



MEMORANDUM

December 1, 2011

To: The Honorable Gwen Moore
Attention: Eyang N. Garrison

From: Gene Falk, Specialist in Social Policy, 7-7344

Subject: Summary of the RISE Out of Poverty Act

This memorandum responds to your request for a section-by-section summary of the proposed “RISE Out of Poverty Act.” The proposed legislation would reauthorize and amend the Temporary Assistance for Needy Families (TANF) block grant. The summary refers to the bill as “RISE.”

Section 1. Short Title

The Act would be the “Rewriting to Improve and Secure an Exit Out of Poverty Act” or “RISE Out of Poverty Act.”

Section 2. Table of Contents

The proposed RISE Act includes 19 sections.

Section 3. References

In general, the bill amends provisions of the Social Security Act.

Section 4. State Plans Required to Address Whether and How States Will Provide Assistance to Neediest Geographic Areas

RISE would require TANF state plans to indicate whether and how the state will give priority to providing benefits and services to geographic areas of greatest need within the state. Indicators of need for this purpose include those with the greatest unemployment rates, greatest poverty rates, and lowest job to population ratios.

Section 5. Funding of the TANF Program

RISE would provide permanent funding and program authority for TANF. The block grant would no longer need to be periodically “reauthorized” or extended through special legislation.

Basic State Block Grants

For Fiscal Year (FY) 2012, each state's basic block grant would be increased for both inflation and child population growth in the state since 1996. If the child population of a state declined from 1996 through 2011, the state's basic block grant would be increased only for price inflation. For each subsequent year, there would be annual adjustments for inflation and child population growth. However, a state's block grant could not be less than its previous year's block grant, even if prices fall or child population decreases in the state.

The inflation adjustment would be based on price increases as measured by the Consumer Price Index for all Urban Consumers (CPI-U). The inflation adjustment would compare average prices over the 12-month period ending in June of the prior fiscal year with the 12-month period ending in June of 1996. The adjustment for child population growth would be based on data from the U.S. Census Bureau.

RISE would also end TANF supplemental grants as a separate funding stream. Instead, RISE would add the supplemental grant a state received in FY2010 (when supplemental grants were funded at \$319 million per year) to the state's basic block grant each year.

State Maintenance of Effort

RISE would continue to require that states spend from their own funds on TANF or TANF-related programs. The current law "maintenance of effort" (MOE) requirement, setting the minimum amount states are required to spend from their own funds on TANF or TANF-related programs, would be extended through FY2013. Beginning in FY2014, this minimum amount would be annually adjusted for price inflation in a manner similar to the adjustment for changes in prices made to the federal TANF block grant.

The Contingency Fund

RISE would replace the current law contingency fund with one based on the design of the "Emergency Contingency Fund" enacted in the American Recovery and Reinvestment Act of 2009 (P.L. 111-5). It would provide to the revised contingency fund an FY2012 appropriation of \$2.5 billion. Beginning in FY2013, the contingency fund appropriation would be \$2.5 billion per year increased for inflation and child population growth (based on the increase in total state block grants from FY2012). Further, these appropriations would accumulate during good economic times, as unused contingency fund appropriations would be available until expended.

Under RISE, a state qualifies on economic grounds if its average unemployment rate for the current quarter or any of the preceding four quarters is 6.5%. To qualify for contingency funds a state would have to experience an increase in total expenditures for basic assistance, child care, and subsidized employment from the levels it experienced in the two years immediately prior to becoming eligible for contingency funds. The maximum amount of contingency funds a state may receive in a fiscal year would be 25% of its basic block grant. States must use contingency funds to direct aid to areas of the state with the greatest need.

Under the RISE contingency fund, states would be reimbursed at an enhanced match rate of 80% of the total increase for basic assistance, child care, and subsidized employment from those expenditures in the corresponding quarter in the base year. The base year would be either the year preceding or the second year preceding the year in which the state first qualified for contingency funds during the current

qualifying period. If the first year of the current qualifying period is FY2012, the base year would be either FY2007 or FY2008.

Under RISE, Indian tribes, Puerto Rico, and the territories could receive contingency funds. The Secretary of Health and Human Services (HHS) would determine how the territories and tribes are to qualify for contingency funds.

Matching Grant for Subsidized Employment

RISE would establish a new TANF matching grant for subsidized employment. To qualify for this matching grant, state MOE expenditures would have to exceed its MOE requirement and the state must expend funds on subsidized employment. States would be reimbursed at a 50% matching rate for subsidized employment expenditures in excess of the MOE requirement. States would be required to use the grant to serve areas of the state with the greatest need.

Funding for Indian Tribes

RISE would continue to give Indian tribes the authority to operate their own TANF programs. Each tribe's family assistance grant would be adjusted based on the increase in their state's (or states') basic block grant amount(s) for inflation and child population growth.

Census Bureau Study

RISE would provide the Census Bureau with \$10 million per fiscal year for new studies on effects of policies, including those contained in RISE, on low-income families.

TANF Research Grants

RISE would continue to fund TANF research and evaluation grants at \$15 million per year.

Matching Grants for the Territories

RISE would continue to fund the territorial matching grants for TANF and Title IV-E (Foster Care and Permanency) programs.

Section 6. Work Requirements

RISE would substantially revise the TANF work participation requirements that states must meet or risk a financial penalty. The revised work participation standard would require states to achieve a work participation rate of 50% of all families with a work-eligible individual. To be considered engaged in work and count toward the 50% standard, a work-eligible individual must be engaged in work or job preparation activities for at least 20 hours per week during a month. Disabled individuals would be able to participate under a modified plan of work or job preparation. Additionally, RISE would permit states to get credit for engaging individuals who are not receiving ongoing cash assistance but who are in TANF-funded subsidized employment programs.

Elimination of the Work Standard Credits, Limits on Counting Certain Activities, and Differences in Minimum Required Work Hours

RISE would eliminate the caseload reduction credit and the separate two-parent work participation standard of 90%. RISE would also eliminate all of the restrictions in counting job readiness activities (including rehabilitative activities) and education toward the work participation standard. The 12-month limit on vocational educational training and the 30% limit on counting individuals engaged in work through education would be eliminated. RISE would also eliminate the higher minimum hours requirement that currently applies to families with all children aged 6 and older and two-parent families.

Definition of Work-Eligible Individual

A “work-eligible” individual is defined as an adult recipient of assistance, a parent who has been time-limited but whose children continue to receive TANF assistance, and an individual who is in TANF-funded subsidized employment. Individuals who are either sanctioned for refusal to work or who are in the pre-sanction review process (described in Section 7 of RISE) are not considered work-eligible and are excluded from the work participation rate calculation. States would also have the option to exclude: (1) single parents caring for an infant; (2) recipients of supplemental security income (SSI) benefits or other federal and state disability benefits; (3) SSI applicants; (4) individuals needed in the home to care for a disabled family members; and (5) participants in a tribal TANF program or a tribal work program.

Section 7. Work Rules

RISE would also substantially revise the work rules that states may apply to individual families and recipients. States would be (1) required to be able to assess individuals with personnel trained in identifying barriers to employment; (2) required to have an Individual Responsibility Plan (IRP) for each family; (3) given the authority to develop modified employability plans for individuals with disabilities; (4) prohibited from imposing full family and lifetime sanctions; and (5) required to have a pre- and post-sanction review process.

Individual and Family Assessment

Under RISE, the required individual and family assessment would have to offer a recipient the option of being conducted by trained personnel with respect to barriers to employment that are specified by the recipient. The assessment would also have to include consideration of physical and mental impairments, English proficiency, child care needs, and whether the recipient is a victim of domestic violence.

Individual Responsibility Plans

RISE would require that states develop an Individual Responsibility Plan (IRP) for each family with an adult recipient who received an assessment. The plan would be required to identify the supports each family would receive. The plan would also have to include a well-being plan for each child in the family.

Modified Employability Plan

RISE would give the authority to states to develop a modified employability plan for each work-eligible individual who has been determined by a qualified professional to have a disability or is caring for a

family member with a disability. The plan would describe the work activities, hours requirements, and services and supports that will be provided. Work-eligible individuals in substantial compliance with the modified plan would be deemed engaged in work.

Prohibition on Lifetime and Full-Family Sanctions and Work Sanctions

RISE would prohibit a state receiving federal TANF funds from imposing a lifetime or full family sanction for failure to comply with a program requirement. The penalty for refusing to comply with work requirements would be modified to be a pro-rata reduction in the family's assistance benefit. The penalty for failure to comply with child support enforcement requirements would be set at 25% of the family's benefit.

In addition, RISE would prohibit the sanctioning of a single custodial parent with an infant under 6 months of age for refusing to engage in work. Further, RISE would prohibit the sanctioning of a single custodial parent with a child under the age of 13 for refusing to engage in work if that refusal was because of the inability to secure child care or after-school arrangements. It would also include exceptions to sanctioning a family in which an individual has good cause to refuse to engage in work because: (1) the job's wage is less than the minimum wage (or 80% of the minimum wage if the job is not covered by the Fair Labor Standards Act); (2) the work site is subject to a strike or lockout; or (3) the individual has medical reasons, including the individual's lack of strength or stamina needed to perform the job.

Pre- and Post-Sanction Review Process

RISE would require that a state have a pre- and post-sanction review process in assessing financial sanctions on families for failing to meet a program requirement. Before imposing a sanction on a family receiving assistance, a state would be required to provide notice to the individual or family that would include: the specific reason for the sanction, the amount of the proposed sanction, the length of time the sanction would be in effect, the steps required to come into compliance with program requirements or show good cause, that the state agency will help the individual demonstrate good cause, and that the individual may appeal the determination to impose a sanction. If the individual's native language is not English, the notice must be made through a culturally competent translation. Further, the state agency would be required to have a second individual review the decision to sanction a family. It would be required to afford the individual or family for whom a sanction is to be imposed to meet with the state agency person who is reviewing the determination of the sanction. The review would also include consideration of whether barriers to compliance exist, such as physical or mental impairments, limited proficiency in English, limited literacy, homelessness, or the need to care for a child with a disability or health condition; whether the noncompliance stems from failure to receive, or lack of access to, services identified in the Individual Responsibility Plan; whether changes in the individual's plan should be made to come into compliance; whether there is good cause for noncompliance; and whether the sanction policy has been properly applied. Under RISE, the review may result in modification of the sanction, determination that the family has good cause for noncompliance, modification of the individual's plan, or other actions as appropriate.

Additionally, RISE would require that after imposing a sanction on a family, the state must send a written notice of the reason for the sanction and steps the individual or family must take to end the sanction. If the sanction continues for 180 days, the state would be required to send a second notice of the steps the family must take to end the sanction. If the individual or family's native language is not English, the notices would be required to be made through a culturally competent translation. RISE would require the

state to resume full assistance once an individual comes into compliance for a reasonable period of time (determined by the state).

RISE would also require states to include in their TANF plans a statement that the state will notify applicants and recipients of their rights under all laws applicable to the program and all potential benefits and services available under the program.

Section 8. Prohibition on Imposing Limit of Less than 60 Months on Duration of Assistance

RISE would prohibit a state from imposing a time limit of less than 60 months on a family receiving assistance. States would be required to conduct outreach to inform potentially eligible individuals that they may be eligible for assistance because of the elimination of the shorter time limit. TANF state plans would be required to describe this outreach plan.

Section 9. Response of the TANF Programs to Economic Recessions

RISE would make the 60-month time limit inapplicable during periods of high unemployment (state unemployment rates of 6.5% or higher). Additionally, RISE would require states to disregard months in which the state had unemployment rates of 6.5% or higher from being counted toward the 60-month limit. States would be required to conduct outreach to inform potentially eligible individuals that they may be eligible for assistance because of the suspension of the time limit during a recession. TANF state plans would be required to describe this outreach plan.

Section 10. Requirement that States Use Merit-Based System in Administration of TANF Programs

RISE would require states to use state employees (under a merit-based employment system) to administer the TANF program.

Section 11. Ban on Using Federal TANF Funds to Replace State and Local Spending that Does Not Meet the Definition of Qualified State Expenditures

RISE would prevent states from using federal TANF funds to supplant certain state- and local-funds. Under RISE, federal TANF funds could be used for activities and programs that were not authorized under TANF's predecessor programs only to the extent that their expenditures exceed FY1995 spending levels.

Section 12. TANF Assistance to Meet Basic Family Economic Needs

RISE would require states to calculate and place in their TANF state plans a dollar amount representing a family budget sufficient to meet basic needs. Basic needs would be defined as food, clothing, shelter, utilities, household goods, personal care items, and incidental expenses. The dollar amounts would be required to be adjusted for family size. The state plan must also describe the relationship between the

amount of TANF assistance provided to each family under the program and the amount of the family budget for the family.

States would be required to provide assistance sufficient to meet the needs of families receiving assistance, taking into account all earned and unearned income of the family and the value of its Supplemental Nutrition Assistance Program (SNAP) benefits.

States that fail to provide assistance needed to meet basic needs would have their TANF block grant reduced by 5%.

Section 13. State Plans and Reports on Child Poverty

RISE would establish reduction of child poverty as the number one statutory goal of the TANF block grant.

TANF State Plan Content

TANF state plans would be required to include a description of how the state intends to reduce child poverty using federal TANF and state MOE funds. States would also be required to establish numerical goals for reducing child poverty.

RISE would also require states to establish certain additional goals for their TANF programs. It would require states to track work-related outcomes for recipients of assistance, such as job entries, job retention, and wage rates. States would be required to establish numerical goals for work-related outcomes. The TANF state plan would also require the outline of the program a state intends to operate to include how it will provide preventative benefits and services to families at risk of having a child removed from the home because of abuse or neglect, as well as how the state intends to serve noncustodial parents.

TANF State Plan Procedure

RISE would establish some additional procedures for submitting TANF state plans and amendments to the state plans. It would require that draft plans and draft amendments be made available to the public, such as by posting them on a public web site of the state for at least 45 days before the submission. State plans certified by the Secretary of HHS would also be required to be publically available. RISE would also require states to develop procedures to receive and respond to comments received by the public, private sector organizations, and local governments on draft plans or amendments.

Annual Performance Reports

RISE would also establish an annual performance report from the state to describe and quantify whether it met or made progress toward attaining goals of reducing child poverty, reducing removal of children from the home because of abuse and neglect, and achieving employment outcomes for recipients of assistance. It would also describe how TANF subsidized employment grants and contingency funds were used by the state to serve areas of highest need. The annual performance report would be developed by the HHS, in consultation with the National Governors Association, National Association of State Legislatures, and the American Public Human Services Association. The annual performance report would be due December 31 of each year.

The annual performance report would also address whether the state has been effective in serving persons with disabilities. It will report on the number of persons who participated in a modified employment plan (described in section 7 of RISE); the percentage of recipients with modified employability plans who substantially complied with activities set forth in the plan, information on the most prevalent types of physical and mental impairments that provided for disability determinations; the percentage of modified employment plans that were for the individual's own disability, for the care of a child with a disability, or caring for another family member with a disability; a description of the most prevalent types of modifications to activities and work hours included in modified plans; and a description of the qualifications of the state who made determinations regarding the modified plans.

Study of Employment Outcomes

RISE would require the HHS to conduct a study and set forth legislative options to provide financial or other rewards to the states for high rates of employment and high rates of employment at good wages for those who participated in TANF programs. The report would be due within 4 years of the enactment of RISE.

Section 14. Requirement that States Adopt Standards and Procedures to Address Domestic and Sexual Violence Among TANF Recipients

RISE would require that the Governor certify that the state has procedures and is enforcing standards to ensure the right and entitlement of victims of domestic or sexual violence to be screened and identified while maintaining confidentiality; be referred to counseling and supportive services; and be granted a waiver of program requirements such as time limits, residency requirements, child support cooperation, and family cap provisions. Victims of domestic or sexual violence would be able to apply on the same day the victim appears in person in a program office during office hours, have an application containing the name, address, and signature of the individual considered filed on the date of the application, receive a written statement of how to complete and verify information during the application process, and have eligibility determined promptly with retroactive assistance if determined eligible within 30 days of the application date.

RISE would also require the Secretary of HHS to report to Congress every four years best practices of states implementing procedures to address domestic and sexual violence.

Section 15. Child Care Entitlement

RISE would guarantee child care to TANF work-eligible persons who are participating in TANF work activities, are employed with total incomes of 250% of the poverty line or less, or who are participating in TANF-funded subsidized employment. Child care is also guaranteed to former recipients and former work-eligible individuals who are employed and within 24 months of leaving the rolls. Mandatory child care funding would be converted from a capped entitlement to the states to an open-ended matching grant. States would receive federal matching funds, at the Medicaid matching rate, for expenditures in their child care subsidy programs for TANF recipients as well as other low-income, working parents or caretakers.

Section 16. Child Support Enforcement

RISE would eliminate the requirement that families receiving TANF assistance assign (legally turn-over) to the state their rights to child support paid on behalf of the family's children. Child support would be paid directly to the family. The federal government and the state would no longer divide the proceeds of child support collected on behalf of children receiving TANF assistance.

Section 17. State Option to Extend Eligibility for Assistance to Children Through Age 21; Prohibition on Considering Financial Aid Tied to Education of the Child in Determining Eligibility for, or Amount of Assistance; Prohibition on Imposing Additional Requirements Based on Educational Enrollment of the Child

RISE would allow states to provide assistance to families with a child through the age of 21. States would be prohibited from considering financial aid tied to the training, school attendance or post-secondary education of a child in determining the eligibility or amount of assistance paid to the family. States would also be prohibited from imposing additional requirements on a family solely because the minor child is enrolled in an education or training program.

Section 18. Elimination of Certain Other Bars to TANF Assistance

RISE would eliminate the lifetime ban for persons convicted of drug felonies with respect to TANF. It would also eliminate the limitations on providing assistance to unmarried parents under the age of 18.

Section 19. Effective Date

The amendments made by RISE would be effective October 1, 2011. If the Secretary of HHS determines that state legislation is necessary to a state plan under TANF or Title IV-E of the Social Security Act (foster care and adoption assistance), the state would not be considered as failing to meet additional requirements until the state legislature has met and had a chance to act.
