

Highlights of GAO-11-880T, a testimony before the Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives

## Why GAO Did This Study

The Temporary Assistance for Needy Families (TANF) program, created in 1996, is one of the key federal funding streams provided to states to assist low-income families. A critical aspect of TANF has been its focus on employment and self-sufficiency, and the primary means to measure state efforts in this area has been TANF's work participation requirements. When the Deficit Reduction Act of 2005 (DRA) reauthorized TANF, it also made changes that were generally expected to strengthen these work requirements. Given the impending extension or reauthorization of TANF, this testimony primarily draws on previous GAO work to focus on (1) how the welfare caseload and related spending have changed since TANF was created and (2) how states have met work participation rates since DRA. To address these issues, in work conducted from August 2009 to May 2010, GAO analyzed state data reported to the Department of Health and Human Services (HHS); surveyed state TANF administrators in 50 states and the District of Columbia; conducted site visits to Florida, Ohio, and Oregon, selected to provide geographic diversity and variation in TANF program characteristics; and reviewed relevant federal laws, regulations, and research. In July 2011, GAO updated this work by analyzing state data reported to HHS since that time. In addition, GAO gathered information on caseload changes through its forthcoming work on TANF child-only cases.

View GAO-11-880T or key components. For more information, contact Kay E. Brown at (202) 512-7215 or [brownke@gao.gov](mailto:brownke@gao.gov).

September 8, 2011

## TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

### Update on Families Served and Work Participation

## What GAO Found

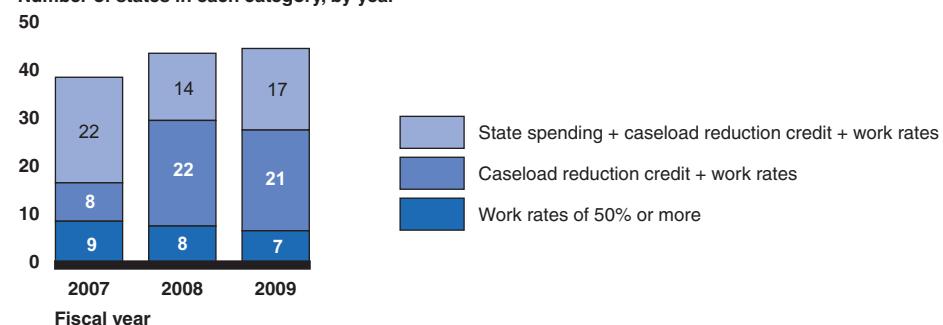
Between fiscal years 1997 and 2008, the total number of families receiving welfare cash assistance decreased by almost 50 percent. At the same time, there have also been changes in the types of families receiving cash assistance. Specifically, child-only cases—in which the children alone receive benefits—increased from about 35 percent of the overall TANF caseload in 2000 to about half in 2008. As the number of families receiving TANF cash assistance declined, state spending shifted to support purposes other than cash assistance, which is allowed under the law. However, because states are primarily required to report data to HHS on families receiving cash assistance and not on families receiving other forms of aid funded by TANF, this shift in spending has left gaps in the information gathered at the federal level to understand who TANF funds are serving and ensure state accountability.

Nationally, the proportion of TANF families who met their work requirements changed little after DRA was enacted, and many states have been able to meet their work participation rate requirements because of various policy and funding options allowed in federal law and regulations. Although federal law generally requires that a minimum of 50 percent of families receiving TANF cash assistance in each state participate in work activities, both before and after DRA, about one-third of TANF families nationwide met these requirements.

Nonetheless, many states have been able to meet their required work participation rates because of policy and funding options. For example, states receive a caseload reduction credit, which generally decreases each state's required work participation rate by the same percentage that state caseloads decreased over a specified time period. States can further add to their credits, and decrease their required work rates, by spending their own funds on TANF-related services beyond the amount that is required to receive federal TANF funds. In fiscal year 2009, 7 states met their rates because 50 percent or more of their TANF families participated in work activities for the required number of hours. However, when states' caseload decreases and additional spending were included in the calculation of state caseload reduction credits, 38 other states were also able to meet their required work participation rates in that year.

#### Factors That Helped States That Met Their Work Participation Rates in Fiscal Years 2007 through 2009

Number of states in each category, by year



Source: GAO analysis of HHS data.