

Temporary Assistance for Needy Families (TANF) Spending by Child Welfare Agencies

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 victims of, maltreatment. In state fiscal year (SFY) 2016, the collective public investment in child welfare services totaled \$29.9 billion in federal, state, and local funds. State and local child welfare agencies rely on several major funding sources to administer programs and services, each with its own unique purposes, eligibility requirements, and usage limitations. The unique mix of sources in each state determines what services are available to children and families, which approaches are used, and the way in which child welfare agencies operate.

This document presents information about Temporary Assistance for Needy Families (TANF) spending by child welfare agencies in SFY 2016, 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, detailed information on other major funding sources, and state-level resources detailing each state's expenditures.

Background

Created in 1996, TANF is a federal block grant² for states and addresses 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.

While TANF is primarily thought of as a cash assistance program for low-income families, only around one quarter of TANF dollars spent in Federal Fiscal Year (FFY) 2016 were used to provide basic (cash) assistance for families.³ The remainder supported other activities, such as child care, work supports, administration, and "other."⁴ Because TANF funds are designed to be flexible, they can be used for a wide array of services and supports aimed at achieving one of the program's four goals. States use this flexible funding for supporting child welfare activities. TANF replaced the Aid to Families with Dependent Children (AFDC) program, which provided significant funding for 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

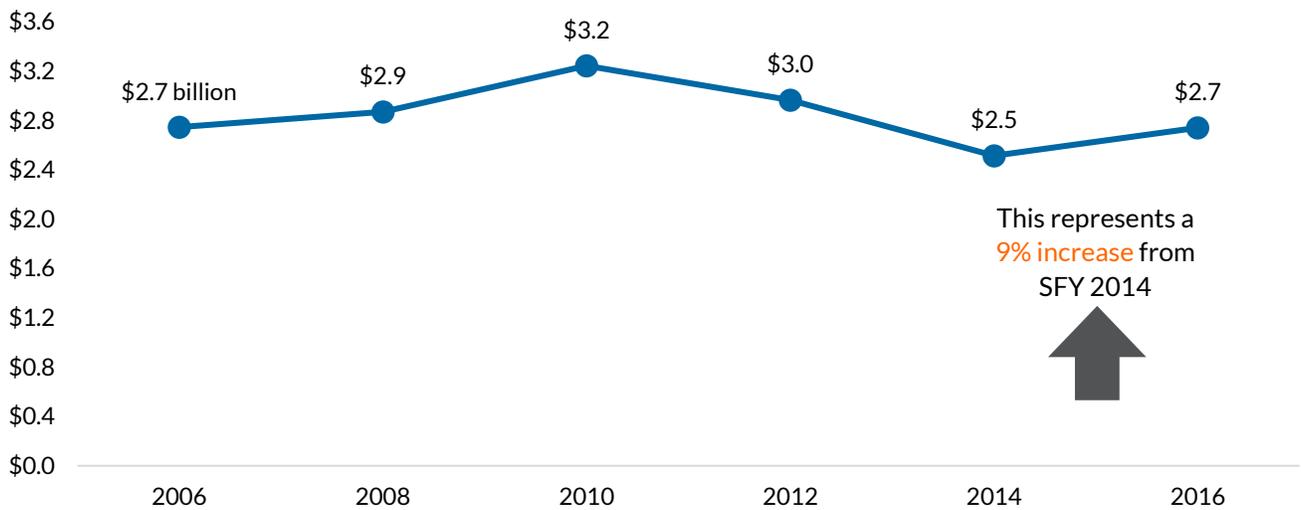
benefits. Such requirements also do not apply when TANF funds are used for services other than assistance. Federal law allows states to transfer up to 10% of TANF grant funds to the Social Services Block Grant (SSBG), which creates even greater flexibility for states in the use of the funds. While no state match is required for TANF, there are financial maintenance of effort requirements for states.⁶

Overview of TANF Spending

\$2.7 billion

In SFY 2016, child welfare agencies reported spending **\$2.7 billion** in TANF funds on child welfare services.⁷

TANF expenditures have decreased by **less than 1%** over the decade (among states with comparable data in SFYs 2006 and 2016). This graph shows the trend line over the decade.⁸



To enable comparisons, all dollar amounts from previous years have been inflated to 2016 levels.

Between SFYs 2014 and 2016, **most** states reported an increase in the use of TANF funds by child welfare agencies.⁹ Changes in TANF expenditures ranged from **-95% to 227%**, depending on the state.

States experiencing changes in the use of TANF funds

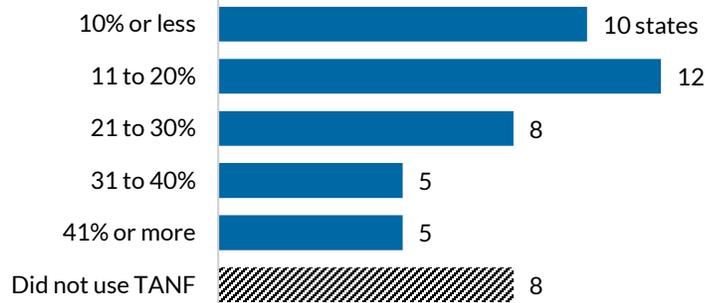




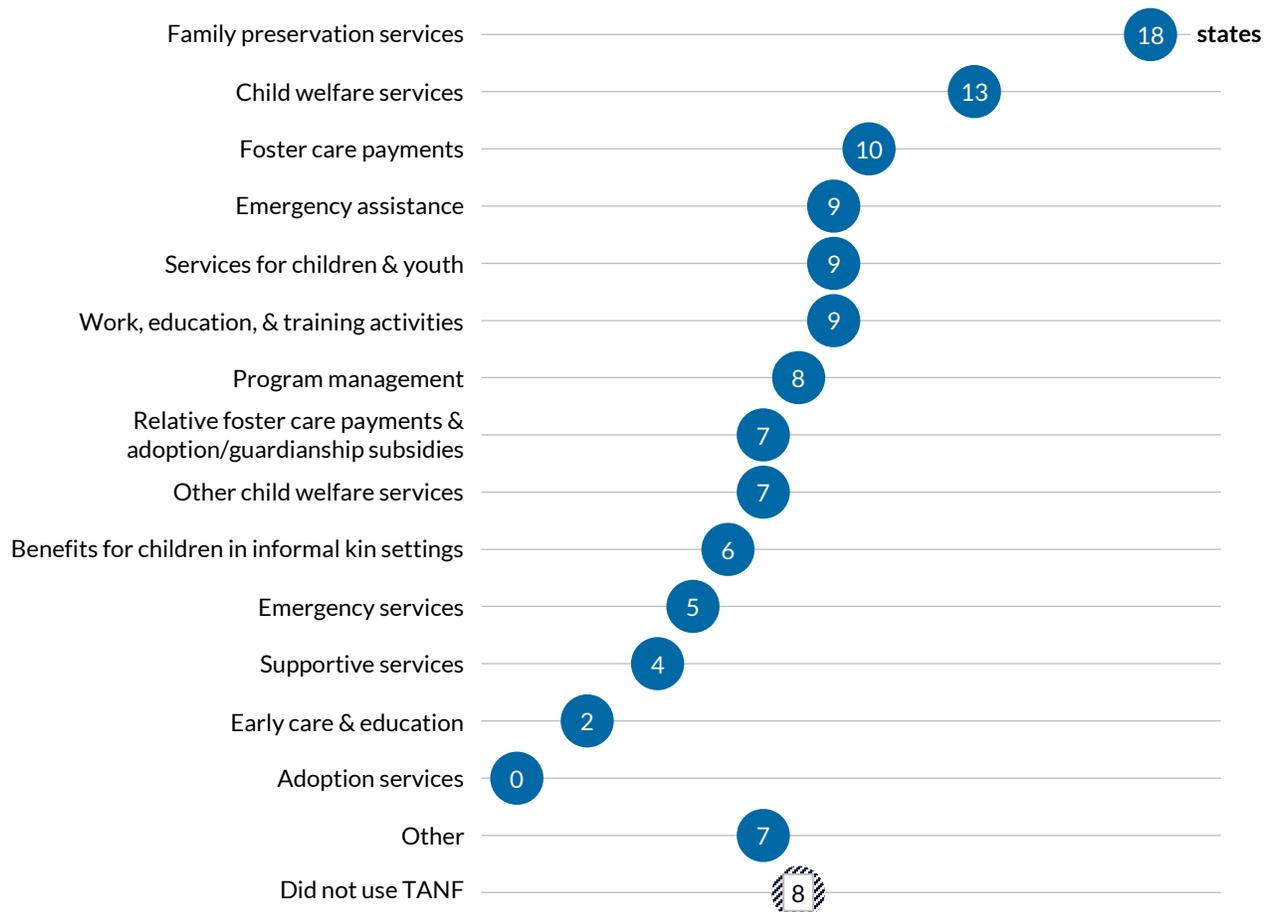
TANF funds comprised **one fifth** of federal funds spent by child welfare agencies in SFY 2016.¹⁰ This proportion **has not changed** significantly since SFY 2006.¹¹

Use of TANF funds **varied** across states. TANF funds accounted for **zero to 61%** of federal dollars spent by child welfare agencies in SFY 2016, depending on the state.

Percent of federal expenditures



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



TANF payments in lieu of foster care maintenance payments



A little more than one quarter of states (14 out of 48 responding states) reported that the TANF agency can make monthly assistance payments on behalf of children in care in lieu of child welfare agency-paid foster care maintenance payments.

Among the states that were able to provide data,¹³ 17% of children in care receive these payments, on average.

¹Each state reported data based on its SFY 2016, which for most states is July 1, 2015 to June 30, 2016. Of the 50 participating states, only six (Alabama, the District of Columbia, Michigan, New York, Texas, and Wyoming) 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. See the main report ("*Child Welfare Financing SFY 2016: A survey of federal, state, and local expenditures*") for more specific information on how this amount was calculated.

The survey instrument has been revised over the 10 rounds of the survey, so some data are not directly comparable.

For the purposes of the survey, the District of Columbia and Puerto Rico are considered states.

This year, Puerto Rico and Vermont were unable to participate, resulting in a total of 50 participating states.

² A federal block grant provides 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 allow jurisdictions more freedom to choose how best to use the funds.

³ Schott, L., Floyd, I., and Burnside, A. (2018). *How States Use Funds Under the TANF Block Grant*. Center on Budget and Policy Priorities. Available at: <http://www.cbpp.org/research/family-income-support/how-states-use-funds-under-the-tanf-block-grant>

⁴ Schott, Floyd, and Burnside (2018).

⁵ Falk, G. (2017). *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements*. U.S. Congressional Research Service, (RL32748; December 14, 2017), Washington, DC.

⁶ "Maintenance of effort" refers to a requirement for states to contribute a fixed amount of state funds to access federal TANF funds (Falk, 2017).

⁷ Based on an analysis of 50 states that provided data. Total excludes funds transferred to SSBG.

⁸ To enable comparisons, all dollar amounts from previous years have been inflated to 2016 levels using the gross domestic product deflator (accessed at www.measuringworth.com/uscompare/).

When making comparisons between expenditures 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.

The line graph is based on an analysis of 49 states with comparable data during the decade.

The percent change between SFYs 2014 and 2016 is based on an analysis of 50 states with comparable data.

⁹ Based on an analysis of 50 states with comparable data. We counted any positive change as an increase, and any negative change as a decrease, regardless of magnitude. Four of the 34 states that experienced an increase had no TANF expenditures in SFY 2014 and a non-zero amount in SFY 2016.

¹⁰ This figure is the proportion of federal spending by child welfare agencies that TANF represented in SFY 2016. It differs from the proportion presented in "*Child Welfare Financing SFY 2016: A survey of federal, state, and local expenditures*" because that is based on states with comparable data during the decade. This percentage is based on an analysis of 48 states with complete federal expenditure data in SFY 2016.

¹¹ Based on an analysis of 39 states with comparable data during the decade.

¹² Out of the 42 states that reported TANF expenditures, 41 provided information about the service categories funded by TANF.

We determined the order 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, found in Appendix R of the "*Child Welfare Financing SFY 2016: A survey of federal, state, and local expenditures*" report.

¹³ Eleven of the 14 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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