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June 30, 2026

Congressional Research Service

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R49012



R49012

June 30, 2026

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PRWORA at 30: TANF

The Temporary Assistance for Needy Families (TANF) block grant provides federal grants to the 50 states, District of Columbia, and territories (referred to collectively as “states”), as well as Indian tribes. While historically most associated with family cash assistance, TANF is a broad-purpose funding stream that helps jurisdictions provide a variety of activities such as early childhood education (including child care subsidies), tax credits for families with children, employment-related activities, child welfare services, youth initiatives, short-term benefits, out-of-wedlock pregnancy prevention, and responsible fatherhood and healthy marriage programs.

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA, P.L. 104-193), enacted in 1996, ended the preceding cash assistance program for needy families with children—Aid to Families with Dependent Children (AFDC)—and several related programs, folding their funding into the TANF block grant. This report is one in a series of CRS reports focused on PRWORA in light of the upcoming 30-year anniversary of its enactment.

The federal government first provided permanent federal funding to support state-run family cash assistance programs in 1935. Over the following decades, many reforms to this policy were considered and sometimes enacted; they were often related to concerns that providing cash benefits to single mothers might disincentivize paid work and marriage. In 1996, PRWORA transformed federal policy regarding family cash assistance and related activities by creating TANF. Some of the major changes introduced by this reform included

- establishing the new purpose for the block grant of increasing state flexibility in operating state programs;
- capping federal funding and fixing the allocation of funds to states and their required nonfederal contributions according to mid-1990s expenditure patterns;
- allowing funding to be used for a broader range of activities and services (“any manner that is reasonably calculated to accomplish” the TANF statutory purpose);
- placing a time limit on federally funded assistance; and
- allowing states to meet work performance standards through caseload reduction, unsubsidized employment, and specified job preparation activities.

The creation of TANF reflected policymakers’ concerns about the social conditions and cash assistance programs of the 1980s and early 1990s. Since the enactment of PRWORA, changes to federal TANF policy have been infrequent and often narrow in scope, leaving program funding and other policies largely unchanged. Over the same period, there have been significant changes to the social, economic, and demographic context of low-income families with children, while states have used the considerable flexibility provided under TANF to develop widely varying programs.

TANF funding levels generally remain tied to pre-1996 circumstances and have not been adjusted for subsequent circumstances such as inflation or shifts in state populations. As a result, federal and state-required financial contributions are fixed to historical spending patterns and vary considerably by state, the purchasing power of the TANF block grant has declined by half due to inflation since it was created, and states have experienced varying declines in federal support due to changes in state populations over time (e.g., as measured by federal funding per poor child in inflation-adjusted dollars).

TANF statute gives states considerable flexibility in designing and administering their TANF programs, including what activities are funded under TANF. While TANF is historically most associated with cash benefits, assistance (predominantly cash aid) accounted for less than 24% of federal and nonfederal expenditures in FY2024. As of December 2025, there were less than 924,000 families receiving TANF assistance nationwide, concentrated in a small number of states. Instead, the bulk of expenditures in most states is directed toward other types of benefits and services besides cash assistance. Most TANF requirements only apply when federal or nonfederal funds are spent on assistance to needy families with children. Fewer rules apply to the broader range of other activities that may be funded by either federal or nonfederal dollars under TANF, and data on who receives those other types of benefits and services are limited.

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Temporary Assistance for Needy Families (TANF) is a broad-purpose block grant that provides federal grants to the 50 states, District of Columbia, and territories (referred to collectively in this report as “states”), as well as Indian tribes. It is best known for helping jurisdictions fund cash assistance for needy families with children, but the bulk of its funding is used to support other activities such as early childhood education (including child care subsidies), state-level tax credits for families with children, employment-related activities, and child welfare services.

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA, P.L. 104-193), enacted in 1996, ended the preceding cash assistance program for needy families with children—Aid to Families with Dependent Children (AFDC)—and several related programs, folding their funding into the TANF block grant. PRWORA was the culmination of a policy debate regarding the provision of cash assistance to low-income families with children that had spanned decades. TANF represented a significant policy change intended to address policymakers’ concerns about cash assistance programs and the wellbeing of low-income families with children at that time.

Since 1996, changes to TANF policy have been infrequent and often narrow in scope. Meanwhile, there have been significant changes to the social, economic, and demographic context of low-income families with children, as well as large changes in how states have used TANF funding to serve this population.

This report provides an overview of TANF; reviews the history of federal support for family cash assistance, with a particular focus on how PRWORA fundamentally changed this form of policy; and highlights selected issues for Congress. It is part of a series of CRS reports that focus on programs affecting low-income children in light of the upcoming 30-year anniversary of PRWORA’s enactment. The other reports in the series are the following:

- CRS In Focus IF13261, *The Personal Responsibility and Work Opportunity Reconciliation Act of 1996*
- CRS Report R49011, *PRWORA at 30: SSI for Children with Disabilities*
- CRS Report R49014, *PRWORA at 30: Child Support Enforcement*
- CRS Report R49013, *PRWORA at 30: Child Care*

History of Family Cash Assistance¹

PRWORA ended the family cash assistance program that dated back to the New Deal era of the 1930s and established TANF, a broad-purpose block grant, as a replacement. In the 30 years since the creation of TANF, program-related legislative activity has primarily consisted of extensions to program funding and financing authority, while changes to policy have been infrequent.

Before PRWORA

During the Progressive Era of the early 1900s, state and local governments began providing pensions for fatherless families so that mothers could stay at home and care for their children. The Social Security Act (P.L. 74-271) in 1935 permanently authorized federal funding to support these efforts for the first time through the establishment of the Aid to Dependent Children (ADC) program. Federal law left program administration and many decisions about eligibility, benefits,

¹ For the more detailed history of TANF and family cash assistance that this section is based on, including sourcing, see CRS Report R44668, *The Temporary Assistance for Needy Families (TANF) Block Grant: A Legislative History*.

and other policies to the states. Subsequent changes to the ADC program (later renamed the AFDC program) often focused on addressing concerns that providing cash benefits to single mothers might disincentivize paid work and marriage. However, the history of the ADC/AFDC program touched many other facets of family and child well-being, including social services, foster care, medical assistance, child care, and child support.

Initial Changes: 1930s Through the 1960s

From establishment through the 1950s, changes to ADC and other Social Security Act programs, as well as demographic and socioeconomic trends, shifted who typically received ADC benefits from the children of deceased or disabled fathers to single-mother families where the father was alive but absent. The goals of attaining “self-support” and strengthening family life were added to ADC, along with funding for services intended to help recipients achieve these goals.

During the 1960s, the program was renamed to AFDC and altered to serve additional families and to more robustly encourage work. Legislation expanded benefit eligibility to more families (including those with two able-bodied parents, provided that one was unemployed), and introduced work programs, financial incentives, and work requirements for certain AFDC recipients. The Executive Branch and the Supreme Court overruled certain state practices that had restricted access to cash assistance (e.g., states would declare a home “unsuitable” for reasons like a child being born out of wedlock, or deny aid if there was a “man in the house” who was not the child’s father).

Considering Major Reforms: 1969 Through 1990

Over the following decades, major shifts in welfare policy were debated and a variety of contrasting approaches were considered. Some more universal approaches attracted initial attention. In 1969, President Nixon proposed replacing AFDC with the Family Assistance Plan (FAP), a version of a negative income tax (NIT) policy that would provide *guaranteed income* to families with no earnings that is gradually reduced in amount as earnings increase. Other NIT-like and *guaranteed jobs* proposals were also considered in the 1970s, but none were enacted.

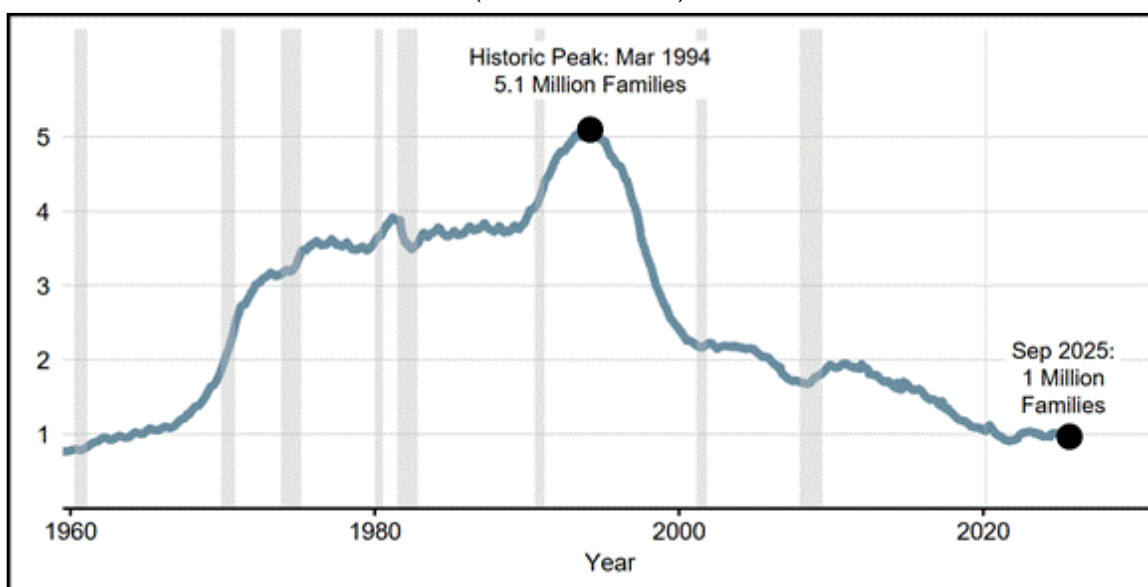
During the early 1980s, the Reagan Administration proposed policy changes intended to establish a “social safety net” limited to the “truly needy,” with the latter term generally defined as those unable to work for pay. The Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) reduced the AFDC program’s earnings disregard (incentive to work), restricted eligibility, and expanded states’ work requirement authorities.

Beginning in the mid-1980s, focus shifted toward supporting the incomes of parents who earned low wages. The Family Support Act of 1988 (P.L. 100-485) established the Job Opportunities and Basic Skills (JOBS) Training services program (employment services, education, and training); required JOBS participation for some AFDC adults; guaranteed child care for AFDC recipients engaged in work activities; and expanded access to child care and medical benefits to support families transitioning off AFDC to work. Subsequent legislation, enacted in 1990, established new sources of funding for child care, expanded the Earned Income Tax Credit (EITC) earnings subsidy program, and required states gradually to provide Medicaid health insurance eligibility to all poor children (when historically such coverage was generally tied to a family receiving AFDC). The federal government and states began cooperating in the 1980s on demonstrations under which federal AFDC requirements were waived to allow states to test alternative program models for encouraging work.

An End to the Welfare Reform Debates: The 1990s

In March 1994, AFDC receipt reached a historic peak of 5.1 million families (**Figure 1**). In the years around this, President Clinton and congressional Republicans developed a number of alternative welfare reform proposals with both shared and contrasting features.

Figure 1. Number of Families Receiving Assistance from TANF and AFDC: 1959-2025
(millions of families)



Source: CRS, based on data from the U.S. Department of Health and Human Services (HHS).

Notes: Shaded areas denote recessions. TANF replaced AFDC in 1996.

The Clinton Administration’s family cash assistance proposal included elements such as work requirements, time limits on assistance receipt without work, funding for child care and job training, and a ban on providing AFDC benefits to unmarried minor mothers.

Congressional Republican-driven proposals consistently included a broad-purpose block grant funding structure (reducing federal decisionmaking authority and allowing funds to be used on a range of activities), stricter work requirements, lifetime receipt limits, and restricting eligibility for noncitizens. House- and Senate-produced bills varied on details related to cash assistance such as prohibiting benefit increases when a new child was born to a family already receiving aid (“family cap”), barring benefits to unmarried minor parents, establishing discrete funding streams (e.g., for employment and training, contingency funding for economic downturns, supplemental funding for select states), funding distribution rules, maintenance of effort (MOE) requirements regarding what states must spend of their own funding to receive federal funding, and other topics.

In 1995, the House and Senate agreed on a budget reconciliation bill—which included a welfare reform package to replace AFDC with a TANF block grant and make other social policy changes—that was vetoed by President Clinton, who cited his opposition to changes to Medicare, Medicaid, the EITC, and child nutrition programs included in the legislation. After the veto of the budget reconciliation bill, Congress passed a stand-alone bill consisting of a slightly modified version of the welfare reform package, which President Clinton likewise vetoed in early 1996 citing various concerns over the child care and state-provided job services, health care coverage, and state and federal funding commitments and mechanisms included in the legislation. During

the spring and summer of 1996, a new welfare reform bill was developed that, among other revisions, addressed some of the issues highlighted by President Clinton. Congress passed this legislation, known as PRWORA, and on August 22, 1996, President Clinton signed it into law. The new law ended AFDC and created TANF.

PRWORA

PRWORA transformed federal policy regarding family cash assistance and related activities. TANF is described in more detail in the next section of this report, but some of the most significant changes from AFDC to TANF are highlighted below.

- AFDC’s purpose was primarily focused on enabling states to help parents and other relatives care for their children while pursuing the capability for self-support. TANF introduced a new purpose, “to increase the flexibility of states,” in administering programs designed to address various policy goals.² In addition to continuing the long-standing objectives of assisting families in caring for children and promoting work, TANF’s goals placed greater rhetorical emphasis on family structure concerns (promoting marriage, reducing out-of-wedlock pregnancies, and encouraging two-parent families). TANF also introduced statutory language about ending “dependence” on public benefits.
- AFDC and its related programs were primarily supported by open-ended, federal matching funds that were permanently authorized and annually appropriated. TANF predominantly involved fixed funding amounts such as the basic block grant with an end-dated authorization and appropriations.
- For AFDC and related programs, states were required to finance a share of expenditures at a varying rate positively associated with state per-capita income. Under TANF, states were required to expend a minimum amount based on their FY1994 spending levels or risk losing federal funding.
- PRWORA ended dedicated funding for cash assistance to needy families. AFDC and related programs limited federal reimbursement to a select few categories (cash assistance, administration, employment and training programs, and programs that addressed immediate emergency needs). Instead, TANF funding could be used on a much broader range of activities that were reasonably calculated to achieve its statutory purpose; cash assistance was permitted but not a condition for receiving federal funding.
- Under AFDC, individuals had certain legal protections related to assistance (e.g., fair hearing if a claim for aid was denied or not acted upon with reasonable promptness). Under TANF statute, individuals were not entitled to assistance.
- Under AFDC, there was no federal time limit on how long a family could receive cash assistance. PRWORA introduced a time limit on assistance tied to federal TANF funding.
- Before PRWORA, states had to meet benchmarks for engaging cash assistance recipients not already working full-time in employment, education, or training activities through the JOBS program. Under TANF, states could meet work performance standards through caseload reduction, unsubsidized employment, and specified job preparation activities.

² Section 401 of the Social Security Act.

Some elements did not change with PRWORA. For example, as was the case with AFDC, TANF programs were to be run by states (and sometimes localities), and they would determine the maximum benefits and set the income eligibility thresholds for cash assistance.

Since PRWORA

TANF policy has changed little over the past 30 years and largely dates back to PRWORA. The original funding provided in the 1996 law expired at the end of FY2002. Much of the legislative activity since then has been to extend funding for the block grant, though there have been a few other substantive changes to the law.

The Balanced Budget Act of 1997 (BBA97, P.L. 105-33) created a separate grant program providing \$3 billion in funding for work activities related to TANF, though that program never received any additional funding and was ended by FY2004. BBA97 also set a statutory limit on funding transfers from TANF to the Social Services Block Grant, allowed states to engage a greater share of recipients in education and training while still being able to count them as engaged in work, and made technical corrections to TANF and other aspects of PRWORA.

Between 2002 and 2004, several TANF reauthorization bills and related proposals were considered by Congress—including proposals from the George W. Bush Administration—but were not enacted. Eventually, TANF provisions were included in a reconciliation bill, the Deficit Reduction Act of 2005 (DRA, P.L. 109-171), that became law in February 2006. DRA included a long-term extension of TANF funding (through the end of FY2010), eliminated state performance bonuses created by PRWORA, established grant funding for healthy marriage and responsible fatherhood programs, and revised the TANF work standards (such as counting caseload reduction only from 2005—rather than 1995—toward states meeting TANF’s work participation standards).

In response to a major economic downturn, the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5) was enacted to provide various forms of economic stimulus and other policy changes. Regarding TANF, ARRA most notably provided \$5 billion in temporary supplemental emergency contingency funding that reimbursed states for 80% of the cost of increased expenditures for basic assistance, short-term emergency aid, and subsidized employment. Similarly, the American Rescue Plan Act of 2021 (P.L. 117-2) established a temporary \$1 billion fund to help states address the economic effects of the COVID-19 pandemic by providing nonrecurrent, short-term benefits to needy families.

Most recently, the Fiscal Responsibility Act of 2023 (P.L. 118-5) altered TANF work standards, effective in FY2026. States will now be given credit for caseload reduction since 2015, rather than 2005 (as established by DRA). States are also no longer able to count toward the work standards families receiving less than \$35 in monthly assistance benefits from separate state programs (a type of benefit countable toward states’ nonfederal spending requirements). It also requires states to report on employment outcomes and allows the U.S. Department of Health and Human Services (HHS) to conduct pilots in up to five states to test alternative TANF performance benchmarks related to work and family outcomes.

TANF Overview³

TANF is authorized by Title IV-A of the Social Security Act, as amended. At the federal level, TANF is administered by HHS. However, it is the states and tribes that provide TANF benefits

³ This section is based on the more detailed review of TANF funding and other policy elements in CRS Report R48413, *Temporary Assistance for Needy Families (TANF) Block Grant: A Primer*.

and services to families and individuals. TANF programs operate in all 50 states, the District of Columbia, Puerto Rico, Guam, and the U.S. Virgin Islands. Federally recognized Indian tribes may also operate TANF programs.

Financing

TANF is financed through both federal and nonfederal dollars in a manner rooted in the historical expenditures of the AFDC and related pre-TANF programs of the early to mid-1990s. Generally, funding levels have not been adjusted for post-1996 circumstances such as inflation, shifts in state populations, or changes in populations eligible for or receiving cash assistance.

Federal Funding

The *state family assistance grant* to states and tribes totals more than \$16.4 billion annually, which represents the bulk of federal TANF funding.⁴

- The allocations to each state are based on the peak of the federal share of expenditures in the pre-TANF programs during the FY1992 to FY1995 period.⁵
- Tribes that choose to operate TANF programs also receive funding based on pre-TANF expenditures, drawn from reductions in state family assistance grants.⁶

States may reserve unused family assistance grant dollars without a fiscal year limit for future use within TANF. At the time TANF was created, the ability for states to accumulate balances of unused grants was seen as one way of saving for unanticipated expenditures, such as increases in benefits that might accompany an economic downturn. At the end of FY2024, the total of accumulated unused funds for the 50 states and District of Columbia was just short of \$8 billion.

The TANF *contingency fund* was intended to provide extra funding for economically needy states in case the fixed annual funding of the basic block grant was not sufficiently responsive during economic downturns. PRWORA established an initial \$2 billion fund that was depleted in early FY2010. Since then, Congress has provided appropriations that continue the TANF contingency fund (e.g., \$608 million annually since FY2017). States are generally eligible for matching funds if they are (1) economically needy based on unemployment or Supplemental Nutrition Assistance Program (SNAP) participation measures, and (2) have TANF nonfederal expenditures that exceed pre-TANF spending levels. In recent years, most states have annually met the economically needy criteria through SNAP receipt levels, regardless of other economic circumstances. However, only those that met the higher spending requirement and applied for contingency funds actually received them (e.g., 15 states in FY2024).

Several other federal TANF funding streams that existed for various periods since the enactment of PRWORA no longer provide funding as of FY2026 (due to their expiration, repeal, or originally intended temporary nature).

⁴ The TANF statute sets aside 0.33% of the state family assistance grant appropriation (\$54.7 million) for research, evaluation, and technical assistance.

⁵ Puerto Rico, Guam, and the U.S. Virgin Islands receive state family assistance grant allocations based on the same formula as the 50 states and District of Columbia. However, the territories have also been subject to caps on the federal share of funding for both their pre-TANF and TANF programs. To help manage those unique financial constraints, PRWORA established an extra matching grant for the territories, which can be accessed if spending from their own funds exceeds FY1995 levels (§1108(b) of the Social Security Act).

⁶ In addition to tribal family assistance grants, tribes that operated employment and training programs under pre-TANF law are entitled annually to receive a combined total of \$7.5 million to operate tribal work programs.

Nonfederal Funding

TANF also requires a minimum amount of nonfederal dollars to be expended on TANF-related populations and activities for each state, in what is known as the TANF MOE requirement. Under TANF, nonfederal spending includes expenditures by state or local governments, as well as the value of third-party (e.g., charity) donations. For any shortfall in nonfederal expenditures, a state is penalized with a dollar-for-dollar reduction in its federal block grant. Each state's MOE requirement is based on its share of expenditures in its pre-TANF programs in FY1994, with adjustments depending on whether a state meets its work participation standard and whether any state funds are directed toward tribal TANF programs operating in the state. In FY2024, states were required to identify more than a minimum of \$10.5 billion in MOE expenditures, and in practice counted more than \$20.5 billion in MOE expenditures.

Broad and Flexible Use of Funds

TANF is a broad-purpose block grant that generally permits states and tribes to use federal TANF funds “in any manner that is reasonably calculated to accomplish” the TANF statutory purpose.⁷ Additionally, states may count toward the MOE requirement funds spent to achieve the statutory purpose of the block grant.

The TANF block grant's overall purpose is to “increase the flexibility of states” to meet four statutory goals:

- provide assistance to needy families so that children may remain in their homes;
- end the dependence of needy parents on government benefits through work, job preparation, and marriage;
- reduce out-of-wedlock pregnancies; and
- promote the formation and maintenance of two-parent families.⁸

TANF's permissive funding authority allows states to use TANF and MOE dollars to fund a wide range of activities such as assistance (e.g., cash assistance), child care subsidies, state-level tax credits for families with children, pre-kindergarten and/or Head Start programs, employment-related activities, child welfare services, youth initiatives, short-term benefits, out-of-wedlock pregnancy prevention, and responsible fatherhood and healthy marriage programs (including media campaigns). Federal TANF funds may also be used on *grandfathered* activities that were authorized under pre-TANF law but do not meet the criteria of helping achieve TANF's statutory purpose (generally, emergency assistance activities related to foster care, adoption, and juvenile justice). Assistance (primarily cash benefits) accounted for less than 24% of TANF and MOE expenditures in FY2024.

There are some limitations on the use of federal TANF funds. For example, state family assistance grant funds may be transferred to both the Social Services Block Grant (SSBG) and the Child Care and Development Fund (CCDF), but no more than 10% of a state's grant may be transferred to SSBG and no more than 30% may be transferred to the combination of SSBG and CCDF. Administrative expenses are limited to 15% of federal grant funds used (and 15% of nonfederal dollars counted toward the MOE). Federal TANF-funded activities to achieve the first two goals of TANF are restricted to needy families with children, though the state financial eligibility criteria may vary by activity (e.g., it may be more restrictive for cash assistance). In

⁷ Section 404(a)(1) of the Social Security Act.

⁸ Section 401 of the Social Security Act.

contrast, federal TANF dollars may fund activities addressing the third and fourth goals for a more general population without regard to economic need or the inclusion of children in the family.

Nonfederal dollars may generally be counted toward the MOE if they are used on *eligible families* (e.g., economically needy) for *qualified expenditures* (including state funds, local funds, or the value of cash and donated services from third parties, such as charities in a state). Pre-TANF expenditures help determine which nonfederal expenditures on which types of activities may count toward the MOE requirement.

Federal regulatory authority over state behavior under the block grant is limited by Section 417 of the Social Security Act:

No officer or employee of the Federal Government may regulate the conduct of States under this part or enforce any provision of this part [Part A, Title IV of the Social Security Act, or TANF] except to the extent expressly provided in this part [TANF].

In response, HHS in 1997 announced it would issue regulations in instances where explicitly directed to do so by statute or where the statute requires that HHS enforce penalties, such as reductions in block grants for not meeting a TANF requirement.⁹

Most TANF requirements apply when federal or MOE funds are spent on assistance to needy families with children. Fewer rules apply to the broader range of benefits and services that may be funded by either TANF or MOE dollars.

Assistance Requirements

“Assistance” under TANF is defined by regulation and primarily consists of traditional recurring cash benefits.¹⁰ TANF statute explicitly states that individuals are not entitled to assistance under TANF. As a block grant, most federal TANF policies apply to states, who in turn decide how they pass down any requirements onto individuals and families. For other program elements, federal statute is generally silent and such policies are wholly determined by states. As of December 2025, there were less than 924,000 families receiving TANF assistance nationwide.

Federal TANF law limits the provision of assistance to financially needy families with a dependent child or a pregnant individual, subject to noncitizen eligibility restrictions put into law through PRWORA. Benefits are generally provided on Electronic Benefit Transfer (EBT) cards that operate similar to debit cards (i.e., they can be used to make purchases or draw cash). States establish eligibility rules and determine benefit levels. As of July 2023, a single parent with two children had to have earnings below the federal poverty level in order to begin receiving assistance in all but two states, and below 50% of the poverty level in a majority of states.¹¹ Most states also set asset limits for families. Maximum monthly benefit levels for a single parent with two children varied from \$204 (Arkansas) to \$1,243 (New Hampshire) as of July 2023.

The primary federal work-related statutory requirement in TANF is a performance standard that state governments must meet or risk being financially penalized. Nominally, states are required to have 50% of all families and 90% of two-parent families engaged in work. There are detailed

⁹ HHS, “Temporary Assistance for Needy Families (TANF),” 62 *Federal Register* 224, November 20, 1997, p. 62127.

¹⁰ HHS has defined “assistance” as including “cash, payments, vouchers, and other forms of benefits designed to meet a family’s ongoing basic needs (i.e., for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses).” 45 C.F.R. §260.31(a)(1).

¹¹ In most states, the maximum-permitted earnings levels are higher for families once they are receiving assistance due to earnings disregard policies intended to encourage work for current recipients.

federal rules regarding what work activities count under what circumstances and how many hours must be completed for an individual to be considered as engaged in work. States are then generally free to determine the requirements for individual recipients and the sanction if an individual fails to comply. However, states may—and in practice do—meet the numerical work participation standards in a variety of ways, including by reducing the number of families receiving assistance, having adult assistance recipients in unsubsidized employment, or providing employment services, education, and training to nonemployed assistance recipients.

Other notable federal requirements related to assistance include the following:

- States may not use federal TANF funds to provide assistance to a family containing an adult or minor child household head who has already received a cumulative five years (60 months) of federally funded assistance. This five-year time limit does not apply to all family types, allows for federal funds to be used in cases of hardship (with limitations), and does not apply to state MOE funds.
- Families receiving TANF assistance are required to cooperate with their state’s Child Support Enforcement (CSE) program in a variety of ways, including by assigning (i.e., legally turning over their rights to) child support paid by noncustodial parents as reimbursements to the federal government and state for assistance payments. States have the option, subject to detailed federal rules, to pass through some or even all payments to families rather than retaining those collections.
- States are required to have certain protections in place for victims of sexual harassment and survivors of domestic violence, sexual assault, and stalking.

Issues for Congress

The creation of TANF in 1996 reflected concerns about the social conditions and cash assistance programs of the 1980s and early 1990s. Adult cash assistance recipients were often young single mothers caring for two or more children.¹² Policymakers at the time were interested in reducing cash-assistance receipt and encouraging employment among single mothers, as well as promoting changes in family structure. Beginning in the late 1980s, the AFDC caseload had substantially increased, partly attributable to the economic recession of that period. Teen birth rates had also begun increasing (after minimal change since the mid-1970s and declines in prior decades), and the shares of births to unmarried women and children being raised in single-mother households were at their then-historical highs (both had begun increasing in the 1960s or earlier).¹³

The context today differs in several ways from that in 1996, including the following:

- TANF assistance receipt is low relative to the pre-TANF assistance receipt levels of the late 20th century.¹⁴ The structure of TANF incentivizes states to reduce their

¹² For more information, see CRS Report R43187, *Temporary Assistance for Needy Families (TANF): Size and Characteristics of the Cash Assistance Caseload*.

¹³ For more information, see CRS Report R45184, *Teen Births in the United States: Overview and Recent Trends*; CRS Report R43667, *Nonmarital Births: An Overview*; and Census Bureau, “Historical Living Arrangements of Children,” Figure CH-1, December 2025, <https://www.census.gov/data/tables/time-series/demo/families/children.html>.

¹⁴ A combination of fewer families eligible for assistance and a lower rate of receipt of TANF assistance among those eligible is estimated to have resulted in this decline. For related analysis, see CRS Report R47503, *Temporary Assistance for Needy Families: The Decline in Assistance Receipt Among Eligible Individuals*.

- caseloads (e.g., to receive credit toward the work participation standards), and many states have done so.¹⁵
- Today, adult recipients of TANF are most commonly single, never-married mothers in their 20s or 30s and raising one child receiving benefits.¹⁶ Overall birth rates, particularly for teens, have fallen to the lowest levels on record.¹⁷ While the share of births to unmarried women continued to rise after 1996, it leveled off at about 40% of all births roughly 15 years ago.¹⁸
 - Single mother employment is at a near-historical high.¹⁹ Research suggests that many adult recipients were recently employed but with low earnings prior to enrolling in TANF.²⁰

Since the enactment of PRWORA, changes to federal TANF policy have been infrequent and often narrow in scope, leaving program funding and other policies largely unchanged. Over the same period, states have used the considerable flexibility provided by PRWORA to develop widely varying TANF programs.

TANF Funding

TANF funding through the federal basic block grant (state family assistance grant) and state MOE requirement is rooted in the historical expenditures of AFDC and the related pre-TANF programs of the early to mid-1990s. TANF locked in differences in spending levels between states that had developed under the open-ended, matching funds of its predecessor programs. **Figure 2** provides some context for each state's federal block grant and required MOE expenditures. It shows that the federal block grant and required state MOE expenditures per poor child varies by state, with states in the South tending to have lower minimum expected funding levels per poor child than those in the Northeast or along the Pacific Coast.

¹⁵ For more information, see CRS Report R48827, *Work Requirements: The Temporary Assistance for Needy Families (TANF) Work Standard and How States Met It*.

¹⁶ HHS, Administration for Children and Families (ACF), Office of Family Assistance (OFA), *Characteristics and Financial Circumstances of TANF Recipients, Fiscal Year 2024*, April 24, 2026.

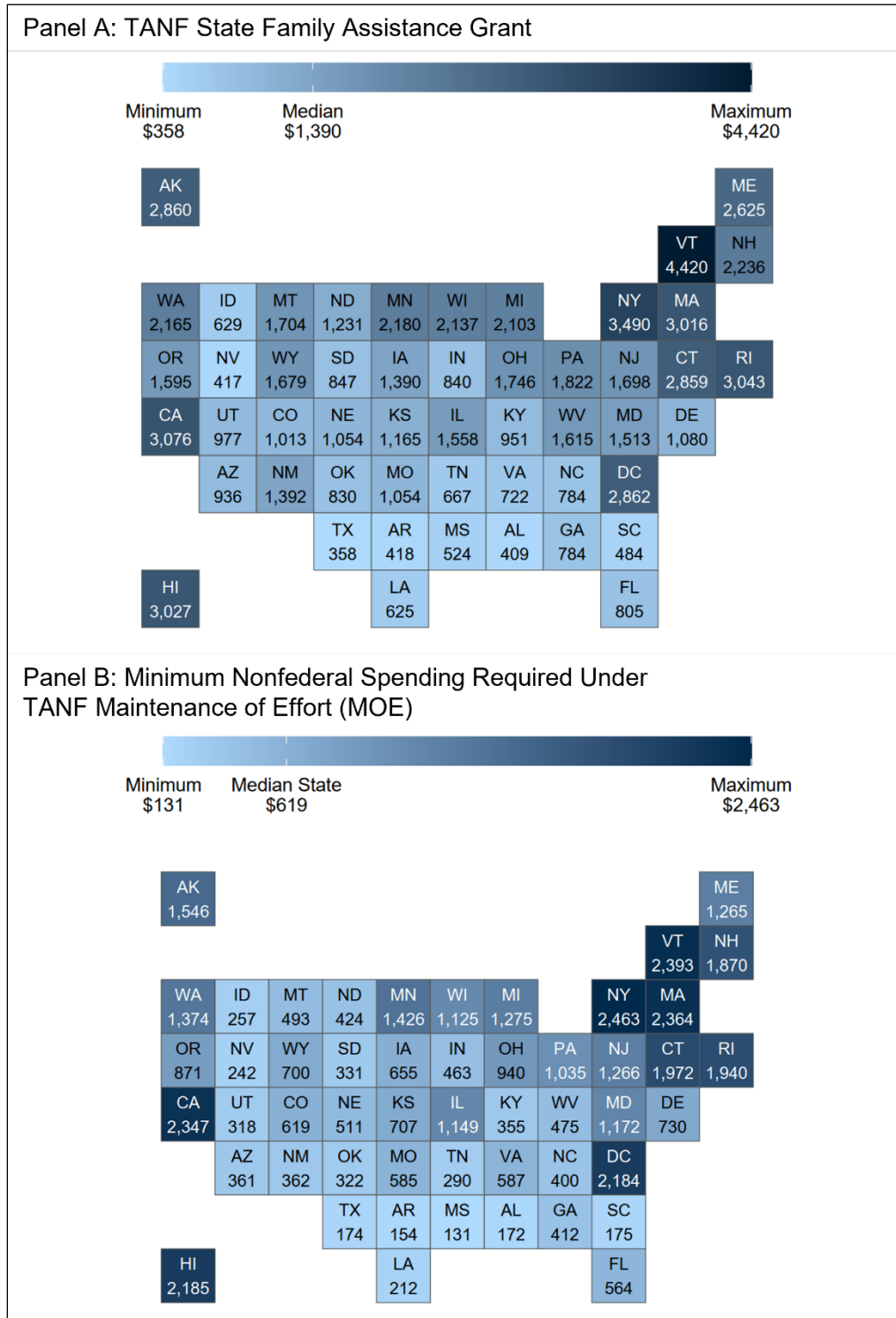
¹⁷ For more information, see CRS Report R45184, *Teen Births in the United States: Overview and Recent Trends*; and CRS Report R43667, *Nonmarital Births: An Overview*.

¹⁸ Michelle J.K. Osterman et al., "Births: Final Data for 2024," HHS, Centers for Disease Control and Prevention, National Center for Health Statistics, *National Vital Statistics Report*, vol. 75, no. 2, June 9, 2026, <https://stacks.cdc.gov/view/cdc/252440>.

¹⁹ CRS analysis of augmented Current Population Survey data maintained at the University of Minnesota through IPUMS. Sarah Flood et al. *Integrated Public Use Microdata Series, Current Population Survey: Version 13.0 [dataset]*, (Minneapolis, MN: IPUMS, 2025), <https://doi.org/10.18128/D030.V13.0>

²⁰ Research also indicates that families often apply for TANF in response to decreases in income (due to job loss, partner separation, family estrangement, etc.) or increases in expenses (e.g., birth of a child). Most TANF recipients have one or more barriers to employment (e.g., work-limiting disability or health condition, recent experience with domestic violence, lack of transportation). See Krysten Garcia et al., *Life on Welfare: Temporary Cash Assistance Recipients & Families, 2024*, University of Maryland School of Social Work, March 2025, p. 17; Heather Hahn et al., *TANF on the Brink of Change: Reflections of Mothers Receiving Cash Assistance in the District of Columbia*, Urban Institute, May 2018, p. 8; Kristin S. Seefeldt, "Serving No One Well: TANF Nearly Twenty Years Later," *The Journal of Sociology & Social Welfare*, vol. 44, no. 2 (June 2017), p. 16; and Institute for Research on Poverty at the University of Wisconsin-Madison, *Helping the Hard-to-Employ Transition to Employment*, Fast Focus No. 41–2019, July 2019.

Figure 2. TANF Block Grant and Required MOE Expenditure per Poor Child, by State: FY2024
(in dollars for the year)

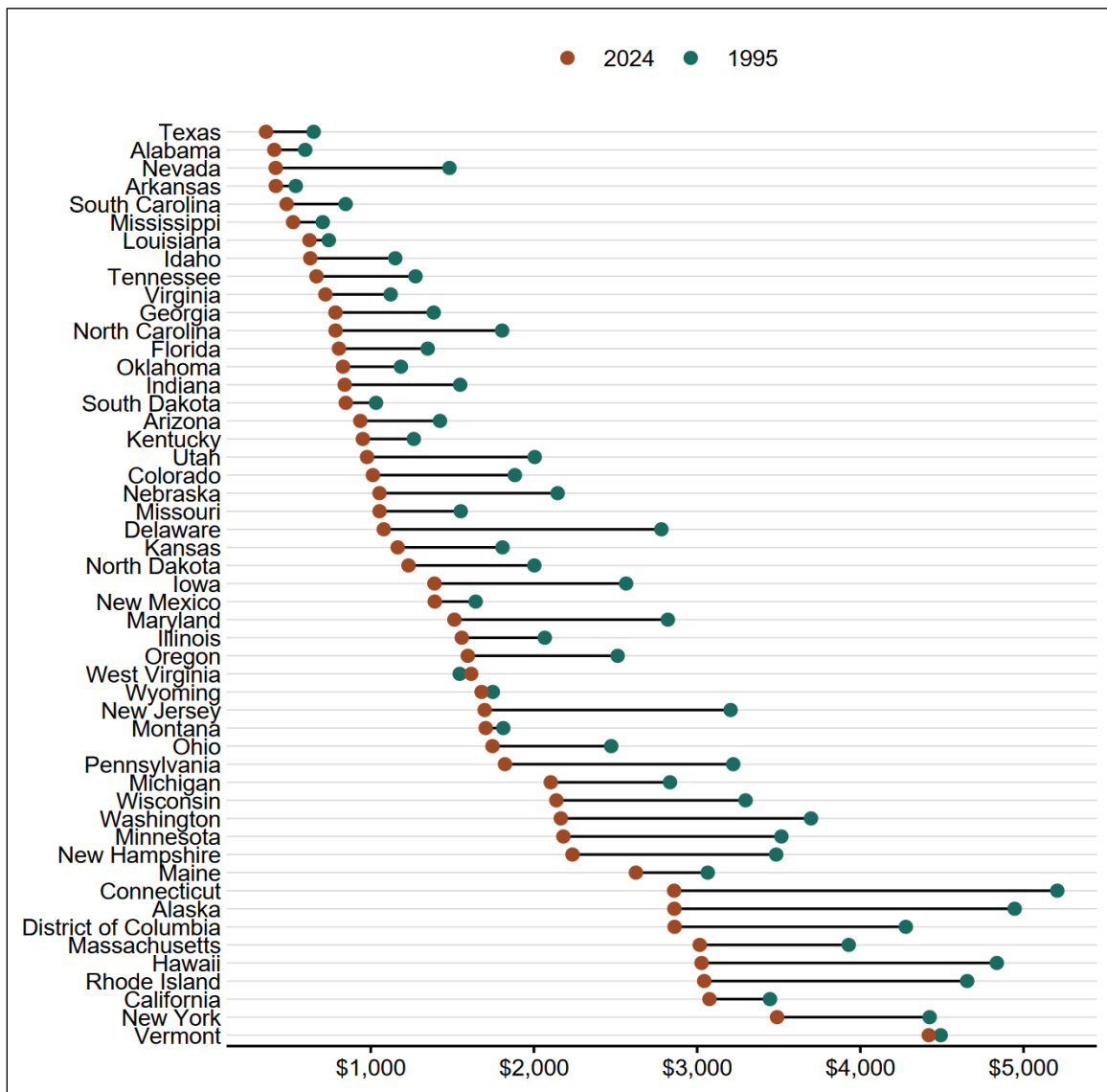


Source: CRS, based on data from HHS and the U.S. Census Bureau.

Notes: State child poverty data are from the Small Area Income and Poverty Estimates for 2024.

The TANF block grant amount and the formula by which it is apportioned among the states have generally gone unadjusted for changes in either national or state-level conditions since the early 1990s. Inflation has reduced the purchasing power of federal funding for TANF by half relative to the funding for the predecessor programs in FY1995. At the state level, there have been shifts in state populations, including among those more likely to be eligible for or receiving assistance. **Figure 3** compares the FY2024 state family assistance grant with the FY1995 federal funding for AFDC and related predecessor programs per poor child in inflation-adjusted (FY2024) dollars. Nearly every state has experienced a decline in the value of federal funding, but the rate of decline varies by state due to changes in each state’s population of poor children.

Figure 3. FY2024 TANF State Family Assistance Grant and FY1995 Federal Funding for Predecessor Programs Per Poor Child, by State
(FY1995 grants shown in inflation-adjusted FY2024 dollars)



Source: CRS, based on data from HHS, the Census Bureau, and the U.S. Department of Labor’s Bureau of Labor Statistics.

Notes: FY 1995 federal funding figures were adjusted for inflation using the Consumer Price Index for All Urban Consumers (CPI-U).

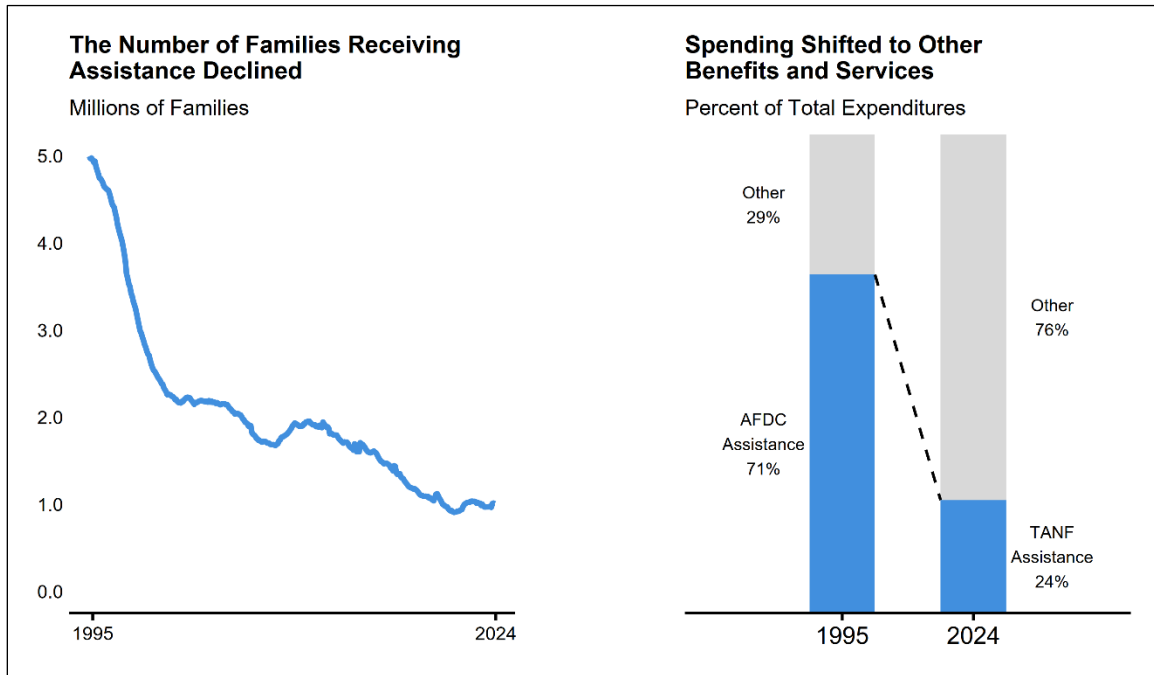
Even as the inflation-adjusted value of TANF funding has declined, states have accumulated large balances of unused basic block grant funding that can be used in the future solely under TANF (just short of \$8 billion by the end of FY2024). While these TANF balances may be potentially important financial reserves in case of economic downturn, many states’ balances are at near-historical highs relative to the size of their annual TANF expenditures or federal TANF funding.

Over the years, Congress has considered various changes to TANF’s financing mechanisms, such as increasing federal funding, introducing matching funding, revising how federal funding is allocated across states, or placing limits on states’ accumulation of unspent TANF funds.

TANF Activities

TANF statute gives states considerable flexibility in designing and administering their TANF programs, including what activities are funded under TANF. While TANF is historically most associated with cash benefits, **Figure 4** illustrates how assistance (typically cash) has declined and spending has shifted to other benefits and services since 1995.²¹ Less than 1 million families received assistance in a typical month, they were concentrated in a small number of states, and assistance accounted for less than 24% of TANF and MOE expenditures as of FY2024.²²

Figure 4. Families Receiving Assistance and Expenditures by Category: FY1995 and FY2024



Source: CRS, based on data from HHS.

²¹ See the “Broad and Flexible Use of Funds” section of this report for a list of many benefits and services provided under TANF besides assistance.

²² California and New York alone accounted for over half of the assistance caseload. Those states in combination with Massachusetts, Washington, Oregon, Ohio, Pennsylvania, and Florida accounted for three-quarters of all assistance recipients. See HHS, ACF, OFA, *TANF Caseload Data 2024*, December 2, 2025.

Notes: In 1996, Temporary Assistance for Needy Families (TANF) replaced the Aid to Families with Dependent Children (AFDC) program.

TANF statute incentivizes and enables states to reduce the number of people receiving assistance without regard to helping them secure employment or engage in work-related activities. Under TANF, states have generally met their work standards through reducing the number of families receiving assistance and assisting families with working members, not by engaging recipients who lack regular (unsubsidized) employment in work-related activities. (For additional analysis on this subject, see CRS Report R48827, *Work Requirements: The Temporary Assistance for Needy Families (TANF) Work Standard and How States Met It.*)

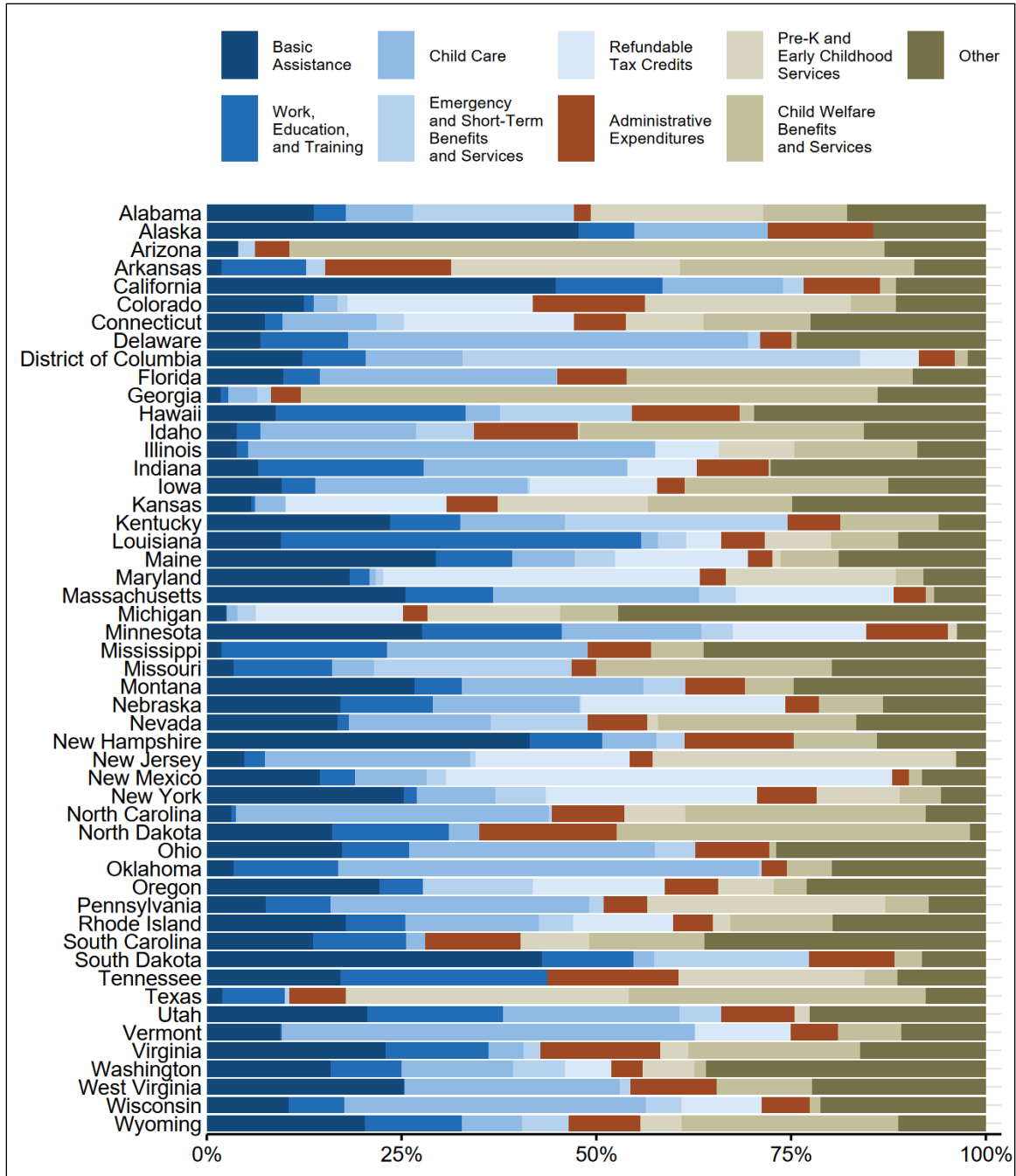
While TANF law requires states to provide information on those who receive assistance, there is limited reporting on the number and characteristics of families served by TANF funds used for services and benefits that are not considered assistance. Available reports indicate that non-assistance funding typically serves disadvantaged populations.²³ However, TANF rules are flexible enough that states have likely used some non-assistance spending to benefit individuals who are relatively more fortunate (e.g., college scholarships for “middle- and high-income individuals without children”).²⁴ Data on non-assistance activities are primarily limited to top-line accounting for how TANF funds are spent by type of expenditure. As shown in **Figure 5**, the patterns of expenditures have varied by state.

Over the years, Congress has considered numerous proposals to establish more rules about use of funds, including requiring states to spend a minimum percentage of funds on specified activities such as basic assistance, case management, work-related services and subsidies, child care, or nonrecurrent short-term benefits. There have also been proposals to establish federal parameters for establishing the financial eligibility of families for TANF-funded benefits and services, such as income at 200% of the federal poverty guidelines.

²³ Government Accountability Office (GAO), *Temporary Assistance for Needy Families: HHS Could Facilitate Information Sharing to Improve States’ Use of Data on Job Training and Other Services*, GAO-25-107226, February 24, 2025.

²⁴ HHS, ACF, OFA, “Strengthening Temporary Assistance for Needy Families (TANF) as a Safety Net and Work Program,” 88 *Federal Register* 67703, October 2, 2023, <https://www.federalregister.gov/documents/2023/10/02/2023-21169/strengthening-temporary-assistance-for-needy-families-tanf-as-a-safety-net-and-work-program>.

Figure 5. Uses of TANF Funds and Non-Federal Funds Counted Toward the MOE by States: FY2024



Source: CRS, based on data from HHS.

Notes: Includes TANF and MOE expenditures and transfers to the CCDF and SSBG. The “basic assistance amount” used here excludes expenditures on relative foster care maintenance payments and adoption and guardianship subsidies. Relative foster care maintenance payments and adoption and guardianship subsidies are classified as “child welfare benefits and services.”

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Acknowledgments

CRS Specialist in Social Policy Gene Falk contributed to this report.

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