

PREVENTING WASTE, FRAUD, AND ABUSE IN TANF ACT

MAY 29, 2026.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SMITH of Missouri, from the Committee on Ways and Means, submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 8872]

The Committee on Ways and Means, to whom was referred the bill (H.R. 8872) to amend part A of title IV of the Social Security Act to target funds to low-income families, strengthen program integrity guardrails for State expenditure of funds, require measurement of improper payments, and establish goals for eliminating fraud and improper payments under the program of block grants to States for temporary assistance for needy families, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends 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 “Preventing Waste, Fraud, and Abuse in TANF Act”.

SEC. 2. STRENGTHENING PROGRAM INTEGRITY THROUGH IMPROPER PAYMENTS REVIEW.

(a) IN GENERAL.—Section 404 of the Social Security Act (42 U.S.C. 604) is amended by adding at the end the following:

“(l) APPLICABILITY OF PAYMENT INTEGRITY LAW.—The Payment Integrity Information Act of 2019 shall apply to a State with respect to the State program funded under this part in the same manner in which such Act applies to a Federal agency.”.

(b) REPORT TO CONGRESS.—Within 1 year after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the Congress a written report that contains a plan to reduce or eliminate improper payments made by States under part A of title IV of the Social Security Act within 10 years.

SEC. 3. TARGETING FUNDS TO FAMILIES IN NEED.

Section 404 of the Social Security Act (42 U.S.C. 604) is further amended by adding at the end the following:

“(m) ESTABLISHING A THRESHOLD FOR FAMILIES IN NEED.—A State to which a grant is made under section 403(a)(1) shall use the grant only to provide assistance or services to a family whose income is less than twice the poverty guidelines updated periodically in the Federal Register under section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2)).”.

SEC. 4. DEADLINES FOR THE OBLIGATION AND EXPENDITURE OF FUNDS.

Section 404(e) of the Social Security Act (42 U.S.C. 604(e)) is amended to read as follows:

“(e) DEADLINES FOR OBLIGATION AND EXPENDITURE OF FUNDS BY STATES.—

“(1) IN GENERAL.—Except as provided in paragraph (2), a State to which funds are paid, after the effective date of this subsection, under section 403(a)(1) for a fiscal year shall obligate the funds not later than the end of the succeeding fiscal year, and shall expend the funds not later than the end of the 2nd succeeding fiscal year.

“(2) EXCEPTION FOR LIMITED AMOUNT OF FUNDS SET ASIDE FOR FUTURE USE.—

“(A) IN GENERAL.—Notwithstanding paragraph (1) of this subsection, a State to which funds are paid under section 403(a)(1), after the effective date of this subsection, for a fiscal year may reserve not more than 15 percent of the funds for future use in the State program funded under this part, subject to subparagraph (B) of this paragraph.

“(B) LIMITATION.—The total amount held in reserve by a State under subparagraph (A) of this paragraph shall not exceed an amount equal to 50 percent of the total amount paid to the State under section 403(a)(1) for the then preceding fiscal year.

“(C) NOTICE OF INTENT TO RESERVE FUNDS.—A State that intends to reserve funds under subparagraph (A) shall notify the Secretary of the intention not later than the end of the period in which the funds are available for obligation without regard to subparagraph (A) of this paragraph.”.

SEC. 5. PROHIBITION ON STATE DIVERSION OF FEDERAL FUNDS TO REPLACE STATE SPENDING.

(a) IN GENERAL.—Section 404 of the Social Security Act (42 U.S.C. 604) is further amended by adding at the end the following:

“(n) LIMITATION ON USE OF FEDERAL FUNDS TO REPLACE STATE GENERAL REVENUE FUNDS.—A State shall use Federal funds received under this part only to supplement funds that, in the absence of the Federal funds, would be made available

from State and local sources for programs assisted under this part, and not to supplant the funds.”.

(b) STATE CERTIFICATION.—Section 402(a) of such Act (42 U.S.C. 602(a)) is amended by adding at the end the following:

“(9) CERTIFICATION OF STATE SUPPLEMENTATION.—A certification by the chief executive officer of the State that the funds provided to the State under this part will not be used to supplant State or non-Federal funds for services and activities that promote the purposes of this part.”.

SEC. 6. EFFECTIVE DATE.

The amendments made by this Act shall take effect on October 1, 2027.

I. SUMMARY AND BACKGROUND

A. PURPOSE AND SUMMARY

H.R. 8872, as amended, the “Preventing Waste, Fraud and Abuse in TANF Act,” as ordered reported by the Committee on Ways and Means on May 21, 2026, makes changes to part A of title IV of the Social Security Act to strengthen program integrity, improve payment oversight, and better target Temporary Assistance for Needy Families (TANF) funds to families in need. Introduced by Rep. Mike Carey (R-OH), this bill applies the Payment Integrity Information Act of 2019 to state TANF programs and requires the Secretary of Health and Human Services to submit a report to Congress with a plan to reduce or eliminate improper payments under TANF within 10 years. This bill establishes a federal income threshold limiting the use of TANF funds to assistance or services for families with incomes below 200 percent of the federal poverty guidelines. This bill also establishes deadlines for states to obligate and expend TANF funds, while preserving state flexibility to reserve a limited amount of funds for future use. This bill further requires federal TANF funds to supplement, and not supplant, state and local funds for services and activities that promote the purposes of TANF.

B. BACKGROUND AND NEED FOR LEGISLATION

In 1996, Congress created TANF as part of bipartisan welfare reform. Today, TANF provides \$16.5 billion each year to states, tribes, and territories to provide assistance to low-income families and promote self-sufficiency through work. TANF has not been reauthorized since 2005, but continues to receive funding through annual appropriations bills and continuing resolutions. While TANF’s flexibility allows states to design programs that meet the needs of their residents, the Committee has identified serious gaps in accountability and program integrity that have emerged over the last two decades.

Specifically, concerns have emerged about how states are using “non-assistance” TANF funds, which constitute nearly 80 percent of total spending. Non-assistance spending is used for a wide variety of state activities including pre-k, child care, child welfare, administration, and sometimes for pet projects unrelated to moving families from welfare to work. The Committee has found that problems in current law open the door for diversion of non-assistance funds away from the core purpose of moving individuals from welfare to work. TANF also lacks basic financial guardrails creating an environment ripe for waste, fraud, and abuse. These concerns were exemplified by headlines from Mississippi where an independent

audit of the state’s Department of Human Services found \$77 million in misspent funds from 2017 to 2020, resulting in criminal convictions for embezzlement by multiple state officials. The Mississippi case is emblematic of a systemic problem. There is widespread consensus that rampant state misuse of funds is undermining efforts to help vulnerable families.

In September 2023, Committee Chairman Jason Smith (R–MO) and Work and Welfare Subcommittee Chairman Darin LaHood (R–IL), requested that the Government Accountability Office (GAO) conduct a comprehensive investigation into state use of TANF non-assistance funds as part of the Committee’s ongoing oversight work to strengthen the program.¹ In response to the request, GAO published five reports and testified about their findings at a Work and Welfare Subcommittee hearing.² The Work and Welfare Subcommittee has also held several hearings to review the TANF program and examine loopholes in current law that make the program vulnerable to fraud, and abuse. The GAO reports are briefly summarized below.

- *“Enhanced Reporting Could Improve HHS Oversight of State Spending”*—GAO found states are not reporting complete information about TANF expenditures, and most states lacked transparent reporting on subgrantees. In addition, states carried over significant balances of unspent TANF funds, more than doubling from \$4 billion in FY 2015 to \$9 billion in FY 2022. (GAO–25–107235)
- *“Additional Actions Needed to Strengthen Fraud Risk Management”*—GAO identified 21 fraud risks in nine categories including billing fraud, misuse of award funds, and diversion. (GAO–24–107290)
- *“HHS Could Facilitate Information Sharing to Improve States’ Use of Data on Job Training and Other Services”*—GAO found states lacked data on demographic characteristics, participation, and outcomes for individuals and families served by non-assistance TANF funds. (GAO–25–107226)
- *“HHS Needs to Strengthen Oversight of Single Audit Findings”*—GAO reviewed independent state audit findings and identified 36 states with, collectively 155 TANF findings, of which 99 were repeat findings and went unaddressed in multiple years. (GAO–25–107291)
- *“Child Welfare: States’ Use of TANF and Other Major Federal Funding Sources”*—States spend a significant amount of TANF non-assistance funds on child welfare services (\$3.3 billion in federal and state funds in FY 2022 or 10% of total spending), however there is a lack of data on children served, services provided, and impact on child well-being. (GAO–245–107467)

In the 118th and 119th Congress, Republican Committee Members introduced a set of seven TANF bills focused on targeting TANF to families in need, helping low-income families find and keep a job, and reducing waste, fraud, and abuse. Those bills are

¹Smith, LaHood Call on Government Watchdog to Investigate Uses of TANF Funds, House Ways and Means Committee Press Release, September 25, 2023.

²“Government Watchdog Findings: Temporary Assistance for Needy Families (TANF) Program In Need of Reform, Better State Accountability, and Fraud Protection,” Subcommittee on Work and Welfare, April 8, 2025.

combined into a larger, comprehensive five-year TANF reauthorization led by Rep. Darin LaHood (R–IL) and Senator Steve Daines (R–MT), the *Jobs and Opportunity with Benefits and Services (JOBS) for Success Act of 2025* (H.R. 3156/S. 1567).

H.R. 8872, the “Preventing Waste, Fraud and Abuse in TANF Act,” combines four of the Committee’s TANF bills focused on program integrity. Combined, these policies will put into place basic financial guardrails which apply to most other federal programs, to reign in state misuse of funds and reduce fraud and improper payments. One of the major benefits of TANF is the flexibility provided to states to deliver assistance to their citizens need. However, this must be balanced with protecting taxpayer dollars. The bill is intended to preserve state flexibility with common sense federal requirements.

C. LEGISLATIVE HISTORY

Background

H.R. 8872 was introduced on May 19, 2026, and was referred to the Committee on Ways and Means. H.R. 8872 combines four Committee bills (listed below) which were introduced in the 118th and 119th Congress:

- H.R. 2242, “Eliminate Fraud and Improper Payments in TANF Act”
- H.R. 2397, “Target TANF to Families in Need Act”
- H.R. 2359, “Improve Transparency and Stability for Families Act”
- H.R. 2584, “Protect TANF Resources for Families Act”

Committee Hearings

The Committee on Ways and Means held the following hearing(s) concerning the policy in H.R. 8872:

On April 8, 2025, the House Ways and Means Subcommittee on Work and Welfare held a hearing on “Government Watchdog Findings: Temporary Assistance for Needy Families (TANF) Program In Need of Reform, Better State Accountability, and Fraud Protection.”

Committee Action

The Committee on Ways and Means marked up H.R. 8872, the “Preventing Waste, Fraud and Abuse in TANF Act”, on May 21, 2026, and favorably reported the bill, as amended, to the House of Representatives (with quorum being present).

D. DESIGNATED HEARINGS

Pursuant to clause 3(c)(6) of rule XIII, the following hearings were used to develop and consider H.R. 8872, the “Preventing Waste, Fraud and Abuse in TANF Act”:

“Where is all the Welfare Money Going? Reclaiming TANF Non-Assistance Dollars to Lift Americans Out of Poverty,” hearing held on July 12, 2023, “States’ Misuse of Welfare Funds Leaves Poor Families Behind,” hearing held on September 26, 2024, and “Temporary Assistance for Needy Families (TANF) Program In Need of Reform, Better State Accountability, and Fraud Protection,” hearing held on April 8, 2025.

II. EXPLANATION OF THE BILL

A. REASONS FOR CHANGE

Section 1. The Committee believes the title accurately reflects the content of the bill.

Section 2. TANF is one of the few federal programs not required to report an annual federal improper payment rate under the Program Integrity Information Act of 2019 (PIIA)(P.L. 116–117). PIIA generally requires federal agencies to identify programs at risk of significant improper payments and report on their corrective actions. During a Subcommittee hearing in 2025, one witness testified that the lack of federal requirements to measure improper payments contributed to a “nobody’s watching” atmosphere that makes TANF vulnerable to fraud and misuse. Improper payment reviews include identifying fraud in federal programs as well as administrative errors such as payments made in the wrong amount, payments to an ineligible recipient, and duplicate payments.

Since 2022, GAO has recommended Congress grant the Department of Health and Human Services (HHS) authority to require states to report data necessary to estimate TANF improper payments. The Office of Management and Budget identified TANF as a risk-susceptible program, however HHS has not reported an improper payment estimate for TANF. HHS stated in its FY 2021 Agency Financial Review that it did not report an improper payment estimate because statutory limitations prohibit collection of the necessary data. Since 2020, the Administration for Children and Families (ACF) requested the authority to measure improper payments for TANF in its congressional justifications to the President’s Budget for fiscal years 2020, 2021, 2024, and 2025, spanning President Trump’s first term and President Biden’s term. Specifically, ACF requested congressional authorization to collect information from states to develop an improper payment rate for TANF.

Without measuring improper payments, Congress and HHS have limited ability to determine whether TANF dollars are being paid accurately, whether errors are caused by fraud or administrative mistakes, and what corrective actions are needed to improve program integrity. The Committee believes applying PIIA to state TANF programs will strengthen oversight of improper payments and help identify waste, fraud, and abuse in the program. The Committee believes requiring the Secretary of HHS to submit a plan to reduce or eliminate improper payments within 10 years will improve accountability and provide Congress with a clearer path for addressing improper payments in TANF.

Section 3. Federal law establishes the framework for spending under TANF; however, states have broad flexibility to set their own income and asset eligibility limits. Current law does not target TANF to families in poverty or establish a federal income eligibility limit for the program. All other major federal welfare programs, such as Medicaid and Supplemental Nutrition Assistance (SNAP), establish eligibility limits to target resources to families based on income. Instead, states establish eligibility for TANF cash assistance with maximum earnings thresholds for individuals to qualify. Eligibility varies across the country, but in nearly all states eligibility for cash assistance is at or below 100% of the federal poverty line.

However, TANF *non-assistance* spending, which constitutes nearly 80% of state spending, is not subject to the same state income eligibility limits as cash assistance. Federal TANF non-assistance funds used on benefits, services, and activities that meet one of the four purposes of TANF do not have requirements related to eligibility, nor are states required to report caseload counts or demographic data for children and families receiving non-assistance TANF. This has led to TANF being used to support programs and projects that are not targeted to needy families. Examples include:

Detroit Free Press: How Michigan Families get Welfare for Private Colleges—Michigan spends about \$100 million annually in welfare money on college aid, including millions that benefit families earning more than \$100,000.

Governing Magazine: How Are States Using Welfare Funding? Often, Not to Help People Work.—Flexibility in the program has led “states to shift money over to programs that have, at best, a tenuous relationship to work.” Arizona, for example, spent almost half of its TANF funds last year on child welfare.

Michigan Live: “State offers additional \$1.2 million for water heater replacements in Flint”—The Michigan Department of Health and Human Services announced additional funding for the third-year program, which is restricted to homes with at least one child living at the address or one resident who is at least 60 years old. MDHHS said in a news release that the funding to continue the program comes from the federal TANF program and state general funds.

Louisiana Budget Project: “Fund diversions erode Louisiana’s safety net”—Welfare dollars made available through the TANF block grant have been used to plug holes in the state budget.

NC Policy Watch: “Read fine print: How the state Senate spends federal the dollars in its budget”—North Carolina recently began to swap out a portion of state funding for federal aid. Supplanting—rather than supplementing—state dollars is troubling when waiting lists and unmet needs persist.”

Maine, Bangor Daily News: “What LePage really plans to do with \$100M meant for Maine families in poverty”—A BDN Maine Focus review of the department’s spending plans, interviews with nonprofit service providers in line to receive funds, and an examination of state documents show that DHHS is largely using TANF to cover long-term state spending obligations.

In 2023, the Biden Administration proposed a rule with a similar policy to limit TANF to families under 200% of poverty related to the first two purposes of TANF.³ In their justification, the proposed rule expressed concern that TANF non-assistance funds were increasingly being used for families with income significantly above the poverty line. The rule identified that “41 states were spending TANF on services to families at 300 and 400% of the poverty line.”

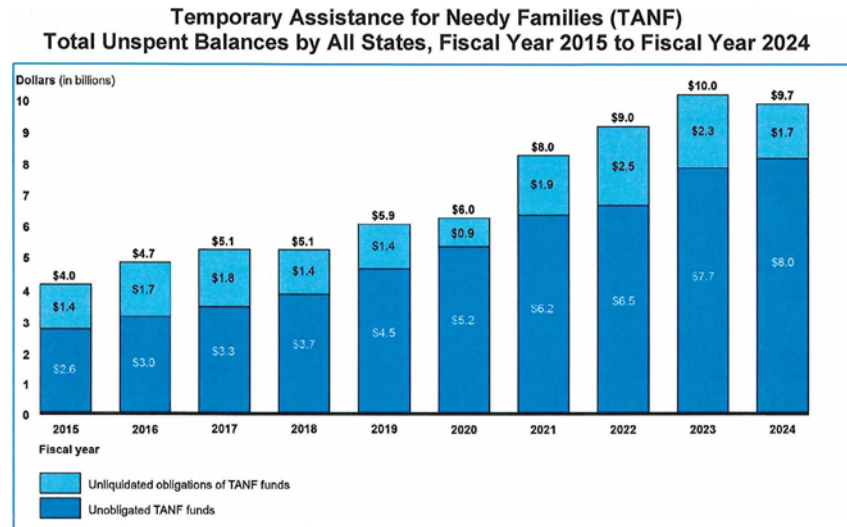
The Committee believes establishing a federal income threshold will ensure TANF funds are targeted to low-income families and prevent diversion of funds. This federal limit applies to both assistance and non-assistance spending and continues to provide states

³“Strengthening Temporary Assistance for Needy Families (TANF) as a Safety Net and Work Program,” Proposed Rule, Administration for Children and Families, HHS. Federal Register 88 FR 67697, October 2, 2023.

flexibility to tailor income guidelines and further target federal resources as the state deems appropriate for services and supports funded with TANF dollars.

Section 4. Unlike other grant programs, there are no requirements to spend TANF funds within a certain time period, therefore states may reserve unused TANF dollars without fiscal year limit. This makes it difficult to track state spending from an audit and accounting perspective and contributes to large amounts of unspent funds. In 2024, 39 states held roughly \$8 billion in unspent TANF funds nationwide. For example, New York carried over more than \$1.7 billion, Pennsylvania carried \$1.3 billion, while Tennessee, a state with one of the highest child poverty rates in the country, carried \$675 million in unspent TANF funds.

According to a January 2025 report from GAO, unspent TANF funds have more than doubled since 2015. Unspent TANF funds means critical dollars are not reaching needy families and makes it easier for states to divert “leftover” TANF to fill state budget gaps.



The Committee believes establishing deadlines for the obligation and expenditure of TANF funds will encourage states to put federal welfare dollars to timely use for families in need. The Committee believes allowing states to reserve a limited amount of funds for future use will preserve appropriate state flexibility while preventing excessive accumulation of unused TANF funds.

Section 5. As a block grant, TANF provides states flexibility to design programs and direct spending. Under current law, there is no prohibition preventing states from using federal TANF funds to replace state or local funds for TANF-related social services. As a result, states are able to divert federal TANF dollars to fill budget gaps or supplant existing state spending, reducing the amount of funding available to help families in poverty. A January 2025 GAO report, found that a lack of safeguards in TANF contributes to

“opaque accounting practices” that allows states to use TANF as a slush fund and plug budget shortfalls.

Nearly all federal grant programs include standard “non-supplantation” language. This ensures that states maintain their effort to fund services at the state and local level and that federal dollars supplement those efforts. TANF is the exception. The Committee believes requiring TANF funds to supplement, and not supplant, state and local funds will help ensure federal TANF dollars add to, rather than replace, support for TANF-related services and activities in states. The Committee believes requiring state certification of compliance in their TANF plan will strengthen accountability for state use of federal TANF funds.

Section 6. The Committee believes the effective date provides states and HHS with time to implement the bill’s requirements.

B. EXPLANATION OF PROVISIONS

Section 1. Provides the short title of the bill, “Preventing Waste, Fraud and Abuse in TANF Act.”

Section 2. Applies the requirements of the Payment Integrity Information Act of 2019 to state TANF programs in the same manner such Act applies to federal agencies. Requires the Secretary of HHS to submit a report to Congress within one year of enactment containing a plan to reduce or eliminate improper payments made by states under TANF within 10 years.

Section 3. Establishes a federal income threshold to ensure TANF funds are used only to provide support and services to families in need. Restricts TANF eligibility to families with incomes below 200% of the federal poverty level. In 2025, this was equivalent to income below \$51,640 for a family of three. This preserves state flexibility, but provides an outer boundary to ensure federal funds are targeted to families at or near the poverty line. Applies the income threshold to both assistance and non-assistance services funded through the federal TANF block grant.

Section 4. Requires states to obligate TANF funds not later than the end of the succeeding fiscal year and expend such funds not later than the end of the second succeeding fiscal year. It permits a state to reserve not more than 15% of TANF funds paid to the state for a fiscal year for future use in the state TANF program, and limits the total amount held in reserve by a state to not more than 50% of the total amount paid to the state under TANF for the preceding fiscal year.

Section 5. Requires federal TANF funds to supplement, not supplant, state and local spending. This prohibits states from using federal TANF funds to replace state or local funds that otherwise would be available for similar services. Requires the chief executive officer of each state to certify that federal TANF funds will not be used to supplant state or non-federal funds for services and activities that promote TANF purposes as part of the state’s TANF plan.

Section 6. Provides an effective date of October 1, 2027.

C. EFFECTIVE DATE

The bill would become effective on October 1, 2027.

III. VOTES OF THE COMMITTEE

In compliance with the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means during the markup consideration of H.R. 8872, the “Preventing Waste, Fraud, and Abuse in TANF Act,” on May 21, 2026.

The vote on the amendment offered by Mr. Davis to the amendment in the nature of a substitute to H.R. 8872, which would require the Department of Health and Human Services to answer Congressional questions about the Trump Administration’s revenge freeze of TANF funding in five states before implementing the bill was not agreed to by a roll call vote of 18 yeas to 23 nays (with a quorum being present).

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Smith (MO)		X		Mr. Neal	X		
Mr. Buchanan				Mr. Doggett	X		
Mr. Smith (NE)		X		Mr. Thompson	X		
Mr. Kelly		X		Mr. Larson	X		
Mr. Schweikert		X		Mr. Davis	X		
Mr. LaHood		X		Ms. Sánchez	X		
Mr. Arrington		X		Ms. Sewell	X		
Mr. Estes		X		Ms. DelBene	X		
Mr. Smucker		X		Ms. Chu	X		
Mr. Hern		X		Ms. Moore (WI)	X		
Mrs. Miller (WV)				Mr. Boyle			
Dr. Murphy		X		Mr. Beyer	X		
Mr. Kustoff		X		Mr. Evans	X		
Mr. Fitzpatrick		X		Mr. Schneider	X		
Mr. Steube		X		Mr. Panetta	X		
Ms. Tenney		X		Mr. Gomez	X		
Mrs. Fischbach		X		Mr. Horsford	X		
Mr. Moore (UT)		X		Ms. Plaskett	X		
Ms. Van Dyne		X		Mr. Suozzi	X		
Mr. Feenstra		X					
Ms. Malliotakis		X					
Mr. Carey		X					
Mr. Yakym		X					
Mr. Miller (OH)		X					
Mr. Bean		X					
Mr. Moran							

In compliance with the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means during the markup consideration of H.R. 8872, the “Preventing Waste, Fraud, and Abuse in TANF Act,” on May 21, 2026.

The vote on the amendment offered by Ms. DelBene to the amendment in the nature of a substitute to H.R. 8872, which would prohibit a pregnancy center from receiving TANF funds if a State Medical Board finds they have provided misleading or deceptive medical information or services or endangered the health of women was not agreed to by a roll call vote of 19 yeas to 23 nays (with a quorum being present).

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Smith (MO)		X		Mr. Neal	X		
Mr. Buchanan				Mr. Doggett	X		
Mr. Smith (NE)		X		Mr. Thompson	X		
Mr. Kelly		X		Mr. Larson	X		
Mr. Schweikert		X		Mr. Davis	X		

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. LaHood		X		Ms. Sánchez	X		
Mr. Arrington		X		Ms. Sewell	X		
Mr. Estes		X		Ms. DelBene	X		
Mr. Smucker		X		Ms. Chu	X		
Mr. Hern		X		Ms. Moore (WI)	X		
Mrs. Miller (WV)				Mr. Boyle	X		
Dr. Murphy		X		Mr. Beyer	X		
Mr. Kustoff		X		Mr. Evans	X		
Mr. Fitzpatrick		X		Mr. Schneider	X		
Mr. Steube		X		Mr. Panetta	X		
Ms. Tenney		X		Mr. Gomez	X		
Mrs. Fischbach		X		Mr. Horsford	X		
Mr. Moore (UT)		X		Ms. Plaskett	X		
Ms. Van Duynes		X		Mr. Suozi	X		
Mr. Feenstra		X					
Ms. Malliotakis		X					
Mr. Carey		X					
Mr. Yakym		X					
Mr. Miller (OH)		X					
Mr. Bean		X					
Mr. Moran							

In compliance with the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means during the markup consideration of H.R. 8872, the “Preventing Waste, Fraud, and Abuse in TANF Act,” on May 21, 2026.

The vote on Mr. Smith (NE)’s motion to table Ms. Chu’s appeal of the ruling of the chair was agreed to by a roll call vote of 23 yeas to 18 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Smith (MO)	X			Mr. Neal		X	
Mr. Buchanan				Mr. Doggett		X	
Mr. Smith (NE)	X			Mr. Thompson		X	
Mr. Kelly	X			Mr. Larson		X	
Mr. Schweikert	X			Mr. Davis		X	
Mr. LaHood	X			Ms. Sánchez		X	
Mr. Arrington	X			Ms. Sewell		X	
Mr. Estes	X			Ms. DelBene		X	
Mr. Smucker	X			Ms. Chu		X	
Mr. Hern	X			Ms. Moore (WI)		X	
Mrs. Miller (WV)				Mr. Boyle		X	
Dr. Murphy	X			Mr. Beyer			
Mr. Kustoff	X			Mr. Evans		X	
Mr. Fitzpatrick	X			Mr. Schneider		X	
Mr. Steube	X			Mr. Panetta		X	
Ms. Tenney	X			Mr. Gomez		X	
Mrs. Fischbach	X			Mr. Horsford		X	
Mr. Moore (UT)	X			Ms. Plaskett		X	
Ms. Van Duynes	X			Mr. Suozi		X	
Mr. Feenstra	X						
Ms. Malliotakis	X						
Mr. Carey	X						
Mr. Yakym	X						
Mr. Miller (OH)	X						
Mr. Bean	X						
Mr. Moran							

In compliance with the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means during the markup consideration of

H.R. 8872, the “Preventing Waste, Fraud, and Abuse in TANF Act,” on May 21, 2026.

H.R. 8872 was ordered favorably reported to the House of Representatives as amended by a roll call vote of 23 yeas to 19 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Smith (MO)	X			Mr. Neal		X	
Mr. Buchanan				Mr. Doggett		X	
Mr. Smith (NE)	X			Mr. Thompson		X	
Mr. Kelly	X			Mr. Larson		X	
Mr. Schweikert	X			Mr. Davis		X	
Mr. LaHood	X			Ms. Sánchez		X	
Mr. Arrington	X			Ms. Sewell		X	
Mr. Estes	X			Ms. DelBene		X	
Mr. Smucker	X			Ms. Chu		X	
Mr. Hern	X			Ms. Moore (WI)		X	
Mrs. Miller (WV)				Mr. Boyle		X	
Dr. Murphy	X			Mr. Beyer		X	
Mr. Kustoff	X			Mr. Evans		X	
Mr. Fitzpatrick	X			Mr. Schneider		X	
Mr. Steube	X			Mr. Panetta		X	
Ms. Tenney	X			Mr. Gomez		X	
Mrs. Fischbach	X			Mr. Horsford		X	
Mr. Moore (UT)	X			Ms. Plaskett		X	
Ms. Van Duyne	X			Mr. Suozi		X	
Mr. Feenstra	X						
Ms. Malliotakis	X						
Mr. Carey	X						
Mr. Yakym	X						
Mr. Miller (OH)	X						
Mr. Bean	X						
Mr. Moran							

IV. BUDGET EFFECTS OF THE BILL

A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

With respect to clause 3(d) of rule XIII of the Rules of the House of Representatives, a cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974 was not made available to the Committee in time for the filing of this report.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES BUDGET AUTHORITY

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

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the *Congressional Budget Act of 1974* and with respect to requirements of clause (3)(c)(3) of Rule XIII of the Rules of the House of Representatives and section 402 of the *Congressional Budget Act of 1974*, the Committee has requested but not received a cost estimate for this bill from the Director of Congressional Budget Office. The

Chairman of the Committee shall cause such estimate and statement to be printed in the Congressional Record upon its receipt by the Committee.

V. 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 made findings and recommendations that are reflected in this report.

B. STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the bill does not authorize funding, so no statement of general performance goals and objectives is required.

C. INFORMATION RELATING TO UNFUNDED MANDATES

This information is provided in accordance with section 423 of the *Unfunded Mandates Reform Act of 1995* (Pub. L. No. 104-4).

The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

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 clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, 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).

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

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made 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. 402. ELIGIBLE STATES; STATE PLAN.

(a) **IN GENERAL.**—As used in this part, the term “eligible State” means, with respect to a fiscal year, a State that, during the 27-month period ending with the close of the 1st quarter of the fiscal year, has submitted to the Secretary a plan that the Secretary has found includes the following:

(1) **OUTLINE OF FAMILY ASSISTANCE PROGRAM.**—

(A) **GENERAL PROVISIONS.**—A written document that outlines how the State intends to do the following:

(i) Conduct a program, designed to serve all political subdivisions in the State (not necessarily in a uniform manner), that provides assistance to needy families with (or expecting) children and provides parents with job preparation, work, and support services to enable them to leave the program and become self-sufficient.

(ii) Require a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) once the State determines the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance under the program for 24 months (whether or not consecutive), whichever is earlier, consistent with section 407(e)(2).

(iii) Ensure that parents and caretakers receiving assistance under the program engage in work activities in accordance with section 407.

(iv) Take such reasonable steps as the State deems necessary to restrict the use and disclosure of information about individuals and families receiving assistance under the program attributable to funds provided by the Federal Government.

(v) 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 reducing the illegitimacy

ratio of the State (as defined in section 403(a)(2)(C)(iii)) for calendar years 1996 through 2005.

(vi) Conduct a program, designed to reach State and local law enforcement officials, the education system, and relevant counseling services, that provides education and training on the problem of statutory rape so that teenage pregnancy prevention programs may be expanded in scope to include men.

(vii) Implement policies and procedures as necessary to prevent access to assistance provided under the State program funded under this part through any electronic fund transaction in an automated teller machine or point-of-sale device located in a place described in section 408(a)(12), including a plan to ensure that recipients of the assistance have adequate access to their cash assistance.

(viii) Ensure that recipients of assistance provided under the State program funded under this part have access to using or withdrawing assistance with minimal fees or charges, including an opportunity to access assistance with no fee or charges, and are provided information on applicable fees and surcharges that apply to electronic fund transactions involving the assistance, and that such information is made publicly available.

(B) SPECIAL PROVISIONS.—

(i) The document shall indicate whether the State intends to treat families moving into the State from another State differently than other families under the program, and if so, how the State intends to treat such families under the program.

(ii) The document shall indicate whether the State intends to provide assistance under the program to individuals who are not citizens of the United States, and if so, shall include an overview of such assistance.

(iii) The document shall set forth objective criteria for the delivery of benefits and the determination of eligibility and for fair and equitable treatment, including an explanation of how the State will provide opportunities for recipients who have been adversely affected to be heard in a State administrative or appeal process.

(iv) Not later than 1 year after the date of enactment of this section, unless the chief executive officer of the State opts out of this provision by notifying the Secretary, a State shall, consistent with the exception provided in section 407(e)(2), require a parent or caretaker receiving assistance under the program who, after receiving such assistance for 2 months is not exempt from work requirements and is not engaged in work, as determined under section 407(c), to participate in community service employment, with minimum hours per week and tasks to be determined by the State.

(v) The document shall indicate whether the State intends to assist individuals to train for, seek, and maintain employment—

(I) providing direct care in a long-term care facility (as such terms are defined under section 2011); or

(II) in other occupations related to elder care determined appropriate by the State for which the State identifies an unmet need for service personnel,

and, if so, shall include an overview of such assistance.

(2) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child support enforcement program under the State plan approved under part D.

(3) CERTIFICATION THAT THE STATE WILL OPERATE A FOSTER CARE AND ADOPTION ASSISTANCE PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a foster care and adoption assistance program under the State plan approved under part E, and that the State will take such actions as are necessary to ensure that children receiving assistance under such part are eligible for medical assistance under the State plan under title XIX.

(4) CERTIFICATION OF THE ADMINISTRATION OF THE PROGRAM.—A certification by the chief executive officer of the State specifying which State agency or agencies will administer and supervise the program referred to in paragraph (1) for the fiscal year, which shall include assurances that local governments and private sector organizations—

(A) have been consulted regarding the plan and design of welfare services in the State so that services are provided in a manner appropriate to local populations; and

(B) have had at least 45 days to submit comments on the plan and the design of such services.

(5) CERTIFICATION THAT THE STATE WILL PROVIDE INDIANS WITH EQUITABLE ACCESS TO ASSISTANCE.—A certification by the chief executive officer of the State that, during the fiscal year, the State will provide each member of an Indian tribe, who is domiciled in the State and is not eligible for assistance under a tribal family assistance plan approved under section 412, with equitable access to assistance under the State program funded under this part attributable to funds provided by the Federal Government.

(6) CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE AGAINST PROGRAM FRAUD AND ABUSE.—A certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to ensure against program fraud and abuse, including standards and procedures concerning nepotism, conflicts of interest among individuals responsible for the administration and supervision of the State program, kickbacks, and the use of political patronage.

(7) OPTIONAL CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE THAT THE STATE WILL SCREEN FOR AND IDENTIFY DOMESTIC VIOLENCE.—

(A) IN GENERAL.—At the option of the State, a certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to—

(i) screen and identify individuals receiving assistance under this part with a history of domestic violence while maintaining the confidentiality of such individuals;

(ii) refer such individuals to counseling and supportive services; and

(iii) waive, pursuant to a determination of good cause, other program requirements such as time limits (for so long as necessary) for individuals receiving assistance, residency requirements, child support cooperation requirements, and family cap provisions, in cases where compliance with such requirements would make it more difficult for individuals receiving assistance under this part to escape domestic violence or unfairly penalize such individuals who are or have been victimized by such violence, or individuals who are at risk of further domestic violence.

(B) DOMESTIC VIOLENCE DEFINED.—For purposes of this paragraph, the term “domestic violence” has the same meaning as the term “battered or subjected to extreme cruelty”, as defined in section 408(a)(7)(C)(iii).

(8) CERTIFICATION THAT THE STATE WILL PROVIDE INFORMATION TO VICTIMS OF SEXUAL HARASSMENT OR SURVIVORS OF DOMESTIC VIOLENCE, SEXUAL ASSAULT, OR STALKING.—

(A) IN GENERAL.—A certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to—

(i) ensure that applicants and potential applicants for assistance under the State program funded under this part are notified of assistance made available by the State to victims of sexual harassment and survivors of domestic violence, sexual assault, or stalking;

(ii) ensure that case workers and other agency personnel responsible for administering the State program funded under this part are trained in—

(I) the nature and dynamics of sexual harassment and domestic violence, sexual assault, and stalking;

(II) State standards and procedures relating to the prevention of, and assistance for, individuals who are victims of sexual harassment or survivors of domestic violence, sexual assault, or stalking; and

(III) methods of ascertaining and ensuring the confidentiality of personal information and documentation related to applicants for assistance and their children who have provided notice about

their experiences of sexual harassment, domestic violence, sexual assault, or stalking; and
 (iii) ensure that, if a State has elected to establish and enforce standards and procedures regarding the screening for, and identification of, domestic violence, sexual assault, or stalking pursuant to paragraph (7)—

- (I) the State program funded under this part provides information about the options under this part to current and potential beneficiaries; and
- (II) case workers and other agency personnel responsible for administering the State program funded under this part are provided with training regarding State standards and procedures pursuant to paragraph (7).

(B) DEFINITIONS.—For purposes of this paragraph—

- (i) the term “sexual harassment” means hostile, intimidating, or oppressive behavior based on sex that creates an offensive work environment;
- (ii) the term “domestic violence” has the meaning given such term in paragraph (7); and
- (iii) the terms “sexual assault” and “stalking” have the meanings given such terms in section 40002 of the Violence Against Women Act of 1994 (34 U.S.C. 12291).

(9) CERTIFICATION OF STATE SUPPLEMENTATION.—*A certification by the chief executive officer of the State that the funds provided to the State under this part will not be used to supplant State or non-Federal funds for services and activities that promote the purposes of this part.*

(b) PLAN AMENDMENTS.—Within 30 days after a State amends a plan submitted pursuant to subsection (a), the State shall notify the Secretary of the amendment.

(c) PUBLIC AVAILABILITY OF STATE PLAN SUMMARY.—The State shall make available to the public a summary of any plan or plan amendment submitted by the State under this section.

* * * * *

SEC. 404. USE OF GRANTS.

(a) GENERAL RULES.—Subject to this part, a State to which a grant is made under section 403 may use the grant—

- (1) in any manner that is reasonably calculated to accomplish the purpose of this part, including to provide low income households with assistance in meeting home heating and cooling costs; or
- (2) in any manner that the State was authorized to use amounts received under part A or F, as such parts were in effect on September 30, 1995, or (at the option of the State) August 21, 1996.

(b) LIMITATION ON USE OF GRANT FOR ADMINISTRATIVE PURPOSES.—

- (1) LIMITATION.—A State to which a grant is made under section 403 shall not expend more than 15 percent of the grant for administrative purposes.

(2) EXCEPTION.—Paragraph (1) shall not apply to the use of a grant for information technology and computerization needed for tracking or monitoring required by or under this part.

(c) AUTHORITY TO TREAT INTERSTATE IMMIGRANTS UNDER RULES OF FORMER STATE.—A State operating a program funded under this part may apply to a family the rules (including benefit amounts) of the program funded under this part of another State if the family has moved to the State from the other State and has resided in the State for less than 12 months.

(d) AUTHORITY TO USE PORTION OF GRANT FOR OTHER PURPOSES.—

(1) IN GENERAL.—Subject to paragraph (2), a State may use not more than 30 percent of the amount of any grant made to the State under section 403(a) for a fiscal year to carry out a State program pursuant to any or all of the following provisions of law:

(A) Subtitle A of title XX of this Act.

(B) The Child Care and Development Block Grant Act of 1990.

(2) LIMITATION ON AMOUNT TRANSFERABLE TO SUBTITLE 1 OF TITLE XX PROGRAMS.—

(A) IN GENERAL.—A State may use not more than the applicable percent of the amount of any grant made to the State under section 403(a) for a fiscal year to carry out State programs pursuant to subtitle 1 of title XX.

(B) APPLICABLE PERCENT.—For purposes of subparagraph (A), the applicable percent is 4.25 percent in the case of fiscal year 2001 and each succeeding fiscal year.

(3) APPLICABLE RULES.—

(A) IN GENERAL.—Except as provided in subparagraph (B) of this paragraph, any amount paid to a State under this part that is used to carry out a State program pursuant to a provision of law specified in paragraph (1) shall not be subject to the requirements of this part, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program, and the expenditure of any amount so used shall not be considered to be an expenditure under this part.

(B) EXCEPTION RELATING TO SUBTITLE 1 OF TITLE XX PROGRAMS.—All amounts paid to a State under this part that are used to carry out State programs pursuant to subtitle 1 of title XX shall be used only for programs and services to children or their families whose income is less than 200 percent of the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.

[(e) AUTHORITY TO CARRY OVER CERTAIN AMOUNTS FOR BENEFITS OR SERVICES OR FOR FUTURE CONTINGENCIES.—A State or tribe may use a grant made to the State or tribe under this part for any fiscal year to provide, without fiscal year limitation, any benefit or service that may be provided under the State or tribal program funded under this part.]

(e) *DEADLINES FOR OBLIGATION AND EXPENDITURE OF FUNDS BY STATES.*—

(1) *IN GENERAL.*—*Except as provided in paragraph (2), a State to which funds are paid, after the effective date of this subsection, under section 403(a)(1) for a fiscal year shall obligate the funds not later than the end of the succeeding fiscal year, and shall expend the funds not later than the end of the 2nd succeeding fiscal year.*

(2) *EXCEPTION FOR LIMITED AMOUNT OF FUNDS SET ASIDE FOR FUTURE USE.*—

(A) *IN GENERAL.*—*Notwithstanding paragraph (1) of this subsection, a State to which funds are paid under section 403(a)(1), after the effective date of this subsection, for a fiscal year may reserve not more than 15 percent of the funds for future use in the State program funded under this part, subject to subparagraph (B) of this paragraph.*

(B) *LIMITATION.*—*The total amount held in reserve by a State under subparagraph (A) of this paragraph shall not exceed an amount equal to 50 percent of the total amount paid to the State under section 403(a)(1) for the then preceding fiscal year.*

(C) *NOTICE OF INTENT TO RESERVE FUNDS.*—*A State that intends to reserve funds under subparagraph (A) shall notify the Secretary of the intention not later than the end of the period in which the funds are available for obligation without regard to subparagraph (A) of this paragraph.*

(f) *AUTHORITY TO OPERATE EMPLOYMENT PLACEMENT PROGRAM.*—*A State to which a grant is made under section 403 may use the grant to make payments (or provide job placement vouchers) to State-approved public and private job placement agencies that provide employment placement services to individuals who receive assistance under the State program funded under this part.*

(g) *IMPLEMENTATION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.*—*A State to which a grant is made under section 403 is encouraged to implement an electronic benefit transfer system for providing assistance under the State program funded under this part, and may use the grant for such purpose.*

(h) *USE OF FUNDS FOR INDIVIDUAL DEVELOPMENT ACCOUNTS.*—

(1) *IN GENERAL.*—*A State to which a grant is made under section 403 may use the grant to carry out a program to fund individual development accounts (as defined in paragraph (2)) established by individuals eligible for assistance under the State program funded under this part.*

(2) *INDIVIDUAL DEVELOPMENT ACCOUNTS.*—

(A) *ESTABLISHMENT.*—*Under a State program carried out under paragraph (1), an individual development account may be established by or on behalf of an individual eligible for assistance under the State program operated under this part for the purpose of enabling the individual to accumulate funds for a qualified purpose described in subparagraph (B).*

(B) *QUALIFIED PURPOSE.*—*A qualified purpose described in this subparagraph is 1 or more of the following, as provided by the qualified entity providing assistance to the individual under this subsection:*

(i) POSTSECONDARY EDUCATIONAL EXPENSES.—Postsecondary educational expenses paid from an individual development account directly to an eligible educational institution.

(ii) FIRST HOME PURCHASE.—Qualified acquisition costs with respect to a qualified principal residence for a qualified first-time homebuyer, if paid from an individual development account directly to the persons to whom the amounts are due.

(iii) BUSINESS CAPITALIZATION.—Amounts paid from an individual development account directly to a business capitalization account which is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses.

(C) CONTRIBUTIONS TO BE FROM EARNED INCOME.—An individual may only contribute to an individual development account such amounts as are derived from earned income, as defined in section 911(d)(2) of the Internal Revenue Code of 1986.

(D) WITHDRAWAL OF FUNDS.—The Secretary shall establish such regulations as may be necessary to ensure that funds held in an individual development account are not withdrawn except for 1 or more of the qualified purposes described in subparagraph (B).

(3) REQUIREMENTS.—

(A) IN GENERAL.—An individual development account established under this subsection shall be a trust created or organized in the United States and funded through periodic contributions by the establishing individual and matched by or through a qualified entity for a qualified purpose (as described in paragraph (2)(B)).

(B) QUALIFIED ENTITY.—As used in this subsection, the term “qualified entity” means—

(i) a not-for-profit organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; or

(ii) a State or local government agency acting in cooperation with an organization described in clause (i).

(4) NO REDUCTION IN BENEFITS.—Notwithstanding any other provision of Federal law (other than the Internal Revenue Code of 1986) that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such law to be provided to or for the benefit of such individual, funds (including interest accruing) in an individual development account under this subsection shall be disregarded for such purpose with respect to any period during which such individual maintains or makes contributions into such an account.

(5) DEFINITIONS.—As used in this subsection—

(A) ELIGIBLE EDUCATIONAL INSTITUTION.—The term “eligible educational institution” means the following:

(i) An institution described in section 481(a)(1) or 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1) or 1141(a)), as such sections are in effect on the date of the enactment of this subsection.

(ii) An area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this subsection.

(B) POST-SECONDARY EDUCATIONAL EXPENSES.—The term “post-secondary educational expenses” means—

(i) tuition and fees required for the enrollment or attendance of a student at an eligible educational institution, and

(ii) fees, books, supplies, and equipment required for courses of instruction at an eligible educational institution.

(C) QUALIFIED ACQUISITION COSTS.—The term “qualified acquisition costs” means the costs of acquiring, constructing, or reconstructing a residence. The term includes any usual or reasonable settlement, financing, or other closing costs.

(D) QUALIFIED BUSINESS.—The term “qualified business” means any business that does not contravene any law or public policy (as determined by the Secretary).

(E) QUALIFIED BUSINESS CAPITALIZATION EXPENSES.—The term “qualified business capitalization expenses” means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

(F) QUALIFIED EXPENDITURES.—The term “qualified expenditures” means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

(G) QUALIFIED FIRST-TIME HOMEBUYER.—

(i) IN GENERAL.—The term “qualified first-time homebuyer” means a taxpayer (and, if married, the taxpayer’s spouse) who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this subsection applies.

(ii) DATE OF ACQUISITION.—The term “date of acquisition” means the date on which a binding contract to acquire, construct, or reconstruct the principal residence to which this subparagraph applies is entered into.

(H) QUALIFIED PLAN.—The term “qualified plan” means a business plan which—

(i) is approved by a financial institution, or by a nonprofit loan fund having demonstrated fiduciary integrity,

(ii) includes a description of services or goods to be sold, a marketing plan, and projected financial statements, and

(iii) may require the eligible individual to obtain the assistance of an experienced entrepreneurial advisor.

(I) QUALIFIED PRINCIPAL RESIDENCE.—The term “qualified principal residence” means a principal residence (within the meaning of section 1034 of the Internal Revenue Code of 1986), the qualified acquisition costs of which do not exceed 100 percent of the average area purchase price applicable to such residence (determined in accordance with paragraphs (2) and (3) of section 143(e) of such Code).

(i) SANCTION WELFARE RECIPIENTS FOR FAILING TO ENSURE THAT MINOR DEPENDENT CHILDREN ATTEND SCHOOL.—A State to which a grant is made under section 403 shall not be prohibited from sanctioning a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the supplemental nutrition assistance program, as defined in section 3(l) of the Food and Nutrition Act of 2008, if such adult fails to ensure that the minor dependent children of such adult attend school as required by the law of the State in which the minor children reside.

(j) REQUIREMENT FOR HIGH SCHOOL DIPLOMA OR EQUIVALENT.—A State to which a grant is made under section 403 shall not be prohibited from sanctioning a family that includes an adult who is older than age 20 and younger than age 51 and who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the supplemental nutrition assistance program, as defined in section 3(l) of the Food and Nutrition Act of 2008, if such adult does not have, or is not working toward attaining, a secondary school diploma or its recognized equivalent unless such adult has been determined in the judgment of medical, psychiatric, or other appropriate professionals to lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(k) LIMITATIONS ON USE OF GRANT FOR MATCHING UNDER CERTAIN FEDERAL TRANSPORTATION PROGRAM.—

(1) USE LIMITATIONS.—A State to which a grant is made under section 403 may not use any part of the grant to match funds made available under section 3037 of the Transportation Equity Act for the 21st Century, unless—

(A) the grant is used for new or expanded transportation services (and not for construction) that benefit individuals described in subparagraph (C), and not to subsidize current operating costs;

(B) the grant is used to supplement and not supplant other State expenditures on transportation;

(C) the preponderance of the benefits derived from such use of the grant accrues to individuals who are—

(i) recipients of assistance under the State program funded under this part;

(ii) former recipients of such assistance;

(iii) noncustodial parents who are described in section 403(a)(5)(C)(iii); and

(iv) low-income individuals who are at risk of qualifying for such assistance; and

(D) the services provided through such use of the grant promote the ability of such recipients to engage in work activities (as defined in section 407(d)).

(2) AMOUNT LIMITATION.—From a grant made to a State under section 403(a), the amount that a State uses to match funds described in paragraph (1) of this subsection shall not exceed the amount (if any) by which 30 percent of the total amount of the grant exceeds the amount (if any) of the grant that is used by the State to carry out any State program described in subsection (d)(1) of this section.

(3) RULE OF INTERPRETATION.—The provision by a State of a transportation benefit under a program conducted under section 3037 of the Transportation Equity Act for the 21st Century, to an individual who is not otherwise a recipient of assistance under the State program funded under this part, using funds from a grant made under section 403(a) of this Act, shall not be considered to be the provision of assistance to the individual under the State program funded under this part.

(l) *APPLICABILITY OF PAYMENT INTEGRITY LAW.*—*The Payment Integrity Information Act of 2019 shall apply to a State with respect to the State program funded under this part in the same manner in which such Act applies to a Federal agency.*

(m) *ESTABLISHING A THRESHOLD FOR FAMILIES IN NEED.*—*A State to which a grant is made under section 403(a)(1) shall use the grant only to provide assistance or services to a family whose income is less than twice the poverty guidelines updated periodically in the Federal Register under section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2)).*

(n) *LIMITATION ON USE OF FEDERAL FUNDS TO REPLACE STATE GENERAL REVENUE FUNDS.*—*A State shall use Federal funds received under this part only to supplement funds that, in the absence of the Federal funds, would be made available from State and local sources for programs assisted under this part, and not to supplant the funds.*

* * * * *

DISSENTING VIEWS

When we help Americans who are struggling pay for food, utilities, or healthcare, Republicans are quick to label it “welfare” and accuse recipients of fraud. But when the Department of Justice reaches into taxpayers’ pockets and steals \$1.8 billion for a slush fund to pay the President and his allies, including convicted criminals who beat police officers guarding the Capitol on January 6th, they are silent.

Democrats strongly support eliminating fraud, waste, and abuse, which is why last Congress we introduced the TANF State Expenditure Integrity Act (H.R. 2108 in the current Congress). H.R. 2108 would directly address the most egregious and costly fraud in the Temporary Assistance for Needy Families program (TANF) and return the funds to the children they were intended to help. We asked Republicans to work with us to enact it. Last Congress, the Majority refused, so we reintroduced it this Congress.

Unlike our proposal, H.R. 8872, which was introduced less than 48 hours before our markup, is not about fraud. The Acting Chair confirmed that at our Committee markup. Rep. Judy Chu offered an amendment with our proposal to require HHS to search for and punish TANF fraud, which the House Parliamentarian has twice referred solely to the Ways and Means Committee, and the Acting Chair ruled that the Committee could not consider the amendment because it was outside the scope of this Committee’s jurisdiction. We strongly disagree with the position that the full scope of preventing fraud in TANF, including mandatory administrative appropriations to support oversight and investigations, is not part of the Committee’s jurisdiction. Unfortunately, because the Majority blocked Rep. Chu’s amendment, the only part of H.R. 8872 that is about fraud is its misleading title.

During this Congress and enabled by the Majority, President Trump’s HHS has repeatedly demonstrated that their goal is not to prevent fraud, but rather to use unsubstantiated fraud allegations as a pretext to withhold funding to states whose Governors the President dislikes. In fact, the Trump Administration has *enabled* fraud, canceling the penalty the previous Administration levied against Mississippi for criminal TANF fraud. And the President has pardoned at least 21 individuals who were convicted of stealing \$1.6 billion from Medicare and Medicaid, which is more than the total TANF grant in 48 states. The President’s pardons wiped out over \$2 billion in restitution to people harmed by fraud, just like HHS wiped out the penalty for stealing from poor children in Mississippi.

After wiping out penalties for real fraud, HHS froze \$10 billion in critical social services funding to 5 states with Democratic governors, claiming fraud but not producing a shred of evidence for it. Federal courts forced HHS to return the money before families

were harmed, in part because of the limits on HHS authority that H.R. 8872 would undermine. HHS has also repeatedly attempted to use unsubstantiated fraud allegations as a pretext to access taxpayer and beneficiary data in order to share it with ICE for warrantless arrests of immigrants and U.S. citizens alike.

H.R. 2108, the Democratic bill Republicans have blocked for more than 2 years, would require the Department of Health and Human Services (HHS) to address the real fraud in TANF—state payments to contractors or sub-grantees who either misled the state or conspired with the state to fraudulently use public funds for purposes unrelated to helping struggling families and poor children. Mississippi, for example, diverted \$90 million in TANF funding to wealthy and well-connected people like former quarterback Brett Favre, who used it to build a volleyball stadium and invest in stocks. The Mississippi case has resulted in multiple criminal prosecutions, but the Majority’s only response to it was to invite Mr. Favre to testify before our Committee and excuse his behavior. The children of Mississippi have not been compensated.

Far from fighting fraud, H.R. 8872 would give HHS a new tool to cut or freeze funding for states on the Trump enemies list in order to force policy changes or extort sensitive individual beneficiary data. Since the statistical calculation under the Program Integrity Act (PIA) was not designed for flexible block grants like TANF, the bill’s vague instruction to “apply” it would give HHS wide latitude to decide what the calculation is, what data is required, and to design it to justify payment freezes or data grabs that have so far been blocked by courts. The Congressional Budget Office estimates that H.R. 8872 would produce no budgetary savings.

The Chair did rule that amendments to prevent misuse of TANF funds to give pregnant women incorrect medical information and to require HHS to answer simple questions about their prior actions to prevent states from accessing funding for child care, work supports, adult protective services, and other key social services were relevant to the bill’s subject. Those amendments to protect taxpayers and pregnant women were rejected by the Majority.

H.R. 8872 fits the pattern of this Congress—President Trump and his Republican allies in Congress rail against fraud but intervene to enrich themselves or to protect rich, well-connected fraudsters at taxpayer expense. We urge the Majority to work with us to hold real criminals and fraudsters accountable.

Sincerely,

RICHARD E. NEAL,
Ranking Member.

