

TANF at 25: Poverty Remains High Among the Nation's Babies, But Few are Assisted

August 2021



ZERO TO THREE
Early connections last a lifetime

Families with infants and toddlers face a variety of challenges that affect their ability to meet children's basic needs and provide a stable physical environment for optimal development. For families living in poverty, feeding, clothing, and housing are among the largest challenges. Yet, few families who could benefit from the Temporary Assistance for Needy Families (TANF) program's basic cash assistance receive it. Equally troubling are the persistent effects of historical racism and sexism in TANF and earlier economic assistance programs that contribute to lower allocation of TANF funds to direct assistance in states with higher populations of Black families and other families of color. In this fact sheet we take a look at TANF, now 25 years old, and its role in the lives of babies in poverty.

In 1996, TANF replaced the federal Aid to Families with Dependent Children (AFDC) program (previously called Aid to Dependent Children) that since 1935 “offered aid to poor parents, imagined at that time to be always female, caring for children without a husband.”ⁱ The objective of the new program was to reduce poverty and increase employment among economically-disadvantaged families by providing assistance to families in poverty with minor children, particularly while parents sought employment. Although increases in income and employment were seen in the initial years of TANF, its effects have steadily diminished due to several factors, including declining federal investment in the program and wider discretion given to states on how TANF block grant funds are allocated.ⁱⁱ From 2000 to 2017, federal spending on children through the TANF program decreased from \$15.9 billion to \$12.8 billion (in 2017 dollars).ⁱⁱⁱ A dramatic decline has also been seen in the number of families receiving benefits because of additional barriers to participation imposed by restrictive time limits and work requirements for receipt of benefits. By 2018, as few as 1 million families with children were assisted by TANF and the program served only 300,000 families with children under age 3.^{iv}

“Just 23 of every 100 families with incomes below the federal poverty line receive TANF benefits, down from 68 families upon the program's creation 25 years ago. Benefits are insufficient to lift a family out of poverty in any state...”^v

Today, as the United States continues to recover from the economic impacts of the COVID-19 pandemic, *State of Babies Yearbook*^{vi} data make clear that even prior to the pandemic the need for economic assistance among families with infants and toddlers was great. The *Yearbook* and other sources also reveal that most families in need do not receive this critical assistance. Consider these facts:

#1 Nearly one in five babies in America live in poverty

Research shows that poverty at an early age can be especially harmful, affecting later achievement and employment.^{vii} Yet, babies are the age group most likely to live in families with low income and in poverty. Fortunately, increasing family incomes during the early childhood years has lasting impacts on children's academic achievement and educational attainment.^{viii}

#3 Most states allocate less than 25 percent of TANF funds for cash assistance and monthly payments are low

States are allowed to spend TANF funds for a variety of other activities (administrative costs, child care and pre-K programs, child welfare services, and work support activities) in addition to directly supporting families. Thirty-six states allocate less than 25 percent of their TANF funds to cash assistance; the national average is 21 percent.^{ix} And for the one in five families with babies living in poverty that receive TANF benefits, the amount of assistance received is often insufficient to lift them out of poverty.^x The average monthly payment for families with two children in 2018 was \$447, ranging from \$152 in Mississippi to \$792 in New Hampshire.^{xi}

"States' reporting requirements under TANF are quite minimal, so federal policy makers and researchers are unable to determine whether the funds are being spent in keeping with the letter or spirit of the block grant."^{[1] xii}

4 TANF assistance is lower in states with the highest Black population

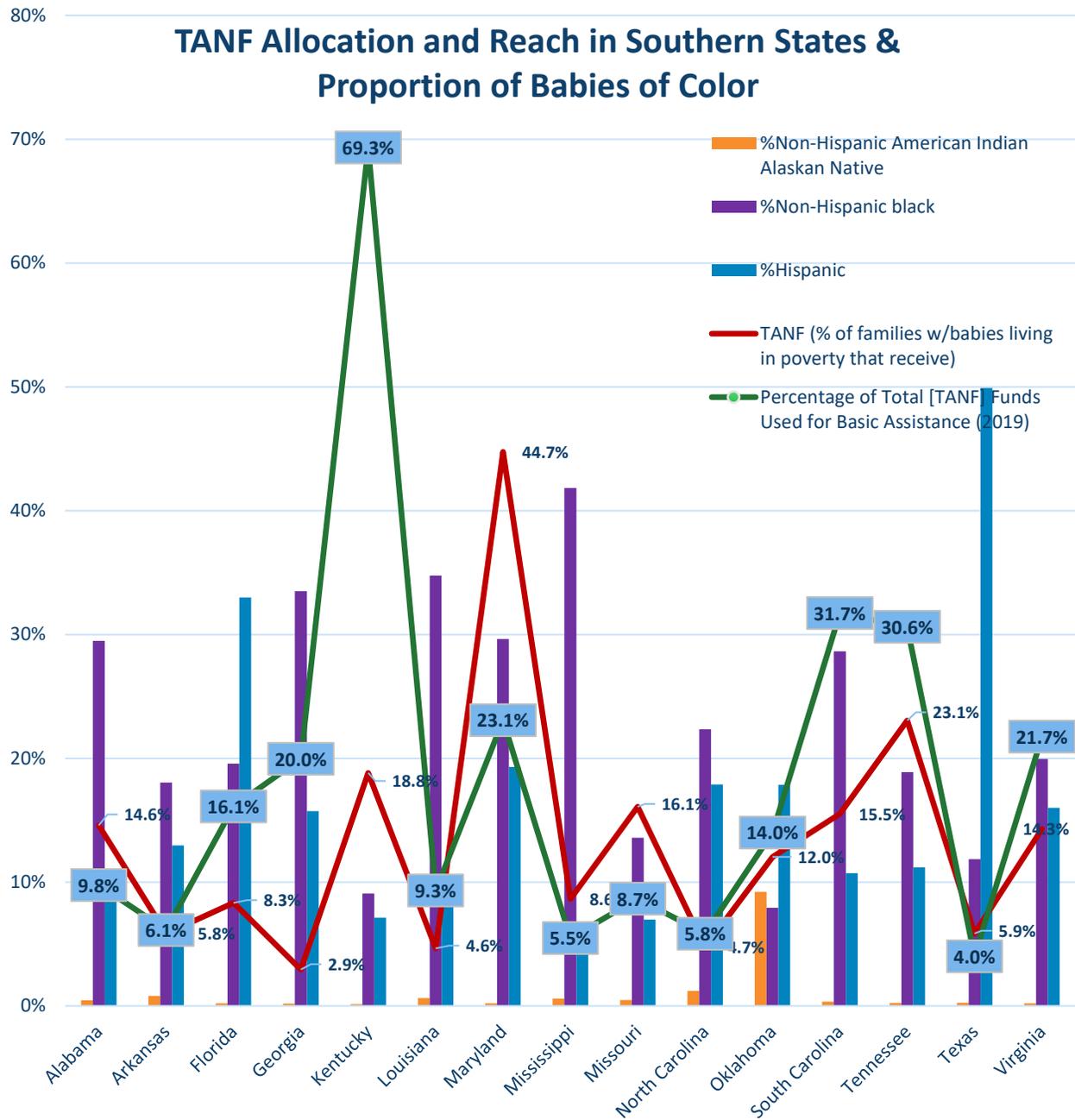
Persistent elements of sexism and systemic racism in economic assistance programs that preceded TANF, such as provisions in some states mid-20th century that denied benefits for single mothers or withdrew assistance to mothers who gave birth to additional children while receiving benefits, have influenced the program throughout its 25-year history, and disproportionately affected Black women. These factors continue to impede its reach and effectiveness, particularly among Black and other families of color.^{xiii}

Given the higher rates of poverty among Black, American Indian/Alaska Native, Hispanic, and Native Hawaiian/Pacific Islander babies, it is reasonable to expect that states with higher populations of babies of color would include robust efforts to provide appropriate cash assistance. In fact, a distinct pattern of lesser benefits is found in such states.^{xiv} Such policies hamstringing the role TANF could play in reducing the poverty rates of Black, Hispanic, and American Indian/Alaska Native infants and toddlers relative to their White counterparts. One researcher found that "from 2012 to 2014, racial inequity in states' TANF spending priorities can be attributed to an estimated \$3.3 billion annual average decline in amount of cash assistance provided to low-income families. ... Neutralizing this bias would reduce the black-white child poverty gap by up to 15 percent. The level of poverty among black children would fall from 29.5 percent to an estimated 27.3 percent—a difference of approximately 256,000 black children per year."^{xv}

Most notably, allocation of TANF funds to cash assistance and monthly assistance payments are lowest in states with a long history of policy choices that effectively limit access to Black families.^{xvi, xvii} This pattern is most evident in Southern states, with some exceptions; for example, Kentucky allocates a high

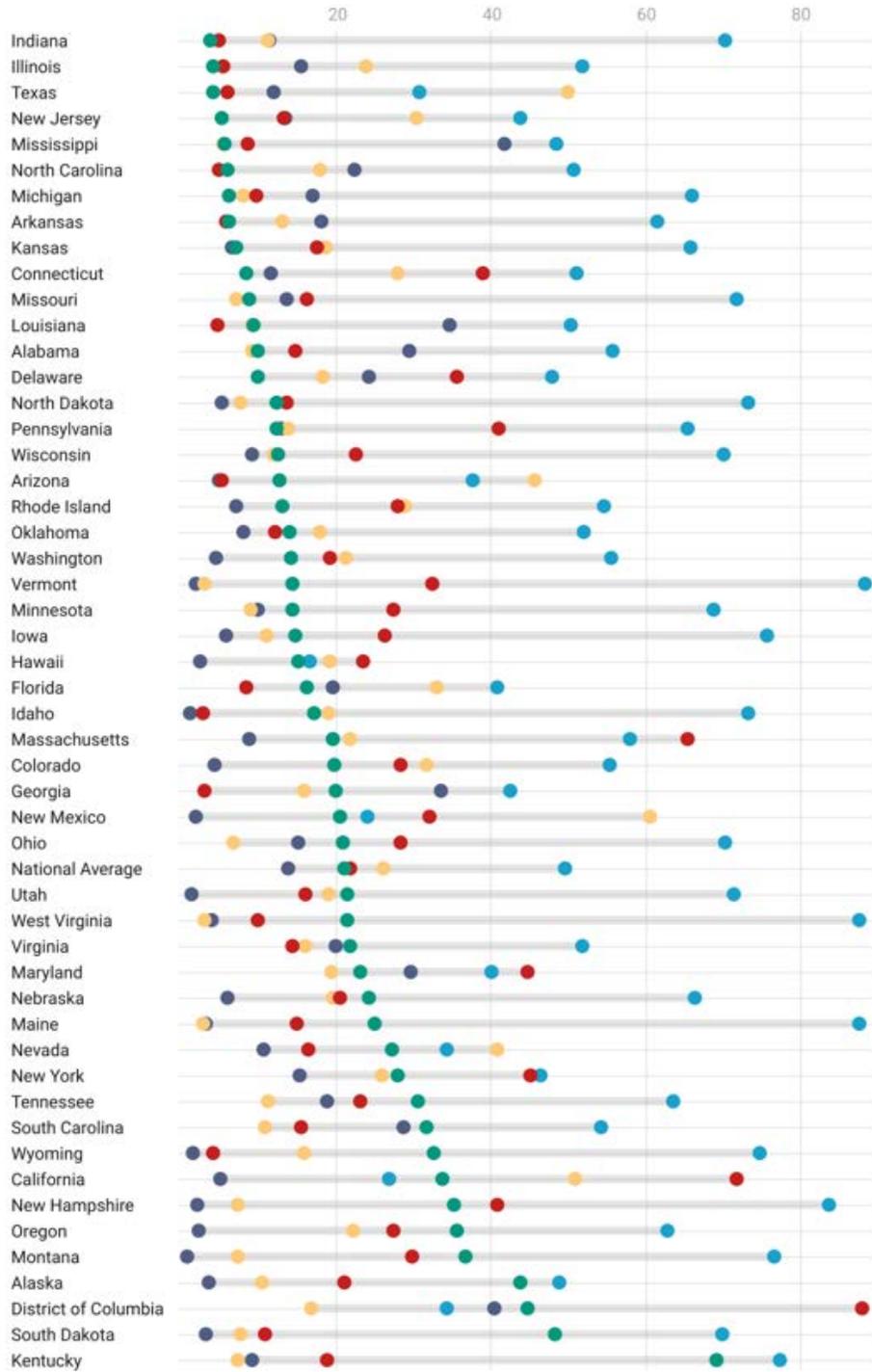
¹ Beginning in federal fiscal year 2015, the Administration for Children and Families has required more detailed financial reporting from the states, leading to considerably more detail on spending categories than in prior years.

proportion of TANF funds to direct assistance and has reach but actually has few infants and toddlers of color. However, in most Southern states, both allocation and reach of assistance is low.



Race, Allocation & Reach

● %Hispanic ● %Non-Hispanic black ● %Non-Hispanic white ● Percentage of Total [TANF] Funds Used for Basic Assistance (2019) ● TANF (% of families w/babies living in poverty that receive)



#5 Less than half of states exempt families with infants from work requirements

Certain work-related activities are required for each state to meet the annual work participation rates set by the federal government.^{xviii} However, federal policy allows states to exempt individuals who with “good cause” are unable to participate in work activities required to receive assistance.^{xix} Single parents caring for an infant (under age 1) are among those who may be exempted without losing their benefits. TANF work exemption is particularly important for single parents in poverty during this foundational period of development because they are least likely to have access to quality child care. The scarcity of quality care also makes the additional time that exemptions allow parents with their infants more critical. Despite the supportive role work exemption can play in the lives of young families, at the time of the 2021 *Yearbook*, only 24 states exempted single-parent households from work-related activities if they were caring for a child under 12 months old, with a third of the states being Southern.

Supporting the financial stability of families with babies is critical for strong early development and essential for recovery from the economic and social trauma of the COVID-19 pandemic. As TANF turns 25 years old, now is the time to re-evaluate how states are using its funds and its role in ensuring families with limited financial resources receive the basic assistance needed for their babies to thrive.

ⁱ Gordon, L., & Batlan, F. (2011). *The legal history of the Aid to Dependent Children Program*. Social Welfare History Project. <http://socialwelfare.library.vcu.edu/public-welfare/aid-to-dependent-children-the-legal-history/>

ⁱⁱ National Academies of Sciences, Engineering, and Medicine. (2019). *A roadmap to end child poverty*. <https://www.nationalacademies.org/our-work/building-an-agenda-to-reduce-the-number-of-children-in-poverty-by-half-in-10-years>

ⁱⁱⁱ National Academies of Sciences, Engineering, and Medicine. (2019). *A roadmap to end child poverty*. <https://www.nationalacademies.org/our-work/building-an-agenda-to-reduce-the-number-of-children-in-poverty-by-half-in-10-years>

^{iv} U.S. Department of Health and Human Services Administration for Children & Families Office of Family Assistance. (2019). *TANF Families by Amount of Cash Assistance and Number of Child Recipients: FY2018*. <https://www.acf.hhs.gov/ofa/data/characteristics-and-financial-circumstances-tanf-recipients-fiscal-year-2018>

^v Pavetti, L. and Safawi, A. (2021). TANF Cash Assistance Helps Families, But Program Is Not the Success Some Claim. Washington, DC: Center for Budget and Public Policies. <https://www.cbpp.org/sites/default/files/8-2-21tanf.pdf>

^{vi} Keating, K., Cole, P., & Schneider, A. (2021). State of babies yearbook: 2021. Washington, DC: ZERO TO THREE.

^{vii} Black, M. M., Hess, C., & Berenson-Howard, J. (2000). Toddlers from low-income families have below normal mental, motor, and behavior scores on the revised Bayley scales. *Journal of Applied Developmental Psychology*, 21, 655–666.

^{viii} National Academies of Sciences, Engineering, and Medicine (2019). *A roadmap to end child poverty*. <https://www.nationalacademies.org/our-work/building-an-agenda-to-reduce-the-number-of-children-in-poverty-by-half-in-10-years>

^{ix} Center on Budget and Policy Priorities. (2019). TANF Spending Data (2015 - 2019). Retrieved from: <https://www.cbpp.org/sites/default/files/atoms/files/1-12-21tanf.xlsx>

^x Floyd, I., Pavetti, L., & Schott, L. (2017). TANF reaching few poor families. Center on Budget and Policy Priorities. Retrieved from <https://www.cbpp.org/research/family-income-support/tanf-reaching-few-poor-families>

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- ^{xi} U.S. Department of Health and Human Services Administration for Children & Families Office of Family Assistance. (2019). TANF Families by Amount of Cash Assistance and Number of Child Recipients: FY2018. Retrieved from: <https://www.acf.hhs.gov/ofa/data/characteristics-and-financial-circumstances-tanf-recipients-fiscal-year-2018>
- ^{xii} National Academies of Sciences, Engineering, and Medicine (2019). A roadmap to end child poverty. <https://www.nationalacademies.org/our-work/building-an-agenda-to-reduce-the-number-of-children-in-poverty-by-half-in-10-years>
- ^{xiii} Floyd, Il, Pavetti, L., Meyer, L., Safawi, A., Schott, L., Bellew, E., & Magnus, A. (2021). TANF Policies Reflect Racist Legacy of Cash Assistance: Reimagined Program Should Center Black Mothers. Washington, DC: Center for Budget and Public Policies. <https://www.cbpp.org/sites/default/files/8-4-21tanf.pdf>
- ^{xiv} Pavetti, L. and Safawi, A. (2021). TANF Cash Assistance Helps Families, But Program Is Not the Success Some Claim. Washington, DC: Center for Budget and Public Policies. <https://www.cbpp.org/sites/default/files/8-2-21tanf.pdf>
- ^{xv} Zachary Parolin, Temporary Assistance for Needy Families and the Black–White child poverty gap in the United States, *Socio-Economic Review*, 2019;, mwz025, <https://doi.org/10.1093/ser/mwz025>
- ^{xvi} Keating, K., Cole, P., & Schneider, A. (2021). State of babies yearbook: 2021. Washington, DC: ZERO TO THREE.
- ^{xvii} U.S. Department of Health and Human Services Administration for Children & Families Office of Family Assistance. (2019). TANF Families by Amount of Cash Assistance and Number of Child Recipients: FY2018. Retrieved from: <https://www.acf.hhs.gov/ofa/data/characteristics-and-financial-circumstances-tanf-recipients-fiscal-year-2018>
- ^{xviii} Goehring, B., Heffernan, C., Minton, S., & Giannarelli, L. (2019). Welfare rules databook: State TANF policies as of July 2018. OPRE Report 2019-83. Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services. Retrieved September 2019 from https://www.acf.hhs.gov/sites/default/files/opre/2018_welfare_rules_databook_final_08_07_2019_508.pdf
- ^{xix} Congressional Research Service. (2017). Work Requirements, Time Limits, and Work Incentives in TANF, SNAP, and Housing Assistance. Retrieved from: <https://fas.org/spp/crs/misc/R43400.pdf>