
FISCAL TOPICS

Fiscal Services Division

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Temporary Assistance for Needy Families (TANF)

Summary

[Temporary Assistance for Needy Families \(TANF\)](#) is a federal block grant program that provides money to states for the purpose of supporting families in need. The grant is distributed by the Administration of Children and Families and was established in 1996 by the [Personal Responsibility and Work Opportunity Reconciliation Act \(PRWORA\)](#). In the State of Iowa, the TANF program is administered by the Iowa Department of Health and Human Services (HHS).

Background

TANF replaced Aid to Families with Dependent Children (AFDC), which was created by the [Social Security Act of 1935](#). With the passage of AFDC, Congress authorized the federal reimbursement of a certain portion of a state's expenditures without any ceiling on the total amount. Concerns over the delivery and requirements of AFDC led to the development of TANF in 1996, which fixed the amounts of money states would receive each year as opposed to providing a limitless amount of matched federal assistance.

TANF receives \$16.500 billion in federal funds per year. The appropriated amount has not changed since 1996, meaning that states have received a fixed amount from the TANF block grant annually since its adoption.

TANF was designed with four broad purposes that states could use resources to address:

- Provide assistance to needy families so that children can be cared for in their own homes or in the homes of relatives.
- End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage.
- Prevent and reduce the incidence of out-of-wedlock pregnancies.
- Encourage the formation and maintenance of two-parent families.

Maintenance of Effort (MOE) Spending and Work Participation Rates (WPR)

In order for states to be eligible for TANF block grant moneys, states must allocate some of their own moneys toward "maintenance of effort" (MOE) spending. The MOE spending amount that a state is required to match is equal 80.0% of the state's contributions to AFDC-related programs in 1994; this requirement can be reduced to 75.0% if the state meets specific Work Participation Rate (WPR) requirements.

More Information

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The WPR is the percentage of TANF recipients in a state who work an approved number of hours per week. For single parents with children under the age of six, the requirement is 20 hours of approved work-related activities per week. This requirement is 30 hours per week for single parents with children aged six or older and 35 hours per week for two-parent families. The PRWORA requires that at least 50.0% of single-parent families and 90.0% of two-parent families in a state complete the approved work-related activity hours weekly in order for the state to be eligible for the reduced MOE requirement.

Most states are eligible for the reduced MOE requirement due to their Caseload Reduction Credit (CRC). This credit reduces the WPR target that a state must reach by 1.0% for every 1.0% reduction in the state's TANF caseload when comparing the current caseload to the caseload of the selected base year. The original base year established in the PRWORA was 1995. Adjustments to the base year have been necessary to prevent the national trend of decline in TANF caseload levels from affecting individual states' CRC. The base year was at one point adjusted to 2005, before most recently being adjusted to 2015 with the passage of the [Fiscal Responsibility Act of 2023](#).

Family Investment Program (FIP) in Iowa

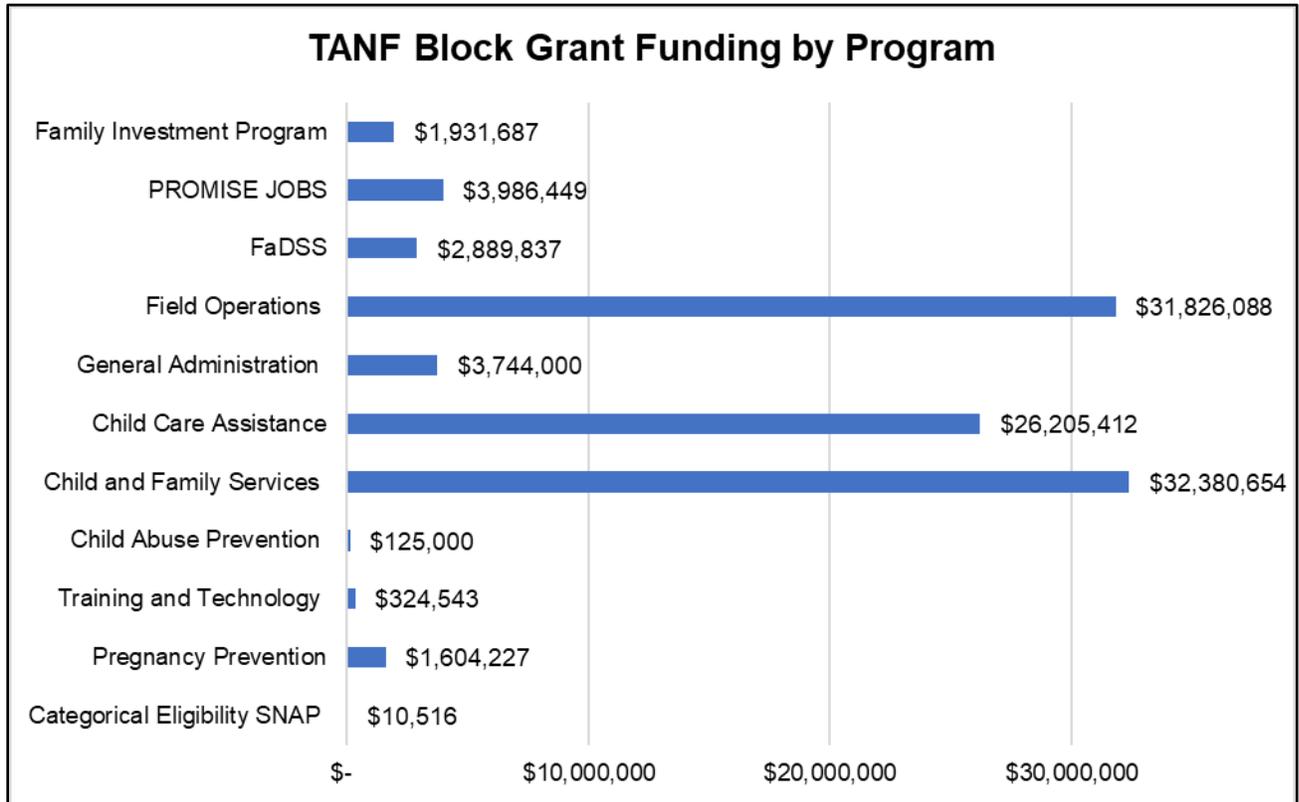
Iowa's TANF cash assistance program is the Family Investment Program (FIP), which has a lifetime limit for recipients of 60 months unless recipients are granted a hardship extension. Iowa enacted the FIP in 1993 to replace the AFDC program as part of the State's welfare reform initiative. Since Iowa's welfare reform initiative preceded welfare reform measures on the federal level, Iowa's program initially operated under a federal waiver. After the passage of the PRWORA, Iowa's program has been funded by the TANF block grant. The TANF work program for Iowa is called Promoting Independence and Self-Sufficiency Through Employment, Job Opportunities, and Basic Skills (PROMISE JOBS).

In state fiscal year (SFY) 2022, Iowa was allocated \$105.0 million from the federal TANF block grant. Moneys from the TANF block grant also fund the following programs: Child Abuse Prevention, Child Care Assistance, Child and Family Services, Family Development and Self-Sufficiency Program (FaDSS), Family Self-Sufficiency Grants, Pregnancy Prevention, and Refugee Cash Assistance. In FY 2022, the FIP and PROMISE JOBS were appropriated \$41.0 million from the General Fund HHS Assistance Payment appropriation and \$49.8 million from the federal funding HHS Assistance Payment appropriation.

Iowa has met the WPR requirements necessary to be eligible for the reduced 75.0% MOE spending requirement. In the State of Iowa, the programs that help fulfill MOE spending requirements are Two-Parent Families Receiving FIP, PROMISE JOBS Expense Allowances, FaDSS Program for FIP Families, and Child Care Assistance. Limited portions of the spending for the TANF Child Care Assistance for Working Non-FIP Families program and the Earned Income Tax Credit (EITC) also help fulfill MOE spending requirements.

Figure 1 displays the distribution of Iowa’s TANF block grant funding for FY 2022 across the various funded programs.

Figure 1



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