This week marks the 16th anniversary of the landmark welfare reform legislation that created the Temporary Assistance for Needy Families (TANF) program and terminated the Aid to Dependent Families with Children (AFDC) program, which had provided an entitlement to cash assistance for over 60 years. This fact sheet summarizes what we have learned about the TANF program over the past 16 years.

The Legislation
TANF gave states primary responsibility for program design within broad federal requirements. Federal rules required states to meet work participation rates (or face financial penalties), prohibited using federal dollars to fund a family’s cash assistance for more than five years (with some exceptions), and provided federal block grant funding fixed in 1996 with a maintenance of effort (MOE) requirement for states, which meant states had to maintain their financial contribution to the program. The legislation also eliminated federal eligibility for documented immigrants in the United States less than five years. While most elements of the original TANF legislation remain in place today, the 2005 TANF reauthorization strengthened the original work requirements.

The Outcomes
TANF differs considerably from AFDC, which primarily paid cash benefits to very low income parents with children:

1. The size and nature of the caseload have changed dramatically since TANF was implemented.

Caseloads declined precipitously after 1996, from 12.64 million people to 4.60 million in 2010, remaining low during the recession (figure 1).

Only half the TANF caseload—about 900,000 families—includes parents receiving benefits. The other half consists of child-only units (figure 2). While 6 in 10 of these families include parents who are ineligible (due to receipt of disability benefits, immigration status, or sanctioned status), 4 in 10 do not. Children in families without eligible adults live with relatives (mostly grandparents) or legal guardians.

2. TANF spending has shifted from cash assistance to other supports for low-income families (figure 3).

Over 7 in 10 TANF dollars pay for services that do not count as cash assistance or affect the caseload counts.

Sources: Administration for Children and Families (TANF/SSP/AFDC enrollment), Bureau of Labor Statistics (unemployment, unemployment rate), and National Bureau of Economic Research (recessions, represented by gray bars).

Note: TANF enrollment includes TANF and SSP combined.

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Low-income families with children may receive emergency help, child care or transportation assistance, or even a refundable state EITC. In some states, TANF dollars help fund child welfare programs.

3. State program rules vary considerably within broad federal rules.

Cash benefits are generally much smaller than before the 1996 reform. For example, 30 states paid maximum TANF benefits that were less than 30 percent of the federal poverty level (FPL) in 2011, compared with 17 states in 1996.

Diversion payments, which were not part of the AFDC program, were used in 31 states in 2011 to provide short-term assistance and discourage enrollment.

States use sanctions amply. For example, 22 states now impose full-family sanctions (elimination of the entire benefit) the first time a family fails to meet program requirements. Such sanctions were not allowed in the AFDC program.

4. TANF programs usually focus on moving parents who receive benefits into employment.

Federal regulations require states to meet work participation rates of 50 percent for all families. States, on average, only reach a 30 percent work participation rate. The rest of the requirement is met through credits earned through caseload decline and monies spent on services for low-income families above states’ MOE requirements.

About 8 in 10 parents on TANF have at least one barrier to employment, and 4 in 10 have multiple barriers (poor mental or physical health, lack of a high school diploma, limited work experience, or care of a disabled family member).

Rigorously evaluated programs to increase employment among TANF recipients have not held much promise, especially in long-term employment or earnings increases. Models that combine work with skills training and target specific industry needs work best.

5. Single mothers’ commitment to the labor force is far stronger in the years following welfare reform, and that commitment has remained strong even in the face of the recession.

The labor force participation rate for single mothers climbed from 61 percent in 1996 to 74 percent in 2000. By 2009, it had only slipped to 72 percent.

6. TANF serves as a portal for access to other safety net programs.

Although TANF families do not make up large shares of other safety net programs, they do tend to receive other benefits, especially SNAP and Medicaid, which augment TANF.

Because more single mothers worked over the past decade, more of them qualify for unemployment insurance benefits after job loss. Still, only about a third of unemployed low-income (below 200% of FPL) single mothers received these benefits.

Notes
1. AFDC was created in 1935 through Title IV of the Social Security Act.
2. The Urban Institute’s research on TANF is available at http://www.urban.org/welfare/tanf.cfm.