Financing of Safety Net Programs
TANF (Temporary Aid for Needy Family)

Colloquially known as welfare
- Initially established for widows of Civil War veterans
- Evolved to include widows raising children, then all qualifying low-income families
- AFDC (Aid to Families with Dependent Children) in 60s~70s

AFDC turned into TANF in 1996
- Welfare programs no longer run by the federal government
- State receives federal block grants and runs state welfare programs
- State must spend its own local funds in accordance with the Maintenance of Effort requirement to receive federal welfare block grants

Problems with federal government funding rules
- Block grant set to the 1996 rate at $16.6 billion and has not increased since
- States only need to spend 75% of what they spent in 1994
- Funds for TANF are not required to be delivered in the form of money to poor families

Annual state and federal TANF funds are about $30 billion
- Only 26% goes directly to poor families, 9% prevents single mother pregnancies
- 7% goes to Work First programs, 7% for administration and systems

Example of CalWORKS in California
- 2013: 46% of welfare funds went to low-income families
- TANF is unsuccessful in being an anti-poverty welfare program as the maximum benefits keep recipients under the poverty line

<table>
<thead>
<tr>
<th>(As of August ’14)</th>
<th>Maximum CalWORKS</th>
<th>Maximum food stamps</th>
<th>Total maximum benefits</th>
<th>% of poverty line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mother and 1 child</td>
<td>$569</td>
<td>$357</td>
<td>$926</td>
<td>70%</td>
</tr>
<tr>
<td>Mother and 2 children</td>
<td>$704</td>
<td>$511</td>
<td>$1,215</td>
<td>73%</td>
</tr>
<tr>
<td>Family of 4</td>
<td>$840</td>
<td>$649</td>
<td>$1,489</td>
<td>74%</td>
</tr>
</tbody>
</table>