



United States House Committee on
Ways & Means
CHAIRMAN JASON SMITH

Restoring Work Requirements in Temporary Assistance for Needy Families (TANF)

Problem: Work requirements in TANF are broken. Loopholes in the law allow states to game the system and ultimately fail to hold states accountable.

Work requirements were a core component of bipartisan welfare reform in 1996 and proved to drive down welfare caseloads and reduce child poverty. Under current law, states must demonstrate to the Department of Health and Human Services (HHS) that at least 50% of a state's work eligible individuals receiving TANF assistance are engaged in work, known as the work participation rate (WPR), or the state faces a penalty. However, TANF work requirements have fallen flat—states are not held accountable for maximizing the number of individuals engaged in work.

Key Facts:

- In 2021, only six states had an effective WPR of 50% and 34 states had a 0% effective rate.
- Of the 700,000 adult TANF recipients receiving assistance, 603,000 are “work eligible individuals.” Of these, 57% had zero hours of work in 2021.

Proposed Changes:

Reset the Caseload Reduction Credit (CRC) Baseline.

- Currently, states can receive CRCs for decreasing the number of individuals on their TANF caseload relative to an outdated, 2005 caseload level.
- Similar to what Congress did in the Deficit Reduction Act of 2005, this provision would reset the baseline year for calculation of the CRC to FY 2022.

Eliminate Excess State Spending in Determining the CRC.

- Under HHS regulations states may receive CRCs for spending in excess of their maintenance of effort requirement—the amount of funding states are required to provide from their own budget under the TANF block grant.
- This provision would nullify this HHS regulation and thus prevent states from “buying down” their WPR and reducing the link between work as a requirement for government assistance.

Eliminate ‘Small Checks’ Scheme.

- In order to meet their WPR, some states send Supplemental Nutrition Assistance Program (SNAP) recipients who are already working an insignificant \$20 TANF check so the state can officially count them as part of the TANF caseload and towards their WPR.
- This provision would disincentivize states to do “small checks” by requiring those families (e.g., working parents in SNAP) to comply with child support and other requirements in TANF.

Reporting of Work Outcomes.

- This provision would require HHS to collect data from states on outcome metrics for TANF recipients aligned with employment metrics in the Workforce Innovation and Opportunity Act to provide Congress with data to evaluate TANF's ability to move individuals off the sidelines into sustainable employment and self-sufficiency.