

At a Glance

H.R. 8872, Preventing Waste, Fraud, and Abuse in TANF Act

As reported by the House Committee on Ways and Means on May 29, 2026

By Fiscal Year, Millions of Dollars	2026	2026-2031	2026-2036
Direct Spending (Outlays)	0	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	*	*
Spending Subject to Appropriation (Outlays)	0	*	not estimated

Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2037?	*	Statutory pay-as-you-go procedures apply?	Yes
Mandate Effects			
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2037?	*	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between -\$500,000 and \$500,000.

The bill would

- Require states to identify and reduce improper payments under the Temporary Assistance for Needy Families (TANF) program
- Require states to spend most TANF grants within two years and limit the amount of funding that states can reserve for future use
- Require states to use TANF grants only to support families with incomes below 200 percent of the federal poverty level
- Prevent states from using TANF grants to replace state spending on low-income programs
- Require the Department of Health and Human Services to submit a plan to the Congress for reducing improper payments

Estimated budgetary effects would mainly stem from

- Changing how states obligate and spend TANF grants

Areas of significant uncertainty include [if needed]

- Predicting how states would respond to the bill's requirements

Detailed estimate begins on the next page.

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)

Summary of Legislation

H.R. 8872 would make various programmatic changes to the Temporary Assistance for Needy Families (TANF) program. The bill would require states to identify and reduce improper payments, change the rules that govern how states may spend and reserve federal grants, restrict federal assistance to families earning less than twice the federal poverty level, and prohibit states from using federal funding to replace state spending on low-income programs. The bill also would require the Department of Health and Human Services (HHS), within one year of enactment, to submit a plan to the Congress to reduce improper payments made by states within 10 years.

Estimated Federal Cost

The costs of the legislation fall within budget function 600 (income security).

Basis of Estimate

For this estimate, CBO assumes that the bill will be enacted in 2026 and that the changes made to TANF under the bill would become effective on October 1, 2027.

Background

TANF is a federal block grant program that provides funding to states, the District of Columbia, tribes, and U.S. territories to create and administer assistance programs for needy families. Those entities can use the grants to provide cash assistance, work support, and other services to low-income families with children. In order to receive federal TANF funding, states, the District of Columbia, and some territories, but not tribes, must also spend their own funds (referred to as maintenance-of-effort funds) on those activities. Those entities set the income threshold for families to receive assistance. They are authorized to transfer a portion of their federal TANF grant to the Child Care and Development Fund or the Social Services Block Grant program.

TANF was most recently authorized in the Consolidated Appropriations Act, 2026. That legislation provided a direct appropriation of \$16.6 billion for the program through calendar year 2026. Consistent with section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985, CBO's baseline projections incorporate the assumption that the program will continue to operate as it would immediately before its expiration on December 31, 2026.

Direct Spending

H.R. 8872 would change the rules that govern TANF but would not alter the amount of grant funding provided.

H.R. 8872 would apply to TANF programs the requirements of the Payment Integrity Information Act of 2019, which directs agencies to identify, report, and reduce improper payments. Under current law, HHS has limited control over states' spending under TANF for

the purposes of that law because TANF is structured as a fixed block grant with broad state flexibility, not a federally administered benefit program. To comply with that provision, CBO expects that states would increase spending for program integrity activities, such as conducting additional case reviews and audits, updating data systems and payment controls, and preparing corrective action plans. CBO expects that states would decrease spending on other activities to offset that additional spending because the bill would not change the total amount of funding provided for TANF.

H.R. 8872 also would prohibit states from using federal TANF funding to support families with incomes above 200 percent of the federal poverty level. Because some states provide services to such families under current law, CBO expects that implementing the requirement would reduce TANF spending for those recipients. Because the total amount of federal funding would not be changed, CBO expects that states would spend their grants on other activities to offset that reduction.

Two provisions of H.R. 8872 would change how states obligate and spend their grants. The bill would limit the amount of funding that states could carry over (reserve) to 15 percent of their annual grant, or up to 50 percent with HHS approval; unobligated balances accumulated prior to the bill's effective date would not be subject to that requirement. Under current law, there is no limit on the amount of funding that states can reserve; at the end of fiscal year 2024, the total amount of accumulated grant funding that was unobligated was about \$8 billion. The bill also would require states to obligate within one year the funds that they do not reserve and to spend those funds within two years. In CBO's baseline projections, states' annual spending is roughly equivalent to the annual appropriation for TANF, which suggests that the current pace of spending is not significantly different from the pace required under the bill. Further, in CBO's assessment, the proposed limitation on annual reserves would not differ significantly from the amounts that states have reserved historically.

Finally, the bill would prohibit states from using federal TANF grants to replace their own spending for TANF activities. Any increase in state spending that would result from that requirement would not affect federal spending.

In total, CBO estimates that any net changes in direct spending would be less than \$500,000 over the 2026-2036 period.

Spending Subject to Appropriation

H.R. 8872 would require HHS to submit to the Congress a plan for reducing improper TANF payments. Using information on the cost to produce similar reports, CBO estimates that implementing that provision would cost less than \$500,000 over the 2026-2031 period. Such spending would be subject to the availability of appropriated funds.

Uncertainty

CBO's estimate of direct spending under H.R. 8872 is subject to uncertainty. Any changes in direct spending would largely depend on how states respond to the bill's requirements, including the extent to which they would alter their spending patterns. States could offset the effects of the required changes by adjusting their spending for activities that would be unaffected by the bill.

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. CBO estimates that enacting the bill would affect direct spending by less than \$500,000 over the 2026-2036 period.

Increase in Long-Term Net Direct Spending and Deficits

CBO estimates that enacting H.R. 8872 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2037.

Mandates

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

Estimate Prepared By

Federal Costs: Susanne Mehlman

Mandates: Andrew Laughlin

Estimate Reviewed By

Elizabeth Cove Delisle
Chief, Income Security Cost Estimates Unit

Kathleen FitzGerald
Chief, Public and Private Mandates Unit

Christina Hawley Anthony
Deputy Director of Budget Analysis

Estimate Approved By



Phillip L. Swagel
Director, Congressional Budget Office