

**Testimony of Eloise Anderson
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Before the Committee on Ways and Means
Subcommittee on Human Resources
U.S. House of Representatives
April 30, 2015**

Chairman Boustany, Ranking Member Doggett, and Members of the Committee:

Thank you for the invitation to testify before the members of the House Committee on Ways and Means today. I'm honored to serve as Wisconsin's Secretary of the Department of Children and Families, however, today I am testifying on behalf of the Secretary's Innovation Group, a membership organization of state human service and workforce agency secretaries that favor healthy families, work, economic self-reliance, budget responsibility and limited government. I consider it a privilege to have the opportunity to speak about strengthening the Temporary Assistance for Needy Families Program (TANF) and provide recommendations for improving the Work Participation Rate (WPR) requirement. My current focus is on enhancing the WPR to measure the outcomes intended by the implementation of the TANF program.

Introduction

The implementation of the TANF program in 1996 brought sweeping changes to social welfare through a time-limited, work-first approach to cash assistance. TANF was intended to engage parents in work and job preparation activities to promote family self-sufficiency and reduce long-term dependence on welfare. The WPR was established as a performance measure to ensure that states' programs reflect full engagement in helping

parents enter the workforce. The WPR also serves the purpose of holding parents responsible for taking steps to achieve independence from public assistance. Wisconsin supports the accountability message surrounding the WPR and believes the focus on work must be maintained to encourage family stability through employment. However, the participation requirements, as currently structured, must be revised to ensure that the standards align with the ultimate goal of the TANF program: moving recipients from welfare to work.

Issue

In its current state, the WPR is entirely process-driven in that the rate measures the number of families in a state's TANF caseload participating in assigned work and work-related activities for the required number of hours. Minimum WPR standards require that 50% of all families meet participation requirements, while the rate increases to 90% for two-parent families. A caseload reduction credit (CRC) may allow states to lower their target rate based on a caseload decline compared to a designated base year regardless of whether TANF recipients leave welfare for employment. There is currently no outcome-based performance measure established to evaluate success in increasing the employment of low-income families. Further, most states are no longer achieving the minimum WPR as a result of increased challenges following rule changes surrounding TANF in the Deficit Reduction Act (DRA) of 2005. The new provisions greatly restricted the autonomy necessary for operating TANF programming to fit the individual needs of states.

Recommendations

Revising the WPR to support employment outcomes, in addition to high program engagement, would better reflect the original purposes of the TANF program and fits with effective strategies for helping recipients obtain employment. Wisconsin's recommendations for revising and enhancing the WPR were derived through our experience with Pay for Performance contracts for the agencies that administer Wisconsin Works (W-2) and related Programs. W-2 contractors receive Performance Outcome Payments for achievements related to employment outcomes such as job attainment, job retention, and wages. The decision to reward employment outcomes allows the State of Wisconsin to focus our programs on helping participants achieve long-term financial independence and also provides information about which services and opportunities are most effective in achieving this goal.

Recommendations for revising and enhancing WPR fall into three general categories.

- 1. Restore and enhance areas of state flexibility that were greatly undermined in the DRA.**
 - a. Provide prorated credit for parents who are assigned fewer hours than the current minimum when calculating the WPR. As it stands, work credit is all or nothing, when we should be providing credit for part-time work.
 - b. Eliminate the disincentive to marry or be in a stable family by treating two-parent and one-parent families the same. Currently, two-parent families have a 90% work participation rate while the WPR for all families is 50%.

2. Maintain a focus on work in balance with individualized activities that help prepare able-bodied adults for employment and support long-term job retention.

- a. Eliminate the limit for Job Search/Job Readiness activities.
- b. Increase the lifetime limit for vocational education training to 24 months.
- c. Eliminate the distinction between core and non-core hour requirements.

3. Enhance the WPR by developing additional performance measures, with particular emphasis on those related to employment outcomes.

- a. Allow states to demonstrate improvement from a state's own performance from a previous year.
- b. Replace the Caseload Reduction Credit with an Employment Credit. Revise the WPR to allow states to count recipients who leave TANF for work for up to 12 months, even if they are no longer receiving assistance. This would eliminate the penalty for a state actually placing a worker in a good job instead of the state paying a person a monthly subsidy in order to continue to count them in the TANF population.
- c. Provide additional credit to reduce the state's WPR by a greater proportion for employment achievements by parents previously designated as long-term unemployed and/or welfare-dependent.
- d. Provide additional credit for parents in unsubsidized employment that provides health insurance, paid leave, and/or higher wages.
- e. Provide additional credit for "rapid attachment" to the workforce. The sooner an unemployed individual can get back into the workforce, the better.
- f. Consider an incentive funding mechanism similar to that used in the IVD (Child Support) Program that rewards high performing states with extra funding based on

exceptional outcomes consistent with TANF program goals and program efficiency as reflected in costs to achieve those outcomes.

Conclusion

Implementing changes to increase focus on employment, job retention, and higher wages through continued skill development is consistent with the overarching goal of TANF to help families achieve independence from public assistance. It is vital that the provisions surrounding the WPR are enhanced to expand performance measures to employment outcomes. Such enhancements would allow states greater flexibility in creating program approaches best fit for the individual needs of their participants as well as provide an opportunity to demonstrate what approaches are most effective.

Thank you.

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