Changes in State TANF Policies in Response to the COVID-19 Pandemic

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As the US economy shut down in response to the COVID-19 pandemic, state administrators for Temporary Assistance for Needy Families (TANF)—the nation's primary program for helping families with low incomes meet basic needs while supporting their transition to economic mobility through work opportunities—faced new challenges operating the program and meeting their clients' needs.

By March 2020, most states had declared states of emergency and issued stay-at-home orders to mitigate the spread of COVID-19. These actions led to a sudden and rapid rise in unemployment not seen since the Great Depression, creating structural barriers to work for workers displaced during the pandemic and those already seeking employment. Workers with low incomes were hit particularly hard—more than 8 million people in the hospitality and retail industries alone were unemployed in April 2020.[1] For families previously or newly receiving TANF, the pandemic made it harder to meet the work and activity requirements—such as meeting with case managers or participating in job training or employment programs requiring in-person attendance—necessary to continue receiving benefits.

Many state TANF administrators and agencies responded to the pandemic and stay-at-home orders by adjusting their policies to meet their states' and families' unique situations, needs, and challenges. In this brief, we describe how some of these agencies adapted their policies during the early months of the pandemic. Although the brief only captures policy changes at a point in time for some states, it may offer insight into the direction state TANF policies will take as the pandemic unfolds.

The American Public Human Services Association (APHSA) surveyed state TANF administrators in May 2020 to determine how state agencies were changing their TANF programs in response to the pandemic. Survey responses indicated that agencies' key changes include the following:

- Of the 20 states that responded to the question, 7 had opted not to count the economic impact payments or the additional unemployment insurance payments as income or assets in determining TANF eligibility.
- Of the 19 that responded to the question, 11 were using or expanding their short-term benefit programs (nonrecurring benefits designed to address a specific crisis or need) for families impacted by COVID-19.
- Of the 19 that responded to the question, 15 indicated that they currently had opportunities for virtual learning activities in place, or were considering or developing these opportunities, to meet work requirements remotely.
- Of the 19 states that responded to the question, 14 had changed their policies to issue good cause exemptions for all or targeted groups of recipients.

Methodology

In May 2020, APHSA fielded a survey to state TANF administrators in all 50 states and the District of Columbia. The survey was designed to learn how state agencies were adjusting their TANF programs in response to COVID-19. In total, 28 states responded to the survey. Of those, 20 agreed to share their responses for this analysis.[2] In addition to the survey, APHSA held a discussion with state TANF administrators in mid-June 2020 to discuss the survey results and future technical assistance needs and is convening recurring discussions with administrators to support long-term planning and responses to COVID-19.

We summarize the survey responses and themes from that discussion throughout the rest of this brief. Importantly, this summary is not representative of all states, and policy changes and experiences during the COVID-19 pandemic vary widely across TANF agencies. In addition, the survey and discussion only capture a snapshot of a point in time. In follow-up discussions with APHSA, many states noted that their planning and priorities for TANF were already shifting as they considered the role of TANF in an extended period of social distancing and economic recovery. Additional work should be done to capture the changes TANF agencies make in response to the pandemic, as well as TANF administrators' and agencies' wide range of experiences, needs, and challenges.

BOX 1

The Role of TANF in Responding to Economic Changes

Administered by the US Department of Health and Human Services Administration for Children and Families, TANF is a federal block grant to states. Best known for providing time-limited cash assistance to needy families with children, it can be used to support many statutorily defined purposes. States have flexibility within federal parameters to establish eligibility criteria, benefit levels, and program requirements for their cash assistance programs.

Whereas for other safety net programs, such as Medicaid or the Supplemental Nutrition Assistance Program, state and federal spending increase as program demand increases, the TANF block grant is a fixed amount that has not changed since it was implemented in 1997. During the Great Recession, the American Recovery and Reinvestment Act included additional funding to reimburse states for increased expenses related to basic cash assistance, nonrecurrent short-term benefits, and subsidized jobs programs. Although the US Senate proposed a bill in late July 2020 that would reimburse states up to $2 billion for increased TANF costs, no additional TANF funds have been made available for states to address needs related to COVID-19 as of this writing.

How State TANF Agencies Have Been Affected by and Responded to the COVID-19 Pandemic

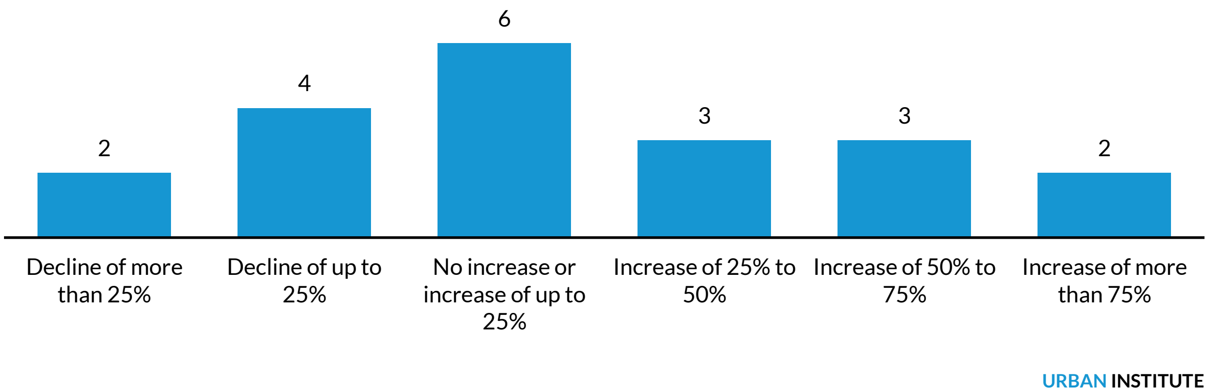
The APHSA survey asked about a wide range of TANF program changes, including the pandemic's impact on the number of applications submitted, changes to eligibility requirements and work requirements, and administrative challenges ensuing from state stay-at-home orders.

TANF Applications Received

States reported a wide variety of changes in the number of TANF applications received in March 2020 compared with March 2019 (figure 1). Most (14) reported either that TANF applications were roughly the same as the previous year or had increased. However, several states (6) reported that applications had decreased. Although the reasons that application rates fluctuated may be complex and varied, rates may have been impacted by Congress's expansion of unemployment insurance benefits in response to COVID-19.

FIGURE 1

Difference in TANF Applications for States Received March 2020 Compared with March 2019

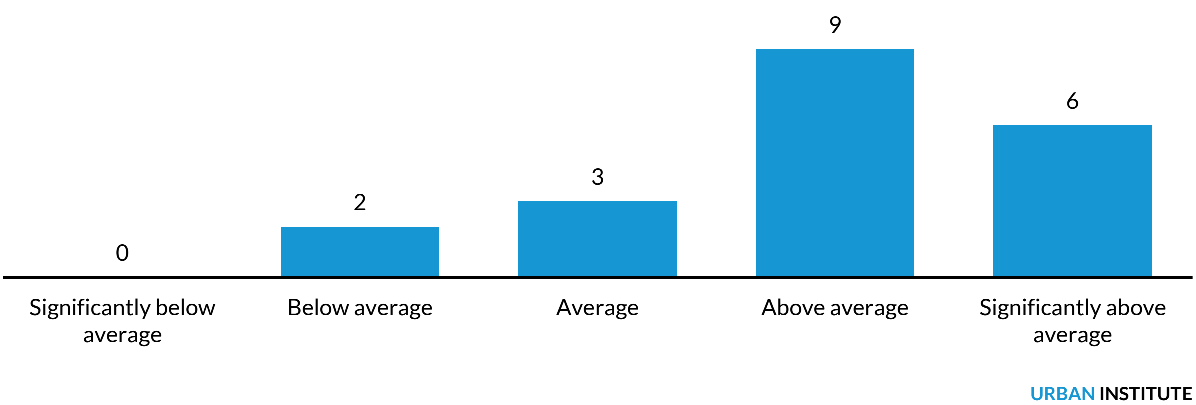


Source: American Public Human Services Association survey of state TANF administrators, conducted May 2020 (N = 20).

More states (15) expected TANF applications to be higher in April 2020 than in April 2019 than expected them to be the same or lower (5) (figure 2).[3] Only two states expected applications for April 2020 to be below average compared with the previous year.

FIGURE 2

Predicted Difference in TANF Applications for States in April 2020 Compared with April 2019



Source: American Public Human Services Association survey of state TANF administrators, conducted May 2020 (N = 20).

TANF Eligibility

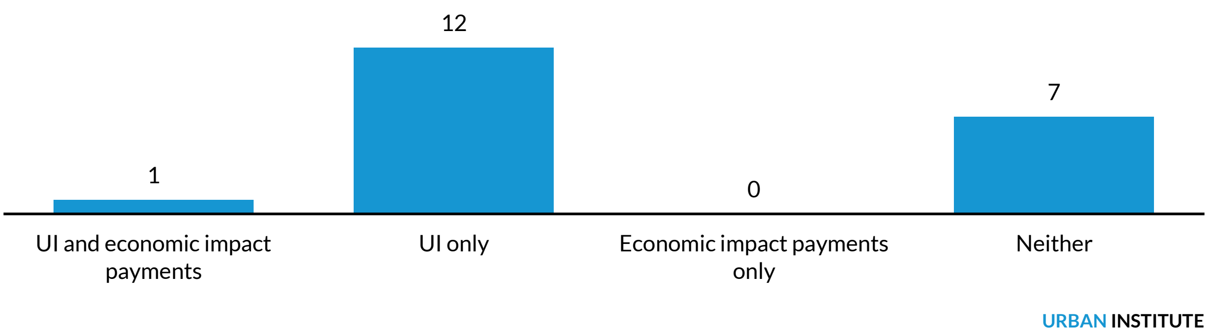
To qualify for TANF cash assistance, families must satisfy several requirements and must pass financial and nonfinancial tests. A key financial test is that a family's countable income must be under the state's eligibility limit.

Five states indicated that they had changed income thresholds for eligibility or TANF benefit amount calculations.[4] Among these five, some specified that they had adjusted the income thresholds for diversion benefits or other nonrecurrent short-term cash assistance. (We also address short-term benefits below.)

In addition to changing income thresholds, states have broad discretion to determine what counts as income or assets for initial and continuing eligibility purposes. The Coronavirus Aid, Relief, and Economic Security Act instituted a payment of $600 per week for people receiving unemployment insurance (UI) in addition to the regular UI payment.[5] It also created economic impact payments of up to $1,200 per person and $500 per dependent child, distributed by the Internal Revenue Service, similar to a refundable tax credit. In determining eligibility for TANF, 1 surveyed state included the additional UI payments and economic impact payments as income, 12 only included the increased UI, none included only the economic impact payments, and 7 did not include either (figure 3).[6] In comparison, most states include regular UI payments as income for initial and continuing eligibility and do not count the earned income tax credit.[7]

FIGURE 3

Number of States That Consider the Economic Impact Payments or Increased Unemployment Insurance Payments as Income for Determining TANF Eligibility



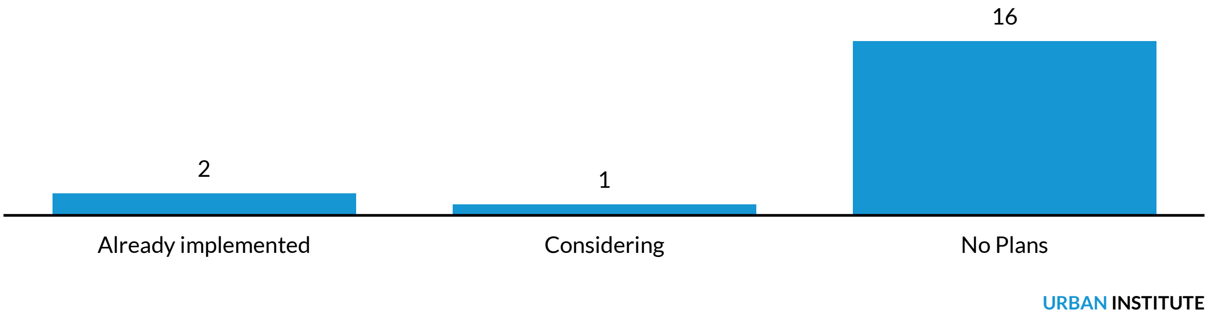
Source: American Public Human Services Association survey of state TANF administrators, conducted May 2020 (N = 20).

TANF Benefits for Nonparental Caregivers

Children raised by nonparental relatives, or kinship caregivers, are eligible for TANF benefits through what are known as child-only cases. Such cases allow for kinship caregivers to support children they may be raising unexpectedly. However, being a kinship caregiver does not typically qualify a person for TANF themselves. Most states that responded to the survey had not changed kinship care benefits; only two had increased benefit amounts for kinship caregivers with child-only cases, and another was considering making this change (figure 4).

FIGURE 4

States with Increased TANF Benefits for Kinship Caregivers with Child-Only Cases



Source: American Public Human Services Association survey of state TANF administrators conducted May 2020 (N = 19).

Nonrecurrent Short-Term Benefits

State TANF agencies have the option to provide nonrecurrent short-term cash benefits designed for responding to a specific crisis or need. These benefits are different from regular TANF cash assistance and typically cannot be used for longer than four months. This form of assistance includes programs such as diversion, whereby states offer families a one-time cash payment to help meet their immediate needs and avoid an ongoing need for cash assistance. Families that accept diversion payments are usually not allowed to apply for monthly TANF benefits for some period. In 2018, 32 states had formal diversion programs.[8]

As of May 2020, 11 states that responded to the survey were using or expanding their existing short-term benefit programs in response to COVID-19, and 8 were not offering families short-term benefits. No state reported having created new nonrecurrent short-term emergency cash assistance grants. Among those that reported using short-term benefits payments during the pandemic, several states noted that their eligibility criteria were the same as or similar to the criteria for monthly cash aid, including financial and nonfinancial requirements. Other states indicated that eligibility for diversion payments was specific to the pandemic situation. One was using an emergency program providing current TANF recipients and applicants an additional one-time $500 payment for natural disasters, which COVID-19 qualified as. Another was providing all current TANF recipients $200 a month for April and May 2020 to help offset expenses caused by COVID-19.

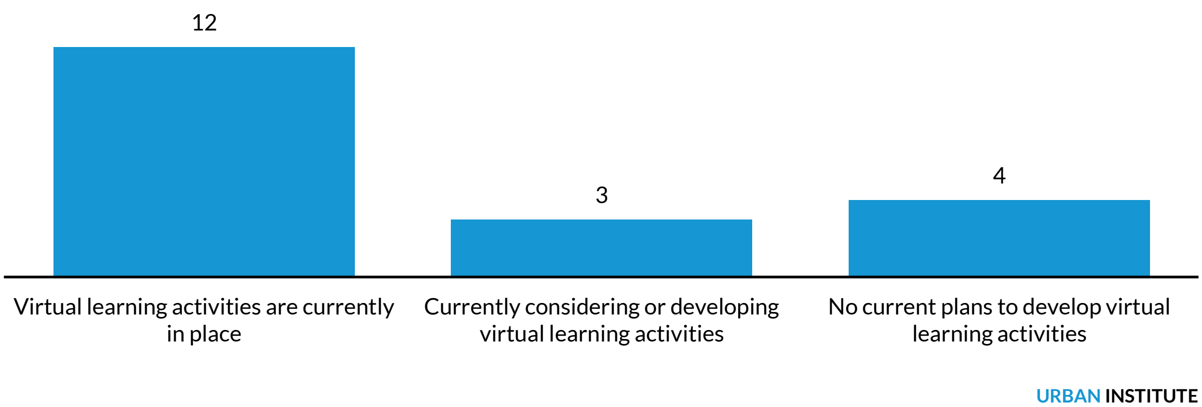
Employment and Training Services

To receive TANF benefits, families typically must engage in approved work or work-related activities. States have flexibility in determining their own requirements, but federal TANF rules hold states financially accountable for engaging at least half their work-eligible families in a specific set of activities for a minimum number of hours. This federal requirement has remained in effect during the pandemic because the Administration for Children and Families lacks the authority to waive it. However, the agency has said it will make maximum use of its authority to grant relief to states that do not meet the requirement, and it encouraged states to focus on the health and safety of their residents (HHS 2020).

Of those that responded to the survey, 12 states indicated that they had existing opportunities for virtual learning activities to help families meet work requirements remotely, and 3 were considering or were already developing such opportunities (figure 5).

FIGURE 5

Number of States Providing Opportunities to Engage in Work Activities Remotely



Source: American Public Human Services Association survey of state TANF administrators, conducted May 2020 (N = 19).

Despite rising unemployment, the pandemic also increased the need for certain occupations, including health care, technology, and grocery workers. Of the 19 states that responded to the question, 7 had implemented (or had considered implementing) training and placement activities or workforce partnerships focused specifically on these high-demand occupations. Many of these states indicated that they were establishing new partnerships for training and job placements, especially related to health care.

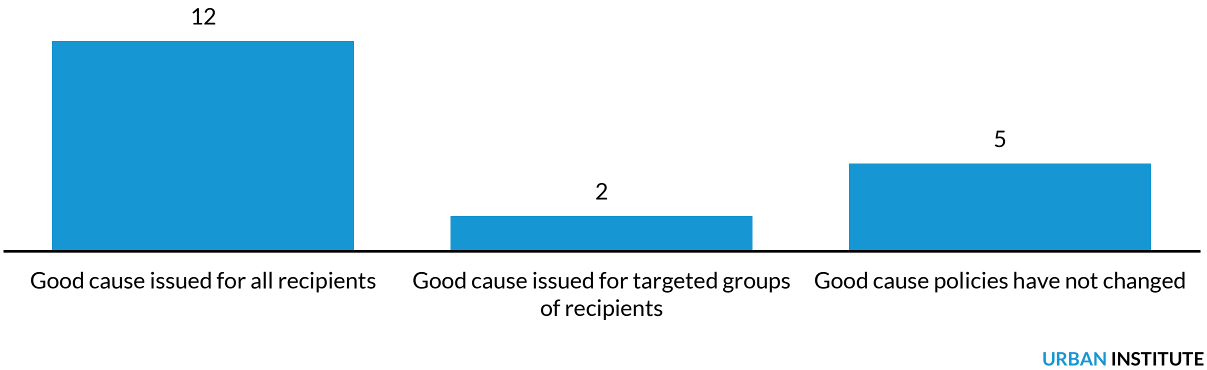
Exemptions from Activity Sanctions

States may impose sanctions to reduce or suspend a family's benefits if they do not comply with various TANF requirements (e.g., work requirements). Nine states had temporarily lifted the sanctions that existed when the public health emergency began. Among the 10 that did not automatically lift sanctions, several indicated that families could contact their TANF agency about engaging in a broadened range of activities that would fulfill the work requirements and remove their sanctions. Several also indicated that if work participation was not possible, good cause exemptions would be granted.

In addition to lifting existing sanctions, some states had considered relaxing their sanction policy during the pandemic or increasing the use of exemptions from work requirements. Twelve states had changed their policies to issue good cause exemptions for all recipients, and two states had issued exemptions for targeted groups of recipients (figure 6). In a state that had issued exemptions for targeted groups, it issued good cause to everyone not working or participating in other activities. Five states had not changed their good cause exemption policies as of responding to the survey.

FIGURE 6

Number of States with Good Cause Exemptions from Work Requirements



Source: American Public Human Services Association survey of state TANF administrators, conducted May 2020 (N = 19).

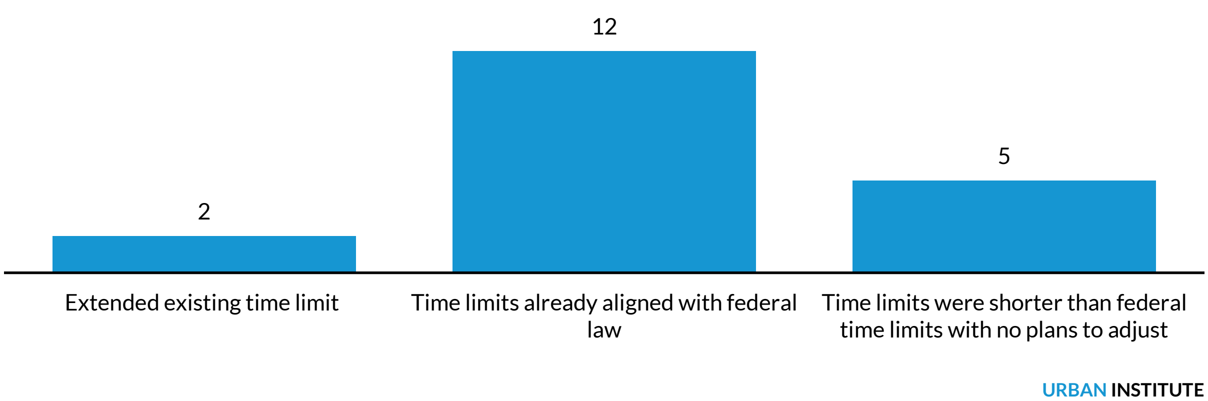
For states that had not issued good cause exemptions to all TANF recipients, many reported that good cause could be granted on a case-by-case basis if a participant was unable to work. Many states had expanded their options for fulfilling work requirements, including allowing home-based activities, educational courses, virtual job search, participation in supportive services like case management or mental health services, and homeschooling with children.

Time Limits

Under federal law, families with at least one adult cannot receive TANF for more than 60 months in their lifetimes, though states may impose shorter time limits on TANF assistance. Fourteen states indicated either that they had extended their lifetime limit on TANF benefits in response to the pandemic or that their time limits already aligned with the federal maximum of 60 months (figure 7). Five states had time limits below the federal maximum but did not plan to adjust them.[9]

FIGURE 7

State Time Limits for TANF Recipients



Source: American Public Human Services Association survey of state TANF administrators, conducted May 2020 (N = 19).

Ongoing Challenges and Next Steps

The discussion that APHSA had with states in mid-June 2020 included consideration of how best to transition again when states eventually reopen. States were considering which of the flexibilities implemented during the stay-at-home orders were most helpful to families receiving TANF and would be beneficial to retain after the pandemic. For example, states noted that direct service providers had expressed that not requiring participants to sign forms in person and allowing meetings to occur via phone improved their relationships with TANF participants, and that continuing these practices could be beneficial. In addition, states discussed possible innovations to service delivery and case management—especially the use of virtual tools—that could make services more efficient and effective. Lastly, states also expressed interest in increasing opportunities for subsidized employment during the recovery from the pandemic and recession. During the Great Recession, for example, state TANF programs were reimbursed through the TANF Emergency Fund for $1.3 billion in increased spending on subsidized jobs programs that paid some or all of the wages of 260,000 people living below or near the federal poverty level.[10]

The policy changes captured in this brief were made in the first couple months of the COVID-19 pandemic, and state TANF agencies continue to make changes and adjustments as the pandemic continues and states begin to open. Additional research could examine subsequent changes in these policies, different aspects of TANF policies, and innovative responses to the pandemic.

Notes

1. "Data Retrieval: Labor Force Statistics (CPS)," US Bureau of Labor Statistics, accessed July 28, 2020, https://www.bls.gov/webapps/legacy/cpsatab14.htm.
2. States were not included in the calculations or figures for questions they did not answer. States may have skipped questions that did not apply.
3. Owing to the timing of the survey, most states did not have totaled caseload data for April.
4. The income eligibility thresholds and maximum benefit amounts for TANF vary widely. According to the Welfare Rules Database 2018 Databook (available at https://wrd.urban.org/wrd/databook.cfm), the maximum income for initial eligibility for a family of three ranged from $268 in Alabama to $2,227 in Minnesota as of July 2018. The maximum monthly benefit for a family of three with no income ranged from $170 in Mississippi to $1,039 in New Hampshire.
5. Coronavirus Aid, Relief, and Economic Recovery Act of 2020, Pub. L. No. 116-136 (2020).
6. States did not specify whether the economic impact payments were counted as regular monthly income, as lump sum income, or as an asset.
7. According to the Welfare Rules Database (available at https://wrd.urban.org/wrd/Query/query.cfm) as of July 1, 2018, 37 states and the District of Columbia exclude the earned income tax credit from income and assets. An additional 10 states exclude it from income and assets for at least the month of receipt and the following month.
8. See the Welfare Rules Database at www.wrd.urban.org.
9. In many states, legislative approval is required to adjust state time limits.
10. See https://www.urban.org/features/how-government-jobs-programs-could-boost-employment#chapter-7 and https://www.cbpp.org/blog/new-evidence-that-subsidized-jobs-programs-work.

Reference

HHS (US Department of Health and Human Services). 2020. "Temporary Assistance for Needy Families Program Instruction." Washington, DC: US Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance.

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