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## Commentary: At 19, It's (Past) Time to Improve TANF

By Liz Schott

Despite the rhetoric about the success of the 1996 welfare law that created the Temporary Assistance for Needy Families (TANF) block grant, [the facts show otherwise](#). TANF serves few poor families with children and hasn't provided an effective safety net that could give poor children an opportunity to succeed in school and life. And, although TANF is supposed to focus on work, in reality states invest few TANF funds in preparing parents for work or helping them obtain good jobs. State efforts related to work activities often focus on documenting and measuring participation in a limited set of activities — those that often are a mismatch for the skills employers need and the training and education that could help TANF families most.

TANF is approaching its 19<sup>th</sup> anniversary on August 22 in desperate need of improvements and long overdue for renewal, having been last reauthorized in 2005 for five years. (It has continued since 2010 through short-term extensions.) Congress could truly focus the program on work and opportunity in its next decade by taking the following steps:

### 1. **Shift the focus from engaging recipients in activities to improving employment outcomes.**

TANF's key work performance measure doesn't focus on employment outcomes. Indeed, TANF is likely the only employment program in which getting participants into paid employment is not a key measure of success. Instead, the [work participation rate](#) — TANF's core work measure — measures processes, specifically participation in a limited set of activities for a requisite number of hours, without regard to whether they effectively meet individuals' needs or help them get and keep a job in today's economy. Moreover, this performance measure rewards states for decreasing the number of TANF recipients, regardless of whether the families that are no longer receiving TANF have a job, or any income at all.

Congress should add an employment outcome measure to TANF, either to replace or supplement the work participation rate. The measure should capture employment and earnings outcomes and would align TANF with other workforce programs under the recently enacted Workforce Innovation and Opportunity Act. (WIOA measures employment rates and earnings for the second quarter after a participant completes a training program, and employment rates for the fourth quarter after completion.) In adapting these WIOA measures to TANF, one could look at employment outcomes two and four quarters after a family leaves TANF or at

employment outcomes for a cohort receiving TANF at a later point, two and four quarters from the quarter of TANF receipt.

## **2. Put basic education and skills training on par with other work activities.**

Many TANF recipients lack basic skills and education to compete in today's labor market; they simply don't have the skills that employers need. The current TANF work participation rate discourages states from allowing and supporting successful participation in basic education or skills training programs. With limited exceptions, basic education and skills training are considered "non-core" activities and can count only toward the work rate on top of 20 or more hours of participation in other "core" activities. This does not match the approach of other workforce training programs under WIOA, where participation in training can be a full-time activity.

Congress should revise TANF work requirements to align with WIOA's increased emphasis on training and to recognize participation in basic education and skills training as a full-time (stand-alone) activity; it also should extend the length of time that vocational education training can count from 12 to 24 months. These improvements would give states greater flexibility to help families get the skills they need to succeed at work.

## **3. Support alternate pathways to work for individuals with the greatest barriers.**

Many TANF recipients face significant barriers to employment, including mental and physical health issues that limit their employment prospects. They simply are not yet job ready, and the narrowly defined TANF work requirements are poorly suited to address their challenges. States get very limited credit for participation in job readiness activities, and no credit whatsoever for participation that falls short — even if only by a few hours — of the weekly minimum requirements. The result is that states are discouraged from serving families that need the most help preparing for work, often providing neither basic aid nor work-related services.

Congress should revise TANF work requirements to recognize that many TANF families experience multiple personal and family challenges that make full participation in regular work activities impossible. Job readiness activities should be added as a new work category, and should not be time-limited as long as the individual is participating and still in need of the activity. States should get credit for participation by those who may not be able to participate full-time due to disability or other barriers. When participation for fewer hours is appropriate and set forth in the individualized opportunity plan, it should be deemed as full participation. And states should get partial credit for all families that work substantial hours, even if the hours fall short of the minimum weekly requirement.

## **4. Redirect staffing resources from documenting participation to helping parents be successful at work.**

Many aspects of the TANF work requirements are unnecessarily complex: restrictions on when job search can count, the need to meet a threshold of hours in "core" activities, and onerous verification requirements for documenting participation. TANF staff or contractors often spend much of their time and effort designing work plans around these complexities and documenting and verifying participation in work activities rather than providing real assistance to families

seeking to move from welfare to work. Resources could be better spent by focusing on the most appropriate activities and providing supports for success.

Congress should streamline and simplify work requirements so that parents can participate in the activities that will best further employability, rather than being precluded from such activities by complicated and restrictive policies. Moreover, Congress should require the Department of Health and Human Services (HHS) to reduce the verification burdens it has placed on states so that staff can focus instead on supporting families' success at work.

**5. Shift incentives from reducing caseloads to providing access to TANF to ensure opportunity for all.**

TANF provides a temporary safety net to few families that are poor and may have no other means to meet their family's basic needs. Welfare reform has put poor families — and especially their children — at risk of much greater hardship with the potential for long-term negative consequences. In 2013, for every 100 families in poverty, just 26 received cash benefits from TANF. This is down from the 68 families for every 100 in poverty that received cash assistance when TANF was first enacted in 1996. This ratio varies widely among states, ranging from a low of 4 to a high of 66. In ten states, *fewer than 10* of every 100 families living in poverty receive TANF cash assistance. And the number of families living with virtually no cash income — less than \$2 a day per person — has more than doubled under TANF.

TANF cannot reduce poverty, provide opportunity, or help connect parents to work if it fails to reach poor families. Its incentives push states to reduce caseloads whether or not the parent has a job. TANF currently lacks a meaningful accountability measure on how effectively a state's TANF program provides a safety net for very poor families. Congress should add an access measure to TANF to hold states accountable for serving financially needy families. The TANF-to-poverty ratio, measuring how many families receive TANF for every 100 families in poverty, is one possible approach as it's readily available from existing data and allows comparisons across states and over time. Additionally, Congress should eliminate the caseload reduction credit so that states are not rewarded when families are neither served by TANF nor connected to work.

**6. Target state and federal TANF funding to core welfare reform purposes.**

A key argument for TANF's block-grant design was that states needed greater flexibility over the use of the federal funds than the funding structure of Aid to Families with Dependent Children, TANF's predecessor, provided. Under a block grant, proponents argued, states could shift the funds freed up when families left welfare for work to child care or other work supports, where need would increase. States also could invest more in work programs to reflect the increased emphasis on welfare being temporary and work-focused. This trio of basic assistance, child care, and work activities form the core areas of welfare reform spending. Yet, these core areas now account for only half of state and federal TANF spending. Moreover, the share of spending on core welfare reform activities varies widely across states; eight states spend *less than 25 percent* of their TANF funds on these three core activities.

States instead are using their TANF funds for a range of purposes that may be permissible under the broadly drafted law but that are not furthering work or opportunity for poor families. Congress should require states to use more of the funding for core welfare reform purposes, and

it should add a minimum floor, such as 50 percent, for spending on these core purposes. Also, Congress should require states that fail to meet performance measures — such as new access or outcome measures or the work participation rate — to increase investments in the core purposes. Rather than taking funds away from states when they fail to invest successfully in families, Congress should limit state flexibility on use of the funds.

The good news is that TANF *can* improve, with changes in the TANF law. The House Ways and Means Subcommittee on Human Resources recently released a [Discussion Draft](#) of legislation that could help pave the way for important and needed changes. That draft doesn't go far enough, however, in addressing some of TANF's worst shortcomings. Policymakers should start with the draft legislation and should [add key improvements](#) that TANF needs if it's to fulfill its promise of connecting poor families to work and opportunity. TANF's performance offers little to celebrate on its 19<sup>th</sup> anniversary, but Congress can change this course.