TANF Must Be Strengthened to Fight for Racial Justice & Help Families Afford Their Basic Needs

The pandemic has magnified our nation's failure to provide robust assistance for children and families in times of crisis. COVID-19 has also laid bare the systemic economic, social, and racial inequities embedded in our unjust systems. Today, communities of color are bearing the brunt of the fatal impacts of these injustices. People of color are more likely to have lost jobs due to COVID, are dying at more rapid rates compared to their white counterparts, and are more likely to live in poverty.

As new research shows that the pandemic could cause child poverty rates to rise by 53 percent, especially for children of color, Congress must act now. Authorizing and expanding a Temporary Assistance for Needy Families (TANF) Emergency Fund and making long-term changes to the TANF block grant are more important than ever to make sure children and families can survive this crisis. Families should not have to worry where their next meal will come from or face harsh requirements that were impossible to meet even before this pandemic.

James Hook and Emako Loran moved to Spokane, WA in 2019 to access better health care for their two children who have serious medical needs. Emako worked as a housekeeper while James cared for the children, but Emako lost her job when the pandemic hit. They get housing assistance through Supportive Services for Veteran Families, received a stimulus check in April, and get $569 a month through TANF to help make ends meet. Their children get health coverage through the state, but a needed surgery to repair their son's oversized heart has been postponed because it is considered elective. “We came here for a better life. We thought that would be good,” Hook said. “We got put down, we got picked back up again. And now that COVID-19 put us back down again.”

TANF falls far short of reaching all children and families in poverty.

The Temporary Assistance for Needy Families program (TANF) was created in 1996 and replaced the Aid to Families with Dependent Children (AFDC) through a $16.5 billion flat-funded block grant to states. In 2018, 3.1 million people, including 2.3 million children, received TANF. While three out of four program participants are children, just one in three families living below the poverty line are helped by TANF.

TANF’s mission is to help families “achieve self-sufficiency” through four main goals. One of these goals is to provide basic cash assistance to low-income families with children to pay for groceries, rent, diapers, clothing, and other basic necessities. TANF has a maintenance of effort (MOE), commonly known as the “state-spending” requirement, to spend 75 percent of funding on needy families. While states can provide cash assistance to meet this requirement, states have the power to use TANF funds in different ways. For example, TANF funds can be used for other supportive services, such as child care, transportation, job training, and education. That means the state can offer families these services regardless of whether those families receive any cash assistance.

TANF fell far short of meeting the cash assistance needs of struggling children and families even before this pandemic. That’s because TANF gives too much flexibility and autonomy to the states and most families must have very low incomes in order to receive TANF cash assistance. Many of the families who do benefit are single mothers with children who are living in deep poverty, or less than $889 a month.
TANF cash assistance is too low and does not reach enough children and families.

TANF is the nation’s core cash assistance program, yet its poverty-fighting power has been dimmed by decades of disinvestment, a lack of national standards, onerous state eligibility standards, and harsh time limits and work requirements that block millions of families from receiving desperately needed support.

TANF’s key flaw is the way it is designed. Because it gives incredible power to the states to administer the program, TANF is an inadequate, flat-funded block grant that is inherently incapable of responding to changing needs in times of crisis for our children and families, especially children of color. A TANF Emergency Fund is needed to fight back against rising poverty and inequality during an economic crisis. That’s because the current TANF block grant falls short in a few key areas:

• Unequal and inadequate cash assistance: TANF fails to provide robust and timely cash assistance that is so desperately needed for children and families. For every 100 families living in poverty, only 22 received TANF cash assistance, down from 68 in 1996. That means families who need help the most are being left behind. What’s worse, because spending on basic cash assistance varies tremendously between states, assistance is not felt equally between our nation’s struggling children and families. For example, in 2018, the maximum benefit amount for a family of three in New Hampshire was $1,039 a month. However, in Mississippi, a state with one of the highest poverty rates, the average benefit is only $170 a month for a family of three. Black families are particularly hurt by unequal cash assistance as they are more likely to live in states with extremely low benefits. This unequal distribution of cash assistance is unjust and completely inadequate to meet the growing needs of children and families living in poverty, especially during a crisis.

• Ill-equipped block grant: The TANF block grant structure is ill-equipped to meet growing families’ basic needs. It has been flat-funded at $16.5 billion a year for the last 24 years and has seen low program participation. Adjusted for inflation, the value of the grant has decreased 40 percent since 1996. While states can contribute their own funds, 11 states spend less than 10 percent of their TANF funds on basic cash assistance for struggling families and instead divert vital assistance to fill budget holes.

• Inability to respond to an economic crisis: While SNAP and unemployment insurance respond well during economic downturns, TANF is woefully unprepared to meet changing needs because of its structure. Even during the last recession, while unemployment doubled, TANF caseloads only rose 16 percent. The same year, the number of children living in poverty ballooned to 15 million.

• Burdensome work requirements and time limits: TANF work requirements are ineffective and do not keep individuals in stable or high earning employment to lift themselves and their families out of poverty. Currently, federal law requires at least 50 percent of cash assistance recipients to engage in work for at least 30 hours a week (20 hours a week for single parents with children under six) and imposes penalties on individuals who fail to comply. Work requirements for TANF recipients are necessary for states to receive federal funds, but states are not required to help recipients secure employment. What’s more, many families continue to live in poverty even after securing employment. TANF also limits cash assistance to five years (60 months) with some exceptions for “child-only” families and families with extreme hardship. While most states cap the limit on cash assistance at five years, 21 states have even shorter limits, further hurting children and families living in poverty.

A TANF Emergency Fund is critical in an economic crisis. It circumvents some of the TANF block grant’s design flaws and allows families to access more aid.

TANF’s structural shortcomings mean that when a crisis like the COVID-19 pandemic hits, the program is unable to meet the needs of low-income children and families. That is why an emergency fund is needed. An emergency fund provides states with additional resources on top of the original TANF
block grant, but without all the restrictions and encumbrances of the original block grant. States can offer more assistance to families—including increased cash assistance, subsidized employment, and child care—and families can access it more readily. When caseloads and poverty rise, a strong TANF Emergency Fund can counteract a dire economic crisis.

During the 2009 recession, through the American Recovery and Reinvestment Act (AARA), Congress created a TANF Emergency Fund of $5 billion for Fiscal Years 2009 and 2010 because the TANF block grant structure was unable to meet the increased demand. During the recession, states saw their caseloads rise and basic cash assistance costs increase. For less than two years, states helped provide an increase in subsidized jobs for more than 260,000 individuals and additional cash assistance for many families.

Unfortunately, Congress has passed multiple legislative packages to provide relief from this pandemic without including an authorization for a separate TANF Emergency Fund. Most recently, House Democrats released H.R. 6800, The HEROES Act, which would provide emergency flexibility for states to suspend work requirements and time limits on assistance through January 31, 2021 and create penalties for states who fail to comply or sanction families for failure to engage in “work participation” activities. This is an important step to provide more flexibility; however, Congress must create an expanded TANF Emergency Fund to ensure that children and families in poverty can survive this pandemic.

Children and families experiencing poverty must have access to cash assistance.

Any authorized TANF emergency assistance program must halt the cruel work requirements, harsh time limits, and other burdensome requirements. It must also provide states with additional resources to offer assistance to families who need it most during this pandemic. The Children’s Defense Fund urges Congress to include the Pandemic TANF Assistance Act (S.3672) in the next COVID relief package. This legislation would authorize temporary but important changes to TANF through a Coronavirus Assistance Grant:

- **Suspend burdensome requirements.** The bill waives work requirements, time limits on assistance, and other harsh requirements that impede TANF recipients from receiving vital assistance. It also prohibits states from sanctioning any individual who has not met these requirements or who is adversely affected by COVID-19.

- **Create and fund a new emergency grant program.** The bill establishes and appropriates $10 billion for Coronavirus Emergency Assistance Grants. Additionally, families and individuals with incomes up to 200% of the federal poverty line are eligible for assistance. States, tribes, and territories could apply for grant funding quarterly by submitting a letter of intent to the Department of Health and Human Services (HHS).

- **Provide flexibility for states and protections for people.** States can use funds to provide eligible families with short-term cash, non-cash, and in-kind assistance to meet their basic needs. States can also use funds for subsidized employment, but with important guardrails. During a federal or state public health declaration, states can only use the funds for essential or remote work, respecting clear social distancing guidelines and providing proper protective gear. Only after a federal or state public health declaration ends can states ramp up subsidized jobs, taking into account worker safety and the spread of the coronavirus. Additionally, states must report how they use the funds to HHS, who must then report to Congress. This helps provide transparency to the public and prevent states from spending the funds on other purposes, as was the case during the Great Recession.

There is nothing temporary about children’s well-being. Congress must also make permanent structural changes to TANF to help children thrive long-term.

Beyond temporary and important changes to the TANF Emergency Fund, families need real, structural changes to the TANF program overall. There is a clear consensus that money matters when it comes to children’s healthy development.
and well being. Economic security programs raise family income, reduce child poverty, and help improve children’s outcomes for the rest of their lives.

We must take care of our nation’s children not only through the duration of this crisis, but beyond. Families in need are already struggling to afford the next meal, a trip to the laundromat, a pack of diapers, and other basic necessities. The pandemic has exposed existing weaknesses in programs that are meant to help families experiencing hard times. Beyond authorizing a new TANF Emergency Fund in the short-term during the pandemic, Congress should make structural changes to TANF’s block grant for the long term to help expand its reach to more children and families living in poverty.

Congress must:

• Eliminate the TANF block grant structure and instead make the program similar to SNAP, to expand with changing needs during crises and economic downturns, acting as an automatic stabilizer.

• Increase the TANF funding amount on a more regular basis and index to inflation to help keep the value of the funding up to date.

• Remove arbitrary time limits, work requirements, and income thresholds that block families from receiving assistance and cause deep racial disparities.

• Create national accountability standards, clear program goals, and reporting requirements to provide more effective accountability to policymakers and to stop states from spending their TANF funds for other purposes.

Direct assistance in the form of emergency cash assistance is critical to help families weather economic fallout, but more must be done to ensure children—especially low-income children and children of color—can thrive beyond this crisis. Federal and state lawmakers must also provide other, targeted support to families with children. Explore our proposal to expand the Child Tax Credit to learn more.