



# CENTER ON BUDGET AND POLICY PRIORITIES

820 First Street, NE, Suite 510, Washington, DC 20002  
Tel: 202-408-1080 Fax: 202-408-1056 center@cbpp.org http://www.cbpp.org

Revised, June 6, 2002

## Side-by-Side Comparison of Funding Provisions in TANF Reauthorization Legislation

by Zoë Neuberger, Shawn Fremstad, and Sharon Parrott

This document summarizes and compares selected funding provisions in current law and seven recent TANF reauthorization proposals *as of May 3, 2002*:

- the Administration's reauthorization plan (descriptions of provisions are based on Working Toward Independence, a 36-page White House document released in February);
- bills introduced by Rep. Herger (H.R. 4090) and Rep. McKeon (H.R. 4092) as amended by Committee on Ways and Means and Committee on Education and the Workforce; and
- bills introduced by Rep. Cardin (H.R. 3625), Rep. Mink (H.R. 3113), Sen. Rockefeller (S. 2052), and Rep. Roukema and Rep. Tierney (H.R. 4210).

Five of the bills are comprehensive, whereas the bill introduced by Rep. Roukema and Rep. Tierney is not comprehensive but rather addresses five major TANF areas that are likely to be addressed in reauthorization; areas that are not addressed are indicated. This document is part of a larger joint project of the Center for Law and Social Policy and the Center on Budget and Policy Priorities, which includes side-by-side comparisons of other aspects of proposed TANF reauthorization legislation. Although this document provides a summary of the key funding provisions in these proposals, it does not address every detail of each proposal.

	Current Law	Administration's TANF Plan	H.R. 4090/4092 (Herger, R-CA; McKeon, R-CA)	H.R. 3625 (Cardin, D-MD)	H.R. 3113 (Mink, D-HI)	S. 2052 (Rockefeller, D-WV)	H.R. 4210 (Roukema, R-NJ; Tierney, D-MA)
<b>Available Funding</b>							
<b>Basic TANF Block Grant</b>	Funding frozen at \$16.5 billion for FY 1997 to FY 2002.	Funding frozen at \$16.5 billion a year for FY 2003 to FY 2007.	Funding frozen at \$16.5 billion a year for FY 2003 to FY 2007.	Funding adjusted annually for inflation. Basic block grant would increase to approximately \$18.7 billion in 2007.	Funding frozen at \$16.5 billion a year for FY 2003 to FY 2007. Provides dollar-for-dollar federal match above this funding level for any qualifying state expenditures that exceed the MOE requirement.	Funding increased by \$2.5 billion over five years. Basic block grant would increase to \$17.4 billion in 2007. This additional funding would be distributed based on state's share of poor children.	Funding adjusted annually for inflation. Basic block grant would increase to approximately \$18.7 billion in 2007.

	<b>Current Law</b>	<b>Administration's TANF Plan</b>	<b>H.R. 4090/4092 (Herger, R-CA; McKeon, R-CA)</b>	<b>H.R. 3625 (Cardin, D-MD)</b>	<b>H.R. 3113 (Mink, D-HI)</b>	<b>S. 2052 (Rockefeller, D-WV)</b>	<b>H.R. 4210 (Roukema, R-NJ; Tierney, D-MA)</b>
<b>Supplemental Grants</b>	<p>Supplemental grants for states with low historic federal grants per poor person and/or high population growth.</p> <p>Funding increased each year, from \$79 million in FY 1998 to \$319 million in FY 2001.</p> <p>A one-year extension was enacted for FY 2002 to provide supplemental grants at the FY 2001 level.</p>	<p>Reinstates supplemental grants at FY 2001 funding level: \$319 million annually for FY 2003 to FY 2007.</p>	<p>Same as Administration, except supplemental grants are only authorized for four years (FY 2003 to FY 2006).</p>	<p>Reinstates supplemental grants at FY 2001 funding level: \$319 million annually for FY 2003 to FY 2007.</p> <p>Provides almost \$1 billion in additional funds over five years to states with low per-poor-child block grant allocations. States would receive additional funding when their block grant allocation divided by their number of children below the poverty level is less than 75% of the national average of TANF funding per poor child. For a state to qualify for funding, unspent TANF funds from prior years must be less than 50% of state's annual grant.</p>	<p>Provides \$2 billion over six years for supplemental grants to states with a higher-than-average increase in the population below 200 percent of poverty.</p>	<p>Provides \$473 million annually to extend supplemental grants and expand the number of qualifying states. The supplemental grants would be built into each state's base grant.</p> <p>States that received supplemental grants in FY 2002 continue to receive them at a slightly higher funding level. Provides similar grants to all states in which basic TANF grant per-poor-person was below national average in previous fiscal year. Once a state qualifies it continues to get at least its prior-year grant.</p>	<p>Does not address.</p>

	<b>Current Law</b>	<b>Administration's TANF Plan</b>	<b>H.R. 4090/4092 (Herger, R-CA; McKeon, R-CA)</b>	<b>H.R. 3625 (Cardin, D-MD)</b>	<b>H.R. 3113 (Mink, D-HI)</b>	<b>S. 2052 (Rockefeller, D-WV)</b>	<b>H.R. 4210 (Roukema, R-NJ; Tierney, D-MA)</b>
<b>State Maintenance-of-Effort (MOE) Requirement</b>	<p>States must spend an amount equal to at least 75 percent (80 percent in states that do not meet the work participation requirements) of the amount the state spent on AFDC-related programs in FY 1994.</p> <p>State MOE funds must be spent on activities that serve <i>needy</i> families and meet one of the purposes of TANF.</p>	Current law.	<p>Current law.</p> <p>State spending on <i>non-needy</i> families made under purposes three (reducing non-marital pregnancy) and four (promoting the formation and maintenance of two-parent families) counts toward MOE requirement.</p>	MOE requirement adjusted annually for inflation.	Current law regarding requirement. Provides dollar-for-dollar federal match of any qualifying state expenditures that exceed the MOE requirement.	Current law.	Does not address.

	<b>Current Law</b>	<b>Administration's TANF Plan</b>	<b>H.R. 4090/4092 (Herger, R-CA; McKeon, R-CA)</b>	<b>H.R. 3625 (Cardin, D-MD)</b>	<b>H.R. 3113 (Mink, D-HI)</b>	<b>S. 2052 (Rockefeller, D-WV)</b>	<b>H.R. 4210 (Roukema, R-NJ; Tierney, D-MA)</b>
<b>Contingency Fund</b>	<p>\$2 billion fund provided for FY 1997 to FY 2002.</p> <p>State becomes eligible for funds based on increase in the unemployment rate or the food stamp caseload.</p> <p>State must meet a higher MOE requirement equal to 100% of state spending on the Aid to Families with Dependent Children, Emergency Assistance, and Job Opportunities and Basic Skills Training programs in FY 1994. Spending on child care and separate state programs does not count.</p> <p>State receives federal matching funds for spending above the contingency fund MOE level. The state's match rate is equal to its FMAP rate multiplied by the percentage of the year for which it qualified for contingency funds. If a state qualified for half the year, its match rate would be half its FMAP rate.</p>	<p>Reinstates fund at \$2 billion for FY 2003 to FY 2007.</p> <p>Current law.</p> <p>State still has to meet a 100% MOE requirement, which is 33% larger than the basic MOE requirement, but spending on child care and separate state programs counts toward contingency fund MOE requirement.</p> <p>Same as current law, except the state's FMAP rate is not reduced if the state qualifies for contingency funds for less than a year.</p>	<p>Same as Administration.</p>	<p>Reinstates fund and removes \$2 billion cap.</p> <p>State becomes eligible for funds based on updated unemployment rate or food stamp caseload increase criteria.</p> <p>Eliminates additional MOE requirement.</p> <p>Match rate is increased to the greater of 75 percent or the FMAP rate and is not reduced if the state qualifies for contingency funds for less than a year.</p>	<p>Reinstates fund and removes \$2 billion cap.</p> <p>State becomes eligible for funds based on updated unemployment rate criteria or an increase in the number of families in programs for which spending can count toward MOE.</p> <p>Eliminates additional MOE requirement.</p> <p>State receives a grant equal to 80% of the estimated cost of serving additional participants in programs for which spending can count toward MOE.</p>	<p>Reinstates fund at \$2 billion over five years.</p> <p>State becomes eligible for funds based on updated unemployment rate, insured unemployment rate, food stamp caseload, or TANF/MOE assistance caseload increase criteria.</p> <p>Eliminates additional MOE requirement.</p> <p>State is reimbursed for estimated cost of assistance caseload increase at the higher of 75% or the FMAP rate plus 8 percentage points.</p>	<p>Does not address.</p>

	<b>Current Law</b>	<b>Administration's TANF Plan</b>	<b>H.R. 4090/4092 (Herger, R-CA; McKeon, R-CA)</b>	<b>H.R. 3625 (Cardin, D-MD)</b>	<b>H.R. 3113 (Mink, D-HI)</b>	<b>S. 2052 (Rockefeller, D-WV)</b>	<b>H.R. 4210 (Roukema, R-NJ; Tierney, D-MA)</b>
<b>High Performance Bonus</b>	A \$200 million annual High Performance Bonus gives awards to the highest-ranking states on job placement, job retention, and wage progression performance measures. Beginning in FY 2002, \$60 million of the \$200 million bonus will be awarded on the basis of additional measures related to the availability of child care, health insurance, and food stamps, as well as the marital status of parents.	Replaces high-performance bonus with a Bonus to Reward Employment Achievement funded at \$100 million a year. States would compete against performance in the previous year.	Same as Administration, except HHS must consult with DOL, NGA, and APHSA to develop absolute and improvement performance measures of employment entry, job retention, and earnings increases.	Current law.	Current law, except expands performance categories and increases funding for high performance bonus to \$260 million annually. Performance categories include employment that moves families out of poverty, barrier removal, and participation in other work support programs.	Current law.	Does not address.
<b>Nonmarital Birth Reduction Bonus</b>	\$100 million annually is awarded to up to five states that reduce the percentage of nonmarital births without an increase in the state's abortion rate above its 1995 level.	Eliminates nonmarital birth reduction bonus.	Eliminates nonmarital birth reduction bonus.	Current law.	Eliminates nonmarital birth reduction bonus.	Eliminates nonmarital birth reduction bonus.	Does not address.
<b>Poverty Reduction Bonus</b>	No provision.	No provision.	No provision.	Provides \$150 million annually to states that reduce child poverty (without increasing the average depth of child poverty).	Provides \$150 million annually to states that reduce child poverty (without increasing the average depth of child poverty).	Provides bonus to states that reduce child poverty (without increasing the average depth of child poverty). Bonus grows from \$25 million in FY 2003 to \$100 million in FY 2007.	Does not address.

	<b>Current Law</b>	<b>Administration's TANF Plan</b>	<b>H.R. 4090/4092 (Herger, R-CA; McKeon, R-CA)</b>	<b>H.R. 3625 (Cardin, D-MD)</b>	<b>H.R. 3113 (Mink, D-HI)</b>	<b>S. 2052 (Rockefeller, D-WV)</b>	<b>H.R. 4210 (Roukema, R-NJ; Tierney, D-MA)</b>
<b>Family Formation Funding</b>  <b>(See side-by-side comparison of family formation provisions for further details)</b>	No provision.	<p>Establishes a competitive \$100 million grant program to develop innovative approaches to promoting healthy marriages and reducing nonmarital births. States could use federal TANF funds to meet a dollar-for-dollar matching requirement.</p> <p>Establishes an additional \$100 million annual fund to conduct research and demonstration projects, and provide technical assistance "primarily focusing on family formation and healthy marriage activities."</p>	Same as Administration, except allowable activities, research, technical assistance and demonstration projects are limited to specific healthy marriage promotion activities.	Establishes a \$100 million annual fund to provide grants to states and localities for research, technical assistance, and demonstration projects in the following areas: promoting the formation of two-parent families; reducing teenage pregnancies; and increasing the ability of non-custodial parents to financially support and be involved with their children.	No provision.	Establishes a \$100 million annual fund to provide grants to states and localities for research, technical assistance, and demonstration projects in the following areas: promoting the formation of two-parent families and reducing nonmarital births; reducing teenage pregnancies; and increasing the ability of non-custodial parents to financially support and be involved with their children.	Does not address.

	Current Law	Administration's TANF Plan	H.R. 4090/4092 (Herger, R-CA; McKeon, R-CA)	H.R. 3625 (Cardin, D-MD)	H.R. 3113 (Mink, D-HI)	S. 2052 (Rockefeller, D-WV)	H.R. 4210 (Roukema, R-NJ; Tierney, D-MA)
<b>Other Dedicated Funding</b>	No provision.	No provision.	No provision.	<p>Establishes a \$150 million annual Employment Advancement Fund to provide grants to states for research, evaluation, and demonstration projects that focus on improving wages for low-income workers and enhancing employment prospects for welfare recipients with barriers to employment.</p> <p>Establishes a \$500 million competitive grant program over the five years from FY 2003 through FY 2007 to improve access to benefit programs.</p>	No provision.	<p>Establishes a \$150 million fund over the five years from FY 2003 through FY 2007 to provide grants to states, localities, or non-profits to improve the coordination of, or conduct outreach to low-income families or non-custodial parents to increase participation in, TANF, food stamps, Medicaid, SCHIP, CCDBG, child support, EITC, LIHEAP, WIC, WIA, and housing programs.</p>	<p>Establishes a \$150 million annual bonus to reward five states based on progress in training, placing, and retaining welfare leavers in employment identified through assessments described below.</p> <p>Provides \$1.5 million for HHS to provide technical assistance to states in fulfilling new requirement that they conduct a biannual assessment of: employment opportunities offering above minimum wage, growth sectors, and unemployed state residents.</p>

	Current Law	Administration's TANF Plan	H.R. 4090/4092 (Herger, R-CA; McKeon, R-CA)	H.R. 3625 (Cardin, D-MD)	H.R. 3113 (Mink, D-HI)	S. 2052 (Rockefeller, D-WV)	H.R. 4210 (Roukema, R-NJ; Tierney, D-MA)
<b>Use of Funds</b>							
<b>TANF Purpose</b>	The purpose of TANF is to increase state flexibility to 1) assist needy families; 2) end dependence of needy parents by promoting work and marriage; 3) reduce out-of-wedlock pregnancies; and 4) encourage the formation and maintenance of two-parent families.	Amends the language prefacing the four TANF purposes to read as follows: "The purpose of this part is to increase the flexibility of states in operating a program designed to <i>improve the well-being of children . . .</i> " [four purposes follow].  Amends fourth purpose to read: "to encourage the formation and maintenance of <i>healthy</i> two parent <i>married</i> families and <i>responsible</i> fatherhood."	Similar to Administration with slight changes in wording. Prefatory language would be amended to read as follows: "The purpose of this part is to <i>improve child well-being by increasing</i> the flexibility of states in operating a program designed to meet the following purposes ...."  Amends second purpose to read: "end the dependence on needy <i>families</i> on government benefits and <i>reduce poverty</i> by promoting job preparation, work, and marriage."  Fourth purpose would be amended to read as follows: "to encourage the formation and maintenance of <i>healthy, 2-parent married</i> families and <i>encourage responsible</i> fatherhood."	Adds as a fifth purpose: "reduce the extent and severity of poverty and promote self-sufficiency among families with children."	Replaces first purpose with: "(1) IN GENERAL- The purpose of this part is to end child and family poverty by-- (A) supporting caregivers so that children may be cared for in their own homes; (B) promoting education, training, work supports, and access to jobs that pay a living wage; (C) assuring access to Medicaid, Food Stamps, child care, and such other assistance for which the family is eligible; (D) providing access to services to address barriers to leaving poverty, including mental health, disability, substance abuse, domestic violence, and sexual assault; and (E) reducing poverty of families with children.	Current law.	Replaces first purpose with: "provide assistance to needy families to reduce the extent and severity of poverty in families with children."
<b>Use of Prior-Year Funds</b>	Prior-year TANF funds may be used only to provide assistance.	Prior-year TANF funds may be used to provide both assistance and <i>non</i> -assistance.	Prior-year TANF funds may be used to provide both assistance and <i>non</i> -assistance.	Prior-year TANF funds may be used to provide both assistance and <i>non</i> -assistance.	Current law.	Prior-year TANF funds may be used to provide both assistance and <i>non</i> -assistance.	Does not address.

	<b>Current Law</b>	<b>Administration's TANF Plan</b>	<b>H.R. 4090/4092 (Herger, R-CA; McKeon, R-CA)</b>	<b>H.R. 3625 (Cardin, D-MD)</b>	<b>H.R. 3113 (Mink, D-HI)</b>	<b>S. 2052 (Rockefeller, D-WV)</b>	<b>H.R. 4210 (Roukema, R-NJ; Tierney, D-MA)</b>
<b>"Rainy Day" Funds</b>	State "rainy day" funds are reported as unobligated federal funds until they are spent.	States may designate some or all of their current or prior-year federal TANF funds for placement in a "rainy day" fund.	States may designate federal TANF funds as a contingency reserve for future needs and include in quarterly report.	Current law.	Current law.	Current law.	Does not address.
<b>"Grandfathered" Activities</b>	States that prior to 1996 were approved to spend state Emergency Assistance funds on certain activities outside the purposes of TANF, such as juvenile justice, were "grandfathered" so they could continue spending TANF funds on specific activities.	Current law.	Modifies the "grandfather" clause to permit a state to use TANF funds for any purpose previously authorized under its Emergency Assistance plan. This change may broaden the authority of states to spend TANF on any child welfare or juvenile justice activity if the state was previously authorized to spend TANF for some child welfare or juvenile justice activity.	Current law.	Current law.	Current law.	Does not address.
<b>Non-supplantation</b>	No provision.	Current law.	Current law.	States could not use federal TANF funds to replace state and local spending that does not meet the MOE requirement (that is, is not a qualified state expenditure that meets the new spending test).	Current law.	Current law.	Does not address.

	Current Law	Administration's TANF Plan	H.R. 4090/4092 (Herger, R-CA; McKeon, R-CA)	H.R. 3625 (Cardin, D-MD)	H.R. 3113 (Mink, D-HI)	S. 2052 (Rockefeller, D-WV)	H.R. 4210 (Roukema, R-NJ; Tierney, D-MA)
<b>Funding for Related Programs</b>							
<b>Child Care and Development Fund (CCDF)</b>	<p>Discretionary funding appropriated at \$2.1 billion in FY 2002. Mandatory funding, a portion of which must be matched with state funds, increased by an average of \$150 million annually from \$2 billion in FY 1997 to \$2.7 billion in FY 2002.</p> <p>4% of all funds must be devoted to improving child care quality.</p> <p>Up to 30% of current-year federal TANF funds may be transferred to CCDF.</p>	<p>Funding frozen at FY 2002 level of \$2.1 billion in discretionary funds and \$2.7 billion a year in mandatory funds.</p> <p>Current law.</p> <p>Current law.</p>	<p>Increases discretionary authorization to \$2.3 billion in FY 2003 and freezes mandatory funds at \$2.7 billion.</p> <p>6% of all funds must be devoted to improving child care quality.</p> <p>Increases limit on TANF transfers to 50% of state TANF grant, but provides no additional funds.</p>	<p>Increases mandatory matching funding by \$11.25 billion over five years with annual increases of \$1.25, \$1.75, \$2.25, \$2.75, and \$3.25 billion over FY 2002 level.</p> <p>Increases child care quality set-aside from 4% to 12%.</p> <p>Current law.</p>	<p>Requires mandatory child care funds to be used to guarantee child care for either recipients of TANF assistance who are employed or engaged in a work activity or, for 24 months, for employed leavers in families under 250 percent of poverty.</p> <p>Current law.</p> <p>Current law.</p>	<p>Increases mandatory matching funding by \$5 billion over five years with annual increase of \$1 billion a year over FY 2002 level.</p> <p>Current law.</p> <p>Current law.</p>	Does not address.

	<b>Current Law</b>	<b>Administration's TANF Plan</b>	<b>H.R. 4090/4092 (Herger, R-CA; McKeon, R-CA)</b>	<b>H.R. 3625 (Cardin, D-MD)</b>	<b>H.R. 3113 (Mink, D-HI)</b>	<b>S. 2052 (Rockefeller, D-WV)</b>	<b>H.R. 4210 (Roukema, R-NJ; Tierney, D-MA)</b>
<b>Social Services Block Grant (SSBG)</b>	<p>In 1995, SSBG was funded at \$2.8 billion. The 1996 welfare law reduced SSBG funding to \$2.38 billion between 1996 and 2002 but restored funding to \$2.8 billion in 2003. Further cuts were made in subsequent legislation and SSBG was funded at \$1.7 billion in FY 2002.</p> <p>States have been permitted to transfer 10% of the TANF grant to SSBG each year since FY 1997, but under current law the limit would have decreased to 4.25% for future years.</p>	<p>Funding frozen at FY2002 level of \$1.7 billion a year.</p> <p>Increases limit on TANF transfers from 4.25% gradually to 10% of state grant by 2007.</p>	<p>Current law.</p> <p>Increases limit on TANF transfers to 10% of state grant beginning in FY 2003.</p>	<p>Increases funding to \$2.8 billion a year — \$1.1 billion more than FY2002 level.</p>	<p>Current law.</p>	<p>Increases funding to \$2.8 billion a year — \$1.1 billion more than FY2002 level.</p> <p>Increases limit on TANF transfers to 10% of state grant beginning in FY 2003.</p>	<p>Does not address.</p>

	<b>Current Law</b>	<b>Administration's TANF Plan</b>	<b>H.R. 4090/4092 (Herger, R-CA; McKeon, R-CA)</b>	<b>H.R. 3625 (Cardin, D-MD)</b>	<b>H.R. 3113 (Mink, D-HI)</b>	<b>S. 2052 (Rockefeller, D-WV)</b>	<b>H.R. 4210 (Roukema, R-NJ; Tierney, D-MA)</b>
<b>Transitional Medicaid Assistance (TMA)</b>	Families who become ineligible for Medicaid because of earnings are eligible for TMA for up to 12 months. TMA expires at the end of FY 2002.	As part of its fiscal year 2003 budget, a one-year reauthorization of TMA through FY 2003.	Current law (TMA expires at the end of FY 2002).  [Note: On April 24, 2002 the House Energy and Commerce Committee approved a one-year reauthorization of TMA through 2003.]	Current law (TMA expires at the end of FY 2002).	Current law (TMA expires at the end of FY 2002).	Reauthorizes the TMA program through FY 2007. Provides states with new options to simplify TMA including: (1) making federal income reporting requirements less restrictive; (2) making less restrictive a requirement that TMA eligibility is limited only to families on Medicaid for three of the previous six months; (3) providing up to 24 months of TMA eligibility; and (4) waiving TMA requirement for states that have already expanded family eligibility to 185 percent of poverty.	Does not address.