
July 15, 2015

Summary of TANF Discussion Draft Posted by House Ways and Means Committee

On July 10, the Human Resources Subcommittee of the House Ways and Means Committee posted a [Discussion Draft](#) of a major bill reauthorizing the TANF block grant and making the most significant changes in the history of the block grant. Highlights of the TANF changes contained in the Discussion Draft are below.

Structural changes in measuring performance on work activities

- *Redesigns penalties for failing work rate:* Replaces the current penalty structure (reduction of federal funds) with a requirement that a state increase MOE from 75 percent. A state would need to increase MOE by 5% for first year of failure, increasing by 5% for subsequent failures, up to a maximum 100% MOE requirement.
- *Adds an outcome measure:* States will be held to negotiated outcome measures related to employment rates and earnings gains for TANF leavers. Starting in 2018, a portion of each state's federal block grant funds would be withheld until and unless these targets are reached. States could earn the withheld money in the next year if they meet their negotiated goals or make significant improvement.
- *Eliminates caseload reduction credit:* All states would need to meet the 50% work participation rate.
- *Eliminates separate two-parent work rate:* Eliminates the 90% work participation rate as well as the higher hourly requirement that currently applies to the two-parent rate. Would use the same hours and rate for all families.

Changes in participation that counts toward the work rate

- *Eliminates the core/noncore distinction:* No longer requires minimum 20 or 30 hours in core activities before participation in non-core education or training activities count.
- *Allows partial credit:* An individual participating for half of the required hours (15, or 10 for single parent with child under age 6) can count as .5 participation toward the work rate. States can request an alternate WPR calculation that would count all hours of participation toward a total hours target for all individuals who are required to participate in work activities under the federal law.
- *Adds a new job readiness category:* Participation in job readiness activities can count for 3 months, after which it can continue to count only if the state has reviewed the employment plan and certified that continued participation is necessary.

- *Simplifies and expands when job search can count:* Participation in job search as a stand-alone activity can count towards the work rate for 3 months, after which it can only count for half of the required hours.
- *Vocational education training counts for 24 months:* Extends current 12-month limit on vocational education training to 24 months.
- *Raises the age for deeming satisfactory school attendance:* Raises the age limit to 25 from 19 for those whose satisfactory secondary school attendance can count as meeting the work rate, regardless of hours.
- *Restricts work rate credit for certain worker supplement programs:* Requires HHS to issue rules to ensure that the WPR calculation excludes individuals who are receiving worker supplement benefits that are provided solely or principally to increase the state's WPR under policies that are "atypical" of the ongoing cash assistance benefit policies.

Redirects money from the Contingency Fund

- *Redirects Contingency Fund:* The Contingency Fund sections are repealed and the money is repurposed into a series of demonstration projects through grants to states.
- *Case management demonstration:* Allocates \$308 million for a case management demonstration.
- *Subsidized employment:* Allocates \$75 million for subsidized employment programs.
- *Social impact partnerships:* Allocates \$75 million for social impact projects.
- *Two-generation projects:* Allocates \$75 million for two-generation projects, defined as career pathways programs that serve both children and their parents.
- *Sectoral employment:* Allocates \$75 million for sectoral employment programs for in-demand occupations for those who are current or recent recipients of TANF cash assistance.

Other provisions

- *Assessments:* Renames Individual Responsibility Plan as Individual Opportunity Plan. Strengthens assessment requirements on states, changing them from optional to mandatory, and adding requirement to assess barriers to employment. The new IOP requires greater detail including the immediate needs of the recipient and the resources available to meet the needs as well as the services and assistance the state will provide both to meet immediate needs and to help obtaining employment. It also must include timelines for meeting benchmarks contained in the plan.
- *No waivers:* Prohibits HHS from granting waivers of work requirements or taking any action to implement the 2012 guidance.
- *Adds poverty reduction goal to TANF:* Adds a TANF goal of reducing poverty by increasing employment entry, retention, and advancement.
- *No EBT for marijuana:* Adds places selling marijuana to the prohibited places for use of TANF in an EBT transaction.
- *Eliminates 3rd party MOE:* Non-governmental third-party expenditures cannot count as MOE; limit is phased in. Also does not allow spending for medical services to count as MOE (conforming to similar TANF bar).
- *Limits to families below 200% FPL:* TANF and MOE funds cannot be used for those with incomes above 200% of the federal poverty line.