
July 10, 2018

Potential Changes to House TANF Bill’s “Universal Engagement” Approach Would Discourage States From Helping Those With Greatest Needs

By Liz Schott and LaDonna Pavetti

The House Ways and Means Committee-approved bill to reauthorize the Temporary Assistance for Needy Families (TANF) program¹ seeks to broaden those served by TANF employment programs and services by adopting a “universal engagement” approach. Under the bill, all TANF “work-eligible individuals” would receive an assessment and an individualized opportunity plan setting forth their required work activities and hours of participation.² In theory, such an approach might encourage states to provide employment assistance to recipients they might not otherwise serve. However, the bill would significantly restrict states’ ability to develop truly individualized plans by requiring all plans to include a set number of hours per week of participation in work activities (generally 30, or 20 for a single parent with a child under age 6). In addition, recommendations by conservative groups to impose financial penalties on states related to universal engagement requirements would make the bill worse by giving states an incentive to deny assistance to the very recipients who most need help to become more employable.

A central feature of universal engagement should be that every recipient participates in activities that can move them forward toward employment or other goals necessary for their children’s well-being, while taking into account their individual strengths and limitations. Requiring every parent to participate for 20 or 30 hours — even those who can’t reasonably be expected to fulfill that requirement, such as those who are ill, are in crisis (such as parents fleeing domestic violence or

¹ The committee approved the bill, the Jobs and Opportunity with Benefits and Services (JOBS) for Success Act (H.R. 5861), on May 24.

² Current TANF rules define “work-eligible individuals” very broadly to include essentially all adults except those disabled enough to qualify for Social Security Disability Insurance or Supplemental Security Income and those who need to remain at home to care for a disabled family member. (Most states exempt additional groups of recipients from work participation.) While the Department of Health and Human Services (HHS) could revise the definition as part of adopting a universal engagement approach, even a revised definition would likely include many parents with barriers to work and limited work ability. Under the Ways and Means bill, states wouldn’t need to develop a plan or require participation of those who aren’t “work-eligible individuals” as defined by HHS.

trying to regain housing after an eviction), or are working but in unsteady jobs — simply sets them (and states) up to fail. Under federal TANF law and rules, states would then have to sanction them, which in almost every state means the state would take away the entire family’s cash assistance, pushing children deeper into poverty and making parents ineligible for TANF employment assistance and supports.

Robert Doar and Angela Rachidi of the American Enterprise Institute have both recommended adding state accountability measures to the universal engagement provisions.³ While neither has provided details, Rachidi has called for “setting an engagement target for each state, and imposing financial penalties for missing it.” This, however, would encourage states to restrict access to benefits and services for the most vulnerable families, either by denying access in the first place or by applying quick and harsh sanctions if the parent couldn’t comply with the requirements — even if the requirements weren’t appropriate given the family’s circumstances. (That’s how many states responded when the Deficit Reduction Act of 2005 made the TANF work participation rate harder to meet.) Rather than helping the parents with the greatest barriers to employment connect to work, universal engagement with rigid participation requirements and state penalties attached would hurt them.

Even without penalties on states, the Ways and Means bill undercuts its universal engagement approach by failing to provide the additional resources needed to serve a much larger share of the caseload — including those with significant barriers — with individualized assessments, employability plans, ongoing case management, and work-related activities and supports.⁴

TANF Recipients Have Diverse Needs, Limitations, and Capacities

TANF families vary widely in their employability and in what they need from TANF work programs to help them move toward employment. A universal engagement approach must recognize this diversity and create opportunities for everyone to participate to the best of their ability. Some TANF parents may have a significant work history or may have recently lost a job and simply need quick job search assistance or help with work supports (such as child care or transportation) to rejoin the labor market. Others face significant limitations, including physical and mental health issues requiring intensive intervention and engagement over a period of time, which may make substantial work participation infeasible in the short term.⁵ For example, a Washington

³ See Angela Rachidi, “Can TANF Reauthorization Hold States Accountable?” Spotlight on Poverty & Opportunity, June 27, 2018, <https://spotlightonpoverty.org/spotlight-exclusives/can-tanf-reauthorization-hold-states-accountable/>; Robert Doar, “Reauthorizing TANF: Making a good program better,” Statement before the House Committee on Ways and Means Subcommittee on Human Resources On Jobs and Opportunity: Legislative Efforts to Address the Jobs Gap, May 9, 2018, <https://waysandmeans.house.gov/wp-content/uploads/2018/05/20180509HR-Testimony-Doar.pdf>.

⁴ See additional discussion at LaDonna Pavetti and Liz Schott, “House Bill to Reauthorize TANF Makes Improvements But Doesn’t Go Far Enough,” Center on Budget and Policy Priorities, May 23, 2018, <https://www.cbpp.org/research/family-income-support/house-bill-to-reauthorize-tanf-makes-improvements-but-doesnt-go-far>.

⁵ See, for example, Mary Beth Vogel-Ferguson, “Family Employment Program (FEP) Redesign Study of Utah 2014: Final Report,” University of Utah School of Social Work, September 2015, https://socialwork.utah.edu/wp-content/uploads/sites/4/2016/02/Wave-3-report_final.pdf.

State analysis found that families with longer periods of TANF receipt had much higher rates of chronic health conditions, substance abuse, mental health issues, and family caregiving barriers than families that left TANF quickly.⁶

A significant share of TANF adults have work-related limitations, often health-related ones. Over one-quarter have mental or physical issues that prevent them from working or limit the kind of work they can do.⁷ A Utah study found that over a quarter of TANF families there had had a physical health problem in the past year — most often in the past month — that precluded taking a job or attending school.⁸ It also found that over one-fifth had a mental health problem in the past year (most commonly depression or anxiety) that interfered with their ability to participate in work or school. While not all health conditions preclude some type of participation, they may require accommodations such as limited hours or sequencing of activities to first address participants' specific work barriers.

Still other parents may be in the midst of a crisis, including leaving a violent relationship or finding new housing after an eviction, and may need to stabilize their family's circumstances before turning to employment-related activities. A flexible approach can accommodate such situations, but a universal engagement structure with fixed hours does not.

Full Engagement Model Requires Individualized, Appropriate Work Plans

A hallmark of universal engagement is individualized plans that use flexibility in both activities and hours to establish an appropriate pathway to work for each participant, recognizing that some people may not be able immediately to work, attend school, or participate in any activity for 20 or 30 hours per week. States that have adopted a universal engagement approach in TANF illustrate what's needed to make it work:

- **Utah's** TANF program has no work-related exemptions and requires all TANF recipients to participate to their maximum ability, but provides flexibility with hours and activities for those with documented barriers to employment.⁹ After a state employment counselor assesses each recipient, the state and recipient negotiate a plan setting forth an expected level of participation appropriate given the family's circumstances. The plan may include reduced

⁶ David Mancuso *et al.*, "Adults on TANF in Washington State: Risks and Outcomes for Leavers, Cyclers and Stayers," Washington State Department of Social and Health Services, Research and Data Analysis Number 11.158, August 2010, <https://www.dshs.wa.gov/sites/default/files/SESA/rda/documents/research-11-158.pdf>.

⁷ Pamela L. Loprest and Elaine Maag, "Disabilities Among TANF Recipients: Evidence from the NHIS," Urban Institute, May 13, 2009, <http://www.urban.org/research/publication/disabilities-among-tanf-recipients-evidence-nhis>.

⁸ Vogel-Ferguson, *op. cit.*

⁹ Michelle K. Derr and Elizabeth Brown, "Improving Program Engagement of TANF Families: Understanding Participation and Those with Reported Zero Hours of Participation in Work Activities," Mathematica Policy Research, January 19, 2015, <https://www.mathematica-mpr.com/our-publications-and-findings/publications/improving-program-engagement-of-tanf-families-understanding-participation-and-those-with-reported>.

hours of participation and alternate activities if barriers prevent the recipient from participating in the narrower list of federal TANF activities.¹⁰

- **Minnesota** serves TANF participants with documented barriers to employment through its Family Stabilization Services (FSS) program, where case managers have flexibility with assigning clients work activities and hours. FSS participants are required to have an individualized plan that includes achieving self-sufficiency in the long term and an employment goal where applicable, including activities and hours of participation appropriate given their (and their families') specific needs. Case managers focus on engaging clients in activities in which they can participate. Counties have flexibility to take varying approaches in engaging FSS clients, and practices vary across the state.¹¹
- **New Mexico** recognizes limited work participation status for recipients who are unable to fully participate, including those with temporary or permanent impairments. They receive individualized plans intended to address their work limitations, improve their capacity to gain income, and increase the strength and resilience of their families. Plans can include a range of activities, including mental health or substance abuse treatment, as well as flexible hours of participation.¹²

In addition to flexibility in employability plans, universal engagement requires an increased investment of resources to provide the sustained, individualized attention that's necessary to achieving employment and other goals. Moreover, most states don't operate universal engagement programs; serving a larger group of parents would significantly increase costs. In particular, engaging parents with disabilities and other employment limitations in work-related activities requires fewer cases per worker and thus would require significant additional staff and case management resources as well as intensive (and sometimes costly) services.

Ways and Means Bill Falls Short of What Is Needed for Universal Engagement to Succeed

The Ways and Means TANF bill limits states' flexibility and doesn't give them the resources they would need to adopt universal engagement. In addition, adding a fiscal penalty on states related to universal engagement to the bill, as some have suggested, would make states less likely to modify the required activities and hours to appropriately serve those with significant work limitations.

Bill Extends TANF's Rigid Hourly Requirements to Entire Caseload

While the bill offers states greater flexibility than under current law to count a range of work-preparation activities as work engagement, it retains TANF's rigid hourly participation requirements, typically 20 or 30 hours per week. As noted, states adopting universal engagement have recognized that this level of participation may not be feasible for some individuals given their family circumstances, disabilities, or other work limitations. For example, in an effective universal

¹⁰ Utah's state plan is described at <https://jobs.utah.gov/edo/stateplans/tanfstateplan.pdf>.

¹¹ Derr and Brown, *op. cit.*

¹² New Mexico TANF State Plan, January 2015-December 2017, http://www.hsd.state.nm.us/uploads/FileLinks/6331671b99b34cafa9bd8cb327bc208/Final_TANF_State_Plan_Jan_1_2015_to_Dec_31_2017_1.pdf.

engagement program that takes individual circumstances into account, a parent with no significant employment limitations might be immediately required to participate in job search or an education or training program for 20 or 30 hours per week, while a parent with an anxiety disorder who is having panic attacks might only have to attend mental health counseling until her anxiety is under control, even though such counseling would not take 20 or 30 hours per week.

TANF's current hourly requirements were designed in the context of the TANF work participation rate, where states *aren't* expected to engage the entire caseload in work activities for the required hours but instead must engage 50 percent of the work-eligible caseload. In addition, most states receive a caseload reduction credit that lowers their target well below 50 percent.¹³ As the Department of Health and Human Services (HHS) noted in 2008, Congress recognized that these hourly requirements wouldn't necessarily be appropriate for the entire TANF caseload, and even for some TANF parents considered "work-eligible":¹⁴

By limiting the maximum participation rate to 50 percent, Congress recognized that some individuals would not be able to satisfy the full requirements. However, we believe that States should work with and provide services to individuals, whether they can participate for enough hours to count toward the work participation rates or not.

In contrast, supporters of the Ways and Means bill tout its requirement of 100 percent participation.¹⁵ Hourly requirements that are already a stretch for a subset of TANF participants are wholly inappropriate for universal engagement. Instead, the bill should recognize reduced or flexible hourly participation requirements.

Bill Adds No New Resources to Meet Increased Demands of Full Engagement

States would need additional resources to meet the increased demands set by the Ways and Means bill: individualized plans with regular case manager meetings as well as work activities and supports for a broader set of TANF recipients. But the bill adds no new funding, even as the value of the TANF block grant has lost over 35 percent of its value since 1996 due to inflation.

While the bill requires states to devote 25 percent of their state and federal TANF spending to certain "core" services, including work-related activities and supports, this wouldn't necessarily increase funding for work activities; the 25 percent threshold is so low that few states would have to spend any additional TANF funds to reach it. Moreover, the bill places other demands on state resources by increasing their data reporting obligations and establishing new performance measures related to employment and earnings outcomes. While states could in theory shift more of their TANF funding to employment and other activities, this would require cutting other TANF-funded programs. Two decades of experience with TANF makes clear that states are very unlikely to

¹³ The caseload reduction credit reduces the target rate that a state must meet below 50 percent — and below 90 percent for two-parent families — based on the extent of caseload decline since 2005.

¹⁴ Preamble to federal rule implementing the Deficit Reduction Act of 2005 changes to TANF, 73 Fed. Reg. 6775, February 5, 2008. See footnote 2 above for the definition of "work-eligible."

¹⁵ See, for example, "The GOP's Welfare to Work Pitch," *Wall Street Journal*, June 5, 2018, <https://www.wsj.com/articles/the-gops-welfare-to-work-pitch-1528240987>; Newt Gingrich, "Why We Need Welfare Reform Now," Fox News, June 28, 2018; Rachidi, *op. cit.*

redirect funding toward increasing services for families receiving cash assistance; they are far likelier to find new ways to reduce the number of families served.

Bill Would Harm the Most Vulnerable Families

Any universal engagement approach, particularly one with rigid hourly requirements, runs the risk of taking away needed assistance from the most vulnerable families and their children. Federal TANF law and rules require states to sanction families that don't comply with their required work activities and don't show good cause; states that fail to do so are subject to fiscal penalties. When most states sanction families, they immediately or eventually take away benefits from both the parents and the children. This means that those parents with the greatest barriers to employment — and their children — could be penalized for being unable to meet the required activities or hours. Moreover, if states face fiscal penalties for failing to meet universal engagement requirements, they might make their sanction policies even harsher. For example, states that currently reduce a family's benefits for a period before cutting them off entirely could cut off benefits more quickly.

Evidence shows that TANF families sanctioned due to noncompliance with work requirements are likelier than other TANF recipients to face personal or family challenges that kept them from working, including having a child with a chronic illness or disability. Some studies also find that sanctioned TANF enrollees are likelier to experience health challenges such as substance use disorders and barriers such as domestic violence.¹⁶ The availability of good-cause exemptions hasn't prevented sanctions of those with greatest barriers; evaluations find that state agencies do a poor job of communicating the details of sanction policies, including bases for exemptions, and that recipients often don't understand the exemptions.¹⁷ HHS's Office of Inspector General concluded that TANF caseworkers often have few resources to identify barriers such as substance abuse or mental illness, so recipients instead are subjected to sanctions and loss of benefits.¹⁸

The harm to families could be even greater under a universal engagement approach, where some parents whom a state might otherwise exempt from work requirements could instead be subject to them. (Most states exempt groups of TANF adults, such as those who can't work due to incapacity or disability, are over age 60, or are caring for an infant or in the late stages of pregnancy.)

Some of the best evidence of how universal engagement could harm parents with significant employment barriers comes from a randomized control study of the Personal Roads to Individual Development and Employment (PRIDE) program in New York City in the early years of welfare

¹⁶ LaDonna Pavetti, Michelle K. Derr, and Heather Hesketh Zaveri, "Review of Sanction Policies and Research Studies: Final Literature Review," Mathematica Policy Research, Inc., March 10, 2003, <https://www.mathematica-mpr.com/our-publications-and-findings/publications/review-of-sanction-policies-and-research-studies-final-literature-review>.

¹⁷ Department of Health and Human Service, Office of Inspector General, "Temporary Assistance for Needy Families: Educating Clients About Sanctions," October 1999, <https://oig.hhs.gov/oei/reports/oei-09-98-00291.pdf>.

¹⁸ Department of Health and Human Service, Office of Inspector General, "Temporary Assistance for Needy Families: Improving the Effectiveness and Efficiency of Client Sanctions," July 1999, <https://oig.hhs.gov/oei/reports/oei-09-98-00290.pdf>.

reform.¹⁹ PRIDE was designed for TANF recipients whose medical or mental health conditions were deemed too severe for them to participate in regular welfare-to-work activities but not severe enough to qualify them for federal disability benefits. In addition, many participants had very low literacy levels or didn't speak English.

Most PRIDE participants were required to work for 20 to 25 hours per week in special work experience positions in exchange for their welfare benefits. The majority of recipients assigned to PRIDE were unable to meet the work requirements: 75 percent were deemed out of compliance at some point in the two-year study period and about a third saw their benefits cut. Although employment rates were modestly higher among PRIDE participants than among the control group (which was exempt from participation), only about a third of those subject to the work requirements ever worked in an unsubsidized job over the two-year period. Because of PRIDE's high sanction rates and limited success in connecting participants to employment, reductions in public assistance payments due to sanctions completely offset any earnings increases for the group as a whole. "[I]t is unlikely that PRIDE made participants better off financially," the study authors conclude.²⁰

State Penalties Would Discourage States From Serving Those Most in Need

If federal legislation added state penalties to a full engagement requirement, as Robert Doar and Angela Rachidi suggest, states likely would seek to avoid those penalties by providing less help to the families with the greatest barriers to work — either quickly sanctioning them off benefits if they can't meet the requirements or denying them access to TANF cash assistance or employment-related services in the first place if the state suspects they won't be able to meet the requirements. (States can create upfront hurdles when families apply for assistance that can effectively make it impossible for those with more serious barriers to employment to enter the program.)

Researchers in Utah, describing the tension between Utah's effort to adopt a full engagement approach and the risk of state penalties from the TANF work participation rate, noted that "the incentive structure offered by the federal government discourages [case]workers within states from serving families with multiple challenges who struggle the most to obtain employment." This may help create "barriers to participation among those who could most benefit from the services."²¹ In extending rigid hourly work participation requirements to a much larger share of the caseload than states must engage under TANF's work participation rate, the Ways and Means bill could make the tension that the Utah researchers describe even worse. States would likely respond by serving even fewer needy, eligible families, quickly cutting off or excluding at the front end those who can't immediately meet the hourly requirements.

TANF already serves very few families in need. Nationally, only 23 families received cash assistance for every 100 families in poverty and in a dozen states TANF has all but disappeared, with

¹⁹ PRIDE operated from 1999 through 2004, when it was replaced by the WeCare program, which is similar and still operating.

²⁰ Dan Bloom *et al.*, "Results from the Personal Roads to Individual development and Employment (PRIDE) Program in New York City," MDRC, July 2007, <https://www.mdrc.org/publication/results-personal-roads-individual-development-and-employment-pride-program-new-york-city>.

²¹ See, for example, Vogel-Ferguson, *op. cit.*

10 or fewer families receiving cash assistance for every 100 families in poverty. TANF cash assistance could largely disappear in even more states.

When families are cut off (or never let into) TANF programs, they lose not only cash assistance but also access to employment-related services. Thus, rather than getting potential workers “off the sidelines,” as a number of Republican policymakers claim can be achieved by tightening work requirements in safety net programs,²² the bill’s changes would keep these parents — and their families — on the sidelines by failing to address their limitations and effectively excluding them from developing the skills needed to participate in the workforce.

²² See, for example, “W&M Introduces Welfare Reform Legislation: JOBS for Success Act,” press releases, House Ways and Means Committee, May 17, 2018, <https://waysandmeans.house.gov/wm-introduces-welfare-reform-legislation-jobs-for-success-act/>.