CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 8, 2013

H.R. 890
Preserving Work Requirements for Welfare Programs Act of 2013

As ordered reported by the House Committee on Ways and Means
on March 6, 2013

SUMMARY

H.R. 890 would disapprove the rule submitted by the Department of Health and Human Services (HHS) on July 12, 2012, that modifies the waiver authority with respect to work requirements in the Temporary Assistance for Needy Families program (TANF). If H.R. 890 is enacted, the rule would have no force or effect.

CBO estimates that enacting H.R. 890 would reduce direct spending by $61 million over the 2013-2023 period. (The resolution would not affect revenues.) Pay-as-you-go procedures apply because enacting the legislation would affect direct spending.

CBO does not expect that implementing H.R. 890 would have any significant effect on spending subject to appropriation.

H.R. 890 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 890 is shown in the following table. The effects of this legislation fall within budget function 600 (income security).

	By Fiscal Year, in Millions of Dollars												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2013-2018	2013-2023
CHANGES IN DIRECT SPENDING													
Estimated Budget Authority	0	-6	-6	-6	-6	-6	-6	-7	-7	-7	-7	-29	-61
Estimated Outlays	0	-6	-6	-6	-6	-6	-6	-7	-7	-7	-7	-29	-61

Note: Annual amounts do not sum to totals because of rounding.

BASIS OF ESTIMATE

For the purposes of this estimate, CBO assumes that the legislation will be enacted during fiscal year 2013.

On July 12, 2012, HHS released Information Memorandum No. TANF-ACF-IM-2012-03. That memorandum encouraged states to come up with new ways to meet TANF goals, and it stated that the Administration for Children and Families, which administers TANF, would provide states waivers through section 1115 of the Social Security Act so that states could implement those proposals. Enacting H.R. 890 would prevent that memorandum from taking effect.

Under the memorandum, CBO expects that penalties for states that do not meet the work requirements specified in section 407 of the Social Security Act would be reduced because some states would be able to have those requirement waived. We expect there would be no impact on net federal spending during fiscal year 2013, but that the expected net increase in penalties would average about $6 million in subsequent years. Thus, CBO estimates that enacting H.R. 890 would reduce direct spending by $61 million over the 2013-2023 period, as some states would face increased penalties to the federal government, in the form of reduced family assistance grants, for failing to meet the work requirements.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 890 as ordered reported by the House Committee on Ways and Means on March 6, 2013

	By Fiscal Year, in Millions of Dollars												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2013-2018	2013-2023
						NET DECREASE (-) IN THE DEFICIT							
Statutory Pay-As-You-Go Impact	0	-6	-6	-6	-6	-6	-6	-7	-7	-7	-7	-29	-61

Note: Annual amounts do not sum to totals because of rounding.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

For large entitlement programs like TANF, UMRA defines an increase in the stringency of conditions as an intergovernmental mandate if the affected governments lack authority to offset the costs of those conditions while continuing to provide required services. If H.R. 890 were enacted, CBO expects that some states would fail to meet work requirements of the program and would therefore be assessed penalties that would total $61 million over the 2013-2023 period. However, states would continue to be able to make changes to TANF, for example adjusting eligibility criteria or the structure of programs, to avoid or offset such costs. Because the TANF program affords states such broad flexibility, voiding the memorandum would not be considered an intergovernmental mandate as defined by UMRA. H.R. 890 also contains no private-sector mandates.

PREVIOUS CBO ESTIMATE

On September 17, 2012, CBO transmitted a cost estimate for H. J. Res. 118, a proposal similar to H.R. 890. The bill language for H.R. 890 is somewhat different from the language contained in H. J. Res. 118 (in the 112th Congress), but CBO expects that the average annual effect would be the same. CBO’s estimate of the cumulative 10-year impact for H.R. 890 is slightly different from the total shown in our estimate last year for H. J. Res. 118 because of an assumption of later enactment for the current legislation (in 2013 versus in 2012), and because last year’s estimate covered the period through fiscal year 2022, while the estimate for H.R. 890 covers the period through fiscal year 2023.

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