

Highlights of [GAO-13-431](#), a report to the Chairman, Committee on Finance, U.S. Senate

Why GAO Did This Study

In 1996, Congress made sweeping changes to federal welfare policy by replacing the previous cash assistance program with the TANF block grant. Since then through fiscal year 2011, the federal government and states have spent a total of nearly \$434 billion for TANF. The block grant was reauthorized under the Deficit Reduction Act of 2005, and is currently authorized through September 30, 2013. To inform a potential reauthorization of TANF, GAO was asked to discuss its key findings on TANF performance and oversight from its previous work and identify potential options that would address these findings. This report discusses issues and options in three selected areas: (1) TANF's role in providing cash assistance to low-income families, (2) measurement of TANF work participation, and (3) information on states' use of TANF funds. In addition to summarizing its previous work on these issues, GAO reviewed relevant federal laws, regulations, and agency documents as well as transcripts from relevant congressional hearings from 2009 through 2012 to identify potential options. GAO also spoke with HHS officials and selected three TANF experts with a range of views to share their perspectives on these issues.

What GAO Recommends

GAO is not making recommendations, but rather identifying some potential options that might improve TANF performance, depending on Congress' goals for the program. These options are not intended to be exhaustive, and there may be a number of other options that warrant further analysis. HHS provided technical comments on a draft of this report.

View [GAO-13-431](#). For more information, contact Kay E. Brown at (202) 512-7215 or brownke@gao.gov.

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TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Potential Options to Improve Performance and Oversight

What GAO Found

Temporary Assistance for Needy Families' (TANF) role in providing cash assistance has evolved; fewer eligible families receive cash assistance and the composition of the caseload has changed. GAO noted in 2010 that 87 percent of the dramatic decline from 1995 through 2005 in the number of families receiving cash assistance was due a decline in eligible families participating in TANF, rather than increased incomes. Changes to state TANF programs, such as mandatory work requirements and lower benefits, account in part for this decline. Relatively modest caseload increases in recent years nationwide, as well as decreases in some states, have raised questions about TANF's responsiveness to changing economic conditions. GAO also reported in 2011 that the composition of the TANF caseload has changed, with about 40 percent of cases now comprised of children only, with the adult not receiving benefits, and little known nationwide about state policies for aiding these children. Potential options to better understand TANF's role as a cash assistance program may include: improving information on the extent to which states provide cash assistance to eligible low-income families, and requiring states to include more information—for example in TANF state plans submitted to the Department of Health and Human Services (HHS)—on features such as benefit amounts and services provided.

The current approach used to measure the extent to which states engage TANF recipients in work activities as defined by federal law has limitations. GAO reported in 2010 and 2011 that most states relied on several factors allowed in law, including credits for caseload reductions, to reduce the percentage of families they needed to engage in work to meet their work participation rate requirements. GAO also reported that current policies may be discouraging states from serving some families who are not "work-ready" through TANF, such as those with significant barriers to employment or complex needs. Potential options to address these issues may include: eliminating, limiting, or modifying some of the credits states may use to reduce their work participation rate requirements; adjusting requirements to better ensure states engage those not work-ready; and developing an additional or alternate set of measures that focus on employment outcomes. However, more information may be needed to assess the potential impacts of any changes to work participation requirements.

Limitations exist in the information available to assess states' use of federal TANF funds and state expenditures related to minimum state spending requirements under TANF, known as maintenance of effort (MOE) requirements. GAO reported in 2012 that the TANF block grant has evolved into a flexible funding stream that states use to support a broad range of non-cash services, but information requirements for assessing TANF performance have not kept pace with this evolution. For example, there are no reporting requirements mandating performance information specifically on families receiving non-cash services or their outcomes. GAO also reported in 2012 that states have reported increased levels of MOE spending for a variety of reasons, including helping them reduce their work participation rate requirements as allowed by law. Potential options to better understand federal and state TANF spending may include: improving reporting and performance information to encompass the full breadth of states' use of TANF funds, and requiring a review of MOE expenditures used to meet TANF requirements.