



State TANF Policies

A Graphical Overview of State TANF Policies as of July 2016

Megan Thompson, Sarah Minton, Christine Heffernan, and Linda Giannarelli

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If a family needs help covering their expenses during a period of financial hardship, will they qualify for temporary cash assistance? If so, how much assistance can they receive each month, and for how long can they receive the benefit? The answers to these questions depend not only on the family's circumstances but also on where they live.

The primary program that provides cash aid to needy families is called Temporary Assistance for Needy Families, or TANF.¹ TANF is a block grant, meaning the federal government provides each state with a set amount of money that states combine with their own funding to meet the program's goals. In the average month of 2016, about 1.5 million families received cash aid from TANF (from federal money or state funding

¹ The TANF program provides cash and noncash aid (e.g., transportation assistance and child care assistance). In this brief, we focus on policies regarding cash aid.

that is also considered TANF); the average monthly benefit for a family of three was \$445.² Each state sets the policies for exactly who can get help, how much they can receive, and for how long. These policies can vary greatly across states.

In this brief, we present selected state policy differences for TANF cash aid. The policies are taken from the Welfare Rules Database (WRD), a database maintained by the Urban Institute and funded by the Office of Planning, Research, and Evaluation within the Administration for Child and Families in the US Department of Health and Human Services. The WRD tracks state policies over time including hundreds of variables related to

- initial eligibility,
- benefit amounts,
- work and activity requirements, and
- ongoing eligibility and time limits.

This brief is a companion to the 2016 Welfare Rules Databook and provides a graphical overview of some of the policy differences across states.³ We describe and present policies related to initial eligibility, benefit amounts, and ongoing eligibility. Finally, we provide information about additional resources available from the WRD.

Diversion and Initial Eligibility Requirements

Families must satisfy multiple requirements before they can qualify for TANF cash assistance for the first time (or qualify again after a period of not receiving assistance). To be eligible, an applicant family must pass both nonfinancial tests and financial tests. A key financial test is that countable income must be under the state's eligibility limit. Nonfinancial tests include special requirements for noncitizens and, in some states, requirements to look for a job.

Do States Try to Divert Some Families from Becoming TANF Recipients?

Sometimes, a family that comes to apply for monthly cash aid will be “diverted.” Under formal diversion programs, families may choose to receive a lump-sum cash payment to help meet their immediate needs rather than starting to receive a monthly TANF benefit. The lump-sum cash payment may be paid directly to

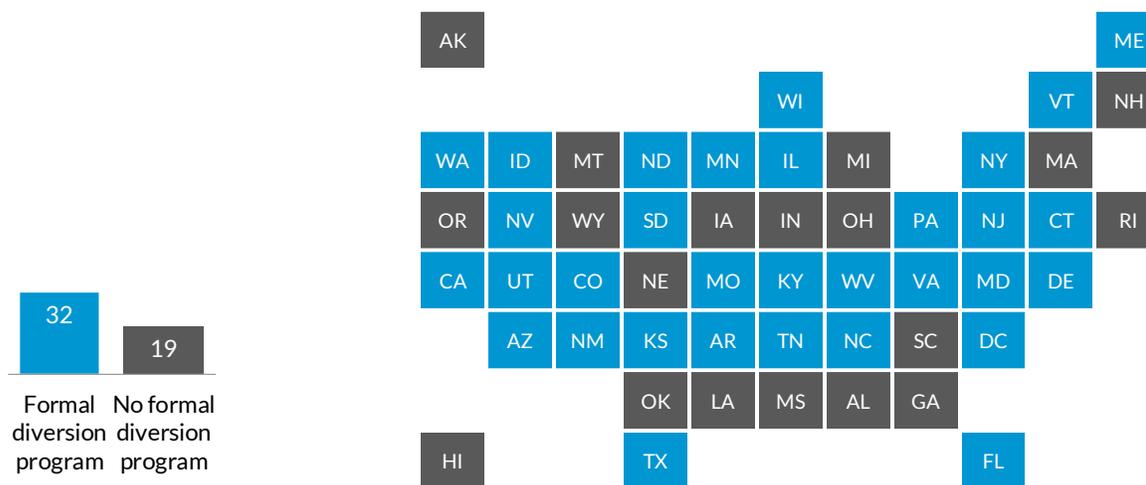
² For more information on TANF and State Separate Program-Maintenance of Effort (SSP-MOE) caseload data for total families, see “TANF Caseload Data 2016,” Administration for Children and Families, published January 12, 2017 at <https://www.acf.hhs.gov/ofa/resource/tanf-caseload-data-2016>. (Figures for SSP-MOE cases include some families receiving very small worker supplement amounts.) For more information on benefit amounts, see table II.A.4 in the Welfare Rules Databook. The average of \$445 is calculated using one value per state (the policy affecting the largest portion of the caseload).

³ For the 2016 Welfare Rules Databook see Linda Giannarelli, Christine Heffernan, Sarah Minton, Megan Thompson, and Kathryn Stevens, *Welfare Rules Databook: State TANF Policies as of July 2016*, OPRE Report 2017-82, Washington, DC: Office of Planning, Research, and Evaluation, Administration for Children and Families, US Department of Health and Human Services, 2017.

the family or to a vendor for expenses incurred by the family. Families that accept diversion payments are usually not allowed to apply for monthly TANF benefits for some period (and if they do apply during that time, the state may impose some penalty, such as subtracting the diversion payment from their initial TANF benefits). Thirty-two states used formal diversion programs in 2016 (figure 1).

FIGURE 1

Formal TANF Diversion Programs, 2016



Source: Welfare Rules Database.

How Much Income Can Families Have and Still Be Eligible for TANF?

Families must have very low income to be eligible for TANF. Specifically, they must have countable income— as defined by each state— below their state’s specified income threshold for a family of their size. Those income thresholds vary widely, but the income thresholds by themselves do not give a clear comparison of states’ eligibility policies, because states also vary in how they count income, particularly in how much a family’s earnings are disregarded in determining countable income.⁴

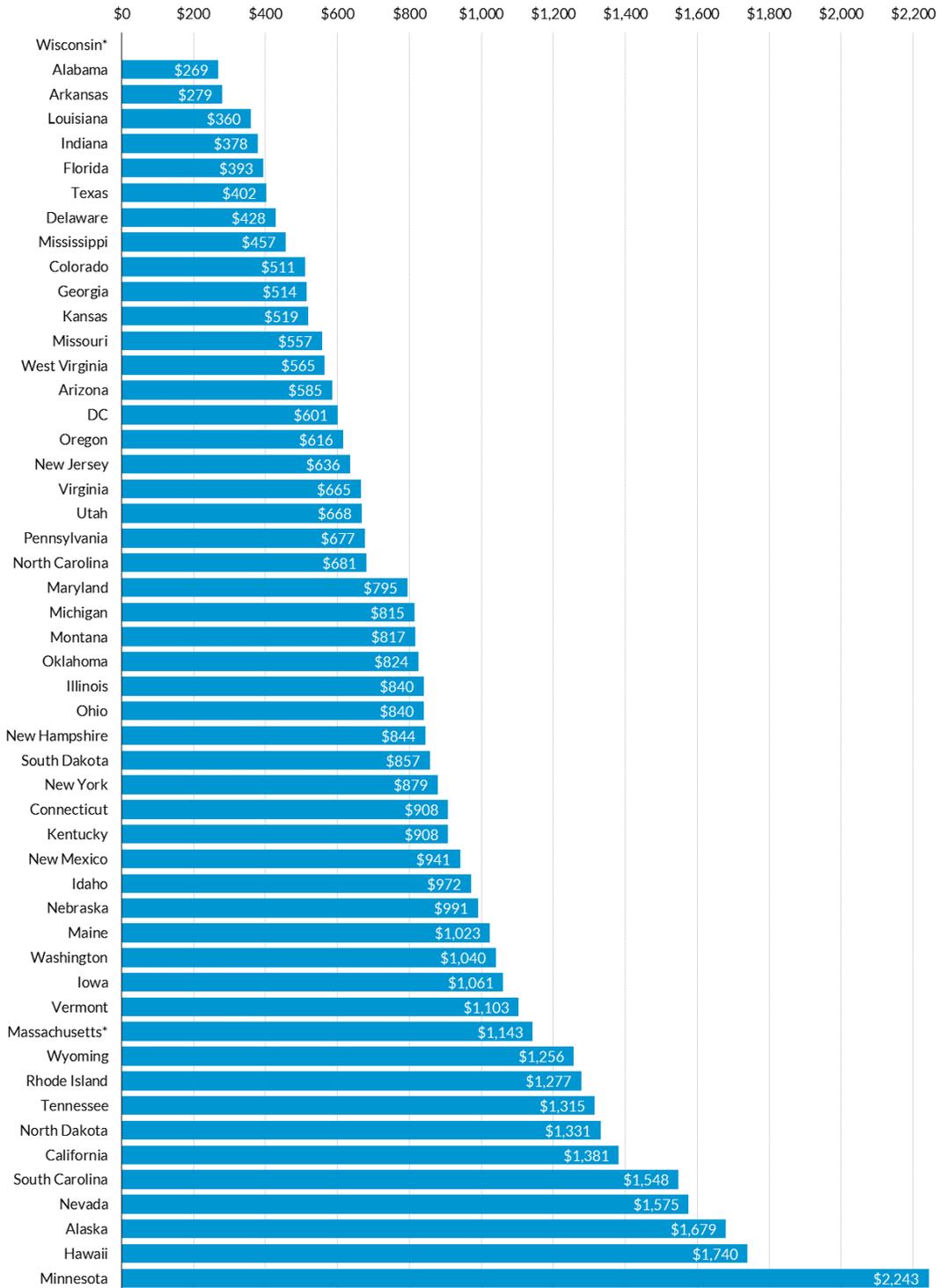
To compare states’ eligibility limits consistently, we compute the maximum amount of earnings an applicant can have and still be technically eligible for assistance in each state.⁵ In 2016, the maximum monthly earnings that a family of three could have and still be initially eligible for TANF ranged from \$269 in Alabama to \$2,243 in Minnesota (figure 2).

⁴ In 2016 in Montana, for example, a three-person family could have been eligible for TANF if their countable income was below \$463. Because Montana’s 2016 eligibility determination process disregarded the first \$200 of earnings and 25 percent of remaining earnings, a Montana three-person family could have had earnings as high as \$817 and still been technically eligible for TANF.

⁵ Technical eligibility does not mean the family will necessarily receive a cash benefit; it means they will have passed all eligibility tests and will be eligible for some positive amount. Most states distribute a cash benefit only if it is greater than \$10. The calculation assumes the assistance unit includes one parent and two children, has only earned income, has no child care expenses, contains no children subject to a family cap, has no special needs, pays for all shelter costs with no subsidies, and is subject to the benefit standard that applies to the majority of the state’s caseload.

FIGURE 2

Maximum Monthly Earnings for Initial TANF Eligibility for a Family of Three, 2016



Source: Welfare Rules Database.

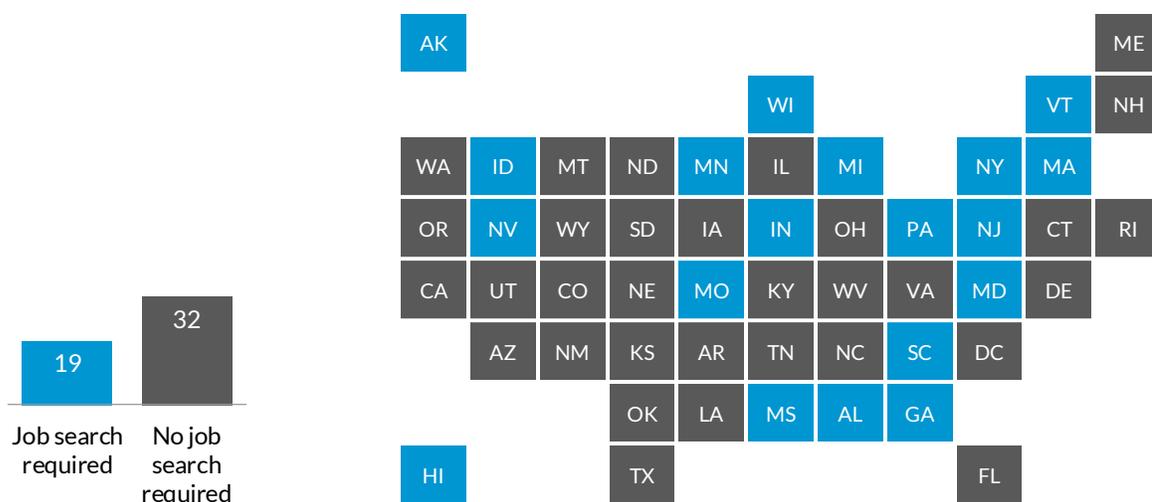
Notes: The value shown for Massachusetts is for nonexempt recipients. Wisconsin does not provide cash assistance if the family has earned income, but applicants may earn up to \$1,932 and still be eligible for noncash assistance. If the amounts vary by county or region within a state, the amount shown applies to the majority of the state.

Are Unemployed TANF Applicants Required to Look for a Job?

When a parent who is out of work applies for TANF, some states require the parent to look for a job either before the application is processed or while the application is processed. In states with this policy, applicants must prove they searched for jobs at a certain number of businesses or participated in the state’s job-related programs. The goal of these requirements is for applicants to find jobs and either no longer need assistance or be employed by the time they begin receiving assistance so that they might need less assistance or assistance for a shorter period of time. In 2016, 19 states required applicants to engage in job search activities as a condition of application (figure 3).

FIGURE 3

States Requiring a Job Search at TANF Application, 2016



Source: Welfare Rules Database.

Can Lawful Permanent Residents Receive TANF?

If a family immigrates to the US and then needs cash aid before they become citizens, they will sometimes be eligible for TANF benefits, but not always. Complex rules govern whether noncitizens are eligible for TANF. Some rules are consistent across the country: in all states, unauthorized immigrants and temporary residents are never eligible, but refugees or asylees can be eligible for at least their first five years in the country, and noncitizens who currently or previously served in the military are also potentially eligible.

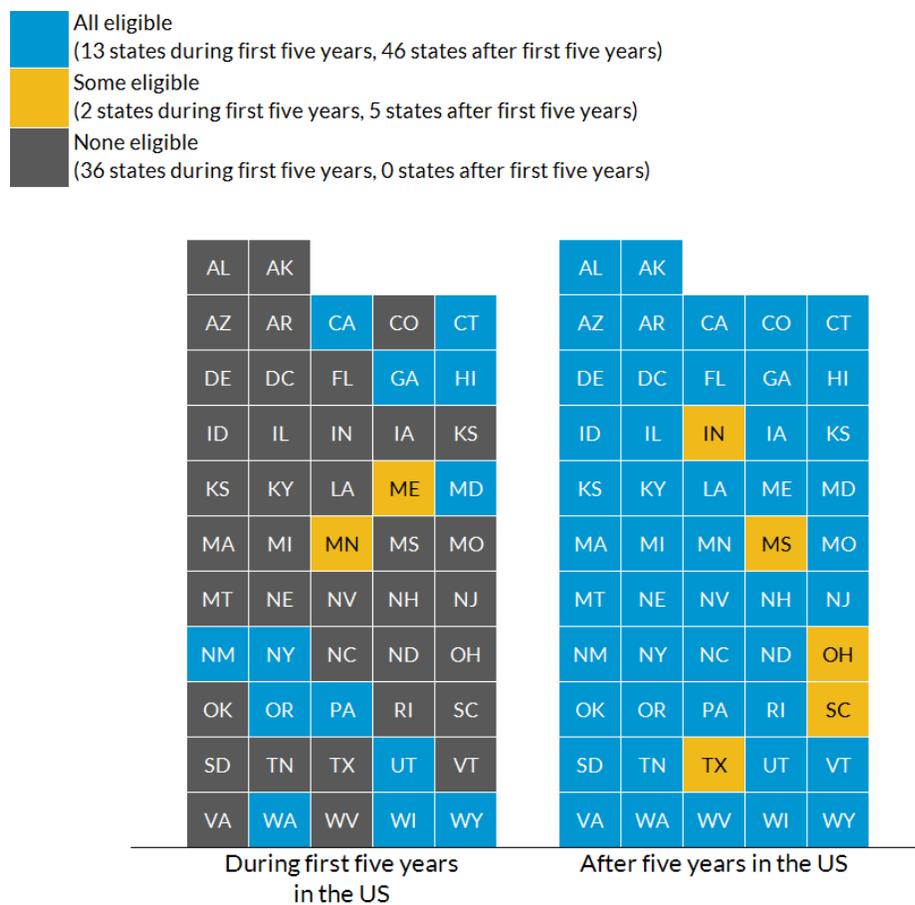
For lawful permanent residents (often referred to as holders of “green cards”), eligibility depends in part on where they live. Under federal law, most lawful permanent residents must live in the country for five years before they can be eligible for federal TANF benefits. States, though, can use their own funding to provide assistance to some lawful permanent residents before they have met the five-year residency requirement.⁶

⁶ More information about the federal guidelines and complex rules regarding noncitizens can be found in the 2016 Welfare Rules Databook.

Starting at the five-year mark, states are allowed to use federal money to provide cash aid to legal permanent residents, but they do not have to do so.

In 2016, lawful permanent residents who had been in in the country less than five years were eligible to receive benefits in 13 states assuming they met the state’s other eligibility requirements (figure 4). In two other states, some lawful permanent residents were potentially eligible: In Maine, lawful permanent residents were potentially eligible if they were pregnant or under age 21, and in Minnesota, lawful permanent residents ages 18 to 70 who were receiving state-funded aid and had lived in the country more than four years were required to be in literacy classes or working towards citizenship to keep their aid.

FIGURE 4
TANF Eligibility for Lawful Permanent Residents, 2016



Source: Welfare Rules Database.

Forty-six states considered lawful permanent residents potentially eligible for federally funded TANF assistance once they met the five-year residency requirement, and conformed with other eligibility requirements. An additional four states considered them potentially eligible after five years only if they

could be credited with 40 quarters of work, and Indiana only considered them eligible if they previously held refugee status.

Benefit Amounts and Sanctions

The amount of assistance families can receive depends on the family's characteristics—especially the family's size and income—combined with state rules for benefit computation and income disregards. Families that do not comply with various program requirements (such as work requirements) may see their benefits reduced or suspended.

What Is the Maximum Monthly TANF Benefit Families Can Receive?

The amount of TANF benefits a family receives is determined by state-defined formulas. Many state formulas start with a dollar amount (usually referred to as a payment standard), subtract the family's net income (total income minus disregards), and pay the entire amount of the difference (sometimes called the income deficit). In such cases, families with no income receive the full payment standard, and families with some income receive less. Some states will not pay more than a maximum benefit (which is set lower than the payment standard), and others pay only a percentage of the income deficit. Payment standards almost always vary by family size; they may also vary based on family structure, the type of income that the family has, or the area of the state where the family lives.

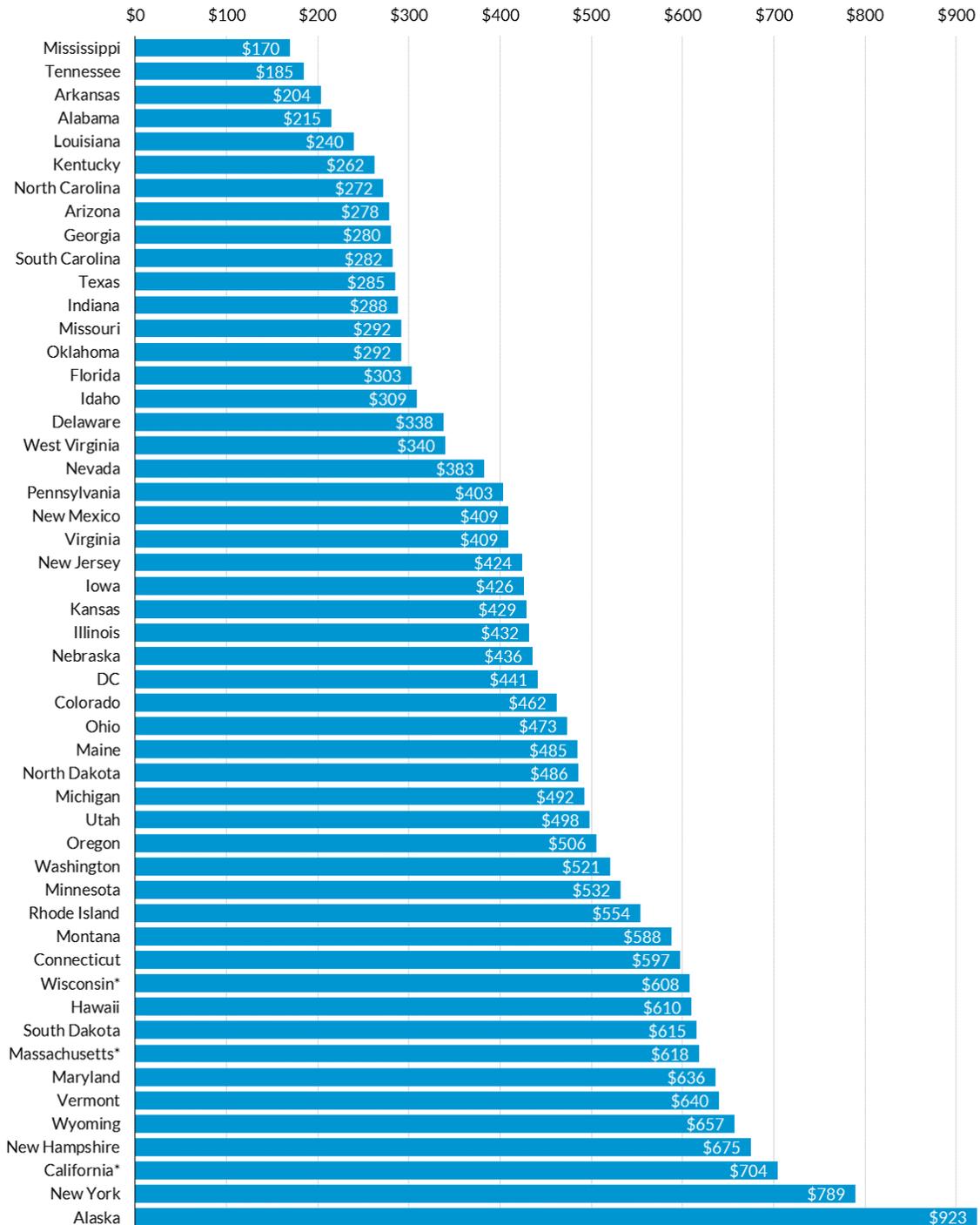
Because of all the variations, we compute the benefit in each state for a consistent family type: a single-parent family with two children and no income who live in the most populous area of the state.⁷ The monthly benefit in this situation ranged from \$170 in Mississippi to \$923 in Alaska in 2016 (figure 5).⁸

⁷ When the benefit amount varies across sub-state areas, we use the amount for the most populous area of the state.

⁸ The calculation assumes the assistance unit contains no children subject to a family cap, no assistance unit members have special needs, the unit pays for all shelter costs with no subsidies, and the unit is subject to the benefit standard that applies to most of the state's caseload.

FIGURE 5

Maximum Monthly TANF Benefit for a Family of Three with No Income, 2016



Source: Welfare Rules Database.

Notes: Dollar amounts are the amounts awarded to a single parent family with two children and no income who live in the most populous area of the state. In the following states, the policies vary by specific TANF program or group of recipients, and the data shown are for specific programs or groups: Wisconsin (W-2T program), Massachusetts (nonexempt families), and California (nonexempt families).

Ongoing Eligibility Requirements

Families who begin receiving a benefit must continue to meet state-defined financial tests to remain eligible. Even for families who remain low-income, however, benefits are usually time limited. Some states provide transitional assistance to families leaving TANF.

After One Year, How Much Income Can Families Have and Continue to Receive TANF Assistance?

To continue to receive TANF benefits after initially becoming eligible, a family must have a level of countable income (total income minus disregards) that results in being eligible for a benefit, and depending on the state, the family may also have to continue to pass other financial tests. In many states, the countable income definition for families already receiving TANF uses a more generous earned income disregard than is used for families initially applying for benefits. In some states, the portion of earnings disregarded also changes depending on the number of months the family has combined TANF and earnings.¹⁰ These variations effectively change the maximum amount of earnings that a family can have and still be eligible (compared with the amount of earnings the family can have at initial eligibility as shown in figure 2).

Here we focus on the maximum earnings a family of three could have and remain eligible for benefits in the 13th month of receiving assistance. In 2016, the maximum earnings ranged from \$268 in Alabama to \$2,269 in Alaska (figure 7).¹¹

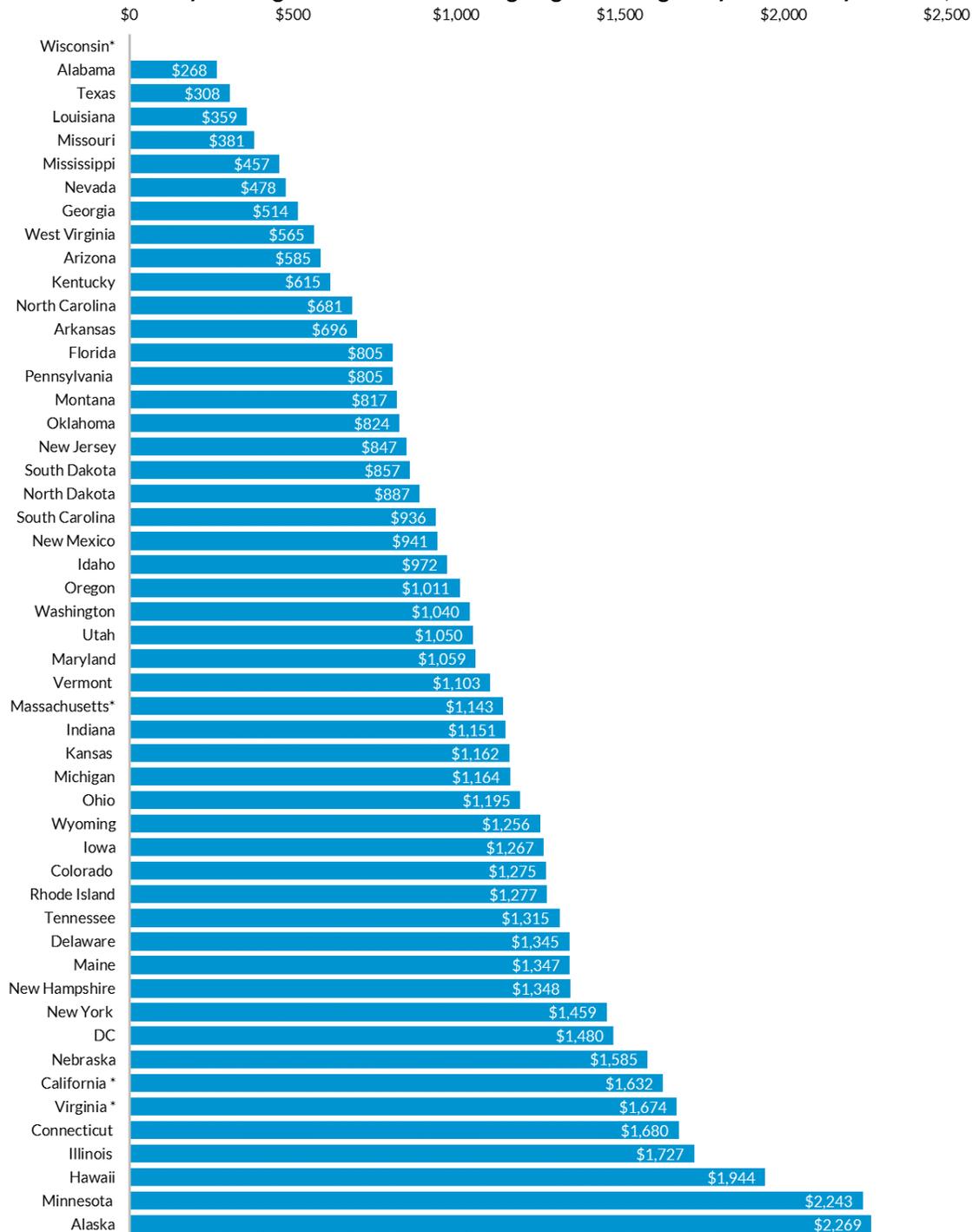
It is interesting to compare this information with the information presented earlier on the maximum possible earnings for initial eligibility. In about half of the states, the maximum earnings point for eligibility at the 13-month point (figure 7) is *higher* than at application (figure 2), due to higher disregards for recipients than for applicants. For example, in Michigan, a three-person family must have earnings below \$815 to initially become eligibility, but they can remain eligible at the 13-month point if their earnings are below \$1,164. In contrast, in a few states, the maximum possible earnings point is *lower* after one year than at application, due to the fact that some portion of the state's earnings disregards expire after a certain number of months. In other states, the maximum possible earnings amount is the same after one year as it is at application.

¹⁰ As an example, Missouri disregards the first \$90 of earnings and two-thirds of remaining earnings for the first 12 months that a family has TANF and earnings. After that period, the state disregards only the first \$90 of earnings.

¹¹ The calculation assumes the assistance unit includes one parent and two children, has only earned income, has no child care expenses, contains no children subject to a family cap, has no special needs, pays for all shelter costs with no subsidies, and is subject to the benefit standard that applies to the majority of the state's caseload.

FIGURE 7

Maximum Monthly Earnings at 13 Months for Ongoing TANF Eligibility for a Family of Three, 2016



Source: Welfare Rules Database.

Notes: Wisconsin does not provide cash assistance if the family has earned income, but applicants may earn up to \$1,932 and still be eligible for nonfinancial assistance. In the following states, the policies vary by specific TANF program or group of recipients, and the data are for the following programs or groups: California (nonexempt recipients), Massachusetts (nonexempt families), Virginia (VIEW). If the amounts vary by county or region within a state, the amount shown applies to the majority of the state.

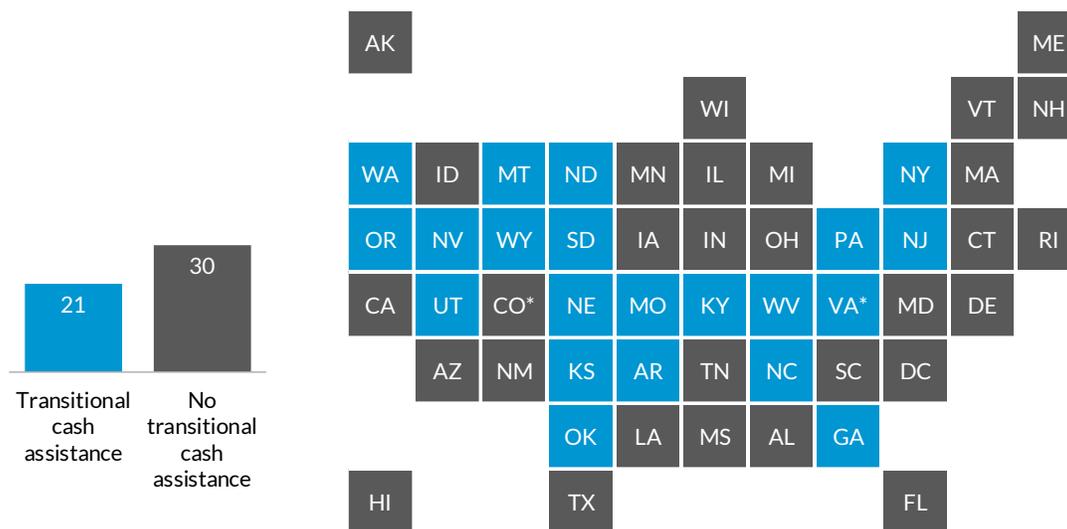
Can Families Receive Transitional Cash Benefits when They No Longer Qualify for TANF?

When families are no longer eligible for TANF, some states may provide short-term assistance to help them transition from the program. In states with transitional aid programs, assistance is usually provided to families who are no longer eligible for TANF because of increased work and earnings.

Transitional benefits can include both cash and noncash assistance, such as child care or food assistance. In 2016, 21 states provided cash assistance for periods ranging from 1 to 24 months to families transitioning off TANF (figure 9). For states with fixed transitional cash-assistance amounts, the amount ranged from \$50 to \$350. In other states, the amounts varied depending on how many months the family received transitional assistance.

FIGURE 9

States Offering Transitional Cash Assistance from TANF, 2016



Source: Welfare Rules Database.

Notes: The policy shown for Colorado is for Denver County. The policy shown for Virginia is for VIEW participants.

More Information from the Welfare Rules Database

The policies discussed in this brief are a small subset of the policies available from the WRD. The WRD tracks TANF policies for the 50 states and the District of Columbia. The database contains hundreds of variables designed to capture detailed TANF policies over time.

Information from the database is available for public use through the project's website (<http://wrd.urban.org>). From the project website, users can access the data through two avenues:

- **Annual databooks.** The annual databook highlights key policies as of July of each year. The databook contains prepared tables showing policies for (1) initial application and eligibility requirements, (2) benefit amounts, (3) work and activity requirements, and (4) ongoing eligibility requirements and transitional assistance. The databook also contains tables showing selected policies over time. All annual databooks are available for download.
- **Online search tool.** The online search tool provides access to the full database detail. The search tool allows users to access information beyond what is included in the annual databooks, including hundreds of detailed policy variables and policies for any point in time back to 1996. Users can select the information they are interested in and produce custom tables through a point-and-click online interface.

About the Authors

Megan Thompson is a research analyst in the Income and Benefits Policy Center at the Urban Institute. Her work focuses on the US social safety net, food insecurity, and the social determinants of health.

Sarah Minton is a senior research associate in the Income and Benefits Policy Center. She serves as co-project director for the WRD. Her work focuses on policies and programs affecting low-income families, with a particular focus on anti-poverty strategies.

Christine Heffernan is a research analyst in the Income and Benefits Policy Center. She is a key staff member on the WRD project with prior experience working directly with TANF clients.

Linda Giannarelli is a senior fellow in the Income and Benefits Policy Center. She serves as the project director for the WRD. Her work focuses on the operation of the US social safety net and the potential for improving the economic well-being of low-income families through policy changes.

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Girley Wright, Project Officer
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Project Director:
Linda Giannarelli
The Urban Institute
2100 M Street NW
Washington, DC 20037

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