

TANF and COVID-19: Actions that state TANF agencies should take

Center for Budget and Policy Priorities

The short and longer-term broad economic dislocation that will result from the COVID-19 pandemic will require a large response of economic assistance to individuals and families. This will require significant action from Congress to provide additional aid to states, businesses, and individuals, beyond the package that passed the House on March 13. The income support needs of so many impacted families will, of course, be far beyond what the TANF block grant can or should cover, but there are steps that states can take to ensure that TANF cash assistance is available to eligible families and to provide immediate short-term emergency assistance to TANF recipients or other low-income families. Helping the very poorest families meet their basic needs and retain housing is part of the critical public health response of social distancing.

The President has declared a national emergency and governors have issued [emergency declarations](#) in nearly all states. This recognition may allow state agencies to be more flexible and quick-acting to take actions responding to COVID-19 impacts.

Here are some options primarily focused on TANF cash assistance applicants and recipients that state TANF agencies should consider. The focus here is immediate actions states can take so that families can receive TANF benefits or emergency assistance. This memo also includes a discussion about why federal statutory requirements do not bar a state from taking the actions suggested.

1. Suspend TANF work requirements

As businesses and schools close and governments are imposing public health social distancing measures, requiring TANF recipients to participate in work activities simply does not make sense. Parents may need to remain home to care for a sick family member or children out of school, or they may face work placement disruptions. It certainly is not a time for job search or group work activities. There can be broad and bipartisan agreement on this. In a [recent post](#), Angela Rachidi of the American Enterprise Institute, a conservative voice on TANF, called on states to “review and temporarily relax their work requirements.”

States should have flexibility under state and federal laws to take such an action. States generally recognize good cause for excusing participation in work activities and a state arguably could make a blanket determination that the COVID-19 direct or indirect impacts constitute good cause across the board. Individual good cause determinations could also be made, but such an approach would send the message that meeting work participation requirements is still expected, with some exceptions. This would add an unnecessary administrative burden to agencies that will be stretched thin and would undercut public health social distancing efforts.

2. Moratorium on TANF sanctions

If TANF recipients cannot participate in work activities, they have good cause and should not be sanctioned. *Any actions to reduce or terminate benefits for noncompliance with work activities should be halted.*

And those who are in sanction status, whether a period of reduced benefit or disqualification, will not be able to comply with requirements to come into compliance. Exactly what actions a state could take to reinstate families may vary depending on the design of state sanction policies, but a state should restore benefits to the extent possible. This should include lifting benefits to those with reduced benefits, and not accelerating any sanctions based on continued noncompliance (since coming into compliance is not possible). States should also consider reaching out to those families where the entire family has been sanctioned and the case has been closed and are within a disqualification period; these families should be informed of suspension of work requirements and sanction and given an opportunity to reapply.

3. Moratorium on TANF terminations

States should suspend all TANF terminations, or at a minimum, terminations related to sanctions, time limits, and procedural requirements. Reasons to suspend sanction terminations are discussed above. Time limit terminations are not appropriate when there is no opportunity for families to obtain employment in this public health emergency. Most states have time limit extension bases that may already cover exigent situations, or could add them, using emergency authority if needed. Terminations for failing to meet procedural or paperwork requirements including at renewals should also be suspended. This is not a time in which families should be making trips – often on public transportation – to human service agency offices, waiting in crowded waiting rooms, or otherwise increasing unnecessary interactions.

4. Consider only continuing income for eligibility and benefit amount

For TANF applicants and recipients, eligibility and benefit amount should be considered using only income that is expected to continue. If a worker no longer has the income because they are unable to work, it should not be a barrier to receiving benefits. Many states should already have such policies and changes may not be needed, although clarification and guidance emphasizing this would be useful, perhaps as part of instructions covering a range of COVID-19 related information to caseworkers.

5. Eliminating barriers to entry (or re-entry)

As the most marginalized workers get pushed out of the workforce, TANF may be the primary income support assistance available to them and it is important that state agencies lift barriers to applying for assistance. Face to face interview requirements should be dropped for both applications and renewals. Any front-end job search or other work requirements, including group orientations that applicants must meet before benefits can be approved should also be suspended. Families who have previously been cut-off due to sanctions or reaching time limits should be able to reapply and be awarded benefits without the prior sanction or time limit action being a bar from receiving assistance.

6. Provide one-time payments to all TANF families

Many economists have urged that direct financial assistance to families and individuals is an essential action to take now and Congress should broadly provide such payments. But meanwhile, TANF families are even more acutely in need of additional direct financial assistance. They are not in a

position to be stocking up on food or extra household items such as toilet paper or cleaning supplies. Even with important actions to provide supplemental food assistance, families will be facing extra needs, often with reduced income. One immediate action that states could take is to send a one-time extra payment, for example, \$500 per family, to all families receiving TANF cash assistance as of certain points in time, for example, in March or April. States fiscal and legal ability to do so may vary, but particularly states with significant unspent TANF funds, should have the fiscal capacity to provide extra resources to families.

7. Provide more emergency assistance or other one-time payments

Many states have some type of TANF-funded emergency assistance, which is often based on an individualized assessment of the reason for and the extent of the emergency need. It could suspend individualized determinations for why an emergency exists; there is a nationwide emergency. A state could increase funding for the program. It could increase the maximum payment available to a family. Many states also have a diversion cash assistance program that can provide a one-time lump sum payment for families applying for TANF in lieu of ongoing benefits.

States could beef up, expand, and streamline existing programs – or create new programs – so as to provide extra funds to struggling families. An advantage of using existing emergency assistance or diversion programs is that they already exist and could be more quickly tweaked or expanded. These programs providing short-term nonrecurrent benefits could serve a broader population than TANF recipients so long as it is serving needy families. (See CBPP memo [Using TANF Funds to Support Families Impacted by COVID-19](#).) Here too, states with unspent TANF funds may have more fiscal capacity but expanding emergency assistance programs may be something that states can do administratively without needing additional legislative authority.

Federal time limits and work requirements should not be a barrier to states suspending work requirements and halting terminations and sanctions

Under the TANF block grant, states have great flexibility over spending, eligibility, and choices around time limits and work requirements. States, however, may face a fiscal penalty if they fail to comply with certain requirements or prohibitions, and typically are most focused on not failing to meet the TANF work participation rate. Concerns about potential fiscal penalties may contribute to hesitant or weak state responses. It is important to push back on state concerns here and there are strong arguments to make. Most states are far from facing any penalty even if they take these actions, and in any event, federal TANF law and rules provide for relief from penalties based on reasonable cause or extraordinary circumstances. *Reasonable cause includes “[n]atural disasters and other calamities (e.g., hurricanes, earthquakes, fire) whose disruptive impact was so significant as to cause the State’s failure.” 45 CFR 262.5.* Any TANF penalty incurred due to a state response to the COVID-19 pandemic should qualify for relief under this criteria.

- *Time limits:* Federal law bars states from using federal TANF funds to provide assistance to a family that includes an adult that has received benefits for more than 60 months, except that states can serve up to 20 percent of the caseload with federal funds beyond 60 months. Most states have many fewer families beyond 60 months than this 20 percent cap. In any

event, states could simply use state funds (segregated within its TANF program) that it can count toward its MOE requirement should it be concerned. And should it face a penalty, it can claim penalty relief based on reasonable cause penalty relief or avoid paying the penalty by meeting a corrective compliance plan.

- *Sanctions*: Federal law requires that a state impose sanctions on an individual who refuses without good cause to participate in work activities. But a state would not run afoul of this requirement if it suspends work requirements or if it determines that there is good cause for not complying with them. In fact, a state could face a penalty if it sanctions a single parent with a child under age six when child care is not available, which may be the situation if child care centers are closed. Finally, here too if a state faced a penalty, it could claim penalty relief based on reasonable cause or avoid paying the penalty by meeting a corrective compliance plan.
- *Work participation rate (WPR)*: Under TANF, a state must have 50 percent of all work-eligible individuals participating in a set list work activities for a required number of hours each week, although this 50 percent target can be reduced based on caseload decline since 2005 (known as the caseload reduction credit). In part due to significant caseload decline, most states have a much lower target rate, and many states have a zero target rate. For 2018, [the most recent 50-state data that is available](#) shows all but one state met their work rate target, and all but a handful of states of states exceeded the target for all families by more than 10 percentage points. States must also meet a higher 90 percent rate for two-parent families and this target is also reduced based on caseload decline. Because this higher two-parent rate is difficult to meet, half of states have chosen to serve two-parent families outside of the TANF/MOE structure. And any event, any penalty for failing to meet the two-parent rate is fairly small as it is pro-rated reflecting the share of the caseload that are two-parent families.

If a state fails to meet the work participation rates, it has a broad range of penalty relief options including reasonable cause, due to extraordinary circumstances, and coming into compliance under a corrective compliance plan.