PROGRAM OVERVIEW

Last updated: June 2026

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

The Temporary Assistance for Needy Families (TANF) program was established in 1996 to replace Aid to Families with Dependent Children (AFDC), which had provided cash assistance to low-income families with children since 1935. TANF provides states with flexible block grant funding to support low-income families and promote economic stability. States have broad discretion to design their programs, set eligibility policies, and invest funds in services that are consistent with the law's four statutory purposes. TANF plays a critical role in helping families access child care and early learning opportunities that enable parents to work, pursue education, or participate in training.

OVERVIEW OF TANF

While states have great flexibility in how they decide to spend their TANF block grant funds, expenditures must align with at least one of the four purposes of the law. These purposes include:

- Providing assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- Ending the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- Preventing and reducing the incidence of out-of-wedlock pregnancies and establishing annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- Encouraging the formation and maintenance of two-parent families.

Providing child care services aligns closely with TANF's statutory purposes, making the program an important resource for low-income working parents seeking affordable care. Recognizing the importance of child care and early learning, **43 states and the District of Columbia spend some amount of federal TANF funding on early learning and care programs**.[1] In addition to federal block grant funding, states must provide their own funding toward TANF through a "maintenance of effort" (MOE) contribution. States must meet these MOE requirements to qualify for full federal funding and avoid financial penalties.

AT-A-GLANCE

CREATED

1996

WHO THIS PROGRAM SERVES

TANF assistance must be provided to "needy" families with children, however, there is no federal definition of "needy." Each state determines qualifications for its TANF program. Most states have established income eligibility limits significantly lower than the federal poverty line.

PARTICIPATION

In an average month in FY 2024, 839,144 families received TANF assistance.[2]

FUNDING

In FY 2024, states were awarded approximately $16.8 billion in federal TANF funds. Total federal TANF and state maintenance of effort (MOE) funding was $37.5 billion. Approximately $9.9 billion (26%) of total federal and state MOE funds supported access to child care and early learning.[3]

TANF AND CHILD CARE

For many families with young children, access to affordable child care is essential to finding and keeping a job, and ultimately breaking the cycle of poverty. Decades of research show that access to quality early learning programs has immediate and long-term benefits for children and their families.

In FY 2024, **states spent 18% of their federal TANF funds ($2.97 billion) on early care and education expenditures**:[4]

- 8.2% ($1.39 billion) were transferred to CCDF
- 9.1% ($1.53 billion) were used as a "direct spend" to child care
- 0.3% ($43.7 million) were spent on pre-K/Head Start

TANF FUNDS FOR CHILD CARE AND EARLY LEARNING

Under current law, a state has the flexibility to utilize TANF funds to expand support for low-income families through increased access to child care and early learning opportunities.

Transfer to the Child Care and Development Fund (CCDF)

States can transfer up to 30% of their TANF funds to CCDF, which encompasses the Child Care and Development Block Grant (CCDBG). Transferring funds to CCDF gives more children from low-income families access to programs that meet CCDF standards. CCDF-supported programs are also subject to reporting requirements that improve tracking and accountability to ensure subsidies are reaching the children who need them.

In FY 2024, states transferred approximately $1.39 billion in TANF funds to CCDF, representing 8.2% of federal TANF funding. Use of this option varied widely: Indiana and Mississippi transferred the maximum allowable 30%, while 23 states and DC did not transfer any funding.

The Administration for Children and Families (ACF) issued an information memorandum in May 2026 encouraging states to consider transferring the maximum amount permitted under law to CCDF, noting that greater use of TANF transfers could help states serve more eligible children and families through their child care assistance programs.[5]

Direct Spend

States can also spend TANF funds directly on child care, commonly referred to as "direct spending." Many states value the flexibility to utilize both direct spending and transfers to CCDF to support families in accessing child care.

"Direct spend" expenditures are not subject to the minimum health and safety standards, reporting requirements, or other program standards required under CCDF. However, direct spend does not necessarily equate to low-quality child care. Many states have strong quality standards that operate outside of federal regulations. It is most important that state administrators understand the risks that can be associated with funding child care that is not regulated to meet critical health and safety criteria, as well as the tracking and accountability issues that may come with direct spend on child care.

According to FY 2024 data, states spent approximately $1.54 billion in TANF funds directly on child care, representing 9.1% of total TANF funding nationwide.[6] Thirty-one states and DC used the direct spend option. Of those, 16 states relied exclusively on direct spending rather than transferring TANF funds to CCDF, while the remaining states used a combination of direct spending and CCDF transfers.

Pre-Kindergarten/Head Start

In FY 2024, states spent approximately $43.7 million in TANF funds (0.3% of total TANF funding) on pre-K or kindergarten education, Head Start expansion, or other school readiness programs.[7]

Click here to see how your state leveraged TANF funds to support child care and early learning programs.[8]

References

1 First Five Years Fund, Federal TANF Expenditures in FY 2024

2 Administration for Children and Families (ACF), "Characteristics and Financial Circumstances of TANF Recipients, Fiscal Year 2024," (2026) Characteristics and Financial Circumstances of TANF Recipients, Fiscal Year 2024

3 Administration for Children & Families, FY 2024 Federal TANF & State MOE Financial Data

4 Administration for Children & Families, FY 2024 Federal TANF & State MOE Financial Data

5 Administration for Children & Families, ACF-OFA-IM-26-01: Using TANF to Support Child Care and At-Home Parental Caregivers (2026)

6 Administration for Children & Families, FY 2024 Federal TANF & State MOE Financial Data

7 Administration for Children & Families, FY 2024 Federal TANF & State MOE Financial Data

8 First Five Years Fund, Federal TANF Expenditures in FY 2024 (2026)