



Highlights of [GAO-10-525](#), a report to congressional requesters

Why GAO Did This Study

The Deficit Reduction Act of 2005 (DRA) reauthorized the Temporary Assistance for Needy Families (TANF) block grant and made modifications expected to strengthen work requirements for families receiving cash assistance through state TANF programs. Both the U.S. Department of Health and Human Services (HHS) and states were required to take steps to implement these changes. Work participation rates, or the proportion of families receiving TANF cash assistance that participated in work activities, are the key performance measure HHS uses to assess state TANF programs. In response to the economic recession that began in 2007, the American Recovery and Reinvestment Act of 2009 (Recovery Act), provided additional TANF funding to eligible states and made additional modifications to TANF. GAO examined (1) How did DRA affect state TANF programs, including work participation rates? (2) How has the recent economic recession affected state TANF programs? (3) How did the Recovery Act affect state TANF programs? To address these questions, GAO analyzed federal TANF data, as well as relevant federal laws, regulations, and guidance; interviewed HHS officials; surveyed all state TANF administrators; and conducted site visits to meet with state and local officials in Florida, Ohio, and Oregon. GAO is not making recommendations in this report.

[View GAO-10-525 or key components.](#) For more information, contact Kay Brown at (202) 512-7215 or brownke@gao.gov.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Implications of Recent Legislative and Economic Changes for State Programs and Work Participation Rates

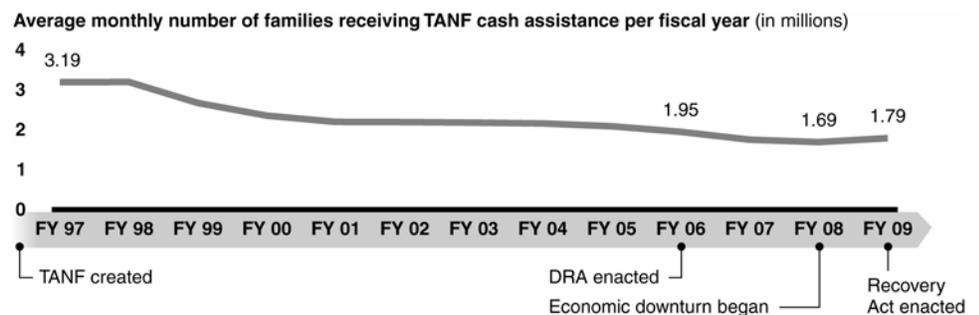
What GAO Found

Nationally, TANF work participation rates changed little after DRA was enacted, though states' rates reflect both recipients' work participation and states' policy choices. 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 their work requirements. However, after DRA, many states were able to meet federally required work participation rates because of additional factors. For example, 29 states funded cash assistance for certain families that may be less likely to meet the work requirements with state dollars unconnected to the TANF program, as this removed these families from the rate calculation. Further, DRA required other changes to state TANF programs, and states reported challenges with some of DRA's changes to the TANF work rules, such as verifying participants' actual work hours.

From the beginning of the economic recession, in December 2007, to September 2009, the number of families receiving TANF cash assistance, particularly two-parent families, increased in the majority of states but went down in others. At the same time, many states have faced budget deficits and difficult decisions about the use of state resources for TANF programs. Thirty-one states reported that budget constraints led to changes in local TANF service delivery, such as reductions in available services and the number of staff.

Forty-six states have applied for the Recovery Act's Emergency Contingency Fund for state TANF programs since it was made available in 2009. More states reported using these funds to maintain their TANF programs rather than expand or create programs and services. Some states reported challenges accessing the funds. For example, some expressed frustration with the amount of time it has taken to receive guidance and responses to questions from HHS, particularly related to qualifying subsidized employment and short-term, nonrecurrent benefit expenditures. State officials also expressed concern about the September 30, 2010, expiration date for the Recovery Act TANF funds.

Total TANF Recipients and Recent Legislative and Economic Changes



Source: HHS data.