



Short Takes on Welfare Policy

Number 2

Making TANF Work for the Hard to Serve

Welfare reform has moved millions of people into the workforce, but millions more need help overcoming employment barriers.

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Welfare reform's toughest challenges still lie ahead. Following the 1996 reforms, states moved welfare recipients into jobs—any jobs—as quickly as possible, a strategy facilitated by the strong economy. More recently, states have paid greater attention to two harder-to-serve groups: welfare recipients facing expiring time limits on benefits and former recipients who are not working.

According to the Urban Institute's 1999 National Survey of America's Families (NSAF), long-term welfare recipients and former recipients who are not working face significant job barriers. About half the 2 million adults on welfare had been receiving benefits continuously for at least two years. Almost 40 percent of these individuals reported being in very poor health, more than a third had not worked in recent years, and half did not finish high school (see the figure). Other common job barriers for long-term welfare recipients (not shown in the figure) include caregiving responsibilities, language barriers, and domestic violence.

Additional NSAF findings show that one in seven adults that left welfare between 1997 and 1999 were jobless leavers—that is, they had no connection to the labor market either through recent work or a working spouse and did not receive disability benefits (Loprest 2002). Jobless leavers had barriers similar to those of long-term welfare recipients. For example, almost half the jobless welfare leavers had not worked in three or more years, and half were in very poor health. These findings raise questions about why a sizable portion of former recipients left welfare in the first place. Among those who left welfare without a job, about 40 percent said they left because of administrative reasons, more than double the number of working former recipients giving the same explanation. This finding suggests that the barriers that keep some individuals jobless may also hamper their ability to navigate TANF's eligibility rules and requirements.

States do not rely only on welfare to serve groups with significant work barriers. The federal government offers cash assistance to states' most disabled clients through Supplemental

Security Income (SSI). The incentive to tap SSI instead of welfare has increased under TANF because each marginal welfare dollar comes directly out of state budgets. But several features of SSI limit the program's usefulness in serving disabled welfare recipients. First, it is available only to individuals who cannot do *any* type of work. Second, a 1994 revision to SSI ending eligibility for substance abusers narrowed the program's scope. Third, even among those who do qualify, the process often takes more than a year and requires up to three applications before benefits are awarded (Social Security Advisory Board 2001). Many states report that they do not have the time or the staff to keep the process moving efficiently.

Most TANF clients with substantial barriers to work are not eligible for SSI, and states' welfare programs have always served the hard to employ. The old entitlement framework, however, did little to reduce long-term dependence on cash assistance. TANF—in part because it allows states to exempt only 20 percent of their caseload from time limits—gives states greater incentive to help the hard to serve move to work.

To serve individuals with work barriers who do not qualify for SSI, some pioneering states now use TANF funds to directly address employment challenges. These states identify disabled clients' needs before the clock runs out and place them in programs that address health issues and learning disabilities. Some TANF programs are establishing partnerships with local vocational rehabilitation, mental health, and substance abuse programs. To reach individuals who have slipped through the system's cracks, some states try to locate individuals who have left welfare and offer them the new services.

Unfortunately, these new TANF strategies were just gaining a foothold in 2001, right before many states' caseloads began rising. Recent increases in the demand for cash assistance threaten states' capacity to help the hard to serve, especially since adult mental, physical, and learning disabilities typically require costly, long-term therapies. Several TANF reauthorization measures would encourage states to build on recent initiatives:

- *State performance bonuses.* Awarding performance bonuses to states that implement innovative services for the disabled would likely spur new programs.
- *Broader definition of work.* Allowing states to make participation in rehabilitation and remedial education programs legitimate work activities would ease unrealistic time limits for persistent cases.

- *An increase in caseload exemptions.* An increasing number of hard-to-serve individuals will hit their benefit time limits in the years ahead. Allowing states that demonstrate need and take steps toward reducing work barriers to exempt a larger share of caseloads from time limits would support state efforts to assist hard-to-serve TANF recipients.
- *Improvements to non-TANF programs that help the disabled.* Improving and simplifying the SSI application process would help states get aid to the most disabled more quickly. In addition, reimbursing states for TANF benefits paid to individuals who ultimately qualify for SSI would boost states' resources and their commitment to the application process.

TANF's emphasis on work has improved the economic well-being of millions of families. But many welfare recipients are not yet employed and need greater assistance finding work. Reauthorization provides Congress the opportunity to build on

initiatives that help make TANF work for these harder-to-serve groups.

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