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New Welfare Law: Comparison of the New Block Grant Program with Aid to Families with Dependent Children

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SUMMARY

This report compares the block grant program of Temporary Assistance for Needy Families (TANF), enacted on August 22, 1996 (P.L. 104-193) and amended on August 5, 1997 (P.L. 105-33), with the former program of Aid to Families with Dependent Children (AFDC). The 1996 law replaced the 61-year-old AFDC program and its education, work, and training program, called JOBS, with capped block grants to states. It imposes a general 5-year time limit on duration of TANF benefits and requires work in order to receive benefits after 2 years. To receive full grants, states must achieve certain work participation rates: 30% of all TANF families in FY 1998 (25% in FY1997, transition year) and 75% of two-parent TANF families in both years. These minimums (to be reduced when caseloads fall below the FY1995 level) increase to 50% of all families by FY2002 and 90% of two-parent families by FY1999. In contrast, JOBS required participation by about 9% of all cases in FY1995. Unlike JOBS, TANF sharply limits educational activities that may count toward a state's work participation rate.

AFDC entitled states to unlimited federal reimbursement at varying "matching" rates for state-set benefits and administration, Emergency Assistance, and child care for AFDC recipients and ex-recipients, and to capped matching funds for JOBS and "at-risk" child care (for low-income families not on welfare). Federal spending for these commitments totaled about \$17.4 billion in FY1995. In contrast, TANF provides a fixed block grant based on recent federal funding for AFDC, JOBS, and EA (\$16.5 billion yearly through FY2002) plus an average of \$2.3 billion annually in a new child care block grant (for about half of the child care funds, States must provide matching funds). The Act also provides five kinds of extra TANF funds: supplemental grants for above-average population growth and below-average federal welfare spending per poor person; contingency funds — matching grants for periods of high and rising unemployment or increasing food stamp caseloads; a bonus for reducing the number of out-of-wedlock births and the abortion rate; a performance bonus, based on goals of TANF; and, added by P.L. 105-33, for two years only, welfare-to-work grant funds.

Ineligible for TANF: Unwed mothers under 18 unless they live with an adult relative or in another adult-supervised arrangement; unwed mothers under 18 without a high school diploma whose youngest child is 12 weeks old unless they attend school; persons convicted of a drug-related felony occurring after August 22, 1996. Under TANF, decide what categories of children to aid. AFDC required states to aid all families with children in a class eligible under federal rules unless their income was above state-set limits. TANF disallows any claim of entitlement to cash aid. To receive a full grant, a state must spend yearly on behalf of TANF-eligible families a sum of its own funds equal to a specified percentage of what it spent in FY1994 on the replaced programs, its "historic" level. The required spending level is 75%, but 80% if a state fails work participation minimums. At the 75% level, required state funding would total about \$10.4 billion annually; for this calculation, states may count spending on families no longer eligible for TANF because of the time limit. The Act took effect July 1, 1997, at latest, but states may continue waivers approved before enactment.

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New Welfare Law: Comparison of the New Block Grant Program with Aid to Families with Dependent Children

Note: Provisions marked with an asterisk reflect changes to TANF made by the Balanced Budget Act of 1997 (P.L. 105-33)

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
<p>General Description</p>	<p>AFDC law (Title IV-A of the Social Security Act) provides unlimited federal matching funds for Aid to Families with Dependent Children (AFDC), child care needed by recipients to work or study, transitional child care for those who moved from welfare into the workforce, and Emergency Assistance (EA). Title IV-F offers capped matching funds to states for an education, work, and training program for AFDC parents called Job Opportunities and Basic Skills Training (JOBS) for AFDC parents. To receive “enhanced” reimbursement for JOBS outlays, states must achieve specified participation rates and spend a certain percentage of funds on target groups.</p>	<p><i>The Personal Responsibility and Work Opportunity Reconciliation Act of 1996</i> (Public Law 104-193) repeals AFDC, JOBS, AFDC-related child care, and EA. Through fiscal year 2002, it replaces them with fixed block grants to states for Temporary Assistance for Needy Families (TANF) and with new child care block grants in a revised Title IV-A of the Social Security Act. It sets time limits on duration of aid to individual families and requires states to supplement federal TANF funds with their own. To receive full funding states must achieve specified rates of participation by recipient families in work activities.</p>

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
Purpose	Encourage care of needy children in own homes or those of relatives (original 1935 purpose), strengthen family life, and promote family self-support (1956).	Increase state flexibility in operating programs designed to: (1) aid needy families so that children may be cared for in their homes or those of relatives; (2) end dependence of needy parents upon Government benefits by promoting job preparation, work, and marriage; (3) prevent and reduce out-of-wedlock pregnancies and establish goals for preventing and reducing their incidence; and (4) encourage formation and maintenance of 2-parent families. (Sec. 401 of Social Security Act, as amended by P.L. 104-193) <i>See footnote, end of table.</i>
Eligible Categories of Families	Entitled to state-set AFDC benefits are children under 18 (19, at state option, if still in school) found needy under state standards who live with one parent because of death or continued absence of the second parent; who live with two parents, one of whom is incapacitated or (if the primary earner) “unemployed,” and who live with one parent and a stepparent. Also eligible are the needy parent(s) or other caretaker relatives of these children.	State may give cash TANF benefits to a family it finds needy if it includes a minor child (under 18 or under age 19 if a full-time student in a secondary school or the equivalent level of vocational or technical training) who lives with his/her parent or other caretaker relative or if it includes a pregnant person. (Sec. 408(a)(1) and Sec. 419(2))
	Regulations allow benefits to continue for children who are “temporarily absent” from the home. (State options): —a pregnant woman in the last trimester of pregnancy —a person whose needs it deems “essential” to the child’s well-being.	TANF funds may be used to aid a child who has been (or is expected to be) absent from home for no more than 45 consecutive days (or, at state option, for no more than 30-180 days). (Sec. 408(a)(10))

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families¹
Conditions for Eligibility	Cooperate in establishing paternity of a child, obtaining child support payments, and in identifying third party who may be liable to pay for medical services for the child. Assign child support and spousal support rights to state. Participate in JOBS unless exempt.	Cooperate in establishing paternity and in establishing, modifying, or enforcing a child support order (under penalty of reduced or zero benefit) (Sec. 408(a)(2)); assign child support rights to state (Sec. 408(a)(3)); engage in work, as defined by state, after 24 months of TANF benefits (sooner, if found ready to work) (Sec. 402(a)(1)(A)(ii)) Participate in community service, after 2 months of benefits, unless state notifies the Secretary of Health and Human Services (DHHS) that it will not impose this rule. (Sec. 402(a)(1)(B)(iv))

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
<p>Ineligible Persons</p>	<ul style="list-style-type: none"> -Children who live with two able-bodied parents, unless the principal earner works fewer than 100 hours monthly. -Illegal aliens. -Strikers. -Recipients of Supplemental Security Income (SSI). -Children for whom foster care payments are made. -(<i>State option</i>) the child of an unmarried parent under age 18 (and that parent) unless they are in an adult-supervised supportive living arrangement. State also has option to treat minor mothers as “adult caretakers” of own children and permit them to had their own AFDC household. 	<ul style="list-style-type: none"> -Unwed mothers under 18 (and their children) unless they live in home of adult relative or in another adult-supervised arrangement (such as “second-chance” home). (Sec. 408(a)(5)) -Unwed mothers under 18 without high school diploma unless they attend school once their youngest child is 12 weeks old.. (Sec.408(a)(4)) -(<i>State option</i>) noncitizens, including legal aliens already here. Aliens who enter U.S. after enactment are barred from TANF for 5 years. Thereafter, TANF eligibility is State option. (Sec. 402(b)) of P.L. 104-193) -Child who has been (or is expected to be) absent from home for 45 consecutive days, or, at state option, for 30-180 days. States may make “good cause” exceptions to this rule. (Sec. 408(a)(10)) -Persons convicted of drug-related felony for conduct <i>occurring after enactment</i>* (unless state opts out by state law). (Sec. 115 of P.L. 104-193) -(For 10 years) persons who fraudulently misrepresented residence to obtain Food Stamps, TANF, SSI, or Medicaid in two or more states. (Sec. 408(a)(8)) -Fugitive felons and violators of probation/parole. (Sec. 408(a)(9)) <p>Note: See also <i>time limit</i>.</p>

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
Family Unit	Eligibility and benefits must be based on income and needs of the child, any parent of the child, and dependent siblings living in the home (excepting family members who receive SSI or foster care or adoption assistance maintenance payments). Thus, family members other than SSI recipients and foster care recipients must share income.	No family unit definition. To receive TANF, family must include (a) a minor child living with a parent or other adult caretaker relative, or (b) a pregnant woman. (Sec. 408(a)(1)(B))
Grandparent Caregivers	Grandmothers and grandfathers are among the relatives with whom AFDC children may live. If needy, the grandparent may receive AFDC benefits as the child's caregiver. Some states permit grandparents to receive foster care payments, which usually are higher than AFDC amounts per child, on behalf of their child(ren).	Requires the Census Bureau, in decennial census and mid-decade census, to collect data about households in which a grandparent is a child's primary caregiver. (Sec. 105 of P.L. 104-193)
Form of Aid		
Cash/Noncash	AFDC is defined as money payments, but under certain circumstances may be given as vendor payments for specific goods or services. Cash payments normally go to the child's mother or other caretaker relative, but if that person is judged incapable or has violated program work rules, payments may go to another person interested in the child's welfare (a protective payee).	Bans use of TANF for medical services (except for pre-pregnancy family planning services). (Sec. 408(a)(6)) Permits up to 30% of TANF funds to be used for services (by transfer to the Child Care and Development and Block Grant (CCDBG) and to Title XX social services). See <i>Transfers</i> below, under <i>Funding</i> .

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
Electronic Benefit Transfer (EBT)	Under the JOBS program, part of a family's AFDC grant may be used to subsidize a job (work supplementation).	Permits use of TANF funds in any manner allowed under AFDC or JOBS, and in any manner reasonably calculated to accomplish TANF goals. (Sec. 404 (a)) Explicitly permits use of TANF for payments to job placement agencies or to provide job placement vouchers. (Sec. 404(f))
	Unlimited federal reimbursement is provided for 50% of state costs of administering AFDC.	In general, limits administrative spending to 15% of TANF grant. (Sec. 404(b))
	Regulations permit states to receive federal reimbursement funds (50% administrative cost-sharing rate) for operation of electronic benefit systems. For this, states must obtain advance approval from DHHS and comply with automatic data processing rules.	Permits states to use TANF funds to implement an EBT system for the program. Exempts any EBT system distributing need-based benefits established or administered by a state (such as TANF) from Federal Reserve Board rules known collectively as "Regulation E." The most important Regulation E provision requires that lost/stolen benefits be restored; individuals with accounts are responsible only for the first \$50 of any loss, when reported in a timely fashion. (Sec. 891 of P.L. 104-193) Permits states to use TANF funds to carry out a program to fund individual development accounts established by recipients. See <i>Resource Limits</i> .

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
Benefit Levels	States set benefit levels. For a family of three with no income, they range from \$120 monthly in Mississippi to \$923 in Alaska. Two Medicaid provisions limit reductions in AFDC benefits: if a state reduces AFDC payment levels below those in effect on May 1, 1988, the Secretary of DHHS shall not approve the state's Medicaid plan; if a state reduces payment levels below those of July 1, 1987, DHHS is to disallow Medicaid matching funds for required services to certain pregnant women and children, those not enrolled in AFDC but eligible for Medicaid on income grounds alone. With these exceptions, states have full authority to set benefit levels.	Gives states full authority to set TANF benefit levels. However, restricts changes in superseded AFDC income standards, to be used for Medicaid eligibility. See <i>Interaction with Medicaid</i> . For the first 12 months of their residence, permits states to pay incoming families the lesser benefit of their previous state. States could apply to new families the TANF rules of their former state for 1 year. (Sec. 404(c))
Entitlement Status	State entitlement — The law directs DHHS to pay states specified shares of their AFDC expenditures, without limit. Individual entitlement — Supreme Court rulings require states to give AFDC to all persons whose income and resources are below state-set limits if they are in a class eligible under federal rules.	State entitlement — Entitles each state to a share of a fixed national total of TANF funds. Individual entitlement — None. States that TANF entitles no person to its benefits. (Sec. 401(b))
Income Limits	Gross income limit (federal): 185% of state standard of need. Actual limit usually is far lower, as payment standards of most states are below need standards.	No provision.

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Resource Limits	<p>Counted resource limit (federal): \$1,000 per family. Not counted: home and some of the equity value of an auto, some of the value of funeral arrangements, burial plots, real property that the family is attempting to sell, and — for 2 months — refunds of the Earned Income Tax Credit, EITC).</p>	<p>Permits states to use TANF to fund individual development accounts (IDAs) for persons eligible for TANF, with no dollar limit. Accounts would contain deposits from the recipient's earnings, matched by contributions from a not-for-profit organization, or a state or local government agency in cooperation with the non-profit organization. Withdrawals allowed only for postsecondary educational expenses, first home purchase, and business capitalization. Requires all means-tested programs to disregard funds (including accruing interest) in these IDAs. (Sec. 404(h))</p>
Treatment of Earnings	<p>States must disregard these earnings of a recipient family per month:</p> <ul style="list-style-type: none"> —First 4 months of a job. \$120, one-third of remaining earnings, and actual dependent care costs up to \$175 (up to \$200 for child under age 2), less for part-time work. —Months 5 through 12: \$120 plus dependent care costs. —After 12 months: \$90 plus dependent care costs. <p>Note: Special rules apply to applicants and child students.</p>	<p>No provision.</p>

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<p>Time Limits</p>	<p>Recipients remain eligible for benefits as long as they meet program rules.</p> <p>JOBS imposes no time limit on general participation, but does limit the time a person may be required to participate in a work supplementation program, a community work experience program, or job search.</p>	<p><i>Work trigger.</i> Requires parents to engage in “work” (as defined by states) after 24 months of cash benefits (sooner, if deemed ready for work). Also, not later than 1 year after enactment, unless it opts out by notice to the Secretary, states must require a parent who has received TANF for 2 months to participate in community service, with hours and tasks set by the state. (Secs. 402(a)(1)(A)(ii) and 402(a)(1)(B)(iv))</p> <p><i>Aid cutoff.</i> Forbids use of TANF for aid to family that includes an adult who has received 60 months of TANF benefits. In counting months, states must disregard those when adult lived <i>in Indian country</i>* or on an Indian reservation or in Alaska Native village with 50% of adults unemployed. Allows exceptions (for hardship or family’s inclusion of a battered woman) for up to 20% of caseload. (Sec. 408(a)(7))</p> <p>Note: State funds used to aid persons ineligible for TANF because of the 5-year time limit or new alien rules may be counted toward the maintenance-of-effort requirement. (Sec. 409(a)(7)(B)(i)(III)) Also, states may use TANF funds transferred to Title XX social services for aid to the ex-TANF family (Sec. 2002(f)) See <i>Cost-sharing</i> and <i>Transfers</i> below.</p>

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
<p>Out-of-Wedlock Pregnancies/ Births</p>	<p>States are required to provide family planning services (to prevent/reduce the incidence of births out of wedlock) to any AFDC recipient who requests the services. The law requires a reduction of 1% in AFDC matching funds if a state fails to offer and provide family planning.</p>	<p>TANF plans must outline how the state intends to establish goals and act to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies; and how it intends to establish numerical goals for reducing the proportion of births outside marriage. (Sec. 402(a)(1)(v))</p> <p>Offers bonus funds to 5 states that rank highest in decreasing out-of-wedlock births while decreasing abortions (see <i>Funding</i> below).</p> <p>As noted above (<i>Ineligible Persons</i>), TANF cash cannot be given to unwed mothers under 18 (and their children) unless they live in home of adult relative or in another adult-supervised arrangement (such as “second-chance” home).</p> <p>Appropriates \$50 million for each of fiscal years 1998-2002 for grants to states for abstinence education programs, with a focus on groups likely to bear children out-of-wedlock. (Sec. 912 of P.L. 104-193)</p>
<p>Client Contracts/ Agreements</p>	<p>After assessing the needs and skills of recipients and developing an employability plan, states may require JOBS participants to negotiate and enter into an agreement that specifies their obligations.</p>	<p>States must assess the skills, work experience, and employability of each adult recipient (at least age 18) who has not completed high school and is not attending school. In consultation with the recipient and on the basis of the assessment, they <i>may</i> develop an individual responsibility plan that sets forth obligations of the recipient and describes services to be provided by the state. The plan may require the recipient to undergo appropriate treatment for substance abuse. (Sec. 408(b))</p>

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Non-Work Conduct Rules		
Education	For full family benefits, parents under age 20 without a high school diploma or equivalent must participate in an educational activity, provided state resources permit. Some states have received permission (waivers from federal law) to require AFDC children to attend school; some, to require AFDC parents to attend parenting classes.	Unmarried parents under 18 without a high school diploma and whose children are at least 12 weeks old are ineligible unless they participate in an educational activity. (Sec. 408(a)(4))
Health Practices	Under waivers, some states require specific health practices, such as immunization of preschool children and annual health checkups.	No provision.
Drug/Alcohol Abuse	Under waivers, some states require drug testing for specified AFDC recipients and/or treatment for substance abuse.	States shall not be prohibited by the federal government from testing welfare recipients for use of controlled substances nor from sanctioning those who test positive. (Sec. 902 of P.L. 104-193) States must ask TANF applicants whether a family member has been convicted of a drug-related felony. (Sec. 115 of P.L. 104-193)
Residence of Unwed Minor Mothers	As noted above (<i>ineligible persons</i>), states may deny AFDC to unmarried parents under age 18 (and their children) unless they live in an adult-supervised supportive arrangement.	States may not give TANF cash aid to unmarried parents under 18 (and their children) unless they live in an adult-supervised supportive arrangement. (Sec. 408(a)(5))

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
Deterrence of New Birth (Family Cap)	Some states have waivers to deny AFDC benefits for a new baby in a family already receiving aid.	No provision.
Child Care for Welfare Families	States must “guarantee” child care (by direct provision, reimbursement, vouchers, etc.) for JOBS participants who need it, and for other AFDC parents already in school, training, or work. Regulations require states to guarantee care for children under age 13 (older if incapable of self-care) that is needed to permit the parent to work, train or attend school. States must continue child care benefits for 1 year to ex-AFDC working families (transitional care), but must charge them an income-related fee. Unlimited federal matching funds are offered for AFDC/JOBS and transitional child care (the Congressional Budget Office (CBO) estimates federal outlays at \$1.015 billion for FY1996). In addition, capped entitlement matching funds of \$300 million yearly are offered for care of children “at risk” of becoming eligible for AFDC.	Repeals the child care guarantee for recipients of cash aid who need it to work or study and ends existing AFDC-related child care programs. Entitles states to an average of \$2.32 billion annually for child care under Title IV-A for 6 years (FY1997-FY2002 total: \$13.9 billion). (Sec. 418) This consists of \$1.2 billion per year in 100% federal grants and an average of about \$1.1 billion yearly in matching grants. Entitles individual states to what they received for AFDC work-related child care, transitional child care, and at-risk child care in a recent year. States that maintain the higher of their 1994 or 1995 spending on these programs would be entitled also to extra funds at the fiscal year 1995 medicaid matching rate. Earmarks 70% of entitlement child care funds for recipients or ex-recipients of TANF or persons at risk of TANF eligibility. States that a substantial portion of the remaining entitlement funds should be used for low-income working families not on welfare.
	For the Child Care and Development Block Grant (CCDBG), \$935 million was appropriated in discretionary funds for FY1996.	Transfers welfare-related child care funds to the lead agency under the CCDBG and makes them subject to rules of CCDBG. For CCDBG, authorizes \$1 billion annually in discretionary funds for 7 years, FY1996-FY2002.

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
Job Opportunities and Basic Skills Training Program (JOBS)	States must establish a JOBS program and, to the extent that it is available and resources otherwise permit, must require participation by all nonexempt adult AFDC recipients to whom the state guarantees child care. Law entitles states to a share of limited federal matching funds (\$1.3 billion in FY1995, \$1 billion annually thereafter).	Repeals JOBS (Sec. 108(e) of P.L. 104-193)
Purpose	The stated purpose of JOBS is to assure that needy families with children obtain the education, training, and employment that will help them avoid long-term welfare dependence.	One of the stated purposes of TANF is to increase state flexibility in operating programs designed to “. . . end dependence of needy parents upon Government by promoting job preparation, work, and marriage. . .” (Sec. 401)
Non-Displacement Rule	A JOBS work assignment may not displace a currently employed worker or position (including partial displacement) or cause the infringement of promotional opportunities of a current worker. A JOBS participant may not fill a position when another person is on layoff from the same or an equivalent job or if the employer has reduced the workforce with the effect of creating vacancy for a subsidized JOBS participant. A JOBS participant cannot be assigned under work supplementation or community work experience to fill an established unfilled position vacancy.	A TANF recipient may fill a vacant employment position. However, no adult in a work activity that is funded in whole or in part by federal funds shall be employed or assigned when another person is on layoff from the same or any substantially equivalent job; or if the employer has ended the employment of any regular employee or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy so created with a TANF recipient. These provisions shall not preempt or supersede any provision of state or local law that provides greater protection against displacement. (Sec. 407(f)) Note: Additional restrictions apply to activities funded with welfare-to-work grants established by P.L. 105-33.

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
Work Requirements		
General	Required to participate in JOBS are able-bodied custodial parents without a child under 3 years old (a state may require participation by a parent with a child as young as 1).	After maximum of 2 years of TANF benefits, requires parents to engage in “work,” as defined by the state. Not later than 1 year after enactment, unless it opts out by notice to the Secretary, state must require a parent who has received TANF for 2 months to participate in community service employment, with hours and tasks set by state (not applicable to a single parent of a child under 6 who is unable to obtain needed child care for a specified reason). (Sec.402(a)(1)(A)(ii) and 402(a)(1)(B)(iv))
Exemptions	Major exemptions: persons who are ill, incapacitated or needed at home because of another’s illness or incapacity; parents of a child under 3 (under 6, unless the state guarantees child care and requires no more than 20 hours weekly of JOBS activity).	No exemptions, but permits state to exempt single parent caring for a child under age 1. Sec. 407(b)(5))

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
Activities	<p>JOBS must include high school or equivalent, basic/remedial education, and education for those with limited English proficiency); job skills training, job readiness activities, and job development and placement. States also must offer at least two of these four: group and individual job search; on-the-job training; work supplementation, community work experience program (CWEP) (or another approved work experience program). State also may offer postsecondary education in “appropriate” cases.</p>	<p>Defines “work activities” that count toward a state’s participation rate as: unsubsidized employment, subsidized private or public sector employment, work experience, on-the-job training, job search and job readiness assistance (6 weeks maximum of job search [12 weeks if state unemployment rate is 50% above average <i>or, for the most recent 3 months, equals at least 6.5% and is 10% above its level for the same months in either or both of the two previous years*</i>], but only 4 consecutive weeks), community service programs, vocational educational training (12 months maximum), job skills training directly related to employment, education directly related to employment (recipient without high school diploma or equivalent), satisfactory attendance at secondary school (high school dropout), and provision of child care services to a TANF recipient who is participating in a community service program. The share of persons credited with work activity by reason of vocational educational training <i>cannot exceed 30%.* For FY1998 and 1999 only, an unlimited number of teen household heads who lack high school diplomas may be credited with work by reason of satisfactory secondary school attendance or by spending an average of 20 hours weekly in education directly related to employment.*</i> (Sec. 407(d))</p>

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
<p>Weekly Hour Requirement</p>	<p>Federal regulations measure JOBS participation by a 20-hour-per-week standard. Counted as participants: the largest number of persons whose combined and averaged hours in education, work, and training during the month equal 20 per week. The law sets a special rule for two-parent families (AFDC for Unemployed Parents). At least one parent in each AFDC-UP family must participate at least 16 hours weekly in a work activity (see below).</p>	<p>To be counted as a work participant, a person must be engaged in a work activity for at least these minimum average number of hours per week: 20 hours until FY1999, 25 hours in FY1999, 30 hours in FY2000 and thereafter (for a recipient who is the only parent or caretaker relative* of a child under 6, weekly hours remain at 20.) Of required hours, at least 20 generally must be spent in these specified “priority” activities: employment, work experience, on-the-job training, job search and job readiness, community service, vocational educational training, or provision of child care to a participant in community service. (A teen household head without diploma is deemed to be engaged in work if she maintains satisfactory secondary school attendance or, for <i>at least an average of 20 hours weekly</i>,* engages in education directly related to work.) A special work rule applies to 2-parent families (<i>unless one parent is disabled, in which the family must be treated as a single-parent family*</i>): 2-parent families must work at least 35 hours weekly from the start, with at least 30 hours in priority activities specified above, <i>and they may share the hours requirement</i>.* If the 2-parent family receives federally-funded child care aid and an adult is not disabled or caring for a severely disabled child, <i>the two parents must engage in a total of 55 hours of work activity per week, with 50 hours in priority activities specified above</i>.* (Sec. 407(c))</p>

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹												
<p>Percent of Caseload Requirement</p>	<p>The general JOBS participation rate expired on September 30, 1995. It was 20% of the <i>nonexempt</i> caseload (roughly equal to about 9% of all cases) in FY1995.</p> <p>A special higher rate, ending on September 30, 1998, applies to AFDC-UP families. Required to participate at least 16 hours weekly in on-the job training, work supplementation, community work experience or other work experience program, or a state-designed work program: 60% of AFDC-UP families in FY1996 and 75% in FYs1997-1998. (The 16 hour weekly minimum is reduced for participants in community work experience if it would yield an hourly payment below the minimum wage rate.)</p>	<p>Overall required participation rates (percent of all cases except, at state option, those with child under 1):</p> <table data-bbox="1157 461 1661 565"> <tr> <td>FY1997</td> <td>25%</td> <td>FY2000</td> <td>40%</td> </tr> <tr> <td>FY1998</td> <td>30%</td> <td>FY2001</td> <td>45%</td> </tr> <tr> <td>FY1999</td> <td>35%</td> <td>FY2002 +</td> <td>50%</td> </tr> </table> <p>For 2-parent families, the rates are 75% in FY1997 and 1998, 90% in FY1999 and thereafter. (Sec. 407(a))</p> <p>Note: The Secretary is to issue regulations for reducing the overall participation rates by the number of percentage points by which a state's caseload is smaller than in FY1995 unless she finds that the decrease was required by federal law or results from changes in state eligibility criteria, a relationship to be proved by the Secretary. (Sec. 407(b)(3))</p>	FY1997	25%	FY2000	40%	FY1998	30%	FY2001	45%	FY1999	35%	FY2002 +	50%
FY1997	25%	FY2000	40%											
FY1998	30%	FY2001	45%											
FY1999	35%	FY2002 +	50%											
<p>Calculation of Rates</p>	<p>A state's participation rate, expressed as a percentage, equals the number of JOBS participants divided by the number of AFDC recipients required to participate (non-exempt from JOBS). For 2-parent families, the participation rate equals the number of parents who participate, divided by the number of principal earners in AFDC-UP families (but excluding those who received aid for no more than 2 months, if one parent then was engaged in intensive job search).</p>	<p>Monthly participation rates, expressed as a percentage, equal (a) the number of all recipient families in which an individual is engaged in work activities for the month, divided by (b) the number of recipient families with an adult recipient (but excluding families subject that month to a penalty for refusal to work, provided they have not been penalized for more than 3 months, whether or not consecutive, in preceding 12; and excluding families with children under 1, if state exempts them from work). (The same method is used to calculate participation rates of 2-parent families.) (Sec. 407(b))</p>												

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
<p>Penalties Against States for Failing Work Participation Rate</p>	<p>If a state fails to achieve required participation rates, the federal matching rate for JOBS spending (which generally ranges from 60% to 78% among states) is to be reduced to 50%. (However, the Secretary may waive the penalty if the state submits a proposal likely to achieve the required rate for the current year.)</p>	<p>If a state falls short of the required participation rate, its TANF block grant is to be reduced by 5%* for the first year. In subsequent years, annual penalties would rise by 2 percentage points (thus, 7% in second year, 9% in third, etc.) with a maximum cumulative penalty of 21%. (Secretary may reduce penalty if State unemployment is 6.5% and 10% above comparable level of either of past 2 years <i>or if failure is due to extraordinary circumstances</i>*) Sec.409(a)(3) Before assessing this penalty, the Secretary must notify the state of the violation and allow it to enter into a corrective compliance plan. (Sec. 409(c))</p> <p>Note: In the case of all penalties, states must replace federal funds with their own.</p>
<p>Sanctions Against Individuals</p>	<p>For failure to meet JOBS requirements without good cause, AFDC benefits are to be denied to the offending parent and payment for the children made to a third party.</p>	<p>If an adult recipient refuses to engage in required work, the state shall reduce aid to the family pro rata (or more, at state option) with respect to the period of work refusal, or shall discontinue aid, subject to good cause and other exceptions that the state may establish. Exception: A state may not penalize a single parent caring for a child under age 6 for refusal to work if the parent has a demonstrated inability to obtain needed child care for a specified reason. (Sec. 407(e))</p>

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
Federal Administration		
Regulatory Authority	<p>At the Federal level AFDC and JOBS, along with numerous other programs (see below), are administered by an Assistant Secretary, Administration for Families and Children of the Department of Health and Human Services. The DHHS Secretary is authorized to make and publish rules and regulations, not inconsistent with the Social Security Act, that are needed for efficient administration.</p>	<p>TANF and child support enforcement shall be administered by an Assistant Secretary for Family Support within DHHS. (Sec. 416) No officer or employee of the federal government may regulate the conduct of states under Title IV-A or enforce any of its provisions, except to the extent expressly provided in Part A of Title IV. (Sec. 417)</p>
Reduction in Workforce	<p>DHHS has reported (1995 data) that 118 employees in the Office of Family Assistance (OFA) work on AFDC and 209 (full-time equivalent positions) in regional offices of the Administration on Children and Families. The OFA employees include 30 who spend some time interpreting AFDC/JOBS policy and helping states develop plans. Programs administered by ACF include AFDC, JOBS, emergency assistance (to be replaced by TANF), child support enforcement, foster care, adoption assistance, independent living, family preservation and support, Head Start, Title XX social services block grant, child care and development block grant program, low-income home energy assistance, refugee resettlement, child welfare services, and child abuse prevention (not replaced by the new law).</p>	<p>The Secretary must reduce the federal workforce within the department by 245 equivalent full-time (FTE) positions “related to” the conversion of AFDC, Emergency Assistance, and JOBS into TANF and by 60 FTE managerial positions. (Sec. 416)</p>

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
<p>Quality Control/Audits</p>	<p>The DHHS Secretary must operate a quality control system to determine the amount of federal reimbursement funds to be disallowed, if any, because of erroneous payments made by states. AFDC payments to states are subject to audits conducted under the Single Audit Act (Ch. 75, Title 31, U.S. Code).</p>	<p>If an audit conducted under the Single Audit Act finds that a state has used TANF funds in violation of the law, its block grant for the next fiscal year quarter shall be reduced by that amount. Unless the state proves that the violation was not intentional, the Secretary shall further reduce the amount by 5% of the TANF grant. (Sec. 409(a)(1)) Before the penalty is imposed, the state must have an opportunity to enter into a corrective compliance plan. (For list of specific actions/inactions subject to penalties, see <i>Penalties</i> below.)</p>
<p>Penalties Against States (Other Than for Failing Work Requirements, Shown Above)</p>	<p>Failure to comply with provisions of IV-A or state plan. The Secretary is to withhold all payments from the state, or limit payments to categories affected by noncompliance.</p>	<p>Note: States must replace federal penalty funds with their own funds. Except for failure to repay a loan, <i>replace penalty funds, maintain required state spending, or comply substantially with child support requirements</i>,* the Secretary must allow the state to enter into a corrective action plan. Penalties for any quarter shall not exceed 25% of the basic grant; unrecovered penalties are to be carried forward.</p> <p>See <i>Quality control/audits</i> for penalty for misuse of funds.</p>
	<p>Failure to submit required report. No specific penalty, but general compliance penalty could apply.</p>	<p>Failure to submit required report. Secretary shall reduce the TANF grant for the next year by 4% but rescind penalty if state submits the report before the end of the next fiscal quarter. (Sec. 409(a)(2))</p>

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
	Failure to participate in the income and eligibility verification system. No specific penalty.	Failure to participate in the income and eligibility verification system. Secretary shall reduce TANF grant for the next fiscal year by up to 2%. (Sec. 409(a)(4))
	Failure to comply with requirement that AFDC eligibility be conditioned on cooperation of applicant/recipient in establishing paternity of a child born out of wedlock and in obtaining support payments (unless person is found to have good cause for noncooperation). No specific penalty.	Failure to enforce penalties required by the child support agency against TANF recipients who fail to cooperate in establishing paternity or in establishing, modifying, or enforcing child support order (good cause exceptions allowed). Secretary shall cut TANF grant for next fiscal year by up to 5%. (Sec. 409(a)(5))
	Failure to comply substantially with child support enforcement requirements (Title IV-D). The Secretary is to reduce AFDC matching funds: by 1-2% for first finding of noncompliance, by 2-3% for second consecutive finding, and by 3-5% for third or subsequent finding.	Failure to comply substantially with child support enforcement requirements (Title IV-D). The Secretary is to reduce TANF grant for each quarter of non-compliance thus: first finding of non-compliance, by 1-2%; second consecutive finding, 2-3%; and third and later findings, 5%. (Sec. 409(a)(8)) Penalty cannot be waived for reasonable cause.
	Not relevant (states are entitled to unlimited matching funds, and there is no loan fund).	Failure to timely repay a loan from the federal loan fund for state welfare programs. The Secretary shall reduce the TANF grant for the next fiscal year quarter by the outstanding loan amount, plus the interest owed. <i>Penalty cannot be waived for reasonable cause.*</i> (Sec. 409(a)(6))

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
	Not relevant. (States must share in every dollar of outlays.)	Failure to maintain certain level of historic state spending (generally, sum equal to 75% of spending from own funds on replaced programs — including AFDC-related child care — in FY1994). Secretary shall reduce the following year's TANF grant by the shortfall. (Sec. 409(a)(7)) Penalty cannot be waived for reasonable cause.
	Not relevant (no time limit).	Failure to comply with the 5-year limit for TANF eligibility. The Secretary shall reduce the TANF grant for the next fiscal year by 5%. (Sec. 409(a)(9))
	Not relevant (no contingency fund, since unlimited federal matching funds are offered).	Failure to maintain 100% of historic state spending during a year in which state received contingency funds. The Secretary shall reduce the next year's TANF grant by the total amount of contingency funds paid to the state. (Sec. 409(a)(10)) <i>Penalty cannot be waived for reasonable cause.*</i>
	No provision. State must guarantee care for a child under 13 if AFDC parent needs child care to work or study.	Failure to maintain aid for a single parent who cannot obtain care (for specified reasons) for a child under 6. The Secretary shall reduce the grant for the next fiscal year by up to 5%. (Sec. 409(a)(11))

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
<p>Corrective Compliance/ Appeals</p>	<p>The penalty against a state for substantial noncompliance with child support rules (loss of AFDC matching funds) must be suspended if a state submits and implements a corrective action plan. States are entitled to reconsideration of disallowed reimbursement claims, and the law provides for administrative and judicial review of DHHS decisions about approval of state plans.</p>	<p>Before assessing a penalty, the Secretary must notify the state of the violation. Except for failure to repay a loan, <i>replace penalty funds, maintain required state spending (including that for contingency funds) or comply substantially with child support requirements,*</i> the Secretary must allow the state to enter into a corrective compliance plan. (Sec. 409(c)) If the Secretary accepts the plan and if the state corrects the violation, no penalty will be assessed. Provides for appeals of adverse decisions (administrative and judicial review). (Sec. 410)</p>

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
Funding		
50 States and the District of Columbia	<p>The law permanently authorizes unlimited federal matching funds for AFDC benefits and for child care for AFDC recipients and ex-recipients (1 year of transitional benefits) in the 50 states and the District of Columbia at the regular Medicaid matching rate, which ranges among states from 50% to 78%. Authorizes unlimited matching funds for EA and for AFDC administrative costs, at a uniform 50% rate. Authorizes capped matching funds, at the Medicaid matching rate, for “at-risk” child care, for persons needing it to avert AFDC eligibility.</p>	<p>Repeals funding for AFDC, EA, JOBS, and AFDC-related child care. For each of FYs1996-2002 entitles each state (and territory) to a share of a fixed national TANF grant equal to the largest of 3 amounts: amount required to be paid by federal government to state for AFDC benefits and administration, EA, and JOBS for (a) FY1994, plus 85% of the amount by which EA payments for FY1995 exceeded those for FY1994 if the state amended its EA plan in FY1994; (b) FY1992-1994, on average, or (c) FY1995. (Sec. 403(a)) CRS calculations indicate that the national yearly sum will be \$16.5 billion yearly. <i>Entitles States in FY1998 and FY1999 to a total of \$3 billion in welfare-to-work grants.*</i> Also entitles states to separate child care funding. See <i>Child Care</i>. Requires States to supplement TANF funds with their own. See <i>Cost-sharing</i>.</p>
3 Outlying Areas	<p>Ceilings apply to matching funds, at a 75% rate, for AFDC, EA, AFDC-related child care, at-risk child care, foster care and adoption assistance, and cash welfare for needy adults in Guam, Puerto Rico, and the Virgin Islands. Caps: Guam, \$3.8 million; Puerto Rico, \$82 million; Virgin Islands, \$2.8 million. Authorized for American Samoa is \$1 million for AFDC, EA, foster care, and adoption assistance, but it has not implemented these programs.</p>	<p>Replaces federal funding for AFDC, EA, JOBS, and AFDC-related child care with TANF grant, based on recent federal payments to the territory. Retains but increases aggregate funding ceilings. Entitles territories to matching grants (at 75% federal rate) for TANF or foster care and adoption assistance outlays above their basic block grant level but below the new ceilings, provided they maintain their own fiscal year 1995 spending level for children. New funding caps: Guam: \$4.7 million; Puerto Rico, \$107.3 million; and Virgin Islands, \$3.6 million. (Sec. 1108)</p>

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
All 54 Jurisdictions	The law entitles each jurisdiction to a share of JOBS matching funds equal to its share of adult AFDC recipients. Authorized is \$1 billion yearly. The federal matching rate for JOBS activities and full-time personnel costs ranges from 60% to 78%, but is 50% for other administrative expenses other than full-time personnel.	No earmarked funding for work programs.
Indian Tribes and Alaska Native Organizations	Indian tribes and Alaska native organizations receive no special treatment regarding AFDC, and they do not administer AFDC. Indian and Alaska families with children receive AFDC benefits on the same terms as other families in their states from state or local AFDC agencies.	For each of 6 years (FY1997-FY2002) earmarks some TANF funds for direct administration by applicant Indian tribes and Alaska native organizations. The amount equals federal AFDC payments to the state for FY1994 attributable to Indian families. These funds are to be subtracted from the TANF grant of the state(s) containing the tribes' service areas. (Sec. 412(a)(1)), the Secretary, with participation of tribes, is to establish work participation rules, time limits for benefits, and penalties for tribal family assistance programs. Tribes are to prepare 3-year family assistance plans. In general, tribal programs in Alaska must be comparable to those operated by the state of Alaska. (Sec. 412(b))
	However, more than 80 tribes and native organizations in 24 states are JOBS grantees. Their allocation of JOBS funds is subtracted from that of their state. JOBS programs operated by Indians and Alaska natives are fully federally funded. Further, their programs need not meet participation rules of the regular JOBS program.	For 6 years (FYs1996-2001) Secretary must pay to Indian tribes and Alaska native organizations that have been JOBS grantees an annual grant equal to their FY1994 JOBS allotment (\$7.6 million). The bill appropriates this sum, which is in addition to the national TANF grant. (Sec. 412(a)(2))

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
Loan Fund	No provision.	Establishes a \$1.7 billion revolving federal loan fund for state welfare programs. The Secretary shall make loans, for no more than 3 years, to eligible states, at an interest rate comparable to the average market yield on outstanding federal obligations with comparable periods to maturity. Ineligible are states that have been penalized for using TANF funds in violation of IV-A. The cumulative total of loans made to a state during FYs1997-2002 shall not exceed 10% of a state's basic block grant. (Sec. 406)
Supplemental Grants for Population Increase (and Low Federal Spending Per Poor Person)	Current law provides unlimited AFDC matching funds. When enrollment climbs, federal funding automatically rises. Federal share of AFDC spending is a function of benefits set by states and federal matching rates, which are inversely related to state per capita income (with a floor of 50%).	For each of FYs1998-2001, some of the 50 states (and the District of Columbia) may receive a supplemental grant generally equal to 2.5% of federal payments to them for fiscal year 1994 for programs replaced by TANF (AFDC benefits and administration, EA, JOBS, and AFDC-related child care). To qualify, a state's rate of population growth must be above average <i>and</i> its [federal] welfare spending per poor person below average. States must qualify during fiscal year 1998 in order to qualify later. If it continued to qualify after fiscal year 1998, a state would receive an increase in the extra grant (the 2.5% increase would be calculated on a new higher base, containing the previous year's supplement). Deemed to qualify in all 4 years: a state with a population gain above 10% from April 1990 to July 1994 <i>or</i> with FY1994 welfare spending per poor person 35% below the FY1994 average (11 states meet at least one of these standards). For these grants, \$800 million is appropriated over 4 years (if funds are insufficient, pro rata reductions are to be made). (Sec. 403(a)(3))

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
Out-of-Wedlock Bonus	No provision.	Offers a bonus for each of 5 years (FYs1999-2003) to the 5 states with the largest percentage decline in the out-of-wedlock birth <i>ratio</i> * (for the most recent 2-year period with data). To be eligible, a state also must reduce its abortion rate below that of FY1995. In awarding bonuses, the Secretary shall disregard changes in births outside marriage and in abortion rates that are attributable to changed methods of reporting data. The bonus amount is \$20 million per state, (\$25 million if fewer than 5 states qualify). <i>If Guam, the Virgin Islands, or American Samoa should qualify for a bonus, the bonus amount would be reduced (to 25% of the area's funding ceiling).</i> * (Sec. 403(a)(2))

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
<p>Contingency Fund</p>	<p>No provision. Law offers unlimited federal matching funds.</p>	<p>Establishes a contingency fund for state welfare programs and appropriates for it up to \$2 billion for a total of 5 years (FYs 1997-2001). The fund would provide matching grants at the FY1995 Medicaid matching rate to “needy” states that expected during the fiscal year to spend <i>under the TANF program</i> from their own funds 100% of their “historic” level of welfare expenditures (their FY1994 spending for AFDC, EA, JOBS, and AFDC-related child care). A state would qualify as needy if for the most recent 3-month period: (a) its total unemployment rate (seasonally adjusted) was at least 6.5% and up 10% from the corresponding rate in at least 1 of the 2 preceding years or (b) its food stamp average monthly caseload was up 10%, compared to what enrollment would have been in the corresponding period of FY1994 or FY1995, as determined by the Secretary of Agriculture, if changes made in the new law to food stamp rules and alien eligibility had been in effect throughout FY1994. The Secretary is to make contingency payments upon request, in the order of their receipt. A monthly payment shall not exceed 1/12 of 20% of the state’s basic TANF grant (monthly maximum, 1.67% of annual grant). At the end of each fiscal year, a reconciliation accounting procedure is prescribed to assure that states pay their matching share of contingency funds. (Sec. 403(a)(b))</p> <p>As noted under <i>Penalties</i>, if a state fails to maintain 100% of historic state expenditures under its TANF program during a year in which it receives contingency funds, the Secretary must reduce its next year’s grant by the amount of contingency funds.</p>

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
Performance Bonus	No provision.	For each of 5 years (FYs1999-2003) a bonus shall be paid to a “high performing” state, defined as one whose performance score for the previous year at least equals a threshold set for that year by the Secretary. State performance is to be measured by a formula developed by the Secretary in consultation with the National Governors’ Association and the American Public Welfare Association. The formula is to measure success in achieving “the goals” of TANF. A total of \$1 billion is appropriated for these bonuses, which are to average \$200 million yearly. (Sec. 403(a)(4))

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
<p>Welfare to Work Grants*</p>	<p>AFDC law provided a capped entitlement to States (\$1 billion in FY1996) for federal reimbursement, at an average rate of about 59%, of costs of education, work, and training activities for AFDC adults under JOBS.</p>	<p><i>The Balanced Budget Act of 1997 (P.L. 105-33) established a two-year \$3 billion program of welfare-to-work grants to fund the following activities in FY1998 and FY1999 for TANF recipients: community service or work experience programs, job creation through wage subsidies, on-the-job training, contracts with providers of readiness, placement, and post-employment services, job vouchers, and job retention or support services. After setasides totaling \$154 million, 75% of funds are to be used for matching formula grants (66.7% federal matching rate) and 25% for competitive grants. States must distribute 85% of formula grants among Job Training Partnership Act (JTPA) service delivery areas, and JTPA private industry councils (PICS), or alternate agencies designated by governors under a waiver process, are to administer them, coordinating spending of WTW and TANF funds. Seventy percent of WTW funds must be used to benefit persons with specified barriers to work who also are long-term recipient (30 months of AFDC/TANF benefits) or area about to exceed the TANF 5-year time limit (and for non-custodial parents of children in the care of such recipients). Eligible to apply for competitive grant funds are PICs, political subdivisions of states, and private entities applying in conjunction with a PIC or political subdivision. WTW work activities may not violate an existing contract for services or a collective bargaining agreement; a WTW worker cannot fill a vacancy that results from reducing hours of a job to less than full-time. The Labor Department rather than DHHS is to administer WTW, but DHHS is to evaluate the grant program grants).* (Sec. 403 (a)(5))</i></p>

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
Transfer of funds	No provision.	Allows states to transfer up to 30% of TANF funds to the Child Care and Development Block Grant (CCDBG) and Title XX social services. Specifies that a maximum of <i>10% of total transfers</i> may go to the latter.* Amounts transferred to Title XX shall be used only for programs and services to children or their families whose income is below 200% of the poverty income guideline. Sec. 404(d) Provides that Title XX funds may be used to provide vouchers, for services directed at the goals of Title XX, to families who have become ineligible for TANF by reason of a durational limit or to children denied TANF because of state imposition of a family cap. (Sec. 2003(d))
Cost-Sharing (Maintenance of Effort)	States must share in every dollar of program costs. For administrative costs, the rate is a uniform 50%. For other costs it varies among states (and, within limits, is inversely related to the square of state per capita income, compared to the square of national per capita income). AFDC benefits and AFDC-related child care use the Medicaid federal matching rate, which ranges in FY1996 among states from a floor of 50% to 78%. For JOBS activities, the law provides an “enhanced” rate, ranging from 60% to 78%. For Emergency Assistance the rate is a uniform 50%.	Cost-sharing is required during FYs1997-2002 for basic TANF funds payable in FYs1998-2003. For full grant, state spending <i>under all state programs</i> in previous year on behalf of TANF-eligible families (defined to include those ineligible because of 5-year time limit or federal ban on benefits to new immigrants) must equal at least 75% of the state’s “historic” level, the sum used in FY1994 on AFDC, JOBS, EA, and AFDC-related child care (80% if state fails to meet work participation requirements). State expenditures that qualify for this test of historic spending are cash aid, child care, educational activities designed to increase self-sufficiency, job training, and work (but not generally available to non-TANF families), administrative costs (15% limit), and any other use of funds reasonably calculated to accomplish TANF purposes. (Sec. 409((a)(7)) Cost-sharing also is required for contingency funds (above), for some child care funds, and for <i>most welfare-to-work funds</i> * (above).

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
Waivers	Sec. 1115 of the Social Security Act authorizes the DHHS Secretary to waive specified requirements of state AFDC plans in order to enable a state to carry out any experimental, pilot, or demonstration project that the Secretary judges likely to assist in promoting the program's objective. The Clinton Administration gave AFDC waivers to 42 states and the District of Columbia before enactment August 22, 1996 of the new law.	Provides that AFDC waivers in effect on the date of enactment will continue until their scheduled expiration, unless the state chooses to end them early. Provisions of TANF law, if inconsistent with terms of existing waivers, will not affect waiver projects. However, TANF work requirements shall apply to any waivers granted <i>after</i> enactment (in response to requests submitted before enactment). Beginning with FY1997 a state operating under a waiver shall receive the TANF grant in lieu of any other payment. The Secretary is directed to encourage continuation of current waivers and their evaluation, but a state will be held harmless for accrued cost neutrality liabilities incurred under a waiver if it submits a written request to end the waiver not later than 90 days after adjournment of the first regular legislative session that begins after enactment of TANF. (Sec. 415))
State Plan Procedural and Policy Requirements	Secretary must <i>approve</i> state plans. Plan must include these provisions:	Secretary must certify that plans contain required elements. State 2-year plan (Sec. 402) must outline how it intends:
	AFDC and JOBS must be available statewide	— to conduct a program, designed to serve all political subdivisions (not necessarily in a uniform manner), that provides cash assistance to needy families with (or expecting children) and that provides parents with work and support services;

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
	States must operate a JOBS program and require AFDC parents not exempt from JOBS to participate in education, work, and training (but minimum participation rates now apply only to 2-parent families).	—to require a parent or caretaker recipient to engage in work as defined by the state after 24 months of aid, or sooner if then judged ready for work;
	See entry immediately above.	—ensure that parents and caretaker recipients engage in work activities in accordance with Sec. 407 (Mandatory work requirements);
	States must restrict use or disclosure of information about applicants/recipients to purposes directly connected to administration of welfare programs. Information identifying a recipient may be disclosed only to a governmental entity “with respect to” an authorized audit or similar activity. These privacy safeguards shall not prevent the agency from giving a recipient’s address to a law enforcement officer who furnishes the recipient’s name and social security number and demonstrates that the recipient is a fugitive felon and that the felon’s location or apprehension is within his official duties.	—take steps deemed necessary by state to restrict and disclosure of information about recipients of TANF. If it does adopt privacy safeguards, they shall not prevent the agency from providing the address of a recipient to a law enforcement officer who furnishes the recipient’s name and notifies the agency that the recipient is a fugitive felon or parole/probation violator or has information needed by him in his official duties and that his location or apprehension is within his official duties;
	States must develop a program for AFDC recipients to prevent or reduce the incidence of births outside marriage; they must offer, and promptly provide, family planning services in all appropriate cases who voluntarily request them.	—establish goals and take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies, and establish numerical goals for calendar years 1996 through 2005 for reducing the incidence of births outside marriage;

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	No provision.	—conduct a program providing education and training on the problem of statutory rape, designed to reach law enforcement officials, the education system, and relevant counseling services, so that teenage pregnancy prevention programs may be expanded to include men.
		Further, the document must:
	The U.S. Supreme Court held in 1969 (<i>Shapiro v. Thompson</i>) that some state residence rules for AFDC violated the Constitution (equal protection clause, due process clause, and the constitutionally secured right to travel). The Court let stand a section of federal law that forbids approval of state plan that would deny eligibility to a person who resided in the state for 1 year. It said the section did not approve imposition of a 1-year waiting period, but that if it did, it would violate the Constitution.	—indicate whether the state intends to treat families moving into the state differently from others and, if so, how it intends to treat incoming families;
	No provision. Legal aliens are eligible for AFDC.	—indicate whether the state intends to provide aid to noncitizens and, if so, must provide an overview of the aid;
	Regulations require that states determine need and amount of aid on an objective and equitable basis and that all types of income be considered in the same way except where otherwise specifically authorized by federal statute. State plans must provide a fair hearing opportunity to a person whose claim is denied or not acted upon promptly.	—set forth objective criteria for the delivery of benefits and determination of eligibility and for fair and equitable treatment, including an explanation of how it will provide opportunities for an administrative hearing or appeal to recipients adversely affected;

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	No provision. (Under JOBS, required hours of participation in community work experience programs are limited, with the effect of assuring a minimum wage return.)	—provide that, unless the governor opts out by notice to the Secretary, the state will, not later than 1 year after enactment, require a parent who has received TANF for 2 months and is not exempt from work requirements to participate in community service employment, with minimum hours and tasks set by the state.
		Certifications required in the state plan:
	Governor must certify that state will operate a child support enforcement program during the fiscal year.	—that it will operate a child support enforcement program (under Title IV-D),
	State must have in effect an approved plan for foster care and adoption assistance.	—that it will operate a foster care and adoption assistance program (under Title IV-E) and ensure that the children are eligible for Medicaid;
	No provision.	—that it will provide equitable access to TANF for Indians who are not eligible for aid under a tribal family assistance plan;
	State must have measures to detect fraudulent applications for AFDC before establishment of eligibility. It must provide methods of administration found necessary by the Secretary for proper and efficient operation; these include establishing and maintaining personnel standards on a merit basis.	—that the state has established and is enforcing standards and procedures against program fraud and abuse, including procedures against nepotism, conflicts of interest, kickbacks, and use of political patronage;

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	<p>Program must be in all political subdivisions of state and, if administered by them, be mandatory upon them.</p>	<p>—certification specifying which state agency or agencies will administer and supervise the program; this shall include assurances that local governments and private sector organizations have been consulted about the plan and have had at least 45 days to submit comments.</p> <p>In addition, at state option, the Governor may certify that the state has established and is enforcing standards and procedures to screen and identify recipients with a history of domestic violence, to refer them to counseling and supportive services; and to waive some program requirements, such as time limits, for victims of domestic violence in certain cases.</p>
	<p>Regulations require that state program manuals and other policy issuances, which reflect the state plan, be maintained in the state office and in each local and district office for examination of regular workdays.</p>	<p>The State must make available to the public a summary of its TANF plan.</p>
	<p>States must share in every dollar of program costs, at rates that vary with state per capita income..</p>	<p>For the basic TANF grant, for contingency funds, for some child care funds, <i>and for Welfare to Work formula grants</i>,* states must share in program costs through maintenance-of-effort requirements.</p>
	<p>State must furnish aid to eligible persons with “reasonable promptness” (cited by U.S. Supreme Court [<i>King v. Smith, 1968</i>] as entitling eligible persons to AFDC) and must give opportunity to make application to all wishing it.</p>	<p>Explicitly states that TANF entitles no individual to aid. (Sec. 401(b)) No provision requiring prompt help for those state makes eligible.</p>

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	State must round the benefit down to the next lower dollar and may not pay a monthly benefit smaller than \$10.	No provision.
	State must promptly correct over- and underpayments.	No provision.
	State must make reports, as required by the DHHS Secretary, from time to time. The law requires states to report data (including numbers aided, types of families, how long aided, payments made) for families who receive AFDC-related child care or transitional aid (child care or Medicaid) after leaving AFDC for work.	Requires states to collect monthly and report quarterly on 15 items of specified data about TANF families/activities (using disaggregated case record information, with estimates allowed if obtained through approved sampling methods); and, from a sample of closed cases, to report reasons for closure. Quarterly reports also must show: federal sums used for administrative costs, total sums spent for needy families, number of noncustodial parents who worked, amount used to provide transitional services for ex-TANF families. (Sec. 411)
	State must have in effect an Income and Eligibility Verification System covering AFDC, Medicaid, unemployment compensation, the Food Stamp program, and adult cash aid in the outlying areas (section 1137 of Social Security Act).	Sets a penalty for failure to participate in the Income and Eligibility Verification System: a decrease of not more than 2% in the TANF block grant (to be replaced by state funds).
Child Support Requirements	Applicants and recipients, as a condition of AFDC eligibility, must assign rights to child or spousal support to the state.	No TANF funds may be used for a family that includes a person who has not assigned support rights to the state. (Sec. 408(a)(3))

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	<p>AFDC applicants and recipients must cooperate in establishing the paternity of a child and in obtaining child support payments unless they are found to have good cause for refusing to cooperate.</p>	<p>If the child support agency determines that a TANF recipient is not cooperating with the state in establishing paternity or in establishing, modifying, or enforcing a support order for her child (and the person does not qualify for a good cause exemption), the state must reduce the family's TANF benefit by at least 25% and may remove it from the program. (Sec. 408(a)(2))</p> <p>If a state does not enforce penalties requested by the child support enforcement agency against TANF recipients who fail to cooperate in establishing paternity, the Secretary shall reduce the TANF grant by not more than 5% (and the state shall replace these funds with its own.) (Sec. 409(a)(5))</p>
	<p>States must disregard the first \$50 monthly in child support payments collected by the state and passed through to the AFDC family.</p>	<p>In repealing AFDC, repeals required disregard of first \$50 monthly in child support collections passed through to IV-A family.</p>
	<p>Penalty for failure to comply substantially with state child support plan: reduction of 1-5% in AFDC matching funds (penalty rises for successive findings of noncompliance). Penalty suspended if state submits an approved corrective action plan.</p>	<p>Retains current law penalty for failure to comply substantially with child support plan, applying it to TANF funds. Penalty suspended if state submits an approved corrective action plan.</p>

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	<p>The law authorizes and appropriates such sums as may be determined by Congress for cooperative research or demonstration projects. Examples include studies relating to the prevention and reduction of dependency. (Section 1110 of the Social Security Act)</p>	<p>Requires DHHS Secretary to conduct research on the effects, costs, and benefits of state TANF programs. Provides that Secretary may help states develop innovative approaches to employing TANF recipients and shall evaluate them, using random assignment to experimental and control groups when feasible. Directs Secretary to develop innovative methods to disseminate findings. For 6 years, appropriates \$15 million yearly, half for TANF research and novel approaches cited above and half for state-initiated TANF studies and completing waiver projects. (State must pay 10% of costs of state-initiated TANF evaluations.) (Sec. 413) <i>Note: Congress later (P.L. 104-208) rescinded the \$15 million appropriated for FY 1997.</i></p> <p>Directs the Secretary to rank states in order of success in (a) moving recipients into long-term private jobs and (b) reducing the proportion of out-of-wedlock births and in both cases to review programs of the 3 states with highest and lowest ratings. (Sec. 413(d) and (e)) Requires Secretary to report to four Committees of Congress annually (beginning 3 years after enactment) on specified matters about three groups: children whose families lost TANF eligibility because of a time limit, children born after enactment to teen parents, persons who became teen parents after enactment. Reports are to include: percentage of each group that dropped out of school, is employed, was convicted of a crime, became married, has health insurance, participates in TANF-funded programs, and their average family income. Sec. 413(g))</p>

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		Requires each Governor, not later than 90 days after enactment and yearly thereafter, to report the state's child poverty rate. If poverty rate has risen by 5% or more as a result of the new welfare law, the state shall submit a corrective action plan to reduce child poverty rate. (Sec. 413(i))
Evaluation, Research, and Studies	No provision.	Directs Census Bureau to expand Survey of Income and Program Participation (SIPP) to obtain data with which to evaluate TANF's impact on random national sample of recipients. Authorizes appropriation of \$10 million annually for 7 years. (Sec. 414)
	The Family Support Act required the Secretary to make recommendations for JOBS performance standards regarding measures of outcomes. The report was submitted in 1994 (after deadline).	Requires Secretary to study measures of program outcomes as alternative to minimum participation rates and to report by Sept. 30, 1998 to Congress. Report is to include whether alternate measures should be applied nationwide or state-by-state. (Sec. 107 of P.L. 104-193)
	No provision (State child support plans may provide for establishment of a statewide automated data processing and information retrieval system.)	Requires the Secretary to report to Congress within 6 months of enactment on the status of automatic data processing systems in the states and what would be required to track participants over time and to determine if persons were enrolled in programs in more than one state. (Sec. 106 of P.L. 104-193)

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	<p>The Family Support Act of 1988 (Sec. 505) directed the Secretary to enter into agreements with between 5 and 10 nonprofit organizations to conduct demonstrations to create job opportunities for AFDC recipients and other low-income persons—Job Opportunities for Low-Income Persons (JOLI). For these projects, \$6.5 million was authorized to be appropriated for each fiscal year, 1990-1992, and, by 1994 law, for each fiscal year, 1993-1996.</p>	<p>Requires the Secretary to enter into agreements with nonprofit organizations to conduct projects that create job opportunities for TANF recipients and other persons with income below the poverty guideline. (Expands and converts previous demonstration projects to grant status.) Authorizes \$25 million annually for the projects. (Sec. 112 of P.L. 104-193)</p>
<p>Services from Charitable, Religious, or Private Organization</p>	<p>The Child Care and Development Block Grant Act prohibits use of financial assistance for any sectarian purpose or activity. In general, it requires religious nondiscrimination, but it does allow a sectarian organization to require employees to adhere to its religious tenets and teachings.</p>	<p>Authorizes states to administer and provide TANF services (and those under Supplemental Security Income) through contracts with charitable, religious, or private organizations. Authorizes states to pay recipients by means of certificates, vouchers, or other disbursement forms redeemable with these organizations. Stipulates that any religious organization with a contract to provide welfare services shall retain independence from all units of government. Requires states to provide an alternative provider for a beneficiary who objects to the religious character of the designated organization. (Sec. 104 of P.L. 104-193)</p>

Item	Aid to Families with Dependent Children	Block Grants for Temporary Assistance for Needy Families ¹
<p>Interaction with Medicaid</p>	<p>AFDC recipients automatically are eligible for Medicaid. States also must provide Medicaid to some AFDC-related groups who do not receive cash aid. Examples: persons who do not receive a monthly payment because the amount would be below \$10 (federal law prohibits payments this small) and persons whose payments are reduced to zero in order to recover previous overpayments. States must continue Medicaid for specified periods for certain families whose lose AFDC benefits. If the family loses AFDC eligibility because of increased earnings or hours of work, Medicaid must be extended for 12 months. (During the second 6 months, a premium may be charged, the scope of benefits may be limited, or alternate delivery systems may be used.) They must provide Medicaid to two-parent families whose principal earner is unemployed and who would receive AFDC-UP if the state had not used its option to limit cash aid to 6 out of 12 months. (Medicaid law requires states to cover all pregnant women and children below age 6 with family income not above 133% of the poverty guideline and all children born since September 30, 1983 — now almost 13 years old — whose family income is below poverty.)</p>	<p>Although the new law ends AFDC, it retains AFDC eligibility limits for Medicaid use. Requires states to provide Medicaid coverage and benefits to children and family members who would be eligible for AFDC cash aid (under terms of July 16, 1996) if that program still existed. For this purpose, states may lower AFDC income and resource standards to those in effect on May 1, 1988 and may increase them by the percentage rise since July 16, 1996 in the consumer price index for all urban consumers (CPI-U). States also may adopt more liberal methods of determining income and resources (example, more generous disregard of earnings). Permits states to end Medicaid for adults who refuse TANF work requirements, but requires continued Medicaid for their children. . (Sec. 114 of P.L.104-193) Requires state plans to ensure Medicaid for children receiving foster care or adoption assistance. (Sec. 402(a)(1)(B)(3))</p> <p>Requires 12 months of medical assistance to those who lose eligibility for cash aid (TANF) because of increased earnings and 4 months of extended medical benefits to those who lose eligibility because of child or spousal support. (Sec. 408(a)(11))</p>

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Interaction with Food Aid	<p>Food Stamps. AFDC families (recipients of title IV-A aid), unless they are part of a larger household, automatically are eligible for Food Stamps. Food Stamp rules are set by Congress; states administer federally-paid benefits and pay half the costs of administration. Persons disqualified from AFDC for non-compliance may, in limited cases, be disqualified also from food stamps. Persons whose AFDC benefits are reduced as a sanction usually receive an increase in food stamps (30 cents per lost AFDC dollar). State payments to AFDC families that are designated as energy assistance must be disregarded as income by the food stamp program.</p>	<p>TANF recipients not living with others automatically are eligible for food stamps, but states can opt to operate a “simplified food stamp program” under which they may apply many of their TANF rules to determination of food stamp <i>benefits</i> for TANF families, so long as the program does not increase federal costs. TANF recipients disqualified for noncompliance with TANF rules may be disqualified also for food stamps; persons whose TANF benefits are lowered for noncompliance will not receive an increase in food stamps. Food stamps can be merged with cash benefits in work supplementation programs (jobs subsidized with welfare benefits) for TANF families. Energy assistance provided by states or localities as part of public assistance is counted as income for food stamp purposes. (Title VIII of P.L. 104-193)</p> <p>If a family’s TANF benefits are reduced as a penalty for an act of fraud under TANF, the food stamp program may not increase its benefits in response to the income decline. (Sec. 911 of P.L. 104-193)</p>
	<p>Child Nutrition. AFDC families automatically are eligible for free school meals and other child nutrition programs.</p>	<p>TANF children automatically are eligible for free school meals and other child nutrition programs.</p>
	<p>WIC. Women, infants, and children categorically are income-eligible for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) if they receive AFDC.</p>	<p>Women, infants, and children enrolled in TANF automatically are income-eligible for WIC.</p>

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Interaction with Housing Aid	About 20% of AFDC families live in public housing or receive a rental subsidy from the U.S. Department of Housing and Urban Development (HUD). In general, their rent increases if their cash income rises and decreases if it falls (by about 30 cents per dollar).	If a TANF family living in public or assisted housing is penalized with a cash benefit reduction for an act of fraud under TANF, its rent may not be decreased in response to the loss of income. (Sec. 911 of P.L. 104-193)
Interaction with Foster Care/Adoption Assistance	Federal funds for foster care are available only for children who meet AFDC eligibility rules. Federal funds for adoption assistance are available only for children eligible for AFDC or SSI.	Although the new law ends AFDC, it retains AFDC eligibility limits for foster care and adoption assistance. Makes foster care and adoption assistance matching funds available for children who would be eligible for AFDC cash aid (under terms of June 1, 1995) if that program still were in effect.
Interaction with Earned Income Tax Credit (EITC)	AFDC law forbids counting EITC payments as income (or, for 2 months, as a resource) in determining AFDC eligibility and benefits.	No provision. States will set policy about treatment of EITC payments by TANF.
Effective Date	Not relevant.	July 1, 1997. Permits states to begin TANF sooner. Penalties generally apply only to conduct occurring on or after July 1, 1997, or, if later, 6 months after a state submits its TANF plan. (Sec. 116 of P.L. 104-193) A state may continue one or more individual waiver projects until their scheduled expiration. (See <i>Waivers</i> .)

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Cost/Savings	<p>The Congressional Budget Office (CBO) on August 1, 1996 estimated that the existing AFDC, JOBS, and child support enforcement programs, including AFDC-related child care, would have a net cost of \$121.8 billion in direct federal spending over 6 years (FYs1997-2002). CBO uses the term “family support payments” to describe expenditures of these programs.</p>	<p>CBO estimated (August 1, 1996) that federal outlays for “family support payments” under P.L. 104-193 would total \$125.5 billion over FYs1997-2002, an increase of \$3.7 billion (3.1%) over corresponding outlays projected under AFDC/JOBS law. The increase reflects larger child care outlays. Outlays under the child care block grant were estimated at \$12.8 billion, up \$3.4 billion from those expected with no change in law. Overall, CBO estimated that P.L.104-193 would reduce direct (mandatory) federal spending by a net total of \$54.1 billion over 6 years. Restrictions on benefits for noncitizens accounted for 44% of this total, and food stamp revisions for 43%. Net dollar decreases and percentage cuts for welfare programs other than family support: Food stamps, \$23.3 billion, 12.2%; SSI, \$22.7, billion, 11.2%; Medicaid, \$4.1 billion, 0.5%; child nutrition, \$2.9 billion, 4.6%; social services block grant, \$2.5 billion, 14% (in later appropriations act, FY1997 funds were increased by \$0.12 billion); and earned income tax credit (EITC), \$2.9 billion, 2.1%. Further, EITC changes were expected to increase tax revenues by \$.4 billion. Outlays for foster care and related programs and for maternal and child health were expected to rise by a total of \$0.5 billion.</p> <p>The Balanced Budget Act of 1997 rescinded and modified some of the 1996 budget cuts. CBO’s preliminary estimate was that this law would increase direct federal spending on cash welfare and food stamps by \$13.7 billion through FY2002: restoring SSI to some legal aliens, \$9.5 billion, establishing welfare-to-work grants, \$2.7 billion; moderating the impact of the food stamp program’s new work rule, \$1.5 billion.</p>

1. References to sections of the law are to the Social Security Act, as amended by P.L. 104-193 and P.L. 105-33.

