

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES



BACKGROUND:

The Temporary Assistance for Needy Families (TANF) program is the block grant created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). The block grant provides states with funds to assist families earning low incomes with children through a variety of services or activities determined by the states, including monthly cash aid payments. TANF replaced the Aid to Families with Dependent Children (AFDC) program, which had provided cash welfare to families earning low incomes with children and the Job Opportunities and Basic Skills (JOBS) program, which provided such families with job-support related activities like job training and job search help.

Child care is one of many services for which states may use TANF funding. States are authorized to spend TANF funds for child care in two ways. First, states can transfer up to 30 percent of TANF funds into the Child Care and Development Block Grant. Second, states can spend TANF funds directly on child care.

Although TANF law gives states considerable flexibility to design TANF programs as they see fit, it also requires states to have a certain percentage of its caseload who receive monthly cash payments to participate in work-related activities. In order to be considered “participating,” parents with children under age 6 are required to engage in specific work-related activities for a minimum of 20 hours per week. Other parents are required to engage in specific

work-related activities for 30 hours a week. The law allows states to exempt single parents with children under age 1 from work requirements. In addition, states cannot deny TANF assistance to single custodial parents of children under age 6 who cannot find appropriate and affordable child care arrangements.

STATUS

On December 23, 2011, the President signed legislation extending the authorization of the Temporary Assistance for Needy Families (TANF) program and related child care funding through February 29, 2012 (Public Law 112-78). Congress will need to reauthorize TANF this year.

FUNDING

States receive about \$16.7 billion through the TANF block grant annually.¹ According to the most recent TANF expenditure data (FY2010), states transferred about \$1.37 billion or about 8 percent of TANF funding to CCDBG. In addition, states spent \$1.1 billion in federal TANF funds directly on child care without transferring funds to CCDBG.

KEY TANF TALKING POINTS



- **Child care assistance is critical to moving families from welfare to work.**
- **When families do not have access to quality child care, children start school far behind their peers.** Children in

¹ The White House, Office of Management and Budget. (2011). *The President's Proposed FY 2012 Budget*. Retrieved February 22, 2011, from, <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/hhs.pdf>

families receiving welfare have learned one-quarter as many words as children in more affluent families by the time they reach first grade.

• **While states have a great deal of flexibility in determining how to spend TANF funds, few states currently meet the new work requirements.** Given the recession, states will have a tough job in meeting the expanded work requirements without additional child care funding.

• **The nonpartisan Congressional Budget Office (CBO) estimated that it would take billions more in additional funding to meet the new work rates for TANF parents.** In addition, CBO found that

funds are far insufficient to adjust assistance for inflation for the 2 million children who currently receive child care subsidies.

If additional child care funding is not provided, we are concerned that states will shift child care funding from families earning low incomes to families receiving welfare. We need to help both sets of families. It makes no sense to terminate child care assistance for families who are struggling to make ends meet but are not on welfare. This would be like pulling the rug out from underneath their feet.