Congressional Research Service
Informing the legislative debate since 1914

IN FOCUS

Updated December 12, 2018

TANF Reauthorization: H.R. 5861

Introduction

The Temporary Assistance for Needy Families (TANF) block grant provides grants to states, tribes, and the territories for a wide range of benefits and services that seek to address the effects of and root causes of child poverty and economic disadvantage. Funding is set to expire on December 22, 2018, for TANF and related programs providing mandatory child care funding and responsible fatherhood and healthy marriage grants. For background on TANF, see CRS In Focus IF10036, *The Temporary Assistance for Needy Families (TANF) Block Grant*.

The House Ways and Means Committee reported a bill in the 115th Congress, H.R. 5861, that would restructure and rename TANF as the Jobs and Opportunity with Benefits and Services (JOBS) program. The committee bill would fund JOBS through FY2023.

Purpose and Goals

Under current law, TANF's purpose is to increase state flexibility to achieve four statutory goals: (1) provide assistance for needy families so that children may remain in their own homes; (2) end dependence of needy parents on government benefits through work, job preparation, and marriage; (3) reduce out-of-wedlock pregnancies; and (4) promote the formation and maintenance of two-parent families. H.R. 5861 would maintain these goals for the JOBS program, and add a fifth statutory goal: to reduce the number of children in poverty by increasing the employment entry, retention, and advancement of their parents.

Financing

For FY2018, TANF provides grants to states in its basic block grant ($16.5 billion total) and contingency funds ($608 million). The TANF allocation to the states dates back to the 1996 welfare reform law, and is based on spending in the pre-TANF programs in the early- to mid-1990s. In addition to federal funds, TANF requires states to spend a minimum of $10.3 billion per year of their own funds on TANF or TANF-related programs. This is known as the maintenance of effort (MOE) requirement.

H.R. 5861 would provide JOBS grants for FY2019 through FY2023 at the same level as the TANF basic block grant did in FY2018. It would *not* alter the allocation of federal funds to the states. It would also continue the MOE requirement at its current level.

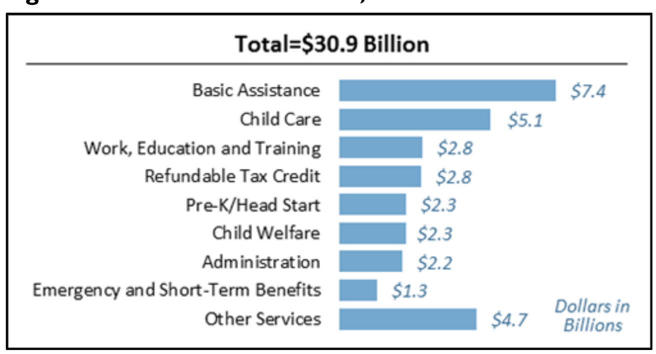
H.R. 5861 would eliminate the contingency fund, which was intended to provide extra grants to states during periods of economic downturns. H.R. 5861 would also limit a state's ability to reserve funds for future uses (including economic recessions) to 15% of the state's block grant.

Budget savings from eliminating the contingency fund would be used to offset increased child care funding. H.R. 5861 would increase annual appropriations for the Child Care Entitlement to States by $608 million per year, from $2.917 billion in FY2018 to $3.525 billion for FY2019 through FY2023. These mandatory child care funds are integrated with discretionary Child Care and Development Block Grant (CCDBG) funds at the state level. H.R. 5861 would also extend competitive responsible fatherhood and healthy marriage grants ($75 million for each in FY2018) at their current funding levels through FY2023. It would not make any policy changes to these grants.

Use of Grants

Under current law, states may expend federal TANF funds and count as MOE expenditures spending on benefits and services that aim to further TANF's broad purpose and statutory goals. **Figure 1** shows TANF and MOE spending by category. Spending on basic assistance, which includes the monthly cash assistance checks that TANF is best known for, totaled $7.4 billion out of $30.9 billion, or 24% of TANF spending. Work activity spending of $2.8 billion accounted for an additional 9% of TANF spending. TANF funds are also used for child care, child welfare services (related to children in, or at risk of, foster care), early childhood programs, youth, and state spending on healthy marriage and responsible fatherhood programs.

Figure 1. Uses of TANF Funds, FY2016



Source: Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (HHS).

H.R. 5861 would require that states spend at least 25% of their federal JOBS grants and counted MOE spending on a specified set of "core" activities: assistance, work, and short-term aid. It would limit JOBS spending to families with incomes of 200% or less of the federal poverty level. Additional rules for federal JOBS funds would include a provision that they supplement rather than supplant state funds. A state's ability to count nongovernmental expenditures toward the MOE requirement would be phased-out.

H.R. 5861 would also prohibit direct spending within TANF for child care and child welfare services, requiring states to instead transfer those funds to the CCDBG and the Stephanie Tubbs Jones Child Welfare Services Program (Title IV-B, Subpart 1). It would allow transfers to the Workforce Innovation and Opportunity Act (WIOA) programs as well as CCDBG and child welfare services of up to 50% of the block grant. Within that limit, transfers from JOBS to the child welfare service program could be no more than 10% of the JOBS grant. States could only transfer funds to WIOA if they were partners in the WIOA "one-stop" system, and would be required to spend funds transferred to WIOA from JOBS on families with incomes of 200% or less of the federal poverty level. H.R. 5861 would eliminate the current authority for states to transfer funds to the Social Services Block Grant.

In addition to state and local government expenditures, states are currently allowed to count the value of third-party donated services, such as those made by charities in the state on a TANF-related activity, toward their MOE requirement. This ability to count spending from sources other than state or local governments toward the MOE would be phased out under H.R. 5861.

Work Requirements

Current TANF rules for engagement are for whether or not a recipient is counted as a participant toward meeting a state's minimum work participation rate (WPR). The minimum WPR is a performance standard for the state; it does not apply directly to individual recipients. States that do not meet the WPR are at risk of a reduction in their federal TANF funds.

In order to meet the current TANF work participation standard, states must have 50% of "all families" and 90% of families with two parents either working or engaged in activities. A state may lower these percentages by reducing its caseload. There are rules for what activities count and minimum hours per week of participation required for a family to be counted by the state toward meeting its minimum WPR. Work in an unsubsidized job and participation in job preparation activities count toward meeting the standard.

States have historically met their minimum WPR through either caseload reduction or by having parents in families receiving assistance work in unsubsidized jobs. In FY2016, less than a quarter of all nonemployed work-eligible individuals were engaged in activities in a typical month (see CRS In Focus IF10856, *Temporary Assistance for Needy Families: Work Requirements*). The bill would replace the WPR with (1) a universal engagement requirement; and (2) new performance standards for the states, based on employment and educational outcomes.

Universal Engagement

The term *universal engagement* means the state attempts to get all or nearly all work-eligible recipients working or in activities. This is not in current law, though it was included in several proposals to reauthorize TANF during the 2002 to 2005 period. Under current law, states must assess the employability of adult TANF recipients. States then have the option of developing an individual responsibility plan (IRP) that sets forth an employment goal, the obligations of the individual, and the services the state will provide. Currently, 37 states and the District of Columbia have an IRP requirement.

H.R. 5861 would replace the optional IRP with a mandatory Individual Opportunity Plan (IOP) within 60 days of a work-eligible individual becoming eligible for assistance. It would require the plan to include an agreement in which the individual acknowledges receipt of publicly funded benefits, set forth the obligation of the individual to participate in work or work preparation activities, establish an employment goal and planned actions to achieve the goal, and describe the job counseling and other services the state will provide. The IOP would be signed by the recipient, and there would be a requirement to meet with the recipient to review progress under the IOP every 90 days. The IOP would incorporate the current minimum hours standard for the WPR (though without restrictions on hours for education and training) as a standard for individual recipients. As under current law, states would determine sanctions that would reduce benefits for families with individuals who refuse to work.

Performance Outcome Measures

H.R. 5861 would require the U.S. Department of Health and Human Services (HHS) to establish a system of assessing program outcomes based on measures used in the WIOA system. These outcomes would measure job entry, job retention, and the median wages of those who exit JOBS. Also, for recipients under the age of 24 who lack a high school diploma, the measures would consider whether or not they received a high school diploma or equivalent while on the program. These outcome measures would replace the WPR in assessing state performance. States would negotiate state-specific performance levels with HHS. States that do not achieve those performance levels would be at risk of a reduction in their federal JOBS funds.

Other Provisions

H.R. 5861 would require states to measure improper payments in their state TANF programs. HHS has said that it lacks the authority under current law to require information needed to determine improper TANF payments. Current law requires states to develop procedures to prevent assistance recipients from drawing TANF cash benefits from Automated Teller Machines (ATMs) in casinos, liquor stores, and strip clubs. H.R. 5861 would add establishments that sell marijuana to that list. H.R. 5861 would also require that HHS provide information on state programs, including those related to engagement in work activities and performance on the work outcomes measures, on a publically available "dashboard" website.

Gene Falk, gfalk@crs.loc.gov, 7-7344
Mariam Ghavalyan, mghavalyan@crs.loc.gov, 7-9090
Jameson A. Carter, jacarter@crs.loc.gov, 7-9963

IF10892