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## Policy Brief: Increases in TANF Cash Benefit Levels Are Critical to Help Families Meet Rising Costs

By Gina Azito Thompson, Diana Azevedo-McCaffrey, and Da'Shon Carr<sup>1</sup>

Temporary Assistance for Needy Families (TANF), the primary cash assistance program for families with children when they face a crisis or have very low incomes, can play a key role in ensuring that these families have income for their basic needs. Research shows that cash assistance to families experiencing poverty can improve children's long-term prospects. Fifteen states and the District of Columbia increased cash benefit levels between July 2021 and July 2022. (See Table 1.) All but six of these increases represent recurring adjustments. Some of the increases represent historic changes and continue the positive trend of states increasing cash benefit levels in recent years. The benefit level (in nominal dollars) in the median state is now \$492, a decrease from last year's median state benefit level of \$498.

TANF falls short of its potential in providing cash assistance for *all* children, it does a particularly poor job of aiding Black children, who are more likely than white children to live in states where cash benefits are the lowest.<sup>2</sup> This continues a historical trend of states using their unfettered flexibility to set cash benefit levels for TANF and its predecessor programs to preserve economic systems that exploit Black families. Latinx children are also somewhat more likely than white children to live in states where cash benefits are the lowest.

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<sup>1</sup> Da'Shon Carr was an intern with CBPP from June 2022 through December 2022.

<sup>2</sup> For more detail, see Ife Floyd and LaDonna Pavetti, "Improvements in TANF Cash Benefits Needed to Undo the Legacy of Historical Racism," CBPP, January 26, 2022, <https://www.cbpp.org/research/income-security/improvements-in-tanf-cash-benefits-needed-to-undo-the-legacy-of-historical>.

TABLE 1

**States Raising TANF Cash Benefits between July 2021 and July 2022**

Monthly maximum benefit for a single-parent family of three

State <sup>a</sup>	July 2022 Benefit	Increase Since July 2021	Percent Change	Recurring Adjustment?
California <sup>b</sup>	\$925	\$47	5%	X
Colorado	\$559	\$51	10%	
Connecticut <sup>c</sup>	\$771	\$62	9%	
District of Columbia <sup>d</sup>	\$665	\$7	1%	X
Illinois	\$549	\$6	1%	X
Louisiana	\$484	\$244	102%	
Maine	\$628	\$8	1%	X
Minnesota	\$641	\$9	1%	X
New Hampshire	\$1,151	\$53	5%	X
Ohio	\$542	\$30	6%	X
South Carolina	\$323	\$18	6%	X
South Dakota	\$668	\$38	6%	
Texas	\$312	\$4	1%	X
Vermont	\$811	\$112	16%	
Virginia	\$587	\$28	5%	
Wyoming	\$781	\$55	8%	X

TANF = Temporary Assistance for Needy Families.

<sup>a</sup> Massachusetts had a cash benefit increase that did not become effective until October 2022. The cash benefit level is now \$783.

<sup>b</sup> California increased its cash benefit levels to \$1,119 effective October 2022.

<sup>c</sup> In 2022 Connecticut changed the way its benefit is calculated, which resulted in its benefit increase of \$62. Connecticut now ties its benefits to 73 percent of its Standard of Need, which is based on 55 percent of the federal poverty level. This means that benefits are effectively indexed to 40 percent of the federal poverty level and will automatically increase going forward. Prior to 2022 Connecticut's benefit level was based on a payment standard from the AFDC program, which was adjusted annually based on the Social Security Administration's COLA for Social Security and Supplemental Security Income benefits, contingent on funds being available.

<sup>d</sup> The District of Columbia included a provision in its fiscal year 2023 budget to implement an annual COLA at the beginning of its fiscal year, October 2022. Its benefit as of October 1, 2022, is \$696 for a family of three.

Source: CBPP-compiled 2022 state benefit levels

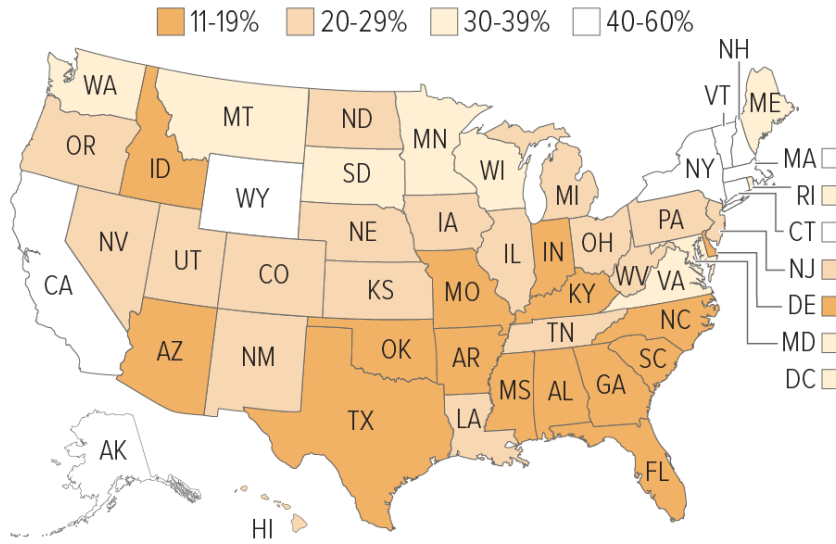
## TANF Cash Benefits Are Low and Have Eroded in Value

In 15 states,<sup>3</sup> cash benefit levels do not even reach 20 percent of the poverty line (\$386 per month for a family of three), compared to seven states in 1996. Despite recent increases, TANF cash benefits still leave a family of three at or below 60 percent of the poverty line in every state. (See Figure 1 and Table 2.)

FIGURE 1

### Despite Recent Increases, TANF Benefits Still Leave Families Well Below Federal Poverty Line

Maximum TANF benefit as a percent of poverty line (for a family of three), July 2022



Note: TANF = Temporary Assistance for Needy Families. Federal poverty line for a family of three in 2022 is \$1,920 per month in the 48 contiguous states and the District of Columbia; \$2,400 in Alaska; and \$2,208 in Hawai'i.

Source: 2022 Health and Human Services Poverty Guidelines. TANF benefit levels for a family of three were compiled by CBPP from various sources and are current as of July 1, 2022.

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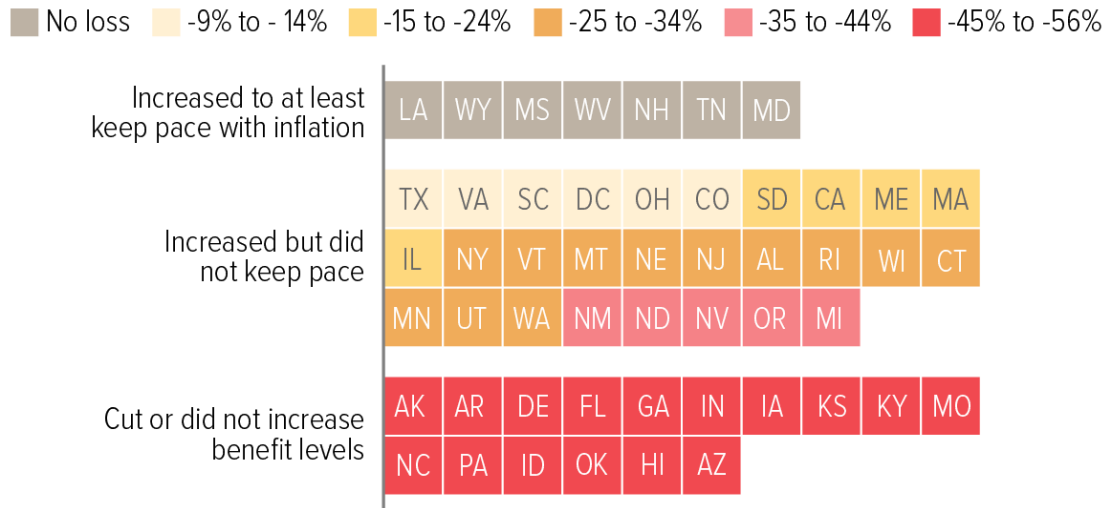
Nationally, TANF cash benefits have lost substantial purchasing power due to inflation and do far less to help families escape “deep poverty” (family incomes below half of the poverty line) than in 1996.

<sup>3</sup> Alabama, Arizona, Arkansas, Delaware, Florida, Georgia, Idaho, Indiana, Kentucky, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, and Texas.

FIGURE 2

## Most States Have Not Sufficiently Increased TANF Benefits to Keep Pace With Inflation

Percent loss in real (inflation-adjusted) value of TANF benefits, 1996 to 2022



Note: TANF = Temporary Assistance for Needy Families. Benefits adjusted for inflation using the CPI-U.

Source: July 1996 and July 2022 benefits compiled by CBPP from various sources

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## State Cash Benefit Decisions Have Disparate Impacts, Especially for Black Children

Low TANF cash benefits, which disproportionately affect the benefits available to Black children, are rooted in a long history of racist ideas and policies.<sup>4</sup> Forty-eight percent of all Black children in the U.S. live in states with cash benefit levels below 20 percent of the poverty line, compared to 40 percent of Latinx children and 35 percent of white children.<sup>5</sup> (See Figure 3.)<sup>5</sup>

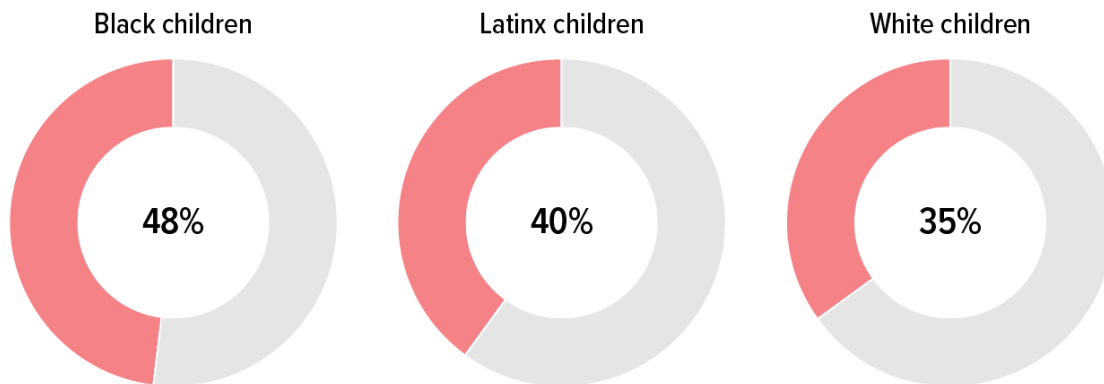
<sup>4</sup> For more on the racist history of AFDC and TANF benefit levels, see Ife Floyd *et al.*, “TANF Policies Reflect Racist Legacy of Cash Assistance,” CBPP, August 4, 2021, <https://www.cbpp.org/research/family-income-support/tanf-policies-reflect-racist-legacy-of-cash-assistance>.

<sup>5</sup> CBPP analysis of 2021 U.S. Census population estimates collected from Kids Count Data Center, “Child Population by race in the United States,” Annie E. Casey Foundation, October 2022, <https://datacenter.kidscount.org/data/tables/103-child-population-by-race-and-ethnicity?loc=1&loct=2#detailed/2/2-52/false/2048/68,69,67,12,70,66,71,72/423>.

FIGURE 3

### Black Children Likelier to Live In States With Lowest TANF Cash Benefits

Share of U.S. children in states with TANF benefits below 20 percent of poverty line in 2022, by race/ethnicity



Note: TANF = Temporary Assistance for Needy Families. States with the lowest TANF benefits were the 16 states with maximum TANF benefits for a family of three that were less than 20 percent of the federal poverty line in 2022. Latinx children can be of any race.

Source: CBPP analysis of TANF benefit levels, collected from states, and CBPP analysis of the racial and ethnic composition of states based on 2021 U.S. Census population estimates

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TANF cash benefit levels tend to be lower in states where Black residents make up a greater share of the population, when controlling for other factors, recent research finds.<sup>6</sup> This trend is consistent with findings regarding TANF's predecessor, Aid to Families with Dependent Children (AFDC). States' unfettered ability to set inadequate cash benefit levels set the course for these racial and disparities. As Congress debated the 1935 Social Security Act, which created AFDC (originally Aid to Dependent Children or ADC), initial proposals by federal policymakers to provide adequate cash benefits were undermined by a then-powerful Southern congressional bloc, which insisted on state and local control over the program. Later attempts to establish a minimum federal benefit for AFDC were similarly rejected by Congress. By defeating these proposals and others that would have made cash assistance more adequate and accessible to Black women and their families, lawmakers preserved racial discrimination and segregation in the economy by ensuring that AFDC did not compete with the low wages paid to Black workers, who often were segregated into agricultural and domestic roles.<sup>7</sup>

In addition to keeping cash benefit levels low, states with higher shares of Black residents are likelier to adopt punitive TANF policies that reduce or take away families' benefits. These policies include full family sanctions, which take away a family's entire benefit for not meeting work requirements, and family caps, which deny a higher benefit to families who have another baby while receiving TANF.<sup>8</sup> They also include states' decision whether to partially or fully lift the federal drug

<sup>6</sup> Heather Hahn *et al.*, "Why Does Cash Welfare Depend on Where You Live?" Urban Institute, June 5, 2017, <https://www.urban.org/research/publication/why-does-cash-welfare-depend-where-you-live>.

<sup>7</sup> Floyd *et al.*, *op. cit.*

<sup>8</sup> Hahn *et al.*, *op. cit.*; Joe Soss *et al.*, "Setting the Terms of Relief: Explaining State Policy Choices in the Devolution Revolution," *American Journal of Political Science*, Vol. 45, No. 2, Apr. 2001, <http://urban.hunter.cuny.edu/~schram/ssvosettingthetermsofrelief.pdf>.

felony ban, which denies families benefits appropriate for their family size by making parents with drug felony convictions ineligible for assistance.<sup>9</sup> These policies are based on racist ideas about Black women, but they harm families of *all* races.

## Families Cannot Afford Modest Rent with TANF Benefits

In every state, modest rental housing is unaffordable for TANF families. Federal standards define rent (including utilities) as affordable when it takes up no more than 30 percent of a household's income. For families whose only source of income is TANF, Fair Market Rents (FMRs)<sup>10</sup> for a two-bedroom apartment are well above 30 percent of their monthly cash benefit in every state. This is particularly concerning for Black and Latinx children, whose families face higher rates of housing insecurity and eviction filing, both before and during the COVID-19 pandemic.<sup>11</sup> When TANF families must spend more of their grant on their rent, they are left with less flexible income to spend on other needs.

A few states provide a housing supplement in addition to the base TANF cash benefit for families who do not receive rental assistance. For example, Hawai'i now provides a housing supplement of up to \$500 per month to households participating in the First-to-Work program after the legislature found that many participants could benefit from additional assistance to meet housing costs. Families in Hawai'i receiving the \$500 housing supplement could afford a rent that is 35 percent of FMR, compared to 9 percent without the supplement. More states should provide housing supplements to lessen the burden of high housing costs on TANF families.<sup>12</sup>

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<sup>9</sup> Ali Zane, "Remaining States Should Lift Racist TANF Drug Felony Bans; Congress Should Lift It Nationwide," CBPP, June 30, 2021, <https://www.cbpp.org/blog/remaining-states-should-lift-racist-tanf-drug-felony-bans-congress-should-lift-it-nationwide>.

<sup>10</sup> HUD's FMRs are gross rent estimates that include the shelter rent plus the cost of all utilities except phone and internet. For more on FMRs, see Andrew Aurand *et al.*, "Out of Reach 2022," National Low Income Housing Coalition (NLIHC), 2022, <https://nlihc.org/oor>.

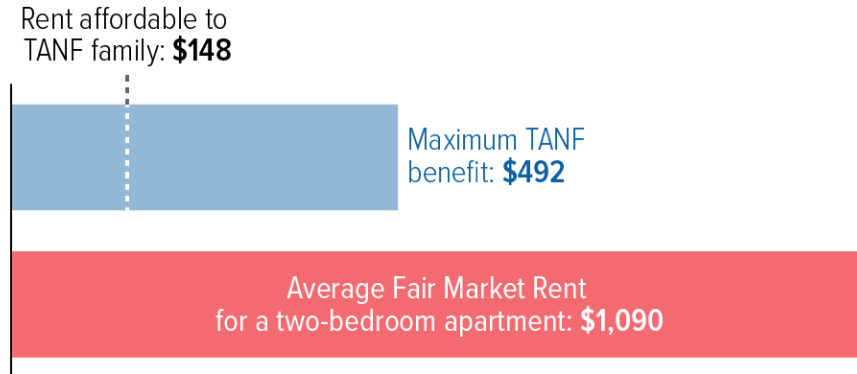
<sup>11</sup> Arloc Sherman, "Widespread Economic Insecurity Pre-Pandemic Shows Need for Strong Recovery Package," CBPP, July 14, 2021, <https://www.cbpp.org/research/poverty-and-inequality/widespread-economic-insecurity-pre-pandemic-shows-need-for-strong>; CBPP, "Tracking the COVID-19 Economy's Effects on Food, Housing, and Employment Hardships," updated November 10, 2021, <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-economys-effects-on-food-housing-and>; Emily Lemmerman *et al.*, "Preliminary Analysis: Who is being filed against during the pandemic?" The Eviction Lab, December 21, 2020, <https://evictionlab.org/pandemic-filing-demographics/>.

<sup>12</sup> For more on TANF housing supplements see Ali Zane, Cindy Reyes, and LaDonna Pavetti, "TANF Can Be a Critical Tool to Address Family Housing Instability and Homelessness," CBPP, July 19, 2022, <https://www.cbpp.org/research/family-income-support/tanf-can-be-a-critical-tool-to-address-family-housing-instability>.

FIGURE 4

## Families Cannot Afford Modest Rent With TANF

For the state with the median maximum TANF benefit level, 2022



Note: TANF = Temporary Assistance for Needy Families. Federal standards define rent (including utilities) as affordable when it is no more than 30 percent of a household's gross monthly income. A hypothetical family has no other source of income other than the TANF benefit. Fair Market Rents (FMRs) are the Department of Housing and Urban Development's estimate of what a family moving today would pay for modest housing. The National Low Income Housing Coalition (NLIHC) creates weighted statewide average FMRs based on HUD FMRs for various sub-regions in the state.

Source: Aurand et al., "Out of Reach 2022," NLIHC; 2022 TANF benefit levels for single-parent families of three were compiled by CBPP from various state sources and are current as of July 1, 2022.

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## Increasing TANF Benefits Is Critical for Families' Economic Stability

A large and growing body of research shows that experiencing poverty and hardship, even briefly, can have detrimental, life-long impacts on children. Researchers have linked stress caused by a scarcity of resources to long-lasting negative consequences for children's brain development and physical health. Income support programs can improve children's academic, health, and economic outcomes, the National Academies of Sciences, Engineering, and Medicine's report on reducing child poverty finds.<sup>13</sup> While TANF cannot ameliorate all of the barriers that families face, it can provide adequate cash benefits to help them meet their basic needs in times of crisis.

Taking steps to raise cash benefit levels and enact COLAs are especially critical during periods of rising costs that disproportionately harm families of color and make it harder for families with low incomes to afford even necessities. Steps states can take now include:

- **Reinvest TANF dollars to provide higher cash benefit levels for participating families.** At a minimum, states should raise their cash benefit levels to restore value lost to inflation since 1996.
- **Establish mechanisms to prevent benefits from eroding in the future.** Adjusting TANF cash benefits yearly in step with inflation, such as through a statutory cost-of-living-

<sup>13</sup> National Academies of Science, Engineering, and Medicine, "The Consequences of Child Poverty," *A Roadmap to Reducing Child Poverty*, 2019, <https://www.ncbi.nlm.nih.gov/books/NBK547371/>.

adjustment (COLA),<sup>14</sup> would maintain families’ purchasing power and help them meet basic needs.

- **Provide additional monthly or short-term payments to families.** States can provide additional payments to TANF families to cover housing or other needs.
- **End policies that reduce or take away families’ benefits.** In 2022, Colorado fully lifted the TANF drug felony ban; Connecticut and Oregon eliminated full-family sanctions; Rhode Island extended its time limit from 48 to 60 months; and Vermont significantly altered its work requirements.

While states have the flexibility to ensure families have enough to afford necessities, they have a long history of providing inadequate assistance to families — especially states with higher shares of Black residents. To ensure that no family falls below a certain income level, Congress needs to establish a federal minimum benefit. Congress also needs to make significant changes to TANF’s funding structure to retarget its resources to provide cash assistance, address funding inequities, and prevent the erosion of cash benefits over time.

TABLE 2

### State TANF Cash Benefit Levels Relative to Poverty Line, 1996 and 2022

State	Maximum Monthly Benefit, July 1996	Share of 1996 Poverty Line	Maximum Monthly Benefit, July 2022	Share of 2022 Poverty Line	1996-2022 Change, Adjusted for Inflation
Alabama	\$164	15%	\$215	11%	-28%
Alaska	\$923	68%	\$923	40%	-45%
Arizona	\$347	32%	\$278	15%	-56%
Arkansas	\$204	19%	\$204	11%	-45%
California	\$596	55%	\$925	48%	-15%
Colorado	\$356	33%	\$559	29%	-14%
Connecticut	\$636	59%	\$771	40%	-33%
Delaware	\$338	31%	\$338	18%	-45%
District of Columbia	\$415	38%	\$665	35%	-12%
Florida	\$303	28%	\$303	16%	-45%
Georgia	\$280	26%	\$280	15%	-45%
Hawai’i	\$712	57%	\$610	25%	-53%
Idaho	\$317	29%	\$309	16%	-47%

<sup>14</sup> A statutory COLA is the best way to ensure that benefits keep pace with inflation. For example, Wyoming’s COLA is based on the Wyoming Cost of Living Index for the previous year. New Hampshire’s benefit level is tied to 60 percent of the federal poverty line, which is indexed for inflation. Therefore, the state’s benefit also rises each year with inflation. These policies have made New Hampshire and Wyoming two of only six states whose benefits have risen since 1996 in inflation-adjusted terms.



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State	Maximum Monthly Benefit, July 1996	Share of 1996 Poverty Line	Maximum Monthly Benefit, July 2022	Share of 2022 Poverty Line	1996-2022 Change, Adjusted for Inflation
Illinois	\$377	35%	\$549	29%	-20%
Indiana	\$288	23%	\$288	15%	-45%
Iowa	\$426	39%	\$426	22%	-45%
Kansas	\$429	40%	\$429	22%	-45%
Kentucky	\$262	24%	\$262	14%	-45%
Louisiana	\$190	18%	\$484	25%	40%
Maine	\$418	39%	\$628	33%	-18%
Maryland	\$373	34%	\$727	38%	7%
Massachusetts <sup>a</sup>	\$525	49%	\$712	37%	-26%
Michigan	\$459	42%	\$492	26%	-41%
Minnesota	\$532	49%	\$641	33%	-34%
Mississippi	\$120	11%	\$260	14%	19%
Missouri	\$292	27%	\$292	15%	-45%
Montana	\$438	40%	\$588	31%	-26%
Nebraska	\$364	34%	\$485	25%	-27%
Nevada	\$348	32%	\$386	20%	-39%
New Hampshire	\$550	51%	\$1,151	60%	15%
New Jersey	\$424	39%	\$559	29%	-28%
New Mexico	\$389	36%	\$447	23%	-37%
New York	\$577	53%	\$789	41%	-25%
North Carolina	\$272	25%	\$272	14%	-45%
North Dakota	\$431	40%	\$486	25%	-38%
Ohio	\$341	32%	\$542	28%	-13%
Oklahoma	\$307	28%	\$292	15%	-48%
Oregon	\$460	43%	\$506	26%	-40%
Pennsylvania	\$403	37%	\$403	21%	-45%
Rhode Island	\$554	51%	\$721	38%	-29%
South Carolina	\$200	18%	\$323	17%	-11%
South Dakota	\$430	40%	\$668	35%	-15%
Tennessee	\$185	14%	\$387	20%	15%
Texas	\$188	17%	\$312	16%	-9%
Utah	\$416	38%	\$498	26%	-34%
Vermont	\$597	55%	\$811	42%	-25%
Virginia	\$354	33%	\$587	31%	-9%
Washington	\$546	50%	\$654	34%	-34%
West Virginia	\$253	23%	\$542	28%	18%
Wisconsin	\$517	48%	\$653	34%	-31%

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State	Maximum Monthly Benefit, July 1996	Share of 1996 Poverty Line	Maximum Monthly Benefit, July 2022	Share of 2022 Poverty Line	1996-2022 Change, Adjusted for Inflation
<b>Wyoming</b>	\$360	33%	\$781	41%	19%
<b>Median state</b>	\$377	35%	\$498	26%	-28%

<sup>a</sup> Massachusetts had a cash benefit increase that did not become effective until October 2022. The cash benefit level for a family of three is now \$783 with a -18 percent change between 1996 and 2022, adjusted for inflation. With the new cash benefit level, its share of 2022 poverty line is 41 percent.

For more detailed notes on state benefit levels and sources, please see our full report at <https://www.cbpp.org/research/income-security/increases-in-tanf-cash-benefit-levels-are-critical-to-help-families-meet-0>.