

State and territory TANF policies for providing monthly cash benefits to families with children

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Monthly cash assistance is a core component of the Temporary Assistance for Needy Families (TANF) program, helping states and territories fulfill two of TANF's statutory purposes: (1) Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; and (2) End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage.ⁱ Beyond meeting families' immediate material needs, cash assistance supports children's healthy development and overall well-being. For example, research shows that economic supports like TANF act as a "protective factor" that can prevent families from becoming involved in the child welfare system.ⁱⁱ

This brief summarizes state and territory variation in monthly cash benefit amounts, earned income disregards for unemployed or underemployed cash assistance recipients, and child support pass-through and disregard policies. It also describes variation across time for monthly cash benefits.¹ It is intended for two audiences – (1) TANF administrators who want to know how their monthly cash benefits and related policies compare to other states and territories, and (2) researchers and policymakers who want to understand the state and territory context to inform their analyses of how the variation across states and territories relates to TANF's performance on various outcomes such as employment or referrals to child welfare.

TANF provides cash benefits to two groups of families—families with children (single or two-parent) and "child only" families, where only the children receive assistance. The latter group includes children cared for by non-parent relatives, those with parents receiving Supplemental Security Income (SSI), and those with parents not

TANF Purposes

TANF is an annual block grant that provides funds to states, territories, D.C., and federally recognized Indian tribes for providing income support and a range of services to families with children. Federal statute requires that activities funded by TANF must accomplish one or more of the program's four broad purposes:

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

Social Security Act (1996), 42 U.S.C., Sec. 401

¹ For simplicity, Washington, D.C. is included in counts and references to "states" in this analysis when summarizing state-level TANF policies and outcomes.

eligible to receive assistance from TANF for certain reasons other than income such as being sanctioned for non-compliance with program requirements or because of their citizenship status. For parents receiving TANF, monthly cash benefits serve as both a financial support and a connection to employment services and work supports.ⁱⁱⁱ Most parents receiving TANF cash assistance and some who are not included in the assistance unit (e.g., parents who are sanctioned for non-compliance) are “work-eligible individuals” who are required to participate in activities like job search, subsidized employment, or occupational training, to receive monthly cash benefits.² The cash benefits allow these work-eligible individuals to have a steady income while pursuing work, training, and education to achieve self-sufficiency.

While all states and territories provide monthly cash benefits, they have broad discretion over benefit levels and related policies that affect benefit levels. The amount of cash income a family receives from TANF also depends on policies such as earned income disregards, and child support pass-through and disregards.³ **Earned income disregards** are policies that allow families to retain some or all of their cash benefits by disregarding some of the parent’s earnings when they find a job or increase their hours or wages. **Child support pass-through and disregard policies** permit states and territories to send child support payments made by non-custodial parents directly to the family; when those payments are disregarded, they do not reduce the amount of cash assistance for which a family is eligible.

The flexibility built into TANF has led to significant variation across states and territories in the maximum monthly cash benefit, the amount of earned income that is disregarded and for how long, and the amount of child support that is passed through and disregarded. Under the Aid to Families with Dependent Children (AFDC) program, which was replaced by TANF in August 1996, maximum cash benefits varied substantially across the states and territories but earned income disregards and child support pass-through and disregard policies were determined by federal requirements, making them uniform. The greater flexibility states and territories have under TANF has led to increased variation over time as some states have increased benefits regularly while others have allowed them to stagnate or decline.⁴

This brief examines:

- The amount of monthly cash benefits that states provided to families in 2024 and how those amounts have changed since 1996;
- How states provide financial support for recipients who find work or increase their earnings through earned income disregard policies; and
- State policies on child support pass-through and disregards.

² States can decide on a case-by-case basis whether to include parents receiving SSI.

³ In addition to monthly cash assistance, states may also provide families with Non-Recurrent Short-Term Benefits (NRSTs), which are one-time or time-limited payments (no more than four months) designed to address specific short-term needs. These benefits are exempt from some federal rules that apply to monthly cash benefits, like work requirements and the federal 60-month time limit on assistance. We do not include NRSTs in this analysis because they are not provided to families monthly and because data on states and territories’ NRST policies is not systematically collected so is not available for all states and territories.

⁴ AFDC (Aid to Families with Dependent Children) was a federal program that provided cash assistance to eligible low-income families with children. It operated from 1935 until it was replaced by TANF in 1996.

Methods

We primarily use data from the Welfare Rules Database (WRD) for this analysis. The Administration for Children and Families provides support for the WRD to be a single repository for TANF program rules across states and territories over time. The Urban Institute updates the WRD annually, currently capturing data from 1996, when TANF was created, through 2023. (The WRD captures policy information on TANF programs in Guam, Puerto Rico, and the Virgin Islands starting in 2022. Due to the absence of historical data, we do not include the territories in our analysis of benefit amounts over time.) Urban Institute staff review caseworker manuals to gather information and then states and territories review the data elements to ensure accuracy. The WRD is available at <https://wrd.urban.org/>. We use the following WRD data tables for our analysis:

- Table II.A.4: Maximum Monthly Benefit for a Family with No Income (2000-2023)
- Table L4: Earned Income Disregards for Benefit Computation (2023)
- Table IV.A.6: Maximum Earnings for Ongoing Eligibility for a Family of Three (2023)
- Table IV.A.2. Treatment of Child Support Income for Recipients (2023)

We also analyze monthly benefits data published in the Committee on Way and Means Green Book (for the years 1996-1999) and by the National Center for Children in Poverty (for 2024 data on monthly cash benefits).⁵

Monthly Cash Benefits: Temporary Financial Assistance

States and territories use monthly cash benefits as their primary mechanism for providing temporary financial assistance to low-income families under TANF. These benefits help families cover basic needs, usually for a limited period of time. (Federal law limits benefit receipt to 60 months, with some allowance for exceptions, but states are also free to set shorter time limits.) Families with a work-eligible individual are able to use these benefits to meet their basic needs while they search for work or participate in approved education and training programs. Such work activities may include job readiness workshops, job training, subsidized employment, or volunteer experiences.

TANF is funded by a block grant to the states and territories, which have flexibility in how to spend funds to meet the purposes of TANF. Over time, states and territories have shifted a growing share of TANF dollars away from direct cash payments: In FY 1995, 71 percent of all expenditures in the pre-TANF program were on assistance compared to 22 percent in FY 2024.^{iv} There is wide variation among states and territories in how much they spend on monthly cash payments, ranging from 1.9 percent of their total federal and state TANF funds in Arkansas and Mississippi to 46.7 percent in California. States now use funds previously used to provide monthly cash benefits to families to fund child care, child welfare services, work, education and

⁵ Archived Green Books are available at <https://aspe.hhs.gov/green-book>. The National Center for Children in Poverty publishes TANF benefit amounts by state at <https://www.nccp.org/publication/a-50-state-comparison-of-tanf-amounts/>.

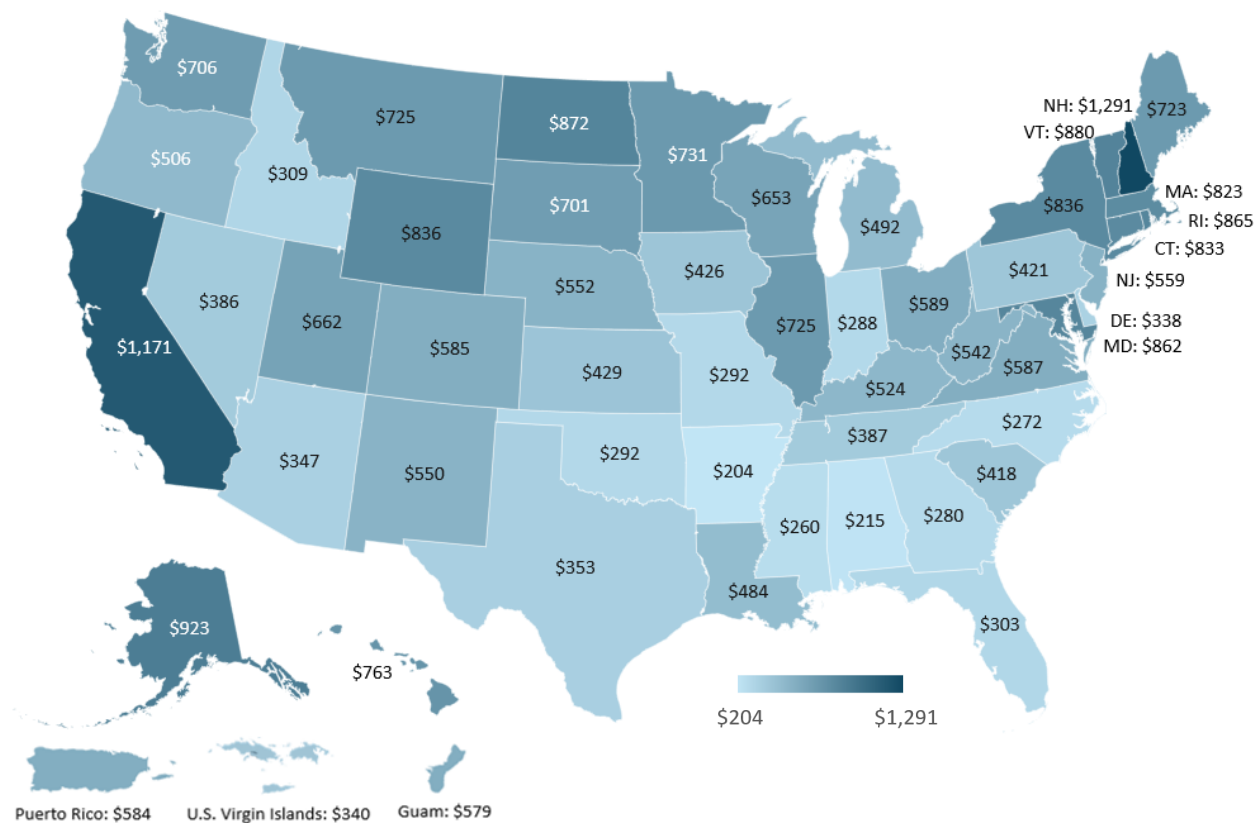
training activities and other activities such as pregnancy prevention and marriage and fatherhood programs that meet one of the four purposes of TANF.⁶

State and Territory Variation in Benefit Amounts

As seen in Exhibit 1, monthly benefit levels in 2024 for a family of three with no income vary across the country. Although the median state benefit level is \$556, the lowest benefit is far lower, at \$204 in Arkansas, and the highest is much higher, at \$1,243 in New Hampshire.

Even in the states with the highest benefits, monthly TANF benefits do not fully cover the needs of a family with no other sources of income. The median benefit of \$556 is equal to about one-quarter (26 percent) of the federal poverty level.⁶ The highest benefit, in New Hampshire, covers 60 percent of the federal poverty level.

Exhibit 1: Maximum TANF Monthly Benefit for a Family of Three with No Income, 2024



Source: National Center for Children in Poverty, A 50-State Comparison of TANF Benefit Amounts (2024); Welfare Rules Database Table II.A.4 (2023). Benefits data for the territories are from 2023; all other data is from 2024.

Note: Alabama increased its monthly cash grant for a family of three from \$215 to \$344 in October 2023. This change is not reflected in the data sources used for this report so it is not reflected in the analyses of monthly cash benefit levels.

⁶ The federal poverty level is \$25,820 for a family of three in 2024, or \$2,152 per month. See Office of the Assistant Secretary for Planning and Evaluation. (2024). [2024 Poverty guidelines computations](#). U.S. Department of Health and Human Services.

State Approaches to TANF Benefits Over Time

The value of TANF benefits has fallen over time in most states. Exhibit 2 shows that, although many states have nominally raised their monthly TANF benefits since 1996, the real value of benefits when adjusted for inflation has declined in most states.⁷ Inflation has halved the value of the dollar since 1996. That means that if a state had the same benefit in 1996 and 2024, the 2024 benefit would be worth half of its 1996 value.⁸

- 10 states have benefits that have kept pace with or outstripped inflation since 1996.
- 27 states have raised benefits nominally but still trail 1996 real values.
- 14 states have current benefits with a nominal value equal to or below their 1996 levels; 12 of those states have the same benefit amount as in 1996.

⁷ 1996-1998 data is drawn from the Green Book published by the U.S. House Committee on Ways and Means (<https://aspehsgov/sites/default/files/private/aspe-files/210946/7afdctxt>, Table 7-14 and <https://aspehsgov/sites/default/files/private/aspe-files/65136/sec7txt>, Table 7-7); 2024 data is drawn from the National Center for Children in Poverty (<https://www.nccp.org/wp-content/uploads/2024/11/TANF-Benefit-Amounts-2024-FINAL.pdf>) with two corrections. Kentucky's cash benefit is \$524 for a family of three (source: <https://kypolicy.org/kentuckys-basic-cash-assistance-program-just-got-a-much-needed-update/>) and Minnesota's cash benefit is \$731 for a family of three (source: https://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&dID=139469)

⁸ The CPI-U in July 1996 was \$157.00; in July 2024 it was \$314.54, an increase of 100%. See U.S. Bureau of Labor Statistics. (2025, September). *Consumer Price Index for All Urban Consumers: All items in U.S. city average (CUUR0000SA0)*. U.S. Department of Labor. https://data.bls.gov/timeseries/CUUR0000SA0?years_option=all_years

Exhibit 2: Comparison of 1996 and 2024 Monthly TANF Cash Benefit Amount for a Family of Three with No Income

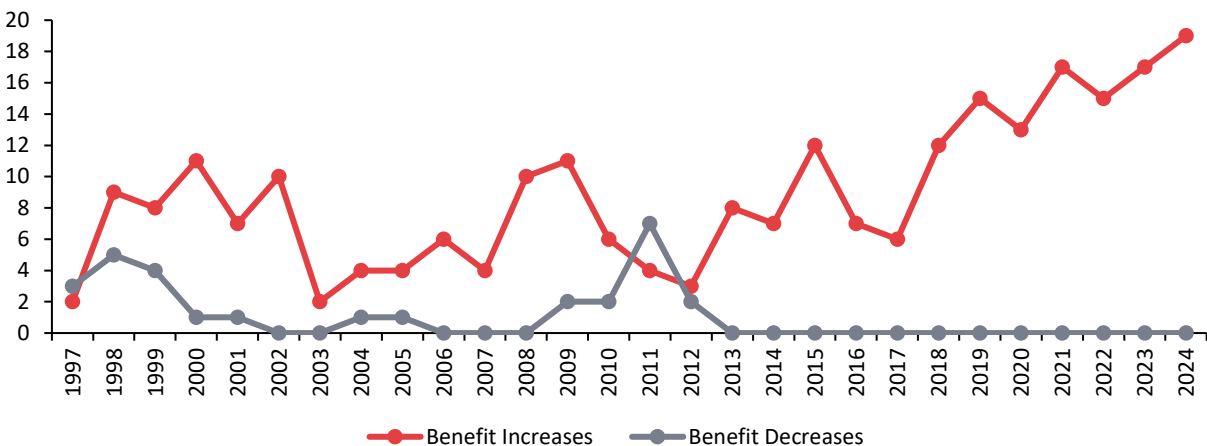
	State	1996	2024	Inflation-adjusted Change in Value
Increased in Real Value	Louisiana	\$190	\$484	27%
	New Hampshire	550	1291	17%
	Wyoming	360	836	16%
	Maryland	373	862	15%
	Mississippi	120	260	8%
	West Virginia	253	542	7%
	Tennessee	185	387	4%
	South Carolina	200	418	4%
	North Dakota	431	872	1%
	Kentucky	262	524	0%
Decreased in Real Value	California	607	1171	-4%
	Illinois	377	725	-4%
	Texas	188	353	-6%
	Maine	418	723	-14%
	Ohio	341	589	-14%
	Montana	425	725	-15%
	D.C.	420	712	-15%
	Virginia	354	587	-17%
	Colorado	356	585	-18%
	South Dakota	430	701	-19%
	Rhode Island	554	865	-22%
	Utah	426	662	-22%
	Nebraska	364	552	-24%
	Massachusetts	565	823	-27%
	New York	577	836	-28%
	New Mexico	389	550	-29%
	Minnesota	532	731	-31%
	Vermont	656	880	-33%
	New Jersey	424	559	-34%
	Alabama	164	215	-35%
	Connecticut	636	833	-35%
	Washington	546	706	-35%
	Wisconsin	517	653	-37%
	Nevada	348	386	-45%
Oregon	460	506	-45%	
Michigan	459	492	-46%	
Hawaii	712	763	-47%	
Less or No Change in Nominal Amount	Alaska	923	923	-50%
	Arizona	347	347	-50%
	Arkansas	204	204	-50%
	Delaware	338	338	-50%
	Florida	303	303	-50%
	Georgia	280	280	-50%
	Indiana	288	288	-50%
	Iowa	426	426	-50%
	Kansas	429	429	-50%
	Missouri	292	292	-50%
	North Carolina	272	272	-50%
	Pennsylvania	421	421	-50%
	Idaho	317	309	-51%
	Oklahoma	307	292	-53%

Source: Ways and Means Green Book and NCCP benefits data

More states have increased benefits in recent years. As seen in Exhibit 3, more states have increased benefits than decreased benefits, especially in recent years. In response to the Great Recession, some states cut TANF benefits. In 2011 alone, seven states enacted benefits cuts, the highest number of states enacting benefit cuts in the history of the program.

However, since 2011, no states have implemented any cuts to benefits. Instead, 35 states have increased benefits at least once, with 28 of those enacting hikes of 10 percent or more. These benefit increases were implemented during a time when TANF caseloads in most states were falling. Between 2011 and 2024, national caseloads fell by 56 percent, from 1.9 million to just over 840,000 families.⁹ Because the TANF block grant is fixed, declining caseloads provide states with additional resources they can use to cover the cost of benefit increases.

Exhibit 3: Number of States with TANF Benefits Increases and Decreases per Year



Source: Ways and Means Green Book, Welfare Rules Database Table II.A.4, and NCCP benefits data

Exhibit 4 shows that many of the largest single-year benefits increases have occurred in recent years. Kentucky, Louisiana, and North Dakota stand out for particularly large increases in the last three years: Kentucky and Louisiana each doubled their benefit amounts, and North Dakota increased their benefit amount by nearly 80 percent. As a result, Kentucky and North Dakota restored the purchasing power of their 1996 TANF benefits and Louisiana’s benefits now exceed their inflation-adjusted value.

⁹ TANF caseload data for fiscal years 2011 and 2024 obtained from the U.S. Department of Health and Human Services, Administration for Children and Families. See TANF Caseload Data FY2011 (<https://acf.gov/archive/ofa/data/tanf-caseload-data-2011>) and FY2024 (https://acf.gov/sites/default/files/documents/ofa/fy2024_tanf_caseload.pdf).

Exhibit 4: Largest Single-Year TANF Benefits Increases

State	Amount	Year
Louisiana	102%	2022
Kentucky	100%	2023
North Dakota	79%	2024
Wyoming	61%	2009
Mississippi	53%	2021
New Hampshire	51%	2017
Tennessee	50%	2019
West Virginia	45%	2021

Source: Welfare Rules Database Table II.A.4 and NCCP benefits data

Some states have increased benefits significantly since 1996 without making one-time large increases. For example, Texas has increased benefits almost every year since 1999, although never more than 8 percent. As a result, Texas’s monthly benefits are 36 percent larger in 2024 than in 1996. Similarly, South Carolina has increased benefits 19 times since 1996, and as a result, their benefit amount has nearly doubled (a 94 percent increase). Still, both Texas and South Carolina’s benefit level growth has not matched the rate of inflation – to match inflation, they would need to have doubled their benefit amounts since 1994.

More states have implemented automatic annual benefit adjustments in recent years. In addition to one-time benefits increases, an increasing number of states have put automatic adjustment mechanisms in place so benefits will increase annually or biannually with inflation. Exhibit 5 summarizes these regular adjustments, and Appendix A provides further policy details. (Nebraska updates its benefits biannually while all the other listed states that use this mechanism adjust them annually.)

Exhibit 5: TANF Cost-of-Living Adjustment Mechanisms

State	As a Share of Federal Poverty Level (FPL)	Tied to Federal Index	Tied to State-Specific Index
California			X
Colorado		Social Security/SSI	
Connecticut	40%		
D.C.		CPI-U	
Illinois	30%		
Maine		Social Security/SSI	
Maryland			X
Minnesota		CPI-U	
Nebraska		CPI-U	
New Hampshire	60%		
Ohio		Social Security/SSI	
South Carolina	20%		
Texas	17%		
Wyoming			X

Source: State Statute, see Appendix A

Several of the states with annual or biannual adjustments set their benefits as a share of the federal poverty level (FPL), from 17 percent in Texas to 60 percent in New Hampshire – which makes New Hampshire the highest benefit level in the country.

Some of the other states that have annual or biannual benefit adjustments tie changes to the Consumer Price Index (CPI) or increase benefits by the Social Security/SSI cost of living adjustment (COLA) amount.¹⁰ Still others tie their benefit amount to a state-specific index: for example, California updates its benefit annually based on the state’s California Necessities Index.

Earned Income Disregards: Supporting the Transition to Work

To ease the transition to employment, higher wages, or increased work hours, most states and territories allow families to retain some or all of their cash benefits as their earnings increase by disregarding some of the parent’s earnings. Without these policies, each dollar a family earns typically results in a dollar lost in cash benefits, leaving them no better off financially. This may disincentivize starting employment, increasing hours, or accepting a promotion because TANF participants will face additional work time, effort, and work-related expenses (such as child care) without any financial benefit. TANF recipients who start work or increase their hours or wages may also lose other benefits, such as SNAP, child care, housing assistance, and Medicaid, potentially making them worse off financially even with an earned income disregard in place.¹¹

These “benefits cliffs” – or even just the threat of them – have real impacts on TANF recipients’ employment. Some workers receiving public benefits may choose to decline additional hours at work, raises or promotions, or job offers to avoid suddenly losing benefits.^{vi} One study that interviewed TANF recipients in three states found they “overwhelmingly” preferred earning income from employment over receiving public benefits, but that benefits cliffs were confusing and frightening and led some of them to decide not to earn extra income.^{vii}

To address this, most states and territories have implemented Earned Income Disregards (EIDs), which allow families to retain a portion of their TANF benefits as they earn income, up to a threshold where they lose eligibility.¹²

¹⁰ The Social Security benefits and Supplemental Security Income COLA is tied to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), which is determined by the Department of Labor’s Bureau of Labor Statistics. See: Social Security Administration. (2024, October 10). *Social Security announces 3.2 percent benefit increase for 2024* [Press release]. <https://www.ssa.gov/news/en/press/releases/2024-10-10.html>

¹¹ To see how increases in income affect public benefits receipt, see the Atlanta Federal Reserve’s Policy Rules Database: <https://www.atlantafed.org/economic-mobility-and-resilience/advancing-careers-for-low-income-families/policy-rules-database>

¹² To support families who are already working but have low earnings, most states allow TANF applicants to have some earned income at the time of application and many also apply EIDs when assessing eligibility. Thirty-five states apply EIDs for initial income eligibility determinations, and common approaches include disregarding either \$90 (used by 10 states) or 20% of income (used by 5 states). Some states have more generous EIDs for applicants, for example, \$250 in Georgia and 50% of income in Oregon. The income limits for determining initial eligibility range from \$307 in Alabama to \$2,935 in Minnesota. Source: Welfare Rules Database, Table I.E.4 and Table I.E.2.

Earned income disregards and their impact on families' monthly benefit vary widely across states and territories, due to differences in key policies that are used to determine a family's monthly cash assistance benefit:

- **The amount and duration of income disregarded:** Higher disregards allow families to keep more of their TANF benefits as their earnings increase. States and territories also vary in how long they disregard earnings, and whether the amount of income disregarded declines over time.
- **The maximum income threshold for TANF eligibility:** A higher threshold enables families to remain eligible for TANF while earning more money through work.
- **The maximum benefit amount:** A higher maximum benefit amount means participants can continue receiving benefits even as their earnings grow, because benefits are typically calculated by subtracting income from the maximum benefit.

Example: Employment and Earned Income Disregards

A parent with two children starts a part-time job after receiving TANF monthly benefits of \$550. She earns \$400 per month. Without the earned income disregard (EID), her TANF benefits would be cut dollar for dollar, leaving her no better off than before the part time job, with a total income of \$550 -- \$400 in earnings and \$150 in monthly cash benefits. Other benefits, like SNAP, child care, Medicaid, and housing may also be affected and she will have to pay some taxes on her earnings.

However, if her state applies an EID of \$250 and 50% of the remainder, most of her earnings are disregarded and her total gross income from her earnings and her monthly cash assistance is \$875.

- Total earnings: \$400
- Disregarded income: \$250 plus 50% of the difference between \$400 and \$250 = \$325
- Countable income: \$75 (\$400 - \$325 EID)
- The adjusted TANF benefit is the difference between the maximum benefit and her countable income: \$550 – \$75 = \$475

With the EID, her total monthly income from TANF and employment before taxes becomes \$475 (TANF) + \$400 (earnings) = \$875, compared to \$550 without employment or \$550 with employment but without the EID. She has \$325 more income before taxes with the EID than without, incentivizing employment and allowing her to cover expenses related to starting employment.

By adjusting these earned income disregard policies, states and territories can increase the cash available to working families, encouraging employment.

Approaches to Earned Income Disregards

States and territories have total flexibility in how they design and implement earned income disregard policies, resulting in a wide range of approaches. Some apply a flat dollar amount or percentage of income that is disregarded each month, while others use more complex, tiered structures that gradually reduce the disregard over time. Forty states and territories also deduct some child care costs.^{viii}

Uniform disregards. Currently, 33 states and territories maintain a consistent disregard across all months of employment, whether as a fixed dollar amount, a percentage of earnings, or a combination of both. For example, Illinois disregards 75 percent of earned income across all months and Tennessee disregards \$250 across all months.

Tiered disregards. In contrast, 19 states and territories phase out their disregards in stages.

- Thirteen of those states and territories phase out the disregard in two phases. For example, Rhode Island disregards 100 percent of earnings in the first six consecutive months of earnings, then disregards \$300 and 50 percent of the remainder after that.
- The other six states and territories – Alaska, Maine, Nevada, New Jersey, North Dakota, and Puerto Rico – have more than two phases to gradually reduce the benefit as earnings increase.¹³

Two states – Arkansas and Wisconsin – do not have an earned income disregard. In Wisconsin, the benefit amount is the same regardless of participant income. In Arkansas, once a family reaches a certain income threshold, their grant is reduced by 50 percent but is otherwise not affected by participant income. In both states, once participants reach a specific income level, they become ineligible for benefits.

Exhibit 6 (below) shows the amount of income that is disregarded for a family with earned income of \$1,000 per month¹⁴ at month 2 and month 7 of receiving benefits while employed.¹⁵ It illustrates variation in how much earned income states and territories disregard and how the disregard changes over time. States and territories where \$1,000 of monthly income exceeds the maximum allowable income to maintain TANF eligibility are marked as “Ineligible.”

¹³ New Jersey’s disregard is three tiers for individuals working 20 or more hours a week and two tiers for individuals working fewer than 20 hours a week.

¹⁴ Research between 2011 and 2019 on people who have exited TANF finds that employed exiters earned roughly \$9,000 to \$15,000 annual income. To account for inflation and for simplicity, we use \$1,000 per month for this analysis to approximate the amount that employed TANF participants earn. \$1,000 per month is roughly 23 hours per week at \$10 per hour. See: Bourdeaux, C., & Pandey, L. (2017, March 15). Report on the outcomes and characteristics of TANF leavers. Center for State and Local Finance, Georgia State University Andrew Young School. <https://cslf.gsu.edu/download/outcomes-and-characteristics-of-tanf-leavers/?wpdmdl=6494571&refresh=5f7852f89a8bc1601721080>;

Mitchell, T., Pavetti, L., & Huang, Y. (2018, February 20). Life after TANF in Kansas: For most, unsteady work and earnings below half the poverty line. Center on Budget and Policy Priorities. <https://www.cbpp.org/research/family-income-support/life-after-tanf-in-kansas-for-most-unsteady-work-and-earnings-below>

McColl, R., & Passarella, L. L. (2019). Life after welfare: 2019 annual update. Ruth H. Young Center for Families and Children, University of Maryland School of Social Work. <https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/life-after-welfare/life2019.pdf>;

Black-Plumeau, H., & McIntyre, A. (2019, October 1). 2017 Reach Up leavers. Vermont Department for Children and Families. <https://dcf.vermont.gov/sites/dcf/files/2017%20Reach%20Up%20Leavers%20Report>

¹⁵ For simplicity, this calculation assumes the unit is three people with one member of the unit employed in unsubsidized employment, there are no child care expenses that would make the family eligible for a child care expense disregard, there is only one parent in the unit who earns \$1,000 each month consecutively, these are the first consecutive months of earnings while receiving TANF benefits, the family has not received TANF benefits previously, and the family has had no earned income in the 12 months prior to the start of the current job.

The amount of income a family can earn and still be eligible for an earned income disregard also varies significantly. Eight states and territories— Alabama, Colorado, Kentucky, Massachusetts, Nevada, New Jersey, Puerto Rico, and Rhode Island—disregard all earned income for at least some time. Alabama’s policy is particularly expansive, disregarding all income for a full year with no cap on earnings for eligibility determinations. Connecticut disregards all income up to the federal poverty guideline indefinitely, without limiting the number of months a family can benefit (although Connecticut has a 36-month time limit for TANF, which effectively limits the amount of time a family can receive the disregard).

In contrast, some states and territories have limited disregards. For example, Mississippi’s disregard is \$90 of earned income per month; Georgia and Tennessee disregard \$250 each month. North Carolina disregards 28 percent of earnings.

The amount of income participants can earn while still receiving TANF also varies substantially across states and territories. The variation is driven both by the earned income disregard policy and the maximum benefit amount. For example, by the seventh month of assistance, the maximum allowable income ranges from just \$308 in Texas to \$3,100 in Alaska. Exhibit 7 shows how this maximum allowable income varies by state and territory.

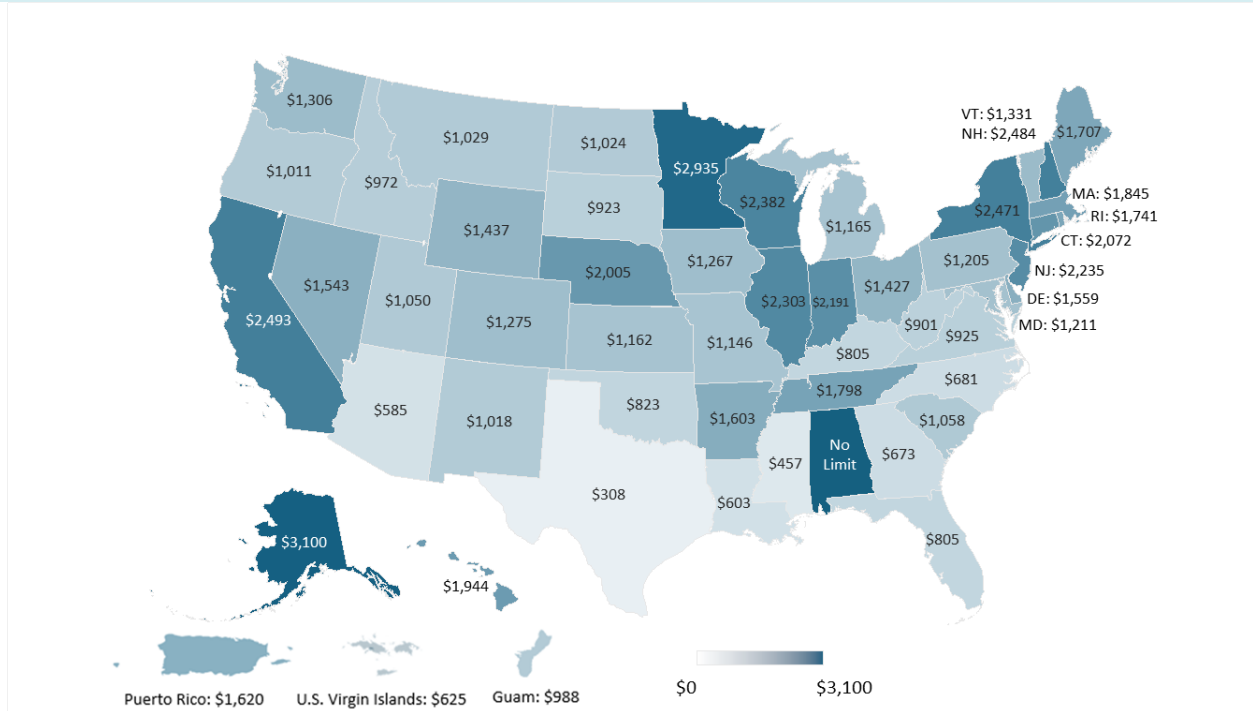
Exhibit 6: Amount of Earned Income Disregarded for a Family with \$1,000 of Earned Income at Month 2 and Month 7

State	Month 2	Month 7
Alabama	\$1,000	\$1,000
Connecticut	\$1,000	\$1,000
Puerto Rico	\$1,000	\$840
Nevada	\$1,000	\$750
Rhode Island	\$1,000	\$650
Maine	\$1,000	\$501
Massachusetts	\$1,000	\$500
Kentucky	\$1,000	Ineligible
Louisiana	\$1,000	Ineligible
Texas	\$912	Ineligible
California	\$800	\$800
New York	\$770	\$770
Missouri	\$757	\$757
Illinois	\$750	\$750
Indiana	\$750	\$750
Hawaii	\$730	\$730
D.C.	\$720	\$720
Pennsylvania	\$700	\$700
Colorado	\$670	\$670
Iowa	\$664	\$664
North Dakota	\$635	\$350
Ohio	\$625	\$625
Kansas	\$600	\$600
Wyoming	\$600	\$600
New Mexico	\$563	\$563
Utah	\$550	\$550
Michigan	\$500	\$500
Minnesota	\$500	\$500
Nebraska	\$500	\$500
New Hampshire	\$500	\$500
New Jersey	\$500	\$500
Oregon	\$500	\$500
Washington	\$500	\$500
South Carolina	\$500	\$100
Vermont	\$438	\$438
Alaska	\$431	\$431
Delaware	\$413	\$120
Maryland	\$400	\$400
Montana	\$400	\$400
Virginia	\$354	\$354
Tennessee	\$250	\$250
Mississippi	\$90	Ineligible
Arizona	Ineligible	Ineligible
Florida	Ineligible	Ineligible
Georgia	Ineligible	Ineligible
Guam	Ineligible	Ineligible
Idaho	Ineligible	Ineligible
North Carolina	Ineligible	Ineligible
Oklahoma	Ineligible	Ineligible
South Dakota	Ineligible	Ineligible
Virgin Islands	Ineligible	Ineligible
West Virginia	Ineligible	Ineligible
Arkansas	No EID*	No EID*
Wisconsin	No EID	No EID

Source: Author’s analysis of Welfare Rules Database Table L4

*No EID, but benefit reduced by 50%

Exhibit 7: Maximum Earned Income per Month while Maintaining TANF Eligibility - Month 7



Source: Welfare Rules Database, Table IV.A.6

Child Support Pass-Through Policies: Strengthening Family Support

When families receive TANF, federal statute requires that parents agree to cooperate with child support enforcement and assign their child support payments to the state or territory. This means the state or territory keeps child support payments made on their behalf, splitting the money with the federal government as reimbursement for public assistance received by the family. Thus, families often do not benefit financially from child support payments made on their behalf when they are receiving TANF.

Some states and territories choose to “pass through” part or all of those child support payments to custodial families. States and territories may also disregard child support when determining TANF eligibility and benefit amounts so that receiving such support will not affect families’ eligibility for TANF or decrease their benefit amount. Pass-through policies are intended to increase the amount of child support that families receive directly from the non-custodial parent, and incentivize the payment of child support, since non-custodial parents know their money will go directly to their children. Research on existing pass-through policies has found that they increase the amount of support received by custodial parents;^{ix} some evidence also suggests that it increases the amount of child support paid, the likelihood of paying child support, the likelihood of establishing paternity, and the amount of in-kind support that children receive.^x

Federal rules allow states and territories to pass through any amount of child support to families, but they must reimburse the federal government for income they would have received if the child support payment had not been passed through. The federal government waives its share of passed-through child support payments up to \$100 for families with one child and \$200 for families with more than one child if that amount is also disregarded for eligibility and benefit determination. As a result, many states pass through (and disregard) up to \$200, but few pass through more.

State and Territory Approaches to Child Support Pass-Through Policies

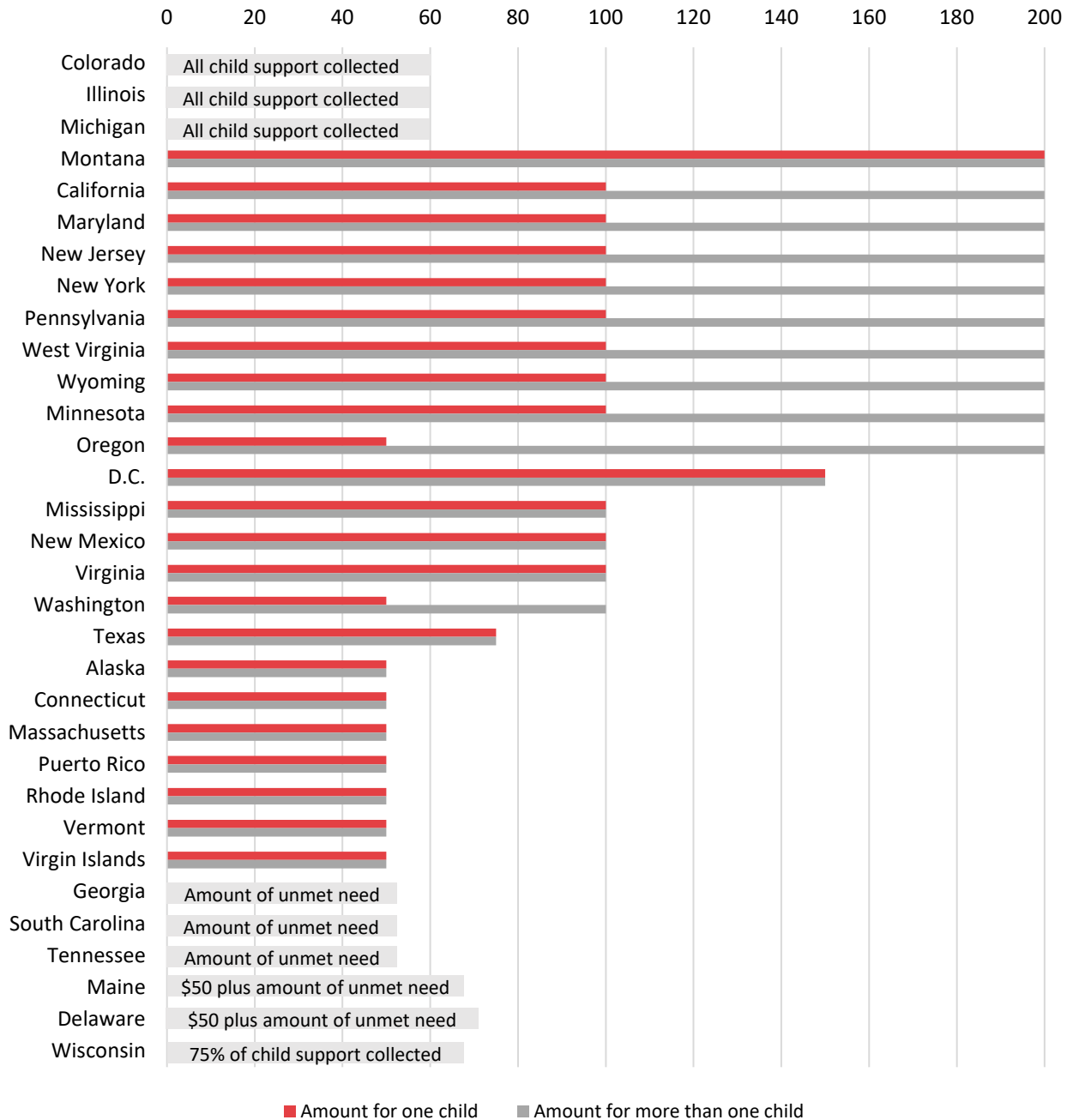
Thirty-two states and territories have child support pass-through policies in place; 21 do not pass through any child support income.¹⁶ Exhibit 8 displays pass-through amounts in each state and territory with a pass-through policy.

- Thirteen states and territories pass through and disregard a uniform amount – ranging from \$50 to \$200 – regardless of family size.
- Ten states use a tiered approach, passing through more to families with more than one child. The most common structure is \$100 for one child and \$200 for multiple children, though two states use alternative structures of \$50/\$100 and \$50/\$200.
- Five states distribute enough child support payment to meet a standard of need that is higher than the benefit level (a strategy called fill-the-gap distribution); Delaware and Maine use this strategy and pass through an additional \$50.
- Wisconsin passes through 75 percent of the child support collected.
- Minnesota and Vermont are the only two states that do not disregard the passed-through amount of income for determining benefits. Although both pass through all child support, they only disregard \$100/\$200 (MN) and \$50 (VT). Any additional child support payments reduce the TANF benefit dollar for dollar.
- Colorado, Illinois, and Michigan pass through and disregard all child support collected. Two additional states – Maryland and Washington – are planning to implement a full pass-through and disregard in coming years.¹⁷

¹⁶ Guam's child support pass-through policy is not available in the territory manual, so it is not included in this analysis.

¹⁷ Illinois's pass-through policy went into effect in 2024 (<https://www.dhs.state.il.us/page.aspx?item=163495>), Maryland's policy will phase in from 2027 to 2031 (<https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/hb0881>), and Washington's policy will be implemented in 2029 (<https://app.leg.wa.gov/rcw/default.aspx?cite=26.23.035>; <https://app.leg.wa.gov/RCW/default.aspx?cite=74.08A.035>)

Exhibit 8: Dollar Amount of Child Support Passed Through and Disregarded



Source: Welfare Rules Database, Table IV.A.2

Note: For all states, this graphic shows amounts both passed through *and* disregarded. Minnesota and Vermont pass through all child support collected but only disregard \$100/200 and \$50, respectively.

States and territories also take varying approaches to factoring child support into ongoing eligibility determinations:

- Fourteen states count all child support collections for eligibility determinations.
- Eight states do not count any child support collections for eligibility determinations. These states generally use other methods to ensure that families with high and continuing child support payments do not remain eligible for TANF. For example, in Colorado, which passes

through all child support payments to families, if a recipient's average monthly child support collection over a six-month period exceeds \$500, that average is counted for eligibility determinations.

- Fifteen states and territories with pass-through policies count only the passed-through amount of child support (except Delaware and Maine, which count just \$50 of the passed-through amount).
- Sixteen states do not have an income eligibility test, meaning participants lose eligibility when the monthly benefit they qualify for falls to zero. Of these, nine states have a child support pass-through and disregard policy. In those states, the amount of child support received will not impact eligibility or the benefit amount. In the other states, child support income is treated like any other income and will affect eligibility through the calculation of the benefit amount.

Conclusion

States and territories have broad flexibility to use TANF to support families and promote work. Using this flexibility, states and territories determine their policies related to cash assistance, including monthly cash benefits amounts, earned income disregards, and child support pass-through and disregards. Even small changes in these policies, like the share of income disregarded, whether passed-through child support payments are disregarded, or an annual benefits adjustment, can have major impacts on income for families trying to make ends meet. Child support pass-through and disregards can also impact family relationships, creating stronger bonds between non-custodial parents and their children. Understanding these policy tools and how other states and territories are applying them can inform states and territories' policy decisions to support families' economic independence. In addition, state- and territory-level variation across these policies may give policymakers and researchers an opportunity to assess how such differences affect participants' outcomes.

Appendix A. Annual TANF Benefits Adjustments

State	Annual Adjustment Approach	Source
California	Tied to California Necessities Index	Calif. Welf & Inst Code § 11453.01
Colorado	Average of previous three Social Security COLAs or 2 percent, whichever is greater	Colo. Rev Stat § 26-2-709(1)(b)(I)
Connecticut	Benefits are set at 73 percent of the standard of need, which is set at 55 percent of the federal poverty level	Conn. Gen Stat § 17b-104. (Formerly Sec. 17-2)
D.C.	Tied to CPI-U	DC Code § 4-205.52(d-1) (2)
Illinois	30 percent of federal poverty level	Ill. Comp. Stat. 305 § 5/12-4.11
Maine	Tied to Social Security/SSI COLA	Me. Rev. Stat. tit. 22 § 3769-C
Maryland	Value of TANF and SNAP benefits combined is at least 61% of the state minimum living level	Md. Code Ann., Human Servs. § 5-316
Minnesota	Tied to CPI-U	Minn. Stat. § 142G.17(5)(c)
Nebraska	Tied to CPI-U	Neb. Rev. Stat. § 43-512 (3); Neb. Rev. Stat. § 43-513
New Hampshire	60 percent of federal poverty level	N.H. Rev. Stat. Ann. § 167:77-g
Ohio	Tied to Social Security/SSI COLA	Ohio Rev. Code § 5107.04
South Carolina	Benefits are set at 40.46 percent of the need standard, which is set at 50 percent of the federal poverty level	South Carolina Department of Social Services. (2024). <i>Temporary Assistance for Needy Families (TANF) Policy Manual: Volume 65</i> (8.15 Need Standard Table). https://dss.sc.gov/media/ojqddxsk/tanf-policy-manual-volume-65.pdf
Texas	17 percent of federal poverty level	Texas Health and Human Services. (2024, April 1). MEPD and TW Bulletin 24-12. https://www.hhs.texas.gov/sites/default/files/documents/mepd-and-twh-Bulletin-24-12.pdf
Wyoming	Tied to Wyoming cost-of-living index	Wyo. Stat. Ann. § 42-2-103(e)(iii)

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