Appendix 6: Changes in Federal Cash Grant Assistance Programs

SFY

2025

ESA Briefing Book

Table of Contents

Overview 3

Key Changes as a Result of Federal Law 5

Program and Policy Changes 5

Funding Changes 5

Funding Details 5

Overview

On August 22, 1996, President Bill Clinton signed into law the *Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996* that created the Temporary Assistance for Needy Families (TANF) program, thereby replacing the Aid to Families with Dependent Children (AFDC) and the Job Opportunities and Basic Skills (JOBS) programs. Under PRWORA, each state is required to operate a Title IV-D Child Support program in order to be eligible for TANF funds. On April 17, 1997, Governor Gary Locke signed into law the *Washington WorkFirst Temporary Assistance for Needy Families Act*, creating the WorkFirst program, Washington state's TANF program. The WorkFirst program went into effect in August 1997. These two federal and state laws resulted in major program and funding changes.

On August 5, 1997, President Clinton signed into law the *Balanced Budget Act (BBA) of 1997*, which made numerous technical corrections to PRWORA. Funding and spending requirements included: (1) limiting the amount of TANF funds that can be transferred to Title XX – Social Services Block Grant (SSBG) to 10% of the TANF block grant, and removing the requirement to transfer $2 to the Child Care & Development Block Grant (CCDBG) for every $1 transferred to the SSBG; (2) modification of the Maintenance of Effort (MOE) requirements for the Contingency Fund; and (3) modification of TANF work participation penalties so that the penalty amount is 5% in the first year, and increasing by 2% per year up to 21% maximum.

On February 8, 2006, President George Bush signed into law the *Deficit Reduction Act of 2005* reauthorizing the TANF program with a renewed focus on work, program integrity and strengthening families through healthy marriage promotion and responsible fatherhood. Work activities were defined along with procedures for counting and verifying reported hours. The reauthorization was scheduled to expire on September 30, 2010.

On February 17, 2009, President Barack Obama signed into law the *American Recovery and Reinvestment Act (ARRA)* of 2009, which provided funding in several key areas:

(1) Supplemental Nutrition Assistance Program (SNAP) - providing a 13.6% increase in the maximum benefits (Basic Food);

(2) TANF – making numerous changes to the TANF program by establishing a TANF Emergency Contingency Fund to provide additional funds to states that experience an increase in (a) their TANF caseload and expenditures, (b) short-term non-recurring benefits, or (c) subsidized employment programs. States were eligible to receive 80% of the increase in expenditures between Federal Fiscal Year (FFY) 2007 and FFY 2008 (whichever is less) and FFY 2009. Funding was available for FFY 2009 and 2010 and was limited to 50% of the combined annual TANF awards for the two-year period; and

(3) modifying the TANF carry-forward rules to allow states to carry forward unexpended TANF and emergency contingency funds to the next year without the requirement to spend them on assistance.

On March 11, 2021, President Joe Biden signed the *American Rescue Plan Act of 2021*, which aimed to address pandemic related hardship through additional supports such as education, food assistance, housing, unemployment, and

emergency funds for families. The bill included $1 billion for a related Pandemic Emergency Assistance Fund, providing dollars to support households with non-recurrent, short-term benefits. The funds could support families receiving TANF as well as those with higher incomes, who were still working to make ends meet.

On June 3, 2023, President Biden signed into law the *Fiscal Responsibility Act (FRA) of 2023,* which kept the government running by raising the limit on federal borrowing. The FRA contained several administrative changes to the TANF statute regarding how Work Participation Rates (WPR) are calculated. The mandates include a change to the base year for the caseload reduction credit (CRC) from 2005 to 2015, and a new $35 minimum for small payments to working parents included in the state's WPR, and new outcome-based reporting requirements.

Key Changes as a Result of Federal Law

Program and Policy Changes

1. Welfare ceased to be an entitlement (as it was under AFDC and JOBS); instead, participation in TANF required a five-year limit. The five-year limit affected the first clients in Washington in August 2002.
2. The Economic Services Administration of DSHS works with three primary partner agencies, State Board for Community and Technical Colleges, Employment Security Department and Department of Commerce, to provide services to WorkFirst clients.
3. Native American Tribes were granted an option in the federal law to operate their own TANF program, including cash grants and employment and training. The tribes are required to apply to the federal government and, if certified, receive federal funds. The state identifies and negotiates Maintenance of Effort (MOE) funding for each tribe.
4. Federal assistance to some legal immigrants was barred or restricted. The State Family Assistance (SFA) and Food Assistance Program (FAP) were created by the Washington State Legislature to help legal immigrants.
5. Child care subsidy programs for welfare and low-income families were consolidated into the Working Connections Child Care (WCCC) program. Child care requires a co-payment.

Funding Changes

1. The TANF block grant replaced Title IV-A (AFDC and CEAP) and IV-F (JOBS) entitlement-based federal funding.
2. The Child Care Development Fund (CCDF) consolidated child care funding that was previously provided to the state through the Child Care and Development Block Grant (CCDBG) and Title IV-A of the Social Security Act.
3. A requirement to spend an amount of state dollars, known as MOE, replaced previous federal requirements to match a percentage of program costs with state funds. There is a MOE requirement for TANF and the CCDF block grant. Federal matching funds still exist in SNAP, Medicaid and one CCDF child care funding stream.

Funding Details

Washington's TANF block grant was initially $404,331,754 per year. The amount of the block grant is based on the amount of the Title IV-A and Title IV-F funds, AFDC Assistance, Emergency Assistance (EA), JOBS, and AFDC administration claimed by Washington state in FFY 1994, plus a portion of the increase of FFY 1995 EA over FFY 1994 EA.

The block grant amount was lowered by penalties or awards to Tribes electing to operate a Tribal TANF program. Since the initial grant award of $404,331,754, Washington's TANF grant amount was reduced by $25,478,052 in Tribal TANF awards to $378,853,702.

[1] See Appendix 8 for a chronological listing of the detailed changes.

The TANF program has a cost-sharing requirement referred to as MOE. States must expend state funds equal to a specific percentage of the state's 1994 expenditures for the AFDC, EA, AFDC-related child care, transitional child care, At-Risk Child Care, and JOBS programs. The Department of Health and Human Services (HHS) has set the amount at $362,747,765. In FFY 2017, the base MOE level was reduced by $21,542,170, for Tribal TANF programs operating in the state, to $341,205,595.

In general, states must spend state funds in an amount equal to at least 80% of the amount spent on these programs in FFY 1994, as adjusted for Tribal TANF programs; however, if a state meets the required work participation rates, then it only needs to expend 75% of the amount spent in FFY 1994, as adjusted for Tribal TANF programs.

For FFY 2024, Washington's MOE requirement was 75% of the adjusted FFY 1994 spending level, or $255,904,196.

Similar to the TANF block grant, the TANF Contingency Fund has a MOE requirement based on the state's 1994 expenditures, except these expenditures cannot include those made for child care and separate state programs.

The MOE level, equal to 100% of the historic amount, was initially set by HHS at $362,747,765. Beginning with FFY 2017, the Administration for Children and Families (ACF) reduced this amount to $341,205,595.

HHS also set the MOE requirement for the CCDF block grant, based on state expenditures in FFY 1994. The CCDF MOE amount was $19,792,341 for FFY 2023.