# TANF

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## Summary


- **As the nation struggles through its current economic difficulties, TANF becomes increasingly important.**
- **Poverty is on the rise, and the poor are becoming poorer.**
- **In 2002, the number of families living in poverty increased.**
- **Just as the economic downturn has caused former TANF recipients to lose their jobs, lifetime limits on cash assistance are going into effect.**
- **Americans support TANF expansion.**
- **States have a number of options to improve TANF and strengthen the social safety net.**


**As the nation struggles through its current economic difficulties, TANF becomes increasingly important.**

The Temporary Assistance to Needy Families (TANF) block grant program was enacted by Congress in 1996 as a replacement for the previous welfare system. It was designed to move Americans from welfare to work, finding jobs for poor parents and reducing the number of families receiving cash assistance. TANF caseloads fell throughout the 1990s, largely because a robust economy generated millions of new jobs. But as the national economy fell into recession in 2001, state TANF programs were expected to hold up the social safety net.

**Poverty is on the rise, the poor are becoming poorer, and people of color are disproportionately affected.**

The poverty rate rose to 12.1 percent in 2002 from 11.7 percent in 2001, adding 1.7 million to the ranks of the poor. The number of people in poverty grew to 34.6 million last year, including 12.1 million children. Over the past few years, income disparities have widened, and the poorest families experienced the largest losses in income. By 2001, the average poor person had fallen further below the poverty line than at any time since 1979. Poverty levels for families of color were disproportionately higher. In 2002, nearly one in four African Americans (24.1 percent) and more than one in five Hispanics (21.8 percent) lived in poverty, compared to one in 12 non-Hispanic whites (8.0 percent). Blacks saw the largest increase in their poverty rate.[1]

**In 2002, the number of families living in poverty increased.**

The number of families in poverty increased from 6.8 million in 2001 (or 9.2 percent of all families) to 7.2 million (or 9.6 percent) in 2002. Almost 75 percent of children in poverty have parents who work, and these are the very families that TANF was intended to support.[2] Explanations for the rise in family poverty include extremely low wages, insufficient benefits, and the growing unemployment rate. The jobless rate of low-income single mothers rose faster than the overall rate between 2000 and 2002, averaging 12.3 percent last year.[3]

**Just as the economic downturn has caused former TANF recipients to lose their jobs, lifetime limits on cash assistance are going into effect.**

Former TANF recipients, even the "success" stories, are the first to lose their jobs in an economic downturn. They have the least job seniority and hold the most expendable positions. Just when poor families most need support, the five-year lifetime limit on cash assistance is taking effect. Thirty-seven states have TANF lifetime limits that have gone into effect already, while only seven states have no lifetime limits on cash assistance.

**Americans support TANF expansion.**

According to an August 2001 survey by the Feldman Group, 67 percent of American voters support adjusting TANF to help people improve their education and learn new skills, in order to earn enough money to move out of poverty, a policy also favored by a majority of Republicans (56 percent). Ninety-five percent favor allowing TANF recipients to fulfill their work requirements through education and training. Respondents also saw the value in suspending work requirements for TANF recipients who are primary caretakers of young children. Seventy-one percent want to allow a parent with a child under three to receive cash assistance in order to stay home with the child, and 64 percent support a proposal to give cash assistance to parents with children younger than six.

**At no cost to the state, At-Home Infant Care is an option that allows parents the flexibility to care for their young children at home.**

Two states, Minnesota and Montana, operate TANF-funded At-Home Infant Care (AHIC) programs. AHIC allows qualifying parents to stay home with young children while receiving 90-100 percent of the childcare subsidy the state would otherwise pay if those parents were employed. The program helps young children get the parental attention and affection they need to ensure proper physical and emotional development, and acknowledges that caring for infants is a full-time job.

**States also have other options to improve TANF and strengthen the social safety net.**

States can:

- Extend time limits for assistance under TANF and / or use state maintenance of effort funds to provide cash benefits to families who are cut off from federal funding.

- Invest in low-wage workers and laid-off workers by allowing them to obtain additional education and training *and* count the education programs as a work activity under TANF. Education will help workers find new, better jobs so they can become economically self-sufficient.

- Address shortfalls in state unemployment insurance programs that deny eligibility to many of the newly unemployed.

- Adopt or expand state Earned Income Tax Credit (EITC) programs that target the working poor.

- Take advantage of various new state options under the food stamp program, which is primarily paid for by federal funds.

**Endnotes**

[1] Economic Policy Institute, "Income Picture," September 2003.

[2] Children's Defense Fund, "The State of Children in America's Union," 2002.

[3] Economic Policy Institute, "Falling Through the Safety Net: Low-income Single Mothers in the Jobless Recovery," April 2003.

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*For more information...*

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### Center for Law and Social Policy
1015 15th Street NW, Suite 400
Washington, DC 20005
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www.clasp.org

### Children's Defense Fund
25 E Street NW
Washington, DC 20001
202-628-8787
www.childrensdefense.org

### National Conference of State Legislatures
444 North Capitol Street NW, Suite 515
Washington, DC 20001
202-624-5400
www.ncsl.org

### Welfare Information Network
The Finance Project
1000 Vermont Avenue NW, Suite 600
Washington, DC 20005
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# At-Home Infant Care Act

**SECTION 1. SHORT TITLE**

This Act shall be called the "At-Home Infant Care Act."

**SECTION 2. FINDINGS AND PURPOSE**

**(A) FINDINGS –** The legislature finds that:

1. Young children need as much parental attention and affection as possible to ensure proper physical and emotional development.

2. Current state laws do not provide a practical opportunity for TANF recipients to stay home and take care of their young children.

3. The state should adopt an At-Home Infant Care program similar to those operated in Minnesota and Montana.

**(B) PURPOSE –** This law is enacted to improve the health and welfare of young children by allowing TANF recipients to act as full-time caregivers for their young children.

**SECTION 3. AT-HOME INFANT CARE**

After section XXX, the following new section XXX shall be inserted:

**(A) DEFINITIONS** – In this section:

1. "Parent" means a birth parent, stepparent, adoptive parent, foster parent, or guardian who is acting *in loco parentis*.

2. "Secretary" means the Secretary of the Department of [Social Services], or the Secretary's designee(s).

**(B) AT-HOME INFANT CARE PROGRAM**

1. The Secretary shall operate an At-Home Infant Care program for qualifying low-income families to receive a payment in lieu of childcare assistance when a parent provides full-time childcare for the family's infant under two years of age.

2. In order to qualify for the At-Home Infant Care program:

a.The family must be at or below 150 percent of the federal poverty level.
b.The family must not have previously received a total of 24 months of At-Home Infant Care assistance under this section.

c. The family must have fulfilled the following work requirements for one out of the three months prior to entering the program:
(1) 120 hours a month for two-parent families, which may be the contribution of one or both parents;
(2) 60 hours a month for single-parent families; or
(3) 40 hours a month for single-parent families who are attending postsecondary education or training.

3. A parent must be 18 years of age or older or, if under 18 years of age, have received a high school diploma or its equivalent.

4. The maximum rate of assistance allowed is equal to the amount of childcare assistance for infant family care for the appropriate district, as established by the Secretary by regulation. The family may not receive childcare subsidies for any other children in the family.

5. Family members may participate in education and work activities as long as one or both parents provide care full time for the infant.

6. The Secretary shall, by regulation, establish procedures for the program.

**(C) FUNDING**

Childcare payments through the At-Home Infant Care program shall be funded by available moneys from federal or private sources, and any state appropriations specifically for that purpose.

**SECTION 4. EFFECTIVE DATE**

This Act shall take effect on July 1, 2004.