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## **TANF Research Funds Promote More Effective Human Service Programs and Should Be Restored**

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The 1996 welfare law provides \$15 million each year for research and demonstration projects to expand our knowledge of effective ways to improve employment and earnings among TANF recipients and other poor families. This modest but stable funding source has helped states, localities, and welfare-to-work programs design more effective programs. Unfortunately, it is in jeopardy.

Due to a technical change in the way that the Congressional Budget Office (CBO) treats this funding, Congress chose not to include it in the continuing resolution that funds government operations through December 11, 2014. (Under the new CBO treatment, continuing this annual funding would be “scored” as increasing federal costs by \$15 million compared to the baseline.<sup>1</sup>) If this modest funding is not restored, projects now underway will end and important opportunities to learn more about effective ways to increase skills, employment, and earnings among disadvantaged individuals will be lost. This is extremely short-sighted, especially since the full value of investments already made in important research projects will not be realized if funding ends before the projects are completed.

A robust research and demonstration agenda is key to improving programs that help parents find jobs and otherwise improve outcomes for families and children — goals on which policymakers across the political spectrum agree. Although the studies supported by TANF research funds focus on programs that serve TANF recipients or those at risk of dependency, they are also relevant to the broader workforce system. For example, studies underway to assess the effectiveness of skills training programs, as well as earlier studies that assessed the effectiveness of strategies for individuals with significant employment barriers, directly concern issues that state and local workforce agencies must address in implementing the Workforce Investment and Opportunity Act (WIOA), which Congress passed on a bipartisan basis earlier this year.

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<sup>1</sup> CBO changed its treatment of the research funding based on a new interpretation of the so-called “expiring program” rule that governs when expiring programs are assumed to continue in the baseline.

## Helping States Make Evidence-Based Decisions

The TANF research program, like the earlier funding that these funds replaced, supports a research agenda based largely on random assignment evaluation (similar to randomized control trials in medicine). The findings have had major effects on welfare policy, resulting both in widespread implementation of proven approaches and abandonment of approaches with less evidence of positive effects. The example set by studies funded with welfare research dollars has also helped stimulate a much broader use of random assignment studies in other areas of social policy, including aid to developing countries, education, child protection, and criminal justice. Key leaders in these areas of research have pointed to welfare research as proving that these methods can produce strong evidence with great impact on policy and practice.

Rigorous studies conducted with TANF research program funds have addressed issues such as:

- **Promoting work.** The TANF research fund supported experiments in Connecticut, Minnesota, and Texas showing (with other research) that supplementing the earnings of welfare recipients led to increases in employment, earnings, and income and to improvements in younger children's school performance. These findings have played a key role in state decisions to preserve and expand earned income tax credits and to maintain or implement rules allowing welfare recipients to keep part of their benefits after going to work. Nearly every state includes such earnings disregards and supplement strategies in its welfare laws. Also, the positive effects of earnings supplements on children helped spawn the current interest in two-generation policies focusing on both mothers and children.
- **Reducing recidivism.** An evaluation of the Center for Employment Opportunities' subsidized employment program for recently released ex-offenders in New York City found that it reduced recidivism, more than paying for itself in lower jail expenditures. These findings led program administrators in New York, California, and Oklahoma to expand the program to nine new sites. The program has also become a model that New York State will replicate with financing from a Social Impact Bond supported by the Department of Labor.
- **Teaching life skills.** The Building Nebraska Families program produced the largest impacts on stable employment ever found in a program for TANF recipients with significant employment barriers. It differed from other programs in that it focused on teaching recipients life skills such as setting goals, managing their time, planning for the future, and managing a household budget. As evidence has grown on the importance of these skills for success in the labor market and for managing one's household, several states have begun looking at the Building Nebraska Families' approach as a way to improve employment outcomes for individuals at risk of long-term public benefit receipt.

## Spreading Innovative Ideas and Best Practices

TANF research funds also support projects that inform states about new approaches to helping TANF recipients find and maintain employment and making their service delivery systems more efficient and effective. Some projects gather information from multiple states on a topic of interest to all states, such as helping families with significant employment barriers. Other projects impart new knowledge and help states implement innovations from other fields. Examples include:

- **Using behavioral science to improve human services.** One current project applies knowledge emerging from behavioral economics, which examines how framing choices differently can influence behavior and produce better outcomes. It started by educating TANF and other human service administrators on the relevance of behavioral economics for human service programs. Using these low-cost techniques, Texas significantly increased the number of incarcerated noncustodial parents applying for child support modifications to alter their child support requirements while in prison. These modifications avert the accumulation of large child support debt during a prison term, which can make it difficult for ex-offenders to support themselves and their children when they leave prison.
- **Addressing the needs of TANF recipients with disabilities.** A common challenge for TANF agencies is identifying effective ways to help recipients with significant mental or physical health issues. TANF research fund-supported initiatives have documented state innovations such as partnerships with vocational rehabilitation agencies and paid and unpaid work opportunities to build recipients' work skills. TANF research funds have also helped state TANF programs implement practices with proven track records for other populations. For example, Ramsey County (St. Paul) Minnesota successfully implemented a supported employment program model that previously had been used primarily with single individuals with serious and persistent mental illness.

## Encouraging State-Based Learning

State flexibility is a hallmark of TANF. However, without the ongoing collection of data from the states, we would have limited knowledge of the design of state TANF programs and the circumstances of current and former TANF recipients, and states would have limited opportunities to learn from each other. TANF research funds have helped support such activities as:

- **Documenting state policy choices.** By law, states are not required to provide much information to the federal government on the design of their TANF programs. TANF research funded-initiatives have gathered information annually on state TANF policies, which researchers studying the impact of welfare reform on TANF recipients' employment and earnings have used widely.
- **Collecting data and synthesizing information on policy-relevant topics.** The dramatic decline in TANF caseloads shortly after TANF's creation generated considerable interest in understanding the circumstances of families that left the welfare rolls. A synthesis of "welfare leaver" studies, many state-funded, provided a comprehensive analysis of how TANF recipients fared after leaving the program. Similarly, a study of time limits provided a systematic review of time limit policies and data on how many families reach time limits.
- **Disseminating information to practitioners.** Findings from multiple research studies are more powerful than findings from a single study. TANF research funds have supported an effort to distill the findings from many years of TANF research and make them accessible to practitioners by issuing practice briefs on such topics as improving employment and earnings, addressing the needs of recipients with significant employment barriers, and engaging TANF recipients in post-secondary education and training. In addition, for the last 17 years, the Welfare Research and Evaluation Conference has provided a forum for up to 1,000 program administrators and others from across the country to share information and learn about the

latest research findings. Few other forums exist to inform practitioners about the latest research and explain how they can use the findings.

## Ending TANF Research Funding Would Undermine Investments Already Made

The large body of research funded through the TANF research program has generated valuable lessons about what strategies work best and for whom. But we still have much to learn. For example, the labor market has changed since TANF's early years — among other changes, education and skills have become increasingly essential to obtaining decent-paying jobs — and strategies that worked then may no longer be as effective. And fields outside TANF, such as neuroscience, are producing findings that can inform new ways to help TANF recipients find and maintain employment. Several such studies are underway. However, the investments already made in them will be lost if policymakers fail to fund the TANF research program. Key studies that would end before completion include:

- **Evaluating skills training programs.** Policymakers and program operators have long sought ways to increase low-income people's skill levels, improve their enrollment in (and completion of) post-secondary education, and advance their economic prospects. The Innovative Strategies for Increasing Self-Sufficiency study that is currently underway is designed to address these issues through a rigorous evaluation of nine different program models operating in a total of 18 sites in 11 states.<sup>2</sup> The models are characterized by a focus on in-demand jobs, combined with promising instructional strategies and supportive services. The project will provide valuable information on whether the tested approaches to building skills among disadvantaged individuals improve their employment prospects — information that would help states and localities decide how to best target their limited training dollars. But if policymakers fail to continue funding for the TANF research program, data collection for this project will end and the study's results will not be reported.
- **Improving subsidized and transitional jobs programs.** Initial studies of transitional jobs programs that use government funds to pay an individual's wages and provide intensive participant support found that these programs produced significant increases in employment and earnings when a wage subsidy was provided but that the gains largely disappeared once the subsidy ended. These findings led programs to design new models of subsidized employment that include much stronger links with employers. The Subsidized and Transitional Employment Demonstration is evaluating seven of these programs in six sites. But data collection for the project will end if TANF research funding is no longer available.

## Conclusion

The TANF research program has many accomplishments over the last 18 years and many more contributions are on the horizon. It has laid the foundation for using rigorous evaluations to identify the most effective strategies for improving the employment and earnings of low-income individuals and families. Ending this modest funding simply because of a technicality would be extremely short-sighted. In an era of severely constrained funding for social programs, we should be doing *more*, not less, to identify which ones are most effective.

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<sup>2</sup> The 11 states are Arizona, California, Georgia, Illinois, Iowa, Maryland, New York, Rhode Island, Texas, Washington, and Wisconsin.