WAYS AND MEANS
CHAIRMAN KEVIN BRADY

H.R. 2959 "TANF Accountability and Integrity Improvement Act"
(Summary of Expected Amendment in the Nature of a Substitute)
Preventing States from Gaming the System by Counting More Outside Spending As Their Own
Sponsored by Human Resources Subcommittee Member Rep. Noem (R-SD)

Under this bill:

- States would be prevented from counting more spending by third parties, such as spending by food banks or after school programs, as part of their required state spending in TANF.
    - States would not be able to further reduce their own spending on the parents of children trying to enter in the workforce with the support of the TANF program.
    - This would also limit states' ability to reduce the number of TANF recipients they are expected to engage in work by reporting artificially high state spending amounts.
    - States would also be prohibited from counting spending on medical services as spending in the TANF program, closing a loophole states could start exploiting in the future.
    - The introduced version of this bill would have prohibited any counting of third party spending as state TANF spending within three years. The amended bill instead gives states the opportunity to reverse this trend over a longer period of time.

Cost: No cost.

Support: Conservative groups support efforts to ensure states invest their own money in welfare programs, not just rely on federal dollars. The FY 2017 President's Budget also recommended ending the counting of third-party spending as state TANF spending.

Background:

- States must spend a certain amount of state money (based on past state spending on low-income programs) to receive full Federal TANF block grant funds, called state "maintenance of effort" or MOE. States must also engage 50% of adults in TANF families in work activities, such as employment, job training, job search, and vocational education.
- Recent reports from the Government Accountability Office indicate a rising number of states appear to be counting non-state third-party spending as TANF MOE spending. For example, a number of states now count volunteer hours as TANF MOE by multiplying volunteer hours by an estimated wage rate and then reporting this as "spending" in the TANF program.
- This evolution has also resulted in some states reporting significant "excess MOE" spending, which under a 1999 regulation allows states to reduce the share of TANF recipients expected to work in exchange for TANF benefits.
- This practice also means some states are reducing their state investment in TANF, gaming the intent of the law's requirements that states continue to invest in the program as a condition of receiving federal funds.