Contract No.: 233-02-0086/HHSP233200600007T
MPR Reference No.: 6292-510

MATHEMATICA
Policy Research, Inc.

A Study of States' TANF Diversion Programs

Final Report

December 8, 2008

Linda Rosenberg
Michelle Derr
LaDonna Pavetti
Subuhi Asheer
Megan Hague Angus
Samina Sattar
Jeffrey Max

Submitted to:

Administration for Children and Families
Office of Research Planning and Evaluation
370 L'Enfant Promenade
Washington, DC 20447

Project Officer:
Michael Dubinsky

Submitted by:

Mathematica Policy Research, Inc.
P.O. Box 2393
Princeton, NJ 08543-2393
Telephone: (609) 799-3535
Facsimile: (609) 799-0005

Project Director:
Linda Rosenberg

Disclaimer

The opinions and conclusions expressed herein are solely those of the authors and should not be construed as representing the opinions or policy of any agency of the federal government.

ACKNOWLEDGMENTS

We would like to thank many people for their important contributions to this report. First and foremost, our thanks go to the state representatives who responded to our requests for information. We appreciate their thoughtfulness when responding to the state survey and our interview questions.

This report has benefited from the ongoing support and guidance of the U.S. Department of Health and Human Services, Administration for Children and Families. From the beginning of the study, the evaluation's project officer, Michael Dubinsky, has provided ongoing support and feedback. We also thank Karl Koerper and Naomi Goldstein for their guidance throughout the study. They and Peter Germanis provided thoughtful comments on an earlier version of this report.

At Mathematica Policy Research, Inc., Todd Ensor, the project's survey director, provided valuable leadership and guidance. Gretchen Kirby's careful review of an earlier draft of this report contributed greatly to the quality of this report. Matthew Jacobus skillfully coded the state interviews, and Jennifer Baskwell provided exemplary production support.

We gratefully acknowledge these many contributions.

CONTENTS

Chapter		Page
	KEY FINDINGS	IX
	EXECUTIVE SUMMARY	XI
I	INTRODUCTION	1
	A. POLICY CONTEXT FOR DIVERSION PROGRAMS UNDER TANF AND THE DRA	2
	B. OVERVIEW OF APPROACHES TO DIVERSION PROGRAMS	4
	C. STUDY GOALS AND METHODS	6
	D. INTERPRETING STUDY FINDINGS	7
II	LUMP-SUM PAYMENT PROGRAMS	9
	A. THE DESIGN AND STRUCTURE OF LUMP-SUM PAYMENT PROGRAMS	10
	1. Target Population	10
	2. Processes to Screen Applicants	10
	3. Payment Amounts	12
	4. Form of Payments	13
	5. Allowed Number of Payments	13
	6. Effects on TANF Time Limits and Eligibility	14
	B. KEY FINDINGS RELATED TO LUMP-SUM PAYMENT PROGRAMS	15
III	APPLICANT WORK-RELATED REQUIREMENTS	19
	A. KEY ELEMENTS OF APPLICANT WORK REQUIREMENTS	20
	1. Target Population	21
	2. Level of Effort to Complete Requirements	22
	3. Work Supports	26
	4. The Transition to TANF	28
	5. Consequences of Noncompliance on TANF Eligibility	29

Chapter **Page**

III *(continued)* B. KEY FINDINGS RELATED TO APPLICANT WORK REQUIREMENTS 30

IV TEMPORARY SUPPORT PROGRAMS 33

A. TYPES OF TEMPORARY SUPPORT PROGRAMS 35

1. Temporary Support Programs Emphasizing Rapid Employment 35
2. Temporary Support Programs Stabilizing Crises 38

B. KEY FINDINGS RELATED TO TEMPORARY SUPPORT PROGRAMS..... 39

V CONCLUSIONS..... 43

A. THE POPULATIONS SERVED BY THE DIFFERENT DIVERSION STRATEGIES 43

B. LOOKING TO THE FUTURE..... 45

REFERENCES 47

APPENDIX A: STATE-BY-STATE TABLES..... 49

TABLES

Table		Page
I.1.	KEY CHARACTERISTICS OF THREE TYPES OF TANF DIVERSION PROGRAMS	5
I.2.	STATE USE OF TANF DIVERSION PROGRAMS, BY TYPE	5
II.1	CHARACTERISTICS OF STATES' LUMP-SUM PAYMENT PROGRAMS	12
II.2.	LUMP-SUM PAYMENT PROGRAM POLICIES AFFECTING TANF RECEIPT	15
III.1.	PREVALENCE OF EACH APPLICANT WORK-RELATED REQUIREMENT	21
III.2.	APPLICANT WORK-RELATED REQUIREMENTS IN STATES WITH AND WITHOUT UP-FRONT JOB SEARCH/READINESS REQUIREMENT	21
III.3.	ILLUSTRATION OF STATES WITH MINIMAL-, MODERATE-, AND INTENSIVE-EFFORT APPLICATION WORK REQUIREMENTS	23
III.4.	LEVEL OF EFFORT REQUIRED TO COMPLETE REQUIREMENTS IN STATES WITH AND WITHOUT UP-FRONT JOB SEARCH	23
III.5.	IMMEDIATE CONSEQUENCES FOR NONCOMPLIANCE WITH APPLICANT WORK REQUIREMENTS	30
IV.1.	KEY DIMENSIONS AND CHARACTERISTICS OF TEMPORARY SUPPORT PROGRAMS	34

KEY FINDINGS

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) created a new work-oriented framework for providing assistance to low-income families. Within this framework, states were given a block grant and considerable flexibility to create new support systems for families that encouraged work and discouraged long-term reliance on government-provided cash assistance. Responding to concerns that families that turn to the welfare system for support may find it hard to leave, states began implementing "diversion" programs to keep families whose needs could be met through other means from ever coming on to the welfare rolls. In response to higher effective work participation rates that followed the reauthorization of the Temporary Assistance for Needy Families (TANF) program in 2005, states have added new policies and programs that divert TANF-eligible families from the TANF system.

This report describes states' policies on and experiences with diversion programs. To document the states' diversion strategies, Mathematica Policy Research, Inc. (MPR) conducted the Identifying Promising TANF Diversion Practices Study for the U.S. Department of Health and Human Services (HHS), Administration for Children and Families (ACF). Data for the study were collected through a state survey, a telephone interview with designated representatives in each state, and visits to two states to learn more about their diversion strategies. Data collection began in December 2007 and ended in March 2008.

KEY FINDINGS

Three Types of Diversion Strategies

- Lump-sum payment programs provide applicants who are employed or have a job offer with the option of accepting a one-time cash or voucher payment to meet immediate needs, in lieu of receiving TANF.
- Applicant work requirements, in particular the requirement to conduct a job search, target applicants likely to be subject to the TANF work requirements and require them to participate in work-related activities during the 30- to 45-day application certification period.
- Temporary support programs provide TANF applicants with up to four months of assistance, which do not count toward TANF time limits or work participation rates.

Prevalence of Diversion Strategies

- All but three states had implemented at least one diversion strategy.
- Thirty-five states have a lump-sum payment program, a net increase of six states from 2005.

- In 20 states, applicants complete a job search activity as a condition of their TANF eligibility; 19 other states require applicants to complete a TANF program orientation or an employment plan as a condition of eligibility.
- By spring 2008, nine states had implemented a temporary support program.

Lump-Sum Payment Programs

- A typical recipient of a lump-sum payment has a job or a job offer and receives a maximum payment that is equivalent to a multiple of the monthly benefit the family would have received as a TANF case (most commonly three times the monthly TANF benefit).
- The reach of lump-sum programs is generally small due to their target population—applicants with jobs or job offers.
- Across states with these programs, caseworkers can have an impact on the number of participants based on how they screen for and present the program to eligible applicants.

Applicant Work Requirements

- Most applicant job search requirements call for applicants to expend a moderate effort, which may take up to 10 days to complete.
- Requiring applicants to participate in work requirements as a condition of TANF eligibility prepares them for the TANF program's strong emphasis on work and can jump start the process for meeting TANF work requirements or finding employment.
- The shortage of comprehensive state information regarding applicants who are denied TANF for failure to meet applicant work requirements leaves questions unanswered about whether work-related requirements divert applicants with a genuine need from the TANF program, or if they simply redirect applicants who can meet their needs through alternative means, including employment.

Temporary Support Programs

- Five states have temporary support programs that emphasize rapid employment. Most of these states require all work-mandatory TANF applicants or those who are immediately job ready to participate in job search and job readiness activities for up to four months.
- Four states have programs that help stabilize families in crisis and are targeted to hard-to-employ TANF applicants. Program requirements and services available during the four months focus primarily on specialized assessments, case management, and services to address the conditions that interfere with employment.
- Because most of the temporary support programs are new, little is known about the programs' efficacy or success in meeting the short-term needs of TANF applicants.

CONCLUSIONS

- Through these diversion strategies, states are focusing on diverting from TANF applicants who need minimal assistance to be able to support themselves through employment and applicants who need greater assistance in order to meet TANF work participation requirements and be prepared for work.
- An important next step would be to conduct systematic research on how these diversion strategies affect states' TANF caseloads and those applicants who are diverted from TANF.

EXECUTIVE SUMMARY

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) created a new work-oriented framework for providing assistance to low-income families. Within this framework, states were given a block grant and considerable flexibility to create new support systems for families that encouraged work and discouraged long-term reliance on government-provided cash assistance. Responding to concerns that families that turn to the welfare system for support may find it hard to leave, states began implementing "diversion" programs to keep families whose needs could be met through other means from ever coming on to the welfare rolls. These early diversion programs took two forms: (1) lump-sum payments to address the immediate needs of applicants who were employed or had job offers and (2) applicant work requirements, in particular the requirement to conduct a job search, to encourage applicants to find employment quickly.

In an effort to meet the effective higher work participation rates required by the Deficit Reduction Act of 2005 (DRA), states reexamined their TANF policies and procedures and made some changes to their diversion programs. In particular, some states added new programs that permanently or temporarily divert families from the TANF system. These temporary support programs provide short-term help to TANF applicants through payments and services that states have deemed "nonassistance," that is, assistance provided for less than four months that does not count toward TANF time limits and work participation rates. Temporary support programs are a hybrid, combining elements of the lump-sum payment programs and applicant job search programs that were in place prior to the passage of the DRA. In response to guidance provided by the Department of Health and Human Services (HHS) in May 2008, some of these programs are being redesigned and some may eventually be eliminated.

To document these diversion strategies, Mathematica Policy Research, Inc. (MPR) conducted the Identifying Promising TANF Diversion Practices Study for HHS, Administration for Children and Families (ACF). The study had three main objectives:

1. Document states' TANF diversion programs

2. Collect information on the purpose and development of state diversion policies

3. Identify innovative diversion practices

MPR conducted three data collection phases. The first phase consisted of a survey of TANF directors in each state in November 2007 requesting information about diversion practices targeted toward applicants. In the second phase, using each state's completed survey, MPR staff conducted telephone interviews with each state's designated representative to collect policy details about the state's programs. In the final phase of data collection, in spring 2008, MPR staff conducted visits to two states—Oregon and Minnesota—to learn more about their diversion strategies.

This report documents and describes three state strategies that have an explicit intent to divert TANF applicants from becoming TANF program participants: (1) lump-sum payment programs, (2) applicant work requirements, and (3) temporary support programs.[1] Table 1 summarizes the key characteristics of the programs presented in this report, and Table 2 presents the prevalence of these programs across the states.

Table 1. Key Characteristics of Three Types of TANF Diversion Programs

Type of Program	Target TANF Applicants	Voluntary or Mandatory Participation	Participation Requirement	Period of Participation	Type of Financial Assistance	Source of Support
Lump-Sum Payment	Employed or job possibility	Voluntary	None	--	One-time lump sum payment	TANF/MOE nonassistance
Applicant Work Requirement	Work eligible	Mandatory	Job search or other work-related activities	Within 30- to 45-day certification period	Emergency assistance or work-related supports	TANF/MOE nonassistance
Temporary Support	Work eligible	Mandatory	Work-related activities	Up to four months	Amount up to TANF benefit each month	TANF/MOE nonassistance
	Hard to employ	Voluntary	Services to address barriers			

MOE = maintenance of effort.

[1]The study also collected information on states' solely state-funded (SSF) programs, through which states provide financial assistance to families using state funds that do not count toward their TANF maintenance–of-effort (MOE) requirements. Since these programs do not intend to divert families from receiving ongoing public assistance, we do not include them in this report. We will present our findings on SSF programs in a separate document.

Table 2. State Use of TANF Diversion Programs, by Type

Type	Number of States
Lump-sum payment program	35
Applicant work requirement	39[a]
Job search/readiness activities	20[b]
Orientation/completion of an employment plan only	19
Temporary support program	9
States with No Programs	3

Source: TANF Diversion Project Survey.

[a]Includes states that require work-ready applicants to complete job search activities and those that only require attendance at a TANF program orientation and/or completion of an employment plan.

[b]Seventeen of the 20 states also require attendance at a TANF orientation and/or completion of an employment plan.

N = 50 states plus the District of Columbia.

LUMP-SUM PAYMENT PROGRAMS

A lump-sum payment program seeks to divert families from ongoing assistance by providing an alternative to ongoing cash assistance for families experiencing a financial crisis that could be solved through a one-time receipt of cash. Thirty-five states have lump-sum payment programs, a net increase of six states from 2005 (Rowe et al. 2006). The DRA created new considerations for how states structure and implement these programs. While states remain interested in reducing their caseloads because they still receive a caseload reduction credit that reduces the work participation rate they must achieve, they may not want to divert applicants who are likely to meet work participation requirements.

The study investigated the design and structure of states' lump-sum payment programs. Lump-sum payments are offered to TANF-eligible applicants who already have a job or have a promise of a job. Across the states, caseworkers have some discretion in determining which applicants are appropriate candidates for the lump-sum programs and offering the option to them. Most states determine the maximum amount of the lump-sum payment based on a multiple of the monthly benefit the family would have received as a TANF case, most commonly three times the monthly TANF benefit. Although lump-sum payment programs are intended to help families overcome a short-term financial need, a majority of states allow families to return for additional payments during their lifetime. The lump-sum payment typically does not count against the TANF time limit, although states impose a period of TANF ineligibility that often corresponds with the number of months of TANF benefits on which the maximum lump-sum payment is based.

In our analysis of the data collected for this study, we identified three key findings related to lump-sum payment programs. First, the reach of lump-sum programs is generally small due to their target population. Respondents from about 30 percent of states with a

lump-sum payment program indicated that less than 10 percent of all applicants in a given month are diverted from TANF to the lump-sum program. Second, caseworkers can have great impact on the number of applicants who decide to accept the lump sum over ongoing assistance, based on how they screen for and present the program to eligible applicants. Third, states do not devote substantial resources to tracking participants of lump-sum programs.

APPLICANT WORK REQUIREMENTS

Currently, 20 states require applicants to complete a job search or readiness activity as a condition of their TANF eligibility. The main goal of these activities is to help applicants find unsubsidized jobs in lieu of TANF. Many of these states also require applicants to attend an orientation on the TANF program and/or complete an employment plan. Nineteen states solely require a program orientation or development of an employment plan as part of the eligibility process. While these requirements may divert some applicants because they do not follow through with the requirements, their primary purpose is to emphasize the work-first approach of the TANF program and to encourage applicants to find jobs.

States described several key elements of their mandatory applicant work requirements. The target population for states' up-front job search and other applicant work-requirements mirrors the target population for TANF work requirements. Thus, most applicants required to complete applicant work activities would be required to participate in TANF work activities. Among the 20 states that require at least some applicants to complete job search or job readiness activities, most require applicants to expend moderate effort (or up to 10 days) to fulfill the requirements for TANF eligibility. At least 15 of the 20 states that require job search provide some type of supplemental support, such as for child care or transportation, to applicants during the process. These supports serve as a safeguard to increase the likelihood that applicants are able to complete their work-related requirements rather than have their application denied. States that require some type of work-related activity either automatically deny the TANF application for noncompliance or impose some other sanction. However, in all cases, applicants can receive benefits if they eventually comply with the requirements.

We identified two key findings regarding applicant work requirements. First, requiring applicants to fulfill applicant work requirements as a condition of TANF eligibility sends a strong message that the TANF program's emphasis is on work, and can accelerate the process for meeting TANF work requirements or finding employment. Second, states have limited, if any, information on TANF applicants who are denied for failure to complete applicant work-related requirements or those who find employment and do not go on to the TANF rolls. The shortage of comprehensive information regarding denials leaves questions unanswered about whether applicant work-related requirements divert applicants with a genuine need from the TANF program, or if they simply redirect applicants who have the ability to support themselves through alternative means, including employment.

TEMPORARY SUPPORT PROGRAMS

Nine states have implemented temporary support programs. These programs aim to provide applicants with up to four months of assistance while they resolve any immediate crises or, if they are ready to work, find employment. Although these programs are funded with federal TANF and state maintenance-of-effort (MOE) dollars, states have deemed them "nonassistance" programs because of their short-term nature, which allows for more flexibility in meeting participants' needs than TANF. This study identified two types of temporary support programs: (1) programs that emphasize employment as the first line of support for families and (2) programs that help stabilize families in crisis.

The five programs emphasizing rapid employment require all work-mandatory TANF applicants or only those who are immediately job ready to participate. In most of these states, the programs emphasize job search and job readiness activities. Those who are work ready are typically assigned to immediate and structured job search for up to approximately 30 hours per week, while those with limited work experience and job skills may be assigned primarily to job readiness activities, such as basic skills training or job counseling, for the same or fewer hours. Financial and work supports generally mirror those provided to TANF recipients. Applicants may be enrolled for up to four months and receive the same amount of cash assistance as would be provided based on their family size and income under TANF. Applicants who have been actively engaged in program activities and are still eligible transition to the TANF caseload at the end of four months.

The four programs that help stabilize families in crisis are targeted to hard-to-employ TANF applicants. Program requirements and services available focus primarily on specialized assessments, case management, and physical and mental health treatment to address the conditions that interfere with employment. Crisis intervention programs provide cash payments equivalent to the cash assistance under TANF and similar work supports. All but one of the crisis stabilization programs automatically transfer eligible participants to the TANF program at the end of the program period.

Because most of the nine states implemented their temporary support programs recently, little is known about their efficacy or success in meeting the short-term needs of TANF applicants. Based on our early look at these still-evolving programs, we offer two preliminary findings. First, the purpose and target population of temporary support programs may influence the composition of the TANF caseload. Programs that target work-ready applicants and attempt to divert them from the TANF caseload through employment may lead to a greater proportion of hard-to-employ TANF recipients entering the TANF caseload than without the temporary support program. Second, temporary support programs may permanently divert some individuals from TANF by connecting them with a job or a state program that is not funded by TANF or state MOE funds.

CONCLUSIONS

States have taken a new look at diversion programs in light of the passage of the DRA in 2005. In designing these programs, states have recognized that families seeking government support are a heterogeneous group with a broad range of needs. While some

families need minimal assistance to establish themselves in the workforce, others have needs that must be addressed before they will be prepared to enter the workforce. In many ways, diversion programs are as diverse as the populations they aim to serve. What ties them together is that they all aim to keep families off the TANF rolls, by providing one-time or short-term support.

Diversion programs play a role in addressing the immediate support and service needs of two different populations:

1. ***Employable/Work-Ready Applicants***. States have used three diversion strategies to meet the needs of families in which the parent already has a job or may easily be employed with limited assistance: (1) lump-sum payment programs, (2) applicant job search, and (3) temporary support programs emphasizing employment.

2. ***Applicants Who Need More Time to Find Employment***. Several states have determined that some families are more likely to become successful if they are allowed to participate in activities beyond what is countable under TANF. As a result, some states have extended the job readiness period by providing services to hard-to-serve applicants through temporary support programs emphasizing crisis management.

Diversion programs continue to focus on those who are work ready, but are also moving towards those recipients who might need more assistance than TANF can provide. Still, diversion programs have the potential to significantly alter the composition of the TANF caseload because they tend to focus on those who have workforce attachments or, with a little additional assistance, could be made work ready. This choice has implications for understanding the outcomes of TANF applicants who are diverted from ongoing assistance and whether they are able to remain self-sufficient. An important next step would be to conduct systematic research on how these diversion strategies affect states' TANF caseloads and those applicants that are targeted for permanent or temporary diversion from TANF.

CHAPTER I

INTRODUCTION

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) created a new work-oriented framework for providing assistance to low-income families. Within this framework, states were given a block grant and considerable flexibility to create new support systems for families that encouraged work and discouraged long-term reliance on government-provided cash assistance. Armed with more flexibility and federal funds to create a new Temporary Assistance for Needy Families (TANF) program, states acted quickly to transform their existing service systems that primarily focused on providing cash assistance to systems that did more to help parents find and maintain work, in addition to providing cash assistance. Many states had already started the process of reform through waiver demonstration projects and other states drew upon their ideas to reorient their own programs toward work.

Responding to concerns that once families turn to the welfare system for support, they may find it hard to leave, states began implementing "diversion" programs to keep families whose needs could be met through other means from ever coming onto the welfare rolls. These programs took two forms: (1) lump-sum payments and (2) applicant job search requirements. States intended the former to help applicants who were employed or had a job offer address an immediate problem, thereby eliminating their need for ongoing assistance. They intended the latter to encourage applicants to find employment quickly so that families could meet their needs through paid employment rather than ongoing cash assistance.

In an effort to meet the effective higher work participation rates required by the Deficit Reduction Act of 2005 (DRA), states reexamined their TANF policies and procedures and made some changes to their diversion programs. In particular, some states added new programs that permanently or temporarily divert families from the TANF system. These temporary support programs provide short-term help to TANF applicants through payments and services that states have deemed "nonassistance," that is, assistance provided for less than four months that does not count toward TANF time limits and work participation rates. Temporary support programs are a hybrid, combining elements of the lump-sum payment programs and applicant job search programs that were in place prior to the passage of the DRA. In response to guidance provided by the Department of Health and Human Services (HHS) in May 2008, some of these programs are being redesigned and some may eventually be eliminated.

Under the Identifying Promising Temporary Assistance for Needy Families Diversion Practices Study for HHS, Administration for Children and Families (ACF), Mathematica Policy Research, Inc. (MPR) gathered information to document the range of methods that states use to divert TANF applicants from the TANF rolls. This report documents and describes the diversion strategies that states have implemented since 1997, and how such strategies have changed since reauthorization of the TANF program in 2005. These include strategies that have an explicit intent to divert TANF applicants from becoming TANF program participants in one of three ways: (1) by providing direct support to address applicants' immediate needs so that they can work (for example, providing funds to repair an applicant's car); (2) by requiring applicants to seek employment as their first line of support; or (3) by providing temporary support through another program before authorizing the receipt of TANF benefits.

The remainder of this chapter provides the policy context for these diversion programs, presents an overview of the diversion programs that are included in this report, describes the study's goals and methods, and presents guidance for interpreting the study's findings. The next three chapters provide a stand-alone description and analysis of each of the three types of diversion programs. The final chapter summarizes our findings and presents our conclusions.

A. POLICY CONTEXT FOR DIVERSION PROGRAMS UNDER TANF AND THE DRA

With the passage of PRWORA in 1996, the way in which the United States provides assistance to low-income families changed in important and dramatic ways. To address welfare recipients' long-term dependency on cash assistance, PRWORA imposed a lifetime limit of 60 months on the receipt of cash assistance. To encourage welfare recipients to become productive members of the workforce and to provide states with incentives to shift the focus of their programs toward work, non-exempt single parents were required to participate in countable activities for 30 hours per week (20 hours for single-parent families with a child less than age 6), and two-parent families had to participate for 35 hours (55 hours for those two-parent families that received federally funded child care assistance). By 2002, states had to meet work participation rates of 50 percent for all families and 90 percent for two-parent families. States that failed to meet the work participation rates faced financial penalties. However, states' effective work participation rates were substantially lower because they received a one-percentage-point reduction in the rate for every percentage point decline in the TANF caseload since 1995, except for reductions due to changes in eligibility or federal requirements. For example, from fiscal year 1995 to fiscal year 2005, Maryland's caseload had declined by 44.8 percent; therefore, it had to meet an adjusted rate work participation rate of only 5.2 percent in fiscal year 2006 (ACF 2006). Most states met their adjusted targets in that year.

The new rules under TANF also led states to consider diversion strategies to preserve an individual's access to 60 months of welfare receipt for the hardest of times and to encourage his or her transition to the workplace as quickly as possible. One approach was the creation of lump-sum payment programs, which provide employed or job-ready applicants with a nonrecurrent payment to address an immediate, short-term need instead of

receiving ongoing welfare payments. These programs provided financial assistance to applicants to help them obtain or retain a job without having to use any of their months of time-limited welfare. Another approach was to emphasize work and stress TANF as an option of last resort to TANF applicants. By requiring applicants to look for work as a condition of eligibility, these programs sought to encourage recipients who could find work quickly to do so.

When states diverted families from the TANF system using these methods, they benefited in two ways. First, they could spend the money they would have spent on ongoing cash assistance on other programs and services. Second, any caseload reduction they could claim could help reduce states' work participation requirement.

The DRA maintained the same work participation rates that were originally enacted in 1996 (50 percent for all families and 90 percent for two-parent families). However, other changes included in DRA effectively increased the work participation rate that states must achieve and modified what and how participation is counted in calculating the rate. The key changes include: (1) updating the base year for calculating the caseload reduction credit from 1995 to 2005; (2) extending work participation requirements to families with an adult receiving assistance in a "separate state program" funded with state maintenance-of-effort (MOE) dollars; and (3) directing HHS to define each of the 12 countable work activities, the type of documentation needed to verify reported hours of work, and who is work eligible. The DRA also established a new penalty of up to 5 percent of a state's block grant if a state fails to implement procedures and internal controls consistent with the regulations.

Through the final regulations, HHS developed definitions of work activities including the core activities in which TANF recipients are required to participate for at least the first 20 hours of their work requirement (30 hours for most two-parent families) and non-core activities in which the recipient can participate for any hours required over the minimum. In an effort to achieve comparability in the work participation rates across states, HHS attempted to create non-overlapping definitions for the various work activities.

In the regulations, HHS also clarified who was work-eligible, and, therefore, included in the work participation rate calculation. Work-eligible individuals include most adults or minor heads-of-household who receive assistance and some nonrecipient parents (i.e., some parents in child-only cases). Adults receiving assistance who are not included in the state's work participation calculation include those receiving MOE-funded assistance under an approved Tribal TANF plan and those providing medically documented needed care for a family member with a disability who is living at home. States also can exclude (for a maximum of 12 months) cases that include a single custodial parent caring for a child under 12 months of age.

The DRA was signed into law in February 2006 and states became subject to the new requirements in October 2006. While states were not required to submit formal plans for how they would meet the new requirements, they were required to submit work verification plans to describe the activities they planned to include in their welfare-to-work program, their plans for monitoring participation in work activities, procedures for complying with time limits on certain activities (such as job search and vocational training), and how they

planned to identify cases that should be included in the work participation rate calculation (i.e., "work eligible" families).

There are several avenues through which these changes may influence states' decisions regarding diversion. First, the final TANF rules for verification allow states to count working TANF recipients easily in their work participation rate, reducing the incentive for states to divert working families from the TANF rolls. Second, the incentive to engage parents in work activities as quickly as possible, including before the receipt of TANF begins, increased. The reason that some TANF recipients are not engaged in program activities is that there is a lag between when they begin receiving benefits and the time at which they begin participating in program activities. Therefore, engaging families in countable work activities more quickly, including before their application for assistance is approved, could potentially increase a state's work participation rate. Third, stringent work requirements reinforce the notion that TANF is a temporary program to help families find work as quickly as possible, leading some states to develop alternative methods for providing temporary support to families experiencing crises that interfere with their ability to work or participate in work-related activities at the level TANF requires.

B. OVERVIEW OF APPROACHES TO DIVERSION PROGRAMS

This report describes states' policies for and experiences with three types of diversion programs that intend to divert TANF applicants from ongoing cash assistance.[1] Depending on their purpose, the three types target different populations and require different activities by individuals. Table I.1 provides an overview of the key characteristics of each type of program. All but three states have implemented at least one of these programs (Table I.2). In this report, we devote a chapter to each of the three program types and briefly describe the purpose and characteristics of each program here.

Lump-Sum Payment Programs (Chapter II). Lump-sum payment programs are intended to directly divert applicants from TANF and to work. In more than half the states, caseworkers provide applicants who are employed or have a job offer with the option of accepting a one-time cash or voucher payment to meet immediate needs, in lieu of receiving TANF. The payment amount often equals between two and four times the monthly amount for which the family would be eligible under TANF. Once an applicant accepts the lump-sum payment, in most programs, he or she cannot reapply for TANF for several months.

[1]The study also collected information on states' solely state-funded (SSF) programs, through which states provide financial assistance to families using state funds that do not count toward their TANF maintenance–of-effort (MOE) requirements. Since these programs do not intend to divert families from receiving ongoing public assistance, we do not include them in this report. We will present our findings on SSF programs in a separate document.

Table I.1. Key Characteristics of Three Types of TANF Diversion Programs

Type of Program	Target TANF Applicants	Voluntary or Mandatory Participation	Participation Requirement	Period of Participation	Type of Financial Assistance	Source of Support
Lump-Sum Payment	Employed or job possibility	Voluntary	None	--	One-time lump sum payment	TANF/MOE nonassistance
Applicant Work Requirement	Work eligible	Mandatory	Job search or other work-related activities	Within 30- to 45-day certification period	Emergency assistance or work-related supports	TANF/MOE nonassistance
Temporary Support	Work eligible	Mandatory	Work-related activities	Up to four months	Amount up to TANF benefit each month	TANF/MOE nonassistance
	Hard to employ	Voluntary	Services to address barriers			

MOE = maintenance of effort.

Applicant Work Requirements (Chapter III). Many states require TANF applicants to begin a job search as a condition of their TANF eligibility. In most states, the main goal of job search activities is to help applicants find unsubsidized jobs in lieu of TANF. These activities occur during the 30- to 45-day application certification period and mostly target those likely to be subject to the TANF work requirements. Most states that require applicant job search provide applicants with child care and/or transportation supports and some provide assistance for applicants' emergency needs, such as housing. Some states also require applicants to engage in other less intensive work-oriented activities, such as a TANF program orientation or the development of an employment plan. Although these requirements may divert some applicants because they do not follow through with the requirements, their primary purpose is to emphasize the work-first approach of the TANF program.

Table I.2. State Use of TANF Diversion Programs, by Type

Type	Number of States
Lump-sum payment program	35
Applicant work requirement	39[a]
Job search/readiness activities	20[b]
Orientation/completion of an employment plan only	19
Temporary support program	9
States with No Programs	**3**

Source: TANF Diversion Study, 2008.

[a]Includes states that require work-ready applicants to complete job search activities and those that only require attendance at an orientation and/or completion of an employment plan.

Table I.2 *(continued)*

[b]Seventeen of the 20 states also require attendance at a TANF orientation and/or completion of an employment plan.

N = 50 states plus the District of Columbia.

Temporary Support Programs (Chapter IV). These programs aim to provide applicants with up to four months of cash assistance while they resolve any immediate crises. In some states, these programs are mandatory for applicants who are deemed ready for work. Although these programs are funded with federal TANF and state MOE dollars, because of their short-term nature, states have deemed them nonassistance programs, which allows for more flexibility in meeting participants' needs.

C. STUDY GOALS AND METHODS

ACF funded the Identifying Promising Temporary Assistance for Needy Families Diversion Practices Study to inform federal, state, and local TANF administrators of the range of approaches states have implemented to divert TANF applicants to employment or other means of assistance. The study's three main objectives were to

1. Document states' TANF diversion programs
2. Collect information on the purpose and development of state diversion policies
3. Identify innovative diversion practices

To meet the study's objectives, MPR conducted three data collection phases. In the first phase, which began in November 2007, MPR emailed a survey to the TANF director in each state requesting information about diversion practices targeted toward applicants. The survey was not intended to answer specific questions about each activity but, rather, to provide an up-to-date count of the states that had implemented (or planned to implement) each type of diversion program.

In the second phase, using each state's completed survey, MPR staff conducted a telephone interview with the state's designated representative to collect policy details about the state's programs. These interviews averaged 50 minutes per state. The telephone interviews occurred over a three-month period, beginning at the end of December 2007. In these first two phases, we gathered information from all but one state.

In the final phase of the data collection, in spring 2008, MPR staff conducted visits to two states—Minnesota and Oregon—to learn more about their diversion strategies. MPR recommended these two states for visits because of (1) the states' broad and innovative practices and (2) the flexibility given to counties when implementing their state's diversion programs. Based on state administrators' recommendations, we visited two counties in each state. During the on-site visits, we interviewed TANF program administrators, supervisors, frontline staff, and contracted service providers. Whenever possible, we observed intake appointments, orientation sessions, assessment activities, and employment-planning meetings.

Our analysis of states' diversion programs was supported by three other sources of information. First, we used states' documents and manuals either sent to us by the state representatives or found on state websites to further inform our understanding of states' programs. Second, we reviewed other research that had been conducted on diversion programs to provide confirmation and context for this study's findings. Third, we relied on information that MPR staff had collected about states' diversion programs through other projects, both for ACF and the HHS Office of the Assistant Secretary for Planning and Evaluation (ASPE). We used these other sources to add to the richness of our data and to identify the diversion activities used by the state that did not complete the survey and telephone interview.

D. INTERPRETING STUDY FINDINGS

The study's goals and data collection methods have four main implications for the findings presented in this report. First, we collected descriptive information about the states' diversion policies and, when possible, collected data on applicants served through these policies and their outcomes. However, the study did not attempt to assess the effect of particular diversion programs on applicants' outcomes. For example, we did not collect data that would allow us to analyze the extent to which applicants who accept a lump-sum payment in lieu of TANF return to the welfare office for another diversion payment or for ongoing TANF benefits.

Second, our main source of data was the state-level interviews. These interviews were typically conducted with one or two state TANF representatives. Thus, the data reported are their interpretations of state policy, although in many instances, we did confirm their interpretation with information collected from state websites.

Third, although the state interviews provided rich information about state policy, they provided limited information on local implementation of state policy. When we report on anecdotal information about implementation received from state respondents, we indicate the source in the text. In addition, we enrich the state-level information with case studies of local implementation throughout the following three chapters.

Finally, we conducted the data collection activities during a time of transition for states. In light of the DRA, states were still assessing their programs, exploring new strategies, and implementing new programs. Since our data collection effort, states' programs may have changed, especially in response to their implementation experiences and ongoing ACF guidance.

CHAPTER II

LUMP-SUM PAYMENT PROGRAMS

States began implementing lump-sum payment programs for welfare applicants under waivers before the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). States initially developed these programs to provide an alternative to cash assistance for families that were experiencing a financial crisis that could be solved through a one-time receipt of cash, thus diverting them from ongoing assistance. PRWORA increased states' interest in these programs for two reasons. First, by diverting applicants from the Temporary Assistance for Needy Families (TANF) program, states could reduce the size of their caseloads to earn the caseload reduction credit and lower their work participation rate target. Second, states could provide work-ready families with an alternative to ongoing cash assistance and reduce their chances of becoming long-term welfare recipients and risk exhausting their five-year time limit. A provision in the final rules established by the Department of Health and Human Services in 1999 also made it possible for states to designate a lump-sum payment as a nonrecurring, short-term benefit that does not count against an individual's lifetime limit of welfare participation.

The DRA has created new considerations for states for structuring and implementing these programs. Although states remain interested in reducing their caseloads because of the caseload reduction credit that reduces the work participation rate they must achieve, they may not want to divert applicants who are likely to meet work participation requirements. This might give states an incentive to keep working families or those most likely to find work on the TANF caseload. At the same time, states are interested in providing services that best meet an individual family's needs and recognize that TANF may not be appropriate for families that could become self-sufficient with the help of a one-time payment.

Through our data collection for this study, we identified 35 states with a lump-sum payment program. This represents a net increase of six states from fiscal year 2005 (Rowe et al. 2006). All of these state programs are available on a voluntary basis to eligible TANF applicants (and sometimes to individuals with incomes above the TANF threshold) and provide them with a lump-sum cash payment to cover their immediate needs. Appendix Table A.1 lists key characteristics of states' lump-sum payment programs.

This chapter presents our findings in two parts. First, we describe the design and structure of states' lump-sum payment programs. Then we describe our key findings about the implementation and use of these programs.

A. THE DESIGN AND STRUCTURE OF LUMP-SUM PAYMENT PROGRAMS

At the start, states made important policy decisions about the shape of their programs. Some state policies resulted in programs that are fairly simple to implement. In these states, applicants may not have to provide documentation proving that they are working or about to work and may receive the payment as cash, allowing them to use it as they wish. Other states require documentation and pay the lump sum directly to a vendor. Six important dimensions define states' programs: (1) target population, (2) processes to screen applicants, (3) payment amounts, (4) form of payments, (5) allowed number of payments per applicant, and (6) effects on TANF time limits and eligibility.

1. Target Population

In all states with lump-sum payment programs, the option to accept the payment in lieu of TANF is offered to TANF-eligible applicants who already have a job or a promise of a job but have an immediate need. With this one-time payment, these applicants are expected to address their immediate need that otherwise may interfere with their ability to retain their current job or pursue their job opportunity. In theory, without this assistance, the TANF-eligible applicant may become unemployed, but, with the assistance, he or she can become a member of the workforce. For example, an applicant whose car is in need of repair might lose a job if he or she cannot find alternate means of transportation. With the lump sum, this individual can fix the car and continue to travel to work and, as a result, avoid welfare.

States differ in how they verify the applicant's attachment to work. Twelve states with lump-sum programs require the applicant to provide documentation that he or she has a job or a bonafide job offer. The applicant might have to provide a job offer letter, for example. In other states, the welfare office accepts the applicant's self-report of a workplace attachment.

In most states, income eligibility for the lump-sum payment program is the same as for TANF; however, 5 of the 35 states reported that their income eligibility rules are different. For example, in Iowa, families eligible for the lump-sum payment program must have an income that is no more than 200 percent of the federal poverty level. However, to be eligible for TANF, families must have an income that is at or below 185 percent of the TANF-specified standard of need. As a result, families not eligible for TANF may be eligible for a lump-sum payment.

2. Processes to Screen Applicants

Across the states, caseworkers have some discretion in determining the applicants who are appropriate candidates for the lump-sum programs and in offering the option to them. Most states rely solely on caseworkers' assessments of the applicants without the help of a

specialized screening tool. Even though all states reported that they provide consistent training and guidelines to all of the workers by providing periodic or regular training on screening for the lump-sum program, in the end, it is up to the individual worker. Thus, an applicant found eligible by one caseworker and offered the program might not have been offered the program by a different caseworker.

In contrast, several states have formal tools to screen TANF applicants for the lump-sum payment programs. These tools help the caseworker determine if the individual/family is eligible for and can be successful with the lump-sum payment. In Michigan, for example, all work-eligible individuals are screened for the Short Term Family Support program, the state's lump-sum payment program. The intake workers use a scoreable screening tool that identifies families that are potential candidates for the program. If the family answers "yes" to a certain number of questions, the family is given the option of receiving the lump-sum payment. Similarly, in Kentucky, case managers use a screening tool to gather information from the client; that information is then used to determine if the family would be more suited to the lump-sum program than for ongoing cash assistance. Even in states with formal screening tools, caseworkers may have some discretion in deciding to whom to offer the lump-sum program. For example, Arizona has implemented a multistage process to authorize an applicant's suitability for the program (Box II.1).

BOX II.1. ARIZONA: MULTISTAGE LUMP-SUM PAYMENT AUTHORIZATION PROCESS

In November 2007, Arizona revised its lump-sum payment program by expanding existing eligibility requirements and strengthening the process for identifying eligible applicants. In the past, applicants eligible for the program included only those who could provide immediate proof of employment. Expanding eligibility to those who are likely to secure competitive employment within a 90-day period substantially increased the number of those approved for the lump-sum payment from approximately 10–15 lump-sum participants per month to more than 120. However, to identify those appropriate for the program, caseworkers are now required to make a judgment about an applicant's employability.

To reduce the subjectivity involved in identifying and approving applicants eligible for lump-sum diversion, responsibility is shared among TANF eligibility workers, case managers, and supervisors as part of a four-step approval process. All TANF applicants first complete an initial eligibility screening conducted by the intake financial worker. Those who are identified as work ready are referred to a designated grant diversion specialist who informs them about the lump-sum option and begins the eligibility process. Co-locating the grant diversion specialist with the eligibility worker streamlines the screening process and increases the likelihood that all work-ready applicants receive the same information and consideration. Those interested and eligible for the lump-sum payment are then referred to a TANF service coordinator (ongoing case manager) who assesses their employability and approves them for lump-sum payments. As the fourth and final step, a TANF supervisor approves the lump-sum payment request. Group trainings for all staff involved with the process as well as required time lines for completing each step encourage a consistent and timely authorization process.

Once authorized, applicants receive a lump-sum cash payment equal to the amount of three months of the TANF assistance grant they would qualify for based on income and family size. For a family of three, the payment would be about $1,000. In addition to the lump-sum payment, the family is also eligible for emergency service payments to cover the costs of transportation, shelter, and work related clothing. Those who receive a lump-sum payment are disqualified from receiving TANF for at least three months.

3. Payment Amounts

Most states determine the maximum amount of the lump sum based on a multiple of the monthly benefit the family would have received on TANF. Of the 20 states that use this method, 15 base the maximum payment on three times the monthly TANF benefit (Table II.1). Thus, since a family of three in Rhode Island could receive a maximum TANF monthly benefit of $554, this family could receive a maximum lump-sum payment of $1,662. Other states base the payment amount on the family's need up to a preestablished maximum amount, regardless of family size. For example, in Kentucky, a participating family, regardless of its size, can receive a lump-sum payment up to a maximum of $1,300 (compared to the $262 maximum monthly TANF payment for a Kentucky family of three).

Table II.1 Characteristics of States' Lump-Sum Payment Programs

Characteristics	Number of States
Lump-Sum Maximum Payment Amount	
Based on 2 times maximum monthly TANF payment	1
Based on 3 times maximum monthly TANF payment	15
Based on 4 times maximum monthly TANF payment	3
Based on 8 times maximum monthly TANF payment	1
Based on preestablished maximum	11
County or caseworker sets amount	4
Form of Payment	
Cash	19
Vendor	6
Both cash and vendor	10
Number of Times Allowed to Participate	
No limit[a]	18
Once in lifetime	12
Twice in lifetime[b]	3
Three times in a lifetime[c]	1
Varies by county	1

Source: TANF Diversion Study, 2008.

N = 35 states, including the District of Columbia.

[a]Of these states, 13 restrict receipt to once every 12 months and 1 state restricts receipt to once every 3 months. Other states did not specify a restriction.

[b]Of these states, one restricts receipt to once every 12 months and another restricts receipt to once every 24 months. The information is not available for the third state.

[c]This state restricts receipt to once every 12 months.

Regardless of how the payment is determined, about two-thirds of states with a lump-sum payment program provide the payment up to the maximum based on the family's need demonstrated by receipts and bills. Thus, if the Kentucky family demonstrates that it needs $800 to repair its car, then that is the sum it receives. However, other states, such as New Mexico, provide the same amount to each family, regardless of demonstrated need. Every New Mexico family of three approved for a lump-sum payment receives $1,200 (the monthly TANF benefit for a New Mexico family of three is $389). Every family of four or more receives $2,500 when it qualifies for the state's lump-sum payment program.

4. Form of Payments

Generally, states demonstrated a preference for providing the lump-sum payments to clients in cash rather than through vendor payments. As illustrated in Table II.1, the majority of the states make a direct payment to clients, in many cases using the Electronic Balance Transfer (EBT) credit card. Clients who receive cash have flexibility to use the money in the way they want, regardless of the need they presented to or discussed with the caseworker. Payments made directly to the vendor or provider of service, such as a landlord or automobile service shop, require the client to provide documentation of the need and the amount required to satisfy the need. For example, an applicant who needs his or her car repaired would need to provide an estimate of the cost to repair the car, and an applicant who needs to purchase uniforms to obtain a particular job would provide the price sheet for the uniforms. The payment is then made directly to the vendor by the agency.

Two states operate the lump-sum payment program as a loan. In these states, the family is expected to repay the lump sum after a certain period of time. In Wisconsin, recipients of the interest-free job-access loans must promise to repay the loan within 12 months (see Box II.2). In Arkansas, the applicant receives the loan as a one-time cash payment. If participants do not repay the loan, then the payment is counted toward their time limit if they return to TANF.

5. Allowed Number of Payments

Although lump-sum payment programs are designed to help families overcome a short-term financial need, most states allow families to return for additional payments during their lifetime. Twenty-two states permit families to participate more than once in the program, while 12 states allow a family to participate only once (Table II.1). Fifteen of the 22 states permitting multiple payments impose a 12-month waiting period before an additional lump-sum payment can be issued (not shown). One of these 22 states, Maine, only recently revised its rules to allow families to apply for its lump-sum payment program, the Alternative Aid program, once every 12 months instead of once in a lifetime. Wisconsin permits applicants to receive an interest-free job-access loan as often as needed, but applicants must pay back the previous loan before they are eligible to receive another.

BOX II.2. WISCONSIN: INTEREST-FREE JOB ACCESS LOANS

In its version of a lump-sum payment program, Wisconsin offers short-term job access loans to work-ready Temporary Assistance for Needy Families (TANF) applicants who have emergency service needs. Common needs include car purchases and repairs, driver's license fees, work-related clothing or equipment, and moving expenses if the move helps the applicant get or keep a job. However, TANF administrators indicated that more recently these loans have been used to pay for basic needs such as rent payments and utilities.

To be eligible for a loan, an applicant must be eligible for TANF and need the funds from the loan in order to obtain or maintain current employment. Migrant workers and those who have defaulted on a previous loan are ineligible for the loan. As a condition of eligibility, the applicant is also required to sign a legal agreement that summarizes the terms and conditions of the loan. The agreement includes language that indicates that the applicant will pay the full loan back to the state within 12 months (may be extended up to 24 months) by monthly cash payments or by working community service hours. The agreement also authorizes the state to seize a portion of the applicant's tax refund for failure to repay the loan. Applicants in need of assistance are eligible for up to $2,500 and are not required to pay interest on the loan.

In 2007, Wisconsin authorized 709 loans paying out approximately $600,000. Because the program relies on repayments to fund future loans, collections are critical to the sustainability of the program. Most loans are repaid by intercepting borrowers' tax rebates. Despite forfeiting their tax rebates, borrowers are reportedly grateful for the loans.

6. Effects on TANF Time Limits and Eligibility

Most states do not count the lump-sum payment against the TANF time limit (Table II.2). Indeed, a main advantage to the payment is that it conserves one's 60-month lifetime limit. However, lump-sum program participants in four states do not always enjoy time-limit savings in accepting the lump-sum payment over ongoing cash assistance. In Connecticut, participating in the lump-sum program reduces a family's time limit by three months. In Utah, the first lump-sum payment in a 12-month period does not count, but each subsequent lump-sum payment counts as one month toward the lifetime limit. Each month of the equivalent TANF grant amount that an Idaho lump-sum participant receives (up to a maximum of three months) counts as two months against the state lifetime limit of 24 months. California's program varies depending on when the recipient returns for assistance. If the family applies for monthly TANF benefits after the diversion period ends, the state counts one month toward the time limit. If the family applies during the diversion period, the individual can choose to count the payment toward the time limit or repay the diversion amount.

As a condition of acceptance of the lump-sum payment program, states with this program often impose a period of TANF ineligibility (see Table II.2). Families that receive the lump-sum payment cannot apply for TANF benefits for an established period of time, which often corresponds with the number of months of TANF benefits on which the maximum lump-sum payment is based (from Table II.1). However, seven states require applicants to remain ineligible for TANF for one year. In Iowa, the period of TANF

ineligibility is calculated by doubling the number of days covered by the payment. Thus, Iowa families that receive the equivalent of three months of TANF assistance would be ineligible for TANF for six months. In most states, typically, if a family reapplies for TANF during the ineligibility period, it can still be approved for TANF assistance but is required to pay back the lump-sum payment (typically states deduct a portion of the monthly TANF benefit until the payment is repaid).

Table II.2. Lump-Sum Payment Program Policies Affecting TANF Receipt

Characteristics	Number of States
TANF Time Limit Policy	
Payment does not count toward time limit	30
All payments count toward time limit	2
Payment counts if loan not repaid	1
First payment does not count; subsequent ones do	1
Varies	1
Period of TANF Ineligibility	
No period	3
3 months	9
4-6 months	4
12 months	7
Two times the number of months of assistance	2
Varies	10

Source: TANF Diversion Study, 2008.

N = 35 states, including the District of Columbia.

TANF = Temporary Assistance for Needy Families.

[a]Even in states with an ineligibility period, families can be approved for TANF. In these states, the portion of the lump-sum payment covering the remaining months of the ineligibility period is repaid through deductions from the family's TANF monthly benefits.

B. KEY FINDINGS RELATED TO LUMP-SUM PAYMENT PROGRAMS

In our analysis of the data collected for this study, we identified three key findings related to lump-sum payment programs. They concern the programs' reach, the role of caseworkers in identifying recipients for the lump-sum payments, and information states collect about recipients of these programs.

- ***The reach of lump-sum programs is generally small due to their target population.***

The reach of the lump-sum payment programs has never been large. Previous research has indicated that diversion payments are made to approximately 2.5 percent of all TANF applicants (London 2003). In their review of the literature, Harvey and Berkowitz (2006) found that few TANF applicants elected to participate in the lump-sum payment programs

in Colorado, Maryland, Minnesota, North Carolina, and Texas. Similarly, research conducted by Maloy et al. (1999) revealed that the lump-sum programs in two communities were used fewer than five times per month.

Information collected for this study supports the previous research. Although the study's purpose was not to collect data systematically and report on the number of participants in lump-sum programs, we did seek information on the level of participation across states. Respondents from about 30 percent of states with a lump-sum payment program indicated that fewer than 10 percent of all applicants in a given month are diverted from TANF to the lump-sum program. For example, Arizona reported that average monthly diversion participants were about 5 percent of its total TANF applications. In an average month, Connecticut reported 10 diversion participants and 2,600 TANF applicants.

Although the majority of the states indicated that their programs were not often used, several, including Maine and North Carolina, reported that their programs were popular. North Carolina averaged about 1,100 diversion cases per month in the first half of 2008, compared to an average of 1,900 new TANF cases per month during the same period (Duncan et al. 2008). The Maine respondent attributed the popularity of its state program to the state's advocacy community, which encourages individuals to seek out the lump-sum program, and to new rules that relaxed some of its restrictions, such as allowing individuals to participate in the program more than once.

Some evidence exists that one cause of low rates of participation is the number of applicants who meet the work-attachment criterion. As welfare caseloads have declined since PRWORA, research has shown that fewer TANF applicants and recipients are job ready. They face challenges that might prevent them from fully engaging in competitive work (Wilkins 2002; Loprest et al. 2007).

To help increase the potential reach of their diversion efforts, two states—Arizona and Pennsylvania—recently broadened their programs' eligibility criteria. In Pennsylvania, applicants no longer have to prove their current employment or job offer, and, in Arizona, applicants no longer have to be employed. Arizona's current target population is those applicants who are likely to meet their household needs within a three-month time frame (see Box II.1). In contrast, Tennessee recently implemented a lump-sum program with strict eligibility criteria, including a demonstrated work attachment, a high school diploma, and no TANF benefit for the preceding two years.

- ***The discretion provided to caseworkers also can affect applicants' interest and participation in the programs.***

Beyond the eligibility criteria, caseworkers can have a great impact on the eventual number of applicants who decide to accept the lump sum over ongoing assistance in how they both screen for and present the program to eligible applicants. Maloy et al. (1999) suggested that the lump-sum payment program is rarely used because workers do not probe deeply enough into the families' circumstances to determine whether a lump-sum payment could potentially help a family. In this current study, five state respondents volunteered that

worker discretion was a challenge to increased utilization of the program. Workers who determine eligibility are accustomed to well-defined terms by which to make decisions, and they may hesitate to recommend a program that has less well-defined selection criteria. One respondent stated: "Our workers like things to be black and white. The lump-sum program is grey. This has caused us to get a lot of questions about who is eligible and who is not."

Once they screen applicants, caseworkers might have further impact on participation levels by how they present the program to those applicants deemed eligible (Johnson and Meckstroth 1998). If caseworkers are positive in their presentation of the program to eligible applicants, then more are likely to participate. However, if caseworkers are skeptical about the program's goals, purposes, and anticipated effectiveness, then program take-up rates may be low.

Anecdotally, respondents from many states with lump-sum programs confirmed that workers are not always enthusiastic about the program or that program presentation does not highlight the program's advantages. One state administrator said that some workers believe that a majority of lump-sum recipients return to TANF or return to the lump-sum program for a second payment. Noting a trend, workers question the effectiveness of the program. Connecticut requires caseworkers to present both programs side by side to eligible applicants, and then they choose which one they prefer. In this light, the TANF program is often viewed as more attractive because of its generous disregard of earned income and ongoing assistance.

- ***States do not devote substantial resources to tracking participants of lump-sum programs.***

States' with lump-sum payment programs track participation in these programs but at varying degrees of detail. Most respondents reported that their states track participation at the state level, but respondents from five states reported that they had so few lump-sum recipients that they did not carefully track participation in the program. For example, administrators in the District of Columbia reported only having had one recipient since the program was implemented in 1999.

Although this current study's purpose was not to determine the outcomes of states' lump-sum program participants, we did ask state respondents about their perceptions of their program's success. Many (respondents from 21 states) were positive about their programs, indicating that through the program, some applicants were being successfully diverted from TANF. Although the numbers may be small, they believed that their programs provide a viable alternative for some clients.

Few states could provide more than anecdotal information on the outcomes of lump-sum program participants. To assess the programs' effectiveness, states would need to collect information on the number of recipients who returned for additional payments (in those states that allowed multiple payments) and/or the number of recipients who returned to the office to apply for TANF. Some research studies have explored lump-sum program participants' outcomes (Johnson and Meckstroth 1998; Lacey et al. 2002), but few states in

the study reported that this information was readily available. One exception was North Carolina, which collects information on the percentage of diverted cases returning to TANF: about 80 percent of the 2004 cohort of lump-sum program participants never returned to the TANF caseload after 48 months (Duncan et al. 2008). States may want to track lump-sum program participants more carefully to ensure that these programs are meeting their primary goal, namely, diverting applicants with a work attachment from welfare.

CHAPTER III

APPLICANT WORK-RELATED REQUIREMENTS

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and the subsequent Deficit Reduction Act of 2005 (DRA) placed a strong emphasis on helping families achieve self-sufficiency through work. A second strategy states use to redirect Temporary Assistance for Needy Families (TANF) applicants toward work and divert them from ongoing assistance is to require them to engage in work-related activities during the 30- or 45-day application period as a condition of their TANF eligibility. These requirements, including a job search, TANF program orientation, and development of an employment plan, can divert applicants from TANF in one of two ways: (1) some applicants—due to choice or personal limitations—do not complete the requirements and are implicitly diverted because they become ineligible for TANF or (2) some applicants, through the required activities, find jobs that lead to employment and negates the need for TANF assistance. These requirements also reinforce during applicants' initial contacts with the agency that the goal of the TANF program is to help families find employment as quickly as possible.

States began implementing applicant work-related requirements through waivers prior to the passage of PRWORA. They implemented these policies to accelerate applicants' entry into the paid labor market, facilitate early engagement in work activities, and communicate the work-first philosophy of welfare reform. By 1998, a total of 16 states required at least some applicants to conduct a mandatory job search in order to be eligible for TANF (Maloy et al. 1998). Twelve additional states required work registration or attendance at a work orientation session. An analysis conducted by the Urban Institute indicates that in 2005, there were 17 states that required applicants to participate in a mandatory job search (Rowe et al. 2006).

For this study, we collected information on three applicant work-related requirements because of their potential to divert applicants to work either through explicit activities or through the information that emphasized TANF as a work-first program. We describe these three activities next in the order in which they would likely occur during the application certification period:

- **Mandatory orientation session.** The orientation is an overview for applicants of the work activities required in the TANF program, the rules for receiving ongoing assistance, the consequences for nonparticipation, and the resources available to them. It also gives states an opportunity to communicate to applicants the importance of self-sufficiency and the benefits of competitive employment. The orientation is presented in a group or individually by a TANF caseworker or by a self-assisted computer program.

- **Employment plan development**. An individualized employment plan, which is a cooperative agreement between the TANF agency and the applicant, clarifies program expectations and holds TANF recipients accountable for program participation. In describing the required work activities and needed supports, the plan provides a blueprint for how the applicant will achieve his or her employment goals. An applicant's employment plan, which is based on his or her employment interests and service needs, is created during the application period but may be revised once the individual becomes a recipient.

- **Up-front job search and job readiness**. This set of requirements gives work-mandatory applicants an opportunity to test the labor market in hopes that they will find a job rather than receive TANF. Those deemed ready for work participate in job search, which may include registering for work at a contracted service provider, contacting potential employers, or completing job applications. Those not immediately ready for employment may be required to participate in job-readiness activities, such as job counseling and job seeking skills training, before they apply for work. If applicants do not find a job, then the required activity may make their engagement in federally countable work activities more likely once they become TANF recipients. Overall, the amount of flexibility to tailor these up-front activities to an applicant's employability and service needs varies widely depending on the state or county policy.

States have adopted different combinations of these requirements. Currently, 39 states require applicants to engage in at least one work-related activity (Table III.1). Out of these states, 15 states have implemented one or more of their requirements within the past five years (not shown). Twenty states currently require applicants to complete a job search, and many of these states also require applicants to attend an orientation and/or complete an employment plan (Table III.2). Appendix Table A.2 provides information on which requirement each state has implemented.

This chapter describes the key elements of the applicant work requirements based on information gathered for this study and then provides two key findings related to them.

A. KEY ELEMENTS OF APPLICANT WORK REQUIREMENTS

Mandatory applicant work requirements are important work-first strategies in a majority of states. In designing their requirements, states have to decide (1) how to define the target population, (2) the level of effort required for applicants to complete the requirements,

(3) the supports to provide to enable applicants to complete job search requirements, (4) how to treat applicants who find employment before being approved for TANF, and (5) the consequences for noncompliant applicants. Each of these key decisions is discussed in greater detail next.

Table III.1. Prevalence of Each Applicant Work-Related Requirement

Requirement	Number of States
Orientation	29
Work Plan	28
Job Search/Readiness	20
Any Requirement	39

Source: TANF Diversion Study, 2008.

N = 50 states and the District of Columbia.

1. Target Population

The target population for states' up-front job search and other applicant work-requirements mirrors the target population for TANF work requirements. Instead of defining who is required to participate, most states have developed criteria to identify who is *exempt* from participating. Applicants who are exempt from the applicant work-related requirements tend to be those who are pregnant or a parent of a child younger than age 12 months, are applying for a child-only TANF grant, are disabled or caring for a disabled person, or are not able to participate because of a documented "good cause" such as a short-term medical issue. Applicants not meeting these criteria must complete the activities in order to be eligible for TANF benefits.

Table III.2. Applicant Work-Related Requirements in States With and Without Up-Front Job Search/Readiness Requirement

	Number of States	Orientation Only	Employment Plan Only	Orientation and Employment Plan
States that require job search/readiness	20	2	4	11
States that do not require job search/readiness	31	6	3	10
Total	**51**	**8**	**7**	**21**

Source: TANF Diversion Study, 2008.

N = 50 states and the District of Columbia.

Several states have broad target populations since they do not exempt any TANF recipient from the work requirement. In these states, the universal engagement approach used for TANF recipients also applies during the application period. For example, in Maryland, a state that requires nearly all TANF recipients to be engaged in some type of activity (but not necessarily activities that meet the federal work requirement), all applicants must complete up-front activities as part of their application. Caseworkers in each county, however, tailor the requirement so that it is appropriate to each applicant's abilities and service needs. Thus, while some applicants will be required to contact a number of employers, others will be required to participate in job-readiness activities developed by staff at the local One-Stop Career Center (the contracted agency providing case management and employment and training services for TANF recipients).

Three states that do not require an up-front job search—Oklahoma, Tennessee, and Utah—do require all applicants to meet other work-related requirements, regardless of work-ready status. In Tennessee, for example, all applicants must attend an orientation and complete a work plan before they can be certified for TANF. In Utah, all applicants are required to complete an up-front orientation and employment plan; however, workers may complete these activities during a home visit if the applicant is unable to travel to the local employment center. In Oklahoma, TANF applicants develop an employment plan with a case manager that defines the work-related activities and hours they will complete once they are determined eligible for TANF.

2. Level of Effort to Complete Requirements

The intensity of effort required to complete the up-front activities varies, most often based on the type of requirement and its ability to divert the applicant from TANF. Table III.3 illustrates the activities that may require minimal, moderate, and intensive efforts in order for applicants to complete them. For the purpose of differentiating state policies, we define minimal efforts to be activities that can typically be completed on the same day as the initial application, moderate efforts to be activities that can be completed within a 10-day period, and intensive effort to be two-week job search or readiness activities that are often followed by additional activities. Typically, applicants must expend more effort to complete the job search requirements than the orientation and employment plan requirements.

Among the 20 states that require at least some applicants to complete job search or job-readiness activities, most require moderate effort from applicants to fulfill the requirements for TANF eligibility (Table III.4). These requirements generally take about 10 days to complete and typically involve completion of other applicant work-related requirements in addition to job search activities. For example, in Florida, the TANF intake worker refers applicants to the local One-Stop Career Center. In most cases, the applicant bears the responsibility for making the appointment with the One-Stop Career Center to register for work. Once at the center, he or she will complete an orientation, develop an employment plan, and immediately begin job-readiness workshops and an independent job search. Applicants in Idaho complete a similar process, including a five-day job-readiness and job search period at a contracted service provider.

Table III.3. Illustration of States with Minimal-, Moderate-, and Intensive-Effort Application Work Requirements

State #1	State #2	State #3
Minimal-Effort Requirements	Moderate-Effort Requirements	Intensive-Effort Requirements
- Attend half-day group orientation in the same office - After orientation, sign developed employment plan - Activities can be completed on day of application	- At intake, submit an application form and register for work at a location other than the TANF eligibility office - Meet work services case manager for an assessment and development of an employment plan - Perform supervised job search or job readiness activities within a 10-day time frame	- Attend an orientation - Meet with a case worker for assessment and to develop an employment plan - Participate in the activities specified in employment plan (such as job search or work experience) for an additional 2-weeks to a month of regular, daily participation

Note: State examples are a composite of states that fall into the minimal-, moderate-, and intensive-level categories.

Three states—Delaware, Georgia, and New Jersey—have an intensive application approval process, requiring applicants to commit to at least two weeks of job search and job-readiness activities, in addition to other activities before they are eligible for TANF. For example, Delaware requires non-exempt TANF applicants to meet with an employment service provider to attend an orientation and develop a personalized employment plan. Applicants must then comply with the activities included in their plan for at least 30 hours a week for two weeks; however, case managers are given flexibility to define the activities included in the plan based on the applicant's employability. Activities may include job search or job-readiness workshops, registering for school, or mental health or substance abuse treatment. Box III.1 describes an intensive up-front job search program in DeKalb County, Georgia.

In states with moderate or intensive job search requirements, an individual applicant's requirements may be tailored to his or her service needs based on an assessment to establish an appropriate level of effort required to complete the activity. Individuals enter the TANF application process with varying levels of work experience, skills, and employability. They

Table III.4. Level of Effort Required to Complete Requirements in States With and Without Up-Front Job Search

Level of Effort	Number of States	Moderate or Intensive	Minimal	Varies by County or Local Office
States that require job search/readiness	20	16	2	2
States that do not require job search/readiness	19	0	18	1

Source: TANF Diversion Study, 2008.

N = 39 states with applicant work-related requirements.

BOX III.1. UP-FRONT JOB SEARCH PROGRAM IN DEKALB COUNTY, GEORGIA

In Georgia, TANF applicants are required to attend an orientation, develop a Temporary Assistance for Needy Families (TANF) Family Service Plan based on a comprehensive assessment, and, for those deemed work ready, complete an up-front job search period as a condition of program eligibility. The goal is to immediately engage applicants in work activities with the hope that they will find employment and not need to receive TANF benefits. While the parameters and policies of the up-front requirements are explicitly defined by the state TANF agency, such as the content of the orientation and number of employer contacts per week, counties have discretion in how they administer and provide them. Some counties, such as DeKalb County, have invested in structured job placement services and supports that are intended to assist with the up-front activities and to improve applicants' chances of obtaining jobs. DeKalb County's program has three main components:

Initial intake and assessment. During an hour-long intake interview, workers in DeKalb County introduce the TANF program and begin screening applicants for potential barriers to employment. Intake workers use the TANF Family Service Plan, a standardized assessment tool developed by the state, to explore the applicant's job skills, work interests, educational attainment, and personal and family challenges (for example, mental and physical health, substance abuse, child welfare involvement, and domestic abuse). All work-ready applicants are referred to a contracted service provider in the community where they participate in a four-week structured job search program for 40 hours per week. Those who are not work ready, identified before or after they are referred to the contracted service provider, are required to participate in basic job readiness activities with a case manager at the welfare agency or local contracted service provider as a condition of TANF eligibility. According to TANF administrators, roughly three-fourths of TANF applicants are considered job ready and are required to participate in the up-front job search program.

Up-front job search. Those referred to the contracted service provider for an up-front job search spend the first two weeks of the program participating in a series of workshops and group job search sessions to prepare for employment. The second half of the program is designed to encourage job seekers to find employment by contacting employers, completing resumes, and participating in job interviews. Applicants check in with the provider regularly to talk about their job search activities and prepare for and debrief about job interviews.

Hard-to-employ TANF applicants. TANF applicants with disabilities, domestic violence issues, mental health problems, and drug or alcohol addictions may be exempt from the applicant work requirements. These applicants would immediately qualify for TANF and would be referred to a specialized employment and training services provider where they would participate in an intensive assessment and structured job readiness activities.

Most of those who apply for TANF and are subject to the applicant work requirements do not complete the application process. According to state administrators, about half of the applicants referred to the contracted service provider for up-front job searches show up at least once. Of those who begin the program, 25 to 50 percent complete the program and receive TANF. Some applicants may get jobs, while others do not complete their TANF application for other reasons.

also may have undetected and unaddressed personal and family challenges, such as physical or mental health conditions or logistical problems (for example, child care and transportation) that may interfere with their ability to meet applicant work-related requirements. Assessments may be used to gather information on the applicant's work history, educational achievement, work interests, and barriers to employment. For example, Wisconsin uses an employability screening and educational needs assessment to determine an appropriate service track assignment in which applicant requirements vary. Depending on the track, applicants might participate in job search activities, community service jobs, or basic skills classes (see Box III.2). In Louisiana, all applicants take the Test of Adult Basic Education (TABE) to determine the type of activities and level of effort required of them during the application period. Applicants who test below a cutoff score are assigned to a soft-skills training and job-readiness course before they are required to participate in job search activities. Those who score above the cutoff are required to complete a week of job search activities as part of their application process.

BOX III.2. WISCONSIN'S FOUR TRACKS FOR TANF APPLICANTS AND RECIPIENTS

Wisconsin's TANF program has four tracks for TANF applicants: (1) unsubsidized employment, (2) trial jobs, (3) community service jobs, and (4) transitions. Applicants placed in the unsubsidized employment track may be asked to conduct job search or career planning activities. Trial jobs are subsidized jobs with employers who commit to providing support and training to their trial job hires. Applicants in the community service jobs track have the opportunity to practice work habits and skills in work experience positions, with supplementary education or training as needed. Applicants in the transitions track are not ready for employment, but participate in activities such as counseling, physical rehabilitation, or basic skills training. They may also have up to 12 hours per week of education and training, which may include General Equivalency Diploma (GED) or technical college courses, employer-sponsored training, English as a Second Language classes, and adult basic education courses. Applicants continue in their tracks after they are approved for TANF benefits.

South Carolina and Vermont are the only states in which the up-front job search requires minimal effort to complete. In South Carolina, the state respondent indicated that applicants can often complete the requirement, which is to apply for between 5 to 10 jobs, in one afternoon. In Vermont, applicants must register at the Department of Labor and then meet with a caseworker to learn the details of their job search plan. However, their participation in subsequent job search activities does not affect the approval of their TANF application.

Nineteen states only have applicant work-related requirements that do not include up-front job search. The effort required in these states is almost universally minimal. The requirements often include a short orientation and development of an employment plan. To complete these activities, applicants typically need to attend one or two meetings that take only a few hours and may be completed on the same day as they complete their TANF application. The meetings might take place at the welfare office or at another location, such as at the office of a contractor or the local workforce investment agency. In Maine, for example, applicants must attend an orientation and meet with a caseworker to develop and sign an employment plan before their application is approved. Activities are held at the

TANF office and often scheduled the same day the applicant applies for TANF. Typically, in Nebraska, after submitting their TANF applications, applicants are referred to a contracted service provider for an orientation and then a meeting with a case manager. Even though the application and orientation are often held on different days, the state administrator reported that most applicants complete them with minimal effort.

3. Work Supports

TANF applicants may need logistical supports such as transportation and child care before they can participate in a job search or other activities. Most states have formal supports in place to address these needs before the applicant is required to participate. Respondents from at least 15 of the 20 states that require a job search reported providing some type of supplemental support to applicants during the process. These supports serve as a safeguard to applicants to increase the likelihood that they are able to complete their applicant work-related requirements rather than have their applications denied.

Child care is the most widely available support and is commonly provided in the form of referrals for providers or direct payments to child care providers. For example, in Wyoming, the job counselor who develops an employment plan with an applicant also begins the process for identifying a child care provider and authorizing payments. Utah and Oregon rely on contracts with child care providers in the community to provide emergency child care so that applicants may immediately participate. The child transitions to a permanent provider after the applicant makes the necessary arrangements.

In addition to child care, states may also provide funds that may be used to address emergency work-related needs such as driver's licenses or transportation assistance. For example, in Georgia, applicants are required to complete at least a two-week intensive job search period, and case managers may authorize a broad range of supports including transportation assistance and work clothing. Case managers also work closely with applicants to monitor their participation and help resolve any personal and family challenges that interfere with employment. Other states, such as New Jersey, authorize emergency supports such as housing assistance to stabilize the family while family members are meeting their applicant requirements and waiting for their application to be approved. In Oregon, the Department of Human Services operates a program to assess and prepare TANF applicants for employment (see Boxes III.3 and III.4). During the application period, which lasts up to 45 days, case managers may authorize child care and transportation assistance as well as emergency work supports for up to 200 percent of the applicant's TANF benefit.

BOX III.3. LINN COUNTY, OREGON (ALBANY) ASSESSMENT AND JOB PREPARATION

In Linn County, Oregon, TANF program administrators describe their applicant work-related requirements as an assessment period and, if jobs are available, an opportunity to test the labor market. At any given time, about 20 TANF applicants are in the pre-TANF program. On average, applicants are enrolled in the program for a month, during which time they prepare for or look for work. Key program components include:

Comprehensive and specialized assessment. Applicants complete a two-step assessment process to determine their employability and identify personal and family challenges that may interfere with work. The intake worker conducts an initial 45-minute screening to identify emergency service needs; within a week, a case manager conducts a two-hour comprehensive assessment using a tool developed by the state. Applicants with potential mental health and/or substance abuse issues may be referred to county mental health and/or substance abuse treatment counselors colocated in the welfare office for the purpose of conducting immediate specialized assessments and, if necessary, referrals for treatment. According to staff, there have been no formal efforts or need to increase the availability of assessment or treatment services.

Individualized employment planning. During the application period, applicants are required to participate in activities. After the initial assessments, a meeting is held to determine the number of hours and types of activities the applicant will perform as part of his or her eligibility requirement. During the meeting, staff members also discuss the services that may be required to stabilize the family and increase the applicant's employability. These activities are then finalized in a temporary employment plan that is updated once the applicant is approved for TANF.

Job search and job readiness activities. Assigning applicants to work activities during the application period ensures that all applicants who enter the TANF rolls do so already engaged in activities. During the application period, work-ready applicants may be required to attend daily job search workshops along with TANF recipients. As part of the workshops, applicants make job contacts with the number of employers required in their temporary employment plan. Applicants who lack basic work habits may attend a life skills workshop that discusses basic topics such as problem solving, communication skills, goal setting, and stress reduction, or they may be assigned to work with a job coach for more individualized instruction. Applicants are typically referred to job search and job readiness activities within a week of their initial intake appointment.

Intensive case management. Linn County concentrates case management efforts primarily at the front end to help applicants complete the requirements and prepare for employment. The worker-to-client ratio during the application period is substantially lower than the ratio for those receiving TANF. Two designated case managers work as a team with about 20 applicants, compared to one worker for about 90 TANF clients after they receive TANF. Smaller caseloads allow for daily contact and intensive help with resolving personal and family challenges and time to coach applicants through the job search process. Because nonparticipation is a common issue, small caseloads also enable case managers to reengage applicants quickly if they stop participating. Case managers may authorize child care and transportation assistance as well as supportive service payments to address emergency work-related service needs.

Seamless transition to TANF. Nearly all TANF applicants transition to TANF and/or a competitive job after the application period. Once applicants complete the application process and up-front requirements, they are determined eligible, enrolled in TANF, and reassigned to an ongoing TANF case manager. The TANF case manager updates the temporary employment plan with the recipient. In order to access transitional benefits, applicants who get a job working at least 30 hours per week during the application period are encouraged to enroll in TANF. Enrolling in TANF would allow them to qualify for cash payments of $150 per month for a year, a five-month 100 percent earned income disregard for food stamp benefits, and transitional child care. In addition, the transitional payments do not count toward the family's TANF time limit. The TANF agency benefits from this arrangement because it may count the client's employment in the numerator of the work participation rate calculation for up to six months.

BOX III.4. MARION COUNTY, OREGON: ASSESSMENT AND CASE PLANNING

Recognizing the challenges facing job seekers, TANF administrators in Marion County, Oregon have structured their application period to include primarily assessment and case planning. The process typically takes about a week and includes two group workshops and a meeting with a TANF case manager. During the initial intake appointment, the initial case manager screens all applicants to determine if they are financially eligible for TANF and introduces the applicant work-related requirements. Applicants are then scheduled for the Choices and Wellness workshops and a meeting with their assigned TANF case manager. Those with a disability that prevents them from attending or those who have received TANF within the last year may be exempt from one or both of the workshops. Key program activities include:

Choices workshop. The Choices workshop, conducted by staff from Chemeketa Community College (CCC) is designed to help the applicant achieve his or her employment goals. The workshop begins with a detailed self-assessment to help applicants identify jobs that might match their skill levels and interests. During the workshop, instructors also distribute "Passport for Success," a packet of information that describes the education and employment resources available through CCC and its partners, such as job search and job readiness workshops, work experience programs, subsidized employment, and education and training programs. The Choices workshop is also used as a venue for introducing the rights and responsibilities associated with receiving TANF. Workshops are held each Wednesday from 1:00–3:30 p.m.

Wellness workshop. The day after the Choices workshop, applicants are required to attend a Wellness workshop used to screen for personal and family challenges that may interfere with participation and steady employment. The Wellness workshop begins with short presentations from a local mental health provider, a drug and alcohol treatment specialist, and a specialized worker who screens for potential learning disabilities. The specialists discuss how each of the conditions may affect long-term employment as well as the types of services and supports available to TANF recipients. Following the presentations, applicants wait to be individually screened by each specialist. The Wellness workshop is held each Thursday from 8:00–10:30 a.m.

Case conference (staffing). After the Wellness orientation, the initial case managers, ongoing TANF case managers, partners from the Wellness workshop, and a child welfare case manager hold a case conference (staffing) to discuss the results from each applicant's assessment. Before the meeting, the child welfare case manager investigates each new applicant to determine if his or her family is currently involved with the child welfare system or has been in the past. During the case staffing, those involved identify and coordinate the services needed to stabilize the families and increase the employability of parents.

Meeting with the TANF case manager. Ideally, an applicant meets with his or her ongoing case manager the day after completing the Wellness workshop. In practice, applicants and case managers typically meet within a week of completing both workshops. The purpose of the meeting is to discuss the results from the Choices and Wellness workshops and to develop an individualized employment plan. As a transition point for receiving TANF, the case manager also reviews the TANF program requirements and discusses the opportunities available to the applicant. After the meeting, the TANF case is open. According to TANF administrators, the process is easy to complete and, as a result, nearly all applicants complete the process.

4. The Transition to TANF

TANF applicants who find employment before being approved for TANF may be eligible for earnings disregards that make it easier for them to remain eligible for TANF, or for other transitional support services. Respondents from at least a third of the states requiring applicants to complete up-front job search and job readiness activities mentioned the earnings disregard for which applicants who find jobs are eligible. For example, Mississippi and North Carolina both ignore the new earnings for the first three months of

TANF assistance. Louisiana, Georgia, and South Carolina applicants who find employment are eligible for the same earnings disregard as ongoing TANF recipients in those states. In New York, only applicants who have been TANF recipients in the past four months (i.e. returnees) are eligible for an earnings disregard.

Other states indicated that transitional supports were available to TANF applicants whose earnings from newly found employment made them ineligible for TANF assistance. For example, Wisconsin provides case management services based on job retention and advancement to applicants who become ineligible because of a job. In Maryland and Oregon, applicants are eligible for subsidized child care once their TANF application is closed. Oregon also provides a cash benefit of $150 per month from state funds as long as the individual maintains hours equivalent to the federal work requirement for up to one year. Mississippi applicants are eligible for services such as child care, transportation, and job retention bonus payments once their three-month earnings disregard expires.

5. Consequences of Noncompliance on TANF Eligibility

Most states with work-related requirements implement policies that place consequences on applicants who do not comply with the work-related requirements. A few states, such as the District of Columbia, strongly encourage applicants to complete certain up-front activities but do not place any consequences on applicants who do not participate. The 39 states that do have consequences for non-completion either automatically deny the TANF application for noncompliance or impose some other sanction. However, in all cases, applicants can receive benefits if they eventually comply with the requirements.

Applicants in 32 states who do not comply with applicant work-related requirements have their application for TANF denied (Table III.5). This action serves as an immediate consequence for nonparticipation and is intended to motivate applicants to comply with program requirements. Since a denial can catch the applicant's attention and encourage his or her participation, most of these states allow denied applicants to reapply for TANF immediately. For example, in Mississippi, the TANF agency will deny an application 30 days after it is submitted if the applicant has not attended an orientation, has not developed an employment plan, or is not actively engaged in job search and job-readiness activities. If the application is denied, the individual can reapply for TANF the next business day.

Other states, including Connecticut and Maine, keep applications on file so that denied applicants do not need to fill out new paperwork if they reapply. Hawaii keeps applications on file for 120 days after they are submitted so that those who reapply do not have to provide new paperwork. In North Dakota, one state that does not allow denied applicants to reapply immediately, the denied applicant must wait one month before reapplying. In any of these states, once an otherwise eligible applicant reapplies and complies with the applicant work-related requirements, his or her TANF application will be approved.

Five states do not immediately deny an application for noncompliance, but they have other policies in place for applicants who do not complete the requirements within the specified time period. Four states—Alaska, Delaware, Oregon, and Wyoming—approve the

TANF application but sanction the family's TANF benefit until the initial requirements have been met. Wyoming will close the case if the applicant continues to be noncompliant for more than 30 days after the sanction is imposed, but the other states continue to keep the case open in sanction status and applicants are subject to the same penalties as a sanctioned TANF case. Rather than sanction the case for failure to comply with the requirements, a fifth state, Nevada, allows the applicant a 30-day conciliation period to complete the requirements if they have not been met within the application period. Otherwise, the TANF application is denied.

The denied application is often the first and only warning that the applicant has not fully completed the requirements. Fewer than a quarter of the states with applicant work-related requirements indicated that they use formal outreach procedures, such as a letter or telephone call, to notify the applicant before the application is denied.

Table III.5. Immediate Consequences for Noncompliance with Applicant Work Requirements

Consequence	Number of States
Denial of application	32
Approval with sanction	4
Conciliation period followed by application approval or denial	1

Source: TANF Diversion Study 2008.

N = 37 states with applicant work-related requirements. Information was unavailable for two states that have these requirements.

B. KEY FINDINGS RELATED TO APPLICANT WORK REQUIREMENTS

Looking across the states, we identified two key findings regarding applicant work requirements. These findings may be useful for understanding the role of applicant work requirements in diverting applicants from receiving TANF and how policymakers and TANF program administrators might refine their data reporting processes to capture the effects of applicant work requirements on applicants' behavior more accurately.

- ***In requiring work-related activities before TANF approval, states send a strong message that the program's primary focus is work and can jump start the process for meeting TANF work requirements or finding employment.***

Requiring applicants to participate in applicant work requirements as a condition of TANF eligibility can help prepare applicants for the TANF program's strong emphasis on work and, in the absence of work, participation in allowable work-related activities. Since two of the applicant work requirements—orientation and employment plan development—do not tend to require intensive effort, they are unlikely to explicitly move TANF applicants to work. Indeed, the structure and purpose of these requirements are more about imparting

knowledge to applicants about their responsibilities under TANF and encouraging them to pursue work as an alternative to TANF. To the extent that applicants hear about what will be expected of them in the orientation or as they complete their plans, they may determine that they can find a job on their own without having to meet the requirements laid out by the TANF program or they may be able to rely on other resources for support (for example, family or friends). These applicants would be informally diverted from the TANF caseload, as would other applicants who may not be able to complete the work-related requirements because of personal barriers to participation.

Job search and readiness requirements are more explicitly geared towards diverting applicants from TANF through employment, although like orientation and employment plan development, these requirements may also divert applicants who may not be able to complete the work-related requirements because of an undetected disability that interferes with their participation. The higher effective work requirements that states must now meet have increased states' interest and incentives for keeping working families on the TANF caseload. While this could have led states to focus less on up-front work requirements, it does not appear to have done so. Instead, some states have implemented new policies that make it easier for applicants who find work to be eligible for TANF earned income disregards or other TANF-related transitional programs. This approach allows states to both continue to promote work for TANF applicants and improve their chances of meeting their required work participation rate.

- ***States track the progress of applicants who eventually receive TANF; however, they have limited, if any, information on those who are denied for failure to complete applicant work-related requirements or those who find employment and do not go on to the TANF rolls.***

The reasons that applicants are routinely denied TANF benefits vary considerably. For example, the state respondent from Connecticut estimated that roughly half of the state's TANF applications are denied. These denials are given for various reasons, including noncompliance with application work-related requirements. Across the states, some denied applicants are unable to meet the requirements because of personal barriers that might include unidentified disabilities, problems accessing child care, or logistical challenges (Hasenfeld et al. 2004). Applications are also denied for reasons other than noncompliance with the work requirements, such as noncompliance with child support or failure to submit financial documentation.

Few states keep detailed information on the specific reasons for TANF application denial. The shortage of comprehensive information regarding denials leaves questions unanswered about whether the applicant work-related requirements are diverting applicants with a genuine need from the TANF program, or if they are simply redirecting applicants who have the ability to support themselves through alternative means such as employment. Respondents from three states—Connecticut, Montana, and North Carolina—reported that they do allow workers to record "failure to complete the applicant work-related requirements" as one of the reasons for the case denial. In each of these states, TANF administrators interviewed said that very few applicants are denied due to failure to comply.

Other states could consider tracking this reason to determine the effects of their applicant work-related requirements on their denial rates as well as on those who immediately reapply for TANF once their cases are denied.

In addition, since most states do not follow up with applicants with incomplete TANF applications, we do not know whether they were successfully diverted to work, received support from family and friends, or faced material hardships. Alaska is the only state that indicated that it tracks whether an applicant found employment in the first 60 days after submitting an application. Gathering more information consistently across the states may shed light on who is diverted from the TANF caseload as a result of paid employment.

CHAPTER IV

TEMPORARY SUPPORT PROGRAMS

After the passage of the Deficit Reduction Act of 2005 (DRA), some states created new programs that divert Temporary Assistance for Needy Families (TANF) applicants, at least in the short term, from TANF receipt by providing time-limited support and services. They created these programs for one of two purposes: (1) to help applicants find employment quickly, with the hope that some applicants' needs would be met without TANF and (2) to conduct thorough assessments of families in crisis and develop an alternative plan for applicants who have challenges that may not be addressed well by TANF. States have deemed these TANF or maintenance-of-effort (MOE) funded programs as nonassistance programs, which, according to federal rules, deal with a crisis situation, address a short-term need, and do not extend beyond four months. Since these are state-deemed nonassistance programs, participants in such temporary support programs are not counted in the work participation calculations and their time in them does not count toward a family's lifetime TANF limit.

In May 2008, the U.S. Department of Health and Human Services (HHS) provided guidance to the states on diversion programs that may require some states to restructure or redefine their programs (HHS 2008). While the guidance does not prohibit states from operating such programs, if they do not meet the definition of "nonassistance" then participants in the programs must be included in a state's TANF or Separate State Program (SSP)-MOE caseload. If they are included in one of these caseloads they will be included in the work participation calculation. The information we collected on these programs during the early part of 2008 does not reflect changes states may have made in response to the HHS guidance, which was effective on October 1, 2008.

In the spring of 2008, nine states had implemented some type of temporary support program (Table IV.1). One of these states, South Carolina, is piloting the program in one county. In addition, respondents from two states, California and Indiana, reported plans to implement a program sometime after the study's data collection (not shown). Minnesota's Diversionary Work Program (DWP), which began in July 2004, is the earliest of its kind. New Hampshire's is the most recently implemented program.

Table IV.1. Key Dimensions and Characteristics of Temporary Support Programs

State	Implementation Date	Target Population	Program Requirements	Emergency Payments	Transition to TANF
EMPLOYMENT-BASED PROGRAMS					
Hawaii	2005	Nonexempt; mandatory	Same as TANF	Pay for performance	Automatic transition to TANF
Minnesota	2004	Work ready; mandatory	Same as TANF (education or training must be completed within four months)	Voucher for housing and utilities; cash payment for remaining funds	Must reapply for TANF
Nebraska	2007	Nonexempt; mandatory	Same as TANF	Cash payment	Automatic transition to TANF
North Dakota	2006	Nonexempt; mandatory	Orientation, employment planning; job search/job readiness	Cash payment	Must reapply for TANF
Pennsylvania	2005	Work ready; mandatory	Job search (30 hours per week)	Cash payment	Automatic transition to TANF
CRISIS-STABILIZATION PROGRAMS					
Delaware	2006	Those with medical disabilities; voluntary	Address disabilities, apply for SSI	Cash payment	Automatic transition to TANF, SSI/ SSDI, or SSF program
Nevada	2006	Hard to employ; voluntary	Individualized based on applicant's needs	Cash payment	Must reapply for TANF
New Hampshire	2008	Hard to employ; voluntary	Individualized based on applicant's needs	Cash payment or voucher	Automatic transition to TANF
South Carolina	2008 (pilot in one county)	Nonexempt; voluntary	Individualized based on applicant's needs	Cash payment	Automatic transition to TANF

Source: TANF Diversion Study, 2008.

SSDI = Social Security Disability Insurance.
SSF = Solely state funded.
SSI = Supplemental Security Income.

Given the new and mostly untested nature of these short-term crisis assistance programs, there is much to learn from the experiences of states that have taken this approach. This chapter first describes the two types of temporary support programs and then discusses two findings about (1) the effect the programs have on the composition of states' TANF caseloads and (2) participants' next steps—to work, TANF, or another program.

A. TYPES OF TEMPORARY SUPPORT PROGRAMS

In our analysis of the data collected through this study, we categorized the nine temporary support programs into two types (Table IV.1): (1) programs emphasizing rapid employment and (2) programs that help stabilize families in crisis. All of these programs restrict participation to 4 months in a 12-month period. The major elements of these two types of programs are described next.

1. Temporary Support Programs Emphasizing Rapid Employment

These programs have characteristics of both the lump-sum payment programs and applicant work-related requirements. Similar to the lump-sum payment programs, the temporary support programs provide TANF applicants with short-term cash assistance; similar to applicant work-related requirements, they emphasize employment as the first line of support for families. TANF agencies and contracted service providers administer the employment-based programs.

Target Population. These programs emphasize rapid employment and target either all applicants who will be required to participate in TANF work activities or only those who are immediately job ready. Two states, Minnesota and Pennsylvania, which designed programs specifically focused on diverting applicants through unsubsidized employment, screen all work-mandatory TANF recipients and refer only those who have some work history; basic job skills; and limited, if any, barriers to employment. In both states, those with personal and family challenges that interfere with employment enter directly into the TANF caseload. (See Boxes IV.1 and IV.2 for descriptions of programs in Minnesota and Pennsylvania, respectively.) Three states, Hawaii, Nebraska, and North Dakota, refer all work-mandatory TANF recipients to a temporary support program for job search and job-readiness activities. The programs in these states serve applicants who vary in their level of job readiness and service needs.

BOX IV.1. A FOCUS ON TRANSITIONING CLIENTS INTO WORK: THE DIVERSIONARY WORK PROGRAM IN WASHINGTON COUNTY, MINNESOTA

Minnesota created the Diversionary Work Program (DWP) to engage work-ready TANF applicants more quickly in job search activities and to provide them with an opportunity to look for work without having the time count toward their 60-month time limit. TANF-eligible applicants not appropriate for DWP, as determined by an initial screening, are placed on the TANF caseload. During the DWP, work-ready applicants either find employment and no longer need TANF, or, if still eligible, transition to TANF by reapplying for benefits at the end of four months. While program rules are defined by the state, counties have discretion in how they implement the program. In Washington County, DWP staff members focus on moving clients into work as quickly as possible to divert them from TANF. Four DWP components support county efforts to move participants into employment.

Job search and job readiness activities. The primary role of employment counselors in Washington County is to help DWP participants obtain employment. Each participant initially meets with a counselor at a local employment center to develop an employment plan and receives one-on-one job search assistance during weekly follow-up meetings. Employment counselors encourage a quick transition into work by assigning DWP participants to job search and job readiness activities. Counselors have flexibility to assign activities that are responsive to participants' needs; including job readiness training, individualized job search assistance, and sessions on resume building and interviewing. Participants might be assigned to one of the county's job readiness workshops, such as a five-day workshop that covers the job application process, interviewing skills, financial literacy, and work-life balance; or they might be assigned to a three-hour session designed to build the self-esteem and decision-making skills of participants. Employment counselors often assign participants to community service activities if they are not employed after six weeks of job search.

Case management and work supports. Although DWP targets TANF applicants who are work ready, participants often face barriers to work, such as limited transportation and lack of childcare. In Washington County, employment counselors identify these issues and help participants obtain the resources needed to address them during an initial meeting and weekly follow-up meetings with participants. Employment counselors can work with participants to address their barriers or refer them to other government agencies for additional services. The available work supports through DWP include assistance for child care, transportation (for example, gas vouchers and bus passes), and clothing.

Earned income disregard. Participants who obtain a job while enrolled in DWP can receive the full DWP benefit—voucher payments to cover the cost of housing and utilities up to the full TANF grant—until they reach the program's four-month time limit. The state disregards all income from employment obtained after enrolling in DWP. The program supports the transition into employment by allowing participants to combine work earnings with DWP benefits while maintaining child care and transportation assistance. If working participants eventually enroll in TANF after four months in DWP, their income is considered in the calculation of their cash benefit.

Consequences for nonparticipation. DWP participants who fail to participate in assigned activities can be disqualified from the program. Disqualification effectively serves as a full-family sanction, with the participant immediately losing his or her DWP benefit, transportation assistance, and child care benefits. Employment counselors in Washington County have discretion in deciding what constitutes nonparticipation and are required to notify clients 10 days before imposing the sanction. Disqualified participants must comply with DWP activities for two weeks to cure their sanction, and still must complete the four-month DWP before enrolling in TANF. Employment counselors in Washington County described the immediate consequence of the full-family sanction as useful for encouraging participation.

BOX IV.2. PENNSYLVANIA'S WORK SUPPORT COMPONENT

Pennsylvania's temporary support program, known as the Work Support Component (WSC) was created with two purposes: (1) to help applicants who are work ready find jobs quickly so they can avoid going on to TANF and (2) to prepare applicants who are not work ready to engage in employment activities so they have a greater chance of meeting their TANF work requirement if they become a TANF recipient. Applicants are required to participate in job readiness training and job-search activities for 30 hours per week for 90 to 120 days. If workers feel that a participant's needs are such that he or she will not be able to find employment and resolve the current crisis within 120 days, the participant is referred to TANF sooner and receives a work experience placement. Participants receive the same assistance they would receive if they were on TANF.

Program Requirements. In most states, the programs emphasize job search and job-readiness activities. Those who are work ready are typically assigned to an immediate and structured job search for up to approximately 30 hours per week, while those with limited work experience and job skills may be assigned primarily to job-readiness activities for the same or fewer number of hours. For example, in Pennsylvania, most applicants are required to participate in job search activities with a contracted service provider for 30 hours a week. Minnesota allows some flexibility in the work requirements but typically requires applicants to participate in 30 hours per week in federally countable work activities. In Hawaii, where program requirements are the same as for TANF, applicants may participate in a range of activities including job search, skills training, and work experience but must do so for 30 hours per week (Box IV.3). Few of these programs offer intensive case management and/or specialized services to address barriers to employment. Education and training are generally limited in most of the programs, although participants in Minnesota's DWP can enroll in an education program if it can be completed within the four-month program period.

BOX IV.3. HAWAII'S UPFRONT UNIVERSAL ENGAGEMENT GRANT DIVERSION (UFUE) PROGRAM

Hawaii's temporary support program started as a pilot program in 2005, prior to the passage of the Deficit Reduction Act of 2005 (DRA). All TANF applicants, except those who are completely exempt from TANF work requirements, are required to participate and applicants must begin participating in the program within 48 hours after their applications are approved. The requirements for participating in the program are stringent. Participants must participate for two weeks before they can receive any benefits and benefits are authorized for one month at a time. Participants are subject to the same work requirements as under the TANF program and are eligible for all work supports provided to TANF recipients. Participants are eligible for the same amount of assistance as under TANF but can only receive the cash assistance if they meet the UFUE program requirements. Families that still need assistance after participating in the program for four months are expected to have a greater chance of meeting their TANF work requirement.

Financial and Work Supports. Financial and work supports available to those in employment-based temporary support programs generally mirror those provided to TANF recipients. Applicants may be enrolled for up to four months and receive the same amount of cash assistance based on their family size and income as they would under TANF. Rather than a cash payment, Minnesota provides a voucher payment to cover the cost of housing and utilities (for example, electricity, phone, and heat) up to the full TANF grant amount for which the family would qualify. If the family does not have housing expenses, then the family receives a cash payment of $70 for each member in the family per month.

To encourage participants to find employment before receiving TANF, in some states, those in the temporary support programs are eligible for an earned income disregard during the pre-TANF period that is equal to or higher than the disregard available to TANF recipients. All of the programs extend the work supports available to TANF recipients, such as child care and transportation assistance and work-related clothing and equipment, to those in the temporary support programs.

If they meet the income and other eligibility requirements, applicants who are successfully diverted from TANF because of employment during the four months are eligible for the same subsidized child care, Medicaid and other work supports as TANF recipients who find employment. As an incentive to work, in Minnesota, applicants who get a job during the DWP period and are no longer eligible for TANF may qualify for transitional child care, medical, and transportation assistance. In addition, they are allowed to remain on DWP for the full four months and continue to receive their full cash benefit for the remaining months in their DWP period (100 percent earned income disregard). Moving applicants who work at least 30 hours per week onto transitional assistance benefits applicants by providing necessary supports as they move into paid employment and allows states to count them in their work participation rate calculation.

Transition to TANF. Applicants who have been actively engaged in program activities and remain eligible for TANF can transition onto the ongoing caseload at the end of four months. In three states, this transition is automatic if the family is still eligible for TANF. However, two states (Minnesota and North Dakota) require participants to reapply for TANF. Because of their participation in these programs, those who transition to TANF without a job are likely to be engaged in federally defined work-related activities when they begin receiving TANF.

2. Temporary Support Programs Stabilizing Crises

Four states have implemented crisis stabilization programs to target an immediate or ongoing disability or condition that interferes with an individual's ability to work. In states such as South Carolina and Delaware, the temporary support program was created to respond to the increased need after DRA to provide specialized assessments and case management for families that need additional time and assistance to address their barriers and become work ready. In effect, the programs extend the six-week job-readiness period allowed under TANF to up to four months, so that caseworkers can assess and address applicants' barriers such as substance abuse, domestic violence, and mental health concerns.

Target Population. Crisis stabilization programs are targeted to hard-to-employ TANF applicants. For example, Delaware serves those with documented medical disabilities, roughly 200 people per month or 30 percent of the TANF caseload (if they were included in the caseload count). Nevada targets the hard-to-employ more broadly, by serving those with limited work experience and those with barriers to employment. Statewide, it serves approximately 650 program participants per month. Unlike the employment-based programs, most crisis stabilization programs are voluntary, and an applicant may choose to go onto the TANF caseload rather than participate in the program.

Program Requirements. Program requirements and available services focus primarily on specialized assessments, case management, and physical and mental health treatment to address the conditions that interfere with employment. When the participant is ready, structured job-readiness workshops or other activities may be included as part of case planning. However, in general, staff has considerable flexibility in determining the hours and activities required of each individual. The primary focus is on tailoring activities to help the applicant progress toward work and, when possible, engage the individual in federally defined work activities. In South Carolina, the TANF agency offers its two employment service providers incentive payments for helping program participants get jobs.

Financial and Work Supports. Similar to employment-based programs, crisis intervention programs provide cash payments equivalent to the cash assistance under TANF and similar work supports. One state, South Carolina, allows those enrolled in the program to keep all of their child support assistance in addition to the cash payment. To encourage work during the pre-TANF period, participants receive a 50 percent earned income disregard for any earnings. Program participants also qualify for work supports, such as child care or transportation, which may be used to attend medical appointments or mental health counseling as long as such services are included in their employment plan.

Transition to TANF. Only one of the crisis stabilization programs (Nevada) requires participants who are still eligible to reapply for TANF at the end of the program period. In the other states, the family is automatically transferred to the TANF caseload. For any of these programs, states anticipate that those who do transition to TANF will be more likely to be prepared to engage in federally defined work-related activities than if they had immediately enrolled in TANF.

B. KEY FINDINGS RELATED TO TEMPORARY SUPPORT PROGRAMS

Temporary support programs are a relatively new approach to diversion. Consequently, little is known about their efficacy or success in meeting the short-term needs of TANF applicants. Some participants may have found jobs on their own without the program, while others may have found other resources, such as friends or family, to rely on rather than comply with work requirements. Still others may not have been able to complete the requirements because of a hidden disability such as a mental health condition or learning disability. An unanswered question is whether the provision of short-term cash assistance helps some families to find employment quickly who may not be able to do so without the financial assistance to address their immediate needs. A second unanswered question is

whether these programs increase the likelihood that those who transition to TANF will meet their federal work requirement. In addition, what we know about these programs is likely to change as states modify them based on their early implementation experiences and recent guidance from HHS. Given our early look at these still-evolving programs, we offer two preliminary findings.

- ***The purpose and target population of temporary support programs may influence the composition of the TANF caseload.***

How states define their target populations and entry to the temporary support programs may influence the types of clients who receive TANF and the state's success in meeting its work participation rate target. For example, Pennsylvania and Minnesota target primarily work-ready applicants and attempt to divert them from the TANF caseload through employment. Those who have documented physical and/or mental health conditions or who have personal and family challenges that interfere with employment are immediately placed onto the TANF caseload. Because those who do get jobs never receive TANF, the caseload composition may have a greater proportion of hard-to-employ TANF recipients than it would without the temporary support program.

In contrast, states such as Delaware and New Hampshire divert those who are hard-to-employ, leaving a more work-ready TANF caseload. Removing the hard-to-employ may create a caseload with a greater proportion of work-ready TANF recipients who are able to meet the federal work requirements.

- ***Temporary support programs may permanently divert some individuals from TANF by connecting them with a job or another program.***

By the end of the four months in a temporary support program, applicants are either diverted from or transitioned to the TANF caseload. These programs divert applicants in several ways. First, employment-based programs, such as in Minnesota or Pennsylvania, aggressively seek to place applicants in jobs before they reach the end of the four-month temporary support period. Those who successfully complete the job search activities may get a job in which their earnings push them over the income threshold for TANF assistance.

Second, applicants may be diverted to other programs such as solely state-funded programs or Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI). Crisis stabilization programs typically consider other financial assistance programs, such as SSI/SSDI, for which an applicant with a long-term disability may qualify. Of the state crisis stabilization programs, Delaware's is the only one that offers a solely state-funded program—that is, a program that is not supported by TANF or state MOE funds—to which applicants may be referred after the four-month temporary support period. In Minnesota, applicants may be immediately enrolled into a solely state-funded program before entering the diversionary work program if they have a documented condition that interferes with employment. These alternative programs offer applicants financial support without using up their TANF time limit.

Third, states may divert from TANF those applicants who do not comply with work requirements while enrolled in the temporary support program by denying their TANF application. In most of the states with these programs, the consequence for nonparticipation is denial of the TANF application. This immediate consequence may be implemented sooner and have more of an influence on an applicant's behavior than a TANF sanction, particularly in states in which the pre-sanction process is lengthy and cumbersome or in states in which the penalty is a partial sanction. For example, in Minnesota, the penalty for noncompliance during the DWP is closure of the case and denial of the TANF application. In contrast, once applicants receive TANF, the consequence for nonparticipation is a gradual full-family sanction for which the first occurrence is a 10 percent grant reduction and second occurrence (or after five months of noncompliance) is a 30 percent reduction in the cash grant. By the sixth month of noncompliance, the penalty may be TANF case closure. The process for case closure requires considerable documentation and distribution of several warning notices. According to TANF administrators and staff, the application denial during the DWP program has more influence on applicants' behavior than does a TANF sanction once they are on the caseload. Those who have their applications denied may immediately reapply for benefits but are required to engage fully in program activities. In each state, noncompliant applicants may reapply for benefits and immediately reengage in activities to complete their four-month pre-TANF period.

CHAPTER V

CONCLUSIONS

In the years since the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), states have been adapting their cash assistance and employment programs for families so that they meet the needs of low-income families and conform to the U.S. Department of Health and Human Services (HHS) regulations and policies. Throughout this period, one strategy that states have pursued is to provide programs and services to Temporary Assistance for Needy Families (TANF) applicants either to divert them from receiving TANF benefits at all or, at the least, to prepare them for the TANF work requirements. States have taken a new look at these programs in light of the passage of the Deficit Reduction Act of 2005 (DRA).

In designing their diversion programs, states have recognized that families that seek out government support are a heterogeneous group with a broad range of needs. Some families need minimal assistance to support themselves through employment; others need far greater assistance. Since the passage of the DRA, some states have expanded their use of diversion programs, both by creating new programs and by making greater use of programs already in place. In many ways, these programs are as diverse as the populations they aim to serve. What ties them together is that they all aim to keep families off the TANF rolls, by providing one-time or short-term support. This final chapter summarizes states' existing diversion strategies by the populations they target and then offers some overall thoughts about next steps for studying these strategies.

A. THE POPULATIONS SERVED BY THE DIFFERENT DIVERSION STRATEGIES

Although individual states have defined different target populations for their diversion programs, as a group, these programs aim to address the needs of two different population groups: (1) employable/work-ready parents, and (2) parents who are in crisis and may need more time and assistance to find employment. For both these populations, TANF might not be the best option. The former group might need only a little help to become employed or maintain their jobs rather than long-term assistance, while the latter group may be best served by a program that provides longer-term support and a longer time to find employment. We discuss the role diversion programs play in addressing the immediate support and service needs of each of these two groups next.

Employable/Work-Ready Applicants. TANF may not be necessary for families in which the parent already has a job or may be easily employed with just a little assistance. These applicants might come to the welfare office because they face pressures, such as overdue rent or car problems, that might prevent them from maintaining competitive employment; or they might be unemployed but have sufficient skills and work history to find employment quickly. Instead of opening up a TANF case for these families that will count toward their lifetime limit of welfare as well as consume limited staff resources in the welfare offices, states have used three diversion strategies to meet their needs: (1) lump-sum payment programs; (2) applicant work-related requirements, in particular job search; and (3) temporary support programs emphasizing employment. Through the financial support or job search assistance provided through these programs, families may be able to avoid TANF altogether. The lump-sum payment might provide the extra resources the family needs to overcome a particular financial crisis and maintain a parent's job, and the assistance provided through applicant job search or the temporary support program might provide enough assistance to help the applicant find a job that keeps the family off welfare.

Although these programs target work-ready applicants, they differ in the amount of support they provide and their relationship to the TANF system. Lump-sum payment programs usually provide only a cash payment; applicant job search programs provide only job search assistance; and temporary support programs provide cash payments, job search assistance, and case management support, as needed. Most states have defined lump-sum payment programs and temporary support programs as "nonassistance" and have paid for them with TANF maintenance-of-effort (MOE) funds so that the time spent in them does not count against participants' lifetime time limit and they are not counted as part of the TANF caseload. Some states may modify their programs in response to guidance provided by HHS on non-assistance programs.

One downside for states from these programs is that they remove from the TANF caseload those who are most likely to be able to participate in the work requirements and thus, perhaps, adversely affect states' work participation rates. For applicants, a downside of some programs may be that if they find a high-enough paying job while participating, they might no longer be eligible for the work supports that TANF applicants who find a lower-paying job receive. Some states have addressed both of these issues by extending the same benefits to families who *leave* TANF for work as to those families who gain employment *before* TANF. When this involves a cash payment, for purposes of federal reporting and the work participation rate calculation, families become part of the TANF caseload, even though states may consider them part of a specialized caseload or a program with a different name.

Applicants in Crisis Who Need More Time to Find Employment. Some states have determined that some of their families are in crisis at the time of application and are more likely to become successful if they are allowed to participate in activities beyond those allowed under TANF. In particular, they view the six-week limit on job-readiness activities as insufficient to help families overcome challenges that are preventing them from working.

As a result, states have extended the job-readiness period by providing services to hard-to-serve applicants through temporary support programs emphasizing crisis management.

States consider these programs to be nonassistance, and, therefore, they do not count toward the TANF work participation rate and occur during the four-month period beginning when the applicant first applies for TANF. They can provide caseworkers with extra time to assess individuals and to refer them to activities to address challenges. Unlike most other diversion programs that aim to divert families from TANF permanently, these programs aim to divert families from TANF temporarily. However, if families end up needing less time than expected and find employment before the end of the temporary support period, they may be diverted permanently.

B. LOOKING TO THE FUTURE

The DRA has created a new policy environment for diversion activities. Whereas diversion programs in the past were primarily used to divert work-ready parents from the TANF caseload, they are now used to divert recipients who need more assistance than TANF is set up to provide, as well. While states still see value in helping applicants to find employment as quickly as possible, they also have strong incentives to keep as many working families on the TANF caseload as is possible. Depending on their target population and structure, diversion programs have the potential to alter the composition and size of the TANF caseload significantly. Because states have made many different choices about whom to divert from TANF, the composition of the TANF caseload may vary more across states now than before the passage of the DRA.

These changes have implications for understanding the outcomes of TANF applicants who participate in diversion programs. Although the purpose of the TANF Diversion Study was to document states' diversion strategies and to highlight innovative practices and not to assess their success in meeting the needs of states and/or their families, some early conclusions can be drawn. For example, some early studies of lump-sum payment programs indicate that they can be successful in diverting certain applicants from TANF. However, most temporary support programs are too new to provide any data in support of them as an approach to helping families deal with crises and challenges and move closer to employment.

An important next step would be to conduct systematic research on how these diversion strategies affect states' TANF caseloads and those applicants who are targeted for permanent or temporary diversion from TANF. Future research could involve working with states to track their participants more systematically, since many states reported not tracking outcomes, such as the extent to which (and when) lump-sum payment recipients return for another payment or for TANF or how many participants of applicant job search find jobs. Additional research comparing the outcomes of those who participate in these strategies to those who do not, whether voluntarily or compulsorily, would also enlighten states on the strategies that can best meet their needs and those of low-income families.

REFERENCES

Administration for Children and Families (ACF), Office of Family Assistance (2006). "Table 1a: Temporary Assistance for Needy Families (TANF) Work Participation Rates, Fiscal Year 2006." Available at [http://www.acf.hhs.gov/programs/ofa/particip/2006/tab1a.htm]. Accessed on June 25, 2008.

Duncan, D.F., H.C. Kum, K.A. Flair, and P.J. Lanier, III. "Management Assistance for the Work First Program." Available at [http://ssw.unc.edu/workfirst/]. Accessed on June 27, 2008.

Harvey, Carol, and Monroe Berkowitz. "Review of Diversion Programs. Program for Disability Research." New Brunswick, NJ: Rutgers, The State University of New Jersey, May 5, 2006.

Hasenfeld, Yeheskel, Toorjo Ghose, and Kandyce Larson. "The Logic of Sanctioning Welfare Recipients: An Empirical Assessment." *Social Service Review*, vol. 78, no. 2, June 2004, pp. 304-319.

Johnson, Amy, and Alicia Meckstroth. "Ancillary Services to Support Welfare to Work." Princeton, NJ: Mathematica Policy Research, Inc., June 22, 1998.

Lacey, D., A. Hetling-Wernyj, and C. Born. "Life Without Welfare: The Prevalence and Outcomes of Diversion Strategies in Maryland." College Park, MD: University of Maryland School of Social Work, August 2002.

London, R.A. "Which TANF Applicants Are Diverted, and What Are Their Outcomes?" *Social Service Reviews*, vol. 77, 2003, pp. 373-398.

Loprest, Pamela, Pamela A. Holcomb, Karin Martinson, and Sheila R. Zedlewski. "TANF Policies for the Hard to Employ: Understanding State Approaches and Future Directions." Washington, DC: The Urban Institute, July 2007.

Maloy, Kathleen, LaDonna Pavetti, Julie Darnell, Peter Shin, and L. Scarpulla-Nelson. "A Description and Assessment of State Approaches to Diversion Programs and Activities Under Welfare Reform." Washington, DC: George Washington University Center for Health Policy Research, August 1998.

Maloy, Kathleen, LaDonna Pavetti, Julie Darnell, and Peter Shin. "Diversion as a Work-Oriented Welfare Reform Strategy and Its Effect on Access to Medicaid: An Examination of the Experiences of Five Local Communities." Washington, DC: George Washington University Center for Health Policy Research, March 1999.

Rowe, Gretchen, Mary Murphy, and Megan Williamson. "Welfare Rules Databook: State TANF Policies as of July 2005." Washington, DC: The Urban Institute, September 2006.

Rowe, Gretchen, and Mary Murphy. "Welfare Rules Databook: State TANF Policies as of July 2006." Washington, DC: The Urban Institute, 2008.

U.S. Department of Health and Human Services (HHS). "Diversion Program." *Temporary Assistance for Needy Families Program Instruction,* No. TANF-ACF-Pi-2008-05. Washington, DC: DHHS, May 22, 2008. Available at [http://www.acf.hhs.gov/programs/ofa/policy/pi-ofa/2008/200805/PI200805.htm]. Accessed on June 3, 2008.

Wilkins, Andrea. "Strategies for Hard-to-Serve TANF Recipients." Washington, DC: National Conference of State Legislatures, June 2002.

Appendix A

State-by-State Tables

Table A.1. Lump-Sum Payment Program

State	Key Elements of Lump-Sum Payment Programs					
	Diversion Payment	Form of Payment	How Often Recipient Can Receive Maximum Payment	Payment Counts Toward the Time Limit	Period of Ineligibility	Payment Maximum
Alabama	No	--	--	--	--	--
Alaska	Yes	Cash or vendor	Once in 12 months	No	3 months[a]	3 months
Arizona	Yes	Cash	Once in 12 months	No	3 months[b]	3 months
Arkansas	Yes	Cash loan	Once in a lifetime	No[c]	100 days	3 months
California	Yes	Cash or vendor	As often as needed	Varies[d]	Immediately eligible	None
Colorado	Yes	Cash or vendor	Twice in a lifetime	No	Varies[e]	$1,000
Connecticut	Yes	Cash	Three times in a lifetime[f]	Yes	3 months	3 months
Delaware	Yes	Vendor	Once in 12 months	No	Varies[g]	$1,500
District of Columbia	Yes	Cash or vendor	Once in 12 months	No	Varies[h]	3 months
Florida	Yes	Cash	Once in lifetime	No	3 months	$1,000
Georgia	Yes	Cash	Once in a lifetime	No	12 months	4 months
Hawaii	Yes	Cash	Once in lifetime	No	Varies[i]	8 months
Idaho	Yes	Cash	Once in a lifetime	Yes	Twice the number of months of assistance	3 months
Illinois[j]	Yes	Cash or vendor	Once in a lifetime	No	Varies[k]	Varies[k]
Indiana	No	--	--	--	--	--
Iowa	Yes	Vendor	Once in 12 months	No	Twice the number of days payment included in the payment	$2,000
Kansas	No	--	--	--	--	--
Kentucky	Yes	Vendor	Twice in a lifetime[l]	No	12 months	$1,300
Louisiana	No	--	--	--	--	--
Maine	Yes	Vendor	Once in 12 months	No	3 months[m]	3 months
Maryland	Yes	Vendor	As often as needed	No	Varies[n]	3 months
Massachusetts	No	--	--	--	--	--

Table A.1 *(continued)*

State	Key Elements of Lump-Sum Payment Programs					
	Diversion Payment	Form of Payment	How Often Recipient Can Receive Maximum Payment	Payment Counts Toward the Time Limit	Period of Ineligibility	Payment Maximum
Michigan	Yes	Cash	Once in 12 months	No	4 months	3 months
Minnesota	No	--	--	--	--	--
Mississippi	No	--	--	--	--	--
Missouri	No	--	--	--	--	--
Montana	No	--	--	--	--	--
Nebraska	No	--	--	--	--	--
Nevada	Yes	Cash	As often as needed	No	Varies[o]	$1,000[p]
New Hampshire	No	--	--	--	--	--
New Jersey	No	--	--	--	--	--
New Mexico	Yes	Cash	Twice in a lifetime[q]	No	12 months	$1,500–$2,500[r]
New York	Yes	Cash or vendor	Once every 12 months	No	Immediately eligible	Varies
North Carolina	Yes	Cash	Once every 12 months	No	3 months	3 months
North Dakota	No	--	--	--	--	--
Ohio	County	Cash or vendor	Varies[s]	No	Varies[t]	Varies
Oklahoma	Yes	Vendor	Once a lifetime	No	12 months	3 months
Oregon	No	--	--	--	--	--
Pennsylvania	Yes	Cash	Once in 12 months	No	Varies[u]	3 months
Rhode Island	Yes	Cash	Once in a lifetime	No	6 months[v]	3 months
South Carolina	No	--	--	--	--	--
South Dakota	Yes	Cash or vendor	Once in 12 months	No	3 months[w]	2 months
Tennessee	Yes	Cash	Once in a lifetime	No	12 months	$1,200
Texas	Yes	Cash	Once every 12 months	No	12 months	$1,000
Utah	Yes	Cash	Once every 3 months	Yes[x]	3 months[y]	3 months
Vermont	Yes	Cash	Once in a lifetime	No	Varies[z]	4 months
Virginia	Yes	Cash or vendor	Once in a lifetime	No	160 days	4 months
Washington	Yes	Cash or vendor	Once every 12 months	No	12 months[aa]	$1,500

Table A.1 *(continued)*

State	Key Elements of Lump-Sum Payment Programs					
	Diversion Payment	Form of Payment	How Often Recipient Can Receive Maximum Payment	Payment Counts Toward the Time Limit	Period of Ineligibility	Payment Maximum
West Virginia	Yes	Cash	Once in a lifetime	No	3 months	3 months
Wisconsin	Yes	Cash loan	As many as needed[bb]	No	Immediately eligible	$2,500
Wyoming	No	--	--	--	--	--

Source: TANF Diversion Study, 2008; Rowe and Murphy 2008.

NA = not available.

[a]The payment is counted as income if the family applies for benefits within three months of receiving a payment.

[b]The family must repay the lump sum if it reapplies for and receives] TANF during the ineligibility period.

[c]Arkansas offers a loan program to its applicants. The diversion payment counts as 3 months of assistance for the purpose of the 24-month time limit if the family later applies for TANF, unless the payment has been repaid.

[d]If the family applies for monthly TANF benefits after the ineligibility period, then the state counts one month toward the time limit. If the family applies during the period, it can choose to count the diversion payment toward the time limit or repay the diversion amount.

[e]The period of ineligibility varies by county.

[f]Connecticut permits applicants to receive payments once every 12 months but restricts the number of payments to three times in a client's lifetime.

[g]The period of ineligibility depends on the amount of the diversion payment.

[h]The period of ineligibility is equivalent to the number of months of assistance received.

[i]The period of ineligibility depends on the amount of the diversion payment. Families receiving a payment equaling 3 months of benefits are ineligible for 5 months; families who receive a payment equaling 6 months of benefits are ineligible for 9 consecutive months, and families receiving a payment equal to 8 months of benefits are ineligible for 12 consecutive months.

[j]Information concerning Illinois was not confirmed by state staff.

[k]Caseworkers have discretion in determining payment amount and period of ineligibility.

[l]Kentucky permits applicants to receive a payment once every 24 months.

[m]Families that apply for benefits during the three-month ineligibility period must repay any diversion payment received.

[n]The period of ineligibility is equivalent to the number of months of assistance received.

[o]The period of ineligibility depends on the amount of the diversion payment.

[p]Technically, Nevada does not have a maximum amount but most payments are $1,000.

[q]New Mexico permits applicants to receive payments once every 12 months.

Table A.1 *(continued)*

[r]For a family of three, the maximum payment is $1,500; for a family of four of more, the maximum payment is $2,500.

[s]Due to county discretion, lump sum payments are given out once in a 12–36 month period.

[t]Ohio has a county based diversion program in which counties determine how often recipients can receive maximum payments, the period of ineligibility, and the maximum payments.

[u]The period of ineligibility depends on the amount of the diversion payment.

[v]The six-month period may be reduced by up to three months if it is determined that the family will suffer undue and unforeseeable hardship.

[w]The family repays the diversion amount if it reapplies for TANF during the ineligibility period.

[x]The first lump sum payment in a 12-month period does not count toward the time limit but subsequent lump sum payments in a 12-month period count as one month towards the lifetime limit.

[y]Families that return for TANF during the ineligibility period must repay a prorated amount of the diversion payment.

[z]The period of ineligibility is equivalent to the number of months of assistance received.

[aa]If an applicant returns to TANF within 12 months, the lump sum payment becomes a loan.

[bb]Numerous payments can be made to applicants as long as they repay the previous loan.

Table A.2. Work-Related Requirements for Approval of TANF Application, by State

State	Orientation	Employment Plan	Up-Front Job Search
Alabama			
Alaska		[a]	X
Arizona	X		
Arkansas			
California			
Colorado	X	[a]	
Connecticut	X	X	
Delaware	X	X	X
District of Columbia			[a]
Florida	X	X	X
Georgia	X	X	X
Hawaii	X		
Idaho	X	X	X
Illinois[b]	X	X	X
Indiana	X		X
Iowa	X	X	
Kansas			
Kentucky			
Louisiana	[a]	X	X
Maine	X	X	
Maryland	X	X	X
Massachusetts			
Michigan	X		
Minnesota			
Mississippi	X	X	X
Missouri		X	
Montana	X	X	
Nebraska	X	X	

Table A.2 *(continued)*

State	Orientation	Employment Plan	Up-Front Job Search
Nevada	X	X	
New Hampshire	X	[a]	[a]
New Jersey		X	X
New Mexico			
New York	X	X	X
North Carolina	X	X	X
North Dakota	X	X	
Ohio		X	X
Oklahoma	[a]	X	
Oregon	X	X	X
Pennsylvania		X	
Rhode Island			
South Carolina			X
South Dakota		X	X
Tennessee	X	X	
Texas	X		
Utah	X	X	
Vermont			X
Virginia			
Washington			
West Virginia	X	X	
Wisconsin	X		X
Wyoming	X	X	X

Source: TANF Diversion Study, 2008.

[a]These states strongly encourage applicants to fulfill the requirement but do not apply penalties or deny an application if the requirements are not completed.

[b]Information on Illinois's work-related requirements is based on documentation available on the Illinois Department of Human Services website (http://www.dhs.state.il.us/page.aspx?item=30358).