

REDUCING POVERTY THROUGH EMPLOYMENT ACT

JUNE 28, 2016.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BRADY of Texas, from the Committee on Ways and Means, submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 2966]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 2966) to amend the purposes of TANF to include reducing poverty by increasing employment entry, retention, and advancement, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Reducing Poverty through Employment Act”.

SEC. 2. PURPOSES OF THE TANF PROGRAM TO INCLUDE REDUCING POVERTY THROUGH WORK.

Section 401(a) of the Social Security Act (42 U.S.C. 601(a)) is amended—

- (1) by striking “and” at the end of paragraph (3);
- (2) by striking the period at the end of paragraph (4) and inserting “; and”;
- and
- (3) by adding at the end the following:
 - “(5) reduce child poverty by increasing employment entry, retention, and advancement of needy parents.”.

SEC. 3. EFFECTIVE DATE.

The amendments made by this Act shall take effect on October 1, 2016.

I. SUMMARY AND BACKGROUND

A. PURPOSE AND SUMMARY

H.R. 2966 as amended, the “Reducing Poverty through Employment Act,” as ordered reported by the Committee on Ways and Means on May 11, 2016, amends the purposes of the Temporary Assistance for Needy Families program to include reducing poverty by increasing employment entry, retention, and advancement.

B. BACKGROUND AND NEED FOR LEGISLATION

In 1996, Republicans reformed the safety net to better support and reward work. As part of these reforms, the failed New Deal-era Aid to Families with Dependent Children (AFDC) program was replaced with today’s Temporary Assistance for Needy Families program (TANF), which established strong requirements for states to help welfare recipients prepare for work and find jobs.

The number of families receiving cash assistance under the TANF program fell by more than 50 percent, and has generally remained low over time. Employment rates of single mothers with children increased by 15 percent through 2007 compared with 1995; while their work rates declined as a result of the 2007–09 recession, they have risen again since 2011 and remain 10 percent higher than before. Child poverty also declined dramatically during this period as more people went to work and earnings increased, and poverty among African American households with children reached record lows. Poverty among female-headed households with children remains lower today than before the 1996 reforms—despite two intervening recessions.

The TANF program has helped shield American families from sinking deeper into poverty by providing temporary assistance that is also linked to stable employment. But it’s been at least a decade since any meaningful changes have been made to this law.

Under current law, TANF has the following four statutory purposes:

- Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- Encourage the formation and maintenance of two-parent families.

While the overall goal of TANF is to help low-income individuals and families achieve self-sufficiency and improve their lives, the program does not currently have an explicit focus on reducing poverty.

H.R. 2966, as amended, would add a new purpose to TANF to explicitly recognize that the best way out of poverty is a job. The new purpose of TANF would be to reduce child poverty by increasing employment entry, retention, and advancement of low-income parents, ensuring states keep the focus of the program on promoting work to help families move up the economic ladder.

C. LEGISLATIVE HISTORY

Background

H.R. 2966, the “Reducing Poverty through Employment Act,” was introduced on July 8, 2015, by Representative Jason Smith, and was referred to the Committee on Ways and Means.

Committee hearings

The Committee began a bipartisan, comprehensive review of the TANF program at the beginning of the 114th Congress, in early January 2015. Over the last fifteen months, the Human Resources Subcommittee held a series of hearings with witnesses ranging from current and former recipients to service providers to employers to researchers. Members of the Human Resources Subcommittee introduced a series of bills focused on smaller provisions within TANF, and then they were compiled into a larger, more comprehensive reauthorization draft bill. That bipartisan draft was distributed for public comment and dozens of stakeholders provided invaluable feedback, some incorporated in H.R. 2966.

Throughout the Congress, the Human Resources Subcommittee held a series of hearings on reforms to TANF, including discussions on its core purposes. Those hearings included:

- *Challenges Facing Low-Income Individuals and Families in Today’s Economy*, February 11, 2015
- *Expanding Opportunity by Funding What Works: Using Evidence to Help Low-Income Individuals and Families Get Ahead*, March 17, 2015
- *Next Steps for Welfare Reform: Ideas to Improve TANF to Help More Families Find Work and Escape Poverty*, April 30, 2015
- *Protecting the Safety Net from Waste, Fraud, and Abuse*, June 3, 2015

- Joint Subcommittee Hearing on *How Our Welfare System Can Discourage Work*, June 25, 2015
- *Welfare Reform Proposals*, July 15, 2015
- *Better Coordinating Welfare Programs to Serve Families in Need*, November 3, 2015
- *Moving America's Families Forward: Lessons Learned from Welfare Reform in Other Countries*, November 17, 2015
- *Getting Incentives Right: Connecting Low-Income Individuals with Jobs*, March 1, 2016

Committee action

The Committee on Ways and Means marked up H.R. 2966, the “Reducing Poverty through Employment Act,” on May 11, 2016. The bill, H.R. 2966, was ordered favorably reported to the House of Representatives as amended by a voice vote (with a quorum being present).

II. EXPLANATION OF THE BILL

SECTION 1: SHORT TITLE

Present law

No provision.

Explanation of provision

This section contains the short title of the bill, the “Reducing Poverty through Employment Act.”

Reason for change

The Committee believes that the short title reflects the policy actions included in the legislation.

Effective date

The provision is effective on October 1, 2016.

SECTION 2: PURPOSES OF THE TANF PROGRAM TO INCLUDE REDUCING POVERTY THROUGH WORK

Present law

The purpose of the Temporary Assistance for Needy Families (TANF) block grant is to increase the flexibility of states in operating a program designed to achieve four statutory goals: (1) provide assistance for needy families so that children may reside in their own homes, or with relatives; (2) promote job readiness, work, and marriage in order to decrease the dependence of parents on government programs; (3) have states establish goals to prevent and reduce the incidence of out-of-wedlock pregnancies; and (4) encourage the formation and maintenance of two-parent households. TANF’s statutory purpose is both an aspirational statement about the goals of the block grant and a basis for how states may expend TANF funds.

Explanation of provision

The Committee bill would add “to reduce child poverty by increasing employment, retention, and advancement of needy parents” as a fifth main purpose of the TANF program.

Reason for change

The Committee believes that the new purpose of TANF would encourage states to keep the focus of the program on promoting work to help families move up the economic ladder.

Effective date

The provision is effective on October 1, 2016.

SECTION 3: EFFECTIVE DATE

Present law

No provision.

Explanation of provision

This section includes an effective date of October 1, 2016.

Reason for change

The Committee believes it is appropriate to have an effective date of October 1, 2016.

Effective date

The provision is effective on October 1, 2016.

III. VOTES OF THE COMMITTEE

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means in its consideration of H.R. 2966, the “Reducing Poverty through Employment Act,” on May 11, 2016.

The Committee on Ways and Means marked up H.R. 2966, the “Reducing Poverty through Employment Act,” on May 11, 2016. The bill, H.R. 2966, was ordered favorably reported to the House of Representatives as amended by a voice vote (with a quorum being present).

IV. NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves no new budget authority or tax expenditures budget authority.

V. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the CBO, the Committee sets forth the following estimate and comparison prepared by the Director of the Congressional Budget Office.

U.S. CONGRESS,
 CONGRESSIONAL BUDGET OFFICE,
 Washington, DC, May 13, 2016.

Hon. KEVIN BRADY,
 Chairman, Committee on Ways and Means,
 House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2966, the Reducing Poverty through Employment Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susanne S. Mehlman.

Sincerely,

KEITH HALL.

Enclosure.

H.R. 2966—Reducing Poverty through Employment Act

H.R. 2966 would amend title IV of the Social Security Act to add a statutory purpose to the Temporary Assistance for Needy Families (TANF) program. That new purpose would be to reduce child poverty by promoting employment opportunities for low-income parents.

The budget authority for TANF is specified under current law and is shown in the budget as direct spending; this bill would not change the amount specified, but depending on how states would address this new purpose, the rate of direct spending for the program could change. Because enacting this bill could affect direct spending, pay-as-you-go procedures apply; however, based on information from the Department of Health and Human Services, CBO estimates that those effects would not be significant. Enacting H.R. 2966 would not affect revenues.

CBO estimates that enacting H.R. 2966 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 2966 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local or tribal governments.

The CBO staff contact for this estimate is Susanne S. Mehlman. This estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

**VI. OTHER MATTERS TO BE DISCUSSED UNDER THE
 RULES OF THE HOUSE**

A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee advises that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the description portions of this report.

B. STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goals

and objectives of this legislation amends the purposes of the Temporary Assistance for Needy Families program to include reducing poverty by increasing employment entry, retention, and advancement.

C. APPLICABILITY OF HOUSE RULE XXI 5(b)

Rule XXI 5(b) of the Rules of the House of Representatives provides, in part, that “A bill or joint resolution, amendment, or conference report carrying a Federal income tax rate increase may not be considered as passed or agreed to unless so determined by a vote of not less than three-fifths of the Members voting, a quorum being present.” The Committee has carefully reviewed the bill, and states that the bill does not involve any Federal income tax rate increases within the meaning of the rule.

D. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill, and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

E. DUPLICATION OF FEDERAL PROGRAMS

In compliance with Sec. 3(g)(2) of H. Res. 5 (114th Congress), the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program; (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139; or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Pub. L. No. 95–220, as amended by Pub. L. No. 98–169).

F. DISCLOSURE OF DIRECTED RULE MAKINGS

In compliance with Sec. 3(i) of H. Res. 5 (114th Congress), the following statement is made concerning directed rule makings: The Committee estimates that the bill requires no directed rule makings within the meaning of such section.

VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

A. TEXT OF EXISTING LAW AMENDED OR REPEALED BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(A) of rule XIII of the Rules of the House of Representatives, the text of each section proposed to be amended or repealed by the bill, as reported, is shown below:

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(A) of rule XIII of the Rules of the House of Representatives, the text of each section proposed to be amended or repealed by the bill, as reported, is shown below:

SOCIAL SECURITY ACT

* * * * *

TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO
NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WEL-
FARE SERVICES**PART A—BLOCK GRANTS TO STATES FOR TEM-
PORARY ASSISTANCE FOR NEEDY FAMILIES****SEC. 401. PURPOSE.**

(a) IN GENERAL.—The purpose of this part is to increase the flexibility of States in operating a program designed to—

- (1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- (2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- (3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- (4) encourage the formation and maintenance of two-parent families.

(b) NO INDIVIDUAL ENTITLEMENT.—This part shall not be interpreted to entitle any individual or family to assistance under any State program funded under this part.

* * * * *

B. CHANGES IN EXISTING LAW PROPOSED BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(B) of rule XIII of the Rules of the House of Representatives, changes in existing law proposed by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(B) of rule XIII of the Rules of the House of Representatives, changes in existing law proposed by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

SOCIAL SECURITY ACT

* * * * *

TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO
NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WEL-
FARE SERVICES

**PART A—BLOCK GRANTS TO STATES FOR TEM-
PORARY ASSISTANCE FOR NEEDY FAMILIES**

SEC. 401. PURPOSE.

(a) IN GENERAL.—The purpose of this part is to increase the flexibility of States in operating a program designed to—

(1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;

(2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;

(3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; **[and]**

(4) encourage the formation and maintenance of two-parent families~~].~~; *and*

(5) *reduce child poverty by increasing employment entry, retention, and advancement of needy parents.*

(b) NO INDIVIDUAL ENTITLEMENT.—This part shall not be interpreted to entitle any individual or family to assistance under any State program funded under this part.

* * * * *

VIII. ADDITIONAL VIEWS

This legislation represents a missed opportunity to seriously address the ongoing challenge of poverty in America.

Over the past 50 years, Congress has enacted laws that lifted tens of millions of Americans out of poverty, making our anti-poverty programs ten times more effective than they were when the War on Poverty began.

But nearly 47 million Americans are still living in poverty, including one in five children. These families, and the millions of families at risk of falling into poverty, face impossible choices every day: transportation to work, child care, school supplies, food for dinner, and a place to live. They worry about what they will do if they or their children get sick and they have no paid leave at work, or how they will get to work if the car breaks down. And they have nothing left at the end of the month to save for college or retirement.

A serious attempt to fight poverty would include action on the basic supports needed to support work and sustain employment—paid leave, access to quality child care, equal pay for women and a decent minimum wage, and an Earned Income Tax Credit that reaches all workers who need it.

A serious attempt to fight poverty would include action on affordable housing, access to early childhood education, and an effort to make college more affordable to help struggling families raise their children and help them toward a better life.

A serious attempt to fight poverty would build on successful programs like the Supplemental Nutrition Assistance Program (SNAP), which lifts nearly 10 million Americans out of poverty, and the Social Services Block Grant (SSBG), which provides critical help to nearly 30 million Americans. And it would build on the Affordable Health Care, which has given families long-awaited peace of mind about high medical bills.

The millions of families that are struggling deserve more than this legislation.

SANDER M. LEVIN,
Ranking Member.

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