

State Use of Federal TANF Hardship Exemptions: Why is Uptake so Different?

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Why study federal time-limit exemptions and extensions?

- Provisions offer a significant buffer that states can use to protect clients who are not ready for self-sufficiency.
- State use has varied dramatically among states and over time.
- Incentives to use these options depend partly on other policies.
- Some officials have suggested using TANF as a template for reforms to other federal assistance programs.

Federal time-limit exemptions take two forms in PRWORA

Exempt from ACCRUAL OF MONTHS

- States “shall disregard” months in which individual was
 - Minor parent, but not HoH or married to HoH
 - Living in Indian country with >50% unemployment
- Amounts to “stopping the clock” before time limit is reached (Farrell et al 2008); we call these exemptions
- No cap

Exempt from TIME LIMITS

- States may “exempt a family from subparagraph A [no federal \$ used after 60 mos.] by reason of ...”
 - Hardship, as defined by states
 - Domestic violence
- These are essentially extensions beyond 60 mos.
- Cap: May be applied to maximum 20% of caseload

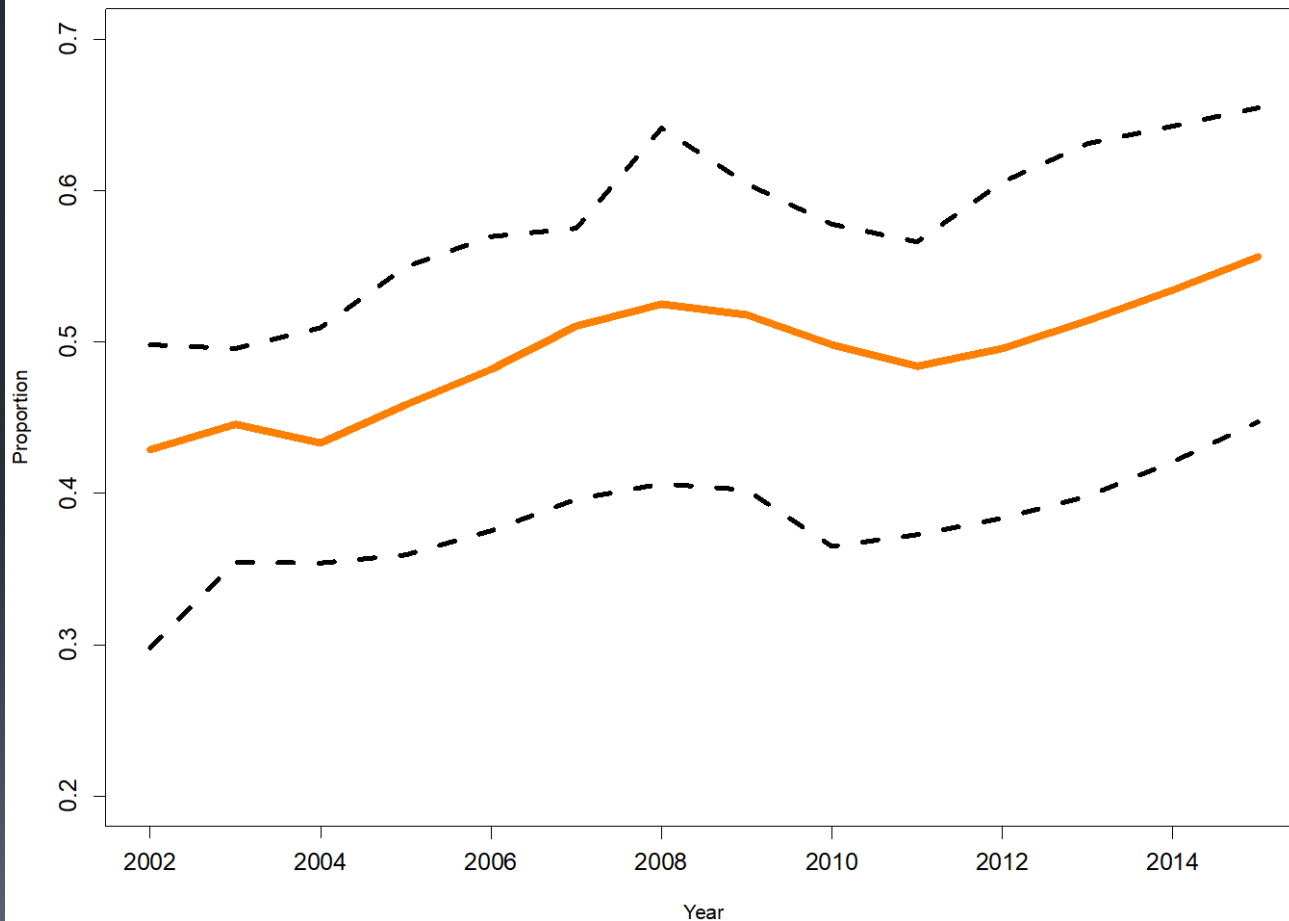
Plus ... some cases are exempt from accrual of months and federal time limit termination

- Child-only cases = no HoH included in grant
- State-only \$ = cases assisted with segregated funds or in solely state funded (SSF) programs
- If state is operating under pre-TANF waiver of federal time-limit policies, some cases will be exempt
- Families living in Indian Country with >50 percent unemployment

State take-up of federal time-limit exemptions varies considerably, both among states and over time

- We looked at data from the US Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance Data and Reports – State TANF

Exemptions as proportion of total caseload

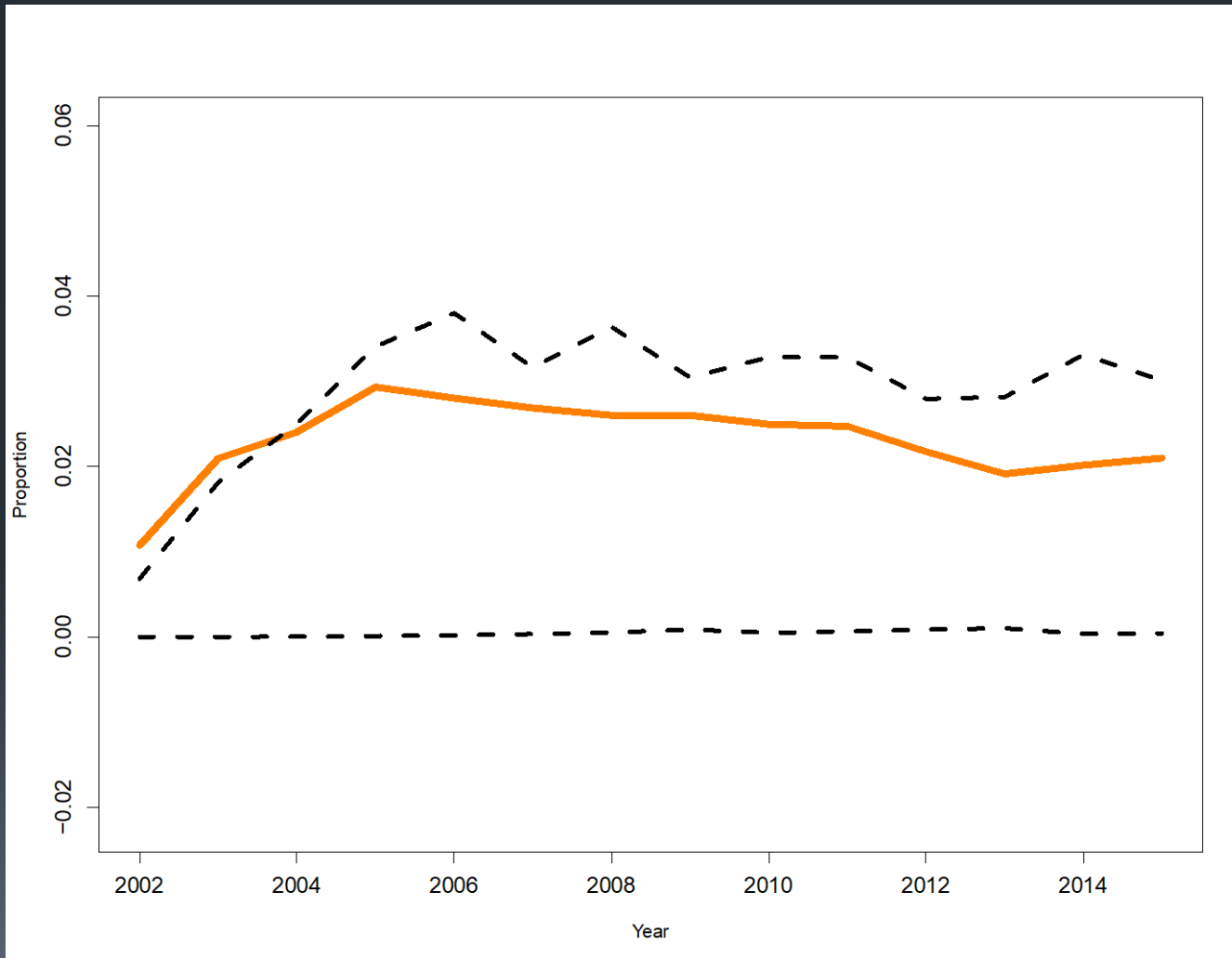


Legend:

● Mean of state proportions

--- 25% and 75% percentiles

Extensions as proportion of total caseload




Legend:

- Mean of state proportions
- 25% and 75% percentiles

What theories are available to explain variation?

- Differences in state TANF policy choices are (at least partly) a function of ...
 - Deep policy preferences for work versus welfare, as manifested in ...
 - State political culture (Mead 2004)
 - “[T]ime-invariant tastes for welfare usage versus work” (Cardena et al 2006, p. 815)
 - Political ebbs and flows (Soss et al 2001, Fellowes and Rowe 2004, Rodgers, Jr. et al 2008, Fording et al 2011, Soss et al 2011, Bentele and Nicoli 2012)
- Some theories predict policy convergence (narrower state differences) over time.
 - Inter-state competitive pressures such as ...
 - Race to the bottom – note mixed evidence (Peterson and Rom 1990, Rom et al 1998, DeJong et al 2006)
 - States emulate other states’ policy innovations (Lieberman and Shaw 2000)
 - Institutional domination by the federal government leads to isomorphism (Sosin 2012)
 - Federal fiscal incentives encourage states to comply with federal requirements to avoid penalties that reduce their grant amounts

Research Question 1: Role of work participation rate requirements?

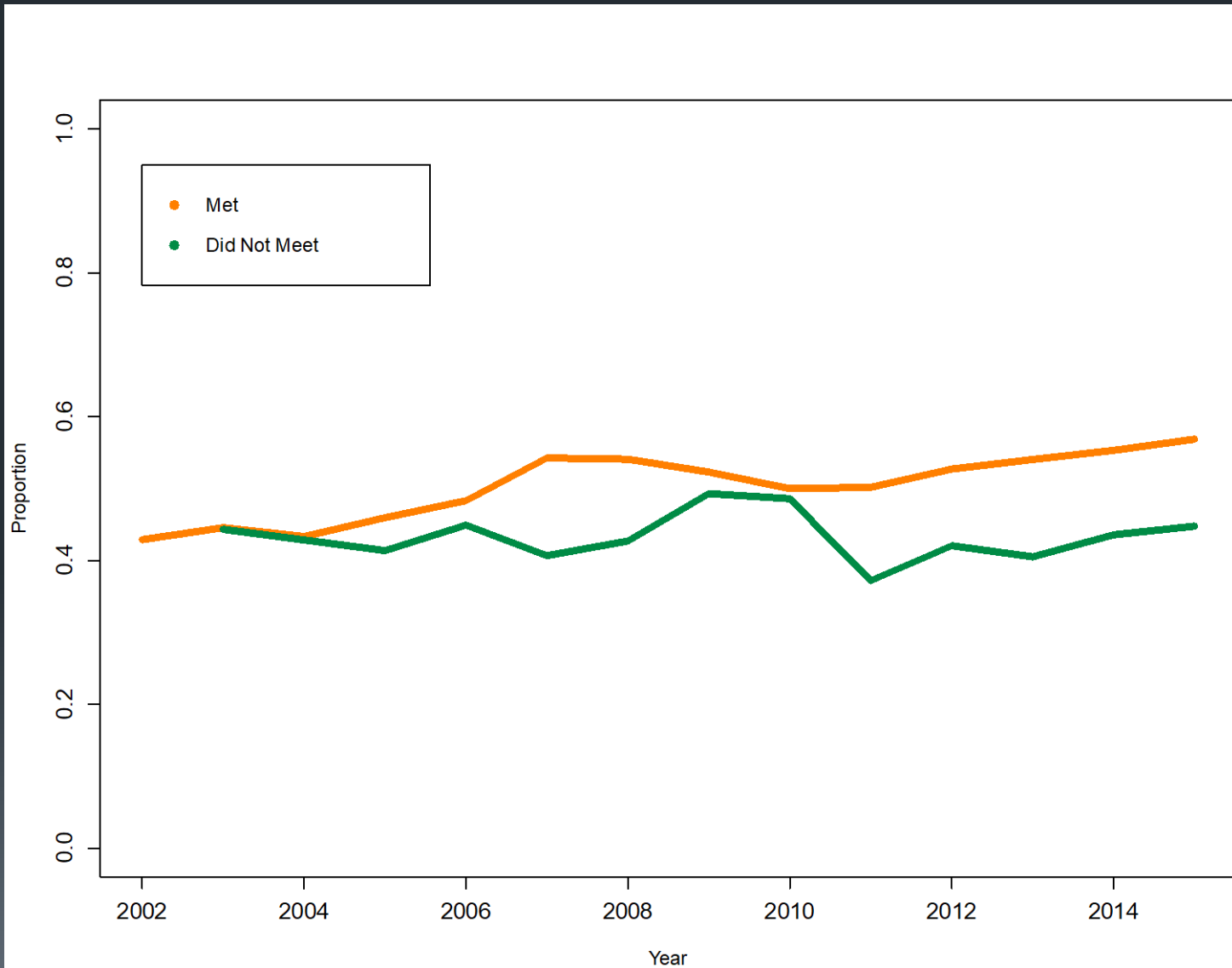


- Although federal time-limit extensions look like an attractive tool for states that want to continue helping vulnerable families, they carry hidden costs
 - States must show that 50% of their total caseloads and 90% of their two-parent caseloads are involved in sufficient levels of work-related activities
 - Adults in time-limit extended households are included in WPR calculations, creating an incentive NOT to grant extensions to vulnerable, non-work-ready families
- Disincentive to grant extensions grew stronger in FY2009 with implementation of the DRA

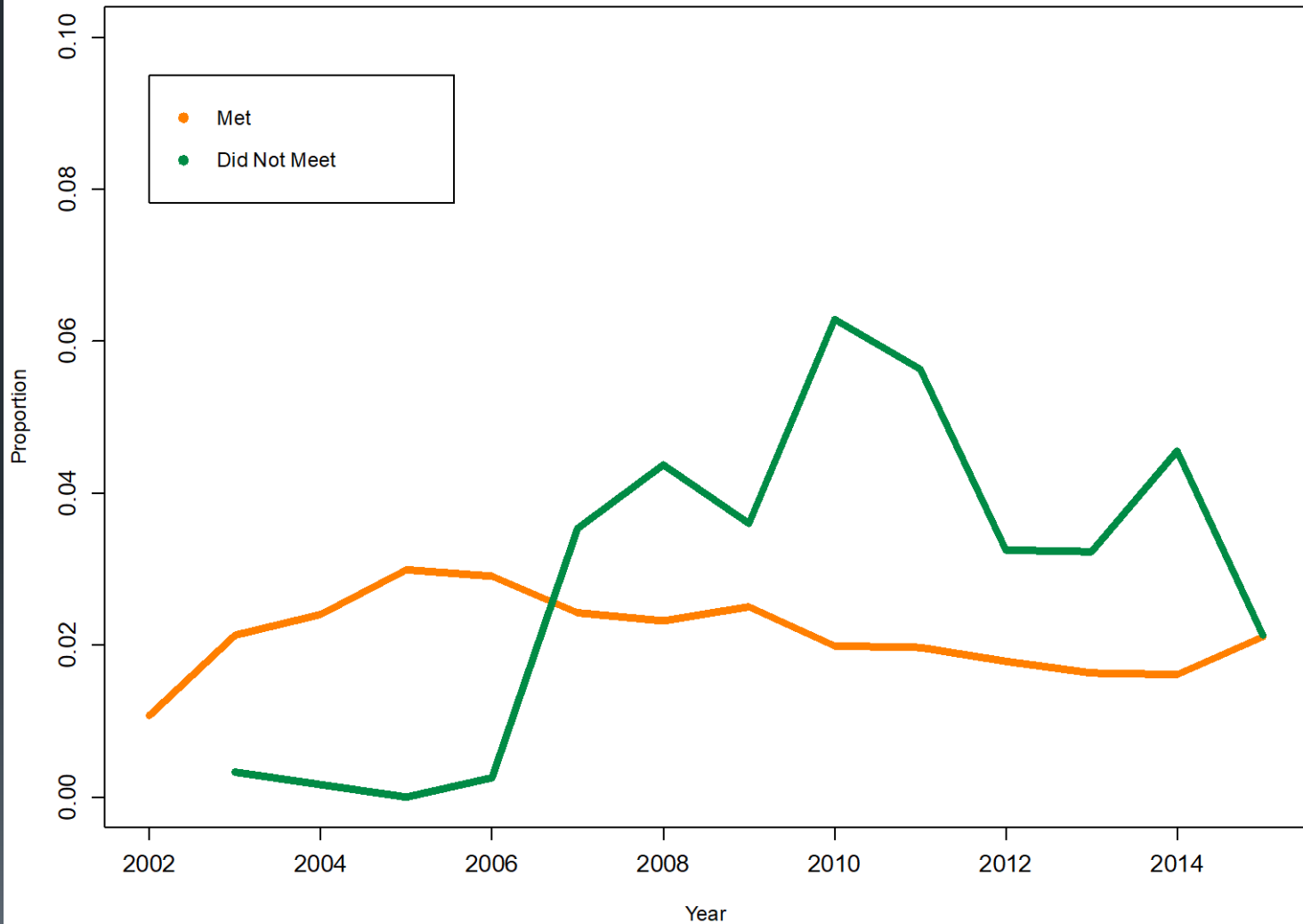
How strong is the disincentive in reality?

- If the disincentive is strong, we might expect states to adjust their policies to improve compliance; for example ...
 - Removing non-work-ready families from the official caseload and from the WPR calculation
 - Pavetti et al (2008) and Hahn et al (2012) have documented evidence of states adopting these policy changes post-DRA
- States with more TL extensions would be expected to have a harder time meeting their WPR (assuming they are extending vulnerable families)

Our exemption data show:



Our extension data show:



Explaining the results

- Observation: States that do NOT meet their federal WPR requirements seem to prefer extensions to exemptions
- Explanation 1: Perhaps because they are granting extensions to working families to keep them on the rolls to improve their WPRs
- Explanation 2: States that grant extensions more generously may have a harder time meeting their federal WPR requirement
- Or – the graphs might contain a lot of noise due to small numbers and aggregation

Hmm.. What other theories are available to explain variation?

- Differences in state TANF policy outcomes are (at least partly) a function of ...
 - Implementation strategies and decisions
- Program implementation = a different kind of policy work with important consequences for clients (Lipsky 1980)
- Front-line workers' behaviors toward clients reflect both ...
 - The workers' own beliefs about what particular clients need and deserve (Maynard-Moody and Musheno 2003, Lindhorst and Padgett 2005), and
 - Efforts by the agency's senior administrators to performance-manage workers
 - Example: heavy emphasis on case closure and work participation indicators in TANF offices create significant obstacles for workers seeking to implement the Family Violence Option (Lindhorst and Padgett 2005) or good-faith work participation exemptions (Brodkin 2011)
- With respect to implementing federal time-limit exemptions and extensions, Farrell et al (2008) found
 - High levels of variability across states
 - Having more criteria "on the books" does not correlate with greater use of them

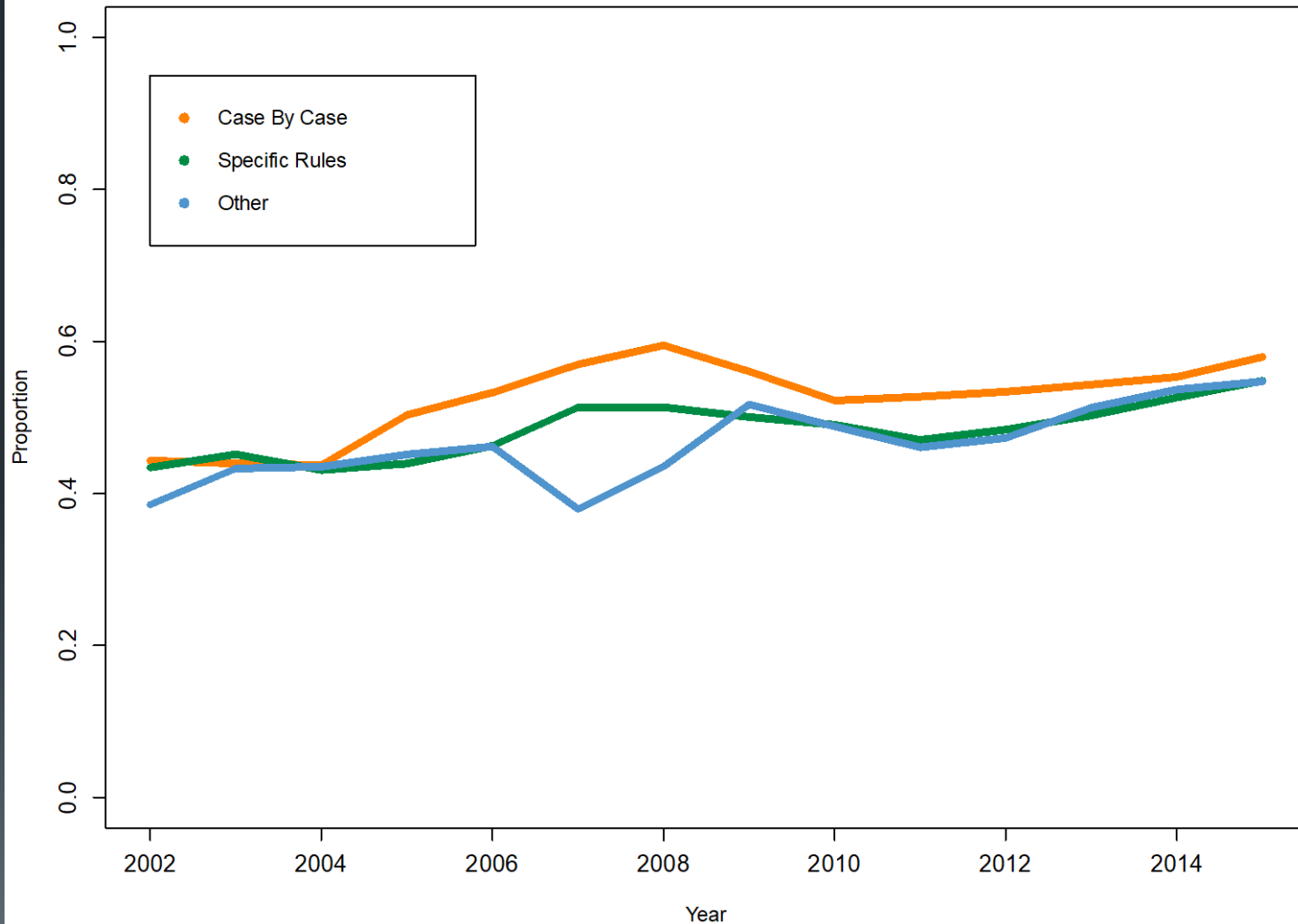


Research Question 2:

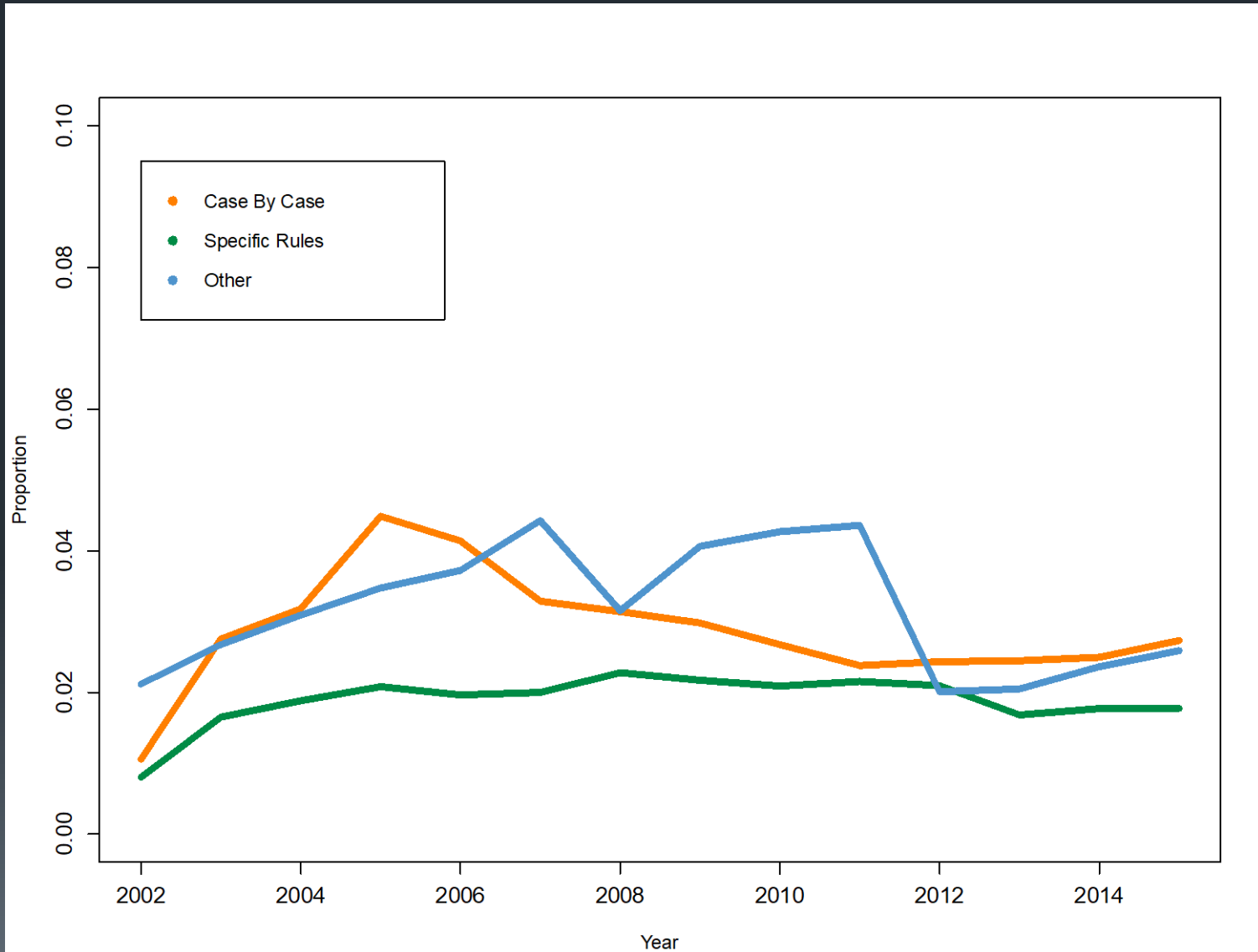
Formal vs. informal determinations

- Should we expect discretion to produce more or fewer exemptions and extensions?
- The variable:
 - Welfare Rules Database contains a variable, TI_extype, that aims to capture whether the determination of being eligible for exemptions or extensions is always made based on specific rules, or whether there is an element of discretion involved
 - It is based on interpretation of state caseworker manuals, which typically contain a section on time limit exemptions and extensions, what they are, and how they're implemented

Our exemption data show:



Our extension data show:



Explaining the results

- Lesson for states concerned about vulnerable families: Put more discretion in the hands of caseworkers - maybe
- Or – again – the graphs might contain a lot of noise due to small numbers and aggregation

Next steps

- Building a database for further analysis
- Seeking guidance on:
 - Questions worth asking
 - Are we using WPR to explain exemptions and extensions? Or are we using exemptions and extensions to explain WPR?
 - Outcomes worth examining
 - Which categories? How to measure?
 - Hypotheses worth investigating
 - What influences state decisions and outcomes?