children (AFDC), and the Temporary Assistance for Needy Families (TANF) block grant. For October 1999 to December 2011 it also includes assistance from Separate State Programs (SSPs) that have expenditures countable toward the TANF maintenance of effort requirement.

The post-1994 period saw not only a decline in the cash welfare caseload, but a change in its composition. The cash welfare population is composed both of families that have been the focus of the traditional concern about welfare dependency—those in which a parent or parents are not working but are receiving welfare—and other types of families. These other types represent families in several different types of situations: families with working adults, families where nonparent relatives (e.g., grandparents, aunts, uncles) are caring for children for whom they have no legal financial responsibility, families headed by a disabled parent receiving Supplemental Security Income (SSI), and families with ineligible noncitizen adults who have eligible (usually citizen) children. All but the first categories of these families come under the umbrella of "child-only" TANF cases, with the family receiving benefits on behalf of the children but not the adults. These "child-only" families generally are not subject to work participation requirements or time limits.

**Figure 3** shows the number of families receiving AFDC in FY1988 and FY1994 and receiving TANF cash welfare in FY2010 by family category. It shows that the caseload increase from FY1988 to FY1994 occurred in all categories. However, the decline in the caseload after FY1994 was concentrated among the "traditional" welfare families, those with an unemployed adult recipient (or two unemployed adults).

**Figure 3. Cash Welfare Families, By Family Category, Selected Years FY1988-FY2010**

(Families in millions)



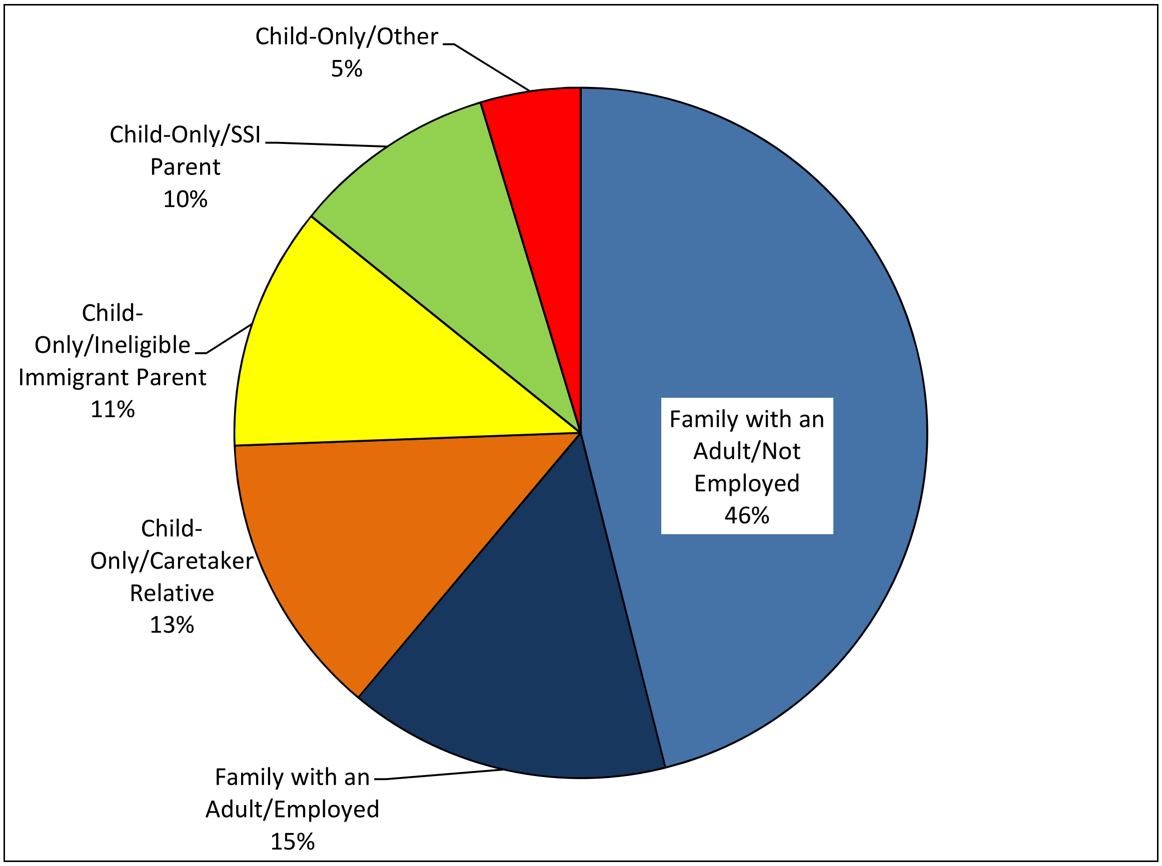

**Source:** Congressional Research Service tabulations of the FY1988 and FY1994 AFDC Quality Control Data Files, and the FY2001, FY2006, and FY2010 TANF National Data Files

**Notes:** SSI means Supplemental Security Income. FY2001-FY2010 families include those receiving assistance from Separate State Programs (SSPs) with expenditures countable toward the TANF Maintenance of Effort (MOE) requirement.

The trend of a rapid decline in families with an unemployed adult and only a slight decline in other families means that other types of families comprise a larger share of the remaining caseload. In FY1988, 84% of all cash welfare families represented the "traditional" family with an unemployed adult (usually a single mother); by FY2010 this percentage was 46% of all cash welfare families.

**Figure 4** displays the composition of the cash welfare caseload in FY2010, showing its diversity. Families with working adults represent 15% of the caseload. Among the child-only categories, the largest group is children living in families with nonparent relatives, at 13% of the total caseload. Families headed by SSI adults represent 10% of the caseload. Families with adults who are noncitizens or whose immigration status is unknown represent 11% of the caseload. Other child-only cases represent 5% of the caseload.

**Figure 4. Composition of the TANF Cash Assistance Caseload: FY2010**




**Source:** Congressional Research Service (CRS) tabulations of the FY2010 TANF National Data File.

**Notes:** Includes families receiving assistance from Separate State Programs (SSPs) with expenditures countable toward the TANF Maintenance of Effort (MOE) requirement.

# "Nonwelfare" Activities Under TANF

The fixed funding of TANF combined with the sharp decline in the cash welfare caseload made available to states new funds to address the broad purposes of TANF. In FY2012, more than half of federal TANF and state MOE funds were used for activities that are generally not associated with a traditional welfare program. TANF funds have been and continue to be used for a wide range of benefits, services, and activities that both address the effects of child poverty and attempt to deal with its root causes.

Among other things, TANF funds are used to

- support work for low-income families through funding subsidized child care and refundable tax credits such as state Earned Income Tax Credits (EITCs);

- operate subsidized employment programs for low-income parents (both on and off the cash assistance rolls) and for youth;
- provide economic aid to families with children on an emergency and short-term basis;
- fund programs that address child abuse and neglect; and
- fund early child development programs, such as pre-kindergarten programs and Head Start programs.

These funds can be used to provide additional help to families who receive cash welfare, but also to provide benefits and services to the wider population of disadvantaged families with children in general. TANF state plans and reports indicate that many TANF "services" are provided to families with incomes well above the cutoff for cash welfare—they still go to low-income families, but in many states the welfare cutoff is just a fraction of the poverty line, while services typically are provided to families with incomes of up to 200% of poverty, and in some instances even higher.

Though states are required to report on how much is spent on TANF "nonwelfare" activities, no single number of families or children served by these activities is reported. The "nonwelfare" half of TANF is not as well documented or measured as those activities that relate to traditional cash welfare programs. This is because TANF reporting requirements date back to the 1996 welfare reform law and have not evolved with the changes in the use of TANF funds. Since more than half of TANF and MOE funds were spent on "nonwelfare" activities, the number of families on cash welfare understates the number of families affected by any TANF benefit or service. **Table 1** shows detail on the TANF and MOE "nonwelfare" spending under state programs in FY2012

**Table 1. TANF "Nonwelfare" Spending by Category: FY2012**

In Millions of Dollars

| Category | FY2012 Funds (Millions of Dollars) | Percent of Total Federal TANF and MOE Fundings |
|---|---|---|
| Child Care | | |
| Child Care Expenditures | $3,664.3 | 11.7% |
| Transfers to CCDF | 1,358.1 | 4.3 |
| Total Child Care | 5,022.4 | 16.0 |
| Other Work Supports | | |
| Transportation | 448.6 | 1.4 |
| State Earned Income Tax Credits | 2,029.8 | 6.5 |
| Other State Tax Credits | 526.2 | 1.7 |
| Total Other Work Supports | 3,004.5 | 9.6 |
| Other | | |
| Individual Development Accounts | 1.5 | 0.0 |
| Non-Recurring Short-Term Benefits | 537.5 | 1.7 |

| Category | FY2012 Funds (Millions of Dollars) | Percent of Total Federal TANF and MOE Fundings |
|---|---|---|
| Pregnancy Prevention | 1,991.2 | 6.3 |
| Two-Parent Formation | 305.7 | 1.0 |
| Assistance Under Prior Law | 477.2 | 1.5 |
| Other Benefits and Services Authorized Under Prior Law | 903.7 | 2.9 |
| Other | 4,582.3 | 14.6 |
| Transfers to SSBG | 1,132.7 | 3.6 |
| Total Other | 9,931.9 | 31.7 |

**Source:** Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS).

**Notes:** CCDF is the Child Care and Development Fund. SSBG is the Social Services Block Grant.

Many of the categories shown in **Table 1** are self-explanatory. Funding for subsidized child care is the second-largest activity behind cash assistance funded by TANF. In FY2012, TANF's contribution to child care totaled $5.0 billion.[4] The "other work supports" category is primarily refunds under state earned income tax credits. These state credits supplement the federal earned income tax credit (EITC), providing earnings supplements to low-income workers.

The large, catchall "other" category totaled $9.9 billion in FY2012. This category includes expenditures of $0.5 billion for "nonrecurring short-term benefits." These benefits represent payments made to families in lieu of ongoing cash welfare to help them get through a family crisis (e.g., to avoid evictions or foreclosures, or to get vehicles repaired so they can have transportation to work). Activities authorized under prior law, totaling $1.4 billion in FY2012, for both assistance and other benefits and services authorized under prior law, reflect activities that states had under their pre-1996 Emergency Assistance programs that a state could not "reasonably calculate" would help achieve one of the four goals of TANF. These activities include foster care and adoption assistance (for children not eligible for other federally funded foster care and adoption assistance) and funding for state juvenile justice systems. In addition, the "other expenditures" category includes programs that relate to child abuse and neglect and early childhood development programs, such as pre-Kindergarten programs. The category also includes expenditures for the two sets of activities related to family formation and structures: preventing out-of-wedlock pregnancies ($2.0 billion in FY2012 expenditures) and promoting two-parent families ($0.3 billion in FY2012 expenditures). Finally, in FY2012, states transferred $1.1 billion to the Social Services Block Grant, which funds a wide range of human services activities.

[4] For a discussion of the child care block grant, see CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding*, by Karen E. Lynch.

# Conclusion

TANF is not a program, but rather a flexible funding stream that states can use to provide a wide range of benefits, services, and activities. TANF is not simply another term to describe state cash welfare programs. More than half of TANF money goes to activities outside what one would describe as being part of a traditional cash welfare program: for example, child care and refundable tax credits for low-income families with workers, early childhood education programs, and services related to child abuse and neglect. Even within the cash welfare caseload, less than half of all families represent families with an unemployed adult recipient, which have been the focus of the traditional policy interest of moving families from welfare to work.

The issues related to TANF broadly span those that reflect the effects and address the root causes of disadvantage among families with children. **Table 2** shows the trends in select economic and social indicators for families with children from the year just before the enactment of the welfare reform law (1995) and for 2000, 2007, and 2012.

The child poverty rate declined during the late 1990s, from 20.8% in 1995 to 16.2% in 2000. However, in the 2000s, *even before the onset of the recession*, child poverty rates increased. In 2007, the child poverty rate stood at 18%. By 2010, the child poverty rate had increased to 22.0%. In 2012, the child poverty rate stood at 21.8%.

Child poverty has well-known correlations to employment status of the parent(s) and family structure, with children in families headed by a single mother more likely to be poor than children in married couple families. The employment rate among single mothers—the group most at risk of heading families with children in poverty and being cash welfare recipients—increased fairly dramatically (over 10 percentage points) in the late 1990s to 75.5% in 2000. This rate declined after 2000, never fully recovering to its peak 2000 level even at the end of the economic expansion in 2007.

The percent of babies born out of wedlock increased over the post-welfare-reform period. It increased slowly in the late 1990s, and then rose fairly rapidly during the period from 2000 to 2009, increasing to 41.0% of all births in 2009. By 2012, the percent of babies born out of wedlock declined slightly to 40.7%.

**Table 2. Selected Economic and Social Indicators for Families with Children, Selected Years 1995 to 2012**

| Indicator | 1995 | 2000 | 2007 | 2012 |
|---|---|---|---|---|
| Child poverty rate | 20.8% | 16.2% | 18.0% | 21.8% |
| Number of poor children (in millions) | 14.7 | 11.6 | 13.3 | 16.1 |
| Employment rate for single mothers | 64.0% | 75.5% | 72.8% | 67.1% |
| Percent of births out-of-wedlock | 32.2% | 33.2% | 39.7% | 40.7% |

**Source:** Prepared by the Congressional Research Service (CRS) with data from the U.S. Department of Health and Human Services (HHS) and U.S. Census Bureau.

TANF is currently funded through January 15, 2014. Decisions about TANF in the 113th Congress will occur in the shadow of the lingering effects of the 2007-2009 recession. However, these decisions will also occur in the context of the trends of the 2000 to 2007 period before the recession, which indicate more children were living in, and more children were being born into a situation associated with, economic and social disadvantage.

# Appendix. Selected State Tables

## Table A-1. Federal TANF State Family Assistance Grants, Annual Grant Amounts

| State | Dollars in Millions | Percent of Total, 50 States and District of Columbia |
|---|---|---|
| Alabama | $93.3 | 0.6% |
| Alaska | 63.6 | 0.4 |
| Arizona | 222.4 | 1.3 |
| Arkansas | 56.7 | 0.3 |
| California | 3,733.8 | 22.6 |
| Colorado | 136.1 | 0.8 |
| Connecticut | 266.8 | 1.6 |
| Delaware | 32.3 | 0.2 |
| District of Columbia | 92.6 | 0.6 |
| Florida | 562.3 | 3.4 |
| Georgia | 330.7 | 2.0 |
| Hawaii | 98.9 | 0.6 |
| Idaho | 31.9 | 0.2 |
| Illinois | 585.1 | 3.5 |
| Indiana | 206.8 | 1.3 |
| Iowa | 131.5 | 0.8 |
| Kansas | 101.9 | 0.6 |
| Kentucky | 181.3 | 1.1 |
| Louisiana | 164.0 | 1.0 |
| Maine | 78.1 | 0.5 |
| Maryland | 229.1 | 1.4 |
| Massachusetts | 459.4 | 2.8 |
| Michigan | 775.4 | 4.7 |
| Minnesota | 268.0 | 1.6 |
| Mississippi | 86.8 | 0.5 |
| Missouri | 217.1 | 1.3 |
| Montana | 45.5 | 0.3 |
| Nebraska | 58.0 | 0.4 |
| Nevada | 44.0 | 0.3 |
| New Hampshire | 38.5 | 0.2 |
| New Jersey | 404.0 | 2.5 |
| New Mexico | 126.1 | 0.8 |
| New York | 2,442.9 | 14.8 |

| State | Dollars in Millions | Percent of Total, 50 States and District of Columbia |
|---|---|---|
| North Carolina | 302.2 | 1.8 |
| North Dakota | 26.4 | 0.2 |
| Ohio | 728.0 | 4.4 |
| Oklahoma | 148.0 | 0.9 |
| Oregon | 167.9 | 1.0 |
| Pennsylvania | 719.5 | 4.4 |
| Rhode Island | 95.0 | 0.6 |
| South Carolina | 100.0 | 0.6 |
| South Dakota | 21.9 | 0.1 |
| Tennessee | 191.5 | 1.2 |
| Texas | 486.3 | 2.9 |
| Utah | 76.8 | 0.5 |
| Vermont | 47.4 | 0.3 |
| Virginia | 158.3 | 1.0 |
| Washington | 404.3 | 2.5 |
| West Virginia | 110.2 | 0.7 |
| Wisconsin | 318.2 | 1.9 |
| Wyoming | 21.8 | 0.1 |
| Total 50 States and District of Columbia | 16,488.7 | 100.0 |

**Source:** Prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (HHS).

**Table A-2. Uses of Federal TANF and MOE Dollars: FY2012**

| | Millions of Dollars | Percent of Total Federal and MOE Funds |
|---|---|---|
| Basic Assistance | $8,982.2 | 28.6% |
| Administration | 2,254.0 | 7.2 |
| Work Expenditures | 2,163.1 | 6.9 |
| Child Care | 5,022.4 | 16.0 |
| Other Work Supports | 3,004.5 | 9.6 |
| Other | 9,931.9 | 31.7 |
| Totals | 31,358.1 | 100.0 |

**Source:** Prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (HHS).

**Table A-3. Maximum Monthly TANF Cash Welfare Benefit for a Family of Three: July 2011**

| State | Maximum Monthly Benefit for a Family of 3 | Maximum Monthly Benefit as a Percent of the 2011 Federal Poverty Guidelines. |
|---|---|---|
| Alabama | $215 | 13.9% |
| Alaska | 923 | 47.8 |
| Arizona | 278 | 18.0 |
| Arkansas | 204 | 13.2 |
| California | 638 | 41.3 |
| Colorado | 462 | 29.9 |
| Connecticut | 674 | 43.6 |
| Delaware | 338 | 21.9 |
| District of Columbia | 428 | 27.7 |
| Florida | 303 | 19.6 |
| Georgia | 280 | 18.1 |
| Hawaii | 610 | 34.3 |
| Idaho | 309 | 20.0 |
| Illinois | 432 | 28.0 |
| Indiana | 288 | 18.7 |
| Iowa | 426 | 27.6 |
| Kansas | 429 | 27.8 |
| Kentucky | 262 | 17.0 |
| Louisiana | 240 | 15.5 |
| Maine | 485 | 31.4 |
| Maryland | 574 | 37.2 |
| Massachusetts | 633 | 41.0 |
| Michigan | 492 | 31.9 |
| Minnesota | 532 | 34.5 |
| Mississippi | 170 | 11.0 |
| Missouri | 292 | 18.9 |
| Montana | 504 | 32.6 |
| Nebraska | 364 | 23.6 |
| Nevada | 383 | 24.8 |
| New Hampshire | 675 | 43.7 |
| New Jersey | 424 | 27.5 |
| New Mexico | 380 | 24.6 |

| State | Maximum Monthly Benefit for a Family of 3 | Maximum Monthly Benefit as a Percent of the 2011 Federal Poverty Guidelines. |
|---|---|---|
| New York | 753 | 48.8 |
| North Carolina | 272 | 17.6 |
| North Dakota | 427 | 27.7 |
| Ohio | 434 | 28.1 |
| Oklahoma | 292 | 18.9 |
| Oregon | 506 | 32.8 |
| Pennsylvania | 421 | 27.3 |
| Rhode Island | 554 | 35.9 |
| South Carolina | 221 | 14.3 |
| South Dakota | 555 | 35.9 |
| Tennessee | 185 | 12.0 |
| Texas | 260 | 16.8 |
| Utah | 498 | 32.3 |
| Vermont | 665 | 43.1 |
| Virginia | 389 | 25.2 |
| Washington | 478 | 31.0 |
| West Virginia | 340 | 22.0 |
| Wisconsin | 628 | 40.7 |
| Wyoming | 577 | 37.4 |
| | | |
| Median State | 427 | 27.7 |
| Maximum | 923 | 48.8 |
| Minimum | 170 | 11.0 |

**Source:** Prepared by the Congressional Research Service (CRS) with data from the Urban Institute's "Welfare Rules Database."

# Author Contact Information

Gene Falk
Specialist in Social Policy
gfalk@crs.loc.gov, 7-7344