

ActionBrief

Welfare Reform: The Temporary Assistance For Needy Families (TANF) Program

Introduction

Labor representatives involved in workforce development need to know about welfare and related programs. This brief walks through the basics of the federal TANF program and options for using the program to help all working families gain economic self-sufficiency.

What is TANF?

TANF stands for Temporary Assistance for Needy Families, the welfare program created in 1996 as part of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), the primary federal legislation behind welfare reform. TANF, which consists of federal block grants to the states, replaced the Aid to Families with Dependent Children (AFDC) program.

Before the 1996 reforms, AFDC was funded on a matching basis. The federal government contributed roughly 50 percent of the cost of benefits for whatever number of families received aid in a state and at whatever benefit level the state provided. Under the TANF block grant system, a formula is used to designate the amount each state will receive – a block grant – which will not be affected by how many people are in need of assistance. The amounts were determined in 1996 and will remain fixed for six years. Because caseloads declined over these years, states had a “windfall” or “TANF surplus” from the block grant formula that was based on a much higher caseload. Had caseloads or benefit levels risen, however, states may well have found themselves with a TANF deficit.



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The terms "assistance" and "cash assistance" are used in this Action Brief to refer to traditional welfare benefits. Recipients of cash assistance are subject to federal requirements such as lifetime limits on assistance, minimum work participation requirements, and child-support cooperation requirements. Supportive services for jobless families are also subject to these federal requirements if they are paid for with TANF funds. In most cases, families who receive services other than cash assistance do not have to meet the federal requirements — although states can establish their own requirements.

One key feature of TANF is that welfare assistance is no longer an entitlement, meaning that poor families no longer have a federally guaranteed safety net. Another significant feature is that states are given broad flexibility to develop a wide variety of services for low-income working families. The states get to set eligibility rules and to decide the range of services to provide.

While states have plenty of flexibility in designing TANF programs, there are some strict federal requirements. Traditional cash assistance is now tied to federal conditions such as time limits, work participation and child-support cooperation. The federal TANF program also places considerable emphasis on quick transitions into the labor market and welfare caseload reduction. This "work-first" orientation has sharply curtailed education and training opportunities for cash assistance recipients. Other federal constraints under welfare reform have restricted immigrants' access to welfare and other benefits.

The TANF program is funded only through FY 2002 and must be reauthorized by Congress. While welfare caseloads have declined under the new law, the program has not been as successful in moving families out of poverty, despite the robust economy in which it was enacted. The new economic situation will create challenges. The broader issue of moving families out of poverty into sustaining employment should be a primary focus of labor's involvement with the TANF program.

Why pay attention to TANF?

More families are potentially eligible for services under the TANF program than under its predecessor, AFDC. For example, two-parent families as well as single-parent families can be served, as can low-income working families who have never received welfare. Non-custodial parents can also receive services at the discretion of the state.

- ▶ TANF is the critical funding source for basic public assistance benefits for needy families with children.

The national consensus clearly supports government programs that help low-wage working families make it out of poverty. A recent national survey found:

- ▶ 94 percent agree that "as a country, we should make sure that people who work full-time should be able to earn enough to keep their families out of poverty."
- ▶ 77 percent feel the government should help people find jobs that offer opportunities for advancement and not just move people into jobs quickly.

- ▶ 90 percent support education and training programs.
- ▶ More than 50 percent of those who considered welfare reform a success said they would not consider it a success if most newly employed people still lived in poverty.

*From: Jobs for the Future:
<http://www.jff.org/pdfs%20and%20downloads/FinalSurveyData.pdf>*

- ▶ TANF funds can be used for a variety of initiatives and supportive services, such as childcare, education, training, counseling, mentoring, transportation assistance, and work expense allowances among others. States can also tailor services to better address the needs of individuals.
- ▶ Many states have large TANF surpluses. As state governments move to spend these surplus funds, especially in response to the post-9/11 economic changes, it may be an opportune time to step in and help design human services programs. Spending deadlines, the obligations to maintain state expenditure levels, and the upcoming reauthorization debate put pressure on the states to use TANF program funds. With labor's help, the Workforce Investment Act (WIA) system can help connect TANF recipients to good jobs and training.
- ▶ State governors, legislators, and human services administrators will generally set the agenda for the state's TANF program. Local governments and county welfare agencies may also have a role in program design and implementation in some states. Decision-making at these levels may provide openings for collaboration and opportunities to access customized services.
- ▶ Federal TANF funding is much higher than for many other federal human services or workforce development programs. Federal TANF funding is \$16.8 billion each year through FY2002.

What are the purposes of TANF?

The federal statute sets out the following four purposes:

- 1) To provide assistance to needy families;
- 2) To end dependence of needy parents by promoting job preparation, work and marriage;
- 3) To prevent and reduce out-of-wedlock pregnancies; and
- 4) To encourage the formation and maintenance of two-parent families.

Under these general purposes, a wide variety of programs and services can be established to serve needy families with (or expecting) children.

Who can be served under TANF?

Under its first two purposes, TANF serves “needy” families, including single-parent and two-parent families. The family must include a minor child or pregnant woman. States may also choose to provide assistance or services to noncustodial parents when they are members of a TANF-eligible family.

TANF funds may also be used to advance the out-of-wedlock pregnancy prevention and family formation purposes, the third and fourth purposes under the federal TANF statute.

Look for Opportunities

Programs should keep a close watch on availability of funds. New systems for applications are developing under the Workforce Investment Act system.

A California example: California has a new application process. The California Department of Education (CDE) and the Outreach and Technical Assistance Network (OTAN) have teamed up to launch a virtual application process for federal adult education funds. The OTAN Website is: <http://www.otan.dni.us>

The Workforce Investment Act (WIA) aims to coordinate work-force development activities through streamlined one-stop systems. One-stop Centers must provide universal access to core services. These core services may include intake, eligibility determination, skill assessment, access to vacancy lists, job search assistance, and information about training and support services. WIA funding streams, including WtW grants, are to be coordinated through a state's one-stop system; the state's TANF agency is also a possible partner. Priority is given to welfare recipients and low-income workers for training services if funding is limited — but these workers may be able to access other resources under TANF and WtW and these should be considered in evaluating whether funds are limited.

Who does TANF consider “needy”?

The states are given broad discretion in defining “needy” and in setting eligibility standards. Families do not have to be receiving TANF cash assistance to be eligible for other services or benefits, although states can decide to make this a condition. Therefore, TANF provides important opportunities to help low-wage workers and their families.

The federal rules impose no general eligibility ceiling — except for one particular use of TANF funds. An income ceiling is set for TANF funds that states decide to transfer to Title XX, the Social Services Block Grant, and families served through these funds must have incomes below 200 percent of poverty (twice the federal poverty guidelines). But in general, the federal TANF statute provides no income eligibility ceiling, which means that states could set income ceilings above 200 percent of poverty.

Different services and benefits can have different eligibility ceilings. For example, a state could limit eligibility for cash assistance to families living at or below poverty, but could provide supportive services such as childcare or transportation to working families with incomes up to 250 percent of poverty. By adopting different standards, states may provide work supports to a broad range of low-income families.

States have further discretion to prioritize. For example, a state could give priority to families with incomes at a level set below the state's income eligibility ceilings, putting those families first in line for

2001 Federal Poverty Guidelines

Health and Human Services

Size of Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$ 8,590	\$10,730	\$ 9,890
2	11,610	14,510	13,360
3	14,630	18,290	16,830
4	17,650	22,070	20,300
5	20,670	25,850	23,770
6	23,690	29,630	27,240
7	26,710	33,410	30,710
8	29,730	37,190	34,180
For each additional person, add	3,020	3,780	3,470

SOURCE: *Federal Register*, Vol. 66, No. 33, February 16, 2001, pp. 10695-10697

States can choose to, but do not have to, use these federal poverty guidelines, or some multiple or percentage of the guidelines, to set eligibility ceilings for their programs. For example, 150% of poverty means 1.5 times the poverty guideline for the family size. HHS poverty guidelines are updated annually, usually between mid-February and early March, to account for the previous year's increase in prices as measured by the Consumer Price Index. The 2002 poverty guidelines will be posted by Health and Human Services at: <http://aspe.hhs.gov/poverty/poverty.htm>

services. Any state that does prioritize must include objective criteria for determining eligibility in its plan to insure the standards are fair.

Allowable TANF spending

TANF programs consist of a combination of federal and state funds. TANF program funds can also be maximized by combining them with remaining Welfare-to-Work funds and Workforce Investment Act funds.

Understanding the full range of allowable TANF spending facilitates development of innovative programs for low-income working families.

States can spend federal TANF funds in a way “reasonably calculated” to accomplish one of the four statutory purposes of TANF (unless explicitly prohibited in the statute). States can also transfer federal funds to the Child Care Development Fund (CCDF) or the Social Services Block Grant program (SSBG). Transferred funds are governed by the rules of the transferee program. In other words, funds transferred to CCDF are spent under CCDF rules. The maximum amount transferable is 30 percent of TANF funds.

States are also required to spend a certain amount of state funds, known as maintenance-of-effort (MOE) funds, in order to receive their full share of federal funding. Each state’s maintenance-of-effort obligation reflects its historic spending on welfare programs. To fulfill its MOE obligation, a state must spend state funds at a level equal to 80 percent of what it spent on its welfare programs in FY 1994. The level can be reduced to 75 percent of what was spent in FY 1994 if

Welfare-to-Work (WtW) is a federal grant program administered by Workforce Investment Boards at the local level. It is designed to help hard-to-serve welfare recipients and noncustodial parents of children on TANF who have significant barriers to employment. It also helps TANF recipients who are reaching time limits. WtW grants provide funding for job creation, job placement, job retention, and other work-related services that might move recipients to unsubsidized employment. While the program has expired and many states have spent their WtW grants, others are still obligating funds.

There are three ways for states to spend their MOE funds in relation to federal TANF dollars: States can commingle, segregate or separate MOE funds.

- ▶ Commingling state and federal funds means combining these funds within the state’s TANF program. State funds used this way are subject to the federal cash assistance requirements on work participation and life-time limits.
- ▶ Segregating state and federal funds means state funds are spent within the state’s TANF program but kept separate from federal funds. State funds spent in this way are subject to some but not all of the federal requirements. For example, they are subject to the federal work participation and child-support cooperation requirements, but are not subject to the lifetime limits.
- ▶ Separating state from federal funds means the state funds are used outside the state TANF program. Separated state funds can be used free of federal TANF requirements, although they must be used to further the basic purposes of the federal TANF statute in order to count as MOE funds. The advantage of separate state programs is that benefits they provide are not tied to the stringent federal requirements, thus enabling service to the same populations without all the strings.

the state meets federal work participation rate requirements for families who receive cash assistance.

MOE expenditures must be for “needy,” i.e. financially eligible, families that include a child residing with a parent or caretaker relative or a pregnant woman. States can define family to include non-custodial parents. Like federal TANF funds, state MOE funds do not have to be spent solely on cash assistance programs; they can be spent on a range of programs for eligible low-income families.

State money could be used to contract for services, e.g. transportation services or job site English as a Second Language classes, which would serve a group of low-income adults, including TANF-eligible parents. Such a state program could also serve non-eligible individuals, for example needy but childless adults, so long as the state does not claim as state MOE those funds that pay for services for the non-eligible individuals. But a state could claim as MOE those start-up, program, and administrative costs that are attributable to the eligible families under such an initiative.

What benefits and services can be provided under TANF?

A variety of uses of TANF funds are possible so long as one of the four federal TANF purposes is met.

Benefits that are in the service of the first two purposes regarding providing assistance to or reducing dependence of needy families can include (but are not limited to):

- ▶ Welfare cash assistance;
- ▶ Pre-employment services, such as skill assessments and programs about resume-writing, career goal-setting, and interviewing skills;
- ▶ Skill-building, such as literacy classes, vocational education, and on-the-job training;
- ▶ Supportive services, such as assistance with transportation (gas and repairs), childcare, work clothing or tools, and work-related fees; and
- ▶ Post-employment and retention services, such as bonuses, short-term payments, transitional childcare, work expense allowances, and mentors and peer counselors.

How can organized labor get involved?

Local unions, union leaders, and labor representatives on Workforce Investment Boards (WIB’s) can use their expertise to promote, design, or help operate innovative worker-friendly programs to ensure economic self-sufficiency for low-income families at the state and local levels. More specifically, these programs could feature:

- ▶ Career advancement programs with signatory employers that could include tuition reimbursement, on-the-job training, or customized trainings;

- ▶ Training services, such as occupational skills training, on-the-job training, and apprenticeship training;
- ▶ Transportation services that facilitate the donation and repair of automobiles, offer driver training, assist with insuring and registering vehicles, provide emergency repair assistance, and help with other transportation-related activities;
- ▶ Self-sufficiency grants that are designed to meet a family's immediate needs until regular income is available from employment, child support or any continuing source other than welfare cash assistance. For example, a state could allow a one-time lump-sum payment for income-eligible families for a professional license, uniform, work shoes, mortgage payment, utility expenses, tools, or relocation to new employment;
- ▶ One-time job retention bonuses for current and former welfare cash assistance recipients who obtain employment and stay on the job for a certain period of time, for example, a \$350 incentive bonus for keeping a job for six months;
- ▶ Pre-employment services that include basic skills and GED preparation, training around soft skills (like interpersonal and problem-solving skills), and life skills training (such as money management, contingency planning for childcare and transportation, goal-setting, and other training around the challenges of working outside the home);
- ▶ Job retention services, such as peer counseling or mentoring;
- ▶ Increased child-care subsidies for low-income working families, or enhanced quality activities, such as helping child-care providers get training and accreditation;
- ▶ Housing-related expenses, such as funds for security deposits, moving expenses, or house weatherization assistance; and
- ▶ Supplemental insurance program for unemployed workers in needy families who are ineligible for benefits under the regular unemployment insurance program of the state.

Union programs for needy families funded by Welfare to Work or TANF

- ▶ **Project CARRE** (Creating Access, Readiness and Retention for Employment) was designed by AFSCME District 1199C Training and Upgrading Fund of the National Union of Hospital and Health Care Employees to prepare welfare recipients in Philadelphia, Pa., to be nurse's aides. It consists of a 16-week full-time program, nurse's aid training, remedial training, paid work experience, job retention follow-up by case managers as well as career advancement education and training opportunities, such as LPN and RN classes, and it leads to primarily unionized jobs with employee benefits. Contact: Cheryl Feldman, (215) 568-2220.

- ▶ The **Labor Institute for Workforce Development** in Des Moines, Iowa, is a nonprofit organization that has partnered with the Laborers International Union of North America, local union No. 177, and has been using a U.S. Department of Labor Welfare-to-Work grant and state TANF resources to help welfare recipients as well as noncustodial parents prepare for and obtain construction trades jobs. The program includes life skills training, supportive services, strength training, safety preparation, equipment training and fitting, construction trade skill-building, and job placement. The Institute has an agreement with union contractors to guarantee jobs for program participants. Contact: Perry Chapin, (515) 253-2626.
- ▶ The Washington State Labor Council has partnered with **International Association of Machinists CARES** (Centers for Administering Rehabilitation and Employment Services) to assist hard-to-serve individuals, in particular those with substance-abuse problems. Program features include: training, mentoring, skills assessment, referrals to services, a client assistance fund that provides money for work uniforms and outfits, interview preparation, pre-apprenticeship program, job placement and counseling to help participants remain in recovery. Contact: Steve Miller, 206-764-0454; www.iamcareswa.org.
- ▶ The New York State AFL-CIO Workforce Development Department has partnered with local labor unions and the Chautauqua County Private Industry Council (PIC) to obtain a state grant to provide skilled trade apprenticeships for parents with incomes below 200 percent of the poverty level. The program involves a comprehensive approach to preparing workers for skilled trade apprenticeships that includes a combination of pre-apprenticeship education, training and life skills development. Contact: Doug Stock, (716) 366-7255 or Audra Morrison at the Chautauqua PIC, (716) 366-0020.

Federal requirements and providing services to all low-income families

Some basic federal administrative and programmatic requirements are associated with the receipt of cash assistance or “assistance” under TANF. These requirements consist of a five-year federal time limit on such assistance, work participation requirements, and child-support enforcement obligations.

However, under TANF regulations, “assistance” is defined narrowly. TANF funds can be used in a variety of ways that would not count as “assistance.” Thus, states can use TANF funds for a range of programs and initiatives that help low-income working families but do not trigger the requirements associated with “assistance.”

Under TANF regulations, “assistance,” which is attached to the federal requirements such as time limits and work participation,

means benefits or allowances designed to meet a family's ongoing needs, i.e. cash payments, vouchers or other benefits to be used for food, clothing, shelter, utilities, household goods, etc. Additionally, supportive services provided for families that are not employed count as assistance if paid for with federal TANF funds.

Non-assistance programs and initiatives that do not trigger federal requirements can include a whole array of services, such as:

- ▶ Nonrecurring, short-term benefits that are designed to deal with a specific crisis situation or episode of need; are not intended to meet recurrent or ongoing needs; and will not extend beyond four months;
- ▶ Work subsidies (i.e., payments to employers or third parties to help cover the costs of employee wages, benefits, supervision, and training);
- ▶ Support services such as childcare and transportation provided to employed families;
- ▶ Refundable earned-income tax credits;
- ▶ Contributions to and distributions from Individual Development Accounts (IDAs); and
- ▶ Services that do not provide basic income support, such as counseling, case management, peer support, child-care referral, transitional services, work expense allowances, and job retention and advancement services, including education and training.

These benefits can be crafted in ways that will not count as “assistance” and will not impose the TANF assistance-associated requirements on recipients.

The narrow TANF definition of “assistance”— and therefore the corresponding broad definition of non-assistance — makes it easier for a state to provide services for low-income working families who are no longer or who have never been part of the welfare system.

What are the federal requirements associated with “assistance” under TANF?

- ▶ Federal five-year time limit: States may not use federal TANF funds to provide “assistance” to a family that includes an adult who has received a total of 60 months of federal “assistance.” The 60-month lifetime limit contrasts with the former AFDC program, in which families could receive assistance as long as necessary.
- ▶ Work participation requirements: The federal TANF program has mandatory requirements for parents receiving “assistance.” A parent (or caretaker) receiving assistance must engage in work activities when the state determines that the individual is ready to engage in work or when he or she has received assistance for a total of 24 months, whichever is earlier. These work requirements can be satisfied by participation in certain activities for a set minimum number of hours. If the state does not meet overall partici-

Exceptions have been made to federal requirements.

Some families may receive assistance from federal TANF funds for more than five years based on hardship or if the family includes an individual who has been a victim of family violence.

In recognition of the lack of affordable, quality childcare, single custodial parents with children under age 6 who are unable to work because they cannot find affordable childcare are exempted from mandatory work requirements. Some states will exempt adults from work requirements due to an inability to find childcare for children up to age 13.

States can establish good cause exceptions to the work requirements, including exemptions for victims of domestic violence.

participation rates, it will be penalized by having its federal funding reduced.

As of FY 2000, the federal minimum average of work hours required of an individual per week is 30 hours in order to count for the state's participation rate requirement (states get full credit toward participation rate requirements after 20 hours a week worked by single custodial parents with children under age 6). States may set higher participation minimums than the federal requirement.

Under federal law, 20 of the 30 hours must be spent in one of or a combination of the following nine activities:

- ▶ Unsubsidized employment
- ▶ Subsidized private-sector employment
- ▶ Subsidized public-sector employment
- ▶ Work experience
- ▶ on-the-job training
- ▶ Job search and job readiness assistance
- ▶ Community service programs
- ▶ Vocational educational training
- ▶ Providing child-care services to an individual who is participating in community service programs

The other ten hours can be served in those activities or by participation in the following three activities:

- ▶ Job skills training directly related to employment;
- ▶ Education directly related to employment; and
- ▶ Satisfactory attendance at secondary school or in a course of study leading to a certificate of general equivalence.

States define what these activities encompass; and state definitions for these activities may be found in the state TANF plans. Depending on a state's definitions, hours spent in programs such as English as a second language (ESL) classes, GED classes, student internships, and even doing homework could count as work activity for participation rate purposes. While flexibility to define activities provides the opportunity for states to count innovative programs as work activities, states also have discretion to narrow the list of permitted activities or to narrowly define them. Community service is a particularly malleable category; many different kinds of activities have been permitted under this category.

While states play a major role in defining and assigning activities, there are federal limits on counting educational training and job search activities. Vocational education may only count toward participation rates for a total of 12 months for any individual. Job search and job readiness assistance is limited to six weeks per individual or 12 weeks if the state unemployment rate is 50 percent higher than the national rate.

And consistent with the “work-first” focus of TANF, some states require a fixed sequence of activities that are mandatory for cash assistance recipients. Common initial required activities include: assessment, orientation, job search, or participation in an activity, like community service, that is approved by the local social services agency. Requiring a specific sequence generally limits education and training opportunities for cash assistance recipients.

Work Participation: What labor can do. WIBs and union leaders can provide expertise in developing definitions of activities and advocating for the importance of education and training. Labor leaders can push for policies and resources that extend education and training to all low-income working families.

States have the flexibility to allow cash assistance recipients to participate in activities that are not listed above or that do not meet federal participation requirements. While a state does have to meet federal participation rates, or risk loss of federal funds, it has flexibility in attaining those rates. Also federal participation rates are reduced by a caseload-reduction factor, so states with reduced caseloads will have lower participation rates. **As long as participation rates are met, a state may permit a number of its cash assistance recipients to participate in activities not listed in federal law or that do not count toward participation rates. For example, allowing recipients to engage in more than 12 months of vocational education. States should be encouraged to make use of this flexibility.**

► **Child-support obligations:** Under the federal TANF rules, the state TANF agency must refer all appropriate individuals to the Child Support Enforcement agency for paternity establishment and/or services needed to establish, modify and enforce a child-support order. Referred individuals must cooperate in determining paternity and in establishing, modifying or enforcing child-support orders. Families must assign support rights to the state, meaning a portion of the child-support payments must go to the state. Good cause or family violence-related exceptions may be made.

Families must be penalized, i.e. have their cash assistance reduced or terminated, for not fulfilling work participation or child-support requirements, unless good cause exceptions apply.

Remember that these federal requirements only apply when the TANF benefits received are in the form of “assistance” as defined on page 9. They do not apply to “non-assistance” although states may impose their own requirements.

How to find out about your state’s TANF programs

► Review your state plan. The state plan should provide information on eligibility criteria for services under the TANF as well as sepa-

On-the-job (OJT) training. Policymakers should insure that on-the-job training is provided only where there is a commitment to job retention. Any contracted on-the-job training at unionized worksites should be developed with input from the unions.

Work subsidies: Many states authorize subsidized employment programs as a work activity for cash assistance recipients and allow subsidized job placements with public, private nonprofit, and private for-profit employers. Several states require a minimum hourly wage of \$6 or higher for subsidized job placements, but unions should insist that policy-makers and administrators only subsidize jobs that pay living wages and provide skill-building opportunities.

rate state MOE programs. The plan should describe the various programs and services provided by the state as well as any eligibility requirements beyond financial criteria, such as work participation or child-support requirements. Plans are available from the state welfare agency and/or the governor's office. A number of state plans can be found on the Internet at [http://www.welfareinfo.org/PlanWeb Addresses.htm](http://www.welfareinfo.org/PlanWebAddresses.htm).

- ▶ State, and in some cases local, elected officials and administrators make decisions about how to use TANF funds. Talk to state and local officials about your state's programs and priorities. Workforce Investment Boards can also be a source of information about local programs and opportunities.

What labor can do

- ▶ Discuss TANF with the affected public sector unions. Many state welfare agencies have collective-bargaining agreements. Find out how you can help public sector workers increase the effectiveness of welfare programs.
- ▶ Every two years, the state is required to submit a state plan to the Department of Health and Human Services. States must consult with local governments and interested organizations and allow for a 45-day comment period on the state plan. Take the opportunity to comment. Make sure that eligibility standards allow for services to low-income working families and that training dollars are spent on well-paying jobs.
- ▶ Find out why any funds are unspent in your state. Some states keep funds in reserve in case of economic downturn. Others may have unexpected savings due to cash assistance caseload reductions or delays in launching new programs. The unexpected availability of funds might provide opportunities for flexible, innovative programs.
- ▶ Make sure unionized employers know what programs are available. Work with them to create education, training, and career ladder programs for welfare clients and workers whose low wages qualify them for training and education.
- ▶ Direct workers to services for which they are eligible. Help them understand eligibility requirements. Distribute informational guides about supportive services and applications for the services. Perhaps an agency eligibility specialist could come to a job site to help eligible workers access services like child-care subsidies.
- ▶ Review the state's annual report for appropriate grievance procedures for complaints regarding worker displacement.
- ▶ Monitor work experience and workfare activities for cash assistance recipients to make sure administrators comply with federal workplace and discrimination laws.
- ▶ Get your Workforce Investment Board involved in TANF. Make sure the TANF agency representatives participate either formally or informally in WIB deliberations.

Policy issues

- ▶ **Displacement.** There are protections against displacement, such as replacing employees with welfare recipients, in federal TANF law and regulations. The law states that an adult taking part in a “work activity” may not be employed or assigned to fill a vacant position if any other individual is on layoff from the same or any substantially equivalent job. An adult taking part in a “work activity” may not be employed or assigned to a position with an employer if the employer has terminated the employment of any regular employee or caused an involuntary reduction in the workforce in order to fill the vacancy with an adult in a work activity. Each state must establish and maintain a grievance procedure to resolve complaints of alleged violations of displacement. Descriptions of these procedures must be included in the annual reports required by HHS. State or local laws can provide greater protection for employees from displacement and such laws will not be preempted or superseded by the federal displacement protection.
- ▶ **Privatization.** States have wide latitude to redesign and contract programs out to other groups, including for-profits. The AFL-CIO opposes privatization and believes that public agencies are key in the delivery of welfare services.
- ▶ **Education and Training for Cash Assistance Recipients.** The work-first orientation of welfare reform has led to limitations on access to and duration of education and training opportunities for cash assistance recipients, even though education and training may be one of the best means to economic security. Only twelve months of vocational training is allowed as a work participation activity for cash assistance recipients. To count post-secondary education as a work participation activity for cash assistance recipients, states must fit it within their state definitions of job skills training related to employment, education directly related to employment, or vocational education.
- ▶ **Assessment.** Each state must make an initial assessment of an individual recipient’s skills, work experience, and employability within 30 days (or 90 at state option) if the recipient is at least 18 years old or has not completed high school (or equivalent) and is not attending secondary school. At state discretion and in consultation with an assistance recipient, an individual responsibility plan may be developed based on the initial assessment. Proper assessments can play a critical role in making sure families get the services and opportunities they need to leave welfare and improve their families’ well-being, and caseworkers are fundamental to this effort. Tailored caseworker training and smaller caseloads are policies that can facilitate productive assessments.
- ▶ **Self-Sufficiency Standard.** The term self-sufficiency can be used in a number of ways. One use can be found in the Workforce Investment Act, where self-sufficiency is a wage level below which

employed workers are eligible for intensive services and training in order to get better jobs. Union leaders and community activists have sought to establish “living wage” standards, which require public agencies and contractors receiving public subsidies to pay wages and benefits that allow for “self-sufficiency.” The term has also been adopted by the organization Wider Opportunities for Women (WOW) to represent a specific measure of how much income is needed to meet living costs based on location and family composition. The “Self-Sufficiency Standard” as used by WOW and others provides a measure of what families need to meet their basic needs without government or private subsidies. It includes costs for child care and transportation, unlike the traditional federal poverty guidelines, and incorporates the impact of taxes and tax credits to determine what a basic self-sustaining wage is for a location. The standard could have many uses, including serving as an eligibility measure for programs for low-income people, performance evaluation measure, policy analysis device, and lobbying tool. It also can provide the basis for a budgeting worksheet or caseworker counseling instrument that can help low-income families understand exactly how much income they need and when one form of a raise or increased compensation for employment may be better than another so that eligibility for public subsidies like child-care is not lost because of a small rise in income.

What issues might come up in the reauthorization debates?

TANF is to be reauthorized during 2002. There are a number of issues that may arise during the debates about reauthorization. These may include the following:

- ▶ To increase, or at least maintain, federal funding levels so efforts to help families move out of poverty can continue.
- ▶ To make poverty reduction an explicit purpose of the TANF program.
- ▶ For more flexibility to count education and training as a work participation activity for cash assistance recipients.
- ▶ To stop the clock or extend the lifetime limit for families participating in work or work activities and for full-time students in higher education.
- ▶ To expand exemptions to the lifetime limit for hard-to-serve individuals.
- ▶ For renewal of USDOL’s Welfare-to-Work program along with TANF and/or to require closer linkages between TANF and the Workforce Investment Act.
- ▶ To establish new mechanisms to help workers move up career ladders and achieve family-sustaining wages.

Key terms

- ▶ **AFDC** stands for Aid to Families with Dependent Children, the welfare program in effect before passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 or PRWORA. AFDC provided cash assistance to needy families on an entitlement basis; it was repealed with passage of PRWORA.
- ▶ **Carryover money** means money that can be carried over to future years. States are not required to draw down their full federal TANF block grant each year; unspent funds can be carried over to future years. However, carryover funds can only be used for “assistance,” they cannot be used for more flexible non-assistance benefits and services. Carryover funds cannot be transferred to the CCDF or SSBG.
- ▶ **Child Care and Development Fund (CCDF)** provides block grants to states for child-care services.
- ▶ **Fiscal year (FY)** means the 12-month period that ends on September 30.
- ▶ **Grant diversion** is authorized under PWRORA and permits states to divert part or all of a welfare grant to a business that hires the cash assistance recipient.
- ▶ **Hard-to-serve** can mean individuals with barriers to employment, such as difficulties with literacy, learning disabilities, mental illness or substance abuse, and victims of domestic violence.
- ▶ **Individual Development Accounts (IDAs)** are similar to savings accounts. IDA means an account established by, or for, an individual who is eligible for assistance under the TANF program, to enable the individual to save for specific purposes, such as buying a home, getting an education, or starting a business venture. Money in an IDA account would not affect a recipient’s eligibility for TANF assistance and IDA funds must be disregarded for purposes of determining eligibility or assistance amounts for federal means-tested programs. A recipient may deposit only earned income into an IDA. Contributions may be matched by or through a “qualified entity,” and only qualified withdrawals are permitted. A qualified entity means 501(c)(3) nonprofit or a state or local government agency cooperating with a 501(c)(3) nonprofit.
- ▶ **Maintenance-of-effort (MOE)** is the obligation of each state to spend a certain amount of state funds in order to receive its full block grant from federal government.
- ▶ **Needy** means economically deprived, i.e. lacking adequate income and resources. States set standards on the definition of needy to determine if a family is eligible for a particular service. Financial standards can comprise an income-based standard with or without taking assets into account. Standards can be different for different services.
- ▶ **Non-custodial parent** means a parent of a minor child receiving assistance who lives in the state but does not live in the same household as the child.

- ▶ **Nontraditional employment for women** means jobs where women make up less than 25 percent of the workforce. It typically includes: skilled trade occupations; technical jobs, such as airline mechanic or computer technician; service jobs, such as taxi driver or truck driver; public service jobs, such as firefighter or police officer; and professional positions, such as chemist or engineer.
- ▶ **TANF** means the Temporary Assistance for Needy Families program.
- ▶ **Vocational Education** under the Carl D. Perkins Vocational and Applied Technology Education Act of 1990 means “organized educational programs offering a sequence of courses which are directly related to the preparation of individuals in paid or unpaid employment in current or emerging occupations requiring other than a baccalaureate or advanced degree.” Vocational Education usually differs from basic job training in that it combines academic and occupational skill development. Under TANF, the states are given flexibility to define vocational education.
- ▶ **Workforce Investment Act** (WIA), enacted in 1998, restructured our nation’s job training system. Under WIA, funds to serve adults, dislocated workers, and youth are allotted to states, and in turn, to local areas. State and local Workforce Investment Boards collaborate with elected officials in setting up One-Stop Career Centers to provide core, intensive, and training services.
- ▶ **Workforce Investment Boards** (WIBs) were established by the state under the Workforce Investment Act. State boards advise the governor on ways to develop and monitor the statewide workforce investment system, while local boards oversee local implementation of the system. With the exception of some grandfathered arrangements, board membership must be 51 percent business and also include representatives of government partners, community organizations and labor.
- ▶ **Work-first** generally is used to denote job search or job readiness programs. PRWORA emphasizes moving cash assistance recipients into employment as soon as possible. To this end, some states require job search before welfare recipients can receive other services. The focus on work first has resulted in limitations on education and training opportunities for recipients of cash assistance.
- ▶ **Work experience**, also known as workfare or WEP (work experience program), generally means a program where cash assistance recipients are required to work or participate in a work activity in exchange for benefits.
- ▶ **Social Services Block Grant (SSBG)** means the federal social services program operated under Title XX of the Social Security Act. States and localities determine what services to provide with SSBG funds. Common uses include childcare, services for the elderly and disabled, child welfare and domestic violence services.

Welfare-related Websites:

State Policy Documentation Project: <http://www.spdp.org/>

SPDP tracks policy choices on Temporary Assistance for Needy Families (TANF) cash assistance programs and Medicaid in the 50 states and the District of Columbia.

Welfare Information Network: <http://www.welfareinfo.org/>

WIN is a special activity of the Finance Project and serves as a clearinghouse for information on welfare reform.

National Employment Law Project: <http://www.nelp.org/>

The National Employment Law Project (NELP) is a non-profit organization that advocates on behalf of low-wage workers and the unemployed through litigation, policy advocacy, public education and support for organizing.

The Urban Institute: <http://www.urban.org/>

The Urban Institute is a nonprofit policy research group. The Institute's goals are to focus thinking about society's problems and efforts to solve them, improve government decisions and their implementation, and increase citizens' awareness about important public choices.

Center for Law and Social Policy: <http://www.clasp.org/>

CLASP is a national nonprofit organization with expertise in both law and policy affecting the poor.

The Center on Budget and Policy Priorities: <http://www.cbpp.org/>

CBPP is a nonpartisan research organization and policy institute that conducts research and analysis on a range of governmental policies and programs, with an emphasis on those affecting low- and moderate-income people.

The Brookings Institution: <http://www.brookings.edu/wrb>.

The Brookings Institution runs a program on "Welfare Reform and Beyond."

Manpower Demonstration Research Corporation: Project on Devolution and

Urban Change: <http://www.mdrc.org>.

MDRC is a nonprofit, nonpartisan social policy research organization that seeks to enhance the effectiveness of social policies and programs.

Welfare-to-Work Partnership: <http://www.welfareto-work.org>.

The Welfare-to-Work Partnership is a nonpartisan, nonprofit organization created by the American business community to provide innovative workforce solutions for companies through hiring, retaining and promoting welfare recipients and other unemployed and low-income workers.

Economic Policy Institute: <http://www.epinet.org/>

EPI is a nonprofit, nonpartisan think tank that seeks to broaden the public debate about strategies to achieve a prosperous and fair economy.

Welfare Law Center: <http://www.welfarelaw.org/>

The Welfare Law Center works with and on behalf of low-income people to ensure that adequate income support — public funding provided on the basis of need — is available whenever and to the extent necessary to meet basic needs and foster healthy human and family development.

Union Websites:

AFL-CIO: <http://www.aflcio.org/home.htm>

AFL-CIO, Working for America Institute: <http://www.workingforamerica.org/>

AFSCME: <http://www.afscme.org/>

SEIU: http://www.seiu.org/political_action/index.cfm

Federal welfare -related Websites:

**Department of Labor, Employment and Training Administration,
Welfare-to-work Office:** <http://wtw.doleta.gov>

**USWorkForce, the Department of Labor Website on the Workforce
Investment Act:** <http://usworkforce.org/>

**Department of Health and Human Services, Administration for Children
and Families, The Office of Family Assistance (OFA):**
<http://www.acf.dhhs.gov/programs/ofa/>

Department of Health and Human Services, Office for Civil Rights:
<http://hhs.gov/ocr/tanfintro.htm>

State TANF programs have different names including Family Assistance Program, EMPOWER (Employing and Moving People Off Welfare and Encouraging Responsibility); Jobs First, ABC (A Better Chance), Family Investment Program, W-2 (Wisconsin Works), CALWORKS (California Work Opportunity and Responsibility to Kids), Beyond Welfare, Families First, as well as just plain TANF.

Information about specific state plans and programs may be obtained from the agencies administering TANF in your state. HHS maintains a Website with agency contact information at:
http://www.acf.dhhs.gov/programs/ofa/hs_dir2.htm.



The AFL-CIO Working for America Institute works with unions and their allies to create and retain good jobs and build strong communities through promoting high road economic strategies for individuals, employers and industrial sectors, and public economic and workforce development systems.