

TANF Work Participation Rate Strategies

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GAO Report

TANF: Implications of Recent Legislative and Economic Changes for State Programs and Work Participation Rates (GAO-10-525)

- **How did DRA affect state TANF programs, including work participation rates?**
- How has the economic recession affected state TANF programs?
- How did the Recovery Act affect state TANF programs?

Methodology

- Surveyed state TANF administrators from all 50 states and District of Columbia
- Conducted site visits with state and local officials in Florida, Ohio and Oregon
- Interviewed HHS officials
- Analyzed federal TANF data, laws, regulations, and guidance

Our work was performed from August 2009 to May 2010

Deficit Reduction Act of 2005

- Tightened work rules
 - HHS defined work activities and reporting
- Modified calculation of work participation rates
 - Changed base year from 1995 to 2005
 - Counted separate state programs in caseload
- Broadened allowable MOE expenditures

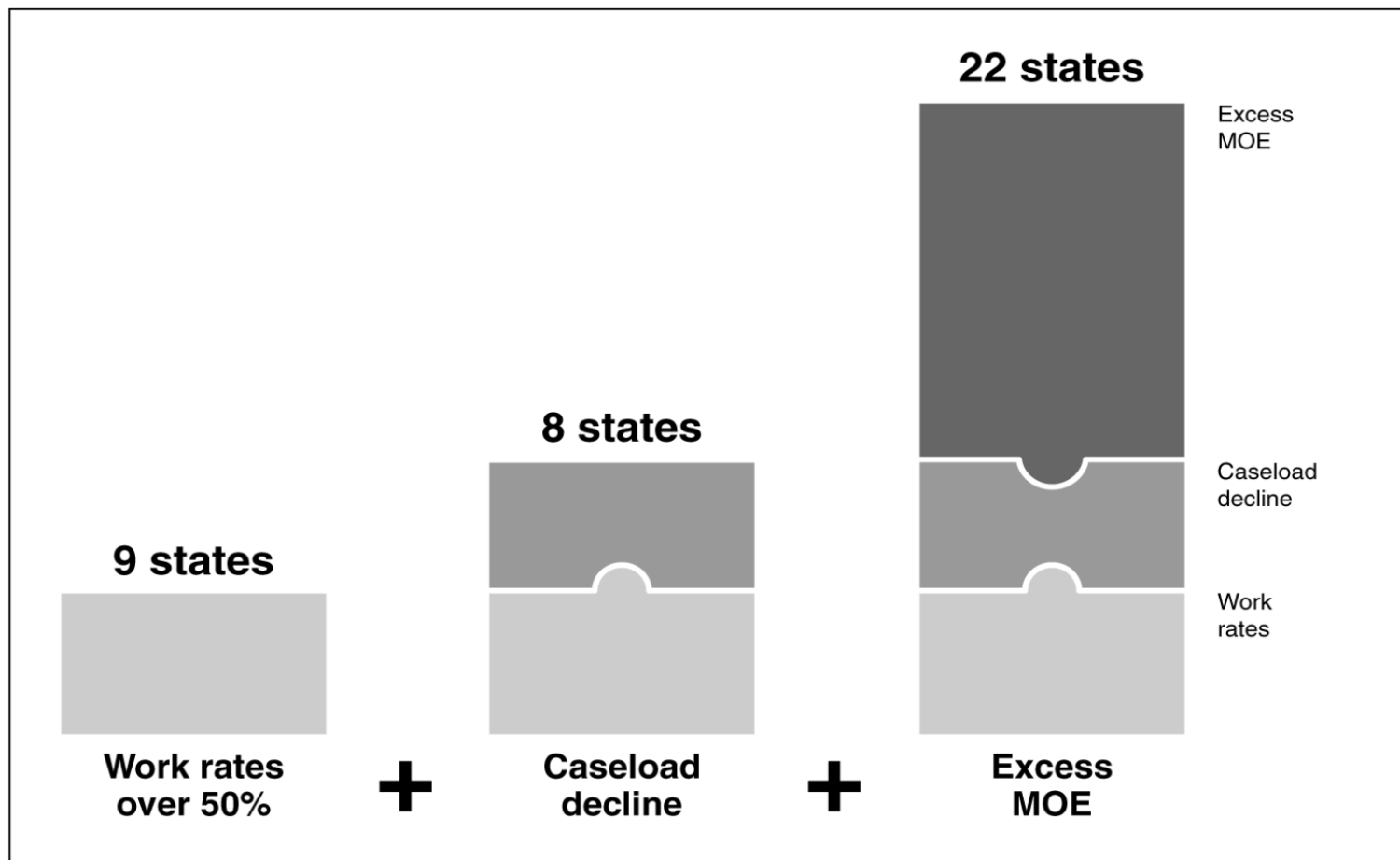
Implications of DRA for Work Rates

Number of states NOT meeting required rates (at least one rate)	
2001	4
2002	4
2003	4
2004	3
2005	2
2006	3
2007	13
2008	10

- Number of TANF families in work activities nationally
 - 2001-2006: 31-34%
 - 2007-2008: 29-30%
- Majority in unsubsidized employment
- Fewer states met rates after DRA

How States Met Their Rates

Fiscal Year 2007



Source: GAO analysis of HHS data.

State Policy Changes Affect Rates

- State policies that keep working families in the rate calculation:
 - Worker supplement programs
 - Earned income disregard policies
- State policies that keep nonworking families out of the calculation:
 - Sanctions
 - Solely state funded programs

Types of Families Served With SSFs

Most common: Two-parent families (28 of 29 states)

Families served in SSF's: 82,000 in Sept. 2009.

Provide cash assistance to low-income families using solely state funds (SSFs)

CO	CT	DE	DC	GA	HI	ID	IL	LA	MD	MA	MI	MN	MS	MO	NE	NH	NJ	NM	NY	OK	PA	SC	TX	UT	VT	VA	WV	WY
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SSF-funded cash assistance to low-income, two-parent families

CO	CT	DE	DC	GA	HI	ID	IL	LA	MD	MA	MI	MN	MS	MO	NE	NH	NJ	NM	NY	OK	PA	SC	TX	UT	VT	VA	WV
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SSF-funded cash assistance to low-income families with significant barriers to employment^a

CO	CT	DE	GA	HI	IL	MD	MI	MN	NE	NM	PA	SC	VT
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SSF-funded cash assistance to low-income families enrolled in postsecondary education

CO	DC	HI	NM	VT	WV	WY
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SSF-funded cash assistance to other types of low-income families^b

CO	DC	IL	MI	MS	NJ	VT
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States' Challenges

- DRA Implementation Issues
 - Changing processes for reporting and verifying hours of work participation
 - Implementing limits on time in certain work activities
 - Changing computer systems
- Economy Affected Caseloads and Service Delivery
 - Increasing caseloads
 - Decreasing resources

Concluding Observations

- States have taken advantage of the various policy and funding options to adjust their TANF work participation rates since DRA.
- The rate has diminished usefulness as the national performance measure for TANF.
- State and local officials find work participation rate measure particularly challenging during recession
- Congress maintains a political consensus on the work focus of TANF

Open Questions for Reauthorization

- How can work focus be maintained credibly during economic recession/in recent memory of recession?
- Can work participation be measured more accurately without unintended consequences?
- Should states be held accountable for measures other than work participation?
- How can states and localities best leverage scarce resources to support families in need?