TANF 101: Block Grants

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Elizabeth Lower-Basch and Ashley Burnside | Updated August 2026

Introduction

Thirty years ago, in August 1996, the federal "welfare reform" law replaced Aid to Families with Dependent Children (AFDC) and related programs with the Temporary Assistance for Needy Families (TANF) block grant. The passage of the law came after a campaign to "end welfare as we know it," centered in racist dog-whistle language. This effort was intended to give states more flexibility to reduce cash assistance caseloads and only provide support to so-called "deserving" recipients by enforcing work reporting requirements, time limits, and other program requirements.[1] AFDC was an uncapped federal matching program under which states received more federal money when they spent more on cash assistance, and less when their caseloads declined. By contrast, under TANF, states are given a fixed block grant that they can spend on a wide variety of activities[2] to further any of the four statutory purposes as written into the law:

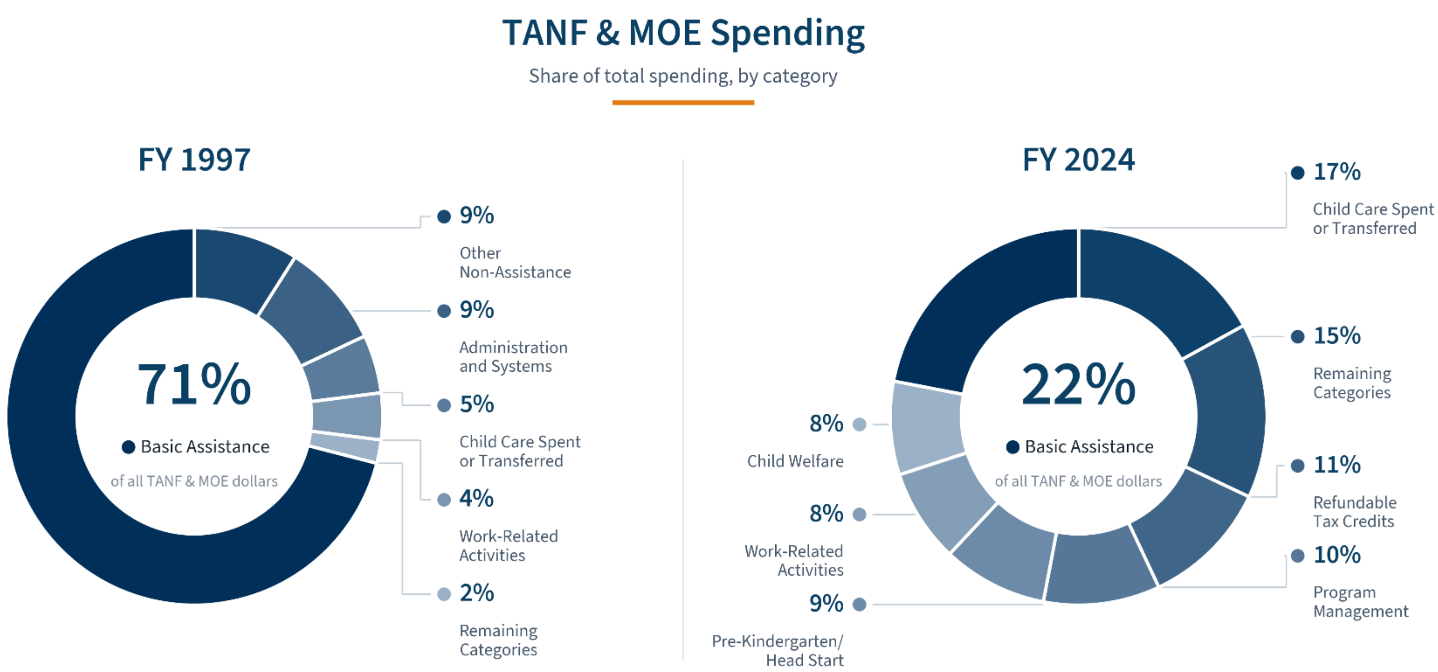
1) *Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;*
2) *End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;*
3) *Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and*
4) *Encourage the formation and maintenance of two-parent families.*

States define what constitutes "needy," and the income cutoff for programs for families funded by TANF dollars is often much higher than the limit set for cash assistance, sometimes at 300 or 400 percent of the poverty level.[3] Activities justified under purposes 3 and 4 do not need to be limited to needy families.[4]

Reducing poverty among children and families is not a listed purpose of the program. Rather, the existing purposes aim to control behaviors. For example, two of the TANF purposes promote specific reproductive and marriage behaviors among parents under the belief that a child being raised in a two-parent, married household will improve their outcomes. This is rooted in paternalistic assumptions of the government knowing what family model is best for parents and their children.[5]

TANF also has a "maintenance of effort" (MOE) requirement under which states must continue to spend at least 75 percent of the amount that they did prior to the passage of the 1996 law on programs serving eligible families in need of assistance. The MOE requirement rises to 80 percent for states that fail another requirement called the work participation rate.[6] Neither the TANF block grant nor the MOE requirement are adjusted for inflation or population growth. Inflation alone has cut both their values in half.

gradually in the years after[7]—this makes it easier for states to use the funds for other TANF purposes. The TANF and MOE funds freed up by declining caseloads were often reinvested in a range of innovative programs designed to support working families with low incomes, to address the root causes of poverty, and to promote two-generation benefits for parents and their children. These included refundable state Earned Income Tax Credits (EITCs) to make work pay; child care and transportation subsidies; home visiting programs for new parents; early education for young children; and programs to



Note: Refundable tax credits include EITC and non-EITC spending; Child Welfare includes foster care and child welfare spending authorized solely under prior law.

TANF and MOE spending is not limited to cash assistance. States may spend funds on a range of programs and services for needy families with children, regardless of whether the families are getting cash aid, with states setting their own definition of "needy."

When cash assistance caseloads fall—as they did dramatically during the late 1990s and more

encourage teens to stay in school and avoid early parenthood. States also figured out that TANF and MOE funds could be used for activities that the state was already obligated to support, such as child welfare.

However, because the TANF block grant does not increase when assistance caseloads rise, states that have used TANF for other purposes face difficult budget choices during times of increased economic hardship. With no new money, they must either cut those services, provide additional state funds, or limit access to cash.

Cash assistance provides vital financial support for children and parents that can be used toward any expenses a family may have, including rent, groceries, diapers, car repairs, and more. Research has repeatedly found positive health, education and financial outcomes for children when families receive income support.[8] But over time, fewer TANF dollars have gone toward monthly cash assistance for families despite these benefits.

The TANF Emergency Fund, created by the American Recovery and Reinvestment Act of 2009 that was passed in response to the Great Recession, was a temporary exception to that rule, providing an additional $5 billion over two years.[9] States were able to use these funds for cash assistance, short-term emergency benefits, and subsidized employment programs. The American Rescue Plan Act, enacted in March 2021 as part of the series of bills aimed at addressing the COVID-19 pandemic and associated recession, provided a $1 billion TANF Pandemic Emergency Assistance Fund for states to provide non-recurrent, short-term support to families during the pandemic.[10]

TANF/MOE Support a Broad Range Of Services For Families With Low Incomes

States have used their flexibility under TANF to support a wide range of activities. Over time, fewer TANF and MOE funds have gone toward cash assistance for families. In Fiscal Year (FY) 2024, the most recent year for which data are available, basic monthly cash assistance payments accounted for just 21.8 percent of combined TANF/MOE spending, down from 71 percent in FY97.[11] In 2025 dollars, spending on cash assistance fell from nearly $28 billion in FY97 to $8.4 billion in FY24.

This decline primarily reflects the decline in TANF caseloads, which are less than a quarter of their peak prior to 1996's "welfare reform." TANF cash assistance has served fewer families with children living in poverty over time, in part due to policies like work reporting requirements and time limits that make the program harder to access.[12] TANF monthly benefits for families in many states also have not kept up with inflation since the passage of the 1996 law, contributing to the lack of funds going toward basic assistance, as well as lower benefit levels and earned income disregard amounts resulting in fewer people being eligible for and enrolling in benefits over time.[13]

In 2024, states also reported spending 7.7 percent of their TANF/MOE funds on supporting parents in getting the skills they need for employment, finding and keeping jobs, or other work-related activities (although not all of these funds were used to serve families receiving assistance).

These national figures conceal a great deal of state-to-state variation in spending priorities. For example, spending on basic assistance ranged from 1.9 percent of total TANF/MOE spending in Arkansas and Mississippi to 48.1 percent in Wyoming.[14]

The second-largest use of TANF/MOE funds is to provide child care subsidies to families with low incomes, including those receiving TANF, those who are transitioning from TANF, and those who have never received cash assistance or participated in the TANF program. Each state may transfer up to 30 percent of its TANF grant to the Child Care and Development Block Grant (CCDBG) or to a combination of CCDBG and the Social Services Block Grant; states may also spend unlimited TANF and MOE funds directly on child care. TANF funds transferred to CCDBG become subject to the CCDBG rules, including minimum health and safety rules. TANF funds spent directly on child care are not subject to these rules, which means the child care may be of lower quality. In FY24, states spent or transferred a total of $6.4 billion in TANF and MOE funds on child care, accounting for 17.0 percent of all TANF/MOE spending.[15]

TANF funds represent a substantial portion of the national investment in child care. Total spending on child care—comprised of federal and state CCDBG funds and TANF and MOE direct spending, but not counting one-time COVID-19 relief funds—was nearly $15.5 billion in FY23, per the most recently released data.[16] Robust, sustained federal investments in CCDBG would mean states could be less reliant on TANF transfers and direct spending to meet family child care needs and those funds could instead be used on cash assistance and the other range of supports states can provide to TANF recipients.

As with cash assistance, there is a variation among states, with 22 states using less than 10 percent of TANF and MOE funds on child care and 5 states using more than 40 percent.

States also reported spending 9.2 percent of TANF/MOE on pre-kindergarten/Head Start programs.[17] Texas and New Jersey spent 36.4 percent and 39 percent, respectively, on such programs. According to long-standing guidance from the Administration for Children and Families at the U.S. Department of Health and Human Services (HHS), states may use TANF and MOE funds to support such programs as long as they are not generally available to all children throughout the state. HHS has encouraged states to use such funds to serve “at-risk” children from families with low incomes.[18] States ultimately get to decide the income eligibility for children in these programs. In 2023, HHS raised concerns that some states were claiming pre-K programs that were not targeted to families with low incomes on the basis that they would promote marriage and two-parent families (purposes 3 and 4).[19]

States may also count the refunded portion of state tax credits toward TANF. Refundable credits deliver real income to working families with low incomes. But because most credits require earnings, they do not reach the lowest income families. In FY24, states reported $4.1 billion in expenditures on refundable credits—10.9 percent of all TANF and MOE spending, the third-largest category after basic assistance and child care, This category is unequally distributed across states: refundable credits account for 57 percent of New Mexico’s reported spending and 41 percent of Maryland’s, while 29 states report no refundable credit spending at all. This category has grown faster than any other in recent years and could be even larger, as California and several other states with refundable EITCs do not report any TANF/MOE spending in this category.

States spent 8.1 percent of TANF and related funds on child welfare services in FY24.[20] In a few states, child welfare accounted for very large shares of TANF spending: for example, Arizona and Georgia spent 69.3 percent and 63.9 percent, respectively, of TANF and MOE funds on child welfare services. This figure does not include cash assistance spending on "child-only" cases, which are often an alternative to foster care. In some cases, child welfare agencies may be using TANF funds to provide families with case management, treatment, and other services that support both family stability and economic security. However, in other cases, it appears that states are significantly supplanting state spending on core child welfare services, such as child protective services and foster care, with TANF funds.[21]

Due to these funding allocations, families with low incomes are often left ineligible to receive more than a paltry cash assistance monthly benefit to help them escape poverty, and the state may be instead investing those TANF dollars toward child welfare enforcement that may ultimately remove the child from the home. Ironically, instances of child welfare involvement due to child neglect often are largely a result of the family living in poverty.[22] Research finds that a state providing generous investments in TANF dollars toward families is correlated to whether a child will ultimately be removed from the home.[23]

States are allowed to carry TANF funds over from year to year. During the early years of TANF, caseloads fell faster than anticipated. Therefore, all states spent less than they had budgeted and accumulated funds they were allowed to carry over from previous years. As states realized the breadth of programs that could be supported by TANF/MOE funds, they rapidly drew down their carryover funds. By 2001, states were spending more TANF funds each year than they received from the block grant.

But, as caseloads have continued to decline, some states have accumulated very large unspent balances. At the end of FY24, states reported unobligated balances totaling about $8 billion. While some "rainy day" funds may be prudent, excessive carryover funds suggest that states could reasonably invest more in the immediate needs of families with low incomes in their state. Sixteen states reported unobligated balances greater than their annual TANF block grant.24 Even after several years of deliberately increasing TANF spending, Tennessee still has about $675 million in unspent TANF funds, which represents 354 percent of its annual block grant. Hawaii's unspent funds now equal $394 million, 399 percent of its annual block grant.[25, 26]

TANF Data Tells an Incomplete Picture

States must report each year on the uses of the TANF block grant and state funds claimed toward MOE in specified categories. However, some states report state spending on programs for needy families exactly equal to their MOE requirement, while others report much higher levels of state spending.

Starting in FY06, because of policy changes made by the Deficit Reduction Act of 2005, states had a strong incentive to report MOE spending *in excess* of the minimum required.[27] Many states made an effort to identify existing state spending on families with low incomes that was aimed at the purposes of TANF and thus could be claimed as MOE.

In addition, the need to identify matching funds to draw down the TANF Emergency Fund drew attention to a previously little-noticed provision allowing states to claim as MOE otherwise qualifying expenditures by third parties, such as businesses, foundations, nonprofits, and local governments, as long as the third party agrees.[28] For example, some states claim expenditures from private donations by nonprofit organizations on programs for youth in communities with low income as TANF MOE. Many of these third-party activities were already taking place before they were claimed as MOE.[29]

Many states used this provision during FYs 2009 and 2010 to qualify for funding from the TANF Emergency Fund, often by claiming employer supervision of workers in subsidized job placements as an in-kind contribution. Some have continued to use third-party expenditures to either reduce their state obligations or increase their excess MOE. In a few states, third-party expenditures accounted for a large share of spending reported as MOE, with Georgia using non-governmental expenditures to meet nearly 60 percent of its MOE requirement.[30]

While reported MOE spending increased by over $4 billion between FY05 and FY11, this almost certainly was partially driven by changes in data reporting, rather than true increases in the resources available to families in need. Researchers at the Rockefeller Institute of Government found that spending on other non-medical social service programs—such as child care, child welfare, energy assistance, homeless shelters, and services for individuals with disabilities—increased significantly during the late 1990s but declined between 2002 and 2008, just when MOE claiming was rising.[31]

After many years of stagnation, claimed MOE started to rise around 2020, reaching $20.6 billion in 2024. This growth is in significant part due to inflation; in real dollars, claimed MOE declined in 2021 and 2022. While the MOE target has not been adjusted for inflation, the real costs of providing child care, job training, and other services claimed toward MOE have continued to rise. The 80 percent MOE spending floor would have been $23.3 billion in 2024 if it had kept up with inflation.

MOE did rise faster than inflation in 2023 and 2024. But, contrary to the administration's suggestions[32], this increase does not appear to be the result of reporting changes designed to generate excess MOE.[33] One of the major drivers of the growth is increases in state refundable taxes. New York increased its child credit for young children, Michigan raised its EITC from 6 percent of the federal credit to 30 percent, and Washington launched the Working Families Tax Credit.[34]

Finally, states are also spending on cash assistance in solely state funded (SSFs) programs, which are not claimed toward the MOE requirement and therefore do not show up at all in this reporting. States frequently use SSFs to serve families assigned to activities that are not federally countable (such as more than 12 months of higher education), families exempted from participation, or families sanctioned for non-participation. Two-parent cases are the clearest cases: 21 states and Washington, D.C. report 0 two-parent cases across TANF and SSPs, but according to the Welfare Rules Database, only 3 do not provide cash assistance to two-parent families.[35]

The Block Grant Has Not Kept Up with Inflation and Locks in Low Grants in Southern States

Under the 1996 law, the basic TANF block grant was fixed at $16.57 billion a year. This figure has not been increased to reflect inflation since lawmakers first created TANF. Thus, the value of the block grant has been eroded by half.

There are also deep inequalities across states in TANF funding. The TANF block grant available for each state was set based on its spending under the AFDC program.[36] While states with lower median incomes received a higher federal match rate under AFDC, they also usually had much lower benefit levels. This meant that the value of the TANF block grant per child living in poverty also varied widely. Thus, in the first years of the block grant, Arkansas received less than $400 per year for each child in the state living in poverty, while Vermont received nearly eight times as much. To some extent, these variations reflect differences in state fiscal capacity, which means that TANF provides the highest support to states that already have the most resources.[37] With population growth and poverty varying across states, the gap between the highest and lowest states has grown wider, with Vermont receiving more than 12 times as much as Texas for each child living in poverty. (See Table 1.)

There are also racial inequities in the level of each state's TANF benefits and in how much states spend toward basic assistance. Black families are likelier to live in states that have the lowest benefits and that spend the least of their TANF dollars toward basic assistance.[38] This is the result of both current policy choices in the states (for example, lower benefit levels, shorter time limits, harsher program requirements etc.) and the structure of the block grant, which locks in low benefit levels that Southern states had adopted under AFDC. State lawmakers' decisions on TANF benefits and spending can stem from racist stereotypes about Black women (through the language of so-called "welfare queens;") flawed ideas of who are "deserving" versus "undeserving" of financial support, and a desire to force people to accept jobs paying low wages.[39]

Some in Congress realized the inequity in the block grant amounts at the time and, in the 1996 law, provided an additional allocation of funds—the TANF supplemental grants. These grants provided additional dollars to 17 states that had either particularly low grants per person living in poverty or had high rates of population growth during the early 1990s. However, Congress allowed these grants to expire in FY11, resulting in a reduction of funding in these states.[40]

The block grant a state administers is slightly smaller than its statutory allocation. Two deductions come off the top. Since FY17, 0.33 percent of the appropriation—a total about $55 million a year—has been set aside for research, evaluation, and technical assistance.[41] Larger and growing is Tribal TANF: where a Tribe elects to operate its own TANF program, the state's grant is reduced by the amount attributable to the Tribal service population. In FY23, Tribal grantees received $208 million.[42] The effect is trivial in most states but significant in a few: in Alaska, Tribal grantees draw roughly 48 percent of the state's block grant, and in Montana, Wyoming, New Mexico, and Arizona they draw between 10 and 16 percent.

Overall, the block grant has not been adjusted to reflect population growth or the rise of poverty. While all states have seen their funding eroded by inflation, states that have experienced growth in the number of children living in poverty have seen their funding per child living in poverty decline even more. For example, since 1997, the number of children living in poverty in Nevada has grown by half, even as the state's block grant stayed frozen in nominal terms. Combined with inflation, Nevada's funds available per child living in poverty have fallen by about 65 percent. (See Table 1.)

While Congress has provided some additional funding to states under the Contingency Fund, this funding is allotted to states in proportion to the basic block grant allocation and is limited to states that are able to increase their MOE above historical levels. Therefore, these additional funds have primarily gone to more affluent states that are able to spend more of their own funds.[43] As noted above, Congress created additional pools of TANF funding in both the Great Recession and the economic crisis caused by the COVID pandemic to create some countercyclical support. These funds were more narrowly restricted in use than the regular TANF block grant or Contingency Fund, to ensure that families with low incomes would benefit and the funds would not simply fill state budgetary holes.

Conclusion

The ambitious goals of the TANF program are not matched by proportionate resources, especially in states with high rates of poverty and low fiscal capacity.[44] The net result is a program under pressure, and cash assistance serving fewer children living in poverty. States have the flexibility to allocate the block grants among a range of programs and services, but flexibility is not a substitute for adequate funding.

Table 1: Real and Nominal Analysis of Temporary Assistance for Needy Families (TANF) Block Grant Amounts							
State	State Family Assistance Grant, Nominal Amount, 1997 (in millions)	State Family Assistance Grant, Real Amount, 2024(in millions)	Number of Children Living in Poverty, 1997-1998 (in thousands)	Number of Children Living in Poverty, 2024 (in thousands)	Real Grant Amount per Child Living in Poverty, 1997-1998	Real Grant Amount per Child Living in Poverty, 2024	Percent Change in Grant per Child Living in Poverty
Alabama	$93.3	$39.71	258	227	$362	$209	-42%
Alaska	$63.6	$9.95	30	22	$2,121	$1,463	-31%
Arizona	$222.4	$80.63	306	237	$727	$479	-34%
Arkansas	$56.7	$45.21	163	135	$348	$214	-38%
California	$3,733.8	$1,732.74	2,144	1,210	$1,741	$1,574	-10%
Colorado	$136.1	$79.22	155	134	$878	$519	-41%
Connecticut	$266.8	$122.40	115	93	$2,319	$1,463	-37%
Delaware	$32.3	$9.89	28	30	$1,156	$553	-52%
District of Columbia	$92.6	$47.77	32	32	$2,899	$1,464	-49%
Florida	$562.3	$185.99	784	696	$718	$412	-43%
Georgia	$330.7	$215.21	463	421	$715	$401	-44%
Hawaii	$98.9	$46.54	47	33	$2,117	$1,549	-27%
Idaho	$31.9	$12.37	63	51	$510	$322	-37%
Illinois	$585.1	$298.35	532	374	$1,100	$797	-28%
Indiana	$206.8	$58.44	224	245	$923	$430	-53%
Iowa	$131.5	$28.23	101	94	$1,302	$711	-45%
Kansas	$101.9	$44.07	106	87	$960	$596	-38%
Kentucky	$181.3	$121.44	220	190	$825	$487	-41%
Louisiana	$164	$84.47	314	262	$521	$320	-39%
Maine	$78.1	$47.92	43	30	$1,819	$1,343	-26%
Maryland	$229.1	$79.61	179	151	$1,283	$774	-40%
Massachusetts	$459.4	$163.98	230	152	$1,994	$1,543	-23%
Michigan	$775.4	$383.81	453	368	$1,713	$1,076	-37%
Minnesota	$268	$117.05	165	123	$1,626	$1,116	-31%
Mississippi	$86.8	$30.32	186	165	$466	$268	-42%
Missouri	$217.1	$99.62	247	205	$878	$539	-39%
Montana	$45.5	$9.50	50	27	$918	$871	-5%
Nebraska	$58	$27.48	60	55	$973	$539	-45%
Nevada	$44	$17.93	74	105	$598	$214	-64%
New Hampshire	$38.5	$17.22	31	17	$1,239	$1,143	-8%
New Jersey	$404	$168.53	286	237	$1,410	$869	-38%
New Mexico	$126.1	$28.62	138	90	$912	$712	-22%

New York	$2,442.9	$825.48	1,090	698	$2,242	$1,786	-20%
North Carolina	$302.2	$126.57	372	384	$813	$401	-51%
North Dakota	$26.4	$10.36	28	21	$944	$630	-33%
Ohio	$728	$342.61	470	416	$1,548	$893	-42%
Oklahoma	$148	$93.23	207	178	$714	$425	-40%
Oregon	$167.9	$87.06	138	105	$1,213	$816	-33%
Pennsylvania	$719.5	$207.94	480	394	$1,498	$932	-38%
Rhode Island	$95	$39.44	41	31	$2,319	$1,557	-33%
South Carolina	$100	$53.91	217	206	$460	$248	-46%
South Dakota	$21.9	$9.88	37	26	$593	$434	-27%
Tennessee	$191.5	$137.03	257	286	$746	$341	-54%
Texas	$486.3	$256.04	1,325	1,353	$367	$183	-50%
Utah	$76.8	$26.17	91	78	$844	$500	-41%
Vermont	$47.4	$17.01	18	11	$2,622	$2,264	-14%
Virginia	$158.3	$77.26	263	218	$602	$369	-39%
Washington	$404.3	$106.56	217	186	$1,861	$1,107	-40%
West Virginia	$110.2	$60.62	101	68	$1,092	$827	-24%
Wisconsin	$318.2	$131.61	192	148	$1,654	$1,094	-34%
Wyoming	$21.8	$9.88	20	13	$1,094	$860	-21%
United States	$16,488.7	$7,072.90	13,790	11,117	$1,196	$756	-37%

Sources: Block Grant amounts are from the Office of Family Assistance, TANF Financial Data for years 1997 through 2024, with 2024 figures adjusted for the 0.33 percent reduction. Poverty data is from the Census' Small Area Income and Poverty Estimates (SAIPE), ***https://www.census.gov/programs-surveys/saipe.html***. SAIPE data prior to 2005 was based on the Current Population Survey (CPS), which was not designed for precise state-level estimates; therefore, we average two years of data to reduce noise.

Note: This table is calculated differently than previous versions in two ways: we shifted to using SAIPE data rather than CPS, and we are no longer using actual grant award levels, which are lower due to adjustments for Tribal grants and any penalties assessed. Territories account for the remaining difference ($77.6 million) between state grants and the total block grant amount.

Endnotes

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[2] States can also use TANF funds for certain other activities, such as juvenile justice, that they supported under AFDC's Emergency Assistance before 1996.

[3] "Strengthening Temporary Assistance for Needy Families (TANF) as a Safety Net and Work Program," Federal Register, October 2, 2023 (2023 NPRM), **https://www.federalregister.gov/d/2023-21169/p-57**.

[4] Elizabeth Lower-Basch, "Guide to Use of TANF and MOE Funds," Center for Law and Social Policy, March 11, 2011. **https://www.clasp.org/publications/report/brief/guide-use-tanf-and-moe-funds/**.

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[7] For more detail on the changes in the cash assistance program, see Elizabeth Lower-Basch and Ashley Burnside, "TANF 101: Cash Assistance," Center for Law and Social Policy, updated July 2026, **https://www.clasp.org/publications/report/brief/tanf-101-cash-assistance.**

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[12] Victoria Bowden, Diana Azevedo-McCaffrey, Danilo Trisi, et al., "TANF Is a Vital Resource for People Facing Hardship but Needs to Reach More Families," Center on Budget and Policy Priorities, updated October 1, 2025, **https://www.cbpp.org/research/income-security/tanf-is-a-vital-resource-for-people-facing-hardship-but-needs-to-reach**.

[13] Diana Azevedo-McCaffrey and Tonanziht Aguas, "Continued Increases in TANF Benefit Levels Are Critical to Helping Families Meet Their Needs and Thrive," Center on Budget and Policy Priorities, February 26, 2025. **https://www.cbpp.org/research/income-security/continued-increases-in-tanf-benefit-levels-are-critical-to-helping**. Elizabeth Lower-Basch, "Thirty Years of Temporary Assistance for Needy Families: What Changed, What Didn't, and What It Means for Today's Work Requirement Debates," Center for Law and Social Policy (CLASP), August 31, 2026. **https://www.clasp.org/publications/report/brief/tanf-program-30-years-later-**

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[15] "TANF Financial Data - FY 2024," Office of Family Assistance.
[16] CLASP Calculations of **"**FY 2023 CCDF State Expenditure Data," Table 4a - All Expenditures by State-Categorical Summary (FY 2023), *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, May 2026, **https://acf.gov/occ/data/table-4a-all-expenditures-state-categorical-summary-fy-2023**, and "TANF Financial Data – FY 2023," *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services,* November 2024, **https://acf.gov/ofa/data/tanf-financial-data-fy-2023**.
(Note that a portion of state TANF MOE spent on child care may also be counted as MOE under CCDBG.)
[17] "TANF Financial Data - FY 2024," Office of Family Assistance.
[18] "TANF-ACF-PI-2005-01 (Funding Childhood Education, School Readiness, Kindergarten and Other Public Education Programs," Office of the Administration for Children & Families, U.S. Department of Health & Human Services, April 2005, **https://www.hhs.gov/guidance/document/tanf-acf-pi-2005-01-funding-childhood-education-school-readiness-kindergarten-and-other.**
[19] 2023 NPRM, Federal Register.
[20] Child welfare spending calculations include spending on child welfare services, and spending authorized solely under prior law on foster care payments (assistance) and child welfare or foster care services (non-assistance.)
[21] 2023 NPRM, see page 67702 for specific discussion of child welfare activities; Michelle K. Derr, Tara Anderson, LaDonna Pavetti, et al., "Understanding Two Categories of TANF Spending: 'Other' and 'Authorized Under Prior Law'", Mathematica Policy Research, September 30, 2009, current as of April 29, 2019, **https://acf.gov/opre/report/understanding-two-categories-tanf-spending-other-and-authorized-under-prior-law**.
[22] Eli Hager, "A Mother Needed Welfare. Instead, the State Used Welfare Funds to Take Her Son." ProPublica, December 23, 2021, **https://www.propublica.org/article/a-mother-needed-welfare-instead-the-state-used-welfare-funds-to-take-her-son**; Child Welfare Information Gateway, 2023, "Separating poverty from neglect in child welfare," Children's Bureau, Administration for Children & Families, U.S. Department of Health and Human Services, **https://www.childwelfare.gov/resources/separating-poverty-neglect-child-welfare/**.
[23] Frank Edwards, "Saving Children, Controlling Families: Punishment, Redistribution and Child Protection," *American Sociological Review*, July 14, 2016, **https://journals.sagepub.com/doi/10.1177/0003122416638652**.
[24] "TANF Financial Data - FY 2024," Office of Family Assistance.
[25] "State Fact Sheets: How States Spend Funds Under the TANF Block Grant," Center on Budget and Policy Priorities, updated January 16, 2026, **https://www.cbpp.org/research/family-income-support/state-fact-sheets-how-states-spend-funds-under-the-tanf-block-grant**.
[26] "TANF Financial Data - FY 2024," Office of Family Assistance.
[27] The DRA changes had the effect of making it much more difficult for states to meet the work participation rate requirement. Under the "Excess MOE" provision, states that claimed more MOE than the minimum required could adjust their caseload levels and claim additional caseload reduction credit. In addition, states with high levels of MOE could draw down additional funding from the TANF Contingency Fund. For more details, see Kay E. Brown, "Temporary Assistance for Needy Families: State Maintenance of Effort Requirements

and Trends: Testimony before the Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives," U.S. Government Accountability Office, May 17, 2012, **http://www.gao.gov/assets/600/590958.pdf.**

[28] Third party expenditures may be claimed as MOE under 45 CFR § 263.2(e).

[29] States claiming third-party expenditures as MOE that were not claimed as MOE during the base years of FYs 2007 or 2008 were required to provide HHS with information to document that they represented true increases in spending over the base year but were not required to make retroactive changes to their MOE reports for the base years.

[30] "Temporary Assistance for Needy Families: Update on States Counting Third-Party Expenditures toward Maintenance of Effort Requirements," U.S. Government Accountability Office, February 2016, **http://www.gao.gov/assets/600/592861.pdf.**

[31] Tom Gais and Lucy Dadayan, "The New Retrenchment: Social Welfare Spending, 1977-2006," Rockefeller Institute, September 15, 2008, **http://www.rockinst.org/pdf/workforce_welfare_and_social_services/2008-09-15- the_new_retrenchment_social_welfare_spending_1977-2006.pdf;** Thomas Gais, Donald Boyd, and Lucy Dadayan, "The Social Safety Net, Health Care, and the Great Recession," *The Oxford Handbook of State and Local Government Finance*, Oxford Press, 2012.

[32] David Swegle and Alex J. Adams. "TANF and Work: The Caseload Reduction Credit and How States Exploit It," Office of Family Assistance, Administration for Children and Families, Office of Family Assistance, U.S. Department of Health & Human Services, June 2026. **https://acf.gov/system/files/filefield_paths/TANF-Caseload-Reduction-Credit-Issue-Brief.pdf**

[33] California's increase in reported MOE does appear to be a reporting artifact but not designed to increase caseload reduction credit or claim contingency funds. The state could have a much higher MOE by claiming refundable tax credits. The Legislative Analyst's Office explains that California's increase in general revenue spending is in part due to the depletion of previous carry over funds. "The 2025-26 Budget: CalWORKs," February 2025, **https://lao.ca.gov/Publications/Report/4969**.

[34] "State Tax Credits Continued to Grow in 2025," Institute on Taxation and Economic Policy, September 15, 2025, **https://itep.org/state-tax-credits-continued-to-grow-in-2025/**.

[35] "TANF Caseload Data," Office of Family Assistance, Administration for Children & Families, U.S. Department of Health & Human Services, **https://acf.gov/ofa/programs/tanf/data-reports;** Lauren Simpson, Ilham Dehry, Sarah Knowles, et al., *Welfare Rules Databook: State TANF Policies as of July 2023*, "Table I.B.2 Eligibility Rules for Two-Parent Applicant Units in Which Neither Parent Has a Disability, July 2023," Welfare Rules Databook, December 2024, **https://wrd.urban.org/welfare-rules-databook.**

[36] The amount for TANF was equal to the maximum amount that the state received under AFDC and related to job training and emergency assistance programs during the 1992-1995 period, when caseloads were at their highest.

[37] Josh McCabe, "Inequitable and Inadequate: Reforming Federal Grants for State Social Assistance Programs," Niskanen Center, February 2, 2021. **https://www.niskanencenter.org/inequitable-and-inadequate-reforming-federal-grants-for-state-social-assistance-programs/**.

[38] Diana Azevedo-McCaffrey and Ali Safawi, "To Promote Equity, States Should Invest More TANF Dollars in Basic Assistance," Center on Budget and Policy Priorities, updated January 12, 2022, **https://www.cbpp.org/research/income-security/to-promote-equity-states-should-invest-more-tanf-dollars-in-basic.**

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https://www.cbpp.org/research/income-security/continued-increases-in-tanf-benefit-levels-are-critical-to-helping.
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[41] Social Security Act § 413(h)(1), 42 U.S.C. § 613(h)(1), as amended by the Consolidated Appropriations Act, 2017 (Pub. L. No. 115-31); see OFA, Program Instruction TANF-ACF-PI-2017-01, AMENDED (Sept. 19, 2017); CRS R49012 (June 30, 2026), at n.4 ($54.7 million).
[42] § 412(a)(1)(A), 42 U.S.C. § 612(a)(1)(A); OFA, FY 2023 Tribal Funding (Sept. 2023), **https://acf.gov/sites/default/files/documents/ofa/fy2023_tribal_funding_september_2023_web.pdf**
[43] David Swegle and Alex J. Adams. "The Temporary Assistance for Needy Families (TANF) Contingency Fund," Office of Family Assistance, Administration for Children & Families, Office of Family Assistance, U.S. Department of Health & Human Services, current as of January 23, 2026. **https://acf.gov/ofa/policy-guidance/tanf-contingency-fund-issue-brief-january-2026**.
[44] McCabe, *op cit*.