



Non-Recurring Benefits, Diversion, and Other Alternate/Emergency Assistance for Temporary Assistance for Needy Families (TANF) Participants

Annotated Bibliography of Resources

The Office of the Assistant Secretary for Planning and Evaluation (1999). *Diverted and Applicant Populations. Synthesis of Findings from ASPE Grants to States and Localities to Study Welfare Reform Outcomes, with an Emphasis on TANF Applicants and Diversion*. Washington, DC: US Department of Health and Human Services. Retrieved July 6, 2009, from <http://aspe.hhs.gov/hsp/leavers99/diverted.htm>

From 1999-2002, the Office of the Assistant Secretary for Planning and Evaluation (ASPE) awarded grants to ten states and counties to study the outcomes of welfare reform for individuals and families who left the Temporary Assistance for Needy Families (TANF) program or who diverted from TANF. Based on these reports ASPE staff concluded that it is not possible to use a common definition of “applicant” or “diverted” populations because of the differences in states’ application procedures and availability of administrative data on applications that are only partially completed. However, based on the data on the demographic characteristics of applicants in the various study areas, outcomes on the applicants in the areas of employment and earnings, participation in government programs, and eventual receipt of TANF cash assistance, and the applicants’ experiences with the TANF application process in their state or county, some generalizations are made across the ASPE-funded studies of TANF applicants and diversion. This synthesis thus appears to demonstrate a significant dip in earnings just prior to application to TANF — this drop and the decision to apply for TANF might be related somewhat. The decline in the employment rate during this time is much less pronounced than the drop in earnings. In addition, there is moderate use of food stamps and Medicaid among this population, decreasing gradually in the year following the application to or diversion from TANF. Finally, a fair number of applicants reapply for TANF and eventually receive cash assistance in the year following the initial diversion.

Goldsmith, Deana & Vincent Valvano. (2002). *TANF Diversion: An Effective Strategy for Helping Families Remain Off Assistance?* Conference paper presented at: NAWRS 42nd Annual Workshop, August 27, 2002.

Comparing TANF cases with State Diversion cases in Colorado, the presenters sought to study whether diversion is an effective alternative to cash assistance, and whether TANF participants indeed raise their employment and earnings after receiving diversion and avoid returning for cash assistance. Using COIN administrative records ((July 1997-September 1999), the researchers concluded that State diversion programs in Colorado, at least in the short-term, helps participants maintain or increase employment and earnings when compared with TANF leavers both at state and county level. In addition over 75 percent of recipients are able to avoid cash assistance in the year after diversion. The authors also suggest that successful diversion programs can produce cost savings of as much as \$5.4 million annually for the State of Colorado if applicants can be successfully and effectively diverted from entering welfare rolls.

Gonzales, Lisa, Kenneth Hudson & Joan Acker. (2004). *Diverting Dependency: The Effects of Diversion Policy on the Short Term Outcomes of TANF Applicants.* Paper presented at the annual meeting of the American Sociological Association, Hilton- San Francisco and Renaissance Parc 55 Hotel, San Francisco, California. Retrieved July 6, 2009, from http://www.allacademic.com/meta/p109591_index.html

Gonzales et al. discuss the use and efficacy of cash diversion strategies in the reduction of TANF applicants. As a method to encourage self-sufficiency and to prevent the diverted from becoming “dependent” on welfare, non-recurring (diversion) programs have been employed by many states and localities and have had some success with regard to reducing the likelihood that low-income and working Americans become dependent on TANF. The authors compiled and analyzed data from the Oregon Welfare Study and include a sample of welfare “leavers,” diverted, and individuals who left the Food Stamp program in early 1998 and found that 35 percent of the diverted received cash grants within 2 months of initially failing to receive such grants. Although those who were diverted from the ongoing

TANF participation, the researchers did not find that the diverted were in greater financial difficulty than the control groups. The authors concluded that in the short term, diversion in Oregon denied assistance to many of those in need and did not increase their ability to be self-sufficient.

Hetling, Andrea, Kirk Tracy & Catherine E. Born. (2006). *A Rose by Any Other Name? Lump-Sum Diversion or Traditional Welfare Grant*. *Journal of Policy Practice* 5 (2-3): pp. 43-59.

Critics of diversion programs particularly lump-sum payments designed to alleviate short-term emergencies and prevent the need for ongoing Temporary Assistance to Needy Families (TANF) receipt, claim that recipients use monetary amounts similar to traditional welfare recipients. This paper examines the total cash grants for two cohorts of TANF applicants: those whose applications resulted in a TANF grant and those who received a diversion grant. Using multivariate regression analysis, the authors show that diversion leads to a reduction of \$1,841.44 in cash benefit receipt during the 36-month tracking period. Diversion payments cannot thus be construed as TANF under another name.

Hetling, Andrea, Kirk Tracy & Catherine E. Born. (March 2006). *Life Without Welfare: Do Welfare avoidance grants prevent or simply delay welfare receipt?* Family Welfare Research and Training Group, School of Social Work, University of Maryland. pp. 1-27.

Using Maryland State administrative data, the researchers compare the total receipt of monetary aid over a three-year period by two welfare applicant cohorts, those whose applications resulted in a Welfare Avoidance Grant (WAG) and those who became new Temporary Cash Assistance (TCA) clients. While the two cohorts were very similar in terms of demographic characteristics, significant differences were found in areas of employment and welfare history. Multivariate regression analysis confirmed that, even after controlling for demographic characteristics, historical employment, and welfare receipt variables, receipt of a WAG leads to a sizable reduction in the amount of total cash assistance received over the ensuing three years. The authors conclude that WAGs appear to not just delay but prevent regular welfare receipt. However this does not necessarily mean that WAG clients, over the long run, will always have environments, the ability to address employment barriers, and the success in attaining high placement and retention rates with hard-to-employ individuals.

Hetling, Andrea, Pamela C. Ovwigho & Catherine E. Born. (December 2007). *Do Welfare Avoidance Grants Prevent Cash Assistance?* *Social Service Review* 81(4): pp. 609-631.

Using administrative data, the authors of this paper compare the welfare outcomes of Maryland Welfare Avoidance Grant (WAG) recipients from October 1998 to September 2000 with those of a sample of welfare leavers. Relying on event history analyses and a three-year follow up period for participants in each sample, the researchers find that diversion grants lower, to a statistically significant degree, the relative odds of future cash assistance among clients leaving their first interaction with the welfare agency. However, there is no demonstrated effect among those with a history of welfare assistance. The finding supports the theory of welfare duration dependence and indicates that perhaps it is the ability of WAG to divert clients from TANF, not the specifics of the service, which enables WAG recipients with no history of TANF receipt to remain independent of monthly cash assistance during the 3-year follow-up period. However, based on their research the authors cannot conclude that WAGs are inappropriate for returning clients but only that diversion may be a more powerful tool when used to assist new applicants.

London, Rebecca A. (2003). *Which TANF Applicants Are Diverted and What Are Their Outcomes?* *Social Service Review* 77 (3): pp. 373-98.

Using data from the 1999 National Survey of America's Families (NSAF), this paper conducts the first comprehensive nationwide study of TANF diversion. Focusing on two key questions such as what are the person- and state-level characteristics that influence who is diverted (relative to who enrolls or applies without diversion or enrollment) and how diverters fare after diversion relative to TANF leavers, the author finds that diversion provides cost savings or cost neutrality for TANF, depending on whether the applicant reapplies after the diversion period ends, and it helps families to draw upon their own resources or resources in the community, rather than to enroll in TANF. The author concludes that much of the targeting for diversion is appropriate but as diversion programs appear to target applicants at the high and low ends of the educational spectrum, as well as Hispanic and married families, there is some "inappropriate" targeting as well which affects those with long-term rather than short-term needs. Diverters in such cases are substantially less likely to be employed than TANF leavers, more likely to speak Spanish as their primary language, and more likely to receive food stamps. Many of these potential TANF participants (who are deterred by diversion programs) could in such cases in fact be better served by participating in TANF.

Maloy, Kathleen, LaDonna Pavetti, Peter Shin, Julie Darnell & L. Scarpulla-Nolan. (August 1998). *A Description and Assessment of State Approaches to Diversion Programs and Activities Under Welfare Reform. An Interim Report of the Findings of the First Phase of the Research.* Washington, DC: George Washington University Center for Health Policy Research. Retrieved July 6, 2009, from <http://aspe.hhs.gov/HSP/isp/diverzn/index.htm>

Through a review of state documents and structured conversations with state officials from all 50 states and the District of Columbia, the researchers engaged in the first phase of this research study funded by Administration for Children and Families, and the Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, make an effort to better understand various state efforts to divert families from welfare and the potential interactions with Medicaid eligibility. The study elaborates on the range of state diversion programs and how these programs are being implemented. It also seeks to determine whether and how states are ensuring that families diverted from cash assistance will nonetheless apply for Medicaid and how diversion-related changes might affect families, particularly with respect to their eligibility for Medicaid, and the community-based entities that serve them. The study concludes that that three recognized formal diversion programs are widespread and implemented by states in a variety of ways. However, States know little about the effects of their diversion programs, both because most programs are new, and because data collection efforts are lacking or are in early stages of development.

Maloy, Kathleen, LaDonna Pavetti, Julie Darnell, & Peter Shin. (March 1999). *Diversion as a Work-Oriented Welfare Reform Strategy and Its Effect on Access to Medicaid: An Examination of the Experiences of Five Local Communities. Report of the Findings of the Second Phase of the Research.* Washington, DC: George Washington University Center for Health Policy Research. Retrieved July 6, 2009, from http://www.gwumc.edu/sphhs/departments/healthpolicy/chsrp/downloads/diversion_no4.pdf

The study examines the welfare reform policy challenge posed by state diversion policies and how to use Medicaid effectively to support the welfare reform goal to promote work. It contends that strategies to divert families from welfare are an increasingly common aspect of states' efforts to shift to a work-oriented assistance system, but the design and implementation of diversion programs mostly reflect state and/or local goals and philosophies. Thus, formal and informal diversion programs can inadvertently reduce initial access to Medicaid, particularly when families bypass welfare or go to work quickly thereby becoming ineligible for Medicaid under most states' current eligibility criteria. The study concludes that States and localities that have implemented diversion programs, with assistance from the federal government, should thus identify strategies for monitoring the outcomes of diversion programs,

taking into account both short and long-term employment outcomes and receipt of other benefits such as Medicaid and Food Stamps.

Moffitt Robert, Katie Winder, Linda M. Burton, Alan F. Benjamin, Tera R. Hurt, Stacy L. Woodruff & Amy Kolak. (November 2003). *“A Study of TANF Non-Entrants.”* Final Report to the Office of the Assistant Secretary for Planning and Evaluation Department of Health and Human Services.

Using both survey and ethnographic analysis, this study on TANF non-entrants in three major cities (Boston, Chicago, and San Antonio) found that non-entrants (composed of families who are self-sufficient without welfare, and also families who have thought about applying but have not for some reason, and families who have applied and have not come onto the welfare rolls either because they were rejected, diverted, or withdrew from the application process) were significantly more likely than to be disabled or have other health problems than TANF entrants.

Overall, the researchers found that families with greater need were more likely to obtain assistance, but that the targeting of diversion often was problematic. For example, black families were more often discouraged from applying than other families, and families who were diverted from welfare did not have higher income levels over time than families who were not diverted.

Richardson, P., G. Schoenfeld & S. Jain. (2001). *Welfare recipients, leavers, and diverters in North Carolina: Final report of administrative records data.* Reston, Virginia: MAXIMUS.

Using data extracted from the administrative data systems maintained by the North Carolina Division of Social Services, the North Carolina Employment Security Commission, and other state agencies, this analysis sought to examine and compare patterns of welfare participation, employment, earnings, and other key outcomes among families who enter and leave North Carolina’s Work First program, as well as among families who receive Diversion Assistance. It also examined different sub-groups of welfare recipients in terms of their welfare participation, employment, and return to welfare. The report concluded that 38.4 percent of the families receiving Diversion Assistance between May and August 1999 had been on welfare at some time since January 1995 and almost 16 percent of those receiving Diversion Assistance between May and August 1999 had not worked at any time in the six months before diverting. The findings also indicate that likelihood of working after diverting from welfare was influenced by prior employment history. Among those who had not worked before diverting, only 48 percent worked after diverting. Among those who did work before diverting, 85 percent also worked after diverting. However, this prior work history did not have any impact on whether families went on welfare in the 18 months after diverting.

Richardson, Phil, Gregg Schoenfeld, Susan LaFever, Frances Jackson, & Mark Tecco. (June 2001). *“One-Year Follow-Up of Welfare Diverters in South Carolina,”* MAXIMUS, June 2001.

South Carolina does not have a formal lump-sum diversion program. Based on a sample of 360 families selected from a population of 3,766 persons who went on Food Stamps statewide between October 1998 and March 1999, the researchers suggest that in addition to families who divert from welfare due to time limits or work requirements, there may be a broader population of families who are not going on welfare even when they are eligible. When asked why they did not go on welfare, the large majority of the families in the current study did not specifically mention time limits, sanctions, or work requirements as the reasons. Instead they stated that they simply wanted Food Stamps, not welfare. In addition as this study demonstrates, many of the families did not think that they would be eligible for welfare or did not seem to know much about cash assistance. The study suggests, therefore, that in addition to the families who make a conscious decision to divert from welfare, there may be a larger population of low-income families who do not utilize these benefits due to lack of understanding or knowledge about welfare

benefits, as well possibly a concern about welfare “stigma,” or simply not wishing to deal with the “hassle” factor. The procedures followed by local welfare offices may also play a role in explaining why some of these families do not apply for welfare.

Ridzi, Frank & Andrew S. London. (2006). *“It’s Great When People Don’t Even Have Their Welfare Cases Opened”: TANF Diversion as Process and Lesson.”* Review of Policy Research 23 (3): pp. 725-43.

With the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) states found themselves needing to reduce welfare caseloads. Such a reduction could be accomplished through promoting exit for work, marriage, or other private means of support and or by diverting new applicants from the application process. Most research on caseload decline has focused on welfare-to-work outcomes. This study however emphasizes on the process of diversion as a factor in caseload decline. Employing administrative records and ethnographic data from 1999-2003, and focusing in West County, New York, the researchers study the process of diversion. Findings demonstrate the existence of a high level of diversion and suggest that application is an ongoing and at times a remedial process rather than an event. Diversion occurs at all points of the expanded TANF intake process and is associated with one-time lump sum payments as well as the hassle factor brought about by new eligibility requirements. The peculiarities in the lives of applicants and staff discretion at the case manager level are the two main factors behind this high level of diversion. The researchers conclude with an analysis of the implications of TANF diversion for access to benefits.

Rosenberg, Linda, Michelle Derr, LaDonna Pavetti, Subuhi Asheer, Megan Hague Angus, Samina Sattar & Jeffrey Max. (December 2008). *A Study of States’ TANF Diversion Programs Final Report.* Princeton, New Jersey: Mathematica Policy Research, Inc. Retrieved July 6, 2009, from http://www.acf.hhs.gov/programs/opre/welfare_employ/identify_promise_tanf/reports/tanf_diversi on/tanf_diversion.pdf

This report describes states’ policies on and experiences with diversion programs, as attempts are made to divert from TANF, applicants who need minimal assistance to be able to support themselves through employment, and applicants who need greater assistance in order to meet TANF work participation requirements and be prepared for work. Data for the study were collected between December 2007 and March 2008 through a state survey, a telephone interview with designated representatives in each state, and visits to two states to learn more about their diversion strategies. This report contends that there are three main diversion strategies that states employ and all but three states had implemented at least one diversion strategy. These strategies include lump-sum payment programs, applicant work requirements, and temporary support programs. In the period under review, 35 states had a lump-sum payment program; in 20 states, applicants completed a job search activity as a condition of their TANF eligibility; and 19 other states required applicants to complete a TANF program orientation or an employment plan as a condition of eligibility. By spring 2008, nine states also have implemented a temporary support program. The researchers conclude that diversion programs have the potential to significantly alter the composition of the TANF caseload because they tend to focus on those who have workforce attachments or, with a little additional assistance, could be made work ready.

Rowe, Gretchen & Linda Giannarelli. (July 2006). *“Getting On, Staying On, and Getting Off Welfare: The Complexity of State-by-State Policy Choices.”* Assessing the New Federalism. Series A, No. A-70. Urban Institute, Washington, D.C.

No broad generalization can anymore be made about welfare. While welfare benefit levels have always varied tremendously, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) gave states autonomy to determine how participants will meet federal work and time limit requirements. States can now also choose to use state funds for certain recipients who would not be

covered by federal funds, furthering local options. Using the Urban Institute's Welfare Rules Database (WRD) to examine the variation in key policies, the study argues that while in some policy areas, such as treatment of two-parent families, a large majority of states have moved in the same direction, in other areas, such as diversion, there is enormous variation among states. Thus the average maximum diversion payment for a family of three in 2003 is about \$1,500, ranging from \$612 in Arkansas to \$5,696 in Hawaii. The researcher then proceeds to review the multiple ways a family can get on welfare, stay on, and leave (or lose) assistance.

Schexnayder, D.T., D. Schroeder, L. Lein, D. Dominguez, K. Douglas & F. Richards. (2002). "*Texas Families in Transition/Surviving without TANF: An Analysis of Families Diverted From or Leaving TANF.*" Austin: Texas Department of Human Services.

Using monitoring, qualitative, and econometric research methods the researchers in this study seek to understand the characteristics of families who left or were diverted from TANF, the outcomes of these applicants in the areas of employment and earnings, their participation in government programs, such as Medicaid and food Stamps, their child-care needs, and the perception of applicants' about the TANF application/diversion process in their state. The study also seeks to trace how these families manage over time and whether there are particular turning points after leaving TANF at which people are the most vulnerable to recidivism. The study concludes that families diverted from TANF quickly resumed their prior levels of TANF, Medicaid, and Food Stamp participation and their prior level of earnings. Texas' diversion policies thus have few long-term effects on diverted families, which could be caused either by fewer post-TANF economic supports or less restrictive Texas time limits and diversion policies.

State Policy Documentation Project (1999). "*Formal Cash Diversion Programs: Treatment of Payments.*" Retrieved July 6, 2009, from <http://www.spdp.org/tanf/divover/divover.pdf>

The State Policy Documentation Project (SPDP)—a joint project of the Center for Law and Social Policy and the Center on Budget and Policy Priorities—tracked state specific TANF policy choices such as Formal Cash Diversion Programs and Medicaid in the 50 states and the District of Columbia from 1998 to 2000. Information was collected through surveys completed by a key policy advocate in each state, confirmed by state agency staff, and verified against state statutes and regulation by SPDP staff.

A Tale of Ten Cities: Creating Welfare Reform Programs that Make A Difference (2006). U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance and ICF International. Retrieved July 6, 2009, from <http://peerta.acf.hhs.gov/uploadedFiles/Ten%20Cities.pdf>

The Office of Family Assistance, in partnership with ICF International, showcased the outstanding efforts of ten cities that implemented groundbreaking programs to meet the needs of families receiving Temporary Assistance for Needy Families (TANF). The *Tale of Ten Cities* outlines innovative efforts utilized in urban areas throughout the nation to create self-sufficiency for TANF participants. The publication lists a series of lessons from the field and recommendations for improving program outcomes for TANF programs and to help urban cities implement innovative, successful work-first TANF programs.

U.S. Department of Health and Human Services (HHS) (May 22, 2008) *Diversion Program Temporary Assistance for Needy Families Program Instruction*, No. TANF-ACF-Pi-2008-05. Washington, DC: DHHS, May 22, 2008. Retrieved July 6, 2009, from <http://www.acf.hhs.gov/programs/ofa/policy/pi-ofa/2008/200805/PI200805.htm>

This Program Instruction (PI) reminds States that providing recurring basic income supports constitutes “assistance” and clarifies the meaning of “nonrecurrent, short-term benefits.” This PI was originally issued on May 19, 2008. HHS re-issued this PI when they changed the effective date to October 1, 2008 (FY 2009).

U.S. Department of Health and Human Services (2004). *Temporary Assistance for Needy Families (TANF) Program: Sixth Annual Report to Congress*. Washington, D.C. GPO, pp. XII-20-21. Retrieved July 6, 2009, from <http://www.acf.hhs.gov/programs/ofa/data-reports/annualreport6/ar6index.htm>

This document reports on Fiscal Years 2000 through 2001 and describes the characteristics and financial circumstances of TANF participants, and presents information regarding TANF caseloads and expenditures, work participation and earnings, State High Performance Bonus awards, child support collections, two-parent family formation and maintenance, out-of-wedlock births, and child poverty. In addition, it also documents through tables, what kind of TANF diversion programs each State administers. While PRWORA contains no specific diversion provisions, such a silence allows States to provide diversion assistance. Generally, this assistance comes in the form of benefit payments designed to provide short-term financial assistance to meet critical needs in order to secure or retain employment. A number of diversion programs also provide applicant job search, other services, and/or referral to alternative assistance programs. Relevant tables are used to highlight the various cash assistance programs the States are providing.

The Urban Partnerships Initiative Online Toolkit (2005) U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance and ICF International. Retrieved July 6, 2009, from <http://peerta.acf.hhs.gov/upitoolkit/upi-toolkit-guide.pdf>

The Urban Partnerships Initiative Online Toolkit presents a collection of innovative and promising practices from around the country, and features programs representing each of the Administration for Children and Families 10 Regional Offices. The toolkit complements the more comprehensive toolkit and is organized along the continuum of TANF services. In each section, users will find a summary of the types of programs included in the toolkit and the variety of tools related to each segment of the TANF continuum.

Temporary Assistance for Needy Families (TANF) Program: Eighth Annual Report to Congress. (2009) Washington, D.C.: Government Printing Office. pp. XII-115-120. Retrieved July 6, 2009, from <http://www.acf.hhs.gov/programs/ofa/data-reports/annualreport8/ar8index.htm>

This document reports on Fiscal Years 2004 through 2006 and describes the characteristics and financial circumstances of TANF participants, and presents information regarding TANF caseloads and expenditures, work participation and earnings, State High Performance Bonus awards, child support collections, two-parent family formation and maintenance, out-of-wedlock births, and child poverty. In addition, it also documents through Tables, what TANF diversion programs each State administers. As the majority of States now offer applicant diversion assistance to families as an alternative to ongoing TANF assistance, this table illustrates the various diversion programs that states administer, the maximum diversion payment that each allows, the form of payment, the frequency at which a recipient can receive maximum payment, the period of TANF ineligibility without penalty after payment, and whether the payment counts toward the lifetime time limit.

Valvano, Vincent M., Deana Goldsmith, Yasuyo Abe, Will Fischer & Fannie Tseng. (2001). “*Evaluation of the Colorado Works Program: Third Annual Report, Part I – Diversion Programs and Work Activity Participation.*” Oakland, California: Berkeley Policy Associates.

This report presents an assessment of two important components of the Colorado Works program: diversion and work activity participation. Findings and recommendations are presented on post-employment services for diversion recipients, Medicaid eligibility for state diversion applicants, assessment and work activity placement for Colorado Works recipients with low educational achievement, and placement of recipients in occupational skills training programs. The authors point out that Colorado has created two distinct diversion programs: State diversion and County diversion. The two programs have different eligibility requirements and can differ in their intended uses, especially as county diversion program can be used both to provide up-front assistance for a short-term need (similar to State diversion program) as also post-program support for those exiting Basic Cash Assistance (BCA) for employment. As a consequence both State and County Diversion programs are an effective alternative to BCA for many Colorado Works participants. Diversion assistance has been effective in helping families maintain self-sufficiency. Families in county diversion programs in fact increase their rate of employment after receiving county diversion assistance and less than one percent (1%) percent eventually enrolls in ongoing monthly cash assistance.