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DC'S NEW APPROACH TO THE TANF EMPLOYMENT PROGRAM: THE PROMISES AND CHALLENGES

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INTRODUCTION AND SUMMARY

The District started rolling out a substantial re-design of Temporary Assistance for Needy Families (TANF), the welfare-to-work program for families with children, in late 2011. The TANF reforms hold promise for greatly improving the city's efforts to help families move toward employment and to otherwise become more stable. DC's prior TANF services have been criticized for failing to identify and address the substantial employment barriers faced by many families and for providing only limited work readiness services. Those limitations have contributed to low participation in TANF work preparation activities in the District and to a significant number of TANF families receiving benefits for long periods of time.

While the new system will greatly improve TANF education and training services, its success will be hindered by a recently adopted time limit policy that clashes with the employment reforms rather than complements them. For families that have received TANF assistance for more than 60 months, benefits will be reduced to just \$257 a month for a family of three in October 2012. This will leave thousands of families with inadequate resources to meet the most basic needs. In many cases, the time limit cuts will go into effect before parents have had the chance to take advantage of new employment services. Moreover, the time limit policy will reduce benefits even for families who need time to address personal barriers — such as domestic violence — before they can prepare for work. This is different from most states, which provide temporary time limit exemptions for selected groups who are not immediately ready for training and employment.

Success of the TANF re-design effort has large implications for the District's families with children, given that one-third of DC children are on TANF, and that unemployment in the city is at the highest level in 30 years. There is substantial research showing that financial stability and poverty among families has a negative effect on early childhood development and success in school. High poverty in the District creates challenges for DC's efforts to improve public school outcomes and contributes to other social ills.²

¹ This report was supported by a grant from the Greater Washington Workforce Development Collaborative, an initiative of the Community Foundation for the National Capital Region.

² See, for example, DC Fiscal Policy Institute, "Disparities in the District of Columbia: Poverty is a Major Cause," November 2006, <http://dcfpi.org/?p=44>.

Key elements of the new system include a more thorough assessment of clients' needs, enhanced partnerships with other District agencies, and a new array of employment and training options for TANF recipients. At the heart of the new system is a "universal engagement" approach, under which every TANF parent is expected to participate in some activity to either prepare for work or to address personal or family problems. Universal engagement recognizes that these expectations need to be tailored to the varied levels of education, work experience, and other conditions that affect the ability of TANF families to work. While some parents may be ready to look for work right away, others may benefit from training first and others may need to address serious barriers — such as low literacy or mental illness — before even being ready for training.³

There are early signs that the new system will result in a substantial increase in work participation among TANF recipients. The Department of Human Services (DHS) created a pilot for the new system in mid-2011, and the program resulted in a ten-fold increase in the share of TANF recipients participating in work activities. This suggests that the low rate of participation in TANF employment activities in recent years largely reflects the fact that TANF services were not well targeted to the individual needs of families.

Success of the new system is not guaranteed, however, and instead will depend on a number of factors. The complexity and challenges facing the new system suggest that it will take some time for it to be running smoothly, and that careful monitoring and reporting on progress will be important. The challenges to the new system include the following:

- **Ability to Accurately Assess Client Needs and Develop Education and Training Plans:** The re-designed TANF program depends upon a system that accurately identifies client strengths and barriers and then refers clients to appropriate services. Because these tasks are complex and the District has not attempted to customize employment plans to this degree in the past, efforts to build a strong assessment and referral systems should be a top priority.
- **Education and Training Capacity:** The new TANF program is likely to result in a large increase in the number of clients referred to education and training, including non-profit and for-profit providers. It is not clear whether there is capacity within the District to support such an expansion. The District needs to take steps to monitor this education and training capacity and may need to take steps to enhance it.
- **Capacity to Address Personal Barriers:** Research suggests that many TANF recipients, especially long-term recipients, are likely to face serious personal barriers. A study of DC's TANF families found, for example, that more than one in five adults has a mental health problem and three percent have a substance abuse problem.⁴ In many cases, the adults are not receiving help to address these barriers. It is not clear whether the District has the capacity to provide the services needed to help families overcome barriers such as these.

³ A description of DC's new TANF system is provided in a report from the Department of Human Services, entitled "The Redesign of DC's Temporary Assistance for Needy Families (TANF) Program," 2011. It can be found at the Department of Human Services website, www.dhs.dc.gov.

⁴ Pamela Loprest and Gregory Acs, "A Study of the District of Columbia's TANF Caseload," Urban Institute, 2003.

Key Definitions¹

Universal Engagement—The approach underlying the new TANF re-design. Each TANF parent is expected to participate in some activity to either prepare for work or to address personal or family problems.

Job Placement Services—Parents with low barriers to employment and moderate to high levels of education and skills will receive services that are geared to rapid employment. These services include job preparation, job search, job placement and retention.

Work Readiness Services—Parents with low barriers to employment and low levels of education and skills will receive services geared to enhancing their skills and education so they become employable. These services can include education, vocational training, work experience, and community service that will enable the customer to develop his/her skills and upgrade his/her education. Once parents have sufficiently developed their skills and are ready for employment, they shall receive **job placement services**.

Barrier Removal Services—Parents with moderate to high barriers will first receive intensive barrier remediation services before receiving **work readiness** or **job placement services**.

¹Based on definitions provided in Request for Qualifications for Human Care Agreement (RFQ) and Award DCPO-2011-H-0072 Temporary Assistance for Needy Families (TANF) Employment Program – Work Readiness and Placement Services. Issued May 25, 2011.

- **Funding:** The District is embarking on major TANF reforms without any increase in funding. More in-depth assessments, more customized employment plans, and increased referrals to education and training are likely to require additional resources. District officials will need to monitor the TANF re-design to ensure that its success is not hampered by a lack of resources.

Perhaps the greatest challenge to success of the new TANF employment system, however, is that the rollout of new education and training services is occurring at the same time that the District is implementing steep benefit reductions for long-term TANF recipients. The maximum monthly benefit for a family of three that has received TANF assistance for 60 months was cut from \$428 to \$342 in April 2011 and will be reduced to \$257 per month in October 2012. (There will be further reductions in subsequent years.)

The rules and the timing of these reductions create considerable risks that benefits will be cut for some families who need a significant amount of time to address work barriers — such as literacy — before they are ready to work, and that other families will face benefit cuts before they have had a chance to participate in the new system's education and training options. Significant cuts in basic assistance to families that are unlikely to be able to replace lost income through work could increase the number of families facing extreme hardship and lead to increases in homelessness or child neglect.

These should be addressed through establishing select time limit exemptions and extensions, as nearly all states have done, to ensure that DC's time limit policy is well aligned with the re-designed TANF employment program.

- **Give Every Family Time to Prepare for Work:** The Department of Human Services acknowledges that the prior TANF system failed to give TANF recipients the skills they need to move to work. The District should allow all TANF families some time to take advantage of new education and training options before benefits are cut.
- **Create Time Limit Exemptions for Families that Are Not Ready for Work:** Most states exempt some families from TANF work requirements, such as parents fleeing domestic violence. In most cases, the family's TANF time clock is put on hold because the parent is not expected to be looking for work. Though, the District's new TANF program assumes that some families will need to address personal barriers before enrolling in job training or looking for work, the time limit clock continues to run for these families. DC's time limit should be modified to stop the family's time limit clock while the parent resolves barriers.
- **Create Time Limit Extensions for Families that Cannot Find Work Through No Fault of Their Own:** Some states, including Maryland, maintain benefits for families who reach the time limit without finding employment but who are cooperating with work preparation assignments. The District should establish criteria for extending time limits for TANF families in similar situations.

SECTION 1: The Structure of DC's New TANF Program

The core of DC's new TANF program is a “universal engagement” approach, which assumes that every TANF family is able to participate — and should be expected to participate — in activities that help prepare for employment or otherwise improve family functioning. Importantly, universal engagement recognizes that parents have varied strengths and needs — and thus that the expectations of a family on TANF should be tailored to those needs. In particular, some families will have to remove barriers to employment — such as mental health issues or limited education levels — before engaging in job training and job search activities, while others may be ready to look for work.

The re-designed TANF program holds promise for increasing the share of TANF families who engage in work activities and ultimately find work. It represents a significant departure from the prior system, under which families received a much more limited orientation and assessment and most families were directed to short-term job search and job readiness services (such as resume assistance), regardless of their skills, work experience, or barriers to employment.

The new TANF system works as follows:

- **Assessment of Client Skills/Barriers:** The starting point for DC's new TANF system is an in-depth assessment of skills, barriers, education, and goals of TANF parents to match them with the services that best suit their unique needs.
- **Program Orientation:** Parents will receive a comprehensive orientation to help them understand options available to them for education, training, and supportive services, as well as their rights and responsibilities.
- **Development of Individual Responsibility Plan:** After assessment and orientation, each TANF family will work with the Department of Human Services to develop an initial “Individual Responsibility Plan” (IRP) to specify what the parent is expected to do to make progress toward employment. The parent will then work with the organization assigned to play the lead in providing services to the family to develop a more detailed plan. Under universal engagement, parents play an active role in both developing as well as updating the IRP.
- **Case Management:** Staff of the Department of Human Services will serve as case managers for many TANF families, but DHS also will allow other agencies and service providers involved with a TANF family to serve as the TANF case manager. If a family's main work barrier requires addressing mental health issues, for example, the Department of Mental Health could be designated as a family's primary TANF provider.

The Starting Point: A New Assessment and Orientation System

A client's entry point into DC's re-designed TANF system is a full assessment of skills and barriers. The Department of Human Services is using a new diagnostic tool developed by the federal government to gain an in-depth understanding of each TANF participant's skills and interests, employment history, employment barriers, and other relevant information. The

assessments are conducted by DHS staff, and in some cases, TANF clients will be referred to other agencies, such as the Department of Mental Health or the Rehabilitative Services Administration (which serves residents with disabilities) for a more specialized assessment.

Following assessment, TANF families receive an orientation that includes an overview of program components, resources, and requirements, and a summary of their rights and responsibilities. The new orientation is expected to be more comprehensive than prior orientation efforts, which often failed to alert TANF families to the services available to them. A 2009 report from the DC Fiscal Policy Institute and So Other Might Eat found that many TANF recipients were unaware of services available to them, and as a result, few TANF families took advantage of support services. For example, while an estimated 20 percent of TANF families are victims of domestic violence, less than one percent of DC's TANF families receive domestic violence services.⁵

As of fall 2011, the planned timing for implementing the new assessment system is as follows, according to the Department of Human Services:

- DHS started the new assessment and orientation in fall 2011, focusing on the roughly 3,000 TANF families who currently participate in a TANF employment program.
- In January 2012, DHS started contacting all families who have been on TANF for a total of 60 months or more (not necessarily consecutively) to encourage them to sign up for a new assessment. These are families who experienced a 20 percent reduction in benefits in 2011 and will face further reductions starting in October 2012.
- Starting in March 2012, DHS will provide the new assessment and orientation to existing TANF families when they come in for the annual TANF re-certification process. This summer, the new assessment and orientation process will start being used for new TANF applicants.

While this is the schedule that will be used to reach out to families, the Department of Human Services also will schedule an appointment for an orientation and assessment for any parent seeking to start taking advantage of the new array of services.

This means that even though the new system is underway, it will take a substantial amount of time before all TANF families receive the new assessment and orientation that will allow them to access new TANF employment services.

Individual Responsibility Plan

Following the orientation and assessment, each family develops an initial Individual Responsibility Plan (IRP) with staff from the Department of Human Services. The initial IRP sets the broad goals for the individual. A detailed IRP is then developed with the primary service provider and the TANF adult. The IRP lays out the efforts that the TANF parent is expected to make to move toward greater economic independence, and the kinds of services the family will receive to support

⁵ DC Fiscal Policy Institute and So Others Might Eat, "Voices for Change: Perspectives on Strengthening Welfare-to-Work from DC TANF Recipients," 2009, page 25.

Pilot Test of DC's New TANF Program Shows Promising Results

A trial run of the new TANF system last summer yielded very encouraging results in terms of client participation. The pilot program demonstrated that TANF parents are eager to engage in activities that will prepare them for work and that families will participate in require TANF activities when the activities are meaningful.

In the pilot program, conducted by the Department of Human Services in the spring of 2011, a sample of 164 TANF families went through the new TANF orientation and an in-depth assessment to identify employment barriers, and they then were connected to education, training, and work activities especially chosen to suit their unique situations. The five week pilot program yielded the following results:

- The number of families participating in TANF work activities – including job training, education, barrier remediation, or other activities agreed-upon during the assessment stage – more than tripled, from 18 percent before the trial to 56 percent under the trial.
- The number of families meeting 100 percent of required work participation hours as set by federal guidelines (20 or 30 hours per week for a single parent household) grew from just three percent to 35 percent.

This type of improvement in participation is especially impressive because of the very short time period of the pilot program – just five weeks. The results confirm that the city's plans for the new TANF system are a big step in the right direction, and they highlight the urgency of fully and quickly implementing the re-design so that all TANF families may be connected with the services they need to move forward.

The work participation results of this pilot are similar to those another pilot welfare-to-work project this year. DC's new "Sweat Equity" program, which put a small number of homeless TANF participants into jobs rehabbing vacant housing that they will live in when the work is done.

The results of these two pilot programs help explain the low participation rates in TANF activities in recent years, suggesting that this stemmed from inadequate assessment of client barriers and needs and ineffectiveness of the TANF work readiness services. The pilot program's results show that TANF families will quickly become engaged when offered a meaningful orientation, an in-depth assessment, intensive case management, and high-quality education and training services that match their needs.

those goals. The Department of Human Services expects that TANF parents will play a large role in setting the expectations and identifying the appropriate services. As discussed below, families also will be allowed to select an agency to serve as their primary case manager — including other DC government agencies, such as the Department of Mental Health, or a non-government agency— based on what the family believes will lead to success.

The IRP specifies the steps a parent is expected to take to move toward employment. Failure to comply with those steps will lead to a sanction, or financial penalty. Families that repeatedly fail to comply with their IRP without good cause will have their TANF benefits eliminated.

Case Management

Every TANF family will be assigned to an organization that will serve as their primary provider of TANF services. The service provider will provide case management to help the family receive the services called for under their Individual Responsibility Plan. The primary service provider also will be responsible for monitoring the family's compliance with the plan.

In many cases, the primary service provider will be a for-profit or non-profit organization working under contract with the Department of Human Services. Families without significant personal barriers to employment — that is, those who are ready to work and those who need education or skills training to prepare for work — will be referred to job placement or education and training providers that will be responsible for providing services called for under the IRP and for reporting to the Department of Human Services when a client has not been compliant.

Families with more significant employment barriers — those who face personal barriers such as domestic violence — will have their TANF case managed either by the Department of Human Services or by another public or private agency that has been working with the family. During the assessment, DHS staff will ask TANF clients about other services they are receiving and other agencies that have been providing case management. If DHS determines that another agency has been providing case management and that the TANF recipient has found it to be beneficial, DHS may designate that agency as the lead case manager for TANF purposes. For example, if a family is dealing with foster care issues and has a case manager from the Child and Family Services Agency (CFSA), then CFSA could be identified as the lead case manager for TANF purposes if addressing the foster care issues is determined to be a critical pre-requisite to preparing for work. In that case, the family would be expected to comply with requirements from CFSA as part of its TANF IRP.

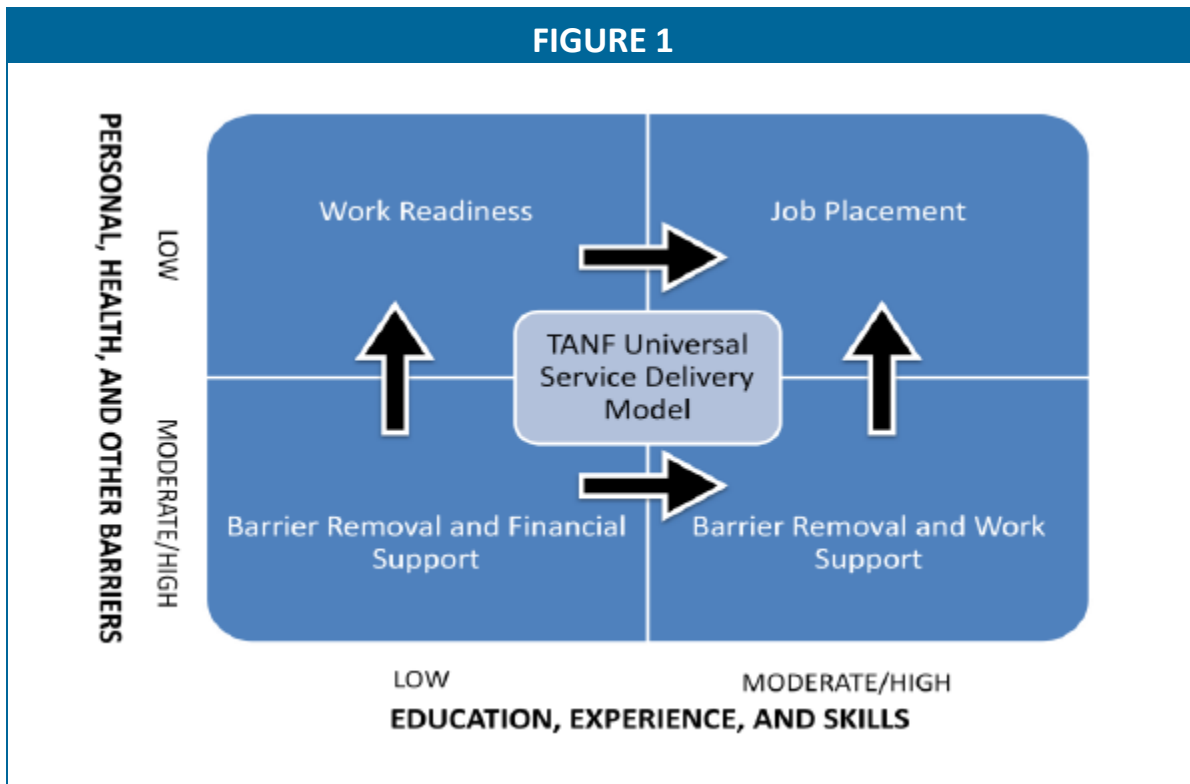
The Kinds of Employment Services Available to TANF Families

Under their IRP, parents will be referred to services based on their identified needs. Some parents will receive job placement services, while others will be sent to providers to receive education or training services, and others will be directed at services to address employment barriers. Parents who have disabilities will receive help to apply for federal disability benefits.

While each family will have an Individual Responsibility Plan tailored to her or his circumstances, the Department of Human Services expects families to fall into one of four broad categories of services, based on their education and work skills, as well as personal barriers to employment. (See Figure 1.)

Job Placement: Parents who have reasonable levels of job skills and work experience and limited personal barriers to work will receive job placement services to help connect quickly with employment.

Work Readiness: Parents who have limited job skills or work experience, but who otherwise face little or no personal barriers to work, will be offered “work readiness” services to help them prepare for employment, including education or training.



Barrier Removal and Work Support: Parents who face personal barriers to work, such as domestic violence or substance abuse, will be connected with services to remediate those challenges. The services may be offered by District agencies such as the Department of Health or Department of Mental Health or by a non-government organization designated by the Department of Human Services.

Barrier Removal and Financial Support: Individuals who are determined to be exempt from work participation requirements due to a disability or other severe barrier will be placed in the component of DC’s TANF program known as “POWER” and will receive help applying for federal disability benefits from the Supplemental Security Income program. These families will not be subject to DC’s TANF time limit.

“Universal Engagement” Is Recognized as an Important Method of Improving TANF Work Outcomes

DC’s new TANF system is a significant departure from its prior TANF program, under which most clients participated in short-term job readiness services aimed at getting people into jobs quickly, regardless of their readiness. The universal engagement model, in contrast, recognizes that this “one size fits all” approach does not provide meaningful assistance in addressing employment barriers and has led to very low participation rates in TANF activities, as many TANF families disengaged from services they did not find meaningful. As noted in the box on page seven, there already are signs that the new system will lead to a dramatic increase in the number of TANF families engaged in work activities.

What is a Barrier to Employment?

A barrier to employment is a circumstance that can prevent a person from finding and/or retaining a job. A barrier can be temporary or permanent and can be related to the jobseeker or a family member. Barriers can be roughly divided into three categories: personal/family challenges, human capital deficits, and logistical obstacles.¹

Personal/Family Challenges

- Disability, mental health, or physical health issues of job seeker, children or other dependent family member
- Job seeker pregnant or caring for infant
- Domestic violence
- Substance abuse
- Learning disability
- Involvement in child welfare system
- Low self confidence/self esteem
- Current involvement in criminal justice system and/or criminal history

Human Capital Deficits

- Low educational attainment
- No or limited work history
- Low literacy
- Limited English language skills

Logistical Obstacles

- Lack of transportation and/or limited transportation options
- Lack of childcare that is affordable and/or accessible
- Unstable housing, including homelessness

¹ Categories and most listed barriers from Elisha Smith, “An Analysis of Barriers to Employment and Job Search Programs for Welfare Recipients: A Case Study,” <http://peerta.acf.hhs.gov/uploadedFiles/Barriers%20to%20Employment.pdf>.

It is worth noting that DC’s universal engagement approach may make it harder to meet federal rules around TANF work participation in the short term, but may improve the ability to meet these requirements in the long-term. Under federal law, DC and the states are expected to have a specified share of TANF families meeting federal work participation requirements and DC faces financial penalties for not meeting those targets. DC’s prior TANF employment program largely was designed to match the federal work participation requirements, while the new TANF model recognizes that it doesn’t make sense to subject families to federal work participation rules that may not be attainable or realistic for individuals with complex barriers.

Nevertheless, this new approach is likely to be the best way to help families move to work in the long-term — and thus, meet federal work participation requirements. Many states, including Maryland, utilize a universal engagement approach for this reason. Moreover, the federal government has noted that universal engagement is an effective way to achieve successful

employment outcomes. The U.S. Department of Health and Human Services explains key benefits that states have enjoyed as a result of transitioning to a universal engagement model:

(1) in order to meet the federal work requirements, some TANF recipients first need to focus on removing personal barriers to employment, and participation in activities focused on mitigating barriers will prepare recipients to take part in countable work activities in the future; and (2) participation begets more participation; that is, once a recipient starts participating in an activity at least minimally, the number of hours the recipient spends in activities in general, and countable activities in particular, is likely to increase over time. Thus, universal engagement is a means to achieving the federal work participation requirement.⁶

⁶ Jacqueline Kauff and Michelle K. Derr, “Achieving Higher TANF Work Participation Rates: Case Studies from Maryland and Utah,” Mathematica Policy Research, December 2008, <http://aspe.hhs.gov/hsp/08/TANFWPR/4/index.shtml#Implementing>.

SECTION 2: TANF Re-Design Includes New Effort to Effectively Use Education and Training Providers

DC's re-designed TANF program includes a new set of non-profit and for-profit education and training providers, as well as a new set of rules designed to tie the payments to these providers to achievement of employment outcomes. This is designed to ensure that TANF employment funds go to the education and training providers that are most successful.

Under DC's prior TANF system, employment services were provided primarily by a set of vendors that were all required to offer the same set of job readiness services. TANF clients could select any vendor and move from one vendor to another, although many families were not aware of this. Payments to vendors included a mix of payments for services rendered (assessments and outreach) and incentive payments for clients who enter employment.

Under the new employment program, providers will only be able to accept clients through referral from DHS based on the results of the family's assessment, the family's preferences, and the provider's capacity. Providers will not be able to accept TANF clients on a "walk-in" basis, because every TANF employment service will have to be included in a family's Individual Responsibility Plan.

The payment system for the new TANF education and training providers is based primarily on achievement of specified goals, such as meeting work participation requirements, completing education and training, and job placement and retention. Tying payments to achievement of specified education and employment outcomes is intended to ensure that TANF employment funds are directed to providers that offer the best services.

Required Services

Under the new employment services contracts, vendors are required to provide a much broader range of services than vendors under current contracts:

- **Onboarding:** customer outreach and engagement, orientation, wrap-around case management, and development of a detailed Individual Responsibility Plan.
- **Core Services:** coordination of services to remove barriers, helping clients to develop "soft skills," employment preparation, application, career exploration, and structured job search, development of education and work slots, placement in education and work slots, and supplemental work activities.
- **Ongoing:** weekly or biweekly meetings to monitor progress and discuss challenges, periodic review of the IRP, and retention services (helping troubleshoot and problem solve to help client retain employment).
- **Administrative:** updating the DHS data collection system on a regular basis with qualitative info about the family's progress and issues, case administration, collecting weekly time sheets,

regular communication with training, education, and work experience providers to track customer progress and address issues, and requesting sanctions against customers as needed.

Pay-for-Performance

Under the new TANF system, employment services vendor payments will include a modest monthly base compensation based on number of clients assigned, with most TANF employment funding coming in the form of payments for achieving desired results with individual TANF recipients. Providers also will be reimbursed for stipends, incentives, and work-related expenses incurred by TANF participants. Because the outcome-based payments are expected to make up the bulk of an education or training provider's earnings, vendors will have to demonstrate results in order to financially support these services.

Vendors will receive a payment each time any of the following outcomes is achieved:

- A client completes a training or education program included in her Individual Responsibility Plan.
- A non-employed client meets her/his monthly work participation requirements.
- The provider places a client in unsubsidized employment and the client meets his or her participation requirements for two weeks.
- The provider places a client in "high-wage" job.
- An employed client meets his or her monthly participation requirements.

Evaluation of Vendor Performance

The new arrangement with education and training providers allows the Department of Human Service to increase or decrease the size of various vendors' workloads depending on performance. This means that rather than being locked into a contract for a given amount of time, each provider will report on a variety the performance metrics on a regular basis and have their caseload size reevaluated by DHS.

- Quarterly review of customer satisfaction survey results.
- Monthly review of key performance indicators (KPI).
- Monitoring of accuracy and timeliness of customer information in computer system.
- Random on-site observations of provider's operations and activities.

SECTION 3: Challenges to Successfully Implementing DC's New TANF Program

The substantial changes to DC's TANF program hold great promise to improve services to TANF recipients and to help more families find employment or otherwise become more stable. By being more flexible and responsive to the needs of individual TANF families, the new TANF system will be better able to provide customized services.

There already are signs that the new system, by providing more meaningful services, also will lead to much higher participation in TANF activities than the prior program. A pilot version of the new TANF program implemented in 2011 resulted in a substantial increase in work participation among the families included. This is a strong indication that parents will participate in work preparation activities once they understand their options and when those options include services that are seen as helpful. (See box on page six.)

At the same time, the new TANF program faces many challenges to success, including the time it will take to implement the changes, funding increases that will be needed to expand education and training services, the capacity of non-profit and for-profit providers to serve more clients, and the and ability of the District government to oversee a system of case management that includes many government agencies and non-government agencies as well.

Given the complexity of these changes, thorough data collection and reporting will be needed to assess the timing and quality of the implementation of the re-designed TANF program. A list of activities and outcomes that should be monitored is listed below.

Moreover, a review of the challenges facing the new system raises serious questions about the city's recently adopted policy to reduce benefits for long-term TANF recipients. In particular, many families will face steep reductions in benefits before they have had a chance to take advantage of new education and training options. This suggests that the District's new time limit policy is not matched well with the new employment program, and that changes in the time limit are warranted. This is discussed in the next section.

Timing Challenges

As noted, every family's entry into the new TANF employment system — including current TANF recipients and new recipients — starts with a new comprehensive assessment and orientation. Without an assessment or orientation, the Department of Human Services will be unable to develop a customized Individual Responsibility Plan with a TANF family. This means that families will have to go through these steps before being able to take advantage of new case management, education and training services, or employment barrier remediation.

Given that more than 11,000 TANF families currently are required to participate in work preparation activities, the initial volume of families needing to go through assessment and orientation may cause a bottleneck that lasts for a substantial period. The Department of Human Services plans to start using the new assessment tool and orientation with roughly 3,000 TANF families that currently participate in work preparation activities. Starting in 2012, DHS will start outreach to long-term TANF families to encourage them to schedule an appointment for a new assessment and orientation. It is not clear when new assessments will be completed for all families,

including whether all long-term TANF recipients will be assessed and referred under the new system before deep benefit cuts are implemented in October 2012.

Education and Training Capacity Challenges

The re-designed TANF program assumes that more families will participate in education and training activities than under the prior system and that families will receive more in-depth assessments and a fuller set of services than they do now. Yet the TANF budget for fiscal year 2012 is no larger than for 2011, raising questions about the ability of the city to meet the new demands.

DHS estimates that vendor services – including case management, referrals, and follow-ups — will cost \$325 per client per month. This does not include DHS’ administrative costs for orientations, assessments, and managing vendor relationships, nor the costs of reimbursing vendors for transportation and other supports provided to TANF families. If all 11,000 families who are expected to participate in TANF work activities were engaged in these services, the cost would be \$43 million – compared with a TANF employment services budget of about \$19 million for FY 2012. It is not clear how DHS will ration services if TANF funding is inadequate for the new education and training services.

Moreover, the \$325 average monthly payment to providers is likely to be lower than the actual costs of many education and job training services. The Department of Human Services expects that some TANF providers will connect families with education and training services offered by other District agencies. But the District currently has a very limited availability of free, high-quality training and educational services for low-income residents, which suggests that some TANF families may have trouble accessing the kinds of services that will help them prepare for work and that they are expected to participate in as part of their IRPs.

Case Management Challenges

Under the District’s re-designed TANF system, the Department of Human Services will identify a primary service provider for many TANF families from a list of contracted vendors, but families will be able to choose a primary service provider outside of DHS if they have a strong ongoing relationship with a suitable organization elsewhere. This will occur most frequently for families that face barriers to employment that need to be addressed before they are ready to pursue education, training, or job search. For example, a TANF parent who has a connection to the child welfare system and trusting relationship with her Child and Family Services Agency case manager could elect to make that person her primary TANF case manager as well. According to DHS, similar arrangements will be possible with case managers from other agencies — such as the Department of Mental Health — and even outside mentors such as church pastors or social services providers.

While this innovative approach will help the District provide case management to a larger number of TANF families, and holds promise for helping families address personal barriers, there are some challenges that should be considered:

What qualifications are required of primary TANF service providers outside of DHS? It is not clear what criteria the Department of Human Services will use to ensure that individuals acting as TANF case managers have the experience and skills needed to provide case management and how

DHS will provide the orientation and training needed to ensure that these affiliated case managers fully understand their responsibilities and the goals of the TANF program.

What steps will DHS take to monitor the work of alternative case managers? Because TANF is a time-limited benefit, it will be important to make sure that TANF parents are receiving needed services and making adequate progress toward removing employment barriers. This is especially important in the case of non-traditional case managers — such as social service providers or pastors — who may not have the skills and knowledge of the TANF program needed to successfully guide TANF participants in meeting program requirements.

SECTION 4: Revisions to Time Limits Needed to Ensure Success of TANF Re-Design

The success of the new TANF program is challenged not only by the difficulties of implementing a complex system to better identify each family's work barriers and then create a customized plan for addressing those barriers. The success of DC's new TANF program also is put at risk by decisions made in recent years to greatly reduce cash assistance benefits to families that have been on TANF for 60 months. Thousands of families saw TANF benefits reduced from \$428 to \$342 a month in April 2011 and will face a further reduction to just \$257 per month in October 2012, before the re-designed TANF program has really gotten off its feet. (These figures reflect benefit levels for a family of three.)

While the intent of the time limit — to hold parents more accountable for leaving welfare — is reasonable, the structure of the new time limit is not consistent with the intent of DC's re-designed TANF program to provide the services families need to succeed while also holding them accountable for making progress toward employment when possible.

- **DC's Time Limit Does Not Give Families Time to Prepare for Work:** Most states that established time limits in the 1990s set the time limit clock at zero for all families, including those that had been on TANF when the time limit was adopted. This approach gives families time to take the steps needed to leave welfare successfully. By contrast, DC's time limit is being imposed retroactively, counting months on TANF before the time limit was adopted. This means families have little time to prepare to leave welfare. It also means thousands of DC families will face deep cuts to benefits in 2012 before having had a chance to take advantage of new education and training options.
- **Most States Have Time Limit Exemptions While Parents Are Not Ready for Work:** Most states understand that some parents are unable to participate in work preparation activities, at least temporarily, such as parents with newborns or parents caring for a relative with a disability. States exempt such families from work preparation, and they also “stop the clock” for these families, so that time limits do not apply during periods of exemption. While the District's TANF re-design recognizes that some parents face personal barriers that must be addressed before looking for work, the time clock continues to tick for such families.
- **Many States Offer Time Limit Extensions to Families Under Certain Circumstances:** Many states allow families to receive benefits after reaching the time limit under certain circumstances. Maryland, for example, does not cut any family off at the time limit as long as they are complying with work requirements. Other states extend time limits during periods of high unemployment, when finding a job is difficult, or for other families where finding a job in the short term is unlikely.

Under DC's current time limit policy, thousands of families with children face reductions in income assistance to levels that are inadequate to meet even the most minimal basic needs, such as housing. (Most TANF recipients are not in subsidized housing.) Reductions in benefits to families who are not ready to support themselves through work — either because the family has not received appropriate employment preparation or because an adult faces short-term or long-term work barriers — will not contribute to positive welfare outcomes and instead would increase hardship

among DC's most vulnerable families. This could lead to increased homelessness at a time when family homelessness is at a historically high level, and to other problems tied to family stress, such as child neglect.

It is important to note that the District will soon implement new policies to create financial sanctions for families when parents do not comply with their TANF Individual Responsibility Plans. The new sanctions include eliminating benefits entirely when families have repeated failures to comply. The new sanctions policy can be used to hold families accountable for making progress toward work, so that time limits are not the sole source of accountability.

These issues are discussed in more detail below.

DC's TANF Time Limit Should Give All Families Time to Prepare

The District began imposing a time limit on TANF benefits in 2011, by reducing benefits for families that have received TANF for a total of 60 months. Benefits were reduced for these families by 20 percent, from \$428 a month to \$342 a month for a family of three, in April 2011. Based on the fiscal year 2012 budget, benefits will be reduced to \$257 a month in October 2012 and to further levels in subsequent years.

The reduced benefits are likely to make it extremely difficult for many families to make ends meet. TANF benefits are used to cover all family expenses other than those covered by Supplemental Nutrition Assistance Program, or SNAP (food stamp) benefits, including housing, transportation, clothing, and school supplies. Most of DC's TANF families live in private housing without any subsidy.

Setting time limits is intended to motivate welfare recipients to move toward employment, and to give them time to prepare for work or other kinds of support. The District's approach to time limits does not support these goals, and is not consistent with the approach taken in many states. Many states set their time limits going forward, meaning that all families had their time clocks set at zero and had a specified number of months to prepare for leaving welfare. By contrast, the District's time limit looks backward, counting months on assistance even before the time limit is set.

Creating a time limit this way gives families no time to prepare. In 2011, DC's TANF families had one month's notice that benefits would be reduced 20 percent for families that had received aid for 60 months. Families that face a further reduction in benefits in October 2012 have not yet been notified of this pending cut. Under this time limit policy, thousands of families will see TANF benefits reduced before they have had a chance to pursue and complete new education or training options that are being implemented this year.

A more sensible approach to time limits in the District would be to give every family some time to prepare for work under the new TANF employment system. This could be accomplished, for example, by creating a two-tiered TANF time limit:

- Families that already received TANF benefits for a substantial number of months could be allowed to receive 24 months of TANF benefits after being assessed and referred to new TANF employment services. This would give all families time to prepare for work.
- New applicants for TANF and those who have received TANF in the past for limited periods (fewer than 36 months) would be allowed to receive TANF benefits for a total of 60 months, including counting any months on assistance to date. This would be consistent with the legislation adopted in the FY 2012 budget to reduce benefits for families that have received aid for 60 months.

DC's TANF Time Limit Should Include Temporary Exemptions for Parents Unable to Work

DC and most states recognize that at any given time, some TANF families will face situations that make it difficult or impossible to work. This can include parents with newborns or those caring for a relative with a disability, a parent fleeing domestic violence, or a parent with a serious substance abuse or mental health problem. As a result, many states exempt certain categories of parents from participating in TANF work preparation activities. In most cases, the time clock stops for these families, which means months of assistance during the period of work exemption are not counted toward the time limit. The time clock starts again when the reason for the work exemption ends.

DC's time limit approach, by contrast, does not stop the clock for any families, including those who are temporarily unable to work. DC's TANF program provides exemptions from participation in work activities to certain groups of TANF recipients, and the new re-designed TANF program acknowledges that some families need to address personal barriers before they can prepare for work. Yet the District's TANF time clock continues to tick for these families, which means families can face reductions in cash assistance for reaching time limits, even though the city has deemed such families as unready for work.

This time limit approach is inconsistent with the District's efforts to create customized Individual Responsibility Plans tailored to a family's needs and geared toward achieving sustainable employment. Families that need time to prepare for work may forgo these services if they understand that their time clock is ticking and that a benefit reduction is imminent. Benefits could be cut while a family is still seeking help, making it harder to pursue such support.

The District's time limit could be made more consistent with its re-designed TANF employment program by stopping the time clock during any month in which a parent is not expected to be looking or preparing for work. In particular, the District could stop the clock for any family determined to need "barrier remediation and work support." As noted in Section 1 above, these are families that need to address personal barriers before they are able to prepare for work. In addition, the District could adopt time limit exemptions for families currently exempt from work participation exemption under DC law, including the following:

- **Illness or Disability:** DC provides medical exemption from the work requirement and also exempts families when a parent is caring for an ill or injured family member.

- **Pregnant Parents or Parents of Newborns:** The District provides a temporary work exemption for parents in the second or third trimester of pregnancy and those caring for a child under one year.
- **Domestic Violence:** Parents are exempt from DC’s TANF work requirements while addressing domestic violence.
- **Parents 60 Years or Older:** These parents are exempt from TANF work requirements because of likely challenges securing employment.

In addition to these, the District could consider other time limit exemptions provided by some states, such as for:

- **Parents Enrolled in a Four-Year College Program:** Given the length of time it takes to complete a college degree program, some states stop the time clock when parents are enrolled in college full-time and are making satisfactory progress.
- **Parents in Substance Abuse Treatment:** Addressing substance abuse can be critical to improving a parent’s ability to find and maintain work.
- **Failure of the District to Provide Required Services:** If a family seeks but does not receive the services spelled out in its Individual Responsibility Plan, the time clock for that family should not run.

DC’s TANF Time Limit Should Provide Extensions for Parents Unemployed through No Fault of their Own

A number of states allow some TANF recipients to continue receiving assistance after reaching the time limit. These time limit extensions are temporary and reviewed regularly — such as every six months. The extensions typically are provided to parents making progress toward employment but who have not been able to secure employment adequate to leave TANF.

DC’s TANF time limit, by contrast, includes no extensions. Families face a reduction in benefits when they reach 60 months of assistance, regardless of their efforts to seek employment or their reason for non-employment.

The District could consider providing time limit extensions to families under certain circumstances, including the following:

- **Parents Meeting Requirements of Their Individual Responsibility Plan:** A number of states, including Maryland, do not terminate benefits for families that reach time limits if the parent is complying fully with their work participation requirement.
- **Parent is Deemed “Not Ready For Work:”** Some states provide time limit extensions when it is determined that the parent is not yet ready for work. This could include a parent that has low literacy and enrolled in a literacy program.

- **Periods of High Unemployment:** When unemployment is high and competition for available jobs is high, many TANF parents will face challenges finding employment no matter how hard they try.
- **Family is at Risk of Hardship:** DC's TANF program should provide temporary time-limit extensions if there is evidence that the benefit reduction will lead to serious hardship.

SECTION 5: Measuring the Success of DC's Re-Designed TANF Program

The District's current TANF reform is a major undertaking, and it will be critical for the Department of Human Services to closely monitor and report on the progress of implementation, capacity, and results. DHS has released performance measures it intends to use to monitor the performance of education and training providers, but the agency should also track and share progress of the rollout itself.

The following are some performance measures that would allow residents and policymakers to track and assess the implementation and success of the new TANF program. These data should be provided for all TANF recipients, as well as for those who have received assistance for 60 months and those who are approaching the 60-month point (such as those who have received assistance for 48-60 months).

- **New Assessments Completed:** Number of TANF families assessed under the assessment tool.
- **Assignment to Employment Service Provider:** Number of families successfully assigned to a work preparation provider, by type of service and provider.
- **Placement in Education and Training Services:** Number of families placed in direct education or training programs by an employment services provider. This is important since these kinds of skill development services will be critical to improving TANF parents' employability, but availability of these services may be limited.
- **Types of Services Families Are Referred To:** Number of families referred to each major category of participation – “job placement” for those ready for work; “work readiness” for those needing education and training; “barrier removal and work support” for those needing to address barriers before preparing for work; and “barrier removal and financial support” for those families facing the most serious challenges.
- **Barrier Remediation Referrals:** Number referred to barrier remediation services, by type of service. DHS should report the number of families who are assessed as needing to address barriers before pursuing work. These barriers should be grouped in broad categories, if possible, such as mental health, substance abuse, or domestic violence.
- **Case Management:** Number of families receiving case management services from DHS and the number receiving case management outside of DHS, by type of provider organization.