

# Local Implementation of TANF in Five Sites

Final Report

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The opinions expressed and conclusions drawn in this report are the responsibility of the authors and do not represent the official views of the Administration for Children and Families or other U. S. Department of Health and Human Services agencies.

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## EXECUTIVE SUMMARY

The Administration for Children and Families (ACF) funded a study to determine how local management of Temporary Assistance for Needy Families (TANF) programs has adapted practices to address changing needs and improve program results. To understand these local adaptations, the research team – which included staff from the Lewin Group and the Nelson A. Rockefeller Institute of Government – visited five local TANF offices to interview staff and collect data. The sites selected were among locations where field research was conducted several years ago in order to gauge changes since the early years of TANF implementation. The five sites were in Phoenix, Arizona; Macon, Georgia; Kansas City, Missouri; Newark, New Jersey; and Milwaukee, Wisconsin. Site visits were conducted between February and July 2006. This report presents major findings from the site visits. Several cross-cutting findings emerged from the study:

*TANF programs continue to evolve.* Although many of the large-scale policy changes were adopted in the years immediately following welfare reform, states and local areas continue to adapt their programs. The research team observed changes in organizational structures (e.g., separating the eligibility and employment functions at the state and local levels), pre-eligibility requirements (e.g., upfront job search, meetings with child support staff), program activities (e.g., new employment programs), and case flow (e.g., new intake procedures).

*Program goals and philosophies varied considerably from site to site.* Goals and philosophies were typically similar to those found at the sites in previous field research studies, though incremental changes have occurred. For example, promoting rapid employment and thus minimizing dependency on cash assistance was a stated goal among staff in Macon and Milwaukee, while supporting poor families with barriers to self-sufficiency was a much more salient goal in Newark. By contrast, Kansas City and Phoenix revealed less agreement on TANF goals in part because different agencies administer the program at the state and local levels.

*Most changes in policies and procedures affecting the local implementation of TANF originated at the state level.* Although the field research sought to identify local TANF adaptations to changing circumstances and TANF performance, the site visits revealed that most of the significant changes in recent years were initiated at the state level. Such changes included alterations in sanction policies and procedures; shifts in agency control over employment services; reinstating job up front search requirements; changes in pre-eligibility requirements; extensions of assistance; changes in contracts and contractors; and new pilot programs.

*Locally initiated changes most often involved office procedures.* Such changes included redesigns of intake processes for income support programs; better communications with vendors about employment activity “slots” available among local vendors; and the closing and consolidation of human service offices. Notable policy changes included new or expanded work programs and expansions in transportation services.

*State and local policies and procedures have been adopted that by design or otherwise, have limited participation in TANF cash assistance.* In four of the five sites, local office operations have changed since the first years of TANF in ways that have the effect of limiting entry onto cash

assistance rolls. Macon, for example, established a new, intensive employment program for TANF applicants. In Phoenix, greater emphasis is placed on exposing clients to the state's diversion program. Milwaukee requires work search before eligibility is determined. And three sites – Phoenix, Milwaukee, and Newark – made cooperating with child support enforcement a pre-qualification requirement (in the latter two sites, the change occurred somewhat earlier but after the first years of TANF implementation).

*Institutional structures have become more complex in most of the local sites in recent years. This complexity may challenge client participation in TANF, as well as working relationships among different staffs. Compared to only a few years ago, TANF functions in these sites have been increasingly divided between human service and labor departments; between public and private agencies; and among a variety of specialists. The changes have often increased the number of distinct persons and places that clients must contact, and they strain communications and coordination among workers who deal with TANF families.*

It is important to emphasize that the findings above are based on visits to five sites, and it is unwise to draw too many conclusions from a very small sample. In addition, the findings do not capture changes that states and local areas have undertaken or will undertake as a result of the Deficit Reduction Act (DRA) because this study began before the DRA was passed, and the site visits occurred as state staff were only beginning to wrestle with the effect of the changes on their TANF programs. Among other things, the DRA recalibrates and updates the baseline for caseload reduction credits and reduces states' flexibility in using certain activities to satisfy the participation requirements. Many states are thus expected to have difficulties meeting the new participation requirements. Although further research would be informative, the findings suggest that certain program elements are associated with higher participation rates and, thus, may increase the likelihood that states will comply with the new regulations. This includes programs that are work-oriented in philosophy and practice. In these programs, state and local staff alike send a consistent message to applicants and clients that employment is good and is the expected outcome. Specifically:

- The overriding philosophy of the TANF program supports work by moving people into work or a work-oriented activity quickly.
- Eligibility and work functions are organizationally integrated, with a central chain of command and common performance measures that stress employment goals.
- The TANF work objective is invoked early (e.g., prior to and as a condition of eligibility).
- There are certain and swift consequences for non-participation in work activities.
- Work requirements are backed up with work supports.

It will be instructive to follow these five sites as they adapt their programs in response to the new requirements. Future research that assesses the integration of TANF eligibility and work functions across a broader sample of states and localities would also be informative.

## I. INTRODUCTION

The devolution of responsibility for the nation's primary welfare program from the federal government to state and local agencies was one of the most important institutional changes in federal welfare policy during the 1990s. The Personal Responsibility and Work Reconciliation Act (PRWORA) of 1996 created the Temporary Assistance for Needy Families (TANF) block grant, which gave states considerable latitude to allocate funds across program functions and move functions outside of traditional welfare agencies to other public agencies and private organizations.

Since PRWORA was passed and implemented, cash assistance caseloads have declined by more than half. Policymakers and researchers continue to deliberate about the causes of this decline (e.g., federal and state policies versus a favorable labor market). However, most agree that federal and state welfare policies explain part of the decline, while debating the magnitude. The interaction between policy, local program operations, and program outcomes is not fully understood. Welfare agency structures and management processes express local interpretations of policies and shape critical aspects of their delivery. In some local offices, program staff have considerable discretion in program delivery. Office managers, for example, may make decisions about agency structure and staffing that affect how new policy directives will be incorporated into existing routines and how staff will be deployed. Front-line staff may determine how to manage day-to-day work demands.

PRWORA was not the first reform to affect state and local welfare offices. Rather, welfare reform in 1996 was part of a long series of state and federal changes in cash assistance and other programs. These changes imposed a constant demand on local welfare offices to adapt to new policy initiatives, many of which greatly expanded the responsibilities of state and local welfare systems that were initially established to provide a very specific service—cash assistance to children and their parents.

### A. Study Purpose

The Administration for Children and Families (ACF) funded this study to determine how local management of TANF programs has evolved to address changing needs and improve program results. Management efforts to adapt to changing conditions are an understudied aspect of local welfare operations. Rather than viewing TANF implementation as a single event followed by a stable administrative structure and a static array of services and requirements, the project viewed implementation in dynamic terms. It sought to understand how local welfare offices modify their programs and adopt more effective approaches in response to changing circumstances.

The study collected three types of information from five selected sites:

- An update on the implementation of TANF at the local level (i.e., a description of the practices and operations of local welfare offices in early 2006).

- A listing and description of innovative practices put into effect after the first few years of TANF implementation, particularly those that were adopted by local managers in order to improve program performance.
- A more general analysis of the evolution of practices in local welfare offices. For example, how do current practices differ from those found in earlier years of TANF implementation? And to what extent have the changes in local practices been a result of adaptations to local circumstances and learning from local experiences, or a consequence of other factors?

## **B. Methodology**

The project team, composed of senior staff from The Lewin Group and The Nelson A. Rockefeller Institute of Government, gathered information for the study through site visits to five local TANF offices. One issue in using local areas as the unit of analysis is that they are not comparable to one another. One urban or suburban county may include many local and separately administered TANF offices, each with distinct service contractors, while a rural county may be served by only one such office. In order to ensure greater comparability, we defined local offices to include, at minimum, one welfare office (that determines eligibility for assistance cases), as well the offices of the employment and child care agencies serving the welfare clients.

### **1. Site Selection Criteria**

Site selection was guided by three criteria:

- The availability of pre-existing documentation (i.e., included in a previous Rockefeller Institute or Lewin Group study).
- Sites that experienced considerable changes relevant to the effectiveness of welfare programs (e.g., economic, demographic, or state policies).
- Variation in TANF programs (e.g., resource levels, assistance versus non-assistance funding, state versus county administered).

To select five primary and five alternate sites, the team first examined all local sites included in three Rockefeller Institute projects (the field network studies of 1997-98 and 2001-02 and the 1999-2000 frontline workers and management study). All localities with major urban areas were considered. Twenty-one counties satisfied this criterion. Next, data on these 21 counties were reviewed. The localities were then compared and classified according to assessments of the quality of the reports, local focus, and time covered by the studies. Sites with good documentation of older practices were then assessed for economic changes (e.g., increases in unemployment), demographic or social changes (e.g., rapid population changes, increases in immigration) and state policy and fiscal changes. The team then examined each state's investment in the program relative to need (total spending per poor child); cash benefit levels and eligibility thresholds; and policies regarding time limits, sanctions, and job search before qualifying for assistance.

After 10 sites were selected that represented urban areas for which good data were available, that experienced important changes (mostly increases in demands), and that showed variation in TANF policies and expenditure shifts, the field reports were reviewed for other information about these sites and states. All of this information was considered in determining which sites were recommended for study and which would be suggested as alternates.

## 2. Local Offices Selected

The five sites ultimately selected were in Phoenix, Arizona; Macon, Georgia; Kansas City, Missouri; Newark, New Jersey; and Milwaukee, Wisconsin. In each city, the team visited one local office. In some sites – Milwaukee, Kansas City, and Phoenix – the office visited was one of a number of offices that administer the TANF program in that city. The findings described in this report relate to the local office visited. For short-hand, the city in which the office is located is used when referring to the local office included in the study.

The sites selected are geographically diverse. Two states are in the Midwest; one each is in the South, the Southwest, and the Northeast. The sites also represent a range of economic and demographic profiles. *Exhibit I.1* provides a snapshot of these characteristics in 2005 and compares them to the U.S. average.

**Exhibit I.1: Economic and Demographic Characteristics of Sites, U.S. (2005)**

Characteristics of Population	Phoenix	Macon*	Kansas City	Newark	Milwaukee	U.S.
Population (in thousands of persons)	1,378.0	89.8	440.9	254.2	556.9	296,410.4
Percent White	74%	35%	61%	22%	45%	75%
Percent Black or African American	5%	62%	30%	53%	40%	12%
Percent Hispanic (any race)	42%	1%	8%	33%	14%	14%
Percent Foreign-born	23%	1%	7%	30%	9%	12%
Percent High School Graduates	79%	77%	86%	65%	80%	84%
Percent Families Below Poverty Line	13%	32%	13%	23%	21%	10%
Per Capita Income	\$22,471	\$15,578	\$24,567	\$15,346	\$17,696	\$25,035
Unemployment Rate**	4.1%	5.7%	5.6%	4.9%	5.0%	5.1%

Source: U.S. Bureau of the Census, American Community Survey

\*Race and ethnicity characteristics for Macon are for 2000 and compiled from the census.

\*\*Unemployment rate is an annual average

As the Exhibit shows, the proportion of population that is white ranged from 22 percent in Newark to 74 percent in Phoenix; the proportion of African Americans ranged from 5 percent to 62 percent (Phoenix and Macon, respectively). Macon had the lowest proportion of foreign-born residents (1 percent), while Newark had the highest (30 percent). The percent of families with incomes below the poverty line ranged from a low of 13 percent (Kansas City and Phoenix) to a high of 32 percent (Macon). All five cities had lower per capita incomes than the United States as a whole.

States also differ in terms of devolution for TANF program decision-making and resources allocated to the program. Three states – Arizona, Georgia and Missouri – have state-



administered programs. In these states, the research team expected that the policies, if not the procedures, would be relatively uniform in the local office visited and other offices around the state. New Jersey and Wisconsin have county-administered programs. The local offices in these sites were thought to have more autonomy in developing TANF policies and processes.

As *Exhibit I.2* shows, the five states varied in terms of investment in their TANF programs<sup>1</sup> relative to need, as measured by average annual spending per poor child from 2002 to 2004. New Jersey and Wisconsin spent more than the median state on its TANF and Maintenance of Effort (MOE) programs.

**Exhibit I.2: Annual Spending on TANF and State MOE per Child under the Federal Poverty Level, Averaged over 2002-04**

State	Average Annual Spending per Poor Child	State Ranking
New Jersey	\$4,320	4
Wisconsin	\$2,440	17
Missouri	\$1,395	30
Georgia	\$1,257	33
Arizona	\$1,062	37

Some of the sites initially selected declined to participate in the study. The team’s first choice for a local site in Georgia was Fulton County (Atlanta). However, due to a number of ongoing policy and programmatic issues unrelated to TANF (primarily associated with the child welfare program), the acting director of the state TANF program requested that the team visit a different site; as a consequence, the site in Macon was chosen.

The team also initially selected a local office in Dallas, Texas. The Deputy Director of the Texas Health and Human Services Commission (HHSC), which oversees eligibility functions, was hesitant about including Dallas in the study because the state was in the process of moving to a call center model and revising other procedures for TANF applications, none of which had been rolled out in Dallas. The HHSC Deputy Director recommended Travis County (Austin), where the new configuration was in place. However, in order to visit the local office responsible for employment and training functions for TANF clients in Austin, it was necessary to secure the agreement of the Texas Workforce Commission (TWC). Staff there indicated that they would not agree to a site visit in Austin because of unresolved issues that had arisen when the revised procedures were implemented. Although the TWC offered other potential sites, they were not in locations with call centers, and were thus not approved by HHSC. As a result, the team was unable to include a local Texas office in the study.

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<sup>1</sup> For the purposes of this report, all of the state programs are referred to with the acronym TANF. However, each state refers to the program with a different name. In Arizona, the program is referred to as the Cash Assistance Program; in Georgia, it is called TANF. In New Jersey, the program is called Work First New Jersey, in Missouri, it is called Temporary Assistance, and in Wisconsin, it is called Wisconsin Works, or W-2.

### 3. Site Visit Discussions

To ensure that the research team collected information that addressed the goals of the study and could be synthesized across major themes for the project final report, the team drafted topic guides. These guided the discussions and were tailored to stakeholders (see *Box 1*).

#### Box 1: TANF Stakeholders

- ❖ Local TANF administrators
- ❖ Staff supervisors
- ❖ Front-line workers
- ❖ Staff involved in collecting data and submitting reports to state and/or county officials
- ❖ IT or other staff who know about MIS capabilities
- ❖ Staff from collaborating organizations, including managers and front-line staff in workforce investment agencies and associated one-stop career centers
- ❖ Selected state or county staff responsible for overseeing and maintaining liaisons with local TANF managers

The topic guides explored a number of themes. Depending on the stakeholder, they focused on:

- Current administrative practices and operations
- Level of local autonomy in setting goals, assigning resources
- Level of coordination among service providers
- Information technology infrastructure and support
- Program, administrative, and resource changes in recent years
- Changes in clients, including demographics, work experience, and problems faced
- Innovations adopted to improve performance
- Changes in data reporting and how the data are used
- Anticipated changes

The site visits were conducted between February and July 2006. Because the guides were drafted and the initial visits conducted prior to passage of the Deficit Reduction Act of 2006, the conversations did not focus on planned changes associated with TANF reauthorization.

### C. Organization of This Report

**Section II** of the report compares state policies of the five study sites, as well as the current program structures and processes.

**Section III** of the report describes the findings of the study by analyzing the changes in the TANF program at the local sites during the previous five years.

**Section IV** draws summary conclusions.

## II. SUMMARY OF THE TANF PROGRAM AT THE LOCAL SITES

### A. Program Structure

The program structure at the state and local levels was complex at each site. More often than not, more than one department, or agency within a department, has responsibility for aspects of the TANF program. Often contractors are part of the mix at the local level. From the client’s perspective, applying for TANF and receiving employment and case management services can involve interactions with multiple staff. *Exhibit II.1* summarizes the program structure in the five sites.

**Exhibit II.1: TANF Program Structure**

State	State-Level Program Responsibility		Local-Level Program Responsibility		Notable Aspects
	Eligibility	Employment/Case Management	Eligibility	Employment/Case Management	
Arizona (Phoenix)	Department of Economic Security (DES) Family Assistance Administration (FAA)	DES Employment Administration (EA)	State FAA staff	State EA staff	FAA and EA in separate offices (exception in pilot site)
Georgia (Macon)	Department of Human Resources Division of Family and Children Services (DFCS)	DFCS	State DFCS staff	Contractors (employment); DCFS (case management)	Eligibility and some employment services in one site
Missouri (Kansas City)	Department of Social Services (DSS)	Department of Economic Development (DED)	State DSS staff	DED contractor	Eligibility and employment in two separate sites
New Jersey (Newark)	Department of Human Services (DHS) Division of Family Development	Department of Labor and Workforce Services (DLWS)	County DHS staff	County DLWS staff (case management, some employment services); contractors (some employment services)	Two separate offices and multiple contractor sites; however one director oversees eligibility and employment services at local level
Wisconsin (Milwaukee)	Department of Workforce Development (DWD)	DWD	DWD Contractor	DWD Contractor	County staff determine Medicaid and Food Stamp eligibility at separate site; SSI advocate contract

In two states – Georgia and Wisconsin – the same state-level entity has responsibility for all aspects of the TANF program. In the other states, TANF eligibility and employment services/case management are separated. As discussed below, this has implications for program coherence.

States that separate TANF eligibility and employment functions at the state level have more complex structures at the local level, such as different offices for different functions. In these locations, clients encounter multiple staffs while participating in the program. However, even states in which one department houses all TANF-related functions can have complex service delivery models. For example, in Wisconsin, the state contracts for TANF case management and employment services separately.<sup>2</sup>

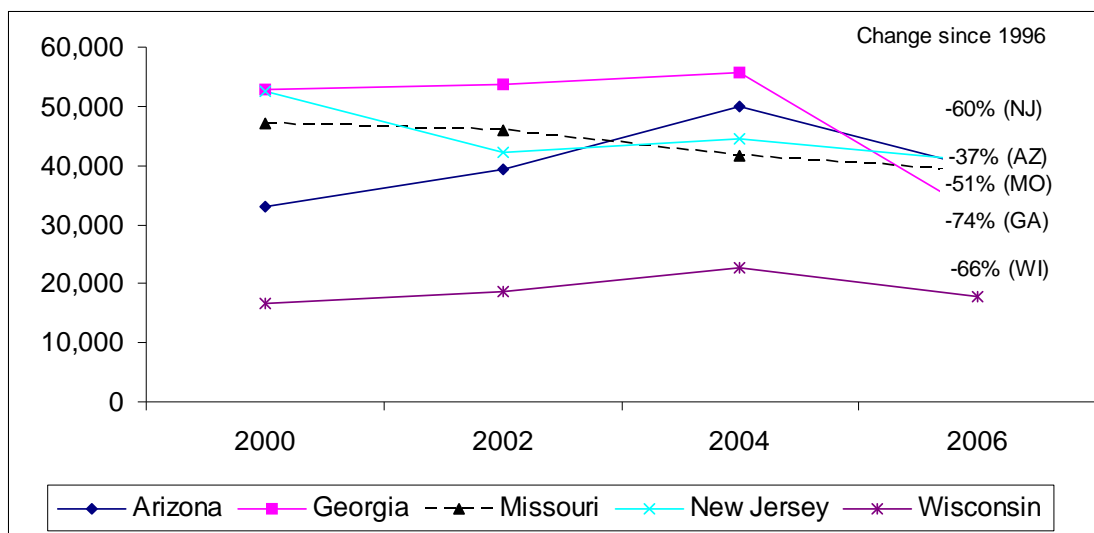
## B. State Context

Local offices, regardless of the level of autonomy operate within the parameters of the state's general program philosophies and welfare policies. This section provides the context for local office operations. It documents statewide trends and differences in TANF caseloads and summarizes key TANF policies, including benefit levels, time limits and sanctions.

### 1. TANF Caseloads

The five states in the study experienced large caseload declines in the years following welfare reform, ranging from 37 percent in Arizona to 74 percent in Georgia. *Exhibit II.2* shows caseload trends in more recent years. Four of the five states had fluctuating caseloads that increased between 2000 and 2004 before declining. Only Missouri experienced an ongoing decline since 2000. Georgia is unique among these states in seeing an especially large drop in cases between 2004 and 2006.

**Exhibit II.2: Number of Families on TANF, Five Study States**



Because these five states differ greatly in the number of needy families living within their boundaries, caseload totals say little about state differences in the participation of potentially eligible families. Yet understanding such differences in participation may be essential if one wants to discern differences in the accessibility of state TANF programs to low-income families

<sup>2</sup> Milwaukee is divided into five regions. Some regions, such as the site included in this study, have the same provider for case management and employment services. Other regions have different providers for each type of service.

with children – due, for example, to diverse policies, administrative practices, and cultural and social factors. Although there is probably no ideal way of comparing the penetration of TANF programs among needy families across states, *Exhibit II.3* helps put state caseloads into perspective by comparing the number of children on TANF with the number of children (i.e., persons under 18) living in the state and in a household whose income falls below the federal poverty level.<sup>3</sup>

**Exhibit II.3: Children on TANF as a Percentage of Children in Poverty, Five Study States, 2004-05**

	Children on TANF; average monthly number, in thousands, 2004-05	Children under federal poverty level; average, in thousands, 2004-05	Ratio (percent) of children on TANF relative to all children in poverty, 2004-05
New Jersey	80	186	43
Missouri	68	246	28
Arizona	73	339	22
Wisconsin	37	206	18
Georgia	71	481	15
<i>Median for all states</i>			26

The Exhibit shows large differences across the states in the percentage of children in poverty on monthly TANF rolls. New Jersey was much higher than the median state in terms of poor children participating in TANF. Missouri was slightly higher than the median, while Arizona was slightly lower. Wisconsin and Georgia were well below the median state (25.8 percent).

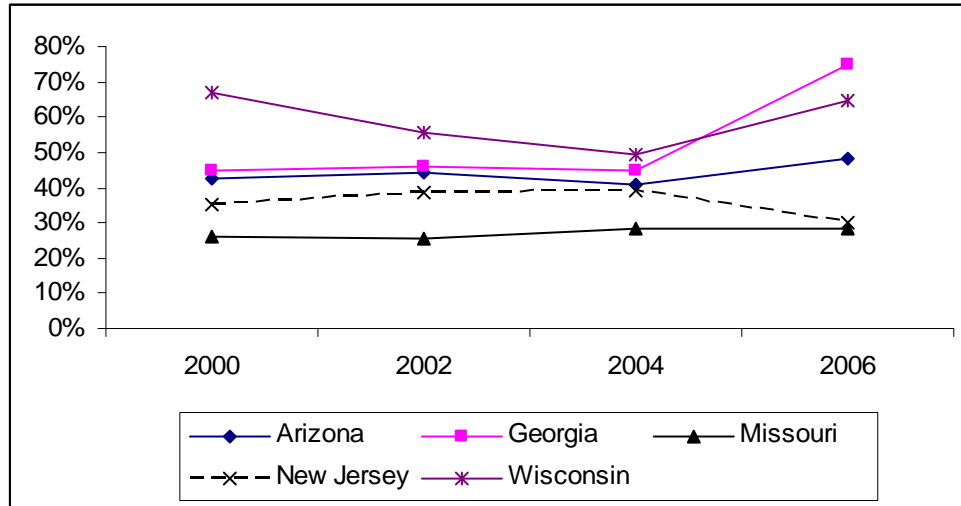
The states also differed significantly in the percentage of child-only cases in their overall cash assistance caseloads (cases where only a child or children are receiving assistance). Under PRWORA, most families receiving TANF are subject to work requirements and time limits on benefit receipt. However, child-only cases are generally exempt from these federal requirements. This has implications for the activities of local offices. Goals and monitoring that focus on employment and training services and work participation rates do not align with the reality in some offices, where child-only cases account for a major share of the caseload.

Child-only cases represented the largest share of the caseload in Georgia (75 percent) and Wisconsin (64 percent) in March 2006. About half of all cases in Arizona were child only. The proportion in New Jersey (30 percent) and Missouri (28 percent) were smaller. *Exhibit II.4* shows trends in the proportion of cases that are child-only. As it indicates, the proportion fluctuated in three of the five study states; it gradually increased in Missouri, and after a relatively flat trajectory increased sharply in Georgia starting in 2004.<sup>4</sup>

<sup>3</sup> To calculate the ratios, caseload and poverty numbers were averaged over two years, 2004 and 2005, in order to reduce sensitivity to measurement errors in annual estimates of child poverty.

<sup>4</sup> The number of child-only families in Georgia has remained stable; the increase in the proportion of cases that are child-only is due to the decrease in adult-headed cases.

**Exhibit II.4: Child-Only Cases as a Percentage of Caseload**



## 2. TANF Policies

In addition to program philosophy, local offices operate within the context of state-level TANF policies. This includes benefit levels, time limits, sanctions, and diversion policies, all of which affect whether families apply for, receive, or remain on TANF.

*Exhibit II.5* shows state cash benefit and diversion policies. Four states have maximum cash benefit levels based on family size; Wisconsin bases the benefit on the recipients' placement on the four-rung employment ladder (unsubsidized job, trial job, community service job, or transitional services). Benefit amounts ranged from a low of \$280 per month for an adult and two children in Georgia to a high of \$673 for a recipient on the community service job employment ladder rung in Wisconsin.

Only two states, Arizona and New Jersey, have official diversion policies. In Arizona, applicants must meet with employment services staff prior to benefit determination to assess eligibility for and interest in a lump sum payment in lieu of TANF benefits. In New Jersey, the Early Employment Initiative, the state's diversion program, provides a one-time payment for job search and placement activities while a family member seeks employment. Other states described policies that have the effect of diverting potential clients. As described below in more detail, TANF applicants in Georgia and Wisconsin must participate in job search activities prior to benefit determination, which may have the effect of reducing caseloads by encouraging applicants to find a job during the application period.

### Exhibit II.5: Benefit Amounts and Diversion Policies, Five Study States

State	Maximum Monthly Benefit for Family of Three	Diversion Policy
Arizona	\$347	Yes; must meet with employment services staff within 10 days of application to determine interest in and eligibility for diversion; failure to do so results in benefit denial. Diversion is equal to payment of up to three months of benefits.
Georgia	\$280	No official diversion policy, but upfront employment program (see below) and 45 day wait for first benefit payment have effect of diversion policy.
Missouri	\$292	No diversion policy.
New Jersey	\$424	Yes; Early Employment Initiative provides a one-time payment during job search as well as other services, such as child care.
Wisconsin	Depends on job tier placement, <i>not</i> family size: --Unsubsidized job (no grant) --Trial job (no grant) --Community service job (\$673) --W-2 transition (\$628)	No diversion policy; can apply for a job access loan of between \$25 and \$1,600 that must be repaid within 12 months (payment period can be extended).

*Exhibit II.6* details time limit and sanction policies. Four of the five states have 60-month time limits; Georgia's limit is 48 months. The time limit in Arizona, in practice, was extended beyond 60 months for participants who were receiving benefits when the AFDC waiver ended and time clocks were reset. The first clients will time out in late 2007. Wisconsin has an employment ladder rung time limit for all rungs except unsubsidized employment, in addition to the benefit time limit. Clients cannot spend more than 24 months in any one tier (e.g., community service jobs, trial jobs). The expectation is that clients will move up the ladder to the top rung, an unsubsidized job, and ultimately become self-sufficient.

Each state outlines reasons for extensions to the benefit time limit. These generally include domestic violence, treatment for mental health issues, treatment for substance abuse, and, in Missouri, incompatibility between TANF work requirements and child welfare-mandated activities. Extensions are generally for short periods of time (e.g., three months) at which time they are reviewed. As described below in **Section III**, New Jersey provides up to two years of additional benefits to families that are having difficulty attaining self-sufficiency.

**Exhibit II.6: Time Limits and Sanctions, Five Study States**

State	Time Limit and Extensions		Sanction Policy	
	<i>Months</i>	<i>Extension Reasons</i>	<i>Reason</i>	<i>Policy</i>
Arizona	60 months	N/A at time of site visit: Due to waiver, first clients hit limit 10/07	Failure to participate in work activities, non-cooperation with child support, or failure to meet with employment staff (same sanction)	25% for first month of non-compliance; 50% for second month; case closure in third month
Georgia	48 months	DV, child welfare case, substance abuse, disability, caring for disabled family member, residence in high unemployment area; Extensions for three months and count towards federal 60 month limit	Failure to cooperate with child support or participate in work activities (same sanction)	--1 <sup>st</sup> level: 25% of grant for 3 months --2 <sup>nd</sup> level: case closure for 3 months --3 <sup>rd</sup> level: case closure for 12 months
Missouri	60 months	Mental health issues, substance abuse treatment, receiving services for DV issue, TANF activities do not align with child welfare activities, family crisis; Extensions re-evaluated every 90 days	For not participating in work activities:  For non-cooperation with child support:	25% of grant, only after an in-person meeting in place until compliance (1 <sup>st</sup> sanction) or 3 months or compliance, whichever is longer (2 <sup>nd</sup> and subsequent)  25% grant plus parent's share of Medicaid
New Jersey	60 months	24 month extension available; must continue to work or participate in a work activity	For not participating in work activities:  Failure to cooperate with child support:	--1 <sup>st</sup> level adult share of grant for 30 days if cooperative; if not full family sanction --2 <sup>nd</sup> level adult share for 60 days or full family if non-cooperative --3 <sup>rd</sup> level is full family sanction for 90 days  Full family sanction
Wisconsin	60 month benefit limit; 24 month limit on employment ladder rungs except unsubsidized employment	Can request extension to either limit—determinations made by case manager on case by case basis; if granted, usually 4-6 months	Failure to participate in assigned CSJ or W-2T activities without good cause (employment ladder rungs with grants):  Non-cooperation with child support:	Grant reduction of \$5.15 for each hour missed without good cause  Entire cash grant and child care, and adult share of Food Stamps and Medicaid



All five states sanction recipients for failure to comply with work requirements and non-cooperation with child support enforcement. Arizona also sanctions clients who fail to meet with employment services staff. In terms of non-compliance with work activities, three states – Arizona, Georgia, and New Jersey – have increasingly severe sanctions, starting at 25 percent of the grant and increasing to a full family sanction as non-compliance continues. Missouri has a flat sanction rate (25 percent) regardless of the months sanctioned. Wisconsin sanctions clients \$5.15 for every hour of assigned work activities missed without good cause if the client is in one of the two employment ladder rungs with cash grants. In two states sanctions cannot go into effect until staff have made attempts to reach clients through multiple notices (Arizona) or an in-person meeting (Missouri).

Sanctions for failure to cooperate with child support enforcement are often more stringent. In Missouri, the 25 percent grant sanction is combined with the loss of the adult’s share of Medicaid. In New Jersey and Wisconsin, non-cooperation results in a full family sanction; Wisconsin also eliminates the adult’s share of Food Stamps and Medicaid.

Finally, substantial pre-eligibility requirements are present in all the sites except Missouri. *Exhibit II.7* shows local office variation in up-front child support and job search compliance. PRWORA requires that TANF recipients cooperate with the child support enforcement agency to establish paternity or establish, modify, or enforce child support obligations. Failure to do so, as noted above, is grounds for a sanction.

**Exhibit II.7: Pre-Eligibility Activities, Five Study Sites**

Local Office	Child Support Enforcement Meeting	Job Search
Arizona	Upfront: CSE worker out-stationed at local office	Subsequent to eligibility determination
Georgia	Subsequent to eligibility determination.	Upfront: must participate in employment program for 4 weeks
Missouri	Subsequent to eligibility determination	Subsequent to eligibility determination
New Jersey	Upfront: CSE worker out-stationed at local office	Subsequent to eligibility determination
Wisconsin	Upfront: CSE worker out-stationed at local office	Upfront: applicants attend workshop and participate in one week of job search

In three of the five study sites – Phoenix, Newark and Milwaukee – TANF applicants must meet with child support staff prior to eligibility determination. In all three sites, child support workers are located at the TANF office, although applicants have the option of going to a local child support office as well. In Kansas City, the TANF applicant fills out child support enforcement paperwork during the TANF application process. TANF staff then forward this information to a central child support office. If the information is incomplete or additional information is needed to start a case, child support staff will contact the client for an interview. In Macon, child support staff contact clients after eligibility is determined to begin the establishment and enforcement process.

The local sites also differ in the timing of job search activities. Macon and Milwaukee require applicants to participate in job search activities before eligibility determination. In Phoenix, Kansas City and Newark, job search and other work activities begin after eligibility determination.

### III. FINDINGS

This section summarizes the findings of the study, including major differences across the sites and significant changes during the past five years that affect the TANF program. While there were changes at all of the sites – both within the TANF program and in external factors that affect clients within the program – they did not fundamentally alter the nature of the programs at the local level. There were many continuities from earlier research conducted by the Rockefeller Institute in the late 1990s and early 2000s. One would have little trouble recognizing programs last visited five years earlier.

#### A. Program Goals and Philosophies Varied Substantially and Were Greatly Influenced by the State

Regardless of whether the TANF program was state or county administered, local staff indicated that program policies and directives generally come from the state level. In most of the sites, operational goals were not greatly different from those found in previous rounds of field research. But some changes did occur.

When asked to describe the overarching goal of TANF, staff in all five sites cited some version of the following: providing services and benefits in a timely manner to help families become self-sufficient. However, asking staff how this goal is operationalized – that is, measured and tracked by state-level staff – revealed differences. In states where different departments, or agencies within departments, have responsibility for aspects of the program (see *Exhibit II.1* above), there was often less agreement in describing goals and program philosophy.

On one end of the spectrum, in Macon, the mantra is “welfare isn’t good enough for anyone,” the announced and often-repeated philosophy of the state’s current human service agency administrator. In the past, local staff focused on engaging families in employment-specific activities. But now, there is a strong and widely held understanding among staff that TANF rolls should be minimized, both by providing alternatives to welfare for potential clients, and by moving long-term clients into employment. This goal of welfare avoidance was evident in previous rounds of research in Georgia – for example, a Rockefeller Institute study of frontline workers found that job search and compliance with child support enforcement were required before families could qualify for cash assistance in Bibb County in 2000. But the intensity and breadth of the emphasis on minimizing cash assistance rolls was new.

The message in Milwaukee was also coherent. State staff contract with providers in Milwaukee; the contracts include eight performance standards. Recently, the state renewed its emphasis on employment, after a number of years in which, according to staff at the local office, the program became more “AFDC-like.” As a 2001-02 Rockefeller Institute field report found, the program had evolved to provide more education and more services to assist a caseload with greater barriers to employment. During the recent site visit, one staff member noted that an “entitlement mentality” had taken hold. Today, the program again is work-focused. Local staff stated “everyone is better off working.” Moreover, three performance measures are employment related: entered employment, retention, and wages at employment. Wages must

average \$8.05 per hour for those who enter employment. The local contractor must earn 20 percent of its contract through performance.<sup>5</sup>

Although the Newark program is administered by two different offices, reflecting the state-level structure, a local manager oversees both programs. This has led the offices to speak with one voice. In Newark, the focus on helping clients become self-sufficient through employment and other supports – an emphasis found in previous reports – is tempered by widely held perceptions on the ground: a high cost of living, requiring wages above the minimum, and many clients that staff believe face significant barriers to employment. For example, clients are potentially eligible for temporary rental assistance of up to \$700 per month. New Jersey, as described further below, has a number of policies in place to protect clients with multiple barriers to self-sufficiency from being terminated from TANF due to time limits.

At the other sites, the bifurcated nature of the program at the state and local level led to different sets of concrete program goals. In Phoenix and Kansas City, eligibility managers and staff stated that their day-to-day goal is to ensure that cases are processed in a timely and accurate manner. State-level staff closely monitor these metrics. Kansas City staff also noted that combating waste, fraud and abuse is a stated department goal (a goal that received much less attention according to the 2001-02 Rockefeller report on Kansas City). This goal is operationalized by requiring local-level staff to reinvestigate 100 percent of cases annually.

The employment services providers at these sites are guided by different criteria. These measures, more so than those used to assess eligibility processes, focus on ultimate self-sufficiency, including “engagement rates” and job placement rates. Staff in Phoenix and Kansas City also indicated that local office performance is judged by the state in part by the extent to which TANF leavers get “good” jobs. This includes jobs with medical benefits (Phoenix) and higher-than-average wages (Kansas City). The manager of the employment contractor in Kansas City stated that the most meaningful measure for his staff was placement in jobs that pay at least \$7.50 per hour for 32 hours per week, preferably in a growing industry such as health care.

As the above examples suggest, local administrative goals are often reinforced by the state’s program performance measures, such as job placements, few eligibility errors, or wage rates of welfare leavers. Goals are also reinforced by repeated statements by and communications from top state administrators. In addition, states also appear to influence local office goals through their staff training programs, which, in these sites, were generally designed and facilitated by state staff. In Arizona and Wisconsin, for example, new eligibility and employment services staff attend “basic training” type classes, often at the local site. In Arizona, the training lasts three weeks, while refresher courses are available for experienced workers. Even though Wisconsin relies heavily on private contractors to implement its TANF program in Milwaukee, the state still designs and conducts training, which includes a core curriculum designed for new welfare staff by the state agency, Wisconsin’s Department of Workforce Development. In Missouri, eligibility staff are also trained by the state and, like Wisconsin, have access to an on-line policy and procedures manual.

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<sup>5</sup> This is true of other large Milwaukee contractors as well.

## B. Most Changes in Policy and Procedure Originate at the State Level

One purpose of this study was to identify changes in the TANF program implemented by local offices. At the sites, just as program philosophy was determined by state-level staff, the majority of changes, particularly those related to policy issues, but often procedural changes as well, originated at the state level. This was true regardless of whether the program was state-administered (Arizona, Georgia and Missouri) or county-administered (New Jersey and Wisconsin.) This finding is somewhat counter-intuitive, given that it would seem that local officials in county-administered TANF programs would have more flexibility in making decisions regarding the nature of the program. However, based on the evidence from the sites in this study, it appears that state officials have retained authority for most decisions regarding the basic structure and policies of the TANF program. Listed below are changes observed that emanated from the state level. These changes include those that were implemented statewide, as well as site-specific changes. Examples include sanction policies, changing responsibility for employment services, adopting pre-eligibility requirements, benefit extensions, changes in contracting, and service integration.

### 1. Changes in Sanction Policies and Procedures

Arizona, Georgia and Wisconsin state-level officials made changes to TANF sanction policies. In Arizona, the change was the result of a lawsuit in 2002 that alleged unfair and arbitrary sanction policies that made it difficult for families to come into compliance and narrowly defined the criteria for which good cause could be found for non-compliance. The sanction amount did not change (see *Exhibit II.5* above). However, the sanctioning process was completely revised to insure opportunities for the client to comply with program requirements and show good cause. The definition of good cause was expanded to include many circumstances that might cause a person to miss a meeting or work assignment, including medical appointments, court appointments, temporary loss of child care, or transportation. **Box 2** describes the process in more detail. Staff noted that it is now difficult to sanction any client, and as a result, sanctions are not an effective tool to encourage participation in work activities.

#### **Box 2: The Arizona Sanction Process**

Under the new process, the initial notice describes the time and type of non-compliance, the potential resulting sanction, examples of good cause and how to show good cause, and how to provide verification. The case manager must help obtain verification when asked. A notice is sent to the client as to whether good cause was approved or denied. If denied, supervisory approval is required before a sanction can be imposed and only after advance notice of such is sent to the client. Once notice has been sent indicating failure to show good cause and a status of non-compliance imposed, clients can come into compliance by notifying the case manager during the 10-day notice period of their willingness to comply. If the client responds and is willing to comply, the sanction will not go into effect; instead, the caseworker directs the client to the employment services program and also addresses barriers to participation. If the client indicates his/her willingness to comply after the 10-day period, the grant is restored after the first month.

The change in Wisconsin was also promoted by community advocates who expressed concern that TANF recipients were sanctioned for non-participation due to barriers or other factors beyond their control. Like Arizona, the structure of the sanction did not change. However, in 2005, the state introduced a requirement that TANF agencies notify participants through personal contact before reducing payments by 20 percent or more or before terminating a participant's eligibility. Clients must be given the opportunity to rectify the deficiency within seven days. Staff must ensure that clients do not have barriers to participation that might not have been identified during the assessment process.

In Georgia, the change in the state's sanction policy had a much different origin and effect. Under the previous sanction process, the initial sanction for failure to co-operate with a program requirement resulted in a 25 percent reduction in assistance for the family for up to three months. The second failure resulted in permanent exclusion from assistance for the entire family. In order to impose the lifetime sanction, approval of upper-level local and state management was required. As a consequence of the extreme nature of the sanction and the documentation requirements, it was seldom invoked.

In January 2006, the state amended this policy. The initial sanction remains the same – a 25 percent reduction in family assistance payments for three months. The subsequent sanction is case closure for three months. If the client then satisfies the requirement that caused the sanction, benefits can begin again. Should another sanction be necessary, the period of case closure is one year. Because the sanction is not as severe, approval of upper-level state officials is no longer necessary. Following the change, sanctions were applied more frequently – 23 cases were in sanction status in Macon in one recent month, whereas previously, almost no cases were sanctioned.

## **2. *Shifting Responsibility for Employment-related Activities***

In Missouri and New Jersey, responsibility for TANF-related employment services was moved from the department that oversees TANF eligibility to the department that operates employment programs. At the local level, this had the effect of separating staff responsible for eligibility determinations from those who provide case management and employment services, often in different physical structures.

In 2003, Missouri moved \$50 million in TANF work program funds from the Department of Social Services (DSS) to the Department of Economic Development (DED). The rationale was that all employment programs should be housed in the same department, and that DED had a comparative advantage in running the TANF work program. In Kansas City the change had noticeable consequences. Prior to 2003, the key community partners – the Local Investment Commission, DSS, and the job services provider (the Full Employment Council or FEC) – developed a program that involved vocational and educational assessment of clients, goal development, different tiers of case management depending on client needs, and job-related services for clients determined to be work ready. DSS staff were responsible for eligibility determination, assessment, and case management. FEC focused on job placement and other employment and training services for *only* those clients who were job ready. As a consequence of the state reorganization, FEC now provides case management as well as job services. The local DSS office lost a number of positions and had to reduce the salaries of remaining staff, who were reclassified as eligibility specialists. That office also lost much flexibility in dealing

with clients. Although the change was implemented statewide, stakeholders in Kansas City argued it was felt most acutely in their region because of the strong partnerships developed among the key players.

In New Jersey, the change was not as wide-ranging, and therefore had fewer consequences than in Missouri. Until 2004, TANF funding for employment-related services was split between the state Department of Human Services (DHS), which distributed them to counties to fund local contractors, and the Department of Labor and Workforce Development (DLWD) for dispersal to local one-stop career centers. As a consequence of what was characterized as a “consolidation” in the state labor department, all funding for employment-related contract services now flows through DLWD. Local staff note that a consequence of the new funding scheme is a delay in letting contracts to local service providers. When the state fiscal year began in July 2005 and again in 2006, contracts were not in place for employment and training services, creating a situation in which case managers had limited services to which to assign TANF clients.

In addition to moving funding for employment and training contracts to DLWD, state authorities considered moving funding for TANF case management to DLWD. However, because there was concern that most one-stop career centers were not prepared to provide appropriate case management services to TANF clients, DHS management convinced authorities to provide additional separate funding to DLWD for case management, while continuing to fund TANF case management through DHS. Thus, for the 2007 fiscal year, DLWD received separate state funding for “to work” case management that will then be distributed to local one-stop career centers. This change did not have a significant effect on the local office in Newark because the county operates both eligibility processes and the local one-stop that provides employment-related services to TANF clients. Nevertheless, the shift in funding for contracts for employment and training services is an important indicator of a shift in overall responsibility for employment and training functions in the TANF program.

### **3. Changes in Pre-Eligibility Requirements**

In recent years, Arizona adopted policies aimed at promoting compliance with child support enforcement requirements and increasing exposure to, and acceptance of, diversion grants.

Beginning in 2004, TANF applicants were required to comply with child support enforcement before TANF eligibility determination. This involves participation in an intake interview with child support staff. *Box 3* describes the process in more detail.

#### **Box 3: The Child Support Pre-Eligibility Requirement in Arizona**

During the initial eligibility interview the TANF worker gives the applicant a letter to take to the local child support office, where she attends an orientation and then meets one-on-one with a case worker to fill out paperwork to begin the paternity (if necessary) and order establishment processes. The child support worker signs the letter indicating the applicant complied, and the applicant returns to the assistance office to complete eligibility. Applicants have 10 days to complete the child support pre-compliance requirement. The process at the local office visited is slightly different because an out-stationed child support worker on site can meet with applicants the same day they apply for benefits.

Staff from TANF and child support spoke positively about the new process. The previous process was cumbersome for staff from both programs, and non-compliance was frequent. TANF eligibility workers had to go through 12 computer screens to gather information about the absent parent, information that was not directly relevant to their work. Child support staff had to contact the recipient after eligibility was established in order to get the recipient to come to the office for an interview. Recipients often failed to respond, and sanctioning was slow.

In 2003, Arizona also adopted a process to expose TANF applicants to grant diversion. The state has had a policy in place for a number of years that offered grant diversion to applicants who are employed or could secure employment quickly and have a one-time need for cash assistance. TANF eligibility workers were previously responsible for screening applicants for grant diversion, but few diversions were granted. The state changed the process so that, prior to TANF eligibility, applicants are required to meet with an employment services case manager within 10 days of filing for benefits. The case manager asks a series of questions about current employment and job history and whether a one-time payment of up to three months of cash assistance would help meet employment needs (e.g., car repairs, tools, child care). As a consequence of the change in the process, the number of diversions increased from 13 statewide in 2003 to 1,360 in 2005.<sup>6</sup>

#### **4. New Extensions of Assistance**

In two sites, few families had lost eligibility in recent years as a consequence of time limits. In New Jersey, this is the result of actions by state officials to extend the time limit for many families. In Arizona, many adults lost their share of the grant under the state's strict time limits in its initial welfare reform law, an AFDC waiver program.<sup>7</sup> But after the waiver expired, five-year clocks for all participants were newly set, and time limits seem to be a source of some confusion among local staff.

In New Jersey, the state enacted policies that permit continuation of monthly payments to TANF clients who would otherwise be terminated due to time limits. In October 2003, the state instituted the Supportive Assistance to Individuals and Families (SAIF) program. When a TANF client is nearing the 60-month time limit, the employment services case manager compiles information on the client's medical condition, test scores, and history in the TANF program. The case is reviewed by county employment and training agency staff and a representative of the TANF agency to determine whether there is sufficient evidence to exempt the case from the time limit. If no basis for exemption is found, the client is sent an application for the SAIF program. If the application is filed, benefits continue and the client is called in for additional assessment and assignment to one of three vendors that work with SAIF clients. Appropriate work activities are assigned. If the client continues to participate in a work activity, he or she may receive up to 24 months of cash benefits, plus services such as child care and transportation. The program also tries to identify and address previously unidentified barriers to employment. **Box 4** provides information on SAIF program participation.

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<sup>6</sup> The grant diversion process is likely to change, if it has not already, as a consequence of privatization of case management processes, which is described further below. Employment services case worker positions are being phased out, with private contractors taking over case management processes across the state.

<sup>7</sup> Under the EMPOWER program, the state had a fixed time limit of 24 months per 60 months that applied to the adults only.

Twenty-one months after reaching the 60-month time limit, if the client has still not found employment, the case is again reviewed with the client by county employment and training and welfare staff, as well as the state's on-site representative. The purpose of the review is to determine whether the case should be terminated or should be exempted from time limits. The exemption criteria under the SAIF program are broader than those that are available during the first 60 months of TANF receipt. For example, exemptions include poor literacy. Those clients who are exempted for other than health-related barriers are required to engage in activities intended to address barriers and promote self-sufficiency.

Another unusual aspect of the New Jersey program is a supplement that is added to the monthly payment for those cases that are determined to be exempt from time limits. The Supplemental Living Support is \$150 per month. It is not time limited.

#### **Box 4: New Jersey SAIF Program Participation Rates**

According to county staff, approximately 7,000 county cases have been reviewed for the SAIF program since it was initiated in January of 2004. Over the last 2 ½ years, a little over 3,000 cases were enrolled in the program (determined to be non-exempt after the 60-month TANF time limit). Of those, approximately 1,800 were subsequently exempted before the 24-month SAIF time period ended. In January of 2006 the first cases that had exhausted the 24 months of SAIF began to be reviewed by the county. By the time of the site visit in July, approximately 300 of these cases had been reviewed; only 17 had been terminated. The rest were determined to be exempt from participation requirements.

Conversely, in Arizona the TANF time limit will soon affect clients after a period in which its effect was delayed. This is not a change in policy, *per se*, but is a change in operations resulting from a previous policy decision. After welfare reform, the state operated under a waiver in which the adult in the TANF grant could receive benefits for only 24 months in a five-year period. According to prior Rockefeller reports, many recipients hit these limits in the 1990s. The waiver expired and time clocks were reset. The first recipients will hit the limit in late 2007. At the time of the site visit, central office staff were considering steps to ensure that all local office staff were aware of the fact that the time limit would soon result in the termination of TANF benefits for some clients for the first time. The absence of time limits created some confusion in the local office as to whether the state had a time limit at all. Some case managers had apparently been telling clients to ignore language in state notices about the time limit and that the TANF program did not have a time limit.

### **5. Changes in Contracts and Contractors**

State staff in Wisconsin changed the manner in which contracts are let for TANF services in Milwaukee County. Privatizing services in Milwaukee is not new and predates PRWORA. However, for the first time, the state released separate RFPs for eligibility/case management and employment services. Whereas one contractor in each of the five Milwaukee regions provided all functions in the past, now different contractors can provide services in the same region. The impetus for the change was to return to the foundation of Wisconsin's TANF program, which is employment. The state believed that specialized staff could better focus on job development and linking clients to employment opportunities.



The state also changed the configuration of Milwaukee regions. Before 2005 there were six regions. The contract with one provider was terminated in 2005 due to contracting irregularities. At first, the state took over management of that region; then it shifted responsibility to a contractor from another region. When the new contracts were let for the 2006-2009 period, the number of regions remained at five. As a result, the service areas of a number of the providers, along with caseloads, changed. One consequence of the changes in contractor responsibilities and service areas was shifting of clients among sites, reassigning them to different staff, and in the case of the terminated contract, bringing in entirely different staff to run the office.

Additionally, one contract was let to provide SSI advocacy services county-wide.<sup>8</sup> Eligibility workers in all five Milwaukee regions refer applicants with significant barriers – those expected to keep them out of the labor force for at least 12 months – to the SSI advocate. The advocate assists TANF clients in the SSI application process and with subsequent steps toward securing SSI payments. The contractor is assessed for the percent of TANF participants receiving advocacy services for whom SSI is awarded. According to state staff, implementation of the contract has increased the movement of clients from the TANF rolls to the SSI program.

## **6. Adoption of a Service Integration Pilot**

Arizona implemented a service integration pilot in the local office visited. As noted in **Section II**, eligibility and job services staff are generally housed in separate offices. One of the few exceptions is the local office selected for the site visit. In this office, the state, with input from local managers, designed a service integration pilot project that aims to inform applicants and clients about alternatives to TANF available in the building, including the Job Service, child support enforcement and child care.

The service integration project builds on the co-location of a number of programs housed in the building. While the site has a history of co-locating programs, up until recently there had been no effort to integrate program operations. The fragmentation of local program administration was due, in part, to information systems and processes that reflected the separate nature of programs and staff within the state bureaucracy.

The cornerstone of the initiative is the customer service window. Workers at the customer service window “triage” clients based on their needs and direct them to appropriate programs. The project goals include improved customer service (clients are offered a short customer satisfaction survey), a shift to a holistic approach to working with clients, and reduction in the cash assistance caseload. Customers who might be eligible for TANF are directed to the Job Service to register for services. Job Service staff also provide job listings, assistance with resume development, and materials for self-directed trainings. The future of this pilot project, however, will likely be affected by the planned privatization of eligibility and case management services.

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<sup>8</sup> In the local site visited, the contractor was responsible for eligibility/case management and employment services, and also won the contract for county-wide SSI advocacy.

## C. Locally Driven Changes Generally Focus on Office Procedures

Changes that affect the TANF program and that were implemented as a consequence of local initiative were basically procedural in nature. In many cases, the changes were not TANF-specific, but rather affected program operations more broadly.

### 1. A New Streamlined Intake Process

In Kansas City, the local administrator re-designed the intake process for income support programs, including TANF. Good customer service is a locally determined program goal. The local administrator was concerned about the amount of time that applicants and clients spent waiting to be seen. The office therefore developed a tracking system that used information technology to improve the efficiency of front-end processes. The process is described in *Box 5*.

#### Box 5: Kansas City Intake Process

When an individual enters the office, he or she takes a number. Customer service representatives call customers in the order they arrive. When the number is called, the applicant approaches the customer service window, and the customer service representative immediately checks the computer systems to see if there is a case open, and at the same time begins to track the client's progress through the intake process with software that was implemented at the local level. If the client is not already known to the state's systems, the applicant is given forms to fill out. The applicant takes a seat and the customer service representative sends a message upstairs to the eligibility workers indicating a TANF, Food Stamps and/or Medicaid applicant needs to be interviewed.

Three points of time are logged: the time when the client/applicant is "clocked in" by the customer service representative (i.e., when her number is called and she goes to the customer service window), the time when the eligibility worker calls the client/applicant, and the time when the eligibility worker "checks out" the client/applicant. The office administrator indicated to staff that customers should not have to wait more than 15 minutes to meet with an eligibility worker after checking in at the customer service desk. Logs are reviewed at the end of each day to determine the average wait time. (This is one of the few examples of the implementation of new information technology to improve services at the study sites, the other being the slot management system in Newark, discussed below.)

### 2. Creation of Transportation Services

The Newark welfare office developed transportation options to help clients access services and travel to work-related activities. The welfare office purchased a large vehicle that, beginning in June 2006, serves as a mobile site where residents can file for benefits, including TANF. The impetus for the van was the underutilization of Food Stamps by Essex County residents, and the van was funded by the Food Stamps program. The vehicle has space enough for three small offices.

The county welfare office also developed three new transportation options for TANF clients. First, the Essex Night Owl is a van service that provides transportation for residents of Newark,

East Orange, Orange and Irvington whose hours of employment start before or end during overnight hours when public transportation is not operating. The service operates seven days a week between 1 a.m. and 5 a.m. The Route 10 Shuttle is another shuttle service that provides transportation to and from the Route 10 corridor, the location of a large number of employers. Finally, Workforce Accessibility Vehicles of Essex County (WAVE) is a van-based transportation system that provides access between the county welfare office, the county one-stop, and many of the vendors that provide employment and training services in the county. Unlike the Essex Night Owl and the Route 10 Shuttle, which have flexible schedules and routes, WAVE's six different van routes are scheduled, with departures eight times daily from 8 a.m. to 4:30 p.m.

### **3. *New Effort to Manage Contractor Services***

The county office that provides employment and training services in Newark contracts with 23 vendors to provide employment-related services for TANF clients. Case managers need real-time information regarding the type, availability, and location of services. Until recently, interactions between vendors and county staff were entirely paper-based (e.g., compiling listings of openings in vendor-provided activities [slots] such as job search and vocational training, tracking client participation). This created logistical problems and often meant that case managers had out-of-date information on available slots. The county addressed this situation by implementing a web-based "Slot Management System" approximately four years ago. Vendors now provide information on slot availability to county staff via the Internet. Staff now have immediate, real-time information on available activities to which clients can be assigned. In addition, vendors input information on client attendance that is available to case managers to track participation in work activities.

### **4. *New Consolidation of Offices***

Whereas the changes described above were designed to improve services to low-income families, including TANF clients, other changes have had the effect of making it somewhat less convenient to file for benefits. The number of local sites where individuals can file for TANF and other programs has been reduced in recent years.

In Milwaukee, county staff responsible for Food Stamps and Medicaid eligibility determination were out-stationed in the local TANF office until recently. As a consequence of the reduction in the overall TANF caseload, as well as financial issues (the county was not willing to absorb all of the costs for space in offices of the private TANF contractors), the county pulled these staff from the contractor sites to a centralized, county office. (TANF applicants are required to file applications with the county office before their TANF cases can be opened in the state's information system.) These changes had the effect of decreasing the number of offices where TANF applicants could file with the county from five to one,<sup>9</sup> necessitating travel to an additional, and often comparatively distant, location in order to complete the TANF application process.

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<sup>9</sup> At the time of the site visit in June, there were two county offices; one that was co-located with one of the private contractor was slated to close shortly.

In Essex County consolidation of a number of local offices into a single building in the center of Newark was nearly complete at the time of the site visit. Until recently, clients could file for benefits in a number of locations; now application can be made in only two – Rector Street in Newark and South Clinton Street in East Orange (the latter is the location where all case management for TANF clients is performed). Intake and eligibility processes that were available in East Orange will soon be relocated to the main welfare office on Rector Street. Unlike in Milwaukee, program administrators were supportive of the consolidation efforts. They noted that the change improved the ability to manage the eligibility and employment functions of the program. They added that the new office was easy to reach and that the offices that were closed were in unsafe neighborhoods in the county. The implementation of the mobile office in Essex County, described above, also partially offsets the closing of local welfare offices in the county.

### **5. Increased Emphasis on Community Work Experience Program**

One of the few examples of a significant and locally motivated change specifically focused on the TANF program is the increase in the size and importance of the Community Work Experience Program (CWEP) in Newark. (The other example is the creation of new work programs in Macon, described below.)

CWEP in Newark is not a placement of last resort, where clients are assigned more as a means of satisfying TANF participation requirements than with an expectation that the program will lead to an actual job. CWEP in Newark is a large and active program that, at the time of the site visit, had approximately 700 potential slots available in nearly 300 different organizations. The program increased in size after the employment and training agency director increased staffing over the last year and a half. Where employment and training staff might previously have seen five clients in a day, on one recent day they saw 80 clients. One reason that the program has grown from approximately 60 to nearly 300 organizations is that, in addition to helping place clients, staff also develop relationships with the organizations that provide positions. In order to help ensure that participants are successful in the program, the county recently began to require participants to spend one week in job readiness classes before going to a job site. The county also started combining the six-month work placement with GED class participation as a way to address participant education needs in combination with work. The expectation is that CWEP assignments will lead to full-time employment with the organizations that provide the positions.

### **D. State and Local Policies Limit Participation in TANF**

A number of the changes at the state and local levels have the effect of limiting TANF participation. In addition to the pre-eligibility changes in procedures in Arizona – increased emphasis on diversion and cooperation with child support enforcement – described above,<sup>10</sup> state and local offices have made other changes that have the effect of limiting enrollment in the

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<sup>10</sup> In addition to Arizona, New Jersey and Wisconsin also require up-front cooperation with child support enforcement as a prerequisite of TANF eligibility. These policies were instituted prior to the earlier Rockefeller Institute visits and were included in those reports.

TANF program. Of the five sites in the study, only Missouri had not adopted pre-eligibility requirements since the initial implementation of TANF in the late 1990s.

### **1. Re-emphasizing Up-front Job Search**

According to local- and state-level staff in Wisconsin, the most recent contracts re-emphasized the TANF program's employment focus. Staff in the local office explained that in the prior years, the program's emphasis had become "more AFDC-like." That is, rather than the program's early emphasis on employment and activities designed to move clients to work as quickly as possible, an entitlement mentality had taken hold. Clients were frequently given extensions on the employment time limits, and payment reduction for missing assigned hours of participation was not rigorous. Applicants now participate in upfront workforce attachment exercises before eligibility determination unless they demonstrate a barrier to work. This includes a two-day intensive employment readiness workshop, job club, and one week of job search during which applicants must make 13 contacts.<sup>11</sup>

### **2. Creation of New Work Programs**

In Macon, TANF staff took steps in 2006 to simultaneously "close the front door" and "open the back door" – goals stressed by the state's TANF program administrator. Closing the front door is staff shorthand for policies that limit initial eligibility to TANF, such as up-front job search that results in employment, and therefore eliminates the need for TANF. Opening the back door involves implementing programs designed to move clients who have been on the TANF rolls for a prolonged period into jobs. Earlier this year the Bibb County Department of Family and Children Services (DFCS), the state office that administers the TANF program in Macon and the remainder of Bibb County, instituted two programs designed to move potential TANF families, as well as long-term TANF clients, toward self-sufficiency.

To "close the front door," DFCS started the Service and Hospitality Industry Fundamentals Training (SHIFT) program, which is operated by a for-profit company. All applicants must participate in the four-week program. The first week of SHIFT involves classroom training to prepare clients to apply for a job in the service industry. For the second through fourth weeks, clients are expected to make 10 in-person contacts with employers each day.

For the first two weeks, no action is taken on the TANF application.<sup>12</sup> After two weeks, the case manager, in conjunction with SHIFT staff, determines whether the applicant has continued to participate in SHIFT and whether further participation is appropriate. The expectation is that the client will secure a job before TANF eligibility is established.

To "open the back door," DFCS created a new program for long-term clients, Upward Progression to Self Sufficiency (UPSS). Like SHIFT, services are provided under contract with a private company. The program is intended for clients who have passed through the standard

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<sup>11</sup> The new job search policy is less stringent than a previous policy (30 days). The previous policy was abandoned due to heavy criticism from community advocate organizations and concern among program managers that upfront job search diverted applicants who returned at a later date after their situations deteriorated and employment was more difficult.

<sup>12</sup> The state provides TANF cash benefits 45 days after application, retroactive to the 30th day.

employment and training program (Goodworks!) run by the local one-stop but have not found employment. Typically these are cases in which the client has little or no work experience.

UPSS provides work experience in the DFCS office. Clients receive training in job readiness skills, job retention and how and when to explore job advancement opportunities. Classes last from 9 a.m. to 4 p.m. five days per week; if a client misses one of the days, class is held on Saturday. On average, class time lasts four weeks, during which time barriers to employment not previously identified may come up, and are addressed.<sup>13</sup> At the end of the training period, the client is placed in a job at the DFCS office where she is supervised by UPSS staff. Clients are paid \$5.15 per hour; hours of paid employment are limited to avoid causing the client to become ineligible for TANF (see *Box 6*). Other activities, such as job search, fill out a 40-hour week.

#### **Box 6: UPSS Program Hours**

The UPSS program takes advantage of the method by which the state computes the TANF payment. Georgia is what used to be called a “gap state;” income is counted in a way that has the effect of disregarding the portion that falls between the standard of need and the maximum amount of the TANF payment. For example, for a family of three, the need standard is \$424 and the maximum amount of the TANF payment is \$280. In addition to the standard earned income disregards, the portion of the income that falls between the need standard and the maximum payment, \$144 in this case, is effectively disregarded. This allows the family to remain eligible for TANF during the work experience portion of the UPSS program, with an income that is much higher than would otherwise be provided by only the TANF payment. The hours of work in the DFCS office are limited so as to prevent the family from becoming ineligible for TANF.

### **E. TANF Program Functions are Being Carried out by Increasingly Complicated Institutional Structures, a Change that may Affect Participation in TANF as well as Staff Communications and Coordination**

Changes at the state and local level at the five sites suggest that TANF programs are moving toward more complex management structures at the state level, and increased specialization and separation of functions at the local level. Compared to only a few years ago, TANF functions in these sites have been increasingly divided between human service and labor departments; between public and private agencies; and among a variety of specialists. Clients must interact with many staff, often in different agencies and in different locations, in order to receive a monthly payment. In none of the sites has the program become more streamlined.

The sites showed many instances of growing complexity in the administration of TANF:

- *Georgia.* In Macon, local TANF managers have instituted two new programs, SHIFT and UPSS, described above, the former for TANF applicants, the later for long-term TANF clients. Both programs are provided by private organizations through contracts arranged

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<sup>13</sup> The program director suggested that clients are sometimes more willing to open up to her staff than to DFCS staff.

at the local level, and are in addition to services provided at the local labor department one-stop office under a state-level contract.

- *Missouri.* As described above, the state shifted funding for TANF case management and employment-related services from the state human service agency to the state labor department. Whereas the Department of Social Services provided both eligibility and case management services at the same local office, now DSS staff provide eligibility for TANF and a private contractor at a separate location is responsible for case management and employment services. In addition, state Department of Workforce Development staff contact TANF applicants, prior to eligibility determination, to offer voluntary employment services at the local one-stop career center.
- *New Jersey.* Eligibility and employment services have been housed in two separate local offices for some time. Until recently, funding for TANF employment services was shared by the human services and labor departments. Now, the labor department receives all such funding. At the study site in Newark the change had little effect; the county operates the labor one-stop office as well as the offices responsible for TANF eligibility.
- *Wisconsin.* While both TANF eligibility and case management functions have been privatized for more than a decade in Milwaukee, state contracts now separate eligibility and case management from employment functions. In addition, a separate contract provides for SSI advocacy for the entire county. In the local office, the same organization had both contracts.<sup>14</sup> In addition, staff from the county welfare office who determine eligibility for Food Stamps, Medicaid and child care are no longer outstationed in local offices. These staff have been relocated to a centralized county office.
- *Arizona.* In most parts of the state, eligibility and job services are provided in separate offices by separate state staff. The office visited was unique in that it is a pilot integration site. Although it had not yet directly affected the site visited in Phoenix, a significant change in program structure is underway in Arizona. The state legislature mandated the privatization of TANF case management and related employment-related activities throughout the state.<sup>15</sup> Privatization of these functions will result in a major realignment of staff, some of whom will lose their jobs, while others will move to other positions.

At all of the sites, applicants and clients must meet with multiple staff to receive services. **Box 7** shows the complexity of the programs in Macon and Milwaukee.

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<sup>14</sup> In other Milwaukee regions, separate organizations may have the case management and employment contracts.

<sup>15</sup> At the time of the site visit, state officials were in the process of reviewing bids from private contractors to provide services in approximately 20 regions around the state.

## **Box 7: TANF Program Complexity in Macon and Milwaukee**

### *Macon*

When a TANF client initially visits the local office, she is given a single application for TANF, Food Stamps and Medicaid. She is then seen by a Screener, who completes a Work Readiness Assessment and determines whether the client needs immediate assistance via the expedited Food Stamp process, in which case she is seen immediately by an eligibility worker. The screener also sets up an appointment with the employment services case manager. For the majority of cases, the parent is seen by a case manager that day or the following one. If there are no factors present that would cause the client to be exempt from participation in a work activity, she is referred to SHIFT, one of Macon's new programs, which focuses on up-front job search. If child care is needed, the client meets with child care staff. Within a brief period of time, the client is likely to be called in to the child support office in another location in Macon. Meanwhile, a Family Support Worker, employed by Macon Bibb County Economic Opportunity Council, Inc., under a contract with the local welfare office, visits the site where the client has been assigned to track participation and to provide mentoring and coaching, should the client fail to meet participation requirements. All in all, the client is likely to meet with a minimum of a half-dozen staff in multiple agencies, all before receiving a payment. (In Georgia's TANF program, the initial payment is not made until more than a month after application.) There are numerous opportunities for clients to miss an appointment, and therefore eligibility for the TANF program.

### *Milwaukee*

At the site visited, the level of staff specialization was striking. A typical applicant meets with the following staff during the first few weeks of entering the program: a Customer Service Representative, an Information Resource Specialist, employment staff, an Eligibility Financial Employment Planner, a county child support enforcement worker, and an ongoing Financial Employment Planner, a specialist who works with the specific employment program to which the client is assigned, all of whom are on site. The client must also make her way to the county welfare office to file there for Food Stamps, Medicaid, and for child care.

Given the complexity of program requirements and related activities (e.g., eligibility requirements, participation requirements, child support requirements, child care arrangements, transportation arrangements), the number of different workers and the bureaucracies in which they operate with whom clients must interact, and the general lack of integration of service delivery systems, it is not surprising that many clients fail to satisfy initial or subsequent eligibility requirements. For example, in the Milwaukee office visited, of the applicants who filed for TANF in the first three months of 2006 who were within the office's service area, more than half did not follow through with the various interviews and other requirements that are part of the eligibility process. Many likely found employment. But some also likely decided not to pursue benefits for one reason or another. An additional 15 percent were determined to be ineligible for benefits, including a substantial percentage who failed to complete the up-front job search requirement.



The increased complexity of local TANF programs creates challenges for staff as well. For example, in Phoenix and Kansas City, completely separate IT systems were used to determine eligibility and track timeliness and accuracy in providing benefits, and to follow work participation activities. Milwaukee’s CARES system was the only system of the five states that fully integrated IT functions for eligibility, case management, and job services. Most often, staff from one side of the program (e.g., eligibility) did not have access to the system used by the other side (job services). This separation not only made it harder for staff to track clients; it also forced staff to spend time collecting information already obtained and captured elsewhere in the TANF system.

In locations where TANF eligibility staff and case managers work in different locations, and particularly where they work for different agencies, communication issues were apparent. This was most noticeable in Milwaukee, where, as described above, county welfare staff had until recently been co-located with TANF staff. Previously there were ongoing personal interactions between county and contractor staffs, facilitated by physical proximity and shared caseloads. Now, staff on both sides expressed frustration. Contractor staff indicated that they had difficulty determining which county workers were handling their cases and securing responses to requests for information. County staff indicated that at times client information relevant to their work was not passed on by TANF staff. Both parties agreed that the move away from co-location was not good for either staff or clients.

## F. Low Benefit Levels may Affect Client Participation and Sanction Effectiveness

Cash payment levels in four of the states in this study are low, and given that benefit levels have remained static for long periods, are of reduced value relative to the cost of living. As indicated in *Exhibit III.1*, in four states the amount of the TANF payment was less than \$425 per month for a family of three, and in two states, it was less than \$300 per month. In addition, these benefit levels have remained basically unchanged for many years. In New Jersey, for example, staff reported that the payment level for TANF (and the AFDC program before that) had not increased for 19 years. The combination of low benefit levels, as well as the factors described above, has likely made the TANF program, whether by design or otherwise, less attractive as a means of addressing the needs of low-income families.

**Exhibit III.1: Maximum AFDC/TANF Benefit for a Parent and Two Children (Dollars per month)**

State	1995	2000	2006
Arizona	347	347	347
Georgia	280	280	280
Missouri	292	292	292
New Jersey	424	424	424
Wisconsin	517	673	673*

\*For clients in the community service job rung

Insubstantial benefit levels also present program administrators with a dilemma regarding the effectiveness of sanctions. For example, the sanction for the first failure to participate in work activities in Arizona, Georgia and Missouri is 25 percent of the grant. In New Jersey, it is the adult’s portion of the grant. Given the benefit levels in these states, the sanction does not

amount to very much money. When coupled with notice and due process requirements and the ease with which the sanction can be cured, sanctions do not appear to be an adequate means of securing cooperation. In a number of the sites, local staff told us that sanctions were largely ineffective in securing compliance.

The dilemma for state program administrators is that, on the one hand, given benefit levels, current sanctions are not meaningful, at least initially. Yet more onerous sanctions, such as the permanent full family sanction that was previously the policy in Georgia for the second failure to cooperate, may be impractical. Georgia recently changed the policy because the full-family sanction was seldom invoked. In two of the sites, administrators indicated that the state's sanction policy was likely to be revised as a consequence of changes in federal rules regarding TANF participation.

To a certain extent, the limited amount of cash benefits is offset by eligibility for child care, the value of which can easily exceed the TANF payment in the study states. However, while the value of child care may be substantial, the loss of the subsidy does not serve the same purpose in securing client participation as reduction in the TANF payment—a client who is not participating in a work activity does not require child care. Staff in all of the sites indicated that child care for TANF families was available, both in terms of state funding to pay for child care and the supply of child care providers. There were differences, however, in whether child care for other low-income working families was available. In Macon, for example, applications for child care for such families were not being taken at the time of the site visit. As a consequence, eligibility for TANF had become a means of securing child care.

## **IV. CONCLUSIONS**

### **A. TANF Programs Continue to Evolve**

One of the most striking observations during the site visits was the degree to which programs continue to change. It has been 10 years since PRWORA changed the nature of the welfare program. Although many of the large-scale policy changes were adopted in the years immediately following welfare reforms, states and local areas continue to adapt their programs. The research team observed changes in organizational structures (e.g., separating the eligibility and employment functions at the state and local levels), pre-eligibility requirements (e.g., upfront job search, meetings with child support staff), program activities (e.g., new employment programs), and case flow (e.g., new intake procedures).

### **B. There is Limited Flexibility in the TANF Program at the Local Level**

One of the purposes of this study was to examine how local offices have implemented innovative practices over the last five years to improve performance in the TANF program. Considering observations at the five study sites, there were few examples of major innovations implemented by local officials during that period of time. Often staff at the sites indicated that they had limited flexibility to make changes to program policies. To the extent that local offices have flexibility, it tends to involve procedural issues, such as intake processes and staff assignments.

Although one of the hallmarks of the TANF program was the devolution of responsibility for policy decisions from the federal government to the states, the states, at least those in this study, do not pass a great deal of responsibility to the local level. This is true regardless of whether the program is state administered (Arizona, Georgia, and Missouri) or county administered (New Jersey and Wisconsin). In fact, in the later two states, where one might have expected greater local flexibility, state staff were very much involved in determining how the program operates at the local level, and on-site state staff closely monitored local actions. Ironically, the site that appeared to have the most local flexibility was one of the state-administered programs (Macon).

### **C. TANF Programs Varied Considerably by Site**

Comparing the attributes of the TANF programs at these five sites, one might conclude, “If you’ve seen one TANF program, you’ve seen one TANF program.” No two programs are alike. There are substantial differences in philosophy, the mix of organizations that are responsible at the state and local level, program policies, up-front eligibility requirements, and the coherence of the program at the local site. It is impossible to generalize about “the TANF program” from visits to five sites.

The sites in Georgia, Wisconsin and Arizona had recently taken steps that, by design or not, limited new entrants into the program by emphasizing up-front job search at the behest of state officials or, in Arizona, requiring diversion interviews and child support enforcement meetings. The other sites allowed relatively easier entry into the TANF program, with an initial focus on timeliness and accuracy in eligibility determinations.

Sites differed in terms of the privatization of services. At the Milwaukee site, a private contractor is responsible for case management and employment services. In Kansas City, responsibility for case management was recently shifted from state staff to a private, non-profit organization. Arizona is in the midst of privatizing case management. In Macon, state staff are responsible for both eligibility and case management; in Newark, county staff handle these functions.

There are significant differences in up-front eligibility requirements. Three of the states require cooperation with child support enforcement as a pre-condition of TANF eligibility – Arizona, New Jersey, and Wisconsin.<sup>16</sup> Two have grant diversion policies – Arizona and New Jersey. The length of time that clients are eligible for cash assistance is similar on paper – 60 months in four of the five sites (Georgia’s limit is 48 months). However, in practice, New Jersey created a program that extends eligibility for many clients beyond the five year limit.

### **D. Divided Responsibility for Eligibility and Employment Functions May Affect TANF’s Coherence and Performance at the Local Level**

A factor that is difficult to quantify, but which stood out as a significant difference between the sites, is the apparent coherence of the programs at the local sites. Coherence is suggested when management and staff responsible for various functions, such as eligibility and case management, share a common vision of the purpose of the program and speak with one voice.

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<sup>16</sup> This was a requirement in Milwaukee County.

Another factor is the administrative connectedness of TANF functions and staffs – there is little opportunity for clients to fall between the cracks, so to speak. For example, clients are introduced to processes related to employment immediately upon beginning the process of applying for TANF, as opposed to receiving a letter weeks or months after filing for benefits. A third factor is the sense that staff, those directly involved with TANF functions and staff in associated programs, are energized and view the program positively.

One reason for the difference in the coherence of these local programs may be the bureaucratic structures in which they operate, with eligibility and case management functions either separated structurally and administratively, or closely connected. This study included examples of bifurcation at the state and local levels, as well as examples of unified management of these functions at both levels of government. In three states, Arizona, Georgia and Wisconsin, a single state department had responsibility for both functions. In Georgia and Wisconsin, one individual has management responsibility for both functions locally, aiding program coherence. Arizona is unique. Although both functions reside in the same state department, two agencies within the department operate eligibility and employment services. This bifurcation is reflected at the local level, where eligibility and employment services are housed in separate offices with few exceptions, including the site studied. The functions will likely become more separate with statewide privatization of case management functions.

In Missouri, the state labor department is responsible for TANF employment-related functions, including case management, while the human services agency is responsible for TANF eligibility, a recent structural change. In New Jersey, the state labor department is now responsible for employment-related functions, while the human services agency is responsible for TANF eligibility, much like Missouri. However, a major difference between the local sites in these states is that in Newark, county staff under a single administrator are responsible for both functions. In Kansas City, state staff handle eligibility, while a private agency handles case management.

It is more than coincidental that the two of the local offices that operate in states with a unified management structure at the state level (Macon and Milwaukee) have the most integrated client processes at the local level, and appeared to be the most coherent from the client perspective. The fact that eligibility and case management were co-located within the same office, a factor that is more likely to occur when both functions are within a single bureaucratic structure, certainly contributes to the sense of coherence. Various staffs can communicate more efficiently and are more likely to understand the challenges that each face. The number of offices that clients are required to visit and the number of different bureaucracies with which they must interact is minimized.

It would be difficult to separate the effects of various factors that contribute to an office's performance, such as bureaucratic structures, program policies, physical location of functional components, management skill, and staff motivation, to name a few. And the small sample of local sites represented in this study should not be the basis to reach broad conclusions about the TANF program. Nevertheless, it would be inappropriate to ignore the fact that the offices in Macon and in Milwaukee had the best performance among the study sites in terms of client participation. (In Macon, client participation in employment-related activities routinely exceeded 90 percent in the months preceding the site visit.)

## **E. TANF Reauthorization is Likely to Generate Additional Changes in Local TANF Offices**

At the time of the site visits, all of the states were satisfying existing participation rate requirements, although three of them (Missouri, New Jersey, and Arizona) would not meet the requirements without caseload reduction credits. Participation requirements are more stringent under the 2006 Deficit Reduction Act (DRA). For example, the DRA recalibrates and updates the baseline for caseload reduction credits, and it reduces states' flexibility in using certain activities to satisfy the participation requirements. Many states are thus expected to have difficulties meeting the new participation requirements. Because this study began before the DRA was passed, and the site visits occurred as state staff were only beginning to wrestle with the effect of the changes on their TANF programs, the study findings do not reflect planned adaptations.

The findings, however, do suggest that certain program elements are associated with high participation rates and, thus, may increase the likelihood that states will comply with the new regulations. This includes programs that are work-oriented in philosophy and practice. In these programs, state and local staff alike send a consistent message to applicants and clients—that employment is good (e.g., “everyone is better off working”) and is the expected outcome. In other sites, the message was not consistent or gave considerable weight to other goals, such as income support for persons with multiple barriers to employment.

The work-based philosophy was operationalized in part by up-front work and child support enforcement requirements that preceded eligibility determination. These up-front requirements appeared to lead many people to drop out of the intake process, before they actually received cash assistance, either because they found jobs or alternative sources of support, or because they were unwilling or unable to comply with the requirements. Whatever the reason, these initial expectations appeared to strengthen the work orientation of the programs in several ways: clients almost immediately knew that they had to participate in work-related and other activities; unresponsive clients were winnowed out; and the greatly reduced caseload made it easier for workers to provide more focused and intensive case management and services to the families that eventually qualified for assistance.

Once a client receives assistance, participation in work activities, which support the ultimate goal of unsubsidized employment, is reinforced through sanctions. In some of the sites, the sanction process is quick and straightforward—families whose head does not participate in the expected number of hours are simply paid less. In other sites, the sanction process is often long and complicated. As a consequence, the up-front requirements—which hold benefits back *until* compliance is obtained—have become even more important in enforcing work and responsibility goals.

A comparison of local management also suggests that performance may be facilitated when the staff performing employment and eligibility functions either work within the same agency and for the same proximate superiors, or are located together and communicate often, even while they work for different contractors or state agencies. When eligibility and employment functions are handled by largely separate and independent agencies, clients may more easily get on assistance without first understanding all the obligations attached to cash receipt under

TANF. In such circumstances, signaling and enforcement of work requirements rely more heavily on sanctions – which, as noted above, often involve long and complicated processes and are not always effective. Close coordination between employment and eligibility functions at the local level also seems to make it easier for staff to monitor clients’ activities, and it helps ensure that program goals, policies, and assumptions are widely shared among staff and come across consistently in their interactions with clients.

While it is unwise to draw too many conclusions from a very small sample, it appears the centrality of work to TANF's goals and operations from initial contact, through the eligibility process, and during the period of benefit receipt will be key to state efforts to satisfy the new work participation requirements. It will be instructive to follow these sites as they adapt their programs in response to the new requirements. Future research that assesses the integration of TANF eligibility and work functions across a broader sample of states and localities would also be informative.