

Highlights of GAO-13-33, a report to congressional requesters

### Why GAO Did This Study

The TANF block grant, created as part of the 1996 welfare reforms, gives states flexibility to make key decisions about how to allocate funds to provide services to low-income families. The number of families receiving cash assistance declined by over half within the first 5 years of TANF, and states shifted their TANF priorities to other forms of aid, or non-cash services. In fiscal year 2011, states spent about 64 percent of nearly \$31 billion in federal and state funds for such services, with federal funds accounting for nearly \$9 billion. GAO examined (1) how states have used TANF funds for non-cash services and (2) what information is available to assess TANF performance for non-cash services and what challenges are involved in doing so. GAO reviewed past reports and relevant federal laws and regulations; analyzed state TANF expenditure information; and interviewed HHS officials, TANF experts, and officials in 10 selected states through site visits and phone conferences. These 10 states accounted for nearly half of all TANF spending for non-cash services in fiscal year 2010.

### What GAO Recommends

Congress may wish to consider ways to improve reporting and performance information so that it encompasses the full breadth of states' uses of TANF funds. GAO recommends that HHS develop a detailed plan with timelines to revise reporting categories for TANF expenditures. In its response, HHS provided some timeframes that we added to the report, although we maintain a more detailed plan will help HHS monitor its progress in completing this effort.

View GAO-13-33. For more information, contact Kay E. Brown at (202) 512-7215 or brownke@gao.gov.

#### December 2012

# TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

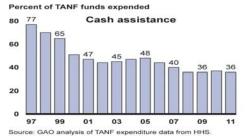
## More Accountability Needed to Reflect Breadth of Block Grant Services

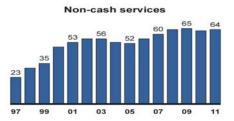
### What GAO Found

Nationwide, states have used Temporary Assistance for Needy Families (TANF) block grant funds not only to provide cash assistance, but also to provide noncash services, such as job preparation and work supports for low-income families and aid for at-risk children. Among our 10 selected states, job preparation and work activities included help with the job search process, skills training, and subsidized employment. California generally provides such services to families receiving cash assistance while the other nine states extend some of them to other low-income families. Florida and Utah provide such services in coordination with the Workforce Investment Act one-stop center system. Work supports among these states mainly include child care subsidies for low-income working families. Services for at-risk children include child welfare activities, such as child abuse hotlines, investigative and legal services, child protection, and preventive services. TANF has allowed states to make funding decisions based on state priorities, particularly as cash assistance caseload declines freed up funds for non-cash services. However, according to officials in three states GAO reviewed, state decisions to fund a broad array of services can create tensions and tradeoffs between meeting cash assistance and other service needs.

TANF's accountability framework provides incomplete information on how states' non-cash services are contributing to TANF purposes. Plans that states submit to the Department of Health and Human Services (HHS) outlining how they intend to run their TANF programs provide limited information on goals and strategies for non-cash services. In addition, past HHS reports and selected states identified some weaknesses in TANF expenditure reporting. For example. officials in one selected state noted that the use of TANF funds for child welfare services is not clearly identifiable in HHS's reporting categories for TANF expenditures. HHS is working to revise reporting categories, with a goal of implementing them for fiscal year 2014. No reporting requirements currently mandate performance information specifically on families receiving non-cash services or TANF's role in filling needs in prominent spending areas for TANF funds, like child welfare. These reporting gaps limit the information available for oversight of TANF block grant funds by HHS and Congress. Generally, HHS has limited authority to impose new TANF reporting requirements on states unless directed by Congress. While GAO's previous work on grant design highlights several features of grants, such as broad and varied purposes, that pose challenges to the development of performance information and measures, it also lays out accountability principles that can help address these issues for TANF.

### Percentage of Federal and State Funds Spent on Cash Assistance and Non-Cash Services from Fiscal Years 1997 to 2011





**United States Government Accountability Office**