



Testimony

Strengthening Welfare Reform's Work Requirements

Testimony to the House Committee on Human Services on SB 1096

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Congressional action changing the way state work participation rates are calculated under the Temporary Assistance to Needy Families (TANF) program could have significant consequences and result in the loss of millions in federal funding for the program. However, the loss of federal funds should hardly be the real motivation to address the new challenges before the state in its effort to meet the new expectations for recipient participation and state performance. The most serious problem is the cost of failing to establish the expectation for and connection to work, and the long-term effect of both on the self-sufficiency of the family, including future generations.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) passed by Congress fundamentally changed welfare from an open-ended entitlement for recipients, to a time-limited benefit built on reciprocal obligation. As part of that shift, states were required to engage at least half of the state's TANF caseload in work activities. However, states had some flexibility in meeting this requirement as reductions in a state's TANF caseload since 1995 (pre-welfare reform) could be used as a credit to reduce the percent of recipients required to participate in work activities. As a consequence, many states benefited from early declines in their TANF caseload, allowing them to coast on those early successes without fully engaging the harder to serve TANF recipients.

A press release from U.S. Health and Human Services Secretary Mike Leavitt points out that as a result of the caseload reduction credit, 60 percent of adults on the TANF case-

load nationwide did not participate in work or work activities. Requiring less than half of the caseload to work undermines the conventional wisdom that welfare reform focused people on work, not welfare. Such statistics were clearly the motivation behind recalibrating the caseload reduction credit and resetting the clock to allow states to reduce participation in work only based on the reduction in the state caseload since 2005.

CALCULATING WORK

The old federal performance measure will remain the same, requiring 50 percent participation among all TANF families, and 90 percent participation among two-parent families.

The clock on the caseload reduction credit is now measured from the state's 2005 caseload, meaning that the state's early strides in reducing the caseload and further reductions since House Bill 2292 of the 78th Legislative Session are built in to the new standard. This will require better performance from the state and greater compliance with work from the recipients.

EXEMPTING WORK

Federal and state law currently provides a work exemption for caretakers of an ill or disabled child and single parents with a child under age one. The Health and Human Services Commission has established additional exemptions in rule, including children 18 years old and younger; adults with a physical or mental disability for 180 days or more; adults age 60

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and older; an adult caring for a disabled adult; a pregnant woman who is unable to work; and a single grandparent older than age 50, caring for a child under age three.

State-established performance requirements do not take into account child-only cases—that is adults who are not TANF recipients (usually due to timing out), but whose children receive benefits. Federal TANF reauthorization, however, does include child-only cases in calculating state performance for federal purposes. As a result, federal performance levels are about 10 percent lower than the state performance data, which does not account for the child-only cases. According to the Texas Workforce Commission, work participation among all families is 42 percent when measured by the state standard and 32 percent when measured by the federal standard. Similarly, for two-parent families state participation is 63 percent and federal participation is 52 percent.

THE IMPACT OF EXEMPTIONS ON CASELOAD AND CLIENTS

Projections from the Texas Workforce Commission suggest that sometime around the start of calendar year 2008, the percentage of exempt TANF adults will exceed the percentage of mandatory TANF adults. When this occurs, it will be mathematically impossible for the state to meet the federal performance standard.

The Texas Workforce Commission also reports that 80 percent of those who “time out” of TANF are in exempt status. As a result, these are families in which the adult no longer receives TANF benefits and may not have a strong connection to the workforce, which the adult will need to provide for the family. Exempting these adults from work does their family a disservice, allowing the recipient to be anesthetized to the need to provide for their family and minimizing the expectation to work. However, there is already good evidence that at least a third of the recipients have some wage data to suggest that they do already have a job, in which case their participation in work should help boost the state’s participation.

WHY A SIMPLE GENERAL REVENUE FIX OR CASELOAD SWAP WON’T WORK

A number of proposals this session, including one advanced by the Legislative Budget Board for the state budget, recommend a separate program funded out of General Revenue that would serve the exempt TANF recipients. The new program would take certain currently exempt recipients out of the federal caseload calculation, ensuring that the still will meet its federal performance as a result. This is bad policy.

First, the state does no service to these families who will time out of the program.

Second, the time-limit would no longer apply to these recipients since no federal money is used to serve them, thus federal welfare reform requirements would not be in force. Loosening the requirements for work will merely turn the state back to the days before welfare reform, when a cycle of generational dependence and persistent poverty was the norm.

Instead of simply looking for ways to satisfy performance by manipulating the caseload, the state should strengthen welfare reforms by eliminating the work exemptions and ensuring that expectations for work participation are clear to recipients and the state alike. Working should not be the exception, as it is fast becoming as a result of the high level of exemptions and changes in the caseload. Instead, waiving work should be the exception, handled through a determination of good cause, and with appropriate safeguards in place to ensure such exceptions are available but applied judiciously.★

For additional information and a complete look at the issue, see the Foundation’s July 2006 Policy Perspective, “Continuing Welfare Reform in Texas.”

¹ U.S. Department of Health and Human Services, “Press Release: Bush Administration Releases Interim Final Regulation Implementing The Next Phase Of Welfare Reform,” (28 June 2006) <http://www.dhhs.gov/news/press/2006pres/20060628.html>, accessed 1 July 2006.

