

Temporary Assistance for Needy Families (TANF) Spending by Child Welfare Agencies in SFY 2018

Child welfare agencies across the United States are charged with protecting and promoting the welfare of children and youth who are at risk of, or have been victims of, maltreatment. In state fiscal year (SFY) 2018, state and local child welfare agencies spent \$33 billion using a combination of federal, state, local, and other funds. State and local child welfare agencies rely on multiple funding streams to administer programs and services. While many funding sources are available to child welfare agencies, each has its own unique purposes, eligibility requirements, and limitations, creating a complex financing structure that is challenging to understand and administer. Each state's unique funding composition determines what services are available to children and families 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 2018, collected through Child Trends' national survey of child welfare agency expenditures.¹

Other available resources

This document is part of an array of child welfare financing resources, available on the [Child Trends](#) website, including a summary of national findings, resources on state-level expenditures, and detailed information on the following funding sources used by child welfare agencies:

- Title IV-E
- Title IV-B
- Social Services Block Grant
- Medicaid
- Other federal funds
- State and local funds

Background

Created in 1996, TANF is a federal block grant² for states and addresses four overarching purposes:

1. provide assistance to needy families so that children can be cared for in their own homes or in the homes of relatives;
2. end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
3. prevent and reduce the incidence of out-of-wedlock pregnancies; and
4. encourage the formation and maintenance of two-parent families.

While TANF is primarily thought of as a cash assistance program for families with low incomes, only around one fifth of TANF dollars spent in federal fiscal year (FFY) 2019 were used to provide basic (cash) assistance for families.³ The remainder supported other activities, such as child care, work supports, refundable tax credits, and administration.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

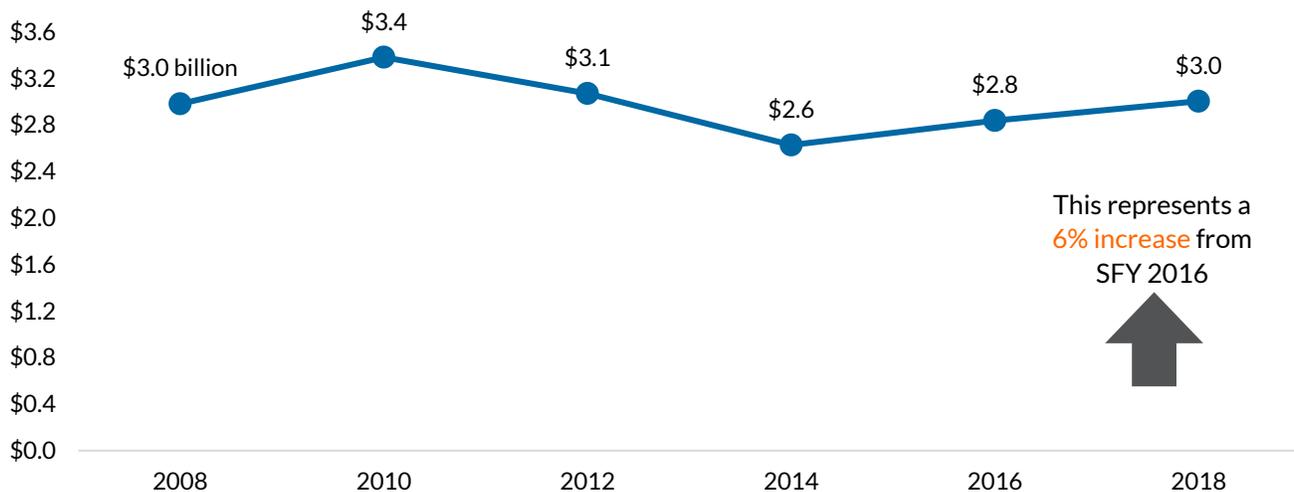
TANF funds are governed by various federal program rules and regulations, including work requirements and time limits for families receiving assistance (payments to meet ongoing basic needs). Work requirements and time limits do not apply when TANF benefits are given to households in which the child is the only recipient (“child-only” cases), such as relatives who take in a related child and would not 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 funds to the Social Services Block Grant (SSBG), which creates even greater flexibility for states to use the funds. While no state match is required for TANF, there are financial maintenance of effort requirements for states.⁶

Overview of TANF Spending

**\$3.0
billion**

In SFY 2018, child welfare agencies reported spending **\$3.0 billion** in TANF funds on child welfare services.⁷

TANF expenditures have increased by **less than 1%** over the decade (among states with sufficient data in SFYs 2008 and 2018). This graph shows the trend line over the decade.⁸



To enable comparisons, all dollar amounts from previous years have been inflated to 2018 levels.

Between SFYs 2016 and 2018, **more** states reported an increase than a decrease in the use of TANF funds by child welfare agencies.⁹ Changes in TANF expenditures ranged from **-90% to 3,658%**, depending on the state. In some instances, states explained large changes in expenditures. Wisconsin indicated they experienced a large increase in TANF expenditures because they now use TANF to fund prevention services that were previously funded by another source, and received more TANF allocations for various programs they operate, such as home visiting. Utah noted that they experienced a large decrease in TANF expenditures because the program that uses TANF was coming to an end in SFY 2018.

States experiencing changes in the use of TANF funds



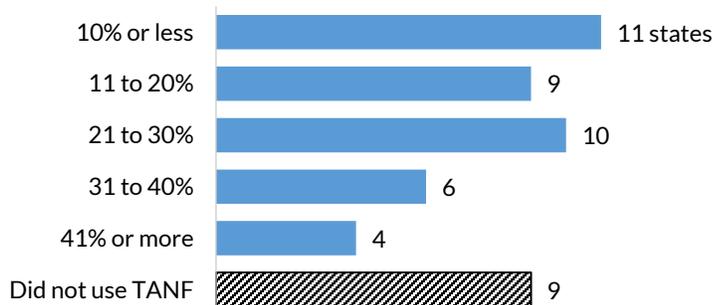
TANF as a share of all federal funds



TANF funds comprised a little over **one fifth** of federal funds spent by child welfare agencies in SFY 2018.¹⁰ This proportion **has not changed** significantly since SFY 2008.¹¹

TANF funds accounted for **zero** to **60%** of federal dollars spent by child welfare agencies in SFY 2018, depending on the state.

Percent of federal expenditures



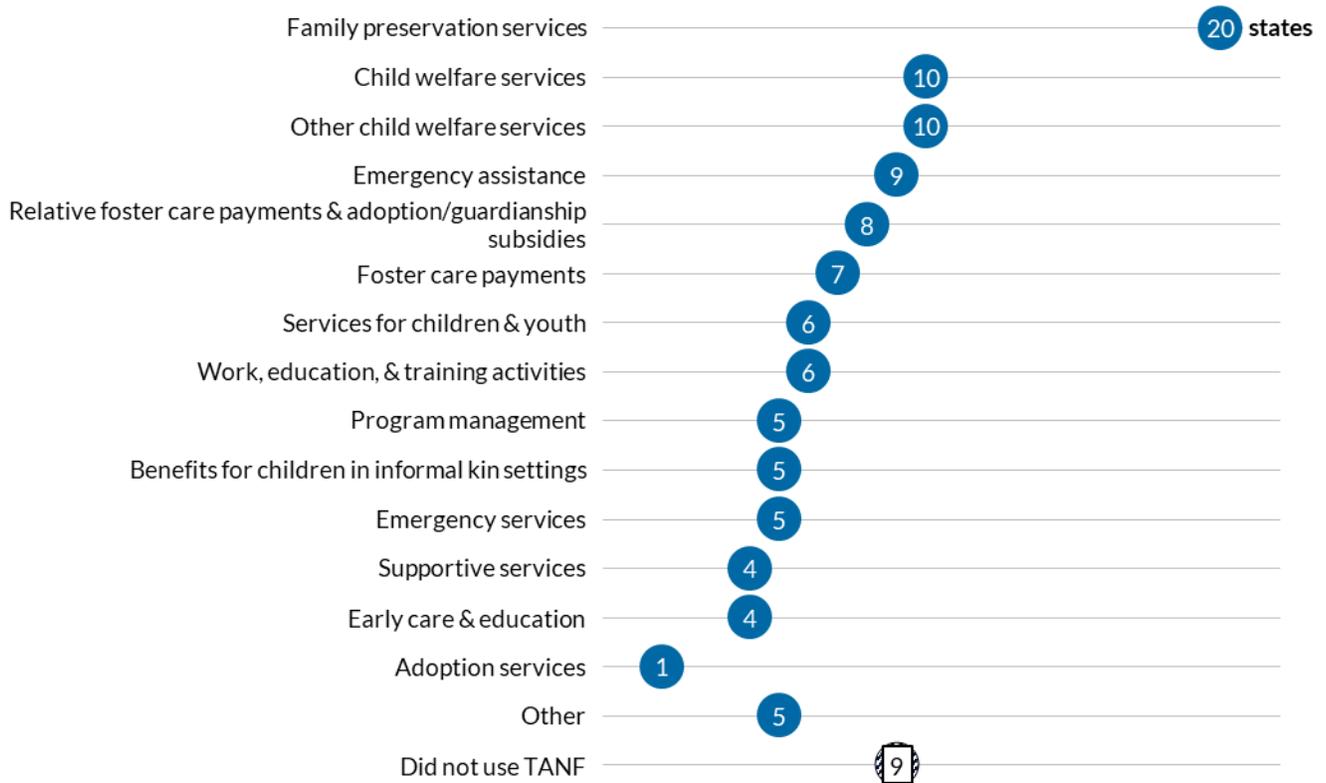
Use of TANF funds

TANF funds may be used by child welfare agencies for various services and activities, including the following as defined by the Administration for Children and Families:¹²

- Basic assistance (cash, vouchers, and other payments to meet a family's ongoing needs), which includes:
 - **Benefits for children in informal kin settings:** payments for a child for whom the child welfare agency does not have custody and is living with relative caregivers
 - **Relative foster care payments and adoption/guardianship subsidies:** basic assistance provided for a child for whom the child welfare agency has custody and is living with a relative caregiver; basic assistance to children living with a legal guardian; ongoing adoption subsidies
- Assistance authorized under prior law (i.e., assistance that is no longer allowed under TANF, but that a state was authorized to provide under the programs that preceded TANF), which includes:

- **Foster care payments:** foster care assistance for children authorized solely under prior law
- **Emergency assistance:** assistance or benefits authorized solely under prior law
- Non-assistance (e.g., services) authorized under prior law (i.e., services that are no longer allowed under TANF but that a state was authorized to provide under the programs that preceded TANF), which includes:
 - **Child welfare services:** services provided to children and families involved in the child welfare system solely authorized under prior law
 - **Emergency services:** services authorized solely under prior law
- **Work, education, and training activities:** subsidized employment, education and training, and additional work activities (e.g., providing job search assistance and job readiness)
- **Early care and education:** child care expenditures for families who need child care to work, participate in work activities, or for respite purposes; pre-kindergarten or kindergarten education programs
- **Supportive services:** services such as domestic violence services, and health, mental health, substance abuse and disability services, housing counseling services, and other family supports
- **Services for children and youth:** programs to support and enrich development and improve life-skills and educational attainment of children and youth (e.g., after-school programs, mentoring or tutoring programs)
- Child welfare services, which includes:
 - **Family preservation services:** community-based services to help children remain in or return to their homes (e.g., respite care, parenting skills classes, individual or family counseling)
 - **Adoption services:** services designed to promote and support successful adoptions
 - **Other child welfare services:** services provided to children and families at-risk of or involved in the child welfare system (e.g., legal action, transportation, independent living services)
- **Program management:** administrative costs, assessment/service provision (e.g., costs associated with screening and assessment, case planning and management), and costs related to monitoring and tracking systems for the TANF program
- **Other:** other activities not included in the above categories

The **most commonly** reported child welfare agency services and activities funded through TANF were **family preservation** and **child welfare services**.¹³



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,¹⁴ 19% of children in care receive these payments, on average.

¹³See the main report (“Child Welfare Financing SFY 2018: A survey of federal, state, and local expenditures”) for more specific information about the methodology, interpretation of findings, and important caveats.

Each state reported data based on its SFY 2018, which for most states is July 1, 2017 to June 30, 2018. Of the 51 participating states, only five (Alabama, the District of Columbia, Michigan, New York, and Texas) reported a different SFY calendar.

The survey instrument has been revised over the 11 rounds of the survey, so some data are not directly comparable. Please see the main report for more details about changes to the survey and comparability.

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

This year, Idaho was unable to participate, resulting in a total of 51 participating states.

² A federal block grant provides state and local governments a set level of federal funding for services and benefits. Block grants are commonly used to 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 Falk, G. (2021). *The Temporary Assistance for Needy Families (TANF) Block Grant*. Congressional Research Service (IF10036, January 28, 2021), Washington, D.C. Available at: <https://crsreports.congress.gov/product/pdf/IF/IF10036>

⁴ Falk (2021).

⁵ Falk, G. (2017). *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements*. Congressional Research Service, (RL32748; December 14, 2017), Washington, D.C. Available at: <https://fas.org/sgp/crs/misc/RL32748.pdf>

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 51 states that provided data. Total excludes funds transferred to SSBG.

⁸ To enable comparisons, all dollar amounts from previous years have been inflated to 2018 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 sufficient 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 48 states with sufficient data across all six years.

The percent change between SFYs 2008 and 2018 is based on an analysis of 51 states with sufficient data.

The percent change between SFYs 2016 and 2018 is based on an analysis of 49 states with sufficient data.

⁹ Based on an analysis of 49 states with sufficient data. We counted any positive change as an increase, and any negative change as a decrease, regardless of magnitude.

¹⁰ This figure is the proportion of federal spending by child welfare agencies that TANF represented in SFY 2018. This percentage is based on an analysis of 49 states with complete federal expenditure data in SFY 2018.

¹¹ Based on an analysis of 42 states with sufficient data in all six years.

¹² The following language is condensed and/or summarized from the definitions in the following document:

U.S. Department of Health and Human Services, Administration for Children and Families (n.d.) *Instructions for the completion of state TANF financial report forms: ACF-196R and ACF-196*. Available at:

https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf

¹³ Out of the 42 states that reported TANF expenditures, 39 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 are available in the survey instrument, found in Appendix R of the "*Child Welfare Financing SFY 2018: A survey of federal, state, and local expenditures*" report.

¹⁴ Ten 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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