Human Services Provisions in the Fiscal Responsibility Act of 2023

On June 3, 2023, the Fiscal Responsibility Act of 2023 was signed into law, a legislative package previously agreed upon by the White House and House Speaker to suspend the national debt ceiling limit through January 1, 2025 in exchange for a package of spending cuts and policy changes, including changes to work requirements in the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF). APHSA has summarized the relevant human services provisions below, noting dates they will take effect.

**TANF:**

The Fiscal Responsibility Act of 2023 enacts the following changes to the TANF legislation:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Provision Detail</th>
<th>Effective As Of:</th>
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</thead>
<tbody>
<tr>
<td>Recalibration of the Caseload Reduction Credit</td>
<td>The baseline year for calculating the caseload reduction credit will be changed from 2005 to 2015, which is used to determine whether a state qualifies for any reductions in their Work Participation Rate (WPR) targets.</td>
<td>October 1, 2025</td>
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<tr>
<td>Minimum Assistance Payments for Work Participation Rate</td>
<td>States may only count households receiving at least $35 in TANF benefits towards their Work Participation Rate (WPR) target.</td>
<td>October 1, 2025</td>
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<tr>
<td>Mandated State Reporting of Work Outcomes</td>
<td>States must annually report on new mandatory outcome metrics.</td>
<td>October 1, 2024</td>
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<tr>
<td>Pilot Projects for Use of Outcome-Based Performance Measures</td>
<td>A six-year pilot program will be available for up to five states to negotiate statewide performance benchmarks with HHS to measure work and family outcomes for TANF assistance recipients. Participating states will operate their pilots in lieu of Work Participation Rate (WPR) targets, requirements, and penalties during the period of performance.</td>
<td>October 1, 2024</td>
</tr>
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</table>
Recalibration of the Caseload Reduction Credit

Effective October 1, 2025, states’ baseline year for calculating the caseload reduction credit will be reset, used to determine whether a state qualifies for any reductions in their Work Participation Rate targets, from 2005 to 2015. The caseload reduction credit is determined by whether the average number of TANF cases receiving assistance (including in a separate state program) in the preceding year was lower than the average number of cases that received assistance in a base year (previously 2005 and as proposed changed to 2015). Each percentage point reduction in caseload equivalently reduces the state’s Work Participation Rate target (see TANF regulations for additional detail on calculating caseload reduction credits).

<table>
<thead>
<tr>
<th>Total Caseload</th>
<th>FY 2025 Caseload Calculation Credit</th>
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<tbody>
<tr>
<td>FY 2024: 10,000</td>
<td>Formula: (Base Year Caseload – Prior Year Caseload) / Prior Year Caseload</td>
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<tr>
<td>FY 2015: 10,500</td>
<td>Prior Calculation: (11,500 – 10,000) / 10,000 = 15% reduction in WPR target</td>
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<tr>
<td>FY 2005: 11,500</td>
<td>New Calculation: (10,500 – 10,000) / 10,000 = 5% reduction in WPR target</td>
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</table>

States use of excess maintenance of effort (MOE) spending on TANF assistance to reduce the number of cases counted under its prior year caseload calculation will remain allowable (e.g., if a state spends more than its minimum state MOE requirement on TANF assistance in the most recent fiscal year, it can exclude from its caseload reduction calculation the pro rata share of cases paid for via its excess spending).

Minimum Assistance Payments for Work Participation Rate

Effective October 1, 2025, states may only count households receiving at least $35 in TANF benefits towards their Work Participation Rate (WPR) target. States will no longer be permitted to provide small payments through TANF separate state programs to parents receiving Supplemental Nutrition Assistance Program (SNAP) benefits who are already working and count these households towards their WPR. States that currently utilize this option will need to decide whether to increase their benefit amount to the new, minimum threshold to continue counting these households towards their WPR.

Mandated State Reporting of Work Outcomes

States must report on new mandatory outcome metrics annually, effective as of October 1, 2024:

- The percentage of individuals who were work-eligible individuals as of the time of exit from TANF, who are in unsubsidized employment during the second quarter after exiting the program.
- The percentage of individuals who were work-eligible individuals who were in unsubsidized employment in the second quarter after exiting the program, who are also in unsubsidized employment during the fourth quarter after the exit.
- The median earnings of individuals who were work-eligible individuals as of the time of exit from the program, who are in unsubsidized employment during the second quarter after the exit.
• The percentage of individuals who have not attained 24 years of age, are attending high school or enrolled in an equivalency program, and are work-eligible individuals or were work-eligible individuals as of the time exit from the program, who obtain a high school degree or its recognized equivalent while receiving assistance under the State program funded under this part or within one year after the exit.

“Exiting” means anyone who stops receiving assistance under the program (regardless of the reason why) and directs HHS to establish regulations regarding the reporting of performance indicators in consultation with states and the Department of Labor. The new metrics are used for reporting purposes only—states do not receive incentives or penalties for performance against the new outcome measures.

Pilot Projects for Use of Outcome-Based Performance Measures
Effective FY 2024, the Fiscal Responsibility Act of 2023 establishes a six-year pilot program for up to five states to negotiate statewide performance benchmarks with HHS to measure work and family outcomes for TANF assistance recipients. Participating states will operate their pilots in lieu of Work Participation Rate (WPR) targets, requirements, and penalties during the period of performance. Negotiated benchmarks apply to both state MOE and federally funded TANF programs and must include:

• The percentage of individuals who were work-eligible individuals as of the time of exit from TANF, who are in unsubsidized employment during the second quarter after exiting the program.
• The level of earnings of such individuals in the second and fourth quarters after exit, and;
• Other indicators of family stability and well-being as established by HHS.

Performance benchmarks for each outcome measure will be established between participating states and HHS, accounting for baseline data in the state and comparative data in other states. If a state fails to meet its target benchmark for two consecutive years to remain in the pilot the state may enter into a plan with HHS to improve performance or agree to an adjusted benchmark with HHS based on new information about the feasibility of its benchmark. Participating pilot states must also have a system in place to reduce the amount of assistance a participant receives for failing to engage in required activities set by the state.
SNAP:

The Fiscal Responsibility Act of 2023 enacts the following changes to the SNAP legislation:

**Table 3: Summary of SNAP provision changes and effective dates**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Provision Detail</th>
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<tbody>
<tr>
<td>Able-Bodied Adults Without Dependents Work Requirement</td>
<td>The bill modifies the age range for who is subject to the Able-Bodied Adults Without Dependents (ABAWD) work requirement. The bill also adds three new populations as explicitly exempt from the ABAWD work requirements (see below).</td>
<td>Early September</td>
</tr>
<tr>
<td>Reduction in Discretionary ABAWD Exemptions</td>
<td>The bill reduces the number of discretionary exemptions a state may provide to the ABAWD work requirement from 12 percent to 8 percent, effective FY 2024. The bill also restricts states from carrying over unused exemptions beyond the subsequent fiscal year.</td>
<td>October 1, 2024</td>
</tr>
<tr>
<td>Addition to Declaration of Policy for SNAP</td>
<td>The bill adds to the purpose statement of Congress establishing SNAP.</td>
<td>June 3, 2023</td>
</tr>
<tr>
<td>Public Posting of Waiver Requests and Documentation</td>
<td>The bill requires USDA to publish, within 30 days of enactment of the bill, all available state waiver requests, including supporting data submitted by states, and agency approvals of requests, including state requests for geographic ABAWD waivers.</td>
<td>July 3, 2023</td>
</tr>
</tbody>
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**Able-Bodied Adults Without Dependents Work Requirement**

As of early September, the age range for individuals who are subject to the Able-Bodied Adults Without Dependents (ABAWD) work requirement will be modified. The Fiscal Responsibility Act of 2023 phases in an increase to the age range of households subject to ABAWD work requirements as follows:

- Fiscal Year 2023: 18 – 50 years of age
- Fiscal Year 2024: 18 – 52 years of age
- Fiscal Year 2025: 18 – 54 years of age
As of early September, three new populations will be explicitly exempt from the ABAWD work requirements:

1. Individuals who are unhoused (see statutory definition of homeless individuals here)
2. Veterans
3. Individuals 24 years of age or younger who were in foster care under the responsibility of the state through the maximum age permitted by the state.

Reduction in Discretionary ABAWD Exemptions
As of October 1, 2024, the number of discretionary exemptions a state may provide to the ABAWD work requirement will be changed from 12 percent to 8 percent, effective FY 2024. States may also no longer carryover unused exemptions beyond the subsequent fiscal year.

Addition to Declaration of Policy for SNAP
The following has been added to the purpose statement of SNAP:

“That program includes as a purpose to assist low-income adults in obtaining employment and increasing their earnings. Such employment and earnings, along with program benefits, will permit low-income households to obtain a more nutritious diet through normal channels of trade by increasing food purchasing power for all eligible households.”

Public Posting of Waiver Requests and Documentation
By July 3, 2023, the USDA must post all available state waiver requests, including supporting data submitted by states, and agency approvals of requests, including state requests for geographic ABAWD waivers.