Measuring Employment Outcomes in TANF

August 2018
Overview

The Trump administration and Congress have signaled interest in promoting and measuring employment outcomes in federal programs supporting low-income people. This report offers information and insights to help policymakers and stakeholders understand the challenges of and opportunities for measuring employment outcomes in the Temporary Assistance for Needy Families (TANF) program.

The fundamental challenge is that TANF provides great flexibility for states, so state programs differ dramatically in who receives TANF assistance, what is required of them, what assistance they receive, and for how long. One state may appear to have better outcomes than another simply because of differences in the structures of their TANF programs, not because of any true differences in the outcomes for TANF recipients. In addition, consistent national measurement of TANF employment outcomes is complicated by differences in state economies and labor markets; access and quality of employment data; and systems and staff capacity for collecting, tracking, and analyzing performance information.

Some state TANF agencies already have state-specific performance measurement systems that track and measure employment outcomes and apply incentives and consequences. State-level measures are less complicated to develop than potential national measures because there is far less variation within state TANF programs than across them.

Building on the experiences of these states, the federal government could take the following steps to promote the development of state-specific TANF employment outcome measures:

- The Administration for Children and Families (ACF), which oversees TANF at the federal level, could help states design performance measurement systems consistent with their unique TANF program structures and help them improve their TANF data quality and their capacity for analysis.
- ACF could facilitate information sharing and collaboration between states interested in developing employment outcome measures and those already doing so.
- With congressional approval, ACF could allow states to conduct demonstrations of new measures to facilitate learning about implementing measures and any unintended consequences.

Implementing uniform national employment outcome measures poses serious challenges and has the potential for unintended consequences. More promising are the options for the federal government to support and encourage state-specific measures. A realistic understanding of the issues of and options for a federal role in measuring TANF employment outcomes can help ACF and other policymakers make informed decisions about how best to promote employment through TANF.
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Cover image by Tim Meko.
Executive Summary

The Trump administration and Congress have signaled an interest in promoting and measuring employment outcomes in federal programs supporting low-income people. This report offers information and insights to help policymakers and stakeholders understand the challenges of and opportunities for measuring employment outcomes in the Temporary Assistance for Needy Families (TANF) program.

This report illustrates the difficulty of developing consistent national measures of employment outcomes in TANF that adhere to principles of good performance measurement. The fundamental challenge is that TANF provides great flexibility for states, so state programs differ dramatically in who receives TANF assistance, what is required of them, what assistance they receive, and for how long. As a result, one state may appear to have better outcomes than another simply because of these differences in the structures of their TANF programs, not because of any true differences in the outcomes for people receiving assistance.

For example, differences in state rules about how much income a family can earn while remaining eligible for TANF cash assistance would affect who is included among the “recipients” and “leavers” that may be counted in employment outcome measures. An applicant family earning $500 a month earns too much to be eligible for assistance in some states and would never be included in the measurement of employment outcomes. Other states would allow this family to begin receiving assistance but might differ in how much more the family could earn while continuing to receive assistance. States that offer TANF cash assistance to families with higher incomes almost by definition have more recipients with earnings and thus would have an advantage in measures of recipient employment.

In addition, consistent national measurement of TANF employment outcomes is complicated by differences in state economies and labor markets; access and quality of employment data; and systems and staff capacity for collecting, tracking, and analyzing performance information. If states face financial penalties for failing to meet national employment outcome measures over which they believe they have little control, some are likely to make policy changes that increase their performance on the measure but do not necessarily increase work activity or improve employment outcomes among TANF recipients.

Although some have suggested that TANF adopt the employment outcome measures currently used by Workforce Innovation and Opportunity Act (WIOA) programs, the same issues that complicate the adoption of any consistent national employment outcome measure in TANF would apply to the national adoption of WIOA measures.
Some state TANF agencies already have performance measurement systems that track and measure employment outcomes and apply incentives and consequences. Employment outcome measures at the state level do not run into the full array of issues that complicate potential national measures. These state TANF programs can and do take a state-specific approach to defining and operationalizing employment outcome measures to meet their individual purposes and administrative structures. States still need to decide how to define employment outcomes, whom to include in the denominator of the calculation, the timing of the measurement, how to collect and analyze the data, whether and how to impose financial penalties, and how to implement the measures. But these decisions can be applied consistently within states because there is far less variation within state TANF programs than across state TANF programs, even in states where counties or private entities administer TANF.

Building on the experiences of these states, the federal government could take the following steps to promote the development of state-specific TANF employment outcome measures:

- The Administration for Children and Families (ACF), which administers the TANF program at the federal level, could provide technical assistance to help states design performance measurement systems consistent with their unique TANF program structures. ACF could also help states improve their TANF data quality and their capacity for analysis.
- ACF could facilitate information sharing and collaboration between states interested in developing employment outcome measures and those already doing so.
- With congressional approval, ACF could allow states to conduct demonstrations of new employment outcome measures. These demonstrations could evaluate measures within a state or implementation of measures in multiple states. Both models would facilitate learning about how measures can be effectively implemented and any unintended consequences.

These approaches would help state TANF programs overcome the challenges of designing and implementing employment outcome measures. They could also promote a spirit of collegiality and peer involvement that would limit incentives to “game” or manipulate measures to meet performance benchmarks without real program improvements.

Implementing uniform national measures would bring a high risk of unintended consequences and serious challenges to consistently measuring outcomes across states. More promising are the options for the federal government to support and encourage state-specific measures of TANF employment outcomes. A realistic understanding of the issues of and options for a federal role in measuring TANF employment outcomes can help ACF and other policymakers make informed decisions about how best to promote employment through TANF.
Introduction

The Trump administration’s fiscal year (FY) 2019 budget proposal, released in February 2018, made reference to a new initiative: Using Human Services Programs to Encourage Self-Sufficiency (HHS 2018, 107). Details are yet to be developed, but the description notes that an early step will be “working with Congress to enact key reforms to the TANF [Temporary Assistance for Needy Families] program that will help states improve employment outcomes” (HHS 2018, 107). In May 2018, the House Committee on Ways and Means introduced the Jobs and Opportunity with Benefits and Services (JOBS) for Success Act, which would make several changes to TANF, including adding employment outcome measures.¹ This report provides information and insights to help the administration and others understand the issues of and options for measuring employment outcomes for the TANF program.

TANF is a flexible federal block grant states use for the broad purposes of (1) assisting needy families so that children may be cared for in their own homes or in the homes of relatives, (2) ending dependence of needy parents on government benefits by promoting job preparation, work, and marriage, (3) preventing and reducing the incidence of out-of-wedlock pregnancies, and (4) encouraging the formation and maintenance of two-parent families. TANF is best known for providing time-limited cash assistance to needy families, although only about one-quarter of block grant funds are used for this purpose. TANF is also known for its emphasis on work. The program has work requirements that apply to families with a work-eligible individual receiving cash assistance, with some exceptions and exemptions.

Currently, the primary federal performance measure for state TANF programs is the work participation rate (WPR).² The WPR is primarily a process measure, focusing on engagement in work-related activities (including work itself), rather than a true measure of employment outcomes. A state’s WPR is the percentage of families with work-eligible individuals in which a family member participates in specified work-related activities, including work, job search, and so on, for a specific number of hours (Hahn, Kassabian, and Zedlewski 2012). States risk financial penalties if they do not meet a 50 percent WPR target for all families and a 90 percent target for two-parent families. States can also reduce their WPR requirements by reducing their overall caseloads and by spending more than the required amount of state maintenance-of-effort funds on their TANF programs—provisions of the “caseload reduction credit” (Hahn, Kassabian, and Zedlewski 2012).
Federal statutes and regulations define the activities that count toward work participation for federal purposes and the number of hours that can be counted for each activity. However, states may allow people to participate in activities that do not count toward the WPR, or they may impose greater restrictions on allowable activities. The federal government calculates the WPR using data the states provide on either a sample of their TANF cases or their full TANF caseload. The current WPR rules were established by the Deficit Reduction Act of 2005, which reauthorized the TANF program. Although all states are subject to the federal WPR requirement, eight sites highlighted in this report have also developed systems that measure other aspects of TANF program performance, including employment outcomes (see box 1).

### BOX 1

**Research Approach**

This report employs the following research methods and sources:

- Interviews with TANF administrators in seven states (California, Colorado, Minnesota, Texas, Utah, Washington, and Wisconsin) and New York City. Each of these sites has developed innovative TANF performance measurement systems or has other specific experiences relevant to measuring employment outcomes in the TANF context. These interviews occurred between December 2016 and March 2017.

- Responses to a question posted in November 2016 to the Peer TA Network, an Office of Family Assistance resource for state TANF administrators, seeking any additional administrators with experiences relevant to the current study. We received responses from and conducted follow-up interviews with a representative from the Economic Services Division of the Vermont Agency of Human Services and a representative from the Ruth H. Young Center for Families and Children at the University of Maryland School of Social Work.

- Interviews with experts in TANF, performance measurement, and data analysis.

For more information on our research approach, see the appendix.

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Some have argued that TANF should shift toward outcome-based accountability with a focus on helping parents work and gain skills for better jobs (Lower-Basch 2010). Others have argued that TANF’s program outcomes should be integrated with other workforce programs, such as the “common
measures” used in WIOA, formerly the Workforce Investment Act (WIA), and other Department of Labor programs (Greenberg, Parker, and Frank 2004). In addition, some have said the WPR measures require states to spend a large amount of time tracking and meeting specific activities requirements that do not always reflect the goal of improving employment outcomes (Zedlewski and Golden 2010). The administration’s budget initiative signals an interest in revising how the TANF program approaches and measures employment outcomes.

This report begins with a brief overview of performance measurement principles in general and then explores the issues of and options for applying these principles to measuring employment outcomes in TANF. We explore two broad options for a federal role in measuring TANF employment outcomes. First, we consider the issues and serious challenges related to potential federal performance measures designed to hold state TANF agencies accountable for employment outcomes. This report illustrates how the diversity of state approaches to the TANF block grant makes it nearly impossible to develop consistent national employment outcome measures that adhere to the principles of good performance measurement.

Second, we consider the option of federal support for state-specific TANF employment outcome measures. We consider the issues related to a federal approach that could encourage state TANF agencies to develop employment outcome measures and facilitate learning about state options and potential federal options for measuring TANF employment outcomes. We also include information on eight TANF programs that currently measure employment outcomes. These examples demonstrate the complexity of implementing measures that meet unique site purposes and structures and illustrate the challenges inherent in developing a national system of TANF-compatible employment outcome measures.
Principles and Practice of Performance Measurement

If the federal government aims to promote employment by holding state TANF programs accountable for employment outcomes, it will be important to follow generally accepted principles of performance measurement and carefully consider all of the elements of a performance measurement system.

Key principles of performance measurement require a focus on meaningful results from programs or activities and logical connections between measures and the activities and strategies of a program (Poister 2003). The performance measurement system should be guided by a logic model or theory of change that demonstrates the logic or assumptions of how program activities produce their intended results. The logic model should indicate what the activities and services are, articulate the resources needed to carry out those activities and services, identify the number of people served or services provided (outputs), and specify the intended substantive changes, which are frequently described as running in a sequence from initial to intermediate to long-term outcomes (Poister 2003).

The logic model identifies the intended outcomes, but meaningful measurement of those outcomes requires setting performance targets and indicators and defining how to measure them. Performance measures should be specific about the target population and the intended outcome; measurable with existing or accessible data; achievable with the program’s budget, resources, and authority; relevant, in that the outcome is logically connected to the program purpose; and time-bound in terms of how much change can be expected in a particular period of time (Penna 2010; Poister 2003).

Practically, establishing and implementing performance measurement systems requires consideration of the following core steps: defining measures that are linked to program goals, identifying target groups and choosing levels of expected performance, collecting and analyzing data to put the measures into practice, and using incentives and consequences to manage performance (Hahn and Loprest 2011). Below, we discuss potential approaches for each of these steps.
Defining Performance Measures and Target Populations

The foundation of any performance measurement system is its set of specific measures of performance. To be effective, measures must be connected to program goals, but this can be challenging for several reasons:

- **Do the performance measures focus on process or outcomes?** Process measures address a program's administrative or operational activities—the means to achieving an end result rather than the goal itself. Examples of process measures include the number of applications processed or the accuracy of eligibility determinations. Outcome measures focus on program goals, such as job placement, employment retention, or wages in welfare-to-work programs. A further step would be to measure program impacts—that is, the effect of the program, or the difference between observed outcomes and what they would have been in the absence of the program. Measuring impacts generally requires fairly sophisticated evaluation designs and methodologies. Of course, there is a continuum among the types of measures; for example, interim outcome measures such as earning a skill certificate can indicate progress toward the ultimate outcome of employment. Selecting the right measures is important because attention, resources, and actions are focused on whatever aspects of performance are measured (i.e., what gets measured matters). Again, this report focuses on measures of employment outcomes.

- **Whose performance is measured? Whose outcomes are measured?** Central elements of defining outcome measures are defining the groups or individuals (1) whose performance will be measured and (2) whose outcomes will be measured. For social services programs like TANF, where program performance is intended to affect client outcomes, performance measures hold the program responsible for client outcomes. But there are numerous ways to define the program and the client. For example, program performance may be measured at the individual caseworker level; the office, county, or state level; or the federal level, depending on the goals of the program and the purpose of the performance measures. Client outcomes may be measured only among those who receive employment services or among all clients who could have received employment services. In addition, outcomes may be measured among clients who continue to receive assistance or only among those who have left the program.

- **How many performance measures are there?** One key to a successful performance measurement system is to have a small number of clear and simple performance measures. This helps focus attention and makes it easier to identify high and low performance. At the same time, programs with multiple goals may need a corresponding number of measures to avoid
focusing attention on the measured goals at the expense of other goals that do not have performance measures.

Setting Performance Benchmarks

Establishing expected levels of performance, or “benchmarks,” can be done in many ways. Setting performance benchmarks requires several decisions:

- **Are benchmarks static or relative? Do they look forward or backward?** Benchmarks can be set in advance or established retrospectively. Benchmarks can be fixed (e.g., 75 percent of clients achieving a milestone) or relative to the performance of others (i.e., rankings) or to the entity’s own performance over time.

- **Who sets the benchmarks?** Performance benchmarks may be determined by the federal or state legislature as part of its program oversight or by federal or state TANF administrators as part of program administration or performance-based contracting. Performance benchmarks may also be negotiated by the state, county, regional center, or vendor/contractor to which they apply. TANF programs may determine appropriate targets using new analysis or data for each year, or they may be determined using historical data. In practice, negotiated targets are most common in sites with consequences or incentives associated with meeting performance benchmarks (Hahn and Loprest 2011).

- **Are benchmarks adjusted for conditions?** Performance benchmarks may be adjusted for demographics, economic conditions, or other factors.

Establishing benchmarks requires careful consideration of fairness and equity when comparing performance across entities. States operate programs in different environments with different human capital and economic resources. Some states start with a higher performance baseline than others. It can be difficult to distinguish the true effect of program performance from the effects of outside influences, such as economic conditions, demographics, and state or local policies, so it is important to explicitly consider these larger contexts. Although some impact measures systematically control for outside influences, outcome measures often do not, so it is especially important to consider the potential effect of these influences on program outcomes.
Creating Incentives and Penalties

Another key element of any performance measurement system is the action taken based on the performance information. To motivate action, systems often include incentives for positive performance or consequences for unsatisfactory performance. A successful system is a feedback loop where performance measurement leads to learning and subsequent actions to change programs and improve performance. Performance measurement systems can incorporate incentives and consequences in several ways:

- **Measurement alone**, by signaling the values of program leaders and the public, can provide enough incentive to motivate actions in public programs and promote learning and improvement without any specific performance-based consequences.

- Motivation may be heightened through **regular, high-profile meetings** that closely examine performance information, discuss reasons for low or high performance, identify issues for further analysis, and seek solutions to those issues.

- Performance can also be tied to **financial incentives or penalties**. For example, a contracted service provider may be paid only when clients achieve expected outcomes, a contractor may receive a financial bonus if clients exceed expected outcomes, or a social services agency may lose part of its funding if its clients fail to achieve expected outcomes.

Performance incentives and consequences can raise concerns about “gaming the system” (i.e., when entities try to meet a performance benchmark without achieving the underlying goal) (Metzenbaum, Watkins, and Adeyeye 2007). The greater the consequences tied to performance, the more pressure entities may feel to meet benchmarks by any means possible. Some definitions of measures or systems of measurement (e.g., rankings) may create unintended incentives or be more open to gaming. A related issue that can occur in programs aimed at vulnerable groups is an incentive to “cream,” or to direct program services to those most likely to accomplish the intended outcome rather than those most in need or most likely to benefit from services. For example, program resources may be focused on clients most likely to obtain employment rather than those with greater barriers to employment. Options for addressing these issues include directly targeting performance for various subgroups and frequently reviewing measures and their consequences to eliminate any unintended incentives that emerge.
Putting Measures into Practice with Data Collection and Management

Implementing performance measures requires not only a commitment to using data but also to building the capacity to collect and analyze timely, accurate, complete, and valid data at the level(s) needed—potentially at the worker, supervisory team, local office, or county level for a state measurement process or at the state level for federal use. Building capacity for data collection and analysis may require up-front investment in data systems to track performance and in highly skilled staff to analyze and interpret performance data.

Among the important considerations for implementing performance measures is determining the appropriate level or levels at which data should be analyzed. This depends on whose outcomes are measured and who is responsible for achieving those outcomes. Program data aggregated at the national level will have different applications than data aggregated at the local office or staff member level, as will data aggregated by demographic group either at the national or local level. It is important to consider the goals of the program when determining appropriate level(s) for data collection and the appropriate level of investment for collecting timely and accurate data.
Applying Principles to Federal Measurement of TANF Employment Outcomes

We turn now to applying the principles of performance measurement to TANF and consider the issues of and options for federal measures of TANF employment outcomes. Ultimately, we demonstrate how the diversity of state TANF programs makes it nearly impossible to develop consistent national employment outcome measures that adhere to the principles of good performance measurement.

A primary principle of performance measurement is that performance measures should be tied to program goals through a logic model or theory of change. Measurement of employment outcomes can be reasonably tied to the TANF goal of ending needy parents’ dependence on government benefits by promoting job preparation and work. Thus, the purpose of federal employment outcome measures in TANF would be to hold state TANF agencies accountable for promoting work. TANF program actions can reasonably be expected to affect employment outcomes. TANF program administration, intake strategies, assessments, trainings, employer connections, and support services could influence a client’s basic skills, vocational skills, work experience, career plan, and work-readiness skills, which could result in employment, earnings, and economic self-sufficiency in the short or long term (figure 1).

**FIGURE 1**
Simplified Logic Model of TANF Program Actions and Client Employment Outcomes

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<tr>
<th>Inputs and activities</th>
<th>Intermediate outcomes</th>
<th>Ultimate outcomes</th>
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<td>Clients’ improvements in</td>
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<td>- basic skills</td>
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<td>assessments</td>
<td>- vocational skills</td>
<td>- earnings</td>
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<tr>
<td>career planning</td>
<td>- work experience</td>
<td>- economic</td>
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<td>work activities</td>
<td>- work-readiness skills</td>
<td>self-sufficiency</td>
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<td>trainings</td>
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<td>employer connections</td>
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<td>support services</td>
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However, the specific designs of states’ TANF programs can differ so dramatically that consistently operationalizing this theory of change in the real world is not straightforward.

Under federal TANF block grant rules, each state has the authority, within federal guidelines, to determine its own eligibility requirements (e.g., who is eligible, for what, for how long, what is required of them, and what services they receive). The result is widely differing state TANF programs:

- A family of three with $1,000 in monthly income could be eligible for cash assistance in just 15 states. In a few states (Alabama, Arkansas, and Wisconsin), a family of three with a monthly income of only $300 earns too much to be eligible. In Wisconsin, families with any earnings are not eligible for cash assistance.

- To meet federal TANF rules, states require most adult recipients to participate in work activities, but the timing and specific activities allowed vary by state. Some states provide assistance to families only after work-eligible adults have completed an initial job search or participated in work activities for a minimum number of hours; in other states, families receive cash assistance while completing assessments of their work readiness and developing plans for achieving self-sufficiency.

- Most state TANF policies allow recipients to engage in a variety of work-related activities intended to promote self-sufficiency, including job search, on-the-job training, subsidized or unsubsidized employment, life skills training, vocational educational training, and other job readiness activities. However, not all generally allowable activities are available to all recipients, and some states only count 10–15 hours of education or training activities toward their overall weekly 20–40 work hour requirement.

These and other state-by-state differences could affect TANF recipients’ employment outcomes. They also complicate the task of consistently interpreting TANF employment outcomes across states. One state may appear to have better outcomes than another simply because of differences in the structures of their TANF programs, not because of any true differences in the outcomes for people receiving assistance.

In this section, we systematically consider the issues of and options for applying other principles of performance measurement in the context of different state TANF programs. We consider issues related to (1) defining employment outcome measures, (2) the timing of the measurement, (3) the numerator and denominator of the measurement calculation, (4) data collection and analysis, (5) financial consequences for performance on outcomes, and (6) implementation of performance measures. These topics are interrelated and, in some cases, inseparable. For example, definitions of employment measures are inextricably
linked to issues of the theory of change, the numerator and denominator of the outcome calculation, and the availability of data. However, for clarity of presentation, we address these topics discretely.

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**BOX 2**

**Challenge to the Theory of Change: The Work Participation Rate and Federally Defined Work Activities**

The majority of state TANF administrators we interviewed expressed concerns about continuing the federal work participation rate requirement while implementing a national employment outcomes measure. Although the federally countable work activities can promote employment, they do not include all the activities or services that people receiving TANF cash assistance may need to become employed. In addition, time limits on some activities and minimum participation requirements for others can conflict with the best route to employment for some people. As a result, many administrators believe that focusing on employment outcomes would limit their state’s performance on the work participation rate requirement and, conversely, that focusing on meeting the requirement would limit their success in achieving employment outcomes.

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**Defining Measures of Employment Outcomes**

In this section, we discuss the issues of and options for defining measures of employment outcomes compatible with TANF.

**What Is the Desired Outcome?**

A fundamental issue when measuring TANF employment outcomes is determining the specific outcomes desired. Is the outcome achieved if a recipient enters any employment? Or does the employment need to have a minimum specified wage, involve a minimum number of hours per week, or last a minimum number of weeks or months? Although there is no right answer, prior research on TANF and low-wage work points out issues with setting “any employment” as the outcome goal.

Research from the 1990s showed that although a “work-first” approach initially led to better outcomes than an “education-first” approach, the best outcomes resulted from a combination of both (Hamilton 2012). Participants in programs mandating an initial job search obtained employment sooner than participants in programs mandating education or training first, but the latter group eventually caught up and had outcomes similar to those of the work-first group (Freedman and Smith 2008;
Hamilton 2002). The best outcomes were obtained by people in programs with a mixed strategy: the programs were strongly employment focused, but participants were encouraged to look for full-time jobs paying above minimum wage and providing benefits. Many programs allowed participants to initially engage in short-term education, vocational training, work experience, or life skills training to improve their employment prospects (Gueron and Hamilton 2002).

In addition, low-wage work is inherently and increasingly unstable, so promoting “any employment” may not necessarily lead to long-term self-sufficiency. Research suggests that the jobs people get when they leave TANF may be similar to the jobs they lost, which precipitated their need for TANF (Minnesota Department of Human Services 2008), creating a revolving door (or “churn”) between TANF and low-wage, unstable employment.

If the ultimate goal is to increase self-sufficiency and reduce dependence on government benefits, measures of TANF employment outcomes should consider a broader view beyond simply obtaining employment.

**Consider an Appropriate Set of Measures**

Using a set of measures of employment outcomes instead of a single measure can avoid some of the issues with simply measuring “any employment” and may be preferable in the TANF context. A set of measures might include job placement, placement wage, job retention, and wage or earnings progression. It might include some measures that apply to current recipients and others that apply only to former recipients.

However, issues with these measures pose additional challenges. For example, a measure of job retention would need to consider whether to define retention as continuous employment or employment at a point in time, such as two quarters after ending cash assistance. Given the revolving door of low-wage work, a point-in-time measure could largely depend on luck. Similarly, wage progression is a logical long-term goal, but wages do not rise quickly, especially within two to four quarters after initial employment. A study that followed current and former TANF recipients in the early 2000s found that after three years, only one in four had received a significant earnings increase (Miller, Deitch, and Hill 2011).

Although TANF programs may be encouraged by performance measures to improve job placement, retention, and wages, it is important to consider how much TANF programs are able to affect these outcomes, given the broader economic and labor contexts.
Consider Interim Measures that Demonstrate Steps Toward Employment

In addition to economic and labor contexts, a TANF performance measurement system should consider the characteristics of the population served and participants’ work readiness. Parents with income low enough to qualify for TANF sometimes have additional challenges beyond low education levels and limited work histories, such as physical or mental health issues, chronically ill children, caregiving responsibilities for special needs children, histories of domestic violence, or criminal records, which make it difficult for them to complete their education or maintain steady employment. Table 1 summarizes the incidence of employment barriers among TANF families according to several state and national surveys. Studies show that TANF recipients typically have at least one barrier to employment, and about 40 percent have multiple barriers. The more barriers people have, the less likely they are to be employed (Zedlewski 2012).

**TABLE 1**

**TANF Recipients with Barriers to Employment**

<table>
<thead>
<tr>
<th>Share of TANF recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>No high school diploma</td>
</tr>
<tr>
<td>Little work experience</td>
</tr>
<tr>
<td>Child with special needs</td>
</tr>
<tr>
<td>History of domestic violence</td>
</tr>
<tr>
<td>Criminal record</td>
</tr>
<tr>
<td>Physical health problem</td>
</tr>
<tr>
<td>Mental health problem</td>
</tr>
</tbody>
</table>


Given the personal challenges of many TANF recipients and the challenges of the low-wage labor market, legislators and TANF administrators may wish to promote intermediate steps toward employment. Measuring progress can also help programs avoid the unintended incentives that may cause them to focus efforts on those recipients most likely to achieve employment at the expense of clients who need additional supports to become work ready or who may only ever be capable of limited employment.

The majority of the TANF administrators we interviewed specifically indicated they would like to see measures of progress toward employment in addition to measures of employment outcomes. When considering interim outcomes, it is important to keep the focus on outcomes (e.g., client achievements and milestones) and avoid lapsing into measuring process (e.g., number of people served). Interim measures could include successfully completing substance abuse treatment, removing or reducing other
barriers to employment (including improved mental health), or achieving an education or training credential or certificate.

Holding state TANF programs accountable—and giving them credit—for recipients achieving these intermediate steps to employment could encourage them to focus attention and resources on helping recipients overcome challenges to employment. But again, it is important to consider how much TANF programs are able to affect these outcomes given program rules and resources.

**BOX 3**

**What Is the Right Number of Measures?**

When determining which measures to include, one must also consider the total number of measures. In general, fewer measures result in a greater risk of unintended consequences or intentional gaming, where one outcome is emphasized over another or where some states benefit over others for reasons beyond their control. Having too many measures, though, dilutes program attention and action toward achieving any of them. The discussion of how to define employment outcomes illustrated the shortcomings of having a single employment outcome measure and argued for considering a set of employment outcome measures as well as measures of intermediate steps toward employment. There is no “right number” of measures, but consideration must be given to balancing breadth (measuring more outcomes) and focus (measuring fewer outcomes).

**Timing of the Measure(s)**

Implementing effective employment outcomes in TANF requires careful consideration of several issues related to timing. The specific issues will depend on the design of the TANF program and the definitions of employment outcomes:

- **Is there a particular amount of time after first receipt of TANF that recipients are expected to leave TANF for employment reasons?** One employment outcome measure could be the share of recipients who have left TANF for employment after a certain period of time or the average time before TANF recipients leave for employment. However, this measure would partly depend on state TANF policies regarding the maximum income families can have and still be eligible for assistance. For example, the same working adult who would be a TANF leaver in one state might remain a TANF recipient in another state. This measure could instead be framed as the time after first receipt of TANF that recipients obtain employment, regardless of whether
they continue to receive cash assistance, although issues around the definition of “employment” would remain.

- **How much time does someone need to be on TANF to be counted in the performance measure?** Is there a minimum amount of service that constitutes enough time to expect the TANF program to have made a difference? Some TANF applicants are already employed, and this share will be higher in states that allow applicants to be eligible for assistance at higher incomes, such as those states that permit up to $1,000 of monthly income. Should these states receive “credit” for the employment of these applicants or only for improvements in wages after receiving TANF services?

- **Given churn issues, how long must recipients who leave TANF for employment be off assistance before they are considered “off”?** As discussed above in the context of defining employment measures, simply measuring whether someone obtains employment might be misleading if the job does not last and the family returns to TANF. On the other hand, the experience of obtaining a job may be a relevant outcome worth measuring regardless of how long it is held. Even so, the vexing issue of different state TANF policies affecting who is “on” or “off” TANF remains. And if outcomes are measured after a TANF exit, for how many quarters would outcomes be tracked? If outcomes are tracked for current participants, at what point or points would they be tracked?

- **If recipients are in a training program, would their clock start after the training program ends?** The TANF programs that engage recipients in training programs may find it more meaningful to measure how quickly they find a job following the training, rather than from the time the recipient entered TANF or the training program. However, others may argue that the total time on TANF, including time in training, is relevant for measuring how quickly a recipient enters employment.

Issues related to timing are important in the development of any employment outcome measure. The greater challenge with TANF is determining the appropriate timing for state TANF programs that vary so widely.
BOX 4
What Is the Right Lag Time?
Determining the “right” lag time between program actions and outcome measurement is a challenging issue. If the outcome is measured too long after program actions, the data may be too late to be useful for program improvement. However, some efforts may take a long time to show results. A rush to demonstrate employment outcomes could inadvertently incentivize TANF programs to push recipients into jobs that are not sustainable.

Numerator and Denominator Issues with Measuring Employment Outcomes
Timing issues highlight a fundamental challenge to measuring employment outcomes across diverse TANF programs: what groups are in the numerator and denominator of the calculation?

The numerator, in the simplest terms, includes the people who have achieved the desired outcome. The denominator includes all the people expected to achieve the desired outcome, or all the people whose employment outcomes the TANF program is expected to affect. Identifying who is in the numerator (i.e., who achieved the outcome) depends on the definition of the outcome: how many people obtained employment, how many retained employment, how many made progress toward employment, and so on. Determining who is in the denominator is a separate issue equally fraught with complications.

The denominator for a measure of TANF employment outcomes could include several different groups of people: all cash assistance recipients, cash assistance recipients or nonrecipient parents deemed “work eligible,” people who received or completed work-related services, all former cash assistance recipients (leavers), leavers who received work-related services, families including any of the aforementioned people, and so on. Among states that have their own employment-related outcome measures, some include the entire population of people on TANF cash assistance in the denominator. Others include only people receiving employment-related services. Some state TANF administrators said that a growing share of their caseloads are work-exempt or child-only recipients and that it would not be fair to apply an employment measure to those cases.

Because of the diversity of state TANF programs, different states will include different people in the numerator and denominator of their employment outcome calculations, even if the same basic definitions are nominally applied across all states. Several state policies create important differences in
who is considered (1) having ever received assistance, (2) a current recipient, or (3) a leaver. These differences could advantage or disadvantage a state in the calculation of employment outcomes, depending on which groups of people are included in the denominator. In addition, for several state TANF policy areas, policymakers would need to decide whether the calculation of an employment outcome measure should include or exclude people affected by the policy to promote consistency across states. Building on the examples already discussed, we highlight how several specific policy differences would affect the calculation of employment outcome measures across states:

- **Income threshold for initial eligibility**, including policies for disregarding certain types or amounts of income from the eligibility determination. Different states serve different populations, depending on their policies on how much income applicants can have and still be eligible. The maximum monthly income a family of three can have and still be eligible for TANF cash assistance ranges from $0 in Wisconsin and $269 in Alabama to $2,243 in Minnesota, with the median at $832.9 A family earning $500 a month would not receive TANF cash assistance in Alabama and would never be included in the state’s measurement of employment outcomes. States with higher income eligibility thresholds almost by definition would have more recipients with earnings. These states would have an advantage in measures of employment outcomes that measured recipient employment.

- **Maximum income for ongoing eligibility**, including policies for disregarding certain types or amounts of income from the eligibility determination. Excluding Wisconsin, which allows no income, and Alabama, which has no maximum income, the maximum monthly income for ongoing TANF eligibility for a family of three during their seventh month of assistance ranges from $308 in Texas to $2,522 in Alaska, with the median at $1,140.10 States that allow a higher maximum income for ongoing eligibility allow a larger group of working people to continue receiving assistance and so have an advantage for measures of recipient employment.

- **Time limits**. State lifetime limits for receiving TANF cash assistance range from 12 to 60 months, with some states having intermittent time limits that allow for as few as 6 months of assistance at a time followed by a period of ineligibility. Fifteen states have time limits shorter than the 60-month federal limit for at least some of their cases, and 10 have periodic time limits.11 Although it is not clear which policies advantages states for measures of employment outcomes, a family receiving TANF in a state with longer time limits could be leavers in a state with shorter time limits. Policymakers would need to decide whether to include people who exited TANF because of time limits in the calculation of employment outcomes for leavers.
Many states use solely state-funded (SSF) programs to serve two-parent families or families who are hard to employ. SSF programs allow states to support families’ efforts to address their employment barriers or obtain education without counting against the state’s WPR. States also use SSF programs to serve two-parent families so that they are not subject to the 90 percent WPR for two-parent families. States that use SSF programs would also exclude these families from their calculation of employment outcome measures, giving them an advantage over states where hard-to-employ families are counted as TANF recipients. Excluding working two-parent families gives states an advantage when determining the WPR but could disadvantage these states, depending on the structure of the employment outcome measure. SSF programs arose from the incentives created by a federal policy change that included cases funded through state maintenance-of-effort dollars in the WPR requirement. In developing employment outcome measures, policymakers could consider whether to include people served through state maintenance-of-effort funds in the denominator or only those served using federal TANF funds.

State TANF programs also differ in what might be called the “hassle factor” of TANF: the length and complexity of the application, reporting, and renewal processes; requirements for up-front job search or other activity requirements; and the nature of client-staff interactions. These factors can influence who becomes or remains a recipient and have implications for measures of recipients’ employment outcomes.

Worker supplements. Some states use TANF or maintenance-of-effort funds to supplement the wages of families who transition off TANF to employment, recognizing research that shows these supplements promote better employment outcomes and family well-being (Schott 2008). Whether states count supplement recipients as TANF recipients or leavers will affect whether they have an advantage for measures of recipient or leaver employment. Distinct from these transitional payments, some states provide nominal TANF or maintenance-of-effort–funded benefits (e.g., $10 per month) to employed individuals, typically employed SNAP participants, who do not otherwise have connections to the TANF program. States use this policy to add to the number of employed recipients for their WPR calculation, and it could similarly advantage them in measures of employment outcomes for recipients. In defining the denominator for an employment measure, policymakers could specifically include or exclude people receiving either type of supplement.

Sanction policies. The sanctions states impose on TANF recipients who do not comply with program rules vary, with some states cutting off all benefits or closing a case at the first incidence of noncompliance and others gradually reducing benefits for continued
Whether sanctioned recipients are included in the denominator of an employment outcomes measure will affect measurement in these states differently.

- **Nonassistance.** In addition to providing basic cash assistance, states use TANF funds to provide “nonassistance” supports, such as case management, to low-income families. In defining the denominator for an employment measure, policymakers could decide to include or exclude families receiving supports other than cash assistance.

## Box 5

**The Denominator Creates Incentives for State Policy Choices about Whom to Assist**

The choice of denominator for an employment outcomes calculation will advantage some state policy choices over others, creating incentives for states to choose these advantageous policies. Because the policy choices are about which families to serve, the choice of denominator ultimately creates incentives and disincentives for states to assist people based on their characteristics. A more broadly defined denominator could create incentives to assist more recipients, although it could also create disadvantages for states that serve more hard-to-employ families. In other words, if states are measured on the employment outcomes of all recipients, they have an incentive to promote employment for all recipients. At the same time, they have an incentive to prevent hard-to-employ people from becoming recipients in the first place, so they may not assist the neediest people or may serve them using solely state-funded programs not subject to federal TANF rules. Similarly, the makeup of the denominator could create incentives for states to sanction people off assistance if people who exit TANF because of sanctions are excluded from the calculation.

## Addressing Differences in State Contexts

To be consistent with the principles of good performance measurement, a TANF employment outcome measure must hold all states to the same standard. We have discussed how state TANF policy differences could advantage some states over others in meeting an employment outcome standard. Differences in state contexts outside of TANF could also advantage some states. Unemployment rates, wage rates, geography, and transportation infrastructure could all affect employment outcomes for current or former TANF recipients but are beyond the control of the state TANF agency and, at least in the case of geography, the state government entirely.

TANF administrators we interviewed expressed concern about how much employment outcome results would reflect the broader state environment rather than factors they can control. Some hoped
or assumed that benchmarks for any federal TANF outcome measures would be set using a regression analysis approach, like the one used by WIOA, that accounts for variation across states in the employment challenges of the population and the state economy and labor market. If employment outcomes were compared not just across states but also over time, a regression analysis methodology could also account for changing economic factors within states, and outcomes could be consistently measured during recessions and strong economies alike.

If state benchmarks for TANF employment outcomes were negotiated, then the skill of the state negotiators could also be a factor. Using a statistical regression model to establish benchmarks and measure them could enhance objectivity, but more skilled TANF program negotiators could have an advantage over others.14

High-Quality Data Collection and Analysis

Consistently and accurately measuring employment outcomes requires access to high-quality data and the capacity for data analysis. A federal measure of employment outcomes could rely on the states to analyze the data and report results to the federal agency, or it could rely on federal staff to analyze data provided by states. Both options rely on high-quality state TANF data. Currently, state TANF programs vary in the quality of the data they collect, their ability to access relevant data, and their capacity for data analysis. Having federal TANF performance measures administered by ACF may create opportunities to access federal employment data currently unavailable to individual states, but it would not resolve other challenges related to state data quality and access.

The specific data needed to measure TANF employment outcomes depends on the measure itself, of course, but TANF agencies likely would need information on who receives TANF cash assistance and other TANF-funded services, recipient characteristics (e.g., whether they are work eligible, a two-parent family, etc.), and their employment status. Information on recipient characteristics would be particularly important if a statistical adjustment model were used. The recipient characteristics data that states currently report to the federal government do not include all the potentially relevant variables, and it would take time to identify the variables and change the data collection forms and instructions to capture this data. In addition, state TANF agencies may have their own data on the employment status of their recipients, but they face challenges accessing federal employment information on people who no longer have a connection to TANF.
Issues with Federal Sources of Employment Data

Federal sources of employment data include the Unemployment Insurance (UI) database maintained by the US Department of Labor and the National Directory of New Hires (NDNH), a national repository of employment, unemployment insurance, and quarterly wage information maintained by ACF. The NDNH, created to help locate parents and establish child support orders by the same law that created TANF, compiles information from state directories of new hires, state workforce agencies, and federal agencies.

Although UI data could be very useful for tracking employment status and wages for people who no longer receive TANF, three primary challenges limit their use for this purpose. First, some categories of employment are federally excluded, and others are subject to state discretion or definition. For example, UI data exclude people who are self-employed, independent contractors, federal government employees, or students working for their schools. Second, preliminary UI data are not available until five months after the completion of a quarter, so employment information on a client who exited TANF in January would not be available until September. Third, except in the few states that administer TANF through their workforce agencies, state TANF agencies have no rights to the UI data unless they negotiate access. States also need to negotiate access to UI data from other states if TANF clients live in one state and work in another or move across state boundaries after leaving the program. It is possible that this could be overcome by federal access to the UI data, but it is not clear whether HHS would be able to access this Department of Labor data for this purpose.

NDNH data, like UI data, are collected and maintained for a purpose other than tracking TANF employment outcomes, but both TANF and the NDNH are overseen by ACF. Although the NDNH includes information on employment and wages for both TANF recipients and people no longer receiving TANF cash assistance, not all state TANF agencies have chosen to access the NDNH. None of the TANF programs discussed in this report use the NDNH to measure TANF employment outcomes. Wisconsin TANF administrators reported that the state decided, after a cost-benefit analysis, that the amount it would have to pay to access the data was not worth the potential benefit. The Texas Workforce Commission reported that it was unsuccessful in accessing NDNH data to monitor one of its other workforce program caseloads and had not made it a priority to pursue NDNH data to monitor TANF employment outcomes.

Because ACF oversees both TANF and the NDNH and currently matches TANF and NDNH data to calculate employment status and wages among recipients in some states, it could use the NDNH to measure and report employment outcomes for TANF leavers at the federal level. However, ACF
receives data on only a sample of the TANF caseload for 20 states, so it is not able to reliably calculate TANF employment outcomes in these states or nationally.

**Issues with State Data Quality and Capacity**

For the data that state TANF agencies collect and maintain themselves, there are fewer jurisdictional issues with data access, but states still face challenges of data quality and capacity to effectively analyze and use the data collected. Although some states have recently modernized their computer systems for entering and tracking benefit information and client activities, many state systems are decades old. Referred to as legacy systems, they often are slow and inefficient and use long-outdated computer languages, making it difficult to reprogram them to support policy changes or track new information. Because these systems often were designed to make eligibility decisions, not for data reporting and analysis, it can be challenging for states to produce timely and accurate reports from them (Loprest, Gearing, and Kassabian 2016). The human capacity to clean and manage data, as well as to analyze data and develop reports, also varies across states.

**Options for Improving State Data Quality and Capacity**

Implementing nationwide TANF employment outcome measures would require improvements in data quality and access in at least some states, and ACF could consider several options to achieve this goal. For example, ACF and the Office of Planning, Research, and Evaluation could use their Family Self-Sufficiency Data Center, TANF Data Innovation project, and other technical assistance to help states understand ways they can analyze their TANF administrative data differently, how to link it with other data, including state UI data, and how to use their data to inform decisionmaking. This work could help state governments and the federal government access, link, and analyze the data needed to examine employment outcomes of TANF participants and leavers. ACF could also facilitate additional state-by-state technical assistance or broader technical assistance available to all states, including code-sharing assistance that would provide states with the specific coding and other instructions they need to analyze their data.

**Financial Penalties or Incentives for Outcomes**

Financial incentives are sometimes used in performance systems to reward achievement of outcomes or penalize nonachievement. Although the TANF administrators we interviewed were generally in favor of
employment outcome measures, they were not in favor of penalties. Some indicated that penalties could cause their states to shift which people are supported by certain types of funds, which people are diverted or exempt, and so on. However, they all indicated it would be difficult to speculate on how penalties would affect state actions because the specifics of the performance measures (as discussed previously) would have significant bearing on which behaviors could or would be altered. Performance measures create incentives for state policy choices about whom to assist, and financial consequences associated with performance amplify those incentives. The risk of financial penalties for failing to meet employment outcome measures could lead some states to make policy changes that increase their performance on the measure but do not actually improve employment outcomes among people receiving or leaving TANF.

The TANF administrators we interviewed offered a few options they believe would be more effective in encouraging state TANF agencies to promote employment. One suggested that states be offered a chance to earn lost funds back by improving employment outcomes. Another suggested a system of using improvement plans to avoid penalties. Another suggested that the federal government direct a percentage of the state’s TANF allocation to efforts that promote employment.

Another state TANF administrator said it would be difficult for a monetary penalty to incentivize changes in behavior after the fact because of the long lag times in measurement. If, for example, the penalty were imposed two years after failure to meet the standard, then more years of substandard performance may have occurred in that time, and the state would not have had an opportunity to address its performance before another penalty was assessed.

Implementation Issues

Yet another issue for federal TANF employment outcome measures, if all the issues raised so far could be overcome, is implementation. Considerable time and resources would be required to develop the performance measures and data infrastructure for tracking and measuring performance, and enough time would need to pass for changes in outcomes to occur.

Implementation of a federal measure would also require enhanced staff capacity and the resources to support these staff at the state and federal levels. Additional staff time would be needed to develop the measures, to train frontline staff on new procedures for data tracking, and to hire or train state and federal data analysts. Negotiating performance measures with each state’s TANF program would also require increased federal staff capacity.
Further, ACF currently receives data on all TANF cases for only 30 states and receives data from only a sample of the TANF caseload in 20 states, including 2 states with the largest TANF caseloads (California and New York). ACF considers the sample data unreliable for inclusion in national calculations because of data limitations and sampling errors (OFA 2016) and would need new legislative authority to mandate that states submit data on all TANF cases.

Given these time, resource, and authority issues, enforcement of employment outcome measures could not reasonably begin for several years.

In sum, developing national employment outcome measures for TANF involves numerous complex decisions related to how to define the measures, whom to include in the measurement, the timing of the measures, the data that would need to be collected and analyzed, and how to structure performance consequences. The most challenging issue with a national employment outcomes measure, though, is that state TANF programs differ from each other so fundamentally that some states would have an advantage over others simply by the design of their programs relative to the measures, rather than through any true differences in the outcomes for the people they serve.
Coordinating TANF Employment Measures with WIOA

The employment outcome measures used in the workforce development programs governed by the Workforce Innovation and Opportunity Act are sometimes looked to as a potential model for other programs, including TANF. In fact, new performance measures in the Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) program are modeled on those in WIOA. One state, Texas, has integrated TANF with its WIOA and SNAP E&T programs, and there are opportunities for other states with similar administrative structures to more closely align or integrate their employment outcome measures. However, extensive adoption of WIOA employment outcome measures in all state TANF programs or as national TANF performance measures is not feasible under current program structures.

Texas was able to integrate its TANF and WIOA programs and employment outcome measures because its state program and administrative structures have features that many other states lack: full integration of TANF, WIOA, and SNAP E&T program administration within a single state agency, access to state UI wage and new hire data, extensive data analysis capacity, and a very small TANF caseload. Texas also needed to modify its tracking of the federal TANF work participation rate to include only the allowable work activities that already align with WIOA measures.

Extensive alignment of TANF and WIOA employment outcome measures at the national level would require increasing state TANF programs’ access to UI wage and new hire data as well as federal changes to TANF rules and incentives. Current TANF performance measurement through the work participation rate focuses on hours spent in specific work activities and discourages participation in basic education and workforce development programs. Aligning TANF performance measures with WIOA employment outcome measures would require that TANF rules and incentives focus more on participant outcomes and improvement. Integrating or aligning WIOA and TANF employment outcome measures would also require overcoming additional challenges, such as the differences in the characteristics of the people served by each program.
WIOA Employment Outcome Measures

The primary goals of the WIOA system are twofold: (1) to provide job seekers with access to services that support their success in the labor market and (2) to help employers find skilled workers so they can compete in the global economy. Federal funding is allocated to state governments, which then distribute funding to local areas. State workforce development boards—mostly made up of employer representatives and also including representatives from WIOA’s core programs and from other potential partners, such as the state TANF agency, career and technical education providers, and so on—are engaged in planning and oversight. At the local level, similar groups set priorities and oversee local or regional services. Services are delivered through career centers known as American Job Centers, where key activities include assessing job seeker and employer needs and providing career guidance and planning, job search assistance, job matching, training, education, supportive services, on-the-job training, and other business services.

The legislation creating WIOA passed in 2014 with bipartisan support, replacing the Workforce Investment Act (WIA). The changes to the workforce development system brought about by WIOA increased the focus on serving disadvantaged populations; required that TANF agencies partner with career centers unless the governor opts out; emphasized implementation of promising or evidence-based strategies, such as career pathways, sectoral programs, and registered apprenticeships; expanded the focus on youth, particularly out-of-school youth; and introduced new performance measurement approaches.

WIOA Performance Measurement

WIOA programs are held accountable for six primary areas of performance that include outcomes for both workers and employers:

- **Entry into employment**: The share of participants in unsubsidized employment in the second quarter after exit.
- **Retention in employment**: The share of participants in unsubsidized employment in the fourth quarter after exit.
- **Earnings in employment**: Measured as median earnings in the second quarter after exit.
- **Credential attainment**: The share of program participants enrolled in education, training, or on-the-job training who obtain a recognized postsecondary credential or a secondary school diploma or its recognized equivalent during program participation or within one year of exit.

- **Measurable skill gains**: The share of participants who, during a program year, are in an education or training program that leads to a recognized credential and who are achieving measurable skill gains, defined as documented academic, technical, occupational, or other forms of progress toward that credential or employment.

- **Effectiveness in serving employers**: Measures are still under development. Pilot measures have been implemented, including measurements of reduced turnover (retention), repeat customers, and market penetration.

**HOW PERFORMANCE TARGETS ARE ESTABLISHED**

Expected performance levels for each of these measures are negotiated between states and the Department of Labor, in consultation with the Department of Education. Each quarter, states report actual levels of performance for each primary indicator for each core program through the Workforce Integrated Performance System, with an annual report at the end of the year. Performance levels are then adjusted at the end of the program year using a statistical model that accounts for the actual economic conditions and characteristics of participants served. The model is based on differences in economic conditions, including differences in unemployment rates and job losses in particular industries, and the characteristics of participants, including "indicators of poor work history, lack of work experience, lack of educational or occupational skills attainment, dislocation from high-wage or high-benefit employment, low levels of literacy or English proficiency, disability status, homelessness, ex-offender status, and welfare dependency." These are the adjusted performance levels.

**CONSEQUENCES FOR FAILURE TO MEET PERFORMANCE STANDARDS**

At the end of the program year, each state receives an overall score based on adjusted performance across all indicators and must meet 90 percent of the negotiated performance target. States that do not achieve 50 percent of any individual performance target after adjustment are also considered to have failed to meet performance targets. States that fail to meet performance targets are put under corrective action for two years. Only in year three do states begin to face financial penalties for failure to meet targets.
DATA COLLECTION AND MANAGEMENT

WIOA is designed to allow for consistent data collection across states and localities. To facilitate consistent reporting, the Department of Labor developed the Workforce Integrated Performance System, which was officially launched on October 1, 2016. For each participant, state governments report an individual record on a quarterly basis.²²

WIOA requires the use of quarterly wage record data to verify employment outcomes. Quarterly wage record data are maintained by states, with each state having different policies for their collection and use. Employers report data on employment and earnings to state governments as part of the unemployment insurance and benefits system. There is typically a time lag of six months in the availability of these data. This time lag motivated the decision to measure employment and earnings in the second quarter after exit rather than the first.²³ Nonetheless, the Departments of Labor and Education acknowledged several potential challenges to measuring employment and earnings outcomes using state quarterly wage records:²⁴

- Wage record data are accessed using Social Security numbers, but WIOA job seekers are not required to provide a Social Security number to receive services.
- A participant may find a job in a state other than the one where he or she received WIOA services. Accessing data on employment status will depend on out-of-state data exchange, which can raise issues for states around the sharing of personally identifiable information and educational data.
- One avenue for accessing employment data from another state is the State Wage Interchange System (formerly the Wage Record Interchange System), a data sharing agreement for wage record data. Only signatory states can access wage record data through the system.
- Certain types of employees and employers are excluded from state unemployment insurance (UI) data systems, including federal employees, military employees, and people who are self-employed.

To address these challenges, the Department of Labor identified additional options for data collection and employment verification, including administrative data sources, tax documents, payroll records, employer records, and other supplemental sources. In addition, the agency has provided to help states navigate issues around the security and sharing of personally identifiable information and the privacy of educational records.
PROGRESS OF IMPLEMENTATION

WIOA reporting and performance measurement is in a nascent state. State plans were submitted and new performance targets negotiated in March 2016. There is still much to learn about the challenges of implementing new measures. For example, although there has been great progress in making wage record data accessible across states, there are still challenges with accessing education data for measuring skills gains and credential attainment. In addition, concerns remain about the cost and burden of new data collection requirements. To help reduce some of the challenges around data collection and effectively spread the cost of implementation over time, the federal government took a phased approach, transitioning to the common measures and use of wage record data over a period of years and providing states with resources to build their data collection capacity (Davis, Jacobson, and Wandner 2014). TANF administrators have the opportunity to learn from their Department of Labor colleagues about whether the new performance measures are reliable, valid, and useful.

SNAP E&T Employment Outcome Measures

The SNAP E&T program was established in 1985 to help SNAP participants “gain skills, training, or work experience to increase their ability to obtain regular employment that leads to economic self-sufficiency.” SNAP, administered by the Food and Nutrition Service of the US Department of Agriculture, is the primary federal food assistance program. In fiscal year 2015, about 48.5 million people living in 22.5 million households received SNAP benefits. Nearly two-thirds were children, seniors, or people with disabilities that preclude work, about 32 percent held jobs, and 44 percent resided in a household with earnings from work. Able-bodied adults without dependents can receive SNAP benefits for only 3 months in a 36-month period unless they are employed or participating in a work program for at least an average of 20 hours per week (SNAP 2015). States can also impose work requirements on certain other able-bodied adult SNAP participants without dependents under the age of 6. SNAP work requirements were widely suspended during the recession because of high unemployment rates, but most states had reinstated them as of 2016.

SNAP E&T programs can help participants meet SNAP work requirements. States are required to operate SNAP E&T programs and currently receive $300 million annually from the Department of Agriculture to administer them. States have the flexibility to decide which SNAP participants are required to or allowed to voluntarily participate in their SNAP E&T programs, which services to provide, how to provide those services, and how to address noncompliance (Stern 2015). TANF recipients may not participate in SNAP E&T programs because this would constitute a duplication of employment-
related services and requirements (Lower-Basch 2014). States may provide SNAP E&T services directly or partner with community colleges, community-based organizations, or American Job Centers. Services may include job search and job search training; community service ("workfare"); work experience (e.g., on-the-job training, apprenticeships); vocational education; educational programs directly related to employment, such as basic skills and English language learning; self-employment services; and job retention services for the first 90 days of employment. In addition, states can offer supportive services deemed “reasonably necessary” and directly related to program participation, such as transportation, dependent care costs, safety equipment, and supplies and books.

Research on SNAP E&T has been minimal, although the Food and Nutrition Service is currently overseeing an impact evaluation of 10 SNAP E&T pilot projects (FNS 2016).

SNAP E&T Performance Measurement

Until 2016, the Department of Agriculture did not have common outcome measures for SNAP E&T. Although many states collected data on performance, data collection was not uniform across states (Stern 2015). In March 2016, the Department of Agriculture established four performance metrics that all states must report on for SNAP E&T participants as of January 2018. As summarized in table 2, these measures are closely aligned with WIOA’s common measures and include:

- number and percentage in unsubsidized employment in the second quarter after completion;
- number and percentage in unsubsidized employment in the fourth quarter after completion;
- median earnings for those in unsubsidized employment in the second quarter after completion; and
- number and percentage that completed a training, educational, work experience, or on-the-job training component.

The SNAP E&T measures are different from the WIOA measures in that they include training completion instead of credential attainment and do not measure skill gains or effectiveness in serving employers. States are also required to report on a set of participant characteristics and identify appropriate outcome metrics related to the types of services provided. Another key difference is that WIOA requires collection and submission of individual-level data on a quarterly basis, whereas SNAP E&T requires submission of state-level data on an annual basis.
PERFORMANCE TARGETS AND CONSEQUENCES

The SNAP E&T performance data that states report to the Food and Nutrition Service will not be measured against any benchmarks and there will be no consequences associated with performance.33

DATA COLLECTION AND REPORTING

A report by the Workforce Data Quality Campaign (Stern 2015) indicated that many states were using wage records to collect information on employment outcomes. It is likely that more states now use quarterly wage records as a data source given the changes in WIOA metrics and the fact that most SNAP E&T programs are administered by state departments of labor, workforce development, or employment security. The need for data sharing agreements may be a barrier for some states, but alignment with WIOA means that some of these agreements may already be in place. The changes in performance metrics will likely improve the quality of data in SNAP E&T. Data are being collected in a more uniform way across states than in the past, and the new measures allow states to rely on administrative data sources, which can actually reduce the burden of data collection in the long run. However, there may continue to be issues with the uniformity of data, as only aggregate data are reported.
## TABLE 2
Comparing WIOA and SNAP E&T Performance Outcome Measures

<table>
<thead>
<tr>
<th>Performance measure</th>
<th>WIOA</th>
<th>SNAP E&amp;T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry into unsubsidized employment</td>
<td>The share of participants in unsubsidized employment in the second quarter after exit. For Title I youth, the indicator is the share of participants in education, training, or employment.</td>
<td>The number and share in unsubsidized employment in the second quarter after completion.</td>
</tr>
<tr>
<td>Retention in unsubsidized employment</td>
<td>The share of participants in unsubsidized employment in the fourth quarter after exit. For Title I youth, the indicator is the share of participants in education, training, or employment.</td>
<td>The number and share in unsubsidized employment in the fourth quarter after completion.</td>
</tr>
<tr>
<td>Entry earnings in unsubsidized employment</td>
<td>Measured as median earnings in the second quarter after exit. Median is defined as the numerical value that separates the higher half from the lower half of earnings.</td>
<td>Median earnings for those in unsubsidized employment in the second quarter after completion.</td>
</tr>
<tr>
<td>Completion rate</td>
<td>N/A</td>
<td>The number and share that completed a training, educational, work experience, or on-the-job training component.</td>
</tr>
<tr>
<td>Credential attainment</td>
<td>The share of program participants enrolled in education, training, or on-the-job training who obtain a recognized postsecondary credential or a secondary school diploma or its recognized equivalent during program participation or within one year of exit.</td>
<td>N/A</td>
</tr>
<tr>
<td>Measurable skills gains</td>
<td>The share of participants who, during a program year, are in an education or training program that leads to a recognized credential and who are achieving measurable skill gains, defined as documented academic, technical, occupational, or other forms of progress toward that credential or employment.</td>
<td>N/A</td>
</tr>
<tr>
<td>Effectiveness in serving employers</td>
<td>Effectiveness of core programs in serving employers. Measures are still under development. Pilot measures have been implemented, including measurements of reduced turnover (retention), repeat customers, and market penetration.</td>
<td>N/A</td>
</tr>
</tbody>
</table>

How Do States Currently Integrate WIOA or SNAP E&T Employment Outcome Measures with TANF?

The shared focus on employment among TANF, WIOA, and SNAP E&T programs would seem to make them natural partners, and WIOA and SNAP E&T already share some performance measures. However, TANF coordination with these programs and their performance measures has been limited.

Coordination between TANF and WIA programs was fairly limited in most states, and that is unlikely to have changed much in the short time since WIOA was implemented (Kirby et al. 2015). Some TANF programs provided work-related activities to families directly and had almost no day-to-day connection with WIA programs, although others partnered with WIA programs in various ways. For example, as partners on Workforce Investment Boards (WIOA calls them Workforce Development Boards), some TANF agencies had a role in policy and resource decisions that promoted program integration. In states such as Texas and Utah, where TANF and WIA programs were extensively integrated and TANF recipients accessed all work activities through American Job Centers, a single state agency typically administered both programs (Hahn et al. 2016). TANF recipients and other job seekers received the same basic services, such as job skills training and job readiness services, job development, and job placement (Kirby et al. 2015). However, even in cases of extensive integration, TANF recipients rarely had access to the training and other “intensive” career services that WIA programs offered. These services were limited overall under WIA, and only 4 percent of people receiving these services also received TANF. The lack of coordination can be attributed to the divergence in TANF and WIA performance measures as well as the extensive personal challenges many TANF families face (Hahn et al. 2016).

WIOA includes new opportunities for coordination with TANF programs and performance measures, and states are currently developing their coordination plans. Particularly relevant to these efforts are the increased focus on serving disadvantaged populations, the requirement that TANF agencies partner with career centers unless the governor opts out, and the new performance measurement approaches that adjust for participant characteristics.

Coordination between TANF and SNAP E&T is even less common than coordination between TANF and WIOA programs. Although most TANF recipients receive SNAP benefits, SNAP E&T by design serves SNAP recipients who are not also TANF recipients (Lower-Basch 2014). TANF leavers, however, may participate in SNAP E&T. The new SNAP E&T performance measures align with the WIOA performance measures and could encourage states to align measures across all three programs.
Challenges of and Opportunities for Integrating or Aligning WIOA or SNAP E&T Employment Outcome Measures with TANF

TANF, WIOA, and SNAP E&T programs are all focused on employment. Yet differences in their federally defined purposes and federal performance measures create challenges for program integration and for integrating employment outcome measures, especially given the personal and logistical challenges that many TANF families face.

As discussed earlier, diversity among state TANF programs—in the families deemed eligible, the services they provide, the data they can access, and other program features—makes it nearly impossible to reasonably compare states on any single measure of performance. Nonetheless, we focus here on the remaining challenges for integrating WIOA and SNAP E&T employment outcome measures with TANF.

The extent of these challenges depends, in part, on the extent of the integration. Fewer challenges would arise if a state were to apply WIOA measures to the TANF population separately than if it measured employment outcomes collectively for TANF recipients and voluntary job seekers at American Job Centers. Therefore, we also consider the challenges and opportunities for aligning (rather than fully integrating) employment outcome measures across the programs.

Divergent Populations and Federal Rules Create Challenges for Integration

Despite their shared focus on employment, TANF, WIOA, and SNAP E&T programs serve somewhat different populations and are governed by different federal rules, resulting in varied purposes, activities, and participants, as summarized in table 3.
Comparing TANF, WIOA, and SNAP E&T Programs

<table>
<thead>
<tr>
<th>Purpose</th>
<th>WIOA</th>
<th>SNAP E&amp;T</th>
<th>TANF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activities</strong></td>
<td>Employment, education, training, and support services. (WIOA also provides recruitment, screening, and other business supports to match employers with workers.)</td>
<td>May include job search, work experience, basic and vocational education, and job retention and/or support services.</td>
<td>Time-limited services that may include job search, work experience, employment, and supportive services. Federal rules discourage basic skills education or longer-term workforce development activities.</td>
</tr>
<tr>
<td><strong>Participants</strong></td>
<td>Voluntary job seekers; priority to “low-income” individuals but no income-eligibility criteria are defined.</td>
<td>Mandatory and voluntary program participants; low-income SNAP participants; not TANF recipients.</td>
<td>Mandatory TANF work activity participants; low-income; typically, very low-skilled.</td>
</tr>
</tbody>
</table>

The population differences among TANF, WIOA, and SNAP E&T participants suggest that if the three programs were to measure the same employment outcomes (e.g., job entry, job retention, and wage gains), average participant outcomes would likely differ across the programs, posing a challenge to fully integrating performance measurement. For example, although some TANF recipients have personal characteristics similar to those of many voluntary WIOA job seekers, TANF eligibility criteria and program requirements are such that the people who qualify for TANF are disproportionately more likely to have mental and physical health challenges, children with special needs, histories of domestic violence, or a criminal record (Bloom, Loprest, and Zedlewski 2011). These characteristics present challenges to finding and maintaining employment. Data show that TANF recipients who sought services at WIA One-Stop job centers were less likely to enter or maintain employment and had lower earnings than other job seekers (Kirby et al. 2015; Social Policy Research Associates 2015). The structure of the former WIA federal performance measures of job entry, employment retention, and earnings created a disincentive for job centers to serve harder-to-employ TANF recipients, although changes under WIOA mitigate that concern, as discussed later in this report. SNAP E&T eligibility criteria suggest that participants generally may be more disadvantaged than voluntary WIOA participants and less disadvantaged than TANF recipients. Because SNAP E&T has no benchmarks or consequences associated with its performance measures, there would be little disincentive—but also little reason—to integrate employment outcome measurement for TANF and SNAP E&T clients.
Divergent federal program requirements, including federal performance measures, also create challenges for integrating performance measures at the state and local level. The federal TANF work participation rate requirement, which emphasizes immediate work rather than basic skills education or longer-term workforce development activities, creates a disincentive for states to allow TANF recipients to participate in the full range of workforce development activities available through American Job Centers. Without access to these opportunities, TANF recipients may be further limited in their achievement of job entry, job retention, and wage gains, as measured by the WIOA performance measures. SNAP E&T program rules allow states to determine which services to offer. States could include some basic and vocational educational services that may be less available to TANF recipients, which could contribute to differing employment outcomes for SNAP E&T and TANF participants.

The logistical implications of divergent federal program requirements create further challenges, at least for program integration and possibly for integration of performance measures as well. Tracking participation in work or work activities for the TANF work participation rate requires extensive documentation by program staff and may also require employers and teachers to document participants’ work, class, or supervised homework time. Integrating TANF with WIOA programs without changes to these requirements could place additional burden on WIOA staff to document the time and activities of TANF recipients. Further, all adult TANF recipients are parents of minor children, and most have children young enough to need child care while their parents are at work or in training. Although TANF families usually have priority for child care subsidies, they cannot always find suitable care at the appropriate times and locations. American Job Centers have sometimes been reluctant or ill-equipped to help TANF families overcome these challenges and find employment. For example, American Job Centers usually do not offer drop-in child care for visiting clients, given the cost of providing such care (Spaulding 2015). Mandatory SNAP E&T participants by definition do not have children younger than age 6, and in some states have no children under age 18, so child care is not as much of an issue.

Key Changes in WIOA Mitigate Some Challenges

Key changes introduced in WIOA facilitate integration of TANF and workforce development programs by encouraging a stronger formal partnership between the programs (e.g., making TANF a mandatory partner with American Job Centers) and mitigating concerns about TANF clients harming WIOA performance outcomes (Hahn et al. 2016). In addition, WIOA prioritizes service to low-income people and emphasizes services for out-of-school youth, now defined as those up to age 24. All TANF Recipients are low income, and one-quarter of TANF adults are under age 25 (Lower-Basch 2016). Further, because WIOA performance measures account for differences in participant characteristics and include
a measure of interim skill gains, WIOA programs may serve TANF recipients without harming WIOA program performance.

**Changing Performance Measures Takes Time, Resources, and Guidance**

The recent experience of WIOA changing its performance measures provides lessons for TANF. WIOA’s transition to using common measures and wage record data to verify employment outcomes took many years. Federal initiatives and grant programs focused on the issue, and states received resources to build their data collection capacity. In 1998, the Department of Labor launched the Administrative Data Research and Evaluation initiative, an alliance of states working to develop the capacity to use administrative data to answer immediate welfare-to-work policy questions posed by the Department of Labor. This effort served as a foundation for the development of the Workforce Data Quality Initiative in 2010, which helps states improve administrative data access and quality (Davis, Jacobson, and Wandner 2014). By taking a phased approach, the federal government has likely reduced some of the challenges around data collection and effectively spread the cost of implementation over time.

**State TANF Programs Could Voluntarily Track Employment Outcomes Similar to WIOA Measures**

Although comparing employment outcomes across state TANF programs is problematic given the diversity of program structures and eligibility rules, and many states lack access to the data necessary for measuring employment outcomes for TANF leavers, individual state TANF programs could track the types of employment outcomes measured by WIOA. Because each state’s TANF program is unique, the specific measures would vary by state and, in some cases, would measure outcomes for current TANF participants instead of (or in addition to) TANF leavers.

The time is ripe for experimentation and learning about the promotion and measurement of employment outcomes in TANF, WIOA, and SNAP E&T programs. WIOA administrators are still learning about the reliability, validity, and usefulness of the new measures, as well as the challenges surrounding implementation. SNAP E&T performance measure reporting began only recently, in January 2018, without performance benchmarks or consequences. State TANF administrators can proactively partner with their WIOA and SNAP E&T counterparts to develop consistent and complementary approaches to encouraging self-sufficiency through employment and measuring employment outcomes.

In the following section, we discuss additional options for state-specific measures of TANF employment outcomes.
Applying Principles to State-Specific Measures of TANF Employment Outcomes

Having illustrated the serious challenges to developing and implementing consistent national employment outcome measures for TANF, we now consider the issues of and options for a federal role in supporting state-specific measures. We examine how individual state TANF agencies could voluntarily measure employment outcomes and how the federal government, specifically ACF, could promote and support such efforts.

Options for State TANF Agencies to Voluntarily Measure Employment Outcomes

Individual state TANF agencies can and do measure employment outcomes. At least eight state and local TANF programs currently measure employment outcomes in some way. These programs each take a unique approach to defining and operationalizing employment outcome measures to meet their individual purposes and administrative structures.

When a state TANF program develops employment outcome measures, it avoids many of the issues that complicate a national measure. States still need to decide how to define the employment outcomes, whom to include in the denominator of the calculation, the timing of the measurement, how to collect and analyze the data, whether and how to impose financial penalties, and how to implement the measures. But these decisions can be applied consistently within the state because there is far less variation within state TANF programs than across state TANF programs, even in states where counties or private entities administer TANF.

These eight TANF programs are a select group that have voluntarily developed performance outcome measures beyond the process measure required by federal law. They have demonstrated an uncommon commitment to measuring their program performance or the performance of program contractors, to promoting program improvement, and to using data to inform decisionmaking. Although most have had TANF performance outcome measures in place for many years, they have also revised their measures over time, signaling efforts toward continuous improvement.
Some State TANF Programs Already Measure Employment Outcomes

Although all states are subject to the federal WPR requirement, the selected sites highlighted in this report have also developed systems that measure other aspects of TANF program performance. We turn now to examining these performance measurement systems, with a focus on how sites measure employment outcomes.

State TANF performance measurement systems vary in their definitions of measures, target populations, levels of expected performance, performance incentives and penalties, and approaches to data collection and analysis. In addition, some states use performance measures as part of a broader active management strategy to move toward a range of program goals. Not all the selected sites have fully developed performance measurement systems, but nearly all are measuring employment outcomes in ways that could inform how other states and the federal government develop outcome measures for TANF. California never implemented the outcome measures it designed, but we include information about its design and decisions.

The diversity of performance measurement systems reflects the diversity of state TANF programs, organizational structures, and reasons for measuring employment outcomes:

- **California’s** TANF program, CalWORKs, is state supervised and county administered. A 2008 state statute called for incentive payments to encourage county CalWORKs programs to invest resources in work activities. The incentive payments would be based on the employment rates of CalWORKs recipients and recent leavers as well as county performance on the federal WPR. The performance measures and incentive payments were never funded or implemented because the recession shifted state priorities shortly after the statute was enacted.

- **Colorado’s** TANF program, Colorado Works, is also state supervised and county administered. To transition the focus of Colorado Works from eligibility to employment, in 2014, the state implemented an employment outcomes measure that tracks monthly employment entry among work-eligible TANF recipients. Performance measurement is designed to give counties timely feedback for program improvement and does not involve financial incentives or penalties.

- **Minnesota’s** TANF program, the Minnesota Family Investment Program, is administered by all 87 counties and four tribal nations. Minnesota measures county and tribal performance for program improvement purposes, although high-performing counties and tribes can earn...
additional TANF funding from the state. Minnesota’s performance measure—the Self-Support Index—looks retrospectively at people who received TANF three years earlier and measures how many are either still receiving TANF and are currently employed or are simply no longer receiving TANF cash assistance. The Self-Support Index is also notable because it measures actual performance against a range of expected performance for each county or local agency, where expected performance levels are calculated using a regression model that accounts for economic and demographic differences that could affect county or tribal performance.

- **New York City’s** Human Resources Agency administers its Cash Assistance program through 29 city-run TANF offices (Job Centers) and six human services organizations (vendors). Job Centers are where people apply for TANF cash assistance. Vendors provide job readiness, training, and placement services to TANF clients that the Human Resources Agency deems “employable without limitations” as well as to non-TANF clients. Vendor contracts are for geographic areas of the city, except for a special pair of contracts for homeless clients. The city has separate performance measurement systems for Job Centers and vendors. For the purposes of learning and program improvement, and without financial consequences, the city tracks Job Centers’ rates of closing cases or reducing benefits because of increased client earnings. In contrast, vendor performance measures are part of pay-for-performance contracts based on different employment outcomes related to job placement and retention rates.

- **Texas’s** Texas Works program is administered by the Texas Workforce Commission (TWC). The TWC administers TANF, SNAP E&T, the Child Care and Development Fund, and all six core WIOA programs. Texas has integrated performance measures across all TWC programs. The measures use the basic WIOA concept and some of the specific WIOA measures as well as some slightly different measures. The state uses three WIOA-based outcome measures of employment, education, and credentialing. Very few Texas adults receive TANF cash assistance, making them a small share of the overall TWC caseload (about 7,500 adults of approximately 1 million people in the average month in 2016). For every 100 families with children living in poverty in Texas, fewer than 5 received TANF in recent years, and nearly three-quarters of TANF cases included only children and not their parents.

- **Utah’s** TANF program, the Family Employment Program, is administered by the Utah Department of Workforce Services and overseen by the state legislature. TANF services are delivered by the state through one-stop employment centers in regional service areas. Given the legislature’s interest in moving people off assistance and into the workforce, the Department of Workforce Services reports to the state legislature on (1) the percentage of
TANF recipients with increased earnings from entering employment, job retention, or increased wages and (2) the percentage of TANF cases with positive closures (i.e., cases closed because of increased earnings or other income). The Department of Workforce Services sets internal stretch benchmarks for itself around positive case closures to reflect on progress and areas for improvement.

- Washington’s TANF program, WorkFirst, is a partnership among six state agencies, headed by the Department of Social and Health Services, and various local communities. Washington produces a monthly WorkFirst Performance Chartbook that tracks 54 different performance measures requested by the state legislature. Five of these are WorkFirst employment outcome measures related to the reason for exiting TANF, employment after exit, and income after exit.

- Wisconsin administers its Wisconsin Works TANF program entirely through pay-for-performance contracts with private entities. The state pays these contractors based primarily on their clients’ participation and employment outcomes. Contractors are paid per individual that meets each of the specified outcomes, up to a specified maximum. Contractors that perform poorly do not earn their maximum contract budget. However, contracts are not based solely on performance outcomes, as contractors also receive a capitation payment for each client served. Wisconsin publicly posts performance information on work participation rates and job entry rates as part of its quarterly reports to the secretary of the state’s Department of Children and Families.

Options for the Federal Government to Promote and Support State-Specific Measures

State-specific TANF employment outcome measures are far less difficult to develop and implement than a consistent federal measure, but they still involve considerable challenges. ACF could take several steps to promote development of state-specific TANF employment outcome measures:

- Federal technical assistance could help states apply the principles of performance measurement to their unique TANF program structures. Federal or contracted staff could help states decide how to define the employment outcomes, whom to include in the denominator of the calculation, the timing of the measurement, how to collect and analyze the data, whether and how to impose financial penalties, and how to implement the measures.
The options discussed above for improving TANF data quality and capacity in states are also relevant in the context of state-specific employment outcome measures. ACF could use its Family Self-Sufficiency Data Center, TANF Data Innovation project, or other technical assistance to enhance state data quality and capacity for analysis.

ACF could facilitate information sharing and collaboration among states interested in developing employment outcome measures and those already doing so. ACF could do this through the existing Peer TA Network or through a new initiative modeled on the recent Systems to Family Stability National Policy Academy, which helped state and local TANF programs improve employment outcomes and strengthen service delivery.

With congressional approval, ACF could allow states to conduct demonstrations of new employment outcome measures. These demonstrations could evaluate measures within a state or implementation of measures in multiple states. Both models would facilitate learning about how measures can be effectively implemented and any unintended consequences.

Each of these approaches would help state TANF programs overcome the challenges of designing and implementing employment outcome measures. These approaches also are likely to promote similarity of measures across states as state TANF programs adopt measures that others have tried or that have been proven effective through demonstration projects, although states may need to customize measures to accommodate unique aspects of their TANF programs. These approaches could also promote a spirit of collegiality and peer involvement that would limit incentives to “game” or manipulate measures to meet performance benchmarks without real program improvements.

Eventually, after a period of learning and capacity building, the federal government may be able to offer a menu of possible employment outcome measures. States could choose the measures most appropriate for their TANF programs, allowing every state to measure employment outcomes without overwhelming the federal capacity for approving and monitoring state performance measures.

A federal focus on employment outcomes could encourage state TANF programs to help families seize immediate employment opportunities while still allowing them to access the full range of workforce development opportunities that can help them maintain employment and achieve greater self-sufficiency in the long run (Hahn et al. 2016).
Aligning TANF Employment Outcome Measures with WIOA and SNAP E&T

If Congress were to promote employment and gather evidence on effective practices by allowing federal TANF administrators to authorize state demonstrations of new employment outcome measures, some states might choose to develop TANF measures that align, at least in spirit, with WIOA measures. For example, rather than measuring hours spent in job search activities, states could measure employment entry. Rather than measuring school attendance, state TANF programs could measure progress in basic education and skill attainment. Alignment of outcome measures, rather than fully integrating the programs and directly serving and measuring employment outcomes for TANF families within the WIOA workforce system, would avoid many concerns about divergent population characteristics and federal program rules.

However, TANF programs can only adopt the common WIOA and SNAP E&T employment outcome measures if they have access to the relevant data. The WIOA employment outcome measures focus on employment, retention, and wage gains after a person exits the program. Many TANF programs do not have access to wage data for people they no longer serve. Although this can present formidable challenges, leaders at the highest levels of state government who are committed to adopting the performance measures could mandate the policy and organizational changes and funding necessary to overcome them.
Conclusions

This review illustrates that there are no simple avenues for developing and implementing federal TANF employment outcome measures. Such measures face a high risk of unintended consequences and serious challenges to consistently measuring outcomes across states. The diversity of state approaches to the TANF block grant makes it nearly impossible to develop measures that could be applied consistently across all states while adhering to the principles of good performance measurement.

More promising are the options for the federal government to support and encourage state-specific measures of TANF employment outcomes. With congressional support, ACF could provide states with technical assistance to enhance their capacity to develop and implement such measures and support demonstrations that promote learning about effective development and implementation in the TANF context.

The JOBS for Success Act demonstrates that Congress is considering holding state TANF programs accountable for work outcomes while also allowing states greater flexibility in defining work activities. In addition, the new initiative proposed in the administration’s 2019 budget, Using Human Services Programs to Encourage Self-Sufficiency, offers states the opportunity to combine public assistance programs in demonstrations of “innovative approaches and coordinated service delivery” to achieve “outcomes related to fostering employment, reducing welfare dependency, and promoting child well-being” (HHS 2018, 107). The demonstrations “will be rigorously evaluated and will serve to build the evidence base of best practices for helping low-income individuals and families achieve self-sufficiency” (HHS 2018, 107). The initiative signals that the administration is seriously thinking about experimental bundling of programs to improve focus, ensure coordination, and enhance impact.

A realistic understanding of the issues of and options for a federal role in measuring TANF employment outcomes can help ACF and other policymakers make informed decisions about how best to promote employment through TANF.
Appendix

Site Selection Process

The main source of information for this study is telephone interviews with TANF administrators. We interviewed TANF administrators in seven states (California, Colorado, Minnesota, Texas, Utah, Washington, and Wisconsin) and New York City. These sites were chosen because all except Colorado were interviewed as part of the *Improving State TANF Performance Measures* report (Hahn and Loprest 2011).\(^{43}\)

Colorado was not interviewed in 2011 because the state was in the early stages of developing its performance measures. In conversations with experts (see below), we confirmed that Colorado has since implemented performance outcome measures and, therefore, it was included in the sites that were interviewed for this report.

Two states interviewed as part of the *Improving State TANF Performance Measures* report (Arkansas and Maryland) were not interviewed for this report to keep the number of selected sites to nine or fewer.\(^{44}\) At the time of interview in 2011, outcomes had never been implemented in Arkansas and the performance measures system had been suspended in Maryland.

We conducted hour-long telephone conversations with each site. Our phone interviews involved discussions with human services agency and TANF program officials, data systems managers, and local TANF program directors. We confirmed each site’s performance measurement system and updated information from 2011 (or discussed the new measurement system, as is the case with Colorado). We also asked sites about best practices for creating and implementing a performance outcome measurement system and invited their input on the opportunities and challenges involved in developing national TANF employment outcome measures.

A general discussion guide was developed for all telephone interviews. Before the interview, sites were sent a preliminary list of questions as well as a summary of their performance measures based on the 2011 report so we could confirm or modify this information. Telephone interviews took place between January and March 2017.

All interviews were conducted with state programs, with the exception of New York City. This study included New York City instead of New York State because the city has an extensive performance measurement system that is separate from and in addition to the state’s.
Peer TA Questions

We also posted a question to the Office of Family Assistance Peer TA Network. We asked:

A representative from the Urban Institute, under contract with the US Department of Health and Human Services (HHS), would like to know if your state (or any counties in your state) have any performance measures based on client employment outcomes? Additionally, does your state have the ability to track the employment of TANF leavers after they leave the program? Have you done so? For how long?

We received responses from a representative of the Economic Services Division of the Vermont Agency of Human Services and a representative from the Ruth H. Young Center for Families and Children at the University of Maryland School of Social Work. We conducted hour-long telephone conversations with both respondents to follow up directly on their responses. Telephone interviews took place between January and March 2017.

Interviews with Experts

In addition to the states identified in the *Improving State TANF Performance Measures* report (Hahn and Loprest 2011) and the question posted to the Office of Family Assistance Peer TA Network, we interviewed experts on TANF and performance measurement and data. We interviewed Urban Institute researchers Pam Loprest, an expert in performance measurement and TANF; Mary Winkler, an expert in performance measurement; and Kathy Pettit and Leah Hendey, experts in data systems and in setting benchmarks and targets for performance measurement. We also interviewed Michelle Derr from Mathematica Policy Research and Scott Allard and Bob Goerge from the Family Self-Sufficiency Data Center.
Notes


2 TANF also includes penalties for failure to maintain required state spending levels, failure to comply with the five-year time limit on use of federal funds, and failure to satisfy reporting requirements, among other penalties. For a complete list, see section 409 of the Social Security Act.


4 In principle, performance measures can also be used for day-to-day management or to promote program compliance, but these uses are not appropriate for employment outcome measures. Employment outcomes generally occur too long after a client’s interaction with a TANF office to be useful for day-to-day management. Likewise, employment outcomes are not an indication of program compliance, waste, fraud, or abuse.

5 All state TANF policy details in this report are from Giannarelli and colleagues (2017).


8 See table III.B.2, “Work-Related Activity Requirements for Single-Parent Head of Unit, July 2016,” in Giannarelli and colleagues (2017). Forty-seven states require nonexempt single-parent TANF recipients with a child age 6 or older to work at least 30 hours per week. Eight of these states require more than 30 hours of work, including two states that require 40 hours. Nonexempt TANF recipients with a child under age 6 typically are required to work at least 20 hours per week on average per month.


12 The Deficit Reduction Act of 2005 reauthorized the TANF block grant and made modifications expected to strengthen work requirements for families receiving cash assistance through state TANF programs. Among these modifications, the Deficit Reduction Act mandated that the calculation of work participation rates include families receiving cash assistance through separate state programs whose funding states counted toward their maintenance-of-effort requirement. (To receive TANF block grant funds, states are required to maintain a significant portion of their historic financial commitment to their welfare programs.) Before the Deficit Reduction Act, the work participation requirements only applied to families receiving cash assistance funded with TANF block grant dollars, so states could opt to use their maintenance-of-effort dollars to fund cash assistance for families less likely to meet their individual work participation requirements. For more information see Government Accountability Office (2010).

For an example of this issue in the Workforce Innovation and Opportunity Act context, see Center for Law and Social Policy (2015).

Some states ask ACF, at state expense, to match their TANF data to the NDNH to identify cases for the work rate or cases with earnings to ensure proper payment.

States excluded for sample unreliability include Arkansas, California, Colorado, Connecticut, Florida, Illinois, Kansas, Massachusetts, Maryland, Michigan, Mississippi, New Mexico, Nevada, New York, Ohio, Pennsylvania, South Carolina, South Dakota, Texas, and West Virginia.

WIOA encompasses the following core programs: (1) Title I formula grants to states for adult, dislocated worker, and youth programs overseen by the US Department of Labor; (2) Title II adult education and literacy programs overseen by the US Department of Education; (3) Title II Wagner-Peyser employment service programs overseen by the US Department of Labor; (4) Title IV vocational rehabilitation programs overseen by the US Department of Education; and a range of other programs for special populations, including youth, veterans, Native Americans, and farmworkers, overseen by several agencies.


Exit occurs after participants receive no services for 90 days.


Ibid.


Ibid.


Ibid.


“What Is SNAP E&T?” Unites States Department of Agriculture.

32 Ibid.

33 Conversation with Derrick Dolphin, employment and training analyst, Food and Nutrition Service, September 29, 2017.

34 Intensive services may include comprehensive and specialized assessments of skill levels and service needs; development of an individual employment plan; group counseling; individual counseling and career planning; case management for participants seeking training services; out-of-area job search assistance; and short-term prevocational services, including development of learning skills, communication skills, interviewing skills, punctuality, personal maintenance skills, and professional conduct, to prepare individuals for unsubsidized employment or training. See Social Policy Research Associates (2015).


37 The six core WIOA programs are adult, dislocated worker, and youth programs; adult education and family literacy; Wagner-Peyser employment services; and vocational rehabilitation services. Texas is one of only three states that administer all six core WIOA programs.


40 The heads of the partner agencies form the WorkFirst Subcabinet, which is chaired by the secretary of the Department of Social and Health Services and meets several times a year to coordinate and make decisions about high-level policy and budget issues. The partner agencies are the Department of Social and Health Services, the Department of Commerce, the Department of Early Learning, the Employment Security Department, the Office of Financial Management, and the State Board for Community and Technical Colleges.

41 By changing to a performance-based contract system for the W-2 program in 2013, Wisconsin aimed to reduce variation in the cost per participant, eliminate the efficiency gap between small and large agencies, increase program effectiveness, and increase access to the TANF program.


43 The information for the Improving State TANF Performance Measures report (Hahn and Loprest 2011) is from five site visits to Maryland, Minnesota, New York City, Utah, and Wisconsin. This information was supplemented with telephone calls to an additional five states (Arkansas, California, Florida, Texas, and Washington) and a review of materials. For more information about how the states were chosen, see Hahn and Loprest (2011).

44 Experts at the Ruth H. Young Center for Families and Children at the University of Maryland School of Social Work were interviewed based on their responses to the Peer TA Network question. Because they were not TANF administrators, they were not counted as representatives of states from which Urban requested interviews.

45 Peer TA is a federally funded network that facilitates the sharing of information across state and local agencies implementing the TANF program. For more information, see https://peerta.acf.hhs.gov/.
References


About the Authors

**Heather Hahn** is a senior fellow in the Center for Labor, Human Services, and Population at the Urban Institute. Throughout her career, Hahn has conducted nonpartisan research on the wide range of issues related to the well-being of children and families, including cash assistance, nutrition assistance, and other supports for low-income families. She co-leads Urban’s From Safety Net to Solid Ground initiative, providing timely and rigorous analyses of state and federal policy changes, and the Kids’ Share project, examining federal spending and tax expenditures on children; she co-led the evaluation of the Work Support Strategies initiative.

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