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The Temporary Assistance for Needy Families (TANF) Block Grant: A Legislative History

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Summary

The Temporary Assistance for Needy Families (TANF) block grant was created in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA, P.L. 104-193). It was born out of the *welfare reform* debates that spanned four decades, from the 1960s through the 1990s. These debates focused on the Aid to Families with Dependent Children (AFDC) program, which provided federal funding for state-run programs delivering assistance to needy families with children. Historically, most families receiving assistance were headed by single mothers who were not working for wages. Central issues in these debates were whether and how much single mothers should be expected to work in paid employment, and whether the AFDC program itself had disincentives to paid work and raising children in two-parent families.

In 1992, then-candidate Bill Clinton promised to “end welfare as we know it.” President Clinton submitted his welfare reform proposal to Congress in June 1994, but Congress did not take any action on it. A welfare reform proposal was included in the House Republican *Contract with America* document during the 1994 congressional campaign. This proposal would have altered, but not replaced, AFDC. Immediately after the 1994 congressional campaign, with Republicans taking control of both the House and the Senate, the new House leadership and Republican governors crafted a proposal to end AFDC and replace it with the TANF block grant. This proposal passed Congress as part of two separate pieces of legislation in 1995, but President Clinton vetoed both.

In 1996, a revised proposal was offered and passed Congress. On August 22, 1996, President Clinton signed PRWORA, which ended AFDC and created TANF. TANF is a broad-purpose block grant to the states, which helps fund a wide range of benefits, services, and activities to address the effects of, and root causes of, child poverty and economic disadvantage. Reflecting its origins in debates over AFDC, most TANF policy revolves around the state programs of cash assistance and work programs that the block grant helps fund.

Most TANF policies in effect in 2023 date back to PRWORA. The original funding provided in that law for TANF expired at the end of FY2002 (September 30, 2002), and most of the legislative activity since then has been to continue funding on a short-term basis. From FY2002 to FY2006, TANF was funded by a series of short-term extensions. There was one long-term extension of TANF funding—The Deficit Reduction Act of 2005 (DRA, P.L. 109-171)—which extended it from FY2006 through the end of FY2010. The DRA also made some changes to TANF work standards and established a program of competitive grants mostly to community-based organizations for healthy marriage and responsible fatherhood initiatives. Since the end of FY2010, TANF has again been funded by a series of short-term extensions. Most recently, the Continuing Appropriations Act, 2024 and Other Extensions Act (P.L. 118-15) funds TANF through November 17, 2023. The Fiscal Responsibility Act of 2023 (P.L. 118-5) revised TANF work standards and allows HHS to conduct pilots in up to five states to test alternative performance systems related to work for TANF adult assistance recipients.

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Introduction

The Temporary Assistance for Needy Families (TANF) block grant was created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA, P.L. 104-193). That law ended the program of family cash assistance (sometimes called *welfare*) that dated back to the New Deal era, Aid to Families with Dependent Children (AFDC), and folded its funding into TANF, a broad-purpose block grant. The enactment of PRWORA was the culmination of a debate about how to overhaul programs providing cash assistance to needy families with children—specifically, those headed by single mothers—that spanned four decades: from the 1960s to the 1990s.

PRWORA provided both program authority and funding (appropriations) for TANF through the end of FY2002.¹ Most of the legislative activity on TANF since 2002 has been to extend the program funding and financing authority for TANF. Most of these extensions did not change TANF policy, though policy changes were included in extensions enacted in 2006, 2010, and 2012. Most recently, the Continuing Appropriation Act, 2024 and Other Extensions Act (P.L. 118-15) extended TANF funding through November 17, 2023.² Additionally, the Fiscal Responsibility Act of 2023 (P.L. 118-5) revised TANF’s work standards.

This report will begin with a brief overview of the history of the AFDC program. That overview will be followed by a summary of the differences between AFDC and TANF, and then the changes made to TANF since 1996. The report concludes with a detailed chronology of TANF legislation.

Brief History of AFDC

The modern form of family cash assistance dates to the Progressive Era of the early 1900s, and state- or locally funded mothers’ pensions for fatherless families. The purpose of these programs was to provide income to such families so that mothers could stay at home and care for their children.

Federal funding for these programs was first provided in the Social Security Act of 1935 (P.L. 74-271) through the Aid to Dependent Children (ADC) program, later renamed the Aid to Families with Dependent Children program (AFDC). Many of the later changes, and the *welfare reform* debates of the 1960s to the 1990s, focused on issues of the expectations of paid work for single mothers and whether providing cash to single mothers served as disincentives for both engaging in paid work and marriage.

However, the history of the ADC/AFDC program touched many other facets of the well-being of children and their families. ADC/AFDC provided federal funding for social services, medical assistance, child care, and foster care. Each of these separate benefits and services were later spun off into separate programs, with dedicated federal funding. While much of the focus of ADC/AFDC was on the single mother (custodial parent), the program’s policies also touched on noncustodial parents. The Child Support Enforcement (CSE) program was created, in great part, to reimburse states and the federal government for the costs of providing family cash assistance to single mothers, and making noncustodial fathers responsible for these costs. CSE has evolved into a program that distributes child support payments collected from noncustodial parents to

¹ Thus, though TANF is administered by the Department of Health and Human Services, its funding is not a part of the regular appropriations bill for the department.

² Division A, Section 133.

custodial parents, mostly to families that have never received or are no longer receiving cash assistance.

The Early Years: 1930s through the 1950s

The Social Security Act of 1935 (P.L. 74-271) created the social insurance programs of Old Age Benefits and unemployment compensation, where workers earned protection against lost wages because of old age and involuntary unemployment. It also created federal funding for state programs providing cash assistance for low-income aged persons, blind persons, and programs for needy families with children where one parent (usually the father) was unable to support the family.

The ADC program provided grants to the states to help finance programs to assist children who were “deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent” and who lived with the other parent or a relative. The legislative history of the 1935 act explicitly stated that the purpose of ADC payments was to permit mothers to stay at home rather than work for pay outside the home:

The very phrases “mothers’ aid” and “mothers’ pensions” place an emphasis equivalent to misconstruction of the intention of these laws. These are not primarily aids to mothers but defense measures for children. They are designed to release from the wage-earning role the person whose natural function is to give her children the physical and affectionate guardianship necessary not alone to keep them from falling into social misfortune, but more affirmatively to rear them into citizens capable of contributing to society.³

The intent of ADC to allow single mothers to stay home and raise their children was often met with resistance at the state and local levels.⁴ It was also contrary to the reality that low-income women, particularly women of color, were sometimes expected to, and often did, work.⁵ The 1935 Social Security Act left administration and many decisions about eligibility to the states. States also determined ADC benefit amounts.

The 1935 act provided federal funding to pay benefits on behalf of the children in the family. The Social Security Amendments of 1950 (PL 81-734) provided federal funding for one parent (or other caretaker) as well.

The Social Security Amendments of 1956 (P.L. 84-881) added the goals of creating “self-sufficiency” and strengthening family life to ADC, along with funding for services intended to enable recipients to achieve these goals.

In the early years, families receiving ADC benefits were often headed by a widow or had a disabled father.⁶ However, over time the natures of both the program and the families it aided

³ See the Report of the Committee on Economic Security to the President, transmitted to the President on January 15, 1935.

⁴ For a discussion of nonfinancial restrictions to cash assistance, including those related to work, in the earlier years of ADC, see Winifred Bell, *Aid to Dependent Children* (New York: Columbia University Press, 1965).

⁵ Historically, non-White women had a higher labor force participation rate than did White women. This especially held true for married women. For documentation of the increase in women’s labor force participation by marital status and race, see Claudia Golden, “The Evolution of the Female Labor Force,” in *Understanding the Gender Gap, An Economic History of American Women* (New York: Oxford University Press, 1990), pp. 10-57.

⁶ An early look at the characteristics of families receiving assistance comes from a study of 16 states in 1942. In those states, 41.4% of total families lacked support because of the death of a parent, usually the father. Additionally, 27.6% of ADC families in those states lacked support because of the incapacity of one parent (again, usually the father). Agnes Leisy, *Families Receiving Aid to Dependent Children, October 1942*, Federal Security Agency, Social Security Board, March 1945.

changed. The Social Security Amendments of 1939 (P.L. 76-379) added survivor benefits—benefits paid to widows of deceased workers—to the program of old age benefits, renaming it Old Age and Survivors Insurance. Survivor benefits, like old age benefits, were social insurance benefits earned through work in a covered job and paid to spouses and children upon the death of a worker or retiree. This provided an alternative, and broader, means of aiding widows and their children. The Social Security Amendments of 1956 (P.L. 84-881) added Disability Insurance to Old Age and Survivor Insurance, with the combined program now commonly referred to as Social Security. These changes, too, provided broader means of aiding the types of families that were originally assisted by ADC.

In the middle decades of the 20th Century, African-Americans comprised an increasing (but still minority) share of individuals receiving assistance.⁷ Social Security coverage, including Survivor protection, did not immediately extend to farm and domestic workers, occupations in which many Blacks were employed. In 1940, 41% of employed Black men were reported as farm workers. In that year, 60% of employed Black women were private household workers.⁸ A focus of the 1950 Social Security Amendments was to extend coverage to those in occupations that were excluded, including farm and domestic workers.

Other factors also affected the composition of those receiving ADC. Historically and currently, African-American children were more likely to live in single parent families, a population targeted by ADC policy, and that disparity widened between 1940 to 1960.⁹ Both cultural and economic factors have been discussed in the research that examines the higher likelihood of Black children living in single parent families than White children.¹⁰ African-American families also had lower incomes than did Whites.¹¹

In the two decades after the program was launched, the families receiving ADC increasingly were those where the father was alive but absent. The longevity of life improved during the 20th Century, and, as mentioned above, Survivors Insurance provided a broader means to aid widows and their children. Still, at the end of the 1950s, ADC assisted fewer than 1 million families (776,115 in December 1959).

⁷ The report on the characteristics of families receiving assistance (cited above) in 1942 showed that in the 16 states included in the study, 78.6% of the children were White. In 1953, it was reported that 63% of “families” were White. In 1958, 58% of families were White. See Social Security Administration, Bureau of Public Assistance, *Characteristics and Financial Circumstances of Families Receiving Aid to Dependent Children, Late 1958*, Bureau of Public Assistance Report Number 42, undated. By 1969, half of the caseload was White. See U.S. Department of Health, Education, and Welfare, Social and Rehabilitation Service, *Preliminary Report of Findings—1969 AFDC Study*, MCSS Report AFDC-1 (69), March 1970.

⁸ U.S. Department of Commerce, Bureau of the Census, *The Social and Economic Status of the Black Population in the United States: An Historical View, 1790-1978*, Special studies, Series P-23, No. 80, June 1979, p. 74, <https://www.census.gov/library/publications/1979/demo/p23-080.html>.

⁹ See Steve Ruggles, “The Origins of African-American Family Structure,” *American Sociological Review*, vol. 59, no. 1 (February 1994), pp. 136-151. In 1940, 13.6% of Black children aged 0 to 14 lived in families with a single mother, with the comparable percentage of 5.6% for White children. By 1960, 18.2% of Black children aged 0 to 14 lived with a single mother, with the comparable percentage of 5.9% for White children.

¹⁰ Steve Ruggles, “The Origins of African-American Family Structure,” *American Sociological Review*, vol. 59, no. 1 (February 1994).

¹¹ U.S. Department of Commerce, Bureau of the Census, *The Social and Economic Status of the Black Population in the United States: An Historical View, 1790-1978*, Special studies, Series P-23, No. 80, June 1979, pp. 25-54, <https://www.census.gov/library/publications/1979/demo/p23-080.html>.

The 1960s: Expansion to Two-Parent Families and Work

P.L. 87-31, enacted in 1961, first made cash assistance benefits available to families that included two able-bodied parents, provided that one was unemployed. The authority to serve these families was optional for states. It was also temporary at first (in response to an economic downturn), but was later made permanent. In 1962, the program was renamed Aid to Families with Dependent Children. The 1962 amendments, the Public Welfare Amendments of 1962 (P.L. 87-543), also established a community work and training program for adult AFDC recipients, largely intended for men in two-parent families.¹²

AFDC eligibility rules were not affected by President Johnson's *War on Poverty* legislation. The centerpiece of the War on Poverty, the Economic Opportunity Act of 1964 (P.L. 88-452), authorized work experience demonstration programs for AFDC recipients. The Social Security Amendments of 1965 (P.L. 89-97) established Medicaid as a new, formal program that provided health insurance linked to AFDC receipt; allowed states to use the Medicaid matching rate to determine federal and state shares of AFDC expenditures, provided that a state had an approved Medicaid plan; and allowed families with students up to age 21 to continue to receive AFDC.

The Social Security Amendments of 1967 (P.L. 90-248) enacted both financial incentives for adult recipients to work and, for the first time, requirements for AFDC mothers to work. These amendments required states to disregard from a family's countable income some earnings when determining its "need" and benefits. The amendments also created a new work program under AFDC—the Work Incentive (WIN) Program—that expanded the population served by an AFDC-related work program to women.

Administrative and Court Decisions Overruled State Policies that Denied Assistance to Certain Families

The policy of assisting mothers so that they could raise children and be out of the paid workforce was met with resistance at the state and local level. Multiple states adopted policies barring aid to certain families. Some states ended aid to families with children born out of wedlock, considering them "unsuitable homes." Other states denied aid in households where a man was present. Some states also adopted so-called *farm policies*, requiring able-bodied mothers and children over a certain (state-defined) age to work in seasonal agricultural employment.

A series of federal administrative and U.S. Supreme Court decisions ended some of the state practices that removed families from cash assistance. For example, in January 1961 (during the Eisenhower Administration) Secretary of Health, Education, and Welfare Arthur Flemming issued a ruling (the *Flemming Rule*) declaring that states could not deny families assistance by declaring the home "unsuitable."¹³ (Congress in 1961 enacted legislation that allowed federal funds to be used for the costs of foster care when children aided by ADC were removed from their unsuitable homes by court order.) The Supreme Court ruled in 1968 that states could not deny aid to families because of the presence of a "man in the house."¹⁴ In 1970, the Supreme Court held that AFDC benefits were a matter of statutory entitlement to persons qualified to receive them and could not be terminated without a pre-termination evidentiary hearing.¹⁵

¹² For a discussion of the AFDC work programs, see CRS Report 95-761, *EPW Work Programs for Welfare Recipients: A Look at Past Efforts*, by Karen Spar, June 23, 1995 (available to congressional clients upon request).

¹³ Department of Health, Education, and Welfare, Social Security Administration, *Aid to Dependent Children — "Suitable Home" Requirements*, State Letter 452, January 17, 1961.

¹⁴ *King v. Smith*, 392 309 (1968).

¹⁵ *Goldberg v. Kelly*, 397 U.S. (1970).

1969 to 1980: Negative Income Tax and Guaranteed Incomes

The late 1960s marked the beginning of the debates (historically termed *welfare reform*) of proposals to alter or completely replace AFDC. This occurred as AFDC's costs and the number of families receiving its benefits increased. From 1960 to 1969, the number of families receiving AFDC increased from fewer than 1 million to 1.9 million. By 1973, the AFDC rolls had increased to 3.1 million families.¹⁶

For the decade beginning in 1969, these proposals were based on the “negative income tax” (NIT) concept. The NIT proposals would have provided a guaranteed income to families who had no earnings (the “income guarantee” that was part of these proposals). For families with earnings, the NIT would have provided for a gradual reduction in the benefit as earnings increased.¹⁷

President Nixon proposed to replace AFDC with an NIT-type program in 1969, the Family Assistance Plan (FAP).¹⁸ This proposal also would have nationalized the program, with the federal government paying the income guarantee and states able to supplement the federal guarantee with their own funds. This legislation was not enacted; it passed the House twice but never passed the Senate.¹⁹ In 1972, the Senate Finance Committee proposed to guarantee jobs—rather than income—for parents of school-age children.²⁰ That proposal, too, did not ultimately pass.²¹

President Carter also proposed an NIT-based cash assistance program coupled with a public service job program in 1977. President Carter's proposals died in committee (they were never reported to either the full House or Senate). A less ambitious proposal from President Carter in 1979 passed the House but did not pass the Senate.²²

¹⁶ The increase in the number of families receiving assistance in the late 1960s and early 1970s was associated with a change in public opinion about whether too much or too little was spent on *welfare*. Additionally, attitudes toward women in the workplace had shifted from those that prevailed in the 1930s. For a discussion, see Steven M. Teles, “The Collapse of One Consensus, the Rise of Another,” in *Whose Welfare? AFDC and Elite Politics* (Lawrence, KS: University of Kansas Press, 1998), pp. 41-59.

¹⁷ The negative income tax is often associated with economist Milton Friedman, who in 1963 proposed such a plan. See Milton Friedman, “Chapter XII, The Alleviation of Poverty,” in *Capitalism and Freedom* (Chicago: University of Chicago Press, 1963), pp. 190-195. Others, including economist James Tobin and Robert Lampman also developed the idea of the negative income tax around the same time as Friedman.

¹⁸ U.S. President (Nixon), “Special Message to the Congress on Reform of the Nation's Welfare System,” *Public Papers of the Presidents of the United States: Richard Nixon, 1969* (Washington, DC: GPO, 1971), pp. 647-654.

¹⁹ For a contemporary account of the debate on President Nixon's FAP proposal, see Vincent J. Burke and Vee Burke, *Nixon's Good Deed: Welfare Reform* (New York: Columbia University Press, 1974). See also Daniel P. Moynihan, *The Politics of a Guaranteed Income: The Nixon Administration and the Family Assistance Plan* (New York: Vintage Books, 1973).

²⁰ See U.S. Congress, Senate Committee on Finance, *Social Security Amendment of 1972*, Report to Accompany H.R. 1, to Amend the Social Security Act and Other Purposes, 92nd Cong., 2nd sess., September 26, 1972, S. Rept. 92-1230 (Washington, DC: GPO, 1972).

²¹ However, the Social Security Amendments of 1972 did replace federal grant in aid programs to assist needy individuals who are elderly, blind, and disabled with the Supplemental Security Income (SSI) program. SSI provides a guaranteed cash income floor for those age 65 and older and those who meet its criteria of disability and blindness. For a description of SSI, see CRS In Focus IF10482, *Supplemental Security Income (SSI)*.

²² U.S. President (Carter), “Welfare Reform,” 95th Cong., 1st sess., September 7, 1977, H.Doc. 95-205 (Washington, DC: GPO, 1977). A description and analysis of President Carter's welfare reform proposals can be found in Congressional Budget Office, *The Administration's Welfare Reform Proposal: An Analysis of the Program for Better Jobs and Income*, April 1, 1978, <https://www.cbo.gov/publication/21353>.

1981 to 1993

The period from 1981 to 1993 saw two large shifts in policies toward low-income families with children. The 1981 proposals from the Reagan Administration that were adopted by Congress emphasized maintaining a *social safety net* for the *truly needy*.²³ The *truly needy* generally defined those who could not work for pay. However, by mid-decade policies shifted in the opposite direction, toward supporting the incomes of parents who earned low wages.

Work Requirements and Devolution

The proposals to change AFDC made by President Reagan at the beginning of his Administration differed sharply from the earlier proposals of the 1960s and 1970s. They emphasized requirements to work and limiting eligibility rather than work incentives.²⁴ The Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) limited the earnings disregard that was enacted in 1967 and set a gross income limit for AFDC eligibility, thus ending benefits for many families who received assistance and worked in paid employment. It also gave states expanded authority to require recipients to engage in community service or work experience programs (unpaid work) in exchange for their AFDC benefit.

The early Reagan Administration proposals also emphasized devolution to the states in decisionmaking, rather than nationalization. In 1982, President Reagan proposed to completely devolve to the states family cash assistance for families with children.²⁵ That proposal did not pass.

Supporting Parents Earning Lower Wages

In the 1980s, there was increasing attention to *welfare dependency*. Research at that time showed that while many mothers were on cash assistance for a short period of time, a substantial minority of mothers remained on the rolls for long periods.²⁶ Additionally, policymakers began to focus on

²³ The terms “social safety net” and “truly needy” were used by President Reagan in submitting his economic proposals to Congress in February 1981. Preserving the “social safety net,” revising entitlements to eliminate unintended benefits, and reducing subsidies to middle- and upper-income groups were listed as guidelines that were applied for reducing the budget. The economic message further said “The Administration’s insistence on this fundamental principle has meant that programs benefiting millions of truly needy beneficiaries have not been affected by the spending control effort.” See U.S. President (Reagan), “White House Report on the Program for Economic Recovery,” *Public Papers of the President of the United States: Ronald Reagan, 1981* (Washington, DC: GPO, 1982), p. 120. The detailed documents transmitting President Reagan’s proposals for that year cited many of the proposals that would have curtailed AFDC funding as targeting funds for the “truly needy,” ending benefits for families with higher incomes, or ending increases in welfare families’ income once they are capable of meeting their own needs through employment.

²⁴ Martin Anderson, a domestic and economic policy advisor to President Reagan, wrote in the late 1970s:

The idea of using financial incentives to induce people to get off the welfare rolls is faulty in principle. It attempts to *persuade* people to do something they should be *required* to do. [Emphasis in the original.]

Martin Anderson, *Welfare. The Political Economy of Welfare Reform in the United States* (Stanford, CA: Hoover Institution Press, 1978), p. 162.

²⁵ President Reagan proposed that the federal government assume full responsibility for Medicaid while AFDC and the Supplemental Nutrition Assistance Program (SNAP, then called food stamps) be turned over to the states. See U.S. President (Reagan), “Message to Congress Transmitting the Fiscal Year 1983 Budget,” *Public Papers of the Presidents of the United States: Ronald Reagan, 1982 (In Two Books) January 1 to July 2, 1982* (Washington, DC: GPO, 1983), p. 133.

²⁶ See Mary Jo Bane and David T. Ellwood, *Transitions from Welfare to Work*, Urban Systems and Engineering Inc., Cambridge, MA, 1983; and David T. Ellwood, *Targeting “Would-Be” Long-Term Recipients of AFDC*, Mathematica Policy Research, Princeton, NJ, 1986.

the possibility that a single mother who left family cash assistance for work might be financially worse off than if she did not work and continued to collect benefits. Such a single mother, who might command relatively low wages in the labor force, risked losing health insurance from Medicaid for herself and her children and faced work-related costs such as child care.

The Family Support Act of 1988 (P.L. 100-485) established in AFDC the notion of mutual responsibility between the cash assistance recipient and the state. It created the Job Opportunities and Basic Skills (JOBS) Training program, which provided employment services, education, and training for cash assistance recipients. It required participation in the JOBS program for certain AFDC adults. The Family Support Act also mandated that states provide benefits for two-parent families, though it was on more restrictive terms than those for single-parent families.

The Family Support Act also established the Transitional Medical Assistance (TMA) program that continued Medicaid coverage for a period of time for those who otherwise would have lost eligibility for Medicaid when moving from AFDC assistance to work. Further, it guaranteed child care for AFDC recipients engaged in work activities and provided time-limited (transitional) child care for those who left AFDC for work. Subsequent legislation, enacted in 1990, further expanded child care by creating a new block grant for those without a connection to AFDC, new matching funds to subsidize child care for those at risk of receiving AFDC, a major expansion of the Earned Income Tax Credit (EITC), and a phase-in of making children eligible for Medicaid based on their families' low income rather than being in a family receiving AFDC.

Research and Experimentation

Additionally, an era of experimentation on *welfare-to-work* initiatives began in the 1980s.²⁷ President Reagan proposed legislation in 1987 that would have authorized states to conduct demonstration projects that could have included AFDC and any other low-income assistance programs. These demonstrations would have been overseen at the federal level by an Interagency Low-Income Opportunity Board.²⁸ The proposed legislation was not enacted. However, the Reagan Administration, and subsequently the Administrations of George H. W. Bush and Bill Clinton, issued waivers of AFDC requirements under another provision of law to permit states to conduct pilots and demonstrations of alternative work-related programs.²⁹ Also funded was an evaluation of the JOBS program created in the Family Support Act of 1988. That evaluation focused on the impact of the mandatory participation requirements for certain AFDC recipients, and differing strategies that were available to states under the JOBS program.

The research initiated in the 1980s and early 1990s generally found that mandatory participation in programs providing employment services to AFDC recipients increased paid employment and earnings temporarily and reduced receipt of assistance. (Most recipients eventually went to work, even without participation mandates and employment services³⁰). However, unless the mandatory participation requirement was also accompanied by supplementing the earnings of parents with low wages, AFDC recipients were not made financially better off. Some of this research was available at the time of the 1995-1996 debates. However, much of the research from this pre-

²⁷ For a history of this experimentation, see Judith M. Gueron and Howard Rolston, *Fighting for Reliable Evidence* (New York: Russell Sage Foundation, 2013).

²⁸ U.S. Congress, House, Proposed Legislation—"Low-Income Opportunity Improvement Act of 1987," Message from the President of the United States, 100th Cong., 1st sess., February 26, 1987, H. Doc. 100-39 (Washington, DC: GPO, 1987).

²⁹ The provision of law was Section 1115 of the Social Security Act.

³⁰ Dan Bloom, *What Does MDRC Research Really Say About Work Requirements*, MDRC, June 2023, <https://www.mdrc.org/publication/what-does-mdrc-s-research-really-say-about-work-requirements>.

TANF era was released after 1996. For example, the long-term findings of the evaluation of the AFDC participation requirements and the JOBS program (renamed the National Evaluation of Welfare to Work Strategies) were not released until 2001.³¹

1992 to 1996: Ending “Welfare as We Know It”

The number of families receiving family cash assistance had been comparatively stable during the period from 1982 to 1988. However, beginning in the summer of 1989 the number of families receiving cash assistance began to increase once again. From 1988 to 1992, the number of families receiving AFDC increased from 3.7 million to 4.9 million. The number of families receiving AFDC would reach its all-time high in March 1994, at 5.1 million.³²

Increases in the Number of Families Receiving AFDC and Reform Debates

Two chapters of the welfare reform debates began amid increases in the number of families receiving AFDC: the unsuccessful argument to replace AFDC with a negative income tax beginning in 1969, and the ultimately successful effort beginning in 1992 that led to its repeal as part of PRWORA.

The two periods of growth in families receiving AFDC had dissimilar causes. Research has found that the increase in AFDC families that occurred in the late 1960s to early 1970s was predominately caused by an increase in the rate at which eligible families applied for and received AFDC.³³ Some reasons for increases in the share of eligible families receiving benefits are administrative and court decisions that barred states from denying AFDC to certain categories of families and increased legal advocacy on behalf of lower-income individuals to take-up benefits for which they were eligible.

On the other hand, the 1988 to 1994 increase in families receiving AFDC was primarily driven by increases in the number of families eligible for assistance—the rate at which families eligible for AFDC received them increased only slightly.³⁴ Research found that the increase in the number of AFDC-eligible families was caused by demographic trends (increases in single mothers, particularly never-married mothers), the effects of the economic downturn associated with the 1990-1991 recession, and a rise in families where only the child would be eligible for assistance, the so-called *child-only* cases. For the last category of families, benefits were available only on behalf of children because they are cared for by nonparent relatives, parents who are noncitizens, parents sanctioned for failing to comply with participation requirements, or parents who were disabled and receiving SSI.³⁵

Political Scientist Steven Teles noted in his book *Whose Welfare* that both times the number of families receiving AFDC increased, public opinion polling found increasing sentiment that “too much” was being spent on welfare.³⁶

³¹ Gale Hamilton et al., *How Effective Are Different Welfare-to-Work Approaches? Five-Year Adult and Child Impacts for Eleven Programs*, U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, November 30, 2001, <https://aspe.hhs.gov/reports/how-effective-are-different-welfare-work-approaches-five-year-adult-child-impacts-eleven-programs-0>.

³² See CRS Report RL32760, *The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions*, by Gene Falk and Patrick A. Landers.

³³ The estimates are based on computer simulations of the number of people and families eligible for AFDC compared with administrative totals on the number of people and families receiving AFDC. This was first published in U.S. Congress, Joint Economic Committee, Subcommittee on Fiscal Policy, *Studies in Public Welfare, Paper 12 (Part 1). The Family, Poverty and Welfare Programs: Factors Influencing Family Instability. Participation in the Aid to Families with Dependent Children Program*, committee print, prepared by Barbara Boland, 93rd Cong., 1st sess., November 4, 1972, Paper 12, Part I (Washington, DC: GPO, 1972), pp. 139-180. These estimates were subsequently updated for technical reasons, though they also found that the dominant reason for the increase in the families receiving assistance was an increase in the share of eligible families receiving benefits. See Patricia Ruggles and Richard C. Michel, *Participation Rates in the Aid to Families with Dependent Children Program: Trends for 1967 through 1984*, Urban Institute, April 1987.

³⁴ Linda Giannarelli, *What Was the TANF Participation in 2016?*, Urban Institute, July 2019. [what_was_the_tanf_participation_rate_in_2016_0.pdf](https://www.urbaninstitute.org/publications/what-was-the-tanf-participation-rate-in-2016-0.pdf).

³⁵ Rebecca Blank, “What Causes Public Assistance Caseload to Grow,” *Journal of Human Resources*, vol. 36, no. 1 (Winter 2001), pp. 87-88.

³⁶ Steven Teles, *Whose Welfare? AFDC and Elite Politics* (Lawrence, KS: University of Kansas Press, 1998), p. 44.

President Clinton's Proposal

During the 1992 presidential campaign, then-candidate Bill Clinton promised to “end welfare as we know it.” He stressed time-limited aid and expanded financial supports for those who did go to work.³⁷ The 1993 tax bill signed by President Clinton further expanded the EITC.

President Clinton made his welfare reform proposal in June 1994.³⁸ It would have phased in a two-year limit on AFDC receipt without work, followed by required participation in a wage-paying work program after two years. It would also have expanded funding for training within the first two years. It was estimated to increase child care costs for participants in the JOBS program or the wage-paying work program. The proposal would have barred AFDC to unmarried minor mothers.

President Clinton's proposal was never considered by either the House or the Senate. However, during the period before the enactment of PRWORA, the Administration granted additional waivers of AFDC law to allow them to engage in welfare reform demonstration projects.³⁹ Some of these waivers were for small-scale demonstrations, but some were for statewide demonstrations of state-designed cash assistance and work programs.

The Contract with America

Welfare reform was one of 10 legislative initiatives that was included in the *Contract with America*, developed by Republicans for the 1994 congressional campaign.⁴⁰ The proposal in the Contract with America would have required recipients to work after two years of AFDC (like the Clinton Administration proposal), but it also would have imposed a lifetime five-year limit on benefits. It would have barred AFDC to unwed minor mothers and would have imposed a “family cap,” not increasing benefits for new babies born into AFDC families. Funding for AFDC and child care would have been capped, with states given the option to receive AFDC as a block grant.

A Block Grant for Temporary Assistance to Needy Families

H.R. 4, as introduced at the start of the 104th Congress, was the Contract with America proposal. However, immediately following the 1994 congressional election, House Republicans worked with several Republican governors to craft an alternative proposal that would block grant funding for AFDC and other social programs.⁴¹ The legislation considered by House committees reflected the block grant proposals rather than the original H.R. 4 legislation. Legislation reported from the House committees was bundled into an omnibus welfare reform bill that included the end of

³⁷ David Ellwood, an advisor to President Clinton on matters relating to poverty and assistance, proposed, among other things, in his 1988 book to both “make work pay so that working families are not poor” and “convert welfare into a transitional system designed to provide serious but short-term financial, education, and social support for people who are trying to cope with a temporary set-back.” See David T. Ellwood, *Poor Support. Poverty and the American Family* (New York: Basic Books, 1988), p. 238.

³⁸ U.S. President (Clinton), Proposed Legislation, “Work and Responsibility Act of 1994,” 103rd Cong., 1st sess., June 21, 1994, H.Doc. 103-273 (Washington, DC: GPO, 1994).

³⁹ U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Setting the Baseline: A Report on State Welfare Waivers*, June 1997.

⁴⁰ The text of the Contract with America can be found in the internet archive, <https://web.archive.org/web/19990427174200/http://www.house.gov/house/Contract/CONTRACT.html>.

⁴¹ See Ron Haskins, “The House Initiates the Revolution,” in *Work Over Welfare. The Inside Story of the 1996 Welfare Reform* (Washington, DC: Brookings Institute Press, 2006), pp. 82-105.

AFDC and its replacement with TANF.⁴² That bill, the Personal Responsibility Act, substituting for the original text of H.R. 4, passed the House on March 24, 1995.

H.R. 4, as passed by the House, formed the basis for all later bills considered and passed by the 104th Congress. It would have

- replaced AFDC and related programs of Emergency Assistance, and the work and training program for AFDC recipients, with a block grant to the states for Temporary Assistance for Needy Families;
- allotted TANF basic block grant funds to states based on recent expenditures in AFDC and related programs;
- allowed states to spend their TANF grants on a broad range of benefits and services;
- gradually phased in a requirement that 50% of the caseload be either working or engaged in activities, but limited the ability of states to count education and training toward that target; the requirement could also be met, fully or partially, through caseload reduction (i.e., the caseload reduction credit);
- established a five-year lifetime limit on cash assistance;
- prohibited unmarried minor parents from receiving cash assistance;
- prohibited states from increasing cash benefits when a new baby was born to a family already on the rolls (the family cap); and
- limited need-tested benefits for noncitizens in need-tested programs, including requiring that noncitizens be in the United States for five years before being eligible for TANF.

The House-passed bill also consolidated AFDC-related child care funding with the block grant created in 1990, and it increased funding for child care. However, it ended the guarantee that those transitioning from family cash assistance to work be provided child care.

The Senate Finance Committee ordered H.R. 4 reported in May 1995. The Finance Committee bill adopted a similar structure to the House bill. Different from the House bill, however, the Senate Finance Committee bill

- would have continued a separate employment and training program;
- did not include a family cap; and
- did not include the prohibition on benefits to unmarried minor parents.

Disputes about the committee-reported measure over items such as the distribution of funds held up consideration of the bill until August and September of 1995. Negotiations between party leaders in the Senate, Senator Robert Dole for the Republicans and Senator Thomas Daschle for the Democrats, produced an accord that also adopted the basic structure of the House bill but made some substantial modifications. The compromise bill included

⁴² The House Ways and Means Committee and the committee now known as the Education and Labor Committee (then known as the House Economic and Educational Opportunities Committee) both reported welfare reform legislation that included TANF programs. The House Ways and Means-reported bill was H.R. 1157, The Welfare Transformation Act of 1995. The bill reported from the House Economic and Educational Opportunities Committee, which included provisions related to TANF work requirements, was H.R. 999, the Welfare Reform Consolidation Act of 1995. The House Rules Committee incorporated the committee bills, reconciled differences, and made other modifications, and under a rule H.Res. 119 consolidated a number of committee bills into one substitute measure to be considered on the floor as H.R. 4.

- a requirement that states continue to spend some of their own funds (a maintenance of effort [MOE] requirement) in order to receive their full block grant funds;
- supplemental grants to states with high rates of population growth and/or low historical welfare spending per poor child;
- a contingency fund for states experiencing economic need;
- a provision to allow aid to unmarried minor parents who were living in an adult supervised setting; and
- “charitable choice” provisions to permit increased participation of faith-based organizations in the delivery of TANF services.

The Senate passed its version of H.R. 4 on September 19, 1995.

The 1995 Budget Bill—First Veto

Following passage of H.R. 4 in the Senate, both the House and Senate began the process of crafting legislation to implement the budget adopted for FY1996. On October 17, 1995, the House Budget Committee reported its budget reconciliation bill (H.R. 2491), which included the end of AFDC and its replacement with TANF. It passed the House on October 26, 1995. The Senate version of the budget reconciliation bill also generally included the Senate-passed version of the TANF proposal, and it passed on October 28, 1995. Conferees came to an agreement on the budget reconciliation bill—including the end of AFDC and creation of TANF—on November 17, 1995. The House- and Senate-approved conference agreement was vetoed by President Clinton on December 6, 1995. President Clinton’s veto message highlighted his opposition to cuts to Medicare, Medicaid, the EITC, and child nutrition programs. The President said

On welfare reform, I strongly support real welfare reform that strengthens families and encourages work and responsibility. But the provisions in this bill, when added to the EITC cuts, would cut low-income programs too deeply.⁴³

Final Agreement on H.R. 4— Second Veto

With the veto of the budget reconciliation bill, attention turned toward finalizing House-Senate agreements on the stand-alone welfare reform bill (H.R. 4). A final conference report on H.R. 4 was filed on December 20, 1995. The final agreement included many of the modifications to TANF that were adopted in the Senate, including

- a compromise maintenance of effort requirement;
- supplemental grants to states with high population growth and/or low historical spending per poor child, but with limited funding; and
- a state option to impose a family cap.

President Clinton vetoed H.R. 4 on January 9, 1996. In vetoing the bill, the President remarked

The final welfare reform legislation should provide sufficient child care to enable recipients to leave welfare to work; reward States for placing people in jobs; restore the guarantee of health coverage for poor families; require States to maintain their stake in moving people

⁴³ U.S. President (Clinton), “Message to the House of Representatives Returning Without Approval Budget Reconciliation Legislation,” *Public Papers of the Presidents of the United States: William J. Clinton 1995*, vol. II (Washington, DC: GPO, 1996), p. 1853.

from welfare to work; and protect States and families in the event of economic downturn and population growth.⁴⁴

The President also objected to policy changes not related to the TANF proposal, such as provisions that would have cut spending in food stamps (now the Supplemental Nutrition Assistance Program), curtailed benefits for disabled children, restricted eligibility for noncitizens to receive need tested benefits, cuts to school lunches, and changes to foster care and adoption assistance.

Legislation Action in 1996

With the veto of H.R. 4, the National Governor's Association (NGA) in February 1996 proposed policies to modify that measure, including additional child care funds, additional contingency funds for recessionary periods, and bonus payments for states that meet certain employment outcomes.⁴⁵ In May 1996, House and Senate Republicans introduced bills that reflected the policies of the vetoed H.R. 4 and provided additional funding for child care, the TANF contingency fund, and performance bonuses. H.R. 3734, the budget reconciliation bill for that year, included these provisions together with a proposal to revise Medicaid.⁴⁶ H.R. 3734 passed the House on July 18, 1996. The Senate made a key modification to the bill by dropping its Medicaid provisions. The provisions ending AFDC and creating TANF remained in H.R. 3734, and it passed the Senate on July 23, 1996. A conference agreement on the bill was filed July 30, 1996; it passed the House on July 31, 1996, and the Senate on August 1, 1996.

President Clinton signed the legislation, known as the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA; P.L. 104-193), into law on August 22, 1996.⁴⁷

Major Differences Between AFDC and TANF

PRWORA ended AFDC and related programs, and folded their funding into the broad-purpose TANF block grant. Dedicated funding was ended to assist the specific population eligible for family cash assistance. Instead, TANF is a broad-purpose block grant, and the states are permitted to use their allotments (and associated state funds) "in any manner that is reasonably calculated"⁴⁸ to achieve its broad goals.

Funding for the AFDC-related child care programs was consolidated into a separate funding stream dedicated to child care.⁴⁹ Some things did not change with the 1996 law. As was the case

⁴⁴ U.S. President (Clinton), "Veto of H.R. 4," 104th Cong., 2nd sess., January 22, 1996, H. Doc. 104-164 (Washington, DC: GPO, 1996).

⁴⁵ For a discussion of the NGA proposal, see U.S. Congress, House Committee on Ways and Means, Subcommittee on Human Resources, *The National Governors Association Welfare Reform Proposal*, 104th Cong., 2nd sess., February 20, 1996, Serial 104-48.

⁴⁶ For more information, see CRS Report 98-814, *Budget Reconciliation Legislation: Development and Consideration*, by Bill Heniff Jr.

⁴⁷ In addition to ending AFDC and creating TANF, PRWORA retained cuts to SNAP (then called food stamps), restrictions to noncitizen eligibility for need-tested programs, and changes to SSI benefits for disabled children. President Clinton, in signing PRWORA, continued to object to the cuts to SNAP and restrictions on noncitizens receiving need tested benefits.

⁴⁸ Section 404(a)(1) of the Social Security Act.

⁴⁹ These funds are, by statute, transferred to the lead agency for the Child Care and Development Block Grant (CCDBG). Combined discretionary funding authorized under the CCDBG and mandatory child care funds are (continued...)

with AFDC, TANF programs are run by states (and sometimes localities), and they determine the maximum benefits under the programs and set the income eligibility thresholds.

Table 1 summarizes some of the major differences between AFDC and TANF. It should be noted that at the time of enactment of the 1996 law, many states were operating under waivers of the AFDC rules that related to cash assistance. These waiver-imposed time limits, set different rules for counting earnings than did the AFDC federal rules, and set different rules for work or participation in job activities. TANF permitted states to continue programs operated under waivers, even if the provisions of the waiver were inconsistent with TANF rules. The last of these waivers expired in 2007.⁵⁰

Table 1. Selected Major Differences Between AFDC and TANF

(At enactment of the 1996 welfare reform law)

| Provision | AFDC | TANF |
|-------------------|---|---|
| Statutory purpose | Encouraging the care of children in their own homes or in the homes of relatives by enabling each state to furnish financial assistance and rehabilitation and other services to needy children and their parents or other caretaker relatives. Help parents or other caretaker relatives attain or retain the capability for maximum self-support. | Increase state flexibility to conduct a program to achieve the following four goals: (1) provide assistance to needy families so that children can be cared for in their own homes or homes of relatives, (2) end dependence of needy parents on government benefits, (3) reduce out-of-wedlock pregnancies, and (4) promote the formation and maintenance of two-parent families. |
| Funding | Reimbursed states for a share of their expenditures for AFDC, Emergency Assistance (EA), and the Job Opportunity and Basic Skills Training (JOBS) program. There was no dollar limit on federal funding for AFDC and EA. JOBS funding was subject to a dollar limit nationally and for each state. | A basic block grant to each state based on the federal share of expenditures in AFDC, EA, and JOBS in the early to mid-1990s. No adjustments to this amount for changes in circumstances. Supplemental grants provided to 17 states that met criteria of having low historic spending on AFDC and related programs per poor person and high rates of population growth. Additional grants to states in a contingency fund for economically needy states. A total of \$2 billion was provided for the contingency fund. Bonus funds to states for achieving performance on TANF's goals and in reducing out-of-wedlock pregnancies. |

consolidated into what is known as the Child Care and Development Fund. See CRS Report R44528, *Trends in Child Care Spending from the CCDF and TANF*, by Karen E. Lynch.

⁵⁰ For more information, see CRS Report R42627, *Temporary Assistance for Needy Families (TANF): Welfare Waivers*, by Gene Falk.

| Provision | AFDC | TANF |
|--|---|--|
| | <p>Funding was permanently authorized, with annual appropriations providing the budget authority for the program.</p> | <p>Funding for the TANF basic block grant and bonus funds was appropriated through FY2002. Funding for the TANF contingency fund and supplemental grants was provided through FY2001.</p> |
| State funding | <p>State funds were also required to finance a share of expenditures in the AFDC, EA, and JOBS programs. The state share was lower in states with relatively low per-capita incomes, and higher in states with relatively high per-capita incomes.</p> | <p>States required to expend a minimum amount of funds, at least 75% of what they spent in FY1994, on “TANF-eligible” families on cash, child care, educational activities, and any other activity that achieves the TANF purpose and goals.</p> |
| Use of funds | <p>Reimbursed expenditures were for cash assistance under AFDC, administration, and employment and training services under JOBS. EA reimbursed states for a share of their spending on programs to address immediate, emergency needs.</p> | <p>TANF funds may be used for activities that can be “reasonably calculated” to achieve TANF’s statutory purpose and four goals. Also allows spending on activities in prior law that might not meet that requirement.</p> |
| Individual entitlement to benefits | <p>Provided for the granting of an opportunity for a fair hearing to any individual whose claim for aid was denied or was not acted upon with reasonable promptness.</p> | <p>TANF law “shall not be interpreted to entitle any individual or family to assistance under any State program funded [under TANF].”</p> |
| Time limit | <p>No time limit on cash assistance.</p> | <p>Federal TANF funds cannot be used to provide assistance to a family with a head of household who has received TANF for 60 months. Hardship extensions beyond 60 months provided for up to 20% of the caseload. Families without a head of household receiving benefits (e.g., <i>child-only</i> families) do not have months counted toward the time limit.</p> |
| Other rules for cash assistance programs | <p>States determined income eligibility thresholds and benefit amounts. However, federal law established a gross income limit (185% of the state-determined need standard); an asset test (no more than \$1,000 in countable assets); and rules for how states count different forms of income, including earnings.</p> | <p>States determine income eligibility thresholds and benefit amounts. Requires that families receiving assistance be needy, but specifies no further federal rules for determining financial eligibility and benefit amounts. (TANF law has no gross income limit or federally required resource limit.)</p> |

| Provision | AFDC | TANF |
|---|--|---|
| Work and job preparation requirements | | |
| Performance measure for states | Set a percentage of the caseload that was not already working full-time that had to be engaged in employment, education, or training activities under the JOBS program. Categories of individuals exempt from the work requirements (see below) were disregarded in calculating the percentage engaged in JOBS activities. | Sets a percentage of the caseload that must be working or engaged in specified job preparation activities. States are limited in counting education and training activities for adult (age 20 or older) recipients. Some families are disregarded from the calculation. States could also meet their work standards partially or fully through caseload reduction. States were given credit toward their work standard for the reduction in the number of families receiving assistance not attributable to policy changes from FY1995 forward. The credit reduced the percentage of the caseload that must be working or engaged in job preparation activities. |
| Work-related requirements on individuals | Non-exempt adult recipients were required to participate in JOBS activities. Individuals exempted included those who were ill, incapacitated, of advanced age, needed in the home because of the illness or incapacitation of another member of the household, a parent of a child under age 3 (could be lowered to under age 1 at the option of the state), or in an area where JOBS was not available. Individuals who were working full-time in unsubsidized employment were exempt from participation in JOBS. | Decided by a recipient's state. |
| Activities to meet work-related requirements | JOBS program activities included job search, education (including basic and remedial education, high school completion, and post-secondary education), on-the-job training, community work experience, job skills training, job readiness activities, and diverting assistance dollars to subsidize wages. | Required activities for individuals decided by states. The performance measure that applies to states lists the countable activities, including unsubsidized employment, that count toward a state meeting its standard. |
| Sanctions on individuals for refusal to comply with work-related requirements | Noncomplying recipients were removed from the consideration of a family's need, reducing the benefit. | States are required to sanction those who refuse to comply with state work requirements. The sanction may be either a pro-rata reduction in the benefit or a termination of the benefit. |

Source: Congressional Research Service (CRS).

Overview of Post-1996 TANF Legislation

Most TANF policies in effect in 2023 date back to PRWORA. The original funding provided in the 1996 law expired at the end of FY2002. Much of the legislative action since has been to extend funding for the block grant. There were some temporary provisions (e.g., the Welfare-to-Work Grant Program, Emergency Contingency Fund) that were enacted since PRWORA that are no longer in place today. Some features of the 1996 law—such as supplemental grants and bonus funds—no longer exist. There have also been a few additions to the law.

After peaking at 5.1 million families receiving AFDC in March 1994, the number of families receiving assistance stood at 4.4 million in August 1996 (the month that PRWORA was enacted) and declined to 2.4 million families by the end of the 1990s (December 1999). The period since has shown a continued decline in the number of families receiving assistance, to about 1 million in 2022.⁵¹

Balanced Budget Act of 1997

The Balanced Budget Act of 1997 (BBA97, P.L. 105-33), enacted one year after PRWORA, made a number of changes to TANF. It created a program providing additional funding dedicated to financing work activities. The Welfare-to-Work Grant program (WTW) provided \$3 billion for two years, FY1998 and FY1999. Under the program, funding was divided, with 75% provided to states and local workforce areas through a formula and 25% dedicated to competitive grants. The WTW program was originally targeted at the hardest to serve TANF assistance recipients and similarly disadvantaged noncustodial parents. The WTW grant program was administered by the Department of Labor (DOL), not the Department of Health and Human Services (HHS), which administers TANF. Subsequent legislation relaxed requirements for targeting services to the hardest to serve, and as funds were spent more slowly than anticipated, the deadline for expenditures was extended.

The BBA97 made several other permanent changes to TANF, including

- permitting a greater percentage of recipients to be counted as engaged in work through education and training, but retaining a limit on counting such participation;
- setting a statutory limit on transfers from TANF to the Social Services Block Grant at 10%⁵²; and
- making technical corrections to the 1996 welfare reform bill, including technical corrections to TANF.

⁵¹ This decline is attributable to both a reduction in the eligible population and a drop in the rate at which families eligible for assistance receive benefits. The proportion of the decline between those two factors varies by year. During the Great Recession, the estimated number of families eligible for TANF assistance almost reached the same level as those estimated eligible for AFDC for 1994. Yet the number of families receiving TANF assistance in 2009 remained more than 3 million below the number of families receiving AFDC in 1994. The population eligible for assistance and the number of TANF assistance recipients fell during the economic expansion following the Great Recession. See CRS Report R47503, *Temporary Assistance for Needy Families: The Decline in Assistance Receipt Among Eligible Individuals*.

⁵² P.L. 105-178 set the TANF statutory limit for transfers to Title XX social services at 4.25%. Annual appropriation bills since FY2001 have had special provisions to allow states to transfer up to 10% of their TANF block grant to Title XX. See CRS Report 94-953, *Social Services Block Grant: Background and Funding*, by Karen E. Lynch.

Attempts at Reauthorization: 2002-2004

In February 2002, President George W. Bush made proposals for the reauthorization of the TANF block grant and related proposals. The document, *Working for Independence*, outlined a five-year reauthorization that would have

- funded the basic TANF block grant at the same level provided from FY1997 through FY2002 for an additional five years;
- provided mandatory child care funding through FY2007 at its FY2002 level (with no inflation or other adjustment over the period FY2003-FY2007);
- provided dedicated funding for grants to promote healthy marriage;
- raised the work participation standard to a minimum of 70% of families with a “work-eligible individual” that must be working or engaged in activities;
- required 40 hours per week of work or engagement in activities for full credit toward meeting the standard, but allowed for partial credit for hours less than 40 hours per week;
- allowed states to count rehabilitative activities for three months on the rolls, but narrowed the activities that counted after three months to work or community service or work experience; and
- ended the caseload reduction credit against the work standards, replacing it with a credit for recipients who left the rolls for work.

The Bush Administration proposals were incorporated (with some modifications) into bills that passed the House in 2002 and 2003: H.R. 4737 (107th Congress) and H.R. 4 (108th Congress). A major difference between the Bush Administration proposal and the House proposals of 2002 and 2003 was that the House proposals retained the caseload reduction credit and provided extra credit to states that had large historical caseload reductions. Following House action, the Senate Finance Committee reported substantially differing versions of each bill. The Senate Finance Committee bills did not narrow the activities that could be counted toward the work participation standard after three months, and they expanded the ability of states to count participation in rehabilitative activities toward the TANF work participation standard. The Senate Finance Committee bills would have replaced the caseload reduction credit with a credit based on employed leavers, families diverted from the rolls, and families receiving work supports. The full Senate never acted on either of the Senate Finance Committee-reported bills.

In the absence of reauthorization legislation, TANF program and funding authority was extended on a temporary basis 13 times from 2002 to 2006.

The Deficit Reduction Act of 2005

The early part of 2005 again saw committee action on legislation to reauthorize TANF. On March 9, 2005, the Senate Finance Committee ordered reported legislation that became S. 667 (109th Congress). The following week, the House Ways and Means Committee’s Subcommittee on Human Resources considered H.R. 240 and sent it to the full committee. However, further action on TANF reauthorization did not occur until the fall of 2005, when the House and Senate began considering legislation under the budget reconciliation process.

The House passed as part of their reconciliation bill (the House amendment to S. 1932) a TANF reauthorization that essentially incorporated the proposals passed by the House in 2002 and 2003

and were contained in H.R. 240. The Senate version of the reconciliation bill contained no TANF provisions.

The conference report on the budget reconciliation bill included TANF provisions different from those that passed the House. The Deficit Reduction Act of 2005 (DRA, P.L. 109-171) included

- a long-term extension of TANF funding, through the end of FY2010;
- the elimination of performance bonuses to states;
- the establishment of a \$150 million fund for research and competitive grants on healthy marriage and responsible fatherhood, with \$100 million per year for healthy marriage initiatives and \$50 million per year for responsible fatherhood initiatives; and
- changes to TANF work standards, such as counting caseload reduction only from 2005 (rather than 1995) toward the work participation standards, requiring HHS to define specific work activities that may count for each listed statutory work activity, and requiring that states verify work activities of recipients.

The DRA also included an increase in mandatory child care funding from \$2.717 billion per year to \$2.917 billion per year.

The conference report on the DRA passed the House on December 19, 2005. Congress finished reconciling differences between the two chambers in February 2006.⁵³ President Bush signed the DRA into law as P.L. 109-171 on February 8, 2006.

American Recovery and Reinvestment Act of 2009

The economy entered into a recession after December 2007, with a major financial crisis and accelerating job loss occurring in late 2008. In response, the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5) passed Congress and was signed by President Obama. ARRA included tax cuts; unemployment insurance provisions; and extra funding for programs, including provisions to provide fiscal relief to states.

ARRA also included \$5 billion for a new TANF Emergency Contingency Fund (ECF) available to be spent in FY2009 and FY2010. The ECF supplemented funding for the regular TANF contingency fund, which itself was depleted in early FY2010. The ECF reimbursed states for 80% of the cost of increased expenditures for basic assistance, short-term emergency aid, and subsidized employment. ARRA also temporarily froze the TANF caseload reduction credit at prerecession levels, through its application to the FY2011 work participation standards.

TANF Legislation from 2010 to 2023

The long-term extension of TANF enacted in the DRA expired at the end of FY2010 (September 30, 2010). Since then, Congress continued TANF program authority and funding through a series of short-term extensions. TANF extensions have been incorporated into stop-gap continuing resolutions or omnibus appropriations bills to fund all or most of the government, added to tax bills, added to unrelated legislation, or passed as stand-alone legislation. (As used in this report,

⁵³ The delay in adopting a final version of the DRA came when the conference report reached the Senate floor and a point of order was raised against certain, non-TANF, provisions of the bill that violated the so-called Byrd Rule. Under the Byrd rule, provisions of a budget reconciliation bill are considered extraneous and not in order if they do not have a budget impact. The Senate further amended the bill to remove the extraneous provisions, requiring further action to adopt a final version of the bill in the House. For a discussion of the Byrd rule, see CRS Report RL30862, *The Budget Reconciliation Process: The Senate's "Byrd Rule"*, by Bill Heniff Jr.

stand-alone legislation represents laws enacted that addressed only TANF and related programs.) There were two gaps in funding for TANF during this period. Funding lapsed during broader government shutdowns in October 2013 and beginning in December 2018. States were permitted to draw on unspent, previously appropriated TANF funds to finance their TANF activities during the shutdown.

While many of the short-term extensions of TANF funding did not make changes to TANF policy, three extension laws did:

- The Claims Resolution Act of 2010 (CRA, P.L. 111-291), a bill to settle claims against the federal government for certain Indian tribes, included a TANF extension through the end of FY2011. It also altered funding for the healthy marriage and responsible fatherhood programs, splitting the combined \$150 million appropriation for them at \$75 million for healthy marriage and \$75 million for responsible fatherhood (it had previously been \$100 million for healthy marriage and \$50 million for responsible fatherhood). Additionally, the CRA required special one-time reports from the states on how they spend funds and on individuals with no reported hours of work participation. The CRA also provided funding for TANF supplemental grants only through June 30, 2011 (rather than September 30, 2011, the end of the fiscal year). Supplemental grants were not funded for the last quarter of FY2011, nor any fiscal year thereafter.
- The Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) extended TANF through the end of FY2012, and also permanently amended TANF law to require states to act to prevent cash assistance recipients from withdrawing their benefits at Automated Teller Machines (ATMs) at strip clubs, casinos, and liquor stores.
- The FY2017 Consolidated Appropriations Act (P.L. 115-31) extended funding for the TANF block grant for the remainder of FY2017 and for FY2018. It also financed TANF-related research through a set-aside of 0.33% of the TANF basic block grant appropriation. This reduced the TANF basic block grant to each state by 0.33%.

In 2018, the House Ways and Means Committee reported legislation (H.R. 5861, 115th Congress) that would have reauthorized and funded TANF for five years; revised TANF’s work rules to measure employment outcomes rather than participation; required all assistance recipients to have an individualized plan; required that all TANF funds be spent on families with incomes at or below 200% of poverty; and required a minimum percentage of TANF funds to be spent on assistance, work activities, or short-term economic aid. The bill was not considered by the full House.

The American Rescue Plan Act of 2021 (P.L. 117-2) established a temporary \$1 billion fund to help states address the economic effects of the COVID-19 pandemic. The 50 states, District of Columbia, tribes, and territories⁵⁴ could draw from the Pandemic Emergency Assistance Fund to provide nonrecurrent, short-term benefits to needy families.

The Fiscal Responsibility Act of 2023 (P.L. 118-5) altered TANF work standards, effective in FY2026. It provided that, beginning that year, states would be given credit for “caseload reduction for FY2015 forward” (rather than FY2005) and eliminated states’ ability to count toward the work requirements families with assistance of an amount less than \$35 funded with

⁵⁴ The territories eligible for this fund are Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, and the Northern Mariana Islands.

MOE funds paid in programs outside of TANF. It also required states to report on employment outcomes and allows HHS to conduct pilots in up to five states to test alternative performance systems related to work for TANF adult assistance recipients.

Detailed Legislative Chronology

1996

P.L. 104-193, enacted August 22, 1996, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, established the block grant of Temporary Assistance for Needy Families. Funds for most TANF grants were appropriated through FY2002; supplemental grants and the TANF contingency fund were appropriated through FY2001. States were required to implement TANF, and accept their block grant funding, by July 1, 1997, though they could opt to implement earlier.

P.L. 104-327, enacted October 19, 1996, amended the transition rule from the pre-TANF programs to TANF that limited total FY1997 federal funding for TANF and pre-TANF programs. It changed the limit on funding to the states for FY1997 from an amount equal to their basic block grant to an amount equal to their basic block grant plus, if they qualified, what they would have received from the TANF contingency fund.

1997

P.L. 105-33, enacted August 5, 1997, the Balanced Budget Act of 1997, raised the cap limiting the counting of education as work from 20% to 30% of those considered engaged in work, and temporarily removed from that cap teen parents engaged in education through FY1999; set the maximum allowable TANF transfer to Title XX social services at 10% of the block grant (rather than one-third of total transfers); and made technical corrections to P.L. 104-193. P.L. 105-33 also established the Welfare-to-Work (WTW) grant program within TANF (funded at \$3 billion over two years, FY1998 and FY1999), but administered by the Department of Labor at the federal level, with local administration by state workforce investment boards and competitive grantees.

P.L. 105-89, enacted November 19, 1997, the Adoption and Safe Families Act, reduced the contingency fund appropriation by \$40 million.

1998

P.L. 105-178, enacted June 9, 1998, the Transportation Act for the 21st Century, permitted the use of federal TANF funds as matching funds for reverse commuter grants. It also set the statutory limit on TANF transfers to Title XX social services at 4.25% of the block grant. (Note that subsequent annual appropriation bills restored the 10% limit on TANF transfers to SSBG.)

1999

P.L. 106-113, enacted November 29, 1999, an omnibus appropriations act, broadened eligibility for recipients to be served by the WTW grant program and added limited authority for vocational education or job training to be WTW activities.

2000

P.L. 106-554, enacted December 21, 2000, an omnibus appropriation act, gave grantees two more years to spend WTW grant funds (for a total of five years from the date of the grant award).

2002

P.L. 107-147, enacted March 9, 2002, the Job Creation and Worker Assistance Act, extended the TANF supplemental grants and contingency funds, both of which had expired on September 30, 2001, through FY2002. Supplemental grants were extended at FY2001 levels.

P.L. 107-229, enacted September 30, 2002, a short-term continuing resolution, extended TANF basic grants, supplemental grants, bonus funds, and contingency funds (and other related programs) through December 20, 2002.

P.L. 107-294, enacted November 22, 2002, a short-term continuing resolution, extended TANF and related funding through March 30, 2003.

2003

P.L. 108-7, enacted February 20, 2003, an omnibus appropriations act, extended TANF and related funding through June 30, 2003.

P.L. 108-40, enacted June 30, 2003, a stand-alone bill, extended TANF and related funding through September 30, 2003.

P.L. 108-89, enacted October 1, 2003, a multipurpose bill, included an extension of TANF and related funding through March 31, 2004.

2004

P.L. 108-199, enacted January 23, 2004, a consolidated appropriations bill, rescinded all remaining unspent WTW formula grant funds, effectively ending the WTW grant program.

P.L. 108-210, enacted March 31, 2004, a stand-alone bill, extended TANF and related funding through June 30, 2004.

P.L. 108-262, enacted June 30, 2004, a stand-alone bill, extended TANF and related funding through September 30, 2004.

P.L. 108-308, enacted September 30, 2004, a stand-alone bill, extended TANF and related funding through March 31, 2005.

2005

P.L. 109-4, enacted March 25, 2005, a stand-alone bill, extended TANF and related funding through June 30, 2005.

P.L. 109-19, enacted July 1, 2005, a stand-alone bill, extended TANF and related funding through September 30, 2005.

P.L. 109-68, enacted September 21, 2005, allowed states to draw upon contingency funds to assist those displaced by Hurricane Katrina. It also allowed Louisiana, Mississippi, and Alabama (states directly affected by Hurricane Katrina) to receive funds from the loan fund, with repayment of the loan forgiven, and suspending penalties for failure to meet certain requirements for states directly

affected by the hurricane. It allowed states or tribes to use unspent funds for any TANF benefit or service provided to a family affected by Hurricane Katrina. It suspended TANF penalties for Louisiana, Mississippi, and Alabama for failure to comply with certain TANF requirements from date of enactment through the end of FY2006.

The law also temporarily extended TANF grants through December 30, 2005.

P.L. 109-161, enacted December 30, 2005, a stand-alone bill, extended TANF grants through March 30, 2006.

2006

P.L. 109-171, enacted February 8, 2006, the Deficit Reduction Act of 2005, extended most TANF grants through FY2010 (supplemental grants were extended through the end of FY2008), eliminated TANF bonus funds, established competitive grants within TANF for healthy marriage and responsible fatherhood initiatives, revised the caseload reduction credit, and required HHS to issue regulations to define specific activities that count toward the TANF work participation standards as well as verify work and participation in activities.

2008

P.L. 110-275, enacted July 15, 2008, the Medicare Improvements and Patients and Providers Act of 2008, included an extension of TANF supplemental grants through the end of FY2009.

2009

P.L. 111-5, enacted February 17, 2009, the American Recovery and Reinvestment Act, established a \$5 billion Emergency Contingency Fund (ECF) to reimburse states for increased costs associated with the Great Recession for FY2009 and FY2010. The fund reimbursed states, territories, and tribes for 80% of the increased costs of basic assistance, nonrecurrent short-term benefits, and subsidized employment. The law also permitted states to freeze caseload reduction credits at prerecession levels, allowed states to use TANF reserve funds for any benefit or service (it was previously restricted to assistance), and extended supplemental grants through the end of FY2010.

2010

P.L. 111-242, enacted September 30, 2010, a short-term continuing resolution, extended TANF funding through December 3, 2010.

P.L. 111-290, enacted December 4, 2010, a short-term continuing resolution, extended TANF funding authority through December 18, 2010.

P.L. 111-291, enacted December 8, 2010, the Claims Resolution Act of 2010, extended basic TANF funding through the end of FY2011 (September 30, 2011) but provided supplemental grants only through June 30, 2011. It also altered funding for the healthy marriage and responsible fatherhood programs, splitting the combined \$150 million appropriation for them at \$75 million for healthy marriage and \$75 million for responsible fatherhood. The act required one-time additional reporting on work activities and TANF expenditures.

2011

P.L. 112-35, enacted September 30, 2011, the Short-Term TANF Extension Act, extended basic TANF funding for three months, through December 31, 2011. No funding was provided for TANF supplemental grants.

P.L. 112-78, enacted December 23, 2011, the Temporary Payroll Tax Cut Continuation Act of 2011, extended basic TANF funding for two months, through February 29, 2012.

2012

P.L. 112-96, enacted February 22, 2012, the Middle Class Tax Relief and Job Creation Act of 2012, extended basic TANF funding for the remainder of FY2012 (to September 30, 2012). It also prevented electronic benefit transaction access to TANF cash at liquor stores, casinos, and strip clubs; states would be required to prohibit access to TANF cash at ATMs at such establishments. It also required states to report TANF data in a manner that facilitates the exchange of that data with other programs' data systems.

P.L. 112-175, enacted September 28, 2012, a continuing resolution providing funding for the first six months of FY2013, extended TANF funding through March, 2013.

2013

P.L. 112-275, enacted January 14, 2013, the Protect Our Kids Act of 2012, appropriated \$612 million to the TANF contingency fund for FY2013 and FY2014, and reserved \$2 million from each of the two years' appropriations for the activities of a commission to examine child welfare fatalities.

P.L. 113-6, enacted March 26, 2013, an omnibus appropriations bill, extended TANF funding through the remainder of FY2013.

P.L. 113-46, enacted October 17, 2013, a short-term continuing resolution, extended TANF funding through January 15, 2014. (This resolution ended the government shutdown and a TANF funding gap from October 1, 2013, through October 16, 2013.)

2014

P.L. 113-73, enacted January 15, 2014, a short-term continuing resolution, extended TANF funding through January 18, 2014.

P.L. 113-76, enacted January 17, 2014, a consolidated appropriations act, extended TANF funding for the remainder of FY2014 (through September 30, 2014).

P.L. 113-164, enacted September 19, 2014, a short-term continuing resolution, extended TANF funding through December 11, 2014.

P.L. 113-202, enacted December 12, 2014, a short-term continuing resolution, extended TANF funding through December 13, 2014.

P.L. 113-203, enacted December 13, 2014, a short-term continuing resolution, extended TANF funding through December 17, 2014.

P.L. 113-235, enacted December 16, 2014, an omnibus appropriations act, extended TANF funding through September 30, 2015.

2015

P.L. 114-53, enacted September 30, 2015, a short-term continuing resolution, extended TANF funding through December 11, 2015.

P.L. 114-96, enacted December 11, 2015, a short-term continuing resolution, extended TANF funding through December 16, 2015.

P.L. 114-100, enacted December 16, 2015, a short-term continuing resolution, extended TANF funding through December 22, 2015.

P.L. 114-113, enacted December 18, 2015, a consolidated appropriations act, extended TANF funding for the remainder of FY2016 as part of an omnibus appropriations act.

2016

P.L. 114-223, enacted September 29, 2016, a short-term continuing resolution, extended TANF funding through December 9, 2016.

P.L. 114-254, enacted December 10, 2016, extended TANF funding through April 28, 2017.

2017

P.L. 115-30, enacted April 28, 2017, extended TANF funding through May 5, 2017.

P.L. 115-31, the Consolidated Appropriation Act, 2017, enacted May 5, 2017, extended TANF funding for the remainder of FY2017 and through the end of FY2018. It provided that 0.33% of the funding in the TANF basic block grant pay for TANF-related research activities. This reduced the basic TANF block grant for each state by that percentage (0.33%). The act also required the Department of Health and Human Services, in consultation with the Department of Labor, to develop a database named “What Works Clearinghouse of Proven and Promising Projects to Move Welfare Recipients into Work,” to consist of research projects that deliver services to move TANF recipients into work.

2018

P.L. 115-245, enacted September 28, 2018, a short-term continuing resolution, extended TANF funding through December 7, 2018.

P.L. 115-298, enacted December 7, 2018, a short-term continuing resolution, extended TANF funding through December 21, 2018.

2019

P.L. 116-4, the TANF Extension Act of 2019, enacted January 24, 2019, a stand-alone TANF bill, extended TANF funding through June 30, 2019. (This legislation ended a TANF funding gap that occurred after the expiration of P.L. 115-298 on December 21, 2018.)

P.L. 116-27, enacted July 5, 2019, a stand-alone TANF bill, extended TANF funding through September 30, 2019.

P.L. 116-59, enacted September 27, 2019, a short-term continuing resolution, extended TANF funding through November 21, 2019.

P.L. 116-69, enacted November 21, 2019, a short-term continuing resolution, extended TANF funding through December 20, 2019.

P.L. 116-94, enacted December 20, 2019, a consolidated appropriations bill, extended TANF funding through May 22, 2020.

2020

P.L. 116-136, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), enacted March 27, 2020, extended TANF funding through November 30, 2020.

P.L. 116-159, enacted October 1, 2020, a short-term continuing resolution, extended TANF funding through December 11, 2020.

P.L. 116-215, enacted December 11, 2020, a short-term continuing resolution, extended TANF funding through December 18, 2020.

P.L. 116-225, enacted December 18, 2020, a short-term continuing resolution, extended TANF funding through December 20, 2020.

P.L. 116-226, enacted December 20, 2020, a short-term continuing resolution, extended TANF funding through December 21, 2020.

P.L. 116-246, enacted December 22, 2020, a short-term continuing resolution, extended TANF funding through December 28, 2020.

P.L. 116-260, the Consolidated Appropriations Act, 2021, enacted December 27, 2020, extended TANF funding through September 30, 2021.

2021

P.L. 117-2, the American Rescue Plan Act of 2021, enacted March 11, 2021, established a temporary \$1 billion Emergency Pandemic Fund for states, territories, and tribes to address the economic effects of the COVID-19 pandemic. Emergency funds must be used for “non-recurrent short-term benefits.” Grantees have until the end of FY2022 to use funds. Grants that went unused by that deadline were reallocated to applying states.

P.L. 117-43, a short-term continuing resolution, enacted September 30, 2021, extended TANF funding through December 3, 2021.

P.L. 117-70, a short-term continuing resolution, enacted December 3, 2021, extended TANF funding through February 18, 2022.

2022

P.L. 117-86, a short-term continuing resolution, enacted February 18, 2022, extended TANF funding through March 11, 2022.

P.L. 117-95, a short-term continuing resolution, enacted March 11, 2022, extended TANF funding through March 15, 2022.

P.L. 117-103, the Consolidated Appropriations Act, 2022, enacted March 15, 2022, extended TANF funding through September 30, 2022. It also requires a certification in the TANF state plan regarding state procedures to help victims of sexual harassment and survivors of domestic violence, sexual assault, and stalking who are applicants or potential applicants for TANF assistance.

P.L. 117-180, a short-term continuing resolution, enacted September 30, 2022, extended TANF funding through December 16, 2022.

P.L. 117-229, a short-term continuing resolution, enacted December 16, 2022, extended TANF funding through December 23, 2022.

P.L. 117-264, a short-term continuing resolution, enacted December 23, 2022, extended TANF funding through December 30, 2022.

P.L. 117-328, the Consolidated Appropriation Act, 2023, enacted December 29, 2022, extended TANF funding through September 30, 2023.

2023

P.L. 118-5, the Fiscal Responsibility Act of 2023, enacted June 3, 2023, altered TANF work standards, effective in FY2026. It provided that, beginning that year, states would be given credit for “caseload reduction for FY2015 forward” (rather than FY2005). It also eliminated a state’s ability to count participation toward the TANF work standards if the family received assistance of an amount less than \$35 with MOE funds paid in programs outside of TANF. Beginning in FY2025, it requires states to report on employment outcomes. Also beginning in that year, HHS may conduct pilots in up to five states to test alternative performance systems related to work for TANF adult assistance recipients. The law rescinded unobligated Emergency Pandemic Funds.

P.L. 118-15, a short-term continuing resolution, enacted September 30, 2023, extended TANF funding through November 17, 2023.

Author Information

Gene Falk
Specialist in Social Policy

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