The Temporary Assistance for Needy Families (TANF) program has been missing from efforts to ensure people who need help during this economic and health crisis caused by the coronavirus are getting it. TANF fits into a continuum of aid programs—including unemployment insurance (UI), the Supplemental Nutrition Assistance Program (SNAP), also known as food stamps, and more—that are designed to help people experiencing hardship pay for necessities and find work. While TANF cannot simply replace them, it can act as a much-needed supplement for many families when those other programs come up short, and it can be targeted to meet the specific needs of the community that it is serving.

The two main stimulus measures for individuals in the Coronavirus Aid, Relief, and Economic Security (CARES) Act—enhanced UI and economic impact payments (EIP)—together kept poverty from rising to disastrous heights this spring. However, those programs excluded millions of individuals, and a lot of people who did qualify never received the financial assistance that they needed and deserved. Many people who did receive EIP and enhanced UI benefits, especially low-income families who are eligible for TANF, still face significant ongoing hardship. This makes TANF an important program for filling in the gaps of other aid packages and providing additional benefits to those who need them most.

The drastic surge in TANF applications early in the COVID-19 crisis and persistently high unemployment and underemployment rates have generated renewed urgency to retool TANF to make it a more effective and beneficial program in this specific moment and beyond. To do so requires an understanding of the program’s successes and failures, especially during the last recession, and what needs to be done now to fix it.

This is the first in a series of three briefs highlighting how TANF can be retooled to better assist families in or at risk of poverty, particularly during the COVID-19 crisis. This brief discusses changes to TANF rules and funding that Congress must make to properly restructure incentives and target money to the areas where it’s most needed during this crisis. The second brief will address actions that governors, state legislatures,
and local agencies can take to strengthen the TANF program and ensure it adequately addresses increased hardship, even in the absence of congressional action. The third and final brief will discuss structural changes Congress and states can make to put TANF on better footing going forward, during the recovery and beyond, and to make it better prepared to respond to the next economic downturn.

The recommendations set forth and described in greater detail later in this brief are:

- Create a new TANF Emergency Contingency Fund that prioritizes, expands, and boosts cash assistance.
- Create better incentives for states by suspending work participation rate (WPR) requirements and updating the caseload reduction credit (CRC) base year to encourage states to increase caseloads.
- Broaden eligibility for TANF by basing eligibility on monthly or continuing income and increasing the income threshold; allowing childless adults to sign up, at least during the crisis; suspending all work and work search requirements and sanctions; freezing lifetime use limits and recertification determinations; and considering other eligibility changes.
- Help states target money to their residents’ specific needs by making nonrecurrent short-term (NRST) benefits last more than four months and creating a large subsidized jobs program without a specified end date.

**TANF can help fight recessions if the right lessons are applied from the last downturn**

Congress created TANF to replace the Aid to Families with Dependent Children (AFDC) program with a flat block grant of $16.5 billion per year in funding. Its allocations to states are based on AFDC spending from the 1990s and have never been adjusted for inflation, leaving it largely unresponsive to economic downturns. States have to meet maintenance-of-effort (MOE) requirements, which are fixed permanently and obligate them to spend about $15 billion collectively of their own funds on aid for needy families. In the nearly quarter century since its founding, TANF and MOE budgets have lost about 40 percent and 50 percent of their values, respectively, after adjusting for inflation.

In its initial legislation, Congress also created the TANF Contingency Fund, which allotted an extra $2 billion for economic downturns, but its restrictive rules made it difficult for states to access, and it proved vastly underfunded for the needs of a significant recession. Congress’ response to this failure was the establishment of the TANF Emergency Contingency Fund—usually referred to as the Emergency Fund—created by the American Recovery and Reinvestment Act of 2009 to provide an extra $5 billion total at a 4-to-1 match for state TANF programs. States had to spend their Emergency Fund money on one of three specific categories: basic assistance, NRST benefits, or subsidized employment.
While the Emergency Fund was effective in some ways, its arbitrary expiration date and insufficient funding fell short of the demands of the crisis. It was clear early in 2010 that letting the Emergency Fund expire would cause states to cut back assistance when need was still rising. On top of that, money was distributed based on the original TANF block grant allocations, so the Emergency Fund only perpetuated and expanded the initial state inequities, with many states quickly draining their provisions without all their needs being met. Similarly, NRST benefits and subsidized jobs were specifically not classified as “assistance” so that they would not count toward TANF time limits. However, states were not explicitly prevented from changing time limits, tightening eligibility, or increasing work requirements and sanctions, so many families were still cruelly denied access to aid.

All that said, these are missteps that Congress can and should correct through swift legislative action. When utilized and funded properly, the TANF program can be deployed as a tool to alleviate hardship for the families and communities that are most in need of assistance.

What lawmakers have already proposed on TANF

In the CARES Act, passed on March 25, 2020, Congress extended TANF’s normal funding through November 2020. Congress again extended funding until December 11, 2020, as part of the recently passed continuing resolution. The Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act, which was passed by the U.S. House of Representatives on May 15, 2020, but has not yet been taken up by the U.S. Senate, has provisions that suspended federal requirements on states and any sanctions on individual TANF recipients until January 31, 2021. In addition, the bill would penalize states that impose work requirements, time limits, or sanctions during that period. Although the HEROES Act does not include additional money or create a TANF Emergency Fund, it would provide an extra $9.6 billion to the Social Services Block Grant for—among other things—short-term cash, noncash, or in-kind emergency disaster relief for disadvantaged children, families, and households, which would go toward many of the same purposes as TANF.

Meanwhile, the Pandemic TANF Assistance Act, proposed by Sens. Ron Wyden (D-OR), Brian Schatz (D-HI), Sherrod Brown (D-OH), and Robert Casey (D-PA), would create a $10 billion Coronavirus Emergency Assistance Grant modeled after the Emergency Fund and expiring on September 30, 2021; expand TANF eligibility; allocate emergency funds based on the relative number of poor individuals in the state; hold harmless any state violations of federal requirements; and prohibit sanctions on individuals or families until November 30, 2020. Sen. Tom Cotton (R-AR) put forth his own expansion bill back in March—the Coronavirus TANF Expansion Act—which would expand eligibility, provide one-time payments to all eligible families, and suspend work requirements, WPR requirements, time limits, and sanctions.
Offering increased aid to more low-income households is the only way to help people make it through this crisis and its aftermath. But that will require not repeating the mistakes of the past while going much bigger and thinking far more broadly. The CARES Act was a good start, and these additional bills would do a lot of good. As Congress continues to work through the timing and scope of the next major COVID-19 relief package, they must include a TANF expansion, in addition to the renewal and expansion of other key income support programs. To do this, lawmakers should use the Pandemic TANF Assistance Act as a base and build on that with the important changes detailed in the next section of this brief.

Recommendations

Congress should adopt the following policy recommendations, ideally in the next major COVID-19 relief package, to utilize TANF to address the immense need—created or intensified by this public health and economic crisis—of millions of families across the country. These recommendations build upon the lessons from the implementation of the Emergency Fund and other changes enacted during the Great Recession, as well as proposals and bills recently put forth in the House and Senate.

Create a new TANF Emergency Fund that prioritizes cash assistance

Create a new TANF Emergency Fund

Congress should create a new, well-funded Emergency Fund drawing on the lessons from the Great Recession. The $10 billion for the next year recommended in the Pandemic TANF Assistance Act is a good start. However, the duration of this pandemic and recession is unclear—and another relief bill after this next one is unlikely—so the end date of recovery funding needs to reflect those uncertain economic and public health conditions. States will see an expiration date as a coming loss of funds that they need to prepare for by cutting caseloads and benefits now. The new Emergency Fund should be renewed automatically every fiscal year until certain criteria are met showing improvements in both economic and public health conditions.

Eligibility for access to the Emergency Fund should be determined by metrics showing a state’s level of need, such as the unemployment, underemployment, and poverty rates. Similar to what is suggested in the Pandemic TANF Assistance Act, specific state allocations should be based on the relative need compared with other states, as determined by the number of people living below 200 percent of the federal poverty line to ensure a more equitable distribution of resources. There should also be regulatory provisions attached to the Emergency Fund to ensure states are using the additional money to increase direct cash assistance and actually help needy families.
Expand and boost cash assistance

Nationally, for every 100 families living in poverty in 2018, only 22 received cash assistance from TANF, compared with 68 families in the last year of AFDC. And within states, the share of TANF funding spent on cash assistance in 2018 ranged from 2 percent to 66 percent, with states that have a larger proportion of Black families tending to spend less, which only exacerbates racial inequities.

Families receiving basic cash assistance from TANF in the Great Recession spent essentially all of it immediately on basic needs, which had the bonus effect of boosting their local economies. TANF, with adequate funding and the proper mandates, has the capability to help families make ends meet, supplementing other expiring benefits such as enhanced UI and SNAP and targeting aid to the families struggling most.

Congress should incentivize states by requiring them to spend no less than 25 percent of TANF funds on cash assistance annually, penalizing states that fall short and providing bonus funds to those exceeding the minimum. While the public health and economic crisis is ongoing, the minimum spending on cash assistance should be even higher.

Create better incentives for states

Suspend WPR requirements

States face strict financial penalties if they don’t keep their TANF caseload’s WPR above 90 percent for two-parent families and 50 percent overall. However, the CRC decreases a state’s WPR requirement by 1 percentage point for each percent that state’s TANF caseload is below the base year—originally 1995, now 2005. It’s a one-two punch of the WPR incentivizing states to only assist the most employable people and offer nothing to those with the greatest need. The CRC, as it has been applied, essentially rewards states for restricting access and offloading current recipients, regardless of their job status or economic condition upon leaving the program.

The American Recovery and Reinvestment Act of 2009 included a “hold harmless” provision that allowed states to choose their lowest annual caseload from any year between 2007 and 2011 to apply to the CRC, thus getting a lower WPR requirement each year during the recession, until the provision expired after fiscal year 2011. However, nearly one-third of states possessed lower caseloads at the end of 2011 than when the recession began, and many of the states that did raise caseloads during that period faced financial penalties in 2012 and 2013 for failing to meet the required WPR, which jumped significantly due to a drop-off in their CRCs. States knew that when these provisions expired at the end of fiscal year 2011, the base year would remain 2005, but families enrolling in TANF would likely need the program’s benefits for years to come—especially during a recession with a prolonged period of high unemployment.
At a time when few jobs are available and localities are still discouraging people from leaving their homes, penalizing states for helping people who can’t work is cruel and counterintuitive. WPR requirements should be suspended until this crisis is fully over and the Emergency Fund has expired due to improved economic and public health conditions. The decision to resume WPR requirements should be based on automatic triggers.

The U.S. Department of Health and Human Services (HHS) put out guidance saying that although it doesn’t have the authority to waive WPR requirements, it can grant states relief from the penalties for not meeting these requirements due to natural disaster. HHS has indicated that it will treat COVID-19 as a natural disaster and has promised to “exercise this authority to the maximum extent possible.” Congress should remove any doubt for states by formally suspending the WPR requirements and using automatic triggers to determine when the economy is healthy enough to resume them.

**Update the CRC base year and incentivize states to increase caseloads**

Building on the WPR suspension, the CRC base year must be updated to the end date of the Emergency Fund, indicated by an automatic trigger, to ensure that states won’t be penalized in the future for caseloads they take on now. Furthermore, Congress should set a minimum for the size of each state’s TANF caseload—a certain percentage of the state’s families in poverty whom TANF agencies are required to serve—at least for the duration of the Emergency Fund, if not permanently. After seeing 35 states kick more people off TANF than they added during the Great Recession, in this economic crisis, Congress should both use the Emergency Fund to incentivize increasing caseloads and mandate that no state decrease the size of its caseload until the crisis has passed.

**Broaden eligibility for TANF**

**Base eligibility on monthly or continuing income and increase the income threshold**

The salary a person previously made gives no indication of their earnings capacity now if they have been laid off, their hours have been cut, or their employer has shut down. Because TANF already extends to so few of the families actually in poverty—and with the poverty line being too low as it is—about two-thirds of states during the Great Recession did not make being a TANF cash assistance recipient a condition of eligibility for subsidized jobs, and many targeted people for subsidized jobs based on whether they had a previous income of up to 200 percent of the poverty line.

As in the Pandemic TANF Assistance Act, Congress should adapt the qualifications for TANF benefits to monthly or continuing income rather than past income. In addition, Congress should set a minimum eligibility standard for states that are expanding coverage to any family or childless individual whose monthly income is less than 200 percent of the poverty line and “who has been adversely affected by COVID-19.” This would ensure states cover even more people who have had their hours cut but their daily and monthly expenses, such as groceries and rent, stay roughly the same.
Allow childless adults to sign up during the crisis
TANF benefits should be at least temporarily expanded to those who don’t have custodial children and who meet the income eligibility standards. Childless adults include noncustodial parents or soon-to-be-parents, who also face significant hardship and may have financial or caregiving responsibilities for other people in their lives. Many childless adults also support elderly parents or other family members or have a disability that prevents them from working. If lawmakers don’t want to make this expansion permanent, they could use automatic indicators to make it last through the economic downturn, reimbursing states for childless adults covered by the Emergency Fund expansion.

Suspend all work and work search requirements and sanctions
Just as states should not be penalized for a seriously contracted job market, neither should unemployed workers. Congress should suspend all work, work search, and any other reporting requirements attached to TANF benefits, as some states—Florida, Kentucky, Maryland, and Massachusetts, among others—have already taken the initiative to do. There is support across the political spectrum for easing work requirements during this time, when few places are hiring and people are being encouraged to stay home. As the bills in the House and the Senate propose, states should be assured that they will not be penalized by the federal government for suspending these requirements.

Freeze lifetime use limits and recertification determinations
Federal law dictates that all states impose a lifetime limit for receiving TANF cash assistance that can be shorter but not longer than 60 months, with some small exceptions. As of 2018, 21 states had imposed periodic or lifetime limits of less than 60 months on a significant portion of their TANF participants. No family should be worried about exhausting their benefits during a pandemic; Congress should mandate that any TANF benefits received throughout this crisis will not count toward time limits. Additionally, people who had previously reached their lifetime limit for TANF support should have their eligibility restored for the duration of the crisis, as should those who lost their benefits due to sanctions.

Consider other eligibility changes
Other provisions concerning eligibility for an emergency TANF bill could include automatic enrollment in cash assistance or other benefits for eligible families whose records are already on file with the state because of an application to another program. A similar alternative would be to give automatic qualification to recipients of comparable benefits programs such as UI or SNAP. Either of these provisions could greatly speed up the processing of applications and doling out of benefits, and Congress should encourage states to adopt these policies. And in general, Congress should not allow states to enact any policies that will result in a smaller caseload or fewer benefits for individual recipients.
Help states target money to their residents’ specific needs

**Make NRST benefits last more than four months**

NRST benefits are temporary payments “designed to deal with a specific crisis situation or episode of need.” They were not meant for ongoing needs, and benefits last no more than four months. In the Great Recession, these benefits included emergency housing and utility assistance; domestic violence counseling and shelters; transportation assistance; clothing allowances; and child care support. New York state even used NRST benefits to give one-time payments to families with school-age children on TANF or SNAP. The NRST benefits are also available to a broader array of recipients—not only to those receiving TANF cash assistance.

The flexibility of NRST benefits is helpful during an economic downturn when many families are strapped for cash to meet their basic needs. However, the four-month limitation diminishes the effectiveness of NRST benefits, especially when the timeline for this current crisis is so uncertain. If not indefinite and bound to automatic indicators, Congress should make NRST benefits last a year at minimum or at least allow the opportunity to renew them and restart the four months automatically if conditions warrant, without passing a new bill.

**Create a large subsidized jobs program without a specified end date**

By the time the Emergency Fund expired on September 30, 2010, 39 states and Washington, D.C., had used $1.3 billion in funding for subsidized employment programs and created more than 260,000 jobs. In anticipation of that loss of funding, states stopped making placements in subsidized jobs as far back as March 2010 or made job placements with built-in end dates of September 30. Only a few states maintained their programs at the same levels once the Emergency Fund expired. This almost certainly significantly blunted the anti-recessionary impacts of the programs, with both struggling businesses and workers suffering as a result. Numerous experts, research organizations, and business groups pleaded for Congress to extend the funding for subsidized employment programs, but when the Obama administration asked for money in 2010, they were rebuffed.

The subsidized employment programs were probably the most successful part of the last Emergency Fund during the Great Recession. Congress should provide more money to create more jobs and leave an open end date, tied to automatic triggers, so states don’t start whittling down the programs before their need is gone.

A subsidized jobs program could be targeted to fields that are especially needed during the pandemic and recovery, such as hospital staff, contact tracers, state and local government workers, and community nonprofits. States could also target the benefits to sectors that were significantly affected by COVID-19, such as the service industry, which would have the joint benefits of boosting struggling businesses, circulating money in the economy, and disproportionately aiding low-income workers. Until
federal and state emergency declarations are lifted, Congress should also only allow the Emergency Fund to finance subsidized jobs that can be performed remotely or that provide adequate personal protective equipment, as set forth in a key provision of the Pandemic TANF Assistance Act.66

Conclusion

TANF can be an efficient conduit for getting money to the people who really need it.67 States can take many actions—and in many cases already have—to retool TANF to improve the lives of the individuals and families with the greatest need during this crisis. However, as happened in the Great Recession, without more funding, TANF programs simply won’t have enough money to meet the dramatically increased need. Moreover, if crucial reforms are not universally mandated by the federal government, many states will opt against some or all of them in favor of cutting spending, and the children and adults who can least afford it will be hurt the most.

All the ways that TANF could help struggling families get by during the crisis apply during the long, difficult economic recovery ahead as well. In addition, by injecting spending money into communities and allowing small businesses to keep or expand their workforces, TANF will help speed up the recovery and revitalize the economy as a whole. Congress should include TANF as part of the continuum of aid and stimulus programs that have been used, and will continue to be needed, to keep extreme rises in poverty and suffering at bay.68 TANF can be used to fill gaps, supplement shortfalls, and meet a variety of needs, beyond just cash assistance, with the flexibility to adjust to the demands of the moment—if lawmakers so desire. The program already has most of the infrastructure in place to accomplish this.69 Deploying an expanded, modernized, and strengthened TANF should by no means be the only solution for this crisis, but it should be one of them.

Justin Schweitzer is a policy analyst for the Poverty to Prosperity Program at the Center for American Progress.


10 Marianne Bitler and Hilary Hoynes, “The More Things Change, the More They Stay the Same? The Safety Net and Washington, D.C., which all also receive TANF funding.


13 Ibid.


19 Pavetti and Rosenbaum, “Creating a Safety Net That Works When the Economy Doesn’t.”


59 Elizabeth Lower-Basch, “Questions and Answers about the TANF Emergency Fund.”

60 Ibid.


62 Schott and Pavetti, “Extending the TANF Emergency Fund Would Create and Preserve Jobs Quickly and Efficiently.”

63 Farrell and others, “Subsidizing Employment Opportunities for Low-Income Families.”


66 Pandemic TANF Assistance Act, S. 3672.


69 Dutta-Gupta, “Improving TANF’s Countercyclicality through Increased Basic Assistance and Subsidized Jobs.”