

Temporary Assistance for Needy Families (TANF)

Child welfare agencies across the United States protect and promote the well-being of children and youth who are at risk of, or have been found to be victims of, maltreatment. This work is expensive: a total of \$29.1 billion in federal, state, and local funds was spent nationwide in state fiscal year (SFY) 2014. States rely on multiple funding streams for this work, each with its own unique purposes, eligibility requirements, and usage limitations. This complex financing structure determines what services are available to children and families, which approaches are used, and the way that child welfare agencies operate. To understand the challenges and opportunities that child welfare agencies face, it is therefore critical to understand how their work is financed.

This document presents information about Temporary Assistance for Needy Families (TANF) spending by child welfare agencies in SFY 2014, collected through Child Trends' national survey of child welfare agency expenditures.¹ It is part of an array of child welfare financing resources, available on the [Child Trends](#) website, including a summary of national findings and factsheets that provide more detail on each major funding source.

Background

Temporary Assistance for Needy Families (TANF) is a federal block grant² to states, created in 1996 operates according to four overarching purposes:

- provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- encourage the formation and maintenance of two-parent families.

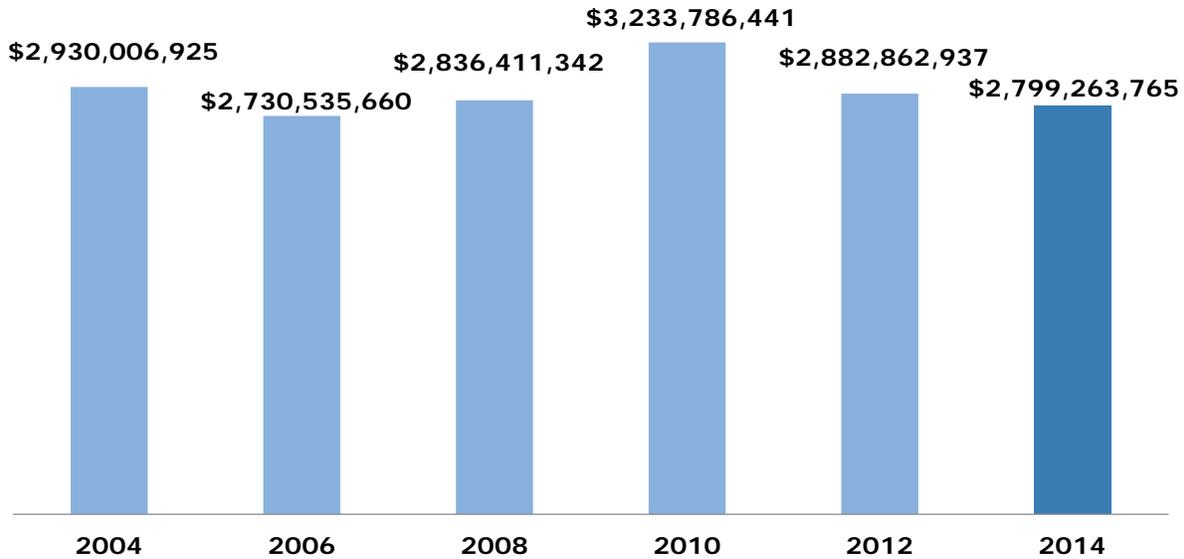
TANF, which combined the functions of the Aid to Families with Dependent Children (AFDC) and Emergency Assistance programs, is primarily thought of as a cash assistance program for low-income families, but only around one quarter of TANF dollars spent in Federal Fiscal Year (FFY) 2014 were used to provide basic (cash) assistance for families.³ The remainder of the funds supported other activities, such as child care, work expenditures and other work supports, administration, and "other."⁴ Because TANF funds can be used for a wide array of services and supports aimed at achieving one of the program's four goals, it offers states flexible funding for supporting child welfare activities. Federal law allows states to use TANF funds to cover programs and activities that a state had conducted under its pre-TANF Emergency Assistance program, and thus some states use TANF to fund foster care or adoption assistance for children ineligible for Title IV-E.⁵

TANF funds are governed by various federal program rules and regulations, including work requirements and time limits for families receiving assistance (payments to meet ongoing basic needs). Work requirements and time limits do not apply when TANF benefits are given to households in which the child is the only recipient, such as relatives who take in a related child and wouldn't otherwise be eligible for benefits. Such requirements also do not apply

when TANF funds are used for services other than assistance. Federal law allows states to transfer up to 10% of TANF grant funds to the Social Services Block Grant (SSBG), which creates even greater flexibility for states in the use of the funds.

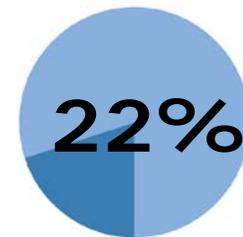
Overall TANF spending by child welfare agencies

In SFY 2014, child welfare agencies reported spending **\$2.8 billion** in TANF funds on child welfare services.⁶



TANF funds accounted for **almost one quarter** of federal funds spent by child welfare agencies in SFY 2014.⁷

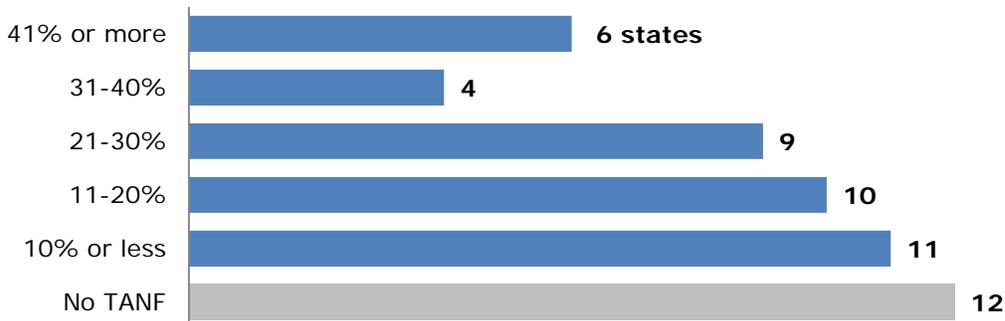
This proportion **has not changed** significantly since SFY 2004.^{8,9}



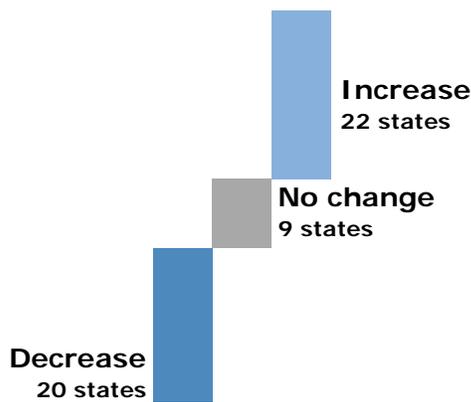
Utilization of TANF funds **varies** across states.

TANF funds accounted for **zero to 76%** of federal dollars spent by child welfare agencies in SFY 2014, depending on the state.

Percent of federal funds

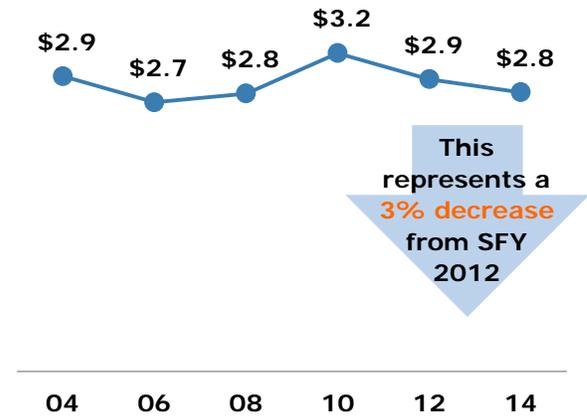


Between SFYs 2012 and 2014, **almost the same number of states** reported an increase as a decrease in the use of TANF funds.¹⁰

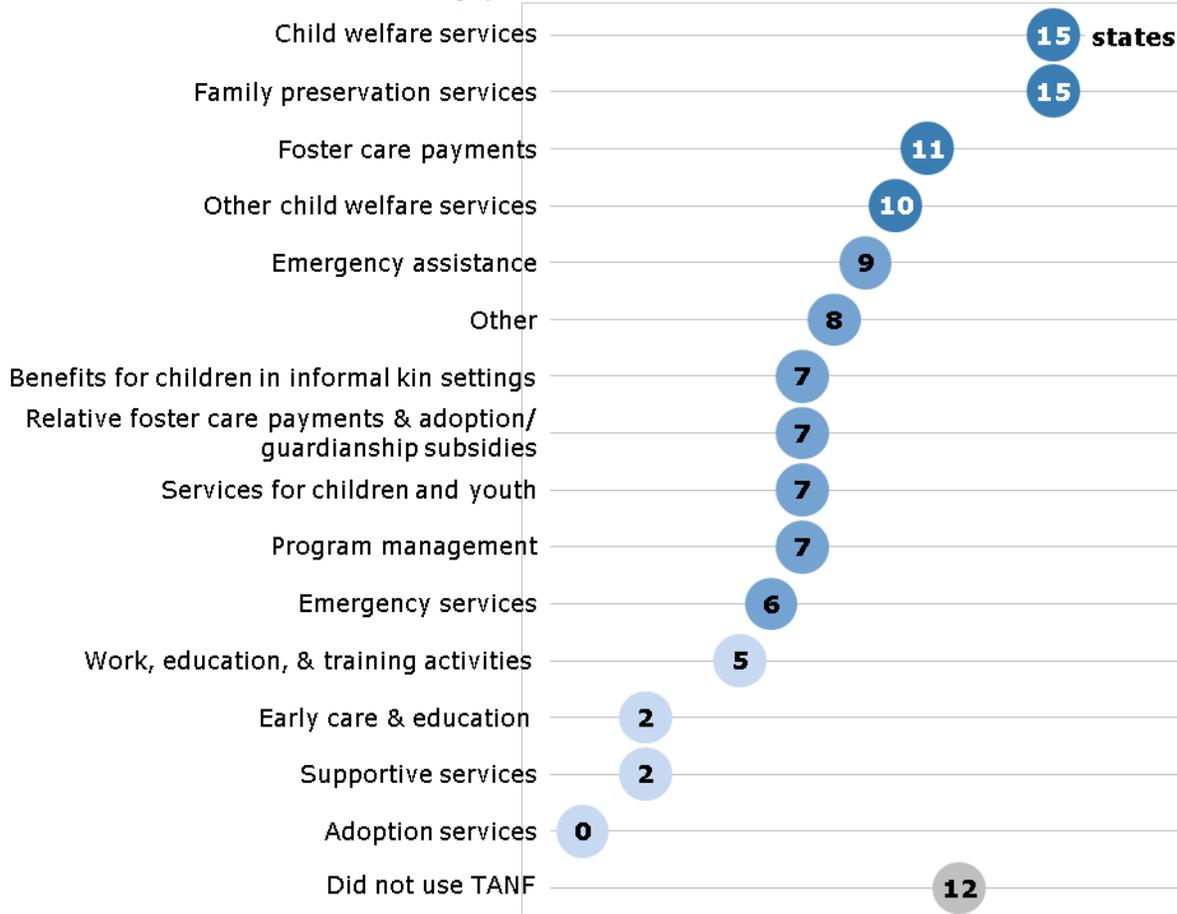


TANF utilization over the decade has been **steady**.

This graph shows how TANF spending has changed over the past decade among states with consistent data in each year.¹¹

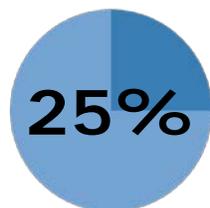


The **most commonly** reported services and activities funded through TANF were **child welfare and family preservation services**.¹²



TANF payments made on behalf of children in foster care in lieu of foster care maintenance payments

One quarter of states (13 out of 51 responding states) reported that the TANF agency **does** make monthly assistance payments on behalf of children in care in lieu of foster care maintenance payments.



of states
make such
payments

Of states that were able to provide data,¹³ most estimated that less than **15%** of children in care receive these payments, but three states indicated that a range of **20 to 35%** of children receive them.

¹ Each state reported data based on their state fiscal year 2014, which for most states is July 1, 2013 to June 30, 2014. Of the 52 states, only six (AL, DC, MI, NY, TX, and WY) reported a different SFY calendar.

The survey captures funds expended by child welfare agencies, but not funds expended by other agencies (such as health or education agencies) on children served by the child welfare system.

The survey instrument has been revised over the nine rounds of the survey, so some data are not directly comparable.

For the purposes of the survey, Washington, DC and Puerto Rico are considered to be states.

² A block grant is a financial aid package that grants federal funds to state and local governments for use in social welfare programs. Block grants provide money for general areas of social welfare, rather than for specific programs, and allows jurisdictions more freedom to choose how best to use the funds.

³ Falk, G. (2016). *The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions*. U.S. Congressional Research Service, (RL32760; March 18, 2016), Washington, DC.

⁴ Falk, 2016.

⁵ While no state match is required for TANF, there are financial maintenance of effort requirements for states. 'Maintenance of effort' refers to a requirement for states to contribute a fixed amount of state funds in order to access federal TANF funds (Falk, 2016).

⁶ Total excludes funds transferred to SSBG.

The figures presented in this graph reflect the total amount of TANF expenditures by child welfare agencies reported for each SFY. The number of states providing sufficient data for each round of the survey varies. Therefore, the amounts depicted in the graph may not be directly comparable and are likely an underestimate of true total spending.

To enable comparisons, all dollar amounts from previous years have been inflated to 2014 levels using the consumer price index (accessed on www.measuringworth.com/uscompare/). In previous reports, the gross domestic product deflator was used to inflate figures. In addition, when making comparisons between two years, we excluded from analyses states that lacked sufficient data in either year.

⁷ This figure is the proportion of federal spending that TANF represented in SFY 2014. It differs from the proportion presented in "*Child Welfare Financing SFY 2014: A survey of federal, state, and local expenditures*" because that proportion is based off states with comparable data over the decade.

⁸ Based on an analysis of 38 states with comparable data.

⁹ When making comparisons between funding levels or funding proportions between two or more years, we restricted the analysis to states with comparable data in the years being compared. This is because some states provided incomplete information or did not respond to the survey in some years.

¹⁰ Based on an analysis of 51 states with comparable data.

¹¹ Line graph is based on an analysis of 48 states with comparable data. See endnote 9 for more information.

Percent change from SFY 2012 is based on an analysis of 51 states with comparable data in SFYs 2012 and 2014.

¹² Based on data from the 40 states that reported TANF expenditures.

The order was determined by counting the number of states that reported each service category as one of their top three services. The service categories were then ranked by the number of states placing that category in their "top three." The formal TANF category names and definitions are available in the survey instrument, available at:

http://www.childwelfarepolicy.org/tools/assets/files/SFY-2014-CW-Financing-Survey_NOVEMBER-11_distributed.pdf

¹³ Ten of the 13 states responding affirmatively were able to estimate the percentage of all children in out-of-home care who receive TANF child-only payments in lieu of foster care maintenance payments.

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