

HB 1331 - Changes to RSA 167 due to TANF Reauthorization

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Without having specific RSA changes to comment on, I offer the following information on TANF Reauthorization and how NH might meet the work participation rate.

1. Mike Leavitt, the Secretary of DHHS made the following statement on February 6, 2006.

"...now we want to go the next step and help them climb the job ladder by creating more opportunities (in TANF) for education and job training"

This statement should set the course for the NH TANF program.

2. Changes Made In TANF Reauthorization effective 10/1/06

- The caseload reduction credit calculation changes from FFY 94 to FFY 2005. It is unlikely that any state's target will be below 50%.
- Cases moved to state only funding must meet the participation rate. All of the two parent families in state only funding now will be required to meet a 90% participation rate or be moved to state funding that is not used to meet the MOE requirement.
- The high performance bonuses related to job entry, success in the workplace, etc. are eliminated and replaced by grants for Health Marriage Promotion (\$100,000,000) and Responsible Fatherhood (\$50,000,000). High performance bonuses were consistently won by the NH Employment Program and these will no longer be an available source of state revenue.
- The penalty for not meeting the work participation was changed from 5 to 21% to 1 to 5% of the Federal block grant.
- ACF is required to come out with regulations (by 6/30/06) on how hours of participation must be reported and verified and definitions of what counts as a work activity (in response to findings in the 10/05 GAO Report).

3. What was not changed:

- Sanction requirements
- What is a countable activity towards the participation rate - although these will now have more detailed definition in the 6/30/06 ACF regulations
- How the participation rate is calculated.

4. Work Participation Rate

To meet the work participation rate (wpr), a TANF client must be in one or more federally approved activities for 30 hours per week - 20 hours if the client has a child under the age of 6. The problem with wrp's is that they only measure activities - not whether those activities were successful in moving someone from TANF to full employment.

5. Penalties

Failure to meet participation requirements - penalties of 1% to 5% of the federal block grant (1% = \$388,850 and 5% = \$ 1,926,063) could be levied. Plus - failure to meet the participation rate means that MOE spending must increase by 5% to 80% of what the state spent in FFY 94 (this means that an additional \$2,141,000 in state dollars must be spent each year)

6. Long Term Results

The TANF goals in RSA 167:77 reflect a philosophy that if we have money to correct a problem - then really correct it. The goal is to make more families self sufficient and to reduce poverty. The reduction of poverty then saves state funds in all aspects - juvenile justice, education, local welfare, Medicaid- not just TANF.

All of the major studies on welfare reform found that the most successful way to achieve long term results was a "mixed strategy" approach. This means using a full range of activities - job readiness and barrier resolution to unsubsidized employment - based on individual circumstances. This also ensures that employers are happy with TANF referrals.

7. Ideas for Meeting the WPR

NGA and the National Council of State Legislators have provided a number of ideas in addition to what NH DHHS is already doing.

In NH - three ideas for increasing the wpr are:

1. Move two- parent cases, disability cases and hardship cases to state funded programs (perhaps SSBG) using state funds that are not counted towards MOE. This decreases the denominator in the calculation and also eliminates any penalty for not meeting the 90% wpr for two parent families.
2. Create a diversion program using non-recurrent TANF funds. This simply means that TANF funds used last no long than four months. What this does is:
 - remove new clients from the participation rate
 - allow for immediate entrance into assessment and the work program using the full range of activities
 - allow special attention to be paid to clients who are recidivists.
3. The method that has proven to increase participation the most in NH is Job Club. In the Manchester pilot, job entries increased by 11% and over \$200,000 in grants was saved in a five month period of time. Job Club needs to be staffed to be successful.

8. RSA 167:77 - 93 - Suggestions for Revisions

While the NH TANF program is not at the 50% participation rate, it has won over 31 million dollars in high performance bonuses since FFY 2000. Any changes must ensure that this type of high performance is maintained while still meeting the wrp.

Suggestions for wording in the law:

- a. Sanctions should still retain the phase in but tie how long a case can be in sanction status to the federal exemption.
- b. Remove all of the language relating to the 26 week job search and work for benefit components and expired waivers.
- c. Keep all of the activities currently in law. Add the caveat that those activities will be provided to the extent possible while still meeting the federally required participation rate under PRWORA and DEFRA. The details can then be described in the rules.
- d. Make sure that total state flexibility is provided for the other 50% who are not needed for the participation rate.
- e. Allow clarifications only if they do not change policy
- f. Add a yearly performance reporting to the Health and Human Services Oversight Committee. The yearly report should include:
 - ◆ What participation rate has been achieved in the previous FFY and NH's ranking in the nation.
 - ◆ What problems have been encountered in meeting the wpr and how they were or will be resolved.
 - ◆ What, if any, revisions are needed in state law.
 - ◆ Actual NH performance using the old federal high performance measures for job entry rate and success in the work force (earnings gain and job retention)
 - ◆ Information on poverty and child poverty rates, out of wedlock births (all and teenagers) and how NH ranks in the nation.
 - ◆ An evaluation from town and city local welfare administrators regarding whether there has been a downshifting of costs to the towns and cities.

9. The problem is poverty for working families.

TANF needs to be reformed to make it work as part of a larger wage subsidy and career advancement system designed to tackle the economic problem of the working poor. Cash assistance needs to be thought of as a work support for parents with unstable low wage jobs and as a supplemental assistance for low income parents who are trying to better themselves through education and training.

10. Work participation rates do not determine whether a program is effective in helping families become financially stable . NH must establish its own measures to determine the success of the NH TANF program.