



Testimony of Mark H. Greenberg

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Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me to testify. I am a Senior Staff Attorney at the Center for Law and Social Policy (CLASP). CLASP is a nonprofit organization engaged in research, analysis, technical assistance, and advocacy on a range of issues affecting low-income families. Since 1996, we have closely followed research and data relating to implementation of Personal Responsibility and Work Opportunity Reconciliation Act. In addition, we often talk and visit with state officials, administrators, program providers, and individuals directly affected by the implementation of welfare reform efforts.¹

Today's hearing focuses on implementation of work requirements and time limits in state programs under the 1996 law. In the next few minutes, I'll briefly discuss the requirements of the law, experience since 1996, and potential issues for reauthorization. While I'll focus on the specific details of the law, my principal points are:

- Since 1996, the nation has seen an unprecedented increase in employment among welfare recipients and, more generally, among low-income, single-parent families.
- Work-related provisions, time limits, and other features of Temporary Assistance for Needy Families (TANF) made important contributions, but have not been the only factors, in this employment growth.
- The 1996 law set broad directions, but allowed states enormous flexibility in the structuring their programs, and states have used that flexibility to take a range of approaches, but all focusing on expanding work among low-income families.
- While work has increased, there are at least three work-related concerns that need to be addressed in reauthorization: how to increase employment among those families with the most serious barriers; how to help families get better jobs; and how to ensure that low-earning families receive needed health care and child care assistance and have enough income to make ends meet.
- To address these concerns, Congress should:
 - broaden states' abilities to count a range of activities toward participation rates, so that states can develop individualized plans that are most effective in helping families enter sustainable employment;
 - end restrictions on states' ability to use vocational training as a strategy for helping parents attain access to better jobs;
 - eliminate the TANF caseload reduction credit, which currently rewards states for any caseload reduction, whether or not it is due to employment; instead, establish a structure under which states are rewarded based on families leaving assistance due to employment, with greater emphasis on higher-paying jobs;
 - provide additional dedicated funding to encourage states to implement transitional jobs programs for TANF recipients and other low-income individuals with serious employment barriers;
 - improve access to public benefits for low-earning families, expand child care funding, and allow states to use federal TANF funds to provide ongoing help to low-earning working families without that help being subject to TANF time limits.

- The Administration's proposal would raise TANF participation rates, require 40 hours of participation to fully count toward participation rates, and limit the activities that could count toward the first 24 hours of participation to a set of "direct work" activities. Unfortunately, this approach would significantly restrict state flexibility, compel states to adopt models that do not reflect their best judgments about how to structure programs, and pressure states to adopt approaches that are not consistent with key research findings about the most effective welfare-to-work programs. Moreover, any proposal that envisions significant increases in numbers and hours of participants needs to carefully consider and adequately address the program and child care costs that would necessarily arise in meeting such requirements.

Employment Outcomes Under TANF

The 1996 welfare law sought to emphasize work in a number of ways: by giving states fixed funding that would remain constant as caseloads fell, expanding child care funding, imposing time limits on federally-funded assistance, ending entitlements to assistance, ensuring that low-income families could receive Medicaid without participating in welfare, encouraging a "work first" philosophy, requiring that families must be "engaged in work" as defined by states within 24 months, and by providing that states would face federal penalties unless they met annual work participation rates. At this hearing, much of the focus will be on participation rate rules. While it is valuable to review states' experience with participation rates, it is also important to appreciate that participation rates have only been one aspect of an overall effort to reorient welfare systems and promote and support work.

All available evidence points to a dramatic increase in employment among low-income single mothers in recent years. In announcing its welfare reform proposal, the Administration reported that after a decade in which the annual employment rate for single mothers hovered around 58%, the rate had increased every year through 2000, and reached over 73% of mothers heading families in 2000. Moreover, employment rates for never-married mothers increased from under 46% in 1995 to nearly 66% in 2000, an increase of over 40% in just five years. The Administration observed: "These employment increases by single mothers and former welfare mothers are unprecedented. By 2000, the percentage of single mothers with a job reached an all-time high."²

TANF played an important role in this employment growth, though it is probably impossible to isolate TANF's independent role. The growth in employment of low-income single mothers with young children began between 1992 and 1993. During the 1990s, a set of factors contributed to this employment growth: the strong national economy, the expansion of the Earned Income Tax Credit, increased availability of child care subsidies, expansion of health coverage for children, the minimum wage increase, and improved child support enforcement. There seems to be a consensus among researchers that welfare reform efforts played an important role, with the effects more pronounced in latter years.³ Other factors occurring at the same time all pushed in the same direction, and we don't know how the same policies would have worked in a different economy, or how one component would have worked without the others.

The “TANF effect” involved both additional requirements and federal block grant funds that became available because of caseload declines. Since funding levels were generally set to reflect welfare caseloads from the early-mid 1990s, and caseloads began falling in 1994, states were able to redirect funds previously spent on cash assistance to employment-related services, among other activities. Notably, by FY 2000, nearly \$4 billion in TANF funds was being committed to child care, much of it directed to expanding child care for low-earning working families outside the welfare system. States also committed freed-up funds to expanding transportation assistance; state earned income tax credits, nonrecurrent-short term benefits, employment retention and advancement initiatives, and other expenditures to help low-earning working families.

Challenges in the Next Stage of Welfare Reform

As states, researchers, and others have reviewed TANF’s record, there has been little dispute about states’ strong emphasis on work. Rather, work-related concerns have often centered in three key areas:

- how to help families with the most serious employment barriers enter employment;
- how to help families get better jobs; and
- how to help families entering employment receive needed health care and child care assistance and have enough income to make ends meet.

First, families still receiving assistance often have serious and multiple barriers to employment. A General Accounting Office study found that 44% of TANF recipients had at least one physical or mental impairment.⁴ Estimates of the prevalence of substance abuse among TANF recipients range from 6% to 27%.⁵ Two studies found that about a quarter of TANF recipients have a child with an illness, disability, or emotional problem.⁶ Estimates of recent or current domestic violence are generally in 20-30% range — while estimates of lifetime experience of domestic violence tend to be in the 50-60% range.⁷ In 1999, about 44% of adult TANF recipients lacked a high school diploma or GED.⁸ Studies in three states suggest that between a fifth and a third of parents receiving TANF have learning disabilities.⁹ Limited English proficiency is also a problem in many places; for example, in Los Angeles County, 41% of the TANF caseload had limited English proficiency.¹⁰ The existence of barriers doesn’t preclude work, but multiple barriers make it more difficult.

Second, while employment growth has been dramatic, much of the employment has been in low-wage jobs. For working adults receiving assistance, earnings averaged \$597.97 per month in FY 99.¹¹ According to the Urban Institute’s Nation Survey of America’s Families, median wages for recent welfare leavers in 1999 were \$7.15 an hour.¹² State studies typically report wages in that range. A CLASP review of more than 30 recent leavers studies found that median wages ranged from \$6.00 to \$8.47 an hour, while median first quarter earnings ranged from \$1,884 to \$3,416, with most states showing median quarterly earnings of \$2,000 to \$2,500.¹³ In CLASP’s review, five states reported average annual earnings for leavers continuously employed since leaving, and in no case

did the average earnings exceed the poverty guideline for a family of three. Moreover, while there is some earnings growth over time, earnings remain low for most of the affected families. CLASP's review found that, in most states, earnings in the fourth quarter after exit grew by only a few hundred dollars above first quarter earnings.

Third, the fact that those entering employment often have low earnings underscores the importance of access to “work supports” — Food Stamps, Medicaid, child care assistance, and child support services — as a strategy for helping families in low-wage jobs meet basic needs. However, participation in Food Stamps and Medicaid sharply declines after families leave assistance, most working leavers do not receive child care assistance, and most leavers do not receive child support. And, under current law, if a state uses TANF funds to provide ongoing help to a low-earning working family, that assistance counts toward the federal five-year time limit. Thus, one key set of issues for reauthorization concerns how to improve access to work support programs for low-earning working families.

TANF Participation Rates: Background

The 1996 law has two separate participation rates: an overall rate and a separately calculated two-parent rate. States risk penalties if they do not satisfy these requirements. To count toward a participation rate, an individual must participate in a federally “countable activity” for a specified number of hours each week. The overall rates increased from 25% in 1997 to 50% in 2002, and two-parent rates increased from 75% to 90%; however, under a provision known as the caseload reduction credit, a state's actual rates can be adjusted downward if the state's caseload has fallen since 1995 for reasons other than changes in eligibility rules, and as a result, states have typically had effective rates far below the listed ones.

To count toward the overall rate, single-parent families with children under age six must be engaged in countable activities for at least 20 hours a week; all other families must be engaged for at least 30 hours a week. Generally, a state can count hours in paid or unpaid work, job search and job readiness (for up to six weeks), and vocational training (for up to a year for part of the caseload) toward the first 20 hours of activity, and a broader list toward required hours in excess of 20.¹⁴

In FY 2000, every state met its overall participation rate requirement.¹⁵ The national overall participation rate was 34%. Every state qualified for a caseload reduction credit, and most states had adjusted required rates of 10% or less. At the same time, most states exceeded their adjusted required rates by thirty percentage points or more.

The most common activity counting toward satisfying participation requirements was participation in unsubsidized employment: in FY 2000, two-thirds (66%) of those counting toward participation rates did so through unsubsidized employment, followed by job search (11.7%), work experience (10.6%), vocational educational training (10.5%), community service (6.4%), with the remainder in other countable activities. At the same time, states varied significantly in their approaches. For example, in five states

(Montana, Wisconsin, South Dakota, West Virginia, and Wyoming), more than half of countable participants were engaged in work experience or community service. But, in most states, less than 10% of those counting toward participation rates were in such activities, and in five states (Minnesota, Michigan, Indiana, Connecticut, and Iowa) less than 1% were engaged. Similarly, states also took very different approaches to using vocational educational training in their programs, with nine states reporting over 20% of those counting toward participation rates in vocational educational training, while thirteen states reported less than 5%.

A state's participation rate is *not* a measure of the extent of "engagement" among families, because it counts the number of persons who participated in a federally-specified set of activities for a specified number of hours during the month. States can voluntarily choose to report additional participation in other activities, and some states elect to do so. From that reporting, one can determine that at least 40% of TANF adults were engaged in state-reported activities each month. The actual figure would surely be higher if all states were reporting engagement in state-approved activities, but, from current reporting, one cannot determine the actual numbers engaged, or what they were engaged in, or what share were engaged over a period of months.

Similarly, the participation rate is not a measure of state success in job placements or of the quality of job entries. In fact, in some circumstances, a state might find that rapid job entries translate to a lower participation rate, particularly if entering employment means immediate or rapid loss of assistance. Some states have clearly sought to maximize participation in federally-specified activities, and others have adopted different approaches, but, from available data, it is not possible to determine whether one approach has had stronger impacts in increasing employment.

For two-parent families, the 1996 law established participation rates escalating from 75% to 90%. A number of states made judgments that it would be impossible to reach a 90% rate, and that they would face federal penalties if they assisted two-parent families in their TANF programs. As a result, in FY 2000, seventeen states did not assist two-parent families in their TANF programs; instead, the U.S. Department of Health and Human Services (HHS) indicates that fourteen states designed "separate state programs," using maintenance of effort funds, and assisted all or some of the state's two-parent families in these separate programs. Generally, the goal of these programs was not to avoid work requirements for two-parent families, but rather to be able to assist them, impose work requirements, and provide needed work-related services without subjecting the state to risk of federal penalties. And, the participation rate in separate state programs — 43.1% — was close to the national average participation rate of 48.9% in TANF-funded two-parent families. Nationally, only two states (Illinois and Rhode Island) reported reaching a 90% participation rate for two-parent families.

TANF Participation Rates: Recommendations

A threshold question is whether there could be a better approach to measuring employment outcomes than the current participation rate structure. The 1996 law

provided for high performance bonuses, and bonuses were awarded in 1999 and 2000 for state outcomes relating to job entries, earnings gains, and employment retention. Some administrators have expressed concern that participation rates only measure “process,” and that it would be better to have an option to be measured by employment outcomes. There are a number of difficult questions about how to design such a system, but, in reauthorization, Congress might consider building in sufficient flexibility to allow states to elect to be accountable for a set of outcome measures in lieu of participation rates.

Assuming a basic participation rate structure, though, we recommend four key changes for reauthorization:

First, Congress should replace the caseload reduction credit with a credit that reflects families leaving assistance due to employment. The caseload reduction credit has rewarded caseload reduction whether or not it translated to employment. It should be replaced with a measure that actually focuses on whether leavers are employed, and gives states more credit for families entering sustainable employment at higher wages.

Second, the separate two-parent participation rates should be eliminated, so that states need not fear that they will risk federal penalties by assisting two-parent families in their TANF programs.

Third, the law’s restriction on counting vocational educational training should be removed. In the TANF structure, a state has no incentive to allow participation in training unless the state believes that the training will help an individual enter employment or get a better job. The state should be free to make that choice.

Fourth, states should be allowed to have broader discretion to count “barrier removal activities” toward participation rates. As states have begun working with families with multiple barriers (e.g., health, mental health, disability, substance abuse, domestic violence, lack of English language proficiency), they have typically been unable to count involvement in individualized, barrier removal activities toward the rates. Again, a state has no incentive to allow or pay for such activities unless the state believes it will be an effective means to help a family move toward employment.

H.R. 3625, introduced by Reps. Cardin, Stark, Levin, McDermott, and Doggett, reflects a number of constructive provisions in its approach to participation rates. The bill would eliminate the caseload reduction credit and substitute an employment credit; eliminate the 30% cap on vocational training and allow such training to count toward participation rates for up to 24 months; and allow barrier removal activities to count toward participation rates for up to six months.

Finally, Congress should make available additional funding, on an optional basis, for states to expand the use of transitional jobs. Since 1997, several states (including Washington, Pennsylvania, and Minnesota) and more than 30 cities have established transitional jobs programs to help increase employment and earnings of TANF recipients who have been unable to find stable, unsubsidized employment. Such programs

generally combine wage-paying jobs with skill development activities and related support services. Over 30 programs responding to a CLASP survey reported promising results, but transitional jobs are typically not used in state TANF programs, in part because they are more expensive than other alternatives. While we do not recommend requiring states to adopt such programs, we do recommend providing additional funding to encourage their replication and expansion.

Participation Rates: The Administration's Approach

The Administration has proposed an extensive set of new requirements, and the full details are not yet available. However, key provisions would:

- Increase the monthly participation rate from 50% to 70% by 2007, while phasing out the caseload reduction credit.
- Increase weekly participation requirement from 20 hours for single parents with children under 6 and 30 hours for other parents to 40 hours for all families with children age 1 or older.
- Provide that in meeting the 40-hour requirement, at least 24 hours must be in “direct” work activities — unsubsidized or subsidized employment, supervised work experience or community service programs, on-the-job training, and school completion for teen parents. Vocational training and barrier removal activities would generally not be countable toward the first 24 hours each week. For up to 3 months in a 24-month period, states could count participation in short-term substance abuse treatment, rehabilitation, and work-related training toward meeting the 24-hour direct work requirement.

In addition, states could count individuals who leave TANF due to employment for up to three months, and could exclude families from the participation rate calculation for the first month of assistance.

We share the Administration's goals of increasing engagement of families with the most serious barriers, and of helping families enter sustainable employment and advance to better jobs. At the same time, we have three principal concerns about the Administration's specific proposal, and an additional concern about potential costs.

First, the proposal is significantly more prescriptive and restrictive than current law. The combination of increasing effective rates, raising hourly requirements, and limiting the activities that can count toward the first 24 hours of engagement would allow states far less flexibility in structuring activities than they currently have. For example, a state may now count full-time engagement in vocational training for up to 12 months (subject to a limit on the total number countable), but under the proposal, no more than 3 months of full-time engagement in vocational training would be allowable. States may now count engagement in job search for up to six weeks a year, while under the proposal, any counting of job search would compete with any other activity that a state wanted to count toward the “flexible” three-month allowance. States can now choose whether to require more than 20 hours of participation for single parents of children under 6, while

under this proposal, they would be required to establish 40-hour participation plans for such families with children age 1 and older.

Second, the proposal does not reflect the best judgment of most states about how to structure their programs. The Administration's approach reflects a particular program model, and any state is free to adopt that model under the current TANF structure, but states have generally not elected to do so. In structuring their TANF programs, some states have placed strong emphasis on job search programs aimed at connecting families with employment as rapidly as possible. Some have greatly liberalized their policies to broaden support to families who enter low-wage jobs. Most states significantly reduced the role of education and training in their programs (at least in part due to federal participation rate rules), but education and training remains a significant component in some states. Generally, most states have made only limited use of unpaid work experience and community service programs, and even more limited use of subsidized employment and on-the-job training. No state reports that participants averaged 40 hours of engagement a week. At least in part, this is because a parent employed for 40 hours a week will not be eligible for continuing TANF assistance in most states. Rather, in FY 2000, states reported an average of 29 hours a week for those reported participating in one or more work-related activities.

One of the strongest themes in state experience has been concern about imposing one-size-fits-all rules. For some recipients in some circumstances, a well-structured work experience program may be an entirely appropriate activity that can help the individual move toward unsubsidized employment. But, for an individual with substantial recent work experience, it may be wholly inappropriate. And, some individuals with multiple barriers may be able to move into a structured work activity within three months, but one would be hard-pressed to say that that would be true for all individuals at all times. And, some training programs can be completed in three months, but the federal government is ill-suited to say that three months is right and four months is wrong.

Finally, the Administration's proposed approach is not what would be suggested from the welfare-to-work research. The best evidence from two decades of evaluations of welfare-to-work strategies is that the most effective approaches are "mixed strategy" programs. Such programs provide a range of services, such as job search, life skills, work-focused basic education, and occupational training. The most successful site by far in National Evaluation of Welfare-to-Work Strategies (NEWWS) — Portland, Oregon — stressed moving individuals into the workforce quickly but emphasized finding good jobs and allowed the first activity for each person to vary depending on skills, work history, and other factors.¹⁶ Portland not only increased overall employment and earnings by much more than the other ten sites but also helped people stay employed longer and increase their earnings more.¹⁷ More generally, programs achieving the biggest and longest-lasting impacts on employment and earnings have consistently been those using a mix of services, and have not have had large work experience components.

Moreover, programs that have raised wages typically provided substantial access to job training. While many moved into jobs quickly in Portland, some received adult

education and vocational training for a year or more, attaining occupational certificates that enabled them to qualify for higher paying jobs.¹⁸ The NEWWS evaluation and earlier research on the Center for Employment Training suggest that access to occupational training, especially for those without a high school diploma or GED, may be a key to helping recipients find higher paying jobs. The three NEWWS sites that most increased hourly pay for nongraduates — Columbus, Detroit, and Portland — also boosted participation in postsecondary education or occupational training. Non-graduates in Portland were four times more likely to receive a trade license or certificate than those not in the program. Other programs, such as Alameda County GAIN and Baltimore Options, have used training to increase wages for high school graduates.¹⁹

In sharp contrast, the best research evidence indicates that work experience programs have not increased employment or earnings. Based on research conducted on a number of unpaid work experience programs in the 1980s, the Manpower Demonstration Research Corporation concluded, “there is little evidence that unpaid work experience leads to consistent employment or earnings effects.”²⁰

Transitional Jobs programs that combine paid work with education and support services have achieved promising results. In contrast to unpaid work experience, research on the Washington State Community Jobs program, a Transitional Jobs program that provides paid work and access to education, training, and other services shows positive placement and wage rates for recipients with significant and multiple barriers to employment.²¹ Transitional jobs programs are costly, however, and not appropriate for everyone and so cannot be implemented on the scale that would be needed to meet the Administration’s proposed requirements.

Drawing from this research, we do not recommend a single model for all states, but rather that states should continue to have flexibility in structuring their programs; it is appropriate for a participation rate structure to encourage states to increase engagement, but not for the federal government to mandate the specific strategies that states must use.

Finally, it seems clear that greatly increasing numbers of participants and numbers of hours of participation will result in increased program costs and increased child care costs. Yet the Administration has proposed continuing TANF funding at FY 2001 levels and continuing child care funding at FY 2002 levels. The fact that a proposal would cost money is not, in itself, an argument against the proposal, but it is an argument for ensuring that the costs are estimated and adequately addressed. In FY 2001, TANF spending by states exceeded the amount of state basic block grants, and it is unclear what states would be expected to cut in order to address the program costs. And, with fixed child care funding, states would face the specter of cutting child care funding for low-earning working families outside the welfare system in order to meet the new requirements.

Time Limits

The 1996 law imposed restrictions on the use of federal TANF funds for the provision of assistance to families. Generally, the law provided that states could not use federal TANF funds to provide assistance to a family that includes an adult for more than 60

months, with states allowed exceptions for up to 20% of their cases. Since the law's restrictions applied to use of federal TANF funds, states were allowed flexibility to determine whether to impose time limits when assistance was provided with state funds.

As with other aspects of TANF design, states have taken a wide range of approaches in their time limits policies. Twenty states elected to establish time limits shorter than five years, with 17 of those states terminating assistance to all family members when the time limit was reached. Most states elected to establish five-year time limits, though they vary in their exceptions to time limits and in whether assistance is terminated to all or some family members when the time limit is reached. Two states (Michigan and Vermont) elected not to impose a time limit. They are entitled to do so under the TANF structure, because the federal time limit is a restriction on the use of federal funds, and states are ultimately free to determine their own approach when using state funds.

To date, there is very little information about families reaching federal time limits, because states first began to reach the 60-month limit in 2001, and some states will not do so until July of 2002. There is no federal administrative data currently available about the number of families whose cases have closed due to time limits. The best available information about the number of families who have lost assistance due to time limits comes from an Associated Press survey, which reported that, as of Spring of 2001, about 125,000 families had assistance terminated and roughly another 29,800 families had their assistance reduced due to time limits, though the numbers are likely to have grown significantly since that time.

One of the most striking findings from states that have elected shorter time limits is that a significant share of those terminated due to time limits are often low-earning working families. In part, this occurs because in implementing TANF, most states liberalized "earnings disregards" rules, i.e., so that assistance was not reduced on a dollar-for-dollar basis as families entered employment. One virtue of these earnings disregards policies is that they allow states to provide ongoing help to families working in very low-wage jobs. But, as a consequence, these families become more likely to receive enough months of assistance to reach state time limits. In a number of states that implemented time limits shorter than five years, from 40% to 87% of all families whose benefits were terminated as a result of time limits were employed, though often with very low earnings, at the time they were terminated.²² Compared with other TANF leavers, time limit leaver families were likely to have fewer hours of work, lower earnings, and higher poverty rates. Poverty rates reported for time limit leavers in state studies were high: for example, 73% in Utah, 74% in North Carolina, 82% in Cuyahoga County, 86% in Virginia. In experimental demonstrations in Florida and Connecticut, average family income fell when families began reaching time limits, because gains in employment income did not offset the losses in public benefits.²³

A set of states — including Illinois, Delaware, Rhode Island, and Maryland — have adopted policies under which assistance for low-earning working families is paid with state rather than federal funds, so that the state can provide continuing help to low-

earning families. However, taking this approach depends on having sufficient flexible state funds, and adds administrative complexity to program design.

The federal time limit applies to families in which an adult is receiving assistance. Thus, it does not apply to “child-only cases,” though states are free to impose their own time limits and restrictions on such families. While the absolute number of child-only cases fell from 978,000 in 1996 to 718,642 in 2000, their share of the caseload increased from 21.5% to 31.5%, because the overall caseload declined faster than the child-only caseload.²⁴ In 1999, almost two-thirds (65.5%) of children in child-only cases lived with a parent; 22% lived with grandparents and 8.5% lived with other relatives.²⁵ In general, children could be residing with a parent ineligible for TANF due to receipt of Supplemental Security Income (SSI), to their immigration status, or to their sanction status. The Lewin Group has reported that, in 1997, 39% of the cases were non-parent (relative caregiver) cases, while 23% of the cases had parent(s) receiving Supplemental Security Income, 16% had parent(s) ineligible because of immigration status, and 9% had sanctioned parent(s).²⁶

Time Limits: Recommendations

Our principal recommendation concerning time limits is that states should be allowed to use federal TANF funds to provide ongoing assistance to low-earning working families, without needing to apply a time limit against working families. Under current law, work policies and time limits policies work at cross-purposes with each other. On the one hand, states are often seeking to encourage families to take any available job, and want to provide help to families who are working in low-wage jobs. But, if federal TANF funds are used to provide that assistance, the month counts against the federal time limit and potentially disadvantages the family in the long run. States should not be restricted in their ability to use TANF funds to help working families.

Over the coming months, there will be much discussion about whether the 20% allowable exception under current law provides sufficient flexibility to states. On the one hand, a state’s ability to provide exceptions is effectively greater than 20%, because states are free to use state funds, and because the allowable 20% figure is calculated based on the entire caseload, including child-only cases. On the other hand, caseloads have fallen far more than anticipated in 1996, and 20% of the current caseload is a far smaller figure than would have been envisioned in 1996. A number of states are reporting that, at least initially, they will not approach the 20% allowable exceptions, but reauthorization will occur well before there is substantial experience with the adequacy of the figure.

Ultimately, we recommend that each state should have discretion to develop its own rules for exceptions to the federal time limit. In the TANF structure, no state has any political or fiscal incentive to provide assistance to a family for any period longer than necessary to provide basic support and to help ensure that families who are able to work enter the labor force.

Conclusion

Thank you for allowing this opportunity to testify. Please let us know if we can provide any additional information.

¹ This testimony reflects ongoing collaborative work with a number of CLASP colleagues, including Steve Savner, Julie Strawn, Rutledge Hutson, and Hedieh Rahmanou.

² Working Toward Independence, pp. 6-7.

³ Rebecca M. Blank, Declining Caseloads/Increased Work: What Can We Conclude About the Effects of Welfare Reform?, *FRBNY Economic Policy Review*, (New York: Federal Reserve Bank of New York, September 2001), Available online: www.newyorkfed.org/maghome/econ_pol/2001/801rbla.pdf

⁴ U.S. General Accounting Office, *Welfare Reform: More Coordinated Federal Effort Could Help States and Localities Move TANF Recipients With Impairments Toward Employment*, GAO-02-37, (Washington, DC, October 31, 2001), 3. Available online: <http://www.gao.gov>

⁵ Amanda Barusch, Mary Jane Taylor, and Soleman Abu-Bader, *Understanding Families with Multiple Barriers to Self Sufficiency*, (Salt Lake City: University of Utah, Social Research Institute, 1999), 21; Sandra K. Danziger, Ariel Kalil, and Nathaniel J. Anderson, "Human Capital, Physical Health, and Mental Health of Welfare Recipients: Co-Occurrence and Correlates," *Journal of Social Issues*, Vol. 56(4), (Malden, MA: Blackwell Publishers, 2000), 635-654; Rukmalie Jayakody, Sheldon Danziger, and Harold Pollak, "Welfare Reform, Substance Use and Mental Health," *Journal of Health Politics, Policy and Law*, Vol. 25(4), (Durham, NC: Duke University Press, 2000); Gretchen Kirby and Jacquelyn Anderson, *Addressing Substance Abuse Problems Among TANF Recipients: A Guide for Program Administrators, Final Report*, (Washington, DC: Mathematica Policy Research Inc., July 2000).

⁶ Heidi Goldberg, *Improving TANF Program Outcomes for Families with Barriers to Employment*, (Washington DC: The Center on Budget and Policy Priorities, January 2002). Available online at <http://www.cbpp.org>.

⁷ Richard M. Tolman and Jody Raphael, "A Review of Research on Welfare and Domestic Violence," *Journal of Social Issues*, Vol. 56(4), (Malden, MA: Blackwell Publishers, 2000), 655-82.

⁸ Sheila R. Zedlewski and Donald Alderson, *Before and After Reform: How Have Families on Welfare Changed?*, (Washington, DC: The Urban Institute, April 2001). Available online at: http://newfederalism.urban.org/html/series_b/b32/b32.html

⁹ Heidi Goldberg, *Improving TANF Program Outcomes for Families with Barriers to Employment*, (Washington DC: The Center on Budget and Policy Priorities, January 2002). Available online at <http://www.cbpp.org>.

¹⁰ Heidi Goldberg, *Improving TANF Program Outcomes for Families with Barriers to Employment*, (Washington DC: The Center on Budget and Policy Priorities, January 2002). Available online at <http://www.cbpp.org>

¹¹ U.S. Department of Health and Human Services, "Characteristics and Financial Circumstances of TANF Recipients, Fiscal Year 1999." Available online: <http://www.acf.dhhs.gov/programs/opre/characteristics/fy99/analysis.htm>

¹² Pamela Loprest, *How Are Families That Left Welfare Doing? A Comparison of Early and Recent Welfare Leavers*, (Washington, DC: The Urban Institute, April 2001), 3. Available online: http://newfederalism.urban.org/pdf/anf_b36.pdf

¹³ Elise Richer, Steve Savner, and Mark Greenberg, *Frequently Asked Questions about Working Welfare Leavers*, (Washington, DC: Center for Law and Social Policy, November 2001).

¹⁴ More precisely, under current law, to count toward the all-families rate, at least 20 hours per week must be attributable to:

- Unsubsidized or subsidized employment;
- Work experience and community service programs, i.e., work without wages in return for receiving the welfare grant;
- On-the-job training;

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- Provision of child care services to an individual who is participating in a community service program;
 - Vocational educational training for up to 12 months, provided that no more than 30% of those counting toward a state's participation rate may do so by being engaged in vocational educational training or by being teen parents engaged in school completion;
 - Job search and job readiness assistance for up to 6 weeks (or 12 weeks in periods of high unemployment).

In addition, teen parents can count toward the participation rates by being engaged in school completion or education directly related to employment, but such activities are counted within the 30% cap described above. For the all-families rate, hours in excess of 20 may be counted when an individual participates in:

- Job skills training directly related to employment;
- Education directly related to employment, for a recipient who has not received a high school diploma or a certificate of high school equivalency; or
- Satisfactory attendance at secondary school or in a course of study leading to a certificate of general equivalence, for a recipient who has not completed secondary school or received such a certificate.

¹⁵ Vermont's participation level was not determined, because the state asserted it was not subject to the participation rate requirements until the expiration of its waiver.

¹⁶ Stephen Freedman, Daniel Friedlander, Gayle Hamilton, JoAnn Rock, Marisa Mitchell, Jodi Nudelman, Amanda Schweder, and Laura Storto, *Evaluating Alternative Welfare-to-Work Approaches: Two-Year Impacts for Eleven Programs*. (Washington, DC: U.S. Department of Health and Human Services and U.S. Department of Education, 2000).

¹⁷ Stephen Freedman, National Evaluation of Welfare to Work Strategies: Four-Year Impacts of Ten Programs on Employment Stability and Earnings Growth, (New York: Manpower Demonstration Research Corporation, December 2000).

¹⁸ Susan Scrivener, Gayle Hamilton, Mary Farrell, Stephen Freedman, Daniel Friedlander, Marisa Mitchell, Jodi Nudelman, and Christine Schwartz, *The National Evaluation of Welfare-to-Work Strategies: Implementation, Participation Patterns, Costs, and Two-Year Impacts of the Portland (Oregon) Welfare-to-Work Program*. (Washington, DC: U.S. Department of Health and Human Services and U.S. Department of Education, 1998).

¹⁹ Julie Strawn and Karin Martinson. *Steady Work and Better Jobs: How to Help Low-Income Parents Sustain Employment and Advance in the Workforce*, (New York: Manpower Demonstration Research Corporation, 2000).

²⁰ Thomas Brock, David Butler, and David Long, *Unpaid Work Experience for Welfare Recipients: Findings and Lessons from MDRC Research*, (New York: Manpower Demonstration Research Corporation, September 1993), 3.

²¹ Marieka Klawitter, *Effects of WorkFirst Activities on Employment and Earnings*, (Seattle, WA: Evans School of Public Affairs, University of Washington, September 2001), 4-5, <http://www.wa.gov/WORKFIRST/about/studyActiv.pdf>

²² Mark Greenberg, "Time Limits and Those Still Receiving Assistance: Background and Issues for Reauthorization," presentation to Senate Finance Committee Forum Series, November 19, 2001.

²³ Dan Bloom, Laura Melton, Charles Michalopoulos, Susan Scrivener, and Johanna Walter, *Jobs First: Implementation and Early Impacts of Connecticut's Welfare Reform Initiative*, (New York: Manpower Demonstration Research Corporation, March 2000), 78. Available online: <http://www.mdrc.org/Reports2000/Connecticut/CT-JobsFirst.pdf>; Dan Bloom, James J. Kemple, Pamela Morris, Susan Scrivener, Nandita Verma, and Richard Hendra, *The Family Transition Program: Final Report on Florida's Initial Time-Limited Welfare Program*, (New York: Manpower Demonstration Research Corporation, December 2000), 180. Available online: <http://www.mdrc.org/Reports2000/Florida-FTP/FTP-Final-FullRpt.pdf>

²⁴ Department of Health and Human Services, *Temporary Assistance to Needy Families: Third Annual Report to Congress*, Table 10:3, (Washington, DC: Author, 2000); Department of Health and Human Services, *TANF Participation Rates and Case Characteristics*, Table 3A, available online at <http://www.acf.dhhs.gov/programs/opre/paticip/index.htm> (Washington, DC; Author, 2002).

²⁵ Department of Health and Human Services, *Temporary Assistance to Needy Families: Third Annual Report to Congress*, Table 10:26.1, (Washington, DC: Author, 2000). HHS has not yet released this breakdown of child-only cases by type for 2000.

²⁶ Department of Health and Human Services, *Understanding the AFDC/TANF Child-Only Caseload: Policies, Composition, and Characteristics in Three States*, (Washington, DC: Author, 2000). Available online at <http://aspe.hhs.gov/hsp/child-only-caseload00/execsum.htm>. Note that in 1988, 12% of the cases consisted of children living with parents who were ineligible for other reasons or for which the reason was not known. In 1997, the comparable percentage was 13%.