

# **The House Ways and Means TANF Reauthorization Bill: Fixing the Problems or Just Treating the Symptoms?**

## **A Response to Robert VerBruggen**

Peter Germanis<sup>1</sup>

June 17, 2018

Many conservatives believe the 1996 welfare reform law, particularly the creation of the Temporary Assistance for Needy Families (TANF) block grant with its work requirements has been an unprecedented success and is a model for reforming other safety net programs. While the 1996 law sent a symbolic message about the importance of work requirements and time limits, in practice, neither of these elements have been implemented in the way Congress intended. In fact, TANF is not “welfare reform” at all, but a flexible funding stream that has failed to provide an adequate safety net or an effective welfare-to-work program.

TANF’s flaws have become too big to ignore – a fact that became evident during the mark-up of a bill in the House Ways and Means Committee, the Jobs and Opportunity with Benefits and Services (JOBS) for Success Act. Rep. Adrian Smith, chairman of the Human Resources subcommittee charged with developing legislation to reauthorize TANF acknowledged that there is “abundant evidence that TANF in its current form is broken.” For the past three years, I have been writing critiques of TANF and “responses” (primarily to conservatives) who advocate welfare reform based on the TANF model. My first paper, *TANF is Broken! It’s Time to Reform “Welfare Reform” (And Fix the Problems, Not Treat their Symptoms)*,<sup>2</sup> describes TANF’s flaws in great detail and outlines a framework for real reform. An important question about this latest attempt by Congress to reform TANF is, does the legislation “fix the problems” or just “treat their symptoms”?

In “House Republicans Are Trying to Re-Reform Welfare: Their bill is ambitious – and risky,” Robert VerBruggen, deputy managing editor of *National Review*, describes the current TANF program as a “mess” and examines Congress’ attempt to “fix it.”<sup>3</sup> He suggests that the legislation is “ambitious” and “risky.” While the JOBS for Success Act would make some modest improvements to TANF, it is really nothing more than rearranging deck chairs on the *Titanic*. The bill fails to address the root cause of TANF’s problems – the block grant structure and excessive state flexibility. Until Congress confronts this reality, TANF will remain a “mess.”

This response addresses some of the points made by VerBruggen and the conservatives he cites commenting on the proposed TANF changes. It is not intended to be a full analysis of the JOBS for Success Act. Each statement is followed by a “PC Response.” (“PC” is short for “Peter the Citizen.”)

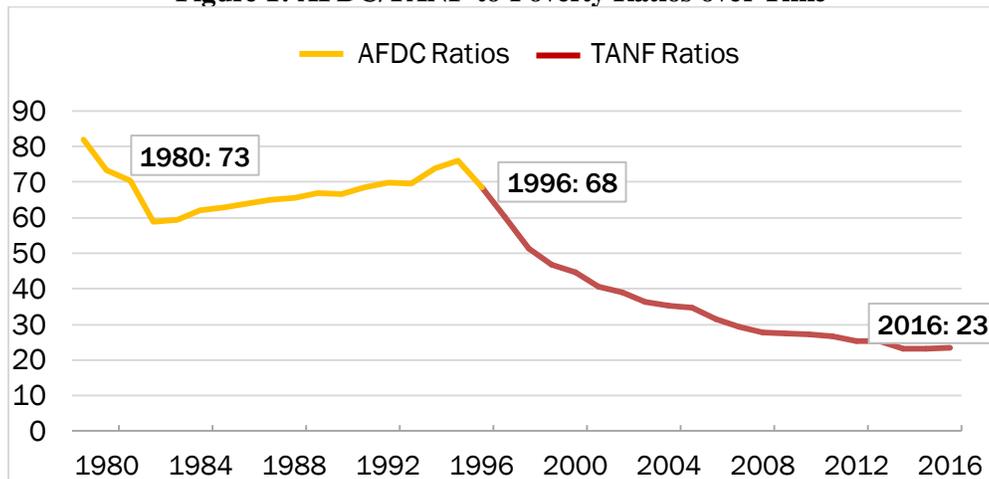
**VerBruggen:** “The 1996 welfare reform worked in the simplest and most important way: It reduced poverty and the welfare caseload simultaneously. Former welfare recipients found that work was now far more attractive than welfare; they sought jobs, mostly successfully, in a

booming turn-of-the-century economy, aided by work supports such as the earned-income tax credit.”

**PC Response:** Conservatives often make the claim that “the 1996 welfare reform” reduced poverty. Many factors are responsible for the decline in poverty, so it is important to disentangle the impact of TANF from these other factors. The 1996 law was implemented in the midst of a strong recovery and during a period in which aid to the working poor (and not just the EITC) was expanded substantially; moreover, states were already experimenting with welfare reform through waivers and didn’t TANF’s flexibility to undertake all but the most extreme kinds of changes they made to cash assistance. What did TANF do? It sent a strong work message and gave all states a massive windfall of federal funds because Congress based the block grant on historically high spending levels. (All states are now “losers” with respect to funding, due to inflation and demographic changes.) While many conservatives credit TANF’s work requirements for its perceived success, the 1996 law actually gutted the work requirements under the prior JOBS program – the caseload reduction credit drove the work rate target down to 0 percent for 31 states by 2000 and when this was not enough, states could take advantage of an array of loopholes created as a direct result of either careless drafting or a conceptually flawed framework.

The drop in poverty *rate* was also short-lived, as it began to rise again in 2000. And, even during the early years of “success,” the caseload decline was much greater than the decline in the number of poor families with children. This is reflected in the sharp drop in the TANF-to-poverty ratio, which compares the average monthly TANF caseload to the number of poor families with children. As can be seen in Figure 1, the sharpest drop in this ratio occurred during TANF’s early years. Between 1996 and 2000, the ratio fell from 68 to 45; by 2016 it fell to 23.

**Figure 1: AFDC/TANF-to-Poverty Ratios over Time**



Source: Ife Floyd, LaDonna Pavetti, and Liz Schott, “TANF Reaching Few Poor Families,” Center on Budget and Policy Priorities, December 13, 2017, available at: <https://www.cbpp.org/research/family-income-support/tanf-reaching-few-poor-families>.

Over the full 20-year period between 1996 and 2016, any objective analysis would have to conclude that TANF has, in the long run, pushed millions of families deeper into poverty. For a

more detailed discussion of this topic, including other metrics for evaluating TANF's anti-poverty effectiveness, see:

- “‘Welfare Reform’ *Increased Poverty* and No One Can Contest It: A Note to Conservatives,” April 24, 2016, available at: <http://mlwiseman.com/wp-content/uploads/2015/11/Welfare-Reform-Increased-Poverty.pdf>.

**VerBruggen:** “The actual program the law created, though, is a different story. Temporary Assistance for Needy Families, or TANF, has turned into something of a mess. And a bill the House Ways and Means Committee approved this week, the JOBS for Success Act, aims to fix it.”

**PC Response:** TANF was a “mess” *from the beginning*. Indeed, it is not “welfare reform” at all, but a flexible funding stream that states can use for a wide variety of benefits and services, many of which have no connection to “welfare reform.” In a nutshell, the enactment of TANF set in motion changes that would: (1) initially provide large windfalls of federal funds for states, but also put in place a funding structure that in the longer-term would provide insufficient resources due to inflation and demographic changes (with similar effects for the state funded maintenance of effort provisions); (2) give states excessive flexibility to use federal funds to supplant their own spending (by tens of billions of dollars since TANF was created); (3) give states excessive flexibility to convert TANF (over time) to a giant slush fund with minimal reporting and accountability provisions; (4) impose a Rube Goldberg-like set of bureaucratic and ineffective funding formulas and requirements; and (5) give states excessive flexibility to avoid or evade virtually all of the federal requirements in the law, most notably work requirements and time limits. The result of this misguided effort is a safety net with massive holes – one that is not effective in providing either basic assistance to needy families or ensuring that low-income parents receive the work-related activities and services they need.

Many of TANF's problems were identified early on, but Congress has failed to deal with them effectively. Two notable examples (and there are many others) are the problem of supplantation and the failure of TANF's work requirements to engage more than a small number of families in meaningful work activities. “Fixing” them requires a radically new approach.

**Supplantation.** In March 2000, former Rep. Nancy Johnson, then chair of the House Ways and Means Subcommittee on Human Resources, wrote a letter to all 50 governors stating:

I hope you will be careful to avoid supplanting TANF funds. By supplantation, I mean replacing state dollars with TANF dollars on activities that are legal uses of TANF funding. Supplantation, of course, is perfectly legal under the TANF statute. However, if the savings from supplanted federal funds are used for purposes other than those specified in the TANF legislation, Congress will react by assuming that we have provided states with too much money.<sup>4</sup>

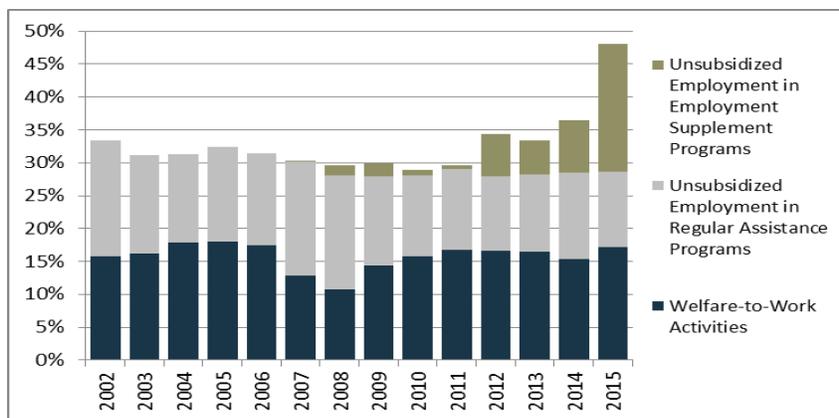
The problem did get worse after 2000, as states have taken tens of billions of federal TANF dollars to supplant existing state spending, yet Congress has done nothing to stop it. Notably, the

JOBS for Success Act includes a provision barring supplantation with federal funds, but it is too little and far too late.

**Work Requirements.** TANF’s work requirements have never been effective in engaging large numbers of families in work activities. In a 2004 report for the American Enterprise Institute (AEI) – *Toughening TANF* – Douglas Besharov and I noted that most states met the work requirements in its early years by virtue of the caseload reduction credit and counting hours in unsubsidized employment as an activity, though we described other loopholes some states used as well. There was little actual engagement in traditional work activities. We further cautioned, “the structure of the TANF block grant would enable states to avoid *all* additional participation requirements...”<sup>5</sup> This was clearly demonstrated when Congress undertook its last major reauthorization in 2005, when it closed some loopholes only to find that states discovered new ones. (These loopholes are discussed at length elsewhere.)<sup>6</sup>

Despite a statutory target of 50 percent, states have typically achieved a work rate well below that – about 30 percent. Figure 2 below shows the national average TANF work participation rate from 2002 to 2015.<sup>7</sup> It divides the rate into three components: welfare-to-work activities (e.g., job search and job readiness assistance, work experience, community service, and vocational educational training), unsubsidized employment, and “unsubsidized employment in employment supplement programs.”

**Figure 2: TANF Work Participation Rate, by Type of Activity (FY 2002 – FY 2015)**



Source: Gene Falk, “Temporary Assistance for Needy Families (TANF): The Work Participation Standard and Engagement in Welfare-to-Work Activities,” Congressional Research Service, February 1, 2017, p. 10, available at: [https://www.everycrsreport.com/files/20170201\\_R44751\\_b7093fe9349fcb8c25170eca4d9725d907ad535e.pdf](https://www.everycrsreport.com/files/20170201_R44751_b7093fe9349fcb8c25170eca4d9725d907ad535e.pdf).

What should be immediately obvious is that TANF has never been particularly successful in engaging families in real “welfare to-work activities,” with only about 15 percent of those required to participate engaged in an actual welfare-to-work activity for enough hours to count. Another 15 percent have typically been in unsubsidized employment, combining work and welfare. The growth in token payments (called “employment supplement programs” in the figure) began in 2007, an unintended response to the 2005 TANF reauthorization, does not

reflect real engagement but is a blatant gimmick used by states to artificially inflate the work rate.

Even this figure understates the problem of access to meaningful employment and training programs, because it does not reflect the dramatic *increase in the number of families eligible for TANF that no longer receive it*. While about 15 percent of those required to participate are in real work activities, this represents just 2 percent of all poor families with children. There are *millions* of needy families that could benefit from welfare-to-work programs, but TANF is not reaching them.

**VerBruggen:** “The bill is ambitious, and it addresses some problems with TANF that are recognized and bemoaned across the political spectrum. It’s also risky, as much of the new system it creates is a dramatic departure from the status quo.”

**PC Response:** TANF’s problems have largely been ignored by conservatives for over two decades and any “recognition” or “bemoaning” of them is a relatively new. The one exception to this rule is in the area of work requirements, where they have made occasional efforts to toughen participation requirements, though they have not been successful in this effort.

It is true that “a dramatic departure from the status quo” is needed to fix TANF. The bill starts a conversation about a number of important issues – the lack of accountability, the failure of TANF’s work requirements, poor targeting, and others, but it does not go far enough to make the kinds of changes needed to make TANF into a meaningful safety net or welfare-to-work program.

**VerBruggen:** ““Conservative poverty experts’ reactions to the proposal have varied – I’m paraphrasing here – from ‘Could use a few tweaks’ to ‘Hell, no.’”

**PC Response:** “Conservative poverty experts” created TANF and are responsible for its problems. In drafting the legislation, they got virtually every technical detail wrong. If conservatives want to be seen as serious “poverty experts,” they should ask themselves the following 10 questions about TANF (or any welfare reform proposal).

1. Does it make sense to have work requirements that don’t work?
2. Does it make sense to have a funding structure for a safety net program that is unresponsive to changes in economic and demographic circumstances?
3. Does it make sense to give states so much flexibility they can count virtually any expenditure as “reasonably calculated” to advance a TANF purpose?
4. Does it make sense to permit states to use TANF funds to supplant existing state expenditures and use it as a giant slush fund?
5. Does it make sense to replace a simple and effective federal-state matching approach with an ineffective, Rube Goldberg-like financing scheme?
6. Does it make sense to give states so much flexibility they can duplicate the benefits and services of dozens of other low-income programs with virtually no accountability?
7. Does it make sense to provide funding for safety net programs that have either no income limit or that permit states to set very high income limits?

8. Does it make sense to impose rules that are ineffective and/or needlessly complicated?
9. Does it make sense to ignore evidence-based research?
10. Does it make sense to use TANF as a model for reforming other welfare programs?

The answer to each question should be “NO!” TANF has failed with respect to each of the first nine questions and thus should not be a model for reforming other welfare programs. For a detailed discussion of why the answer to each question is “no,” see:

- “The Need for Common Sense Conservative Welfare Reform: Ten Questions for House Speaker Paul Ryan,” January 6, 2016, available at: <http://mlwiseman.com/wp-content/uploads/2015/11/Germanis2016Need.pdf>.

What conservative and liberal poverty experts both get wrong is that TANF cannot be fixed; it must be repealed and replaced with an actual program. The most likely effect of this legislation is that it will lead states to place their caseload of families with a work-eligible individual (those subject to the universal engagement and performance outcomes requirements) into solely state funded programs and thus avoid these new and potentially administratively burdensome requirements. Most states can achieve this result with no additional spending; simply rearranging funding streams. For more detail, see:

- “The JOBS for Success Act: A Noble but Futile Attempt to Reform ‘Welfare Reform,’” June 16, 2018, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/The-JOBS-for-Success-Act.pdf>.

**VerBruggen:** “And while the bill cleared the committee on a party-line GOP vote yesterday, the liberal Center on Budget and Policy Priorities had published an analysis the day before saying it “Makes Improvements But Doesn’t Go Far Enough,” suggesting there might be bipartisan possibilities.”

**PC Response:** The Center on Budget and Policy Priorities (CBPP) does list what it considers some “improvements,” most notably establishing a minimum level of spending in “core areas” (assistance, work activities, work supports, support services, case management, and non-recurring short-term benefits), requiring accountability with respect to federal child care/child welfare spending, better targeting aid to low-income families, and holding states accountable for employment-related outcomes instead of work participation rates.<sup>8</sup> It also notes that the bill does not go far enough to address other concerns:

- It does nothing to reverse the erosion in the value of the block grant (which has lost nearly 40 percent of its value due to inflation despite the fact the number of poor families with children is about the same) and it would eliminate the \$608 million Contingency Fund.
- Its core spending requirement too low, requiring states spend just 25 percent of their TANF and maintenance-of-effort (MOE) dollars to support core activities; they recommend raising it to 35 percent “and targeting those funds to families receiving income assistance through TANF.”

- “[I]t maintains important elements of TANF’s rigid work requirements.” The CBPP views replacing the work participation rate with outcome performance measures as a plus, but recommends adding a measure related to program access and requiring states that fail to meet their negotiated performance targets to increase their spending on core activities (vs. having their block grant reduced).

On paper, at least some of the changes, particularly if the CBPP’s recommendations were adopted, would lead to more help for needy families, but the impact would be small. The bill’s “reforms” do not represent real change – they are just tinkering. The problem with compromise is that once a bill passes, Congress will declare victory, and ignore the topic for another 10 years. Unless Congress addresses TANF’s block grant structure with excessive state flexibility, states will do what they have for the past two decades – they will game the new federal requirements and continue to use TANF to fill budget holes.

**Ver Bruggen:** “The legislation presents both houses of Congress, and both parties, with a daunting choice: Work to pass a serious reform, a process that could involve extensive revisions to the bill and partisan mudslinging before an election, or just keep kicking the can down the road each year. If successful, the bill will be the first major update to TANF since 2005, and will rename the program ‘Jobs and Opportunity with Benefits and Services’ (JOBS).”

**PC Response:** This bill is simply kicking the can down the road. Neither it nor the previous “major” reauthorization proposal – the Deficit Reduction Act of 2005 (DRA) – represents “serious” reform because they don’t address TANF’s underlying structural problems. While the DRA attempted to close some of TANF’s work requirement loopholes by recalibrating the base year for the caseload reduction credit (from FY 1995 to FY 2005), adding families in separate state programs to the work rate calculation, and changing the group required to participate from families with a “TANF adult” to families with a “work-eligible individual” (adding certain non-recipient parents whose children receive assistance), states responded by shifting to new loopholes – generating “excess MOE” to inflate the caseload reduction credit, shifting families to solely state funded programs, and making “token payments” to families with an individual working full-time but otherwise with no connection to the cash assistance caseload just so they could count in the work rate. If this legislation were to become law, the “loophole” of choice would be the solely state funded program – and it can be used to avoid the bill’s new universal engagement and performance outcomes requirements.<sup>9</sup>

**VerBruggen:** “The basic ideas behind TANF are sound. States administer their own welfare programs with block grants from the federal government. They have considerable latitude to decide how the money is spent, but they’re required to provide their own funds as well (called “maintenance of effort” because the required amounts are based on historical spending), to enforce work requirements, and to hit specific benchmarks in terms of making sure recipients are working or engaging in work-related activities.”

**PC Response:** The basic ideas behind TANF are most definitely *not* sound. TANF is a blank check with no meaningful accountability. The block grant structure allows states to evade most federal work requirements, most notably work requirements and time limits (though neither of these provisions was based on credible evidence about their effectiveness to begin with). The

maintenance-of-effort provision requires states to spend just 75 or 80 percent of what they spent in 1994 – about 50 percent of the 1994 amount today after adjusting for inflation. And, much of this involves counting existing state spending in other programs (or, worse, the spending of third-party non-governmental entities<sup>10</sup>). For more detail, see:

- “Did a Flexible Block Grant for Welfare Spur State Innovation? Absolutely – But That ‘Innovation’ Didn’t Help Poor Families,” January 14, 2017, <http://mlwiseman.com/wp-content/uploads/2016/05/Block-grants-and-innovation.pdf>.
- “The Games They Will Play – the Welfare ‘Reform’ Edition: A Tale about Congress, Loopholes, and the Need for Competent Legislation,” January 1, 2018, available at: <http://mlwiseman.com/wp-content/uploads/2018/01/The-Games-They-Will-Play.pdf>.

While the general themes conservatives espouse about welfare reform have merit, the failure to pay attention to policy details and the actual implementation of laws has, in TANF’s case, resulted in a failure of epic proportions.

**VerBruggen:** “Specifically, 50 percent of TANF families with a ‘work-eligible individual’ must log a minimum number of hours per week (30 hours for most single parents, 20 hours for a single parent with a child under six, and so on), and there is a separate 90 percent requirement for two-parent families (who face a 35-hour requirement, or 55 hours if they use federally funded child care). If a state fails to meet these ‘work-participation rates,’ it faces funding cuts.

The problem is that states have proven adept at gaming the requirements and exploiting various technical loopholes in the law. States with falling caseloads get a “caseload-reduction credit” that eats away at the aforementioned 50 percent benchmark, as well as a credit for spending more than required for ‘maintenance of effort’; many states reduce their goal all the way to 0 percent. Credits also reduce the 90 percent threshold for two-parent households, but the initial goal is so unrealistic that some states have simply used their own money to deal with these cases so they don’t have to meet it.”

**PC Response:** TANF’s work requirements are unreasonable, unrealistic, and are not about work. For individuals to count in the work rate, they must participate 130 hours per month for a small grant.<sup>11</sup> In 14 states, the maximum TANF benefit for a family of three is under \$300. The TANF expectation that families in these low-benefit states value their time at \$2 per hour or less is unreasonable. In no state, does the maximum grant for a family of three divided by 130 hours per month result in an hourly valuation as high as the minimum wage. And few states offer more than a handful of recipients educational or job training programs because of the law’s misguided restrictions on those activities. (This is not to say there should be no restrictions, only that TANF’s restrictions are not based on a careful analysis of the empirical evidence that was available at the time, and that has emerged since its enactment.) As such, the main function of TANF’s work requirements has been to impose barriers and cut caseloads through a process known as “bureaucratic disentanglement.”

Even with sharply reduced caseloads, states have resorted to gimmicks to satisfy federal work rate targets that themselves are unreasonable. Such gimmickry does nothing to help the poor get

connected to work opportunities. A partial checklist of strategies states use to avoid serving families include the caseload reduction credit (driving the target rate to 0 percent for 20 to 30 states over many of the first 15 years of the “program” and again in 2016 and the foreseeable future), and loopholes like separate state programs (now solely state funded programs), token payments to employed families with full-time workers but who otherwise have no connection to the cash assistance caseload, allowing waiver inconsistencies to carry over from the prior AFDC program, failing to actually define work activities, and excluding able-bodied non-recipient adults even when their children received aid. For more detail on the problems with TANF’s work requirements, see:

- “The Failure of TANF Work Requirements: A *Much Needed* Tutorial for the Heritage Foundation and the American Enterprise Institute,” August 12, 2016, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/The-Failure-of-TANF-Work-Requirements-1.pdf>.
- “TANF Work Requirements are NOT About Work: An Explanation for Katherine Bradley and Robert Rector,” July 23, 2017, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/Bradley.Rector.pdf>.

**VerBruggen:** “And the block grants have proven a bit too generous in terms of discretion, enabling states to funnel the money to uses that might be worthy – such as child-welfare services and even college scholarships – but are not really within the scope of what TANF is supposed to do.”

**PC Response:** A “bit too generous”? In some states, TANF has become a slush fund. In Texas, in FY 2016, 70 percent of TANF/MOE dollars were devoted to preK and child welfare; only 6 percent went to cash assistance.<sup>12</sup> Aside from the fact that these and many other activities “are not really within the scope of what TANF is supposed to do,” in many cases these expenditures simply reflect federal dollars supplanting existing state spending or counting existing state spending toward TANF’s MOE requirement. Notably, the problem of giving states too much “discretion” can be seen by taking a closer look at the states of the most recent chairmen of the Ways and Means Committee (Rep. Brady of Texas, Speaker Ryan of Wisconsin, and former Rep. Dave Camp of Michigan).

- “TANF in Texas: The Need for ‘A Much Better Way’: A Cautionary Tale for Ways and Means Chairman Brady,” September 1, 2016, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/TANF-is-Broken-in-Texas.pdf>.
- “TANF in Michigan: Did We Really ‘Fix’ Welfare in 1996? A Cautionary Tale for Speaker Ryan,” May 25, 2016, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/TANF-is-Broken-in-Michigan.052716.pdf>.
- “Saving Speaker Ryan: 20 Reasons Why TANF is NOT ‘Welfare Reform,’ NOT a Model for Reforming the Safety Net, and NOT Conservatism,” April 24, 2016, pp. 5-6, available at: <http://mlwiseman.com/wp-content/uploads/2015/11/Saving-Speaker-Ryan.pdf>.

**VerBruggen:** “To top it all off, the grants are not adjusted for inflation and therefore erode with time.”

**PC Response:** Even though the number of poor families with children and the number of families eligible for cash assistance was about the same in 2015 as in 1996, spending on cash assistance has declined by about \$25 billion (80 percent) in real terms, reflecting the caseload drop and the failure of states to adjust benefits fully (or at all) with inflation.

**VerBruggen:** “Enter the JOBS for Success Act. It completely revamps the way states are held to account for getting recipients into work, and how the grants are managed as well, while leaving the program’s overall funding level the same.”

**PC Response:** Some of the bill’s provisions, most notably the core spending requirement, would require some of the states that have diverted funding to non-core activities to refocus on welfare reform activities, but the requirement is minimal, requiring states to devote just 25 percent of the block grant and MOE expenditures on these activities (assistance, work activities, work supports, support services, case management, and non-recurring short-term benefits).

In terms of work, the bill would replace the work participation rate requirement with a “universal engagement” requirement hold states accountable for achieving certain, negotiated employment-related outcomes. While there is no explicit penalty for failing to meet the “universal engagement” requirement, states that fail to meet certain their employment outcome targets would be at risk of financial penalties, starting at up to 5 percent of the block grant, rising to a maximum of 21 percent of the block grant for repeated failures. This is the penalty structure for work requirements in the current program. The difference is that states have figured out how to game the work rates, and virtually all do. The administrative burden of switching data systems and the potential for significant penalties is what may lead many states to move their entire caseload of families with a work-eligible individual to a solely state funded program. Most states can do this at little or no additional cost, and then devise whatever work requirements and accountability systems serve them best.

**VerBruggen:** “The most controversial change is that the 50 and 90 percent work-participation rates are simply eliminated, replaced with two new policies to encourage work.”

**PC Response:** This change is only controversial among conservatives who have been slow to realize that nearly all states game the work requirements anyway. In FY 2016, 20 states had a 0 percent target for their overall rate due to the caseload reduction credit, about a dozen inflated their caseloads by paying token payments to artificially inflate the denominator, and over half created solely state funded programs because TANF is just a form of revenue sharing that permits funding swaps. One of the few states that hasn’t gamed the work requirements is Wisconsin, yet it has failed to meet TANF’s work requirement targets five years in a row (FY 2012-FY 2016).<sup>13</sup> For more detail on TANF work requirement gimmicks and the Wisconsin story, see:

- “The Failure of TANF Work Requirements in Wisconsin: A Note for Speaker Ryan,” August 22, 2016, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/The-Failure-of-TANF-Work-Requirements-Wisconsin.pdf>.

The work participation rates are not achieving their intended purposes; if Congress is unwilling to really “fix” TANF, then eliminating the work participation requirements would at least give states the flexibility to administer programs as they see best without having to rely on gimmicks.

**VerBruggen:** “First, states will need to engage all work-eligible families with individual case management – including a set of goals and expectations for each – and all of those families will need to meet the minimum hourly requirements or face sanctions.”

**PC Response:** The bill retains TANF’s current hourly requirements and expects all work-eligible individuals to participate in work activities, but eliminates the restrictions on current activities and adds a new activity that permits anything that a state determines necessary to improve employment, earnings, or other outcomes used to determine the level of performance of a state.

In FY 2016, over half of work-eligible individuals had zero hours of *reported* participation. Of those who did have hours of participation, nearly 80 percent were in “unsubsidized employment” (many receiving token payments). Only about 100,000 would meet the new universal engagement requirement by virtue of being in an actual welfare-to-work activity (i.e., other than “unsubsidized employment”). Engaging all of those with zero hours (or not enough hours to meet TANF’s hourly requirements) would require states to engage about 500,000 more work-eligible individuals in real activities. It would be naïve to believe that this provision would suddenly lead states to increase activity levels substantially for those without reported participation – they would have to spend more money and build an infrastructure to serve this many individuals (assuming they did not just hassle them off the rolls).

There is no explicit penalty for a state that fails this requirement, so many may ignore it. If somehow forced or pressured to comply, they may simply take advantage of the new catch-all activity that allows states to define work activities broadly, as some did prior to the DRA, which directed the U.S. Department of Health and Human Services to actually define each activity. And, while the bill eliminates the caseload reduction credit (and thus the “excess MOE” gimmick), states could still take advantage of other loopholes, most notably the solely state funded program, where they simply pay non-complying families with state funds that are not part of TANF.

**VerBruggen:** “And second, there will be a new accountability system measuring results, including employment and earnings, after recipients leave the program.”

**PC Response:** The proposal would require states to track the employment and earnings outcomes of TANF leavers and judge success by comparing the results to negotiated benchmarks. While this approach is similar to that used in the Workforce Innovation and Opportunity Act (WIOA), there are important differences that make this more problematic for TANF. WIOA’s performance is measured for those who actually participate in an employment

and training activity and the results are adjusted using a statistical model accounting for economic and demographic factors. The WIOA approach builds on decades of experience. In contrast, the bill would focus on TANF leavers, regardless of whether they actually participate in a real activity.<sup>14</sup> Moreover, state TANF programs differ enormously and reasons for exit often are due to factors other than completing an employment and training activity (e.g., a time limit or a full family sanction), further complicating the establishment of meaningful performance targets. Perhaps most important, the data infrastructure does not exist to implement a WIOA-like approach and would have to be developed, including building a new bureaucracy with the skills needed to negotiate benchmarks with states – requiring far more time than allowed for in the bill.

Another important difference between WIOA and TANF is the penalty for failing to achieve the performance standards. In WIOA, failure means a minor financial penalty and the receipt of technical assistance from the Departments of Labor and Education. In TANF, the current penalty structure remains in place and is much more substantial in dollar amounts – up to 5 percent of the block grant for the first failure, rising to up to 21 percent of the block grant for repeated failures. Notably, in some states, penalties of this magnitude would be more than the amount they spend on assistance for families with a work-eligible individual. The likely result, as with the current work rate, is more gaming of the system.<sup>15</sup>

The main problem with an “outcomes” approach is the lack of a real counterfactual, like a control group. One can never be sure if the “outcomes” achieved represent real improvements in performance. Notably, the waiver approach to welfare reform that existed before TANF relied on random assignment evaluation to assess performance.<sup>16</sup> The findings from random assignment experiments are considered the most credible, because the experimental and control groups are alike and subject to the same external conditions, with the only difference being the intervention itself. Thus, any difference in outcomes between the groups can be attributed to the intervention – welfare reform – itself. This approach provided credible evidence about the impacts of welfare reform, including many examples of state experiments that increased employment and earnings, and also reduced welfare dependency and poverty.<sup>17</sup> Under TANF, this responsible, evidence-based approach was replaced by giving state politicians a blank check with no real obligation to help needy families or assess performance. Adding information about “outcomes” without a real counterfactual is not a real solution.

**VerBruggen:** “Both of these reforms have their potential downsides. The universal work requirement, for example, comes with a liberalization of what counts as a work-related activity. Previously, recipients had to focus on ‘core’ work activities (e.g., on-the-job training, subsidized work, or normal employment) and could use ‘non-core’ activities (education, other training) to meet only part of their requirements; that distinction is gone in the bill. Two new entries on the list, apprenticeship and career technical education, are added as well.”

**PC Response:** Liberalizing what counts as a work-related activity is not a “downside”; TANF’s core/non-core distinction is not based on a careful application of research findings and actually precludes states from running some of the most effective program models, at least if they want credit for all hours of participation (more on this below). And, the biggest new entry is not apprenticeship or career technical education, but “any other activity that the State determines necessary...” If there is any kind of enforcement of the “universal work requirement,” expect

the activities included under this rubric to explode. Most important, there is no downside to making changes to the current TANF work requirements. States game them to no end because they are unreasonable, unrealistic, and NOT based on credible evidence.

**VerBruggen:** “Angela Rachidi, a poverty-studies fellow at the American Enterprise Institute, is open to relaxing the core/non-core distinction but skeptical of eliminating it in one fell swoop. ‘The original law was based on an understanding of research from the prior decade, which suggested that the quick labor-market approach was better than the education approach,’ she says. But based on her time administering welfare programs in New York City, she adds, ‘I agree with some of the states that say the distinction can take away from what is ultimately the main goal, which is to get people into employment. I wouldn’t say I’m 100 percent behind getting rid of it entirely, but it’s time to start testing out other approaches.’”

**PC Response:** Rachidi says “the original law was based on an understanding of research from the prior decade,” but that’s not true with respect to some of the central features of TANF’s requirements – the work participation rate targets for states and the minimum hourly requirements for individuals to count. For example, there was no evidence that a 50 percent requirement was feasible or desirable, that the 20- or 30-hour per week requirements were appropriate, or that the restrictions on countable work activities would result in more effective programming. As Gordon Berlin, president of MDRC – a firm with a long history in evaluating welfare-to-work programs – explains:

None of the welfare-to-work programs evaluated by MDRC to date – even the most effective ones – would have met the standards currently in place (that is, had states received no credit for caseload reductions), primarily because too few people participated in them for at least the minimum number of hours per week.<sup>18</sup>

In addition, TANF’s work-first orientation was based on a limited number of studies, mostly short-term findings of programs that operated more than 20 years ago. Subsequent research suggests there are more effective models, but these approaches could not be implemented under TANF’s current structure, at least if states want credit for counting all hours of participation toward TANF’s work rate. It is long past time to abandon the rigid work-first model supported by Rachidi and most conservatives. As Gordon Berlin, president of MDRC explains:

The challenge for policymakers is to find ways to maintain the employment orientation that underlies reform’s success, while opening the door to additional education and training. Results from carefully designed tests of job-search-first programs, education-first programs, and mixed-strategy programs provide strong support for the idea that education and training have an important, although probably subsidiary, role to play in the future of welfare reform. The evidence indicates that both job-search-first and education-first strategies are effective but that neither is as effective as a strategy that combines the two, particularly a strategy that maintains a strong employment orientation while emphasizing job search first for some and education first for others, as individual needs dictate. There is little evidence to support the idea that states should be pushed to one or the other extreme.<sup>19</sup>

For a more detailed response to Rachidi’s claim that “the original law was based on an understanding of research from the prior decade,” see:

- “The Best Way Forward on TANF is to Start Over: A Response to Angela Rachidi,” May 12, 2018, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/Rachidi.051218.pdf>.

As for her argument that “it’s time to start testing out other approaches” – she is right, but what she fails to note is that conservatives are responsible for curtailing state experimentation. As noted above, prior to the 1996 law, states could seek waivers of the AFDC rules to test alternative program models, but these reforms required a random assignment evaluation. There was flexibility, but with accountability. One of the arguments for the block-grant approach was that states would become laboratories for testing new approaches to promote self-sufficiency among welfare recipients. In fact, the opposite happened, as states were no longer required to rigorously evaluate their welfare reforms and as a result we know little about the effects of most reform policies. Writing in 2015, Liz Schott, LaDonna Pavetti, and Ife Floyd of the Center on Budget and Policy Priorities observed:

The result is that, 19 years after TANF’s creation, we still have no rigorous evidence to inform debates about expanding work requirements to other programs. Similarly, because few states have implemented innovative employment strategies for families with substantial personal and family challenges, we still have very limited knowledge about how to significantly improve their employment outcomes. In short, states had an opportunity to innovate and rigorously evaluate new approaches to service delivery, but that is not the path they chose.<sup>20</sup>

It is refreshing that Rachidi believes “it’s time to start testing out other approaches.” In 2012, the U.S. Department of Health and Human Services issued guidance to give states more flexibility to test alternative welfare-to-work programs. Conservative critics wrote articles claiming that TANF’s work requirements were being “gutted,” with sensationalist headlines like “Obama Administration Ends Welfare Reform as We Know It” and “How Obama has Gutted Welfare Reform.” (To my knowledge, Rachidi has not made this claim.) The truth of the matter is that conservatives themselves created all the loopholes states now use; any “gutting” of work requirements by waivers would pale in comparison to the reality today.

States don’t really need “waivers” to adopt policy changes inconsistent with the law, because they can simply use any number of loopholes to meet their targets; they can then run whatever program they want. While states can game the work requirements, what is needed is a programmatic structure that actually requires rigorous evaluation of state programs. The proposed legislation shifts the focus from participation to “outcomes,” but what is really needed is a focus on “impacts,” with a real counterfactual – a control group rather than “negotiated” outcome targets.

**VerBruggen:** “Another significant fact: Beyond the work-related activities laid out in federal law, the bill allows states to count ‘any other activity that the State determines is necessary to improve the employment, earnings, or other [relevant] outcomes of a recipient’ – discretion that

states might abuse, unless held in check by the secretary of health and human services (who would approve state plans every two years). Before the 2005 TANF update cracked down on such practices, some states interpreted the federal list of work activities rather broadly, as highlighted in a Government Accountability Office report from that year. The more ridiculous examples of qualified activities included bed rest, personal journaling, exercise, reading at home, and helping friends and relatives with errands.”

**PC Response:** When Congress wrote the TANF statute, it “defined” work activities simply by listing 12 activities that could be counted toward the calculation of work rates. Wisconsin, which is often hailed as a model for welfare reform when politicians point to TANF’s success, was one of the pioneers in the use of these broad definitions. Congress should have retained the common-sense definitions in the prior JOBS program or directed HHS to define the activities in regulation, as it eventually did in the DRA. (In fairness to Wisconsin and other states, it is unlikely that many states counted significant numbers in these activities; after all, many states like Wisconsin had a 0 percent target due to the caseload reduction credit. However, for states that needed this loophole, it was available.)

The JOBS for Success Act effectively eliminates the restrictions on counting education and training, so allowing states to add activities beyond those already in law may lead to the very “ridiculous examples” that led to the earlier criticisms.

**VerBruggen:** “As for the new accountability system focused on employment after leaving the program, Heather Hahn of the Urban Institute laid out some of the unavoidable tradeoffs in a post earlier this month: It would give states an incentive to prepare people for work, to keep people on welfare if they were unlikely to find jobs, and to avoid serving people to begin with if they had strong barriers to employment. In addition, federal law would not lay out specific benchmarks for states to hit; instead, states would negotiate their benchmarks with the executive branch – which, while various general guidelines are provided, would have to develop a fair and objective way to handle these negotiations with all 50 states.”

**PC Response:** Those who advocate an outcomes-based accountability approach underestimate the challenges and possible unintended consequences. A more prudent solution would be to give states flexibility to test various approaches without the threat of penalty before mandating a particular model nationwide. (Of course, the real solution remains to transform TANF from revenue sharing to a real “program” and hold states accountable by requiring rigorous evaluation of their programs.)

**VerBruggen:** “If states did fail to meet their benchmarks, however, they would lose some funding, the same way they do now if they fail to hit their work-participation rates.”

**PC Response:** A state that does not meet the work participation rate faces a penalty of up to 5 percent of the state’s block grant; this penalty amount increases by 2 percentage points each year for subsequent failures, up to a maximum of 21 percent of a state’s block grant. A state can then: dispute the data HHS used; request “reasonable cause” for failing to meet the requirement and have the penalty waived; request that HHS reduce the penalty because the failure was due to “extraordinary circumstances” (e.g., regional recession); enter into a corrective compliance plan

under which the penalty will not be assessed if the state comes into compliance; or accept the penalty.

Talk about bureaucracy! When a state fails a work participation rate, the result can be years of paperwork that in the end produces nothing of value. The goal of corrective compliance should be to get states to run meaningful welfare-to-work programs, but the reality is that years after the initial failure a state may simply game the work requirement to avoid a penalty (e.g., as in with token payments, solely state funded programs, or a variety of other loopholes). Any reform of TANF should reexamine this process as well.

**VerBruggen:** “Somewhat less controversially – at least among policy analysts, as opposed to states that might not want their federal largesse choked off – the bill also overhauls the way block grants are handled. Funds would be limited to use on families below 200 percent of the federal poverty level, and there would be new limits on states’ diverting money to other uses.

**PC Response:** Virtually all of the increase in spending on safety net programs over the last 30 years has been to those with incomes above poverty. Hilary Hoynes and Diane Schanzenbach observe:

We find that virtually all gains in spending on the social safety net for children since 1990 have gone to families with earnings, and to families with income above the poverty line. This is the result of welfare reform and the expansion of in work tax credits. We review the available research and find that access to safety net programs during childhood leads to benefits for children and society over the long run. This evidence suggests that the changes to the social safety net may have lasting negative impacts on the poorest children.<sup>21</sup>

Similarly, Robert Moffitt of Johns Hopkins University also documented a decades-long shift in spending on means-tested program away from the very poor (those with incomes below 50 percent of the federal poverty line) to those with incomes as much as 200 percent above the poverty line.<sup>22</sup> He observes, “You would think that the government would offer the most support to those who have the lowest incomes and provide less help to those with higher incomes. But that is not the case.”<sup>23</sup>

Despite little change in the number of poor families with children, spending on cash assistance through AFDC and now TANF has declined by about 80 percent since 1996; there is no meaningful cash assistance safety net for needy families in many states. Even 200 percent of poverty is too high; why not limit all spending to those below 100 percent of poverty?<sup>24</sup>

**VerBruggen:** “Taken as a whole, the legislation has provoked a mixed reaction on the right.”

**PC Response:** Most observers on the right have based their support for the current program on ideology rather than facts and evidence. Indeed, many of their statements have been misleading and/or wrong. For numerous examples, see:

- “The Failure of TANF Work Requirements: A *Much Needed* Tutorial for the Heritage Foundation and the American Enterprise Institute,” August 7, 2016, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/The-Failure-of-TANF-Work-Requirements-1.pdf>
- “Speaker Ryan’s ‘Poverty, Opportunity, and Upward Mobility Report’: The Need for ‘A Much Better Way’,” August 17, 2016, available at: [http://mlwiseman.com/wp-content/uploads/2016/05/The-Need-for-a-Much-Better-Way.Final\\_.pdf](http://mlwiseman.com/wp-content/uploads/2016/05/The-Need-for-a-Much-Better-Way.Final_.pdf).

**VerBruggen:** “On the American Enterprise Institute’s website, Rachidi offered a balanced assessment of the initial discussion draft of the bill, noting ‘positive changes’ and ‘areas of concern.’ In general, Rachidi wishes the bill included more experimentation, such as through demonstration projects, rather than imposing a new system that hasn’t been fully tested.”

**PC Response:** Policy should be based on rigorous evidence whenever possible. Unfortunately, TANF replaced an evidence-based welfare reform model, which had strict accountability measures. In 1987, the Reagan Administration began encouraging states to use existing authority to conduct welfare reform experiments – through waivers of AFDC’s rigid rules (and, to a lesser extent, food stamp and Medicaid rules due to more limited waiver authorities for those programs). This approach was continued by President Bush and President Clinton. This process did not provide a fixed level of funding, like block grants. Instead, it relied on an approach that would provide a real counterfactual using the “gold standard” of evaluation – random assignment.<sup>25</sup> The next step would have been to refine this process and expand waiver authorities in other programs.

TANF replaced this evidence-based approach with a blank check to states with no accountability. At the time, there was no credible evidence to support many of TANF’s specific provisions, most notably its work requirements and the five-year time limit. States were in the midst of experiments that would have provided more insights into the effectiveness of these approaches; Congress should have waited for the evidence. There is no requirement for states to evaluate their policy changes. Now, more than 20 years later, there is no rigorous evidence to inform policymakers about work requirements, time limits, sanctions, family caps, diversion programs, and an array of other provisions.

In particular, there was no evidence that a block grant with maximum state flexibility was an appropriate model for funding a safety net program. As Ron Haskins, an architect of the 1996 law, now concedes, “States did not uphold their end of the bargain. So, why do something like this again?”<sup>26</sup>

**VerBruggen:** “Ways and Means Committee communications director Julia Slingsby, though, counters via email that ‘with a booming economy, thanks in large part to tax reform, people on the sidelines deserve action now.’ She adds that the bill’s approach to job preparation is similar to that used in the Workforce Innovation and Opportunity Act, and that ‘states like Texas are already doing this and were our guides.’”

**PC Response:** While there is some overlap in performance outcomes, TANF and WIOA would remain very different in terms of who is targeted, hourly requirements for participation, the range of activities, penalties (for individuals and states) for non-compliance, and many other features. Moreover, at least with respect to TANF, Texas is hardly a model to emulate. As noted above, it has virtually wiped out cash assistance and uses TANF as a form of revenue sharing.

**VerBruggen:** “By contrast, Robert Rector of the Heritage Foundation, an author of the 1996 welfare reform, tells me the bill is ‘not as bad as what Obama did’ – referring to a 2012 executive action, since rescinded by Trump, that tried to undermine TANF’s work requirements – ‘but it does have eerie similarities.’”

**PC Response:** The Obama “waiver” initiative would have given states flexibility to test alternatives to the current TANF work requirement structure. Since TANF’s work requirements are based on a simplistic and misleading reading of the research, testing alternative approaches, particularly if conditioned on a rigorous evaluation (i.e., a randomized control trial), might have provided some useful information. The issue became politicized and only one state applied and no waivers were approved.

From a practical standpoint, however, states can just take advantage of some of the work requirement loopholes Rector himself created when he drafted the work requirements. For example, TANF has strict limits on counting education and training activities. States can easily circumvent these rules by placing individuals participating in such programs in a solely state funded program; or, they can just blow up the caseload with “token payment” cases and meet the participation requirements that way, leaving them free to adopt whatever approach they want with the regular caseload.

It’s not clear why Rector believes the bill’s approach is “not as bad as what Obama did.” The bill would give states complete flexibility to abandon TANF’s current approach without any requirement for a formal evaluation. It would be naïve to think the “universal engagement” requirement and the measurement of “outcomes” somehow imposes stricter standards than Obama’s waiver approach.

**VerBruggen:** “Rector notes that there are two different senses of the term ‘workfare’ – one in which welfare recipients are asked to work in exchange for their benefits, thereby making welfare itself less attractive to those with other options; and another in which ‘what you’re trying to do is bring people into the welfare system, give them training and services, spiff them up, and spit them out as highly employable individuals. That is a farce, and it’s been a farce since I was first involved in this issue, which goes back to the Carter administration.’ He sees the ‘work first’ approach as the very key to the success of the previous round of welfare reform, and the bill as an abandonment of that principle.”

**PC Response:** The real “farce” is the unwillingness of conservatives to pay attention to rigorous research. There is no single approach that is best for everyone. The work-first approach may work best for some, but others may benefit more from education-first or a mixed model. The evidence on program effectiveness (including cost-benefit findings from the participant and taxpayer perspectives) should guide policy, not ideology.

**VerBruggen:** “Rector is unsure that the ‘universal engagement’ provision will be effective, since states will no longer lose funding if they fail to get recipients to work while receiving benefits, and sees the post-welfare outcome measures as a recipe for gaming and confusion.”

**PC Response:** Rector is right to be concerned, but the only way to curtail these problems is to address the block grant structure and limit state flexibility. States haven’t faced serious financial consequences under the current TANF approach (as they could game their way out of penalties), nor would they under the bill’s proposed approach. Rector and others on the right have yet to propose a programmatic structure that would help reduce dependency by reducing the need for assistance – by providing a “hand up.”

**VerBruggen:** “States might be able to cycle highly employable individuals through the program to boost post-welfare work rates, for example – though the state-negotiated targets are, in theory, supposed to take beneficiaries’ characteristics into account – and he points out that many who leave TANF do so under hazy circumstances that can involve unreported and therefore untrackable income.”

**PC Response:** As long as TANF is a block grant with excessive state flexibility, there are many ways to game the work requirement. While “negotiators” could attempt to address such gaming, it would be naïve to believe this approach will solve the problem, particularly because most states would be able to completely avoid the new requirements by placing families with a work-eligible individual in a solely state funded program.

**VerBruggen:** “As for giving the secretary of health and human services the authority to veto state plans that cross the line into absurdity, ‘The assumption is that you’re not going to have an Obama-like secretary in future, which is not true. You need to nail the standards down as tightly in the law as you can.’”

**PC Response:** TANF work participation rate requirements have been an epic failure in conservative policymaking regardless of who was president. If Rector wants an objective structure that captures real improvement, he should look back to the waiver process that existed before TANF. A random assignment experiment is the best and most credible way to ensure that programs produce results.

**VerBruggen:** “Like I said, Congress faces a daunting choice. They can simply maintain a program that everyone agrees is flawed. Or they can play the high-stakes game of trying to reform welfare without jeopardizing the progress they made the last time around.”

**PC Response:** The first step toward reform is realizing there’s a problem. It’s taken 20 years for conservatives to finally acknowledge that “TANF is broken!” Unfortunately, so far they are only treating the symptoms, not addressing the underlying structural problems. The best way forward on TANF is to start over and design a “program” that makes sense and that is based on rigorous evidence about what works and what doesn’t. This means looking back to the foundation that existed before TANF and trying to build on that. TANF cannot be fixed; it must be repealed and replaced.

---

<sup>1</sup> The views in this document reflect my own as a citizen and do not reflect the views of any organization I am now or have ever been affiliated with. By way of background, I am a conservative and have worked on welfare issues for the Heritage Foundation, the American Enterprise Institute, and the White House under both President Reagan and President George H.W. Bush. This paper assumes the reader has a basic understanding of the TANF program, but for those readers who want more context and background, see Peter Germanis, *TANF is Broken! It's Time to Reform "Welfare Reform" (And Fix the Problems, Not Treat their Symptoms)*, July 25, 2015 draft, available at: <http://mlwiseman.com/wp-content/uploads/2013/09/TANF-is-Broken.072515.pdf>.

<sup>2</sup> Peter Germanis, *TANF is Broken! It's Time to Reform "Welfare Reform" (And Fix the Problems, Not Treat their Symptoms)*, July 25, 2015 draft, available at: <http://mlwiseman.com/wp-content/uploads/2013/09/TANF-is-Broken.072515.pdf>.

<sup>3</sup> Robert VerBruggen, "House Republicans Are Trying to Re-Form Welfare: Their bill is ambitious – and risky," *National Review*, May 25, 2018, available at: <https://www.nationalreview.com/2018/05/welfare-reform-reauthorization-republicans-ambitious-risky/>.

<sup>4</sup> For an example of the letter sent to each governor, see: <http://fiscalpolicy.org/letter-from-nancy-l-johnson-sent-individually-to-all-50-governors>.

<sup>5</sup> Douglas J. Besharov and Peter Germanis, "Toughening TANF," American Enterprise Institute, April 21, 2004, available at: <https://www.aei.org/publication/toughening-tanf> and Douglas J. Besharov and Peter Germanis, "Toughening TANF: How Much? And How Attainable?," March 23, 2004, available at: [http://www.welfareacademy.org/pubs/welfare/toughening\\_tanf.pdf](http://www.welfareacademy.org/pubs/welfare/toughening_tanf.pdf).

<sup>6</sup> Peter Germanis, "The Failure of TANF Work Requirements: A *Much Needed* Tutorial for the Heritage Foundation and the American Enterprise Institute," August 7, 2016, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/The-Failure-of-TANF-Work-Requirements-1.pdf>.

<sup>7</sup> Gene Falk, "Temporary Assistance for Needy Families (TANF): The Work Participation Standard and Engagement in Welfare-to-Work Activities," Congressional Research Service, February 1, 2017, p. 10, available at: [https://www.everycrsreport.com/files/20170201\\_R44751\\_b7093fe9349fcb8c25170eca4d9725d907ad535e.pdf](https://www.everycrsreport.com/files/20170201_R44751_b7093fe9349fcb8c25170eca4d9725d907ad535e.pdf).

<sup>8</sup> 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, available at: <https://www.cbpp.org/research/family-income-support/house-bill-to-reauthorize-tanf-makes-improvements-but-doesnt-go-far>.

<sup>9</sup> Peter Germanis, "The JOBS for Success Act: A Noble but Futile Attempt to Reform 'Welfare Reform,'" June 16, 2018, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/The-JOBS-for-Success-Act.pdf>.

<sup>10</sup> The draft bill would phase out the ability of states to count third-party non-governmental spending toward their MOE requirement.

<sup>11</sup> For a single parent with a child under 6, the requirement is a weekly average of at least 20 hours; for two-parent families also included in the two-parent rate, the requirement is 35 hours (or 55 hours if they receive federally funded child care).

<sup>12</sup> Center on Budget and Policy Priorities, "Texas TANF Spending," available at: [https://www.cbpp.org/sites/default/files/atoms/files/tanf\\_spending\\_tx.pdf](https://www.cbpp.org/sites/default/files/atoms/files/tanf_spending_tx.pdf).

<sup>13</sup> In recent years, Wisconsin has begun claiming more "excess MOE," perhaps to inflate the caseload reduction credit, but through FY 2016, this strategy has not proven effective.

<sup>14</sup> The bill does include a state option to more closely align the TANF requirement with WIOA, which could significantly narrow the scope of this provision, particularly if the universal engagement requirement does not actually engage many work-eligible individuals.

<sup>15</sup> For example, if a time limit causes a family with a work-eligible individual to leave without employment, this would negatively affect performance. So, a state might simply pay a token benefit to a "leaver" and thus keep them on the rolls. Once the family obtained employment, it could cut them off and get positive credit. Similarly, if a state wanted to inflate its employment or earnings measures, it could provide token payments to SNAP recipients working full-time and then time limit them to a few months of assistance – once the time limit expires, they would be counted as employed leavers. These are just some of the strategies states might employ to avoid penalties, though the fact that performance targets would be negotiated might mean they would be less effective than the current gaming of work rates.

<sup>16</sup> For an excellent summary of the issues and deliberations during this period, see Judith M. Gueron and Howard Rolston, *Fighting for Reliable Evidence* (New York, NY: Russell Sage Foundation, June 2013).

- 
- <sup>17</sup> Jeffrey Grogger, Lynn A. Karoly, and Jacob Alex Klerman, *Consequences of Welfare Reform: A Research Synthesis* (Santa Monica, CA: July 2002), [http://www.acf.hhs.gov/programs/opre/welfare\\_employ/res\\_synthesis/reports/consequences\\_of\\_wr/rand\\_report.pdf](http://www.acf.hhs.gov/programs/opre/welfare_employ/res_synthesis/reports/consequences_of_wr/rand_report.pdf).
- <sup>18</sup> Gordon L. Berlin, "What Works in Welfare Reform: Evidence and Lessons to Guide TANF Reauthorization," MDRC, June 2002, pp. 36-37, available at: [http://www.mdrc.org/sites/default/files/TANFGuide\\_Full.pdf](http://www.mdrc.org/sites/default/files/TANFGuide_Full.pdf).
- <sup>19</sup> Gordon L. Berlin, "What Works in Welfare Reform: Evidence and Lessons to Guide TANF Reauthorization," MDRC, June 2002, pp. 36-37, available at: [http://www.mdrc.org/sites/default/files/TANFGuide\\_Full.pdf](http://www.mdrc.org/sites/default/files/TANFGuide_Full.pdf).
- <sup>20</sup> Ife Floyd, LaDonna Pavetti, and Liz Schott, "TANF Continues to Weaken as a Safety Net," October 27, 2015, available at: <http://www.cbpp.org/research/family-income-support/tanf-continues-to-weaken-as-a-safety-net>.
- <sup>21</sup> Hilary W. Hoynes and Diane Whitmore Schanzenbach, "Safety Net Investments in Children," Brookings, March 8, 2018, available at: <https://www.brookings.edu/bpea-articles/safety-net-investments-in-children/>.
- <sup>22</sup> "U.S. Welfare Spending Up – But Help for the Neediest Down," Press Release, May 6, 2014, available at: <http://releases.jhu.edu/2014/05/06/u-s-welfare-spending-up-but-help-for-the-neediest-down/>.
- <sup>23</sup> *Ibid.*
- <sup>24</sup> The JOBS for Success Act also bans supplantation, but this is too little and too late. Congress should have acted on this problem when it enacted TANF.
- <sup>25</sup> For an excellent summary of the issues and deliberations during this period, see Judith M. Gueron and Howard Rolston, *Fighting for Reliable Evidence* (New York, NY: Russell Sage Foundation, June 2013).
- <sup>26</sup> Eduardo Porter, "The Republican Party's Strategy to Ignore Poverty," *The New York Times*, October 27, 2015, available at: <http://www.nytimes.com/2015/10/28/business/economy/a-strategy-to-ignore-poverty.html>.