CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 17, 2012

H.J. Res. 118

A joint resolution providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Office of Family Assistance of the Administration for Children and Families of the Department of Health and Human Services relating to waiver and expenditure authority under section 1115 of the Social Security Act (42 U.S.C. 1315) with respect to the Temporary Assistance for Needy Families program

As ordered reported by the House Committee on Ways and Means on September 13, 2012

SUMMARY

H.J. Res. 118 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). H.J. Res. 118 would invoke a legislative process established by the Congressional Review Act (Public Law 104-121) to disapprove the new waiver authority rule. If H.J. Res. 118 is enacted, the rule would have no force or effect.

CBO estimates that enacting the resolution would reduce direct spending by $59 million over the 2013-2022 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 the resolution would have any significant effect on spending subject to appropriation.

The joint resolution 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 House Joint Resolution 118 is shown in the following table. The costs 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	2013-2017	2013-2022
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	-5	-6	-6	-6	-6	-6	-6	-7	-7	-7	-28	-59
Estimated Outlays	-5	-6	-6	-6	-6	-6	-6	-7	-7	-7	-28	-59

Note: Components may not sum to totals because of rounding.

BASIS OF ESTIMATE

For the purposes of this estimate, CBO assumes that the legislation will be enacted near the beginning of 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 (ACF), which administers TANF, would provide states waivers through section 1115 of the Social Security Act so that states could implement those proposals. Enacting H.J. Res. 118 would prevent that memorandum from taking effect.

Under the memorandum, CBO expects that penalties for states that don’t meet the work requirements specified in the Social Security Act would be reduced because states would have more options to meet such requirements. Thus, CBO estimates that enacting the resolution would reduce direct spending by $59 million over the 2012-2022 period, as some states would pay increased penalties to the federal government (which are recorded in the budget as an offset to direct spending) 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.J. Res. 118 as ordered reported by the House Committee on Ways and Means on September 13, 2012

	By Fiscal Year, in Millions of Dollars												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012-2017	2012-2022
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	-5	-6	-6	-6	-6	-6	-6	-7	-7	-7	-28	-59

Note: Components may 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.J. Res. 118 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 $59 million over the 2013-2022 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.J. Res. 118 also contains no private-sector mandates.

PREVIOUS CBO ESTIMATE

On September 17, 2012, CBO transmitted a cost estimate for H.J. Res 118 as ordered reported by the House Committee on Education and the Workforce. The resolution language in both versions is identical and the estimated budgetary effects are the same.

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