

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**State Strategies For Working With
Hard-To-Employ TANF Recipients**



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EXECUTIVE SUMMARY

OBJECTIVE

To identify strategies States use to work with hard-to-employ TANF recipients, who have significant barriers to employment, transition into the workforce.

BACKGROUND

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA, P.L. 104-193) of 1996 replaced the Federal entitlement program Aid to Families with Dependent Children (AFDC) with the Temporary Assistance for Needy Families (TANF) block grant program. The legislation imposes strict work requirements, limits Federal assistance to five years, and establishes minimum work participation rates. Within these limits, States have broad flexibility to design their own programs to promote work and self-sufficiency.

Individuals on the welfare caseload may have significant barriers to employment and difficulty finding and sustaining work. These recipients are often referred to as hard-to-employ. Many of these individuals had been exempted from work participation under the former AFDC program but are now subject to work requirements under PRWORA. Further, they are the part of the caseload that may reach the five-year time limit and no longer qualify for Federal assistance.

This inspection identifies State strategies for helping hard-to-employ recipients who have significant barriers to employment. Based on discussions with researchers and practitioners, we focused on the following eight barriers:

Substance abuse	Physical disabilities
Domestic violence	Learning disabilities
Mental health issues	Language barriers
Chronic health problems	Multiple barriers

This inspection is based on a review of each State's TANF plan and a telephone survey of TANF officials from each of the 50 States and the District of Columbia.

FINDINGS

States rely on a number of strategies to identify barriers to employment

States most commonly screen all recipients for domestic violence issues, substance abuse, physical disabilities, and chronic health problems. At least 26 States use some type of formal tool or instrument to identify recipients with each of the barriers we addressed, with the exception of language barriers. States also rely on recipients to disclose information about barriers they face. At least six States train staff to observe behaviors or other clues that help identify recipients with each of the barriers addressed in this inspection.

Thirty-seven States rely on non-TANF agencies and organizations to provide services to recipients with all of these barriers

All States form partnerships with other agencies and organizations to help recipients with barriers. Thirty-seven States refer to or have some arrangement with non-TANF agencies or organizations to provide services to recipients with all of the barriers addressed in this inspection. Services may include drug treatment, mental health treatment, shelters for domestic violence victims, English as a Second Language classes, or vocational rehabilitation.

Thirty-one States have expanded their case management services to better meet the needs of recipients with barriers

States commonly report that they provide more intensive case management or use interdisciplinary teams or multiple agencies to help coordinate and broker services for these recipients. As many as 16 States employ specialized staff to provide targeted assistance to recipients with each of the barriers we addressed in this inspection.

States have structured their TANF policies to provide additional flexibility for recipients with barriers

Forty-one States report that they give or plan to give extensions to at least some hard-to-employ recipients who have barriers when they reach the State or Federal time limit. Thirty-seven States also report that they do not anticipate exceeding the 20 percent extension limit in the near future. Nearly all say that they will not have difficulty meeting

the work participation requirement for one-parent families.

The PRWORA further mandates that a certain percentage of the annual caseload in each State must participate in defined work-related activities. Though more broadly defined activities do not count toward Federal work participation requirements, 38 States report that they have expanded this definition to include such activities as substance abuse and mental health treatment, domestic violence counseling, and physical rehabilitation in order to better serve hard-to-employ recipients with barriers.

States Are Still Facing Challenges

States report facing several challenges in addressing recipients with barriers to employment. At least 13 States report they do not have the capacity to serve all recipients with some of the barriers we addressed. Forty-one States do not have any specific strategies to help recipients who face multiple barriers. Only nine States report using pilot programs to implement new approaches for any of these populations. Additionally, few States have information about the barriers faced by recipients who have been sanctioned or have strong evidence about the effectiveness of their strategies to help recipients with the barriers we addressed in this inspection.

Next Steps

This inspection suggests several opportunities to improve the TANF program to better serve hard-to-employ recipients. They are for Congress to consider when re-authorizing TANF, the Administration for Children and Families (ACF) to address when focusing its technical assistance efforts, States to examine when developing their strategies for this population, and researchers to review in planning their work. These opportunities include:

- Encouraging States to create and expand innovative programs to better serve recipients with barriers, particularly those facing multiple barriers; and
- Expanding States' capacity to track recipients who have barriers to employment in order to increase capacity to evaluate States' initiatives that address these populations and the effects of States' sanction policies.

Agency Comments

We received comments from the Administration for Children and Families (ACF). The ACF is in general agreement with the background, findings, and next steps of the inspection. We concur with ACF that the Administration's proposed re-authorization legislation is consistent with our findings and next steps. We further recognize that ACF's past and on-going technical assistance efforts continue to assist States in implementing initiatives to better serve hard-to-employ populations. However, we urge ACF to consider more targeted efforts regarding the next steps that we outlined.

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INTRODUCTION

OBJECTIVE

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BACKGROUND

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA, P.L. 104-193) of 1996 replaced the Federal entitlement program Aid to Families with Dependent Children (AFDC) with the Temporary Assistance for Needy Families (TANF) block grant program. The legislation imposes strict work requirements, limits Federal assistance to five years, and establishes minimum work participation rates. Within these limits, States have broad flexibility to design their own programs to promote work and self-sufficiency.

Individuals on the welfare caseload may have significant barriers to employment and difficulty finding and sustaining work. These recipients are often referred to as hard-to-employ. They commonly have one or more employment barriers such as substance abuse, domestic violence, mental health issues, chronic health problems, physical disabilities, learning disabilities, and language barriers, among others. Many of these individuals had been exempted from work participation under the former AFDC program and are now subject to work requirements under PRWORA. In addition, they are the part of the caseload that may reach the five-year time limit and no longer qualify for Federal assistance.

Strategies to help recipients with significant barriers are important for a number of reasons. Time limits make it important for States to work with all recipients before they reach the end of the Federal five-year time limit. Further, States are aiming to further reduce their caseloads and decreasing welfare rolls have left some with resources that they can invest in such programs. In addition, policymakers are focusing on the re-authorization of TANF in 2002. As part of this process, Congress is likely to focus on individuals remaining on assistance who face barriers to employment and on any policy changes needed to better serve this population.

Personal Responsibility and Work Opportunity Reconciliation Act

There are several key provisions of PRWORA that have important implications for hard-to-employ individuals. The decisions States make in these policy areas define, in part, their strategy for working with recipients with significant barriers to work. A brief description of these provisions follows.

Time Limits: One of the most distinguishing provisions of PRWORA is the limit on how long families may receive Federally-funded assistance. The law sets a 60-month lifetime limit on Federal cash assistance and allows States the discretion to impose shorter time limits. States may use their own funds to provide income assistance or services to individuals once they have reached the 60-month Federal time limit.

Participation/Work Requirements: The PRWORA imposes strict work requirements for welfare recipients. The Act requires non-exempt adult recipients to participate in work or work-related activities within two years after they start receiving assistance. The law also establishes minimum work participation rate standards each year for all families receiving TANF. For example, in Fiscal Year 2002, States must have adults in 50 percent of all families who are receiving assistance engaged in work activities at least 30 hours per week.

Activities that are allowed to count toward the Federal work participation rate requirement include subsidized and unsubsidized work, job search or job readiness activities, work experience if private sector employment is not available, community service, on-the-job training, vocational education training, job skills training, education related to employment, satisfactory school attendance, and providing child care. States have the flexibility to tailor their work requirements to permit or require recipients to engage in other types of activities that address potential employment barriers such as counseling or substance abuse treatment.

Exemptions: The PRWORA allows for States to exclude months of receiving cash assistance when calculating the Federal 60-month time limit. States must exempt the months spent on TANF when a recipient is a minor or when a case does not have a head of household, commonly referred to as a “child-only” case. States have the flexibility to exempt specific categories of recipients from State time limits; however, Federal time limits still include these months.

The PRWORA also allows States to exempt certain recipients from work requirements. Single parents of children under the age of six who are unable to obtain child care are exempt from the two-year work requirement. All families are included in the calculation

of a State's work participation rate with the exception of single parents with children under the age of one, the disabled or are those caring for a family member.

Extensions: Recognizing that some recipients may not move off welfare before reaching the time limit, PRWORA allows States to exclude up to 20 percent of the average monthly caseload and extend benefits for these families beyond the 60-month limit by reason of hardship. The definition of what constitutes a hardship or under what circumstances a recipient may be granted a temporary extension to a shorter State-imposed time limit is left up to each State. Additionally, the Family Violence Provision (42 USC 602(a)(7)) allows States that adopt the Family Violence Option to screen for domestic violence and waive those recipients from Federal time limits for as long as necessary. States are not penalized for exceeding the 20 percent cap for extending benefits to victims of domestic violence. States can also provide unlimited extensions using State-only funds.

Sanctions: Under certain circumstances, welfare recipients may be sanctioned from receiving cash assistance. The law mandates that States sanction welfare recipients for failure to comply with specific requirements of the program such as not cooperating with child support enforcement efforts or not participating in work requirements. States have discretion in sanctioning for other offenses such as testing positive for controlled substances or refusing to work toward attaining a high school diploma or its equivalent. Although States can determine the duration and the nature of sanctions, they are required to reduce benefits pro-rata if a recipient is non-compliant with the program. Sanctions can range from reductions in cash assistance to lifetime ineligibility.

Recipients with Barriers to Employment

Under TANF, many States have implemented a "work first" approach. This approach aims at moving recipients as quickly as possible into jobs by first offering job search assistance. This strategy has helped to contribute to a 56 percent decline in the number of individuals receiving welfare since 1996. However, this approach may not work for all recipients and some individuals may need additional assistance to help transition to work. These individuals often face a variety of personal and family barriers that may need to be addressed in order for them to find and sustain a job.

Estimates of the prevalence of individuals on the welfare caseload who have these types of potential barriers to employment vary widely. One study estimates that 54 percent of the caseload has at least one serious barrier to employment, and this increases to 89 percent

when a moderate barrier is also taken into account.¹ Another survey found that 78 percent of welfare recipients experienced at least one barrier to employment.²

Estimates of the prevalence of recipients with specific barriers to employment also differ markedly. A review of recent research found that between one-fourth and one-third of current TANF recipients have a serious mental health problem. It also showed that at least one-fifth of current recipients have physical impairments that limit their ability to work.³ Based on data from three States, recipients who have learning disabilities range between one-fifth and one-half of the caseload. The extent of substance abuse problems is further estimated to be between 2 and 20 percent.⁴ The prevalence of recipients with more than one barrier to employment also ranges widely. One survey found that 44 percent of welfare recipients experienced two or more barriers to employment and 12 percent experienced three or more barriers.⁵

It should be further noted that recent research has shown that most caseload characteristics have not changed substantially since welfare reform. Specifically, one study compared data from the National Survey of America's Families in 1997 and 1999. It found that the percent of adults with certain barriers did not change significantly and that adults on TANF in 1999 were not significantly more disadvantaged than those on TANF in 1997.⁶

Finally, while having a barrier to employment decreases the probability of finding work, many individuals with barriers are able to find and sustain jobs. A synthesis of recent research shows that those with more barriers are less likely to work than those with fewer barriers, but they are more likely to work now than prior to welfare reform.⁷ More specifically, one study by the Urban Institute found a much higher incidence of multiple

¹ Olson, Krista and Pavetti, LaDonna. *Personal and Family Challenges to the Successful Transition from Welfare to Work*. Washington D.C.: The Urban Institute, 1996.

² Loprest, Pamela and Zedlewski, Sheila. *Current and Former Welfare Recipients: How Do They Differ?* Washington D.C. Urban Institute, Discussion Paper 99-17, November 1999.

³ Sweeney, Eileen P. *Recent Studies Indicate that Many Parents Who are Current or Former Welfare Recipients have Disabilities or Other Medical Condition*. Washington D.C. Center on Budget and Policy Priorities, February 29, 2000.

⁴ Ibid.

⁵ Loprest, Pamela and Zedlewski, Sheila. *Current and Former Welfare Recipients: How Do They Differ?* Washington D.C. Urban Institute, Discussion Paper 99-17, November 1999.

⁶ Zedlewski, Sheila and Alderson, Donald. *Before and After Reform: How have Families on Welfare Changed?* The Urban Institute, April 2001.

⁷ Smith, Shannon. *Background on the Composition of the TANF Caseload Since Welfare Reform*, Brookings Institution, Washington, D.C., Discussion Paper, June 2001.

obstacles among families remaining on TANF than among families who had left the rolls.⁸ Another study based on a sample of single women in urban Michigan found that the probability of a woman working at least 20 hours decreased as the number of barriers to work increased.⁹

Identifying Potential Barriers to Employment

The PRWORA requires all States to make an initial assessment of skills, prior work experience, and employability of each recipient who is at least 18 years of age or has not completed high school or high school equivalency. A report by the American Public Human Services Association (APHSA) found that all States conduct some form of assessment of TANF eligibility, employment history, vocational skills, literacy, family strengths and supports, family needs and problems, child-care needs, transportation needs, substance abuse status, physical health and disabilities, and domestic violence.¹⁰

METHODOLOGY

This inspection is based on a review of State documents and information gathered from all 50 States and the District of Columbia.

For the purposes of this report, we define hard-to-employ as those currently on welfare who have had difficulty obtaining and sustaining employment and have at least one barrier to employment. Since it was not possible to address all barriers, we considered eight issues that have been identified by researchers and practitioners as significant barriers to employment. These include: substance abuse, domestic violence, mental health issues, chronic health problems, physical disabilities, learning disabilities, language barriers, and multiple barriers.

Document Review. We requested and received each State's most recent TANF plan. We reviewed each plan for activities and policies that address recipients with each of the eight barriers we addressed. We also reviewed ACF's Third Annual Report to Congress for data on each State's TANF program. Finally, we reviewed reports and key websites

⁸ Loprest, Pamela and Zedlewski, Sheila. *Current and Former Welfare Recipients: How Do They Differ?* Washington D.C. Urban Institute, Discussion Paper 99-17, November 1999.

⁹ Danziger, Sandra, et al. *Barriers to the Employment of Welfare Recipients*. University of Michigan Poverty Research and Training Center. February, 2000.

¹⁰ *Survey of State TANF Client Assessment Policies and Practices, Executive Summary for the August 2000 Satellite Videoconference*. Washington D.C. American Public Human Services Association. 2000.

of organizations and research institutions to learn about the issues related to each of the barriers that we addressed.

State TANF Official Data. We gathered information about each State’s programs, services, and policies that address recipients with these eight barriers. To gather this information, we conducted in-depth telephone interviews with officials from each of the 50 States and the District of Columbia. We used a standardized interview protocol to obtain information about various methods of identifying and assessing recipients with these barriers, use of non-TANF agencies and organizations, and challenges faced in serving recipients with these barriers. We obtained responses from all 50 States and the District of Columbia.

Analysis

The information gathered from our review of State documents and from State officials provides a national picture of what States are doing to address these populations. We gathered the same information about each of the barriers so that we could identify commonalities and differences in States’ strategies to work with these different populations.

Limitations

This inspection is not an exhaustive review of all efforts underway to address these populations. It recognizes that given the flexibility under PRWORA wide variations may exist at the local level within each State. This inspection is based on self-reported data from TANF officials. It aims to provide ACF and Congress with valuable information for the re-authorization process. It is also intended to provide States and localities with information they can use to build on their current strategies. It does not make any conclusions about the effectiveness or limitations of the different approaches taken by States.

This inspection was conducted in accordance with the **Quality Standards for Inspections** issued by the President’s Council on Integrity and Efficiency.

FINDINGS

Our document review and survey of officials in each of the 50 States and the District of Columbia show that States have developed strategies for working with hard-to-employ populations. The most common strategies are to use standardized tools to identify recipients with barriers, to develop partnerships with other agencies and organizations, and to refer these recipients to appropriate services. States have also structured their TANF policies to provide additional flexibility for recipients with barriers. Challenges remain, however, particularly in addressing recipients who face multiple barriers and in effectively tracking and evaluating how well these populations are being served.

States rely on a number of strategies to identify barriers to employment

At least 17 States screen all recipients for each of these barriers

States commonly screen all recipients for domestic violence issues, substance abuse, physical disabilities, and chronic health problems. (See Table 1.) Fewer screen all recipients for mental health issues or learning disabilities. Only 13 States report screening all TANF recipients for all of the barriers we addressed, with the exception of language barriers. Seven States mention that they only screen recipients with any of these barriers who they suspect have a barrier or who have not been able to succeed in the labor market.

At least 26 States use formal tools to identify each of the barriers to employment

Over half of States use some type of formal tool or instrument to identify each of the barriers we addressed, with the exception of language barriers. (See Table 2.) These tools range from a brief screening instrument to a comprehensive needs assessment and can be administered either face-to-face or as written questionnaires. Some are specific to

Table 1
State Screening Practices
N=51

Barrier	Number of States that Screen All Recipients
Domestic Violence	37
Substance Abuse	33
Physical Disabilities	33
Chronic Health Problems	30
Mental Health Issues	24
Learning Disabilities	17

Source: OEI Survey of TANF Officials, 2001

a particular barrier whereas others include indicators for a range of barriers. States use these tools to screen recipients at different points in time. They may screen recipients when they apply to the program or when a caseworker is developing a recipient’s employability plan. Others screen recipients after they have experienced difficulty finding or retaining employment.

Some States use tools that are more widely established to target specific barriers. Fourteen States utilize Substance Abuse Subtle Screening Inventory (SASSI) or the CAGE questionnaire to identify recipients with substance abuse problems. Nine States implement the Tests of Adult Basic Education (TABE) or a tool developed by the State of Washington to screen individuals for potential learning disabilities.

States also report using tools they developed in collaboration with other agencies or organizations. These types of tools are typically used to identify domestic violence issues. Seven States have also developed comprehensive assessments that screen recipients for a number of the barriers we addressed. These types of tools often gather information about physical disabilities or chronic health problems and are used to help determine whether recipients may be eligible for Supplemental Security Income (SSI).

Table 2
State Use of Formal Tools
N=51

Barrier	Number of States that Use a Formal Tool
Substance Abuse	37
Domestic Violence	33
Physical Disabilities	28
Learning Disabilities	28
Chronic Health Issues	27
Mental Health Issues	26

Source: OEI Survey of TANF Officials, 2001

Other methods are also used to identify barriers

In addition to relying on formal tools, States use a number of other approaches to identify potential barriers to employment. States rely on recipients to disclose information about barriers they face. They may also train staff to observe behaviors or other clues that may indicate a recipient has a particular obstacle to employment. These methods are most commonly used to identify recipients with language barriers.

Twelve States mention that they use the labor market to screen recipients as to whether or not they are ready for work for any of the barriers we addressed. Difficulty finding work or repeated patterns of job loss may indicate that a recipient has a barrier that may not be readily apparent. Employers or other organizations may also alert TANF agencies that a

recipient has a specific barrier. For example, refugee organizations commonly refer recipients who have language barriers to TANF agencies.

At least 20 States note that they have difficulty identifying recipients who have each of the following barriers: substance abuse, mental health issues, learning disabilities, and domestic violence. They commonly explain that recipients are reluctant to disclose this information, particularly in the case of domestic violence when they may fear for their safety. Other recipients may fail to recognize that they have a problem or that a particular issue is limiting their success in the labor market.

At least 37 States provide in-depth assessments for recipients with most of these barriers

Once a recipient has been identified as having a potential barrier, almost all States provide in-depth assessments to further understand the nature and extent of the barrier and how it may affect the recipient's ability to work. Specifically, 42 States conduct in-depth assessments for recipients with substance abuse issues and at least 37 States do such assessments for those with mental health issues, learning disabilities, physical disabilities, and chronic health problems. States may refer recipients with potential barriers to other agencies or organizations that specialize in these particular issues. Professionals at these organizations then conduct in-depth assessments and provide feedback to the TANF agency.

Partnerships are key to helping States serve recipients with barriers to employment

All States form partnerships with other agencies and organizations to help recipients with barriers to work. Specifically, States use partnerships to develop screening and assessment tools, to provide services to address specific barriers, and to train TANF staff, among other things.

States partner with a variety of agencies and organizations. They frequently work with State or local departments of labor, vocational rehabilitation, health, mental health, substance abuse, and education. Community-based organizations that provide drug, alcohol, and mental health services, as well as vocational training, English as a Second Language (ESL) classes, basic education, and literacy services are also partners. In addition, States may collaborate with advocacy groups such as domestic violence coalitions that have networks of providers throughout the State.

Thirty-three States mention that building and sustaining partnerships is one of the main challenges they face for any of the barriers we addressed. They experience difficulty getting partners to understand the need to provide services in a time-limited environment. Others say they have problems finding partners to provide additional services for TANF recipients. Establishing effective communication among partners, which is particularly important in monitoring recipients, is also difficult.

Thirty-seven States rely on non-TANF agencies and organizations to provide services to recipients with each of these barriers

States commonly refer to or have some arrangement with non-TANF agencies or organizations to provide services to recipients with barriers to employment. In some cases, States have contracts with organizations to provide specific services. Services may include drug treatment, mental health treatment, shelters for domestic violence victims, ESL classes, or vocational rehabilitation. (See Appendix A.) States may also refer certain recipients to the Social Security Administration to determine whether they are eligible for SSI. In addition, 13 States mention using performance-based contracts in which organizations or companies are responsible for achieving specific work placement goals for certain recipients or for specific services.

The services that TANF recipients are referred to are generally not specific to TANF recipients and are available to others in the community. (See Table 3.) Only ten States say they provide any services that address these barriers that are solely for TANF recipients. Moreover, most States report that programs and services for TANF recipients with these barriers do not differ in any way from those provided to others in the community. The States that note differences commonly explain that TANF recipients have separate protocols or goals than others in the program. Two States comment that programs or services are more intensive for TANF recipients to help transition them to work before they reach the time limit.

Table 3
States With Services that Do Not Differ from Those Provided to Others in the Community
 N=51

Barrier	Number of States with Services that Do Not Differ
Domestic Violence	44
Physical Disabilities	41
Mental Health Issues	39
Chronic Health Problems	38
Language Barriers	36
Substance Abuse	36
Learning Disabilities	35

Source: OEI Survey of TANF Officials, 2001

At least 36 States report that they strive to maintain a focus on employment for recipients with each of these barriers

Even though States refer recipients with barriers to other organizations and agencies for services, States aim to keep a focus on employment. At least 36 States express that employment is the ultimate goal for hard-to-employ recipients with each of the barriers we addressed as it is for all TANF recipients.

States incorporate employment for these recipients in a number of ways. States may require some hard-to-employ recipients to work in addition to receiving services that address their specific barrier. For example, a recipient who is receiving drug treatment may also be required to participate in a work-related activity such as job search. In other situations, States may require recipients to work after they have completed a program or have made sufficient progress in addressing their barrier. This progression is typical of how States address domestic violence issues in that they first secure the recipient's safety and only then initiate work-related activities.

As many as 28 States further integrate employment objectives into services for each of the barriers we addressed. To do this, they may refer recipients to programs that place a particular emphasis on work. For example, Oregon refers recipients to ESL classes that use work-related materials, such as job applications and resumes to prepare non-English speakers for the job market. States also often refer recipients to vocational rehabilitation programs that are specifically geared toward developing or improving job skills.

Thirty-one States have expanded their case management services to better meet the needs of recipients with barriers

States commonly report that they provide more intensive case management or use interdisciplinary teams or multiple agencies to help coordinate and broker services for these recipients. Others may assign hard-to-employ recipients to caseworkers who have smaller caseloads or who specialize in a particular barrier. As a result, recipients receive more individualized attention and additional assistance with finding and coordinating services. More emphasis may also be placed on getting recipients to go to treatment and on monitoring recipients' progress.

More than half of the States also report that caseworkers receive at least some training about each of the barriers we addressed in order to better serve these recipients. States most commonly report that caseworkers receive training on domestic violence issues and

substance abuse. Thirty-six States report that caseworkers receive training on learning disabilities and mental health issues. (See Table 4.)

States take different approaches to training. Some provide information to caseworkers about these barriers during orientation whereas others conduct special sessions about a particular barrier. Several States mention that staff are trained on how to use screening and/or assessment tools for each of the barriers we addressed as well as how to look for signs that may indicate a recipient has a particular barrier. Training may also include information about what resources are available and how to make referrals for further assessments or services. Training is not always extensive and may not include all caseworkers. As many as six States plan to provide additional training for caseworkers about each of the barriers we addressed in the near future.

Table 4
State Training Practices
N=51

Barrier	Number of States that Train Caseworkers
Domestic Violence	47
Substance Abuse	46
Mental Health Issues	36
Learning Disabilities	36
Physical Disabilities	29
Language Barriers	29
Chronic Health Problems	27

Source: OEI Survey of TANF Officials, 2001

As many as 16 States employ specialized staff to provide targeted assistance to recipients with each of the barriers we addressed. These specialists can be co-located with TANF staff or be off-site. They may screen recipients for potential barriers or conduct more in-depth assessments. Specialists may also offer treatment or assist in referring recipients to other services. States most commonly use specialists to help recipients who have substance abuse and domestic violence issues. Four States use specialists to assist recipients who may be eligible for SSI with the application process.

States have structured their TANF policies to provide additional flexibility for recipients with barriers

Forty-one States report they give or plan to give extensions to recipients with at least some of these barriers when they reach the time limit

The PRWORA gives States some flexibility in meeting the time limits in that it allows States to provide extensions for up to 20 percent of the State’s caseload. In addition, States that adopt the Family Violence Option can also extend benefits beyond the 20 percent cap for victims of

domestic violence. The length of the extension policies varies by State and is not limited by PRWORA.

Forty-one States report that they give or plan to give extensions to at least some hard-to-employ recipients with employment barriers when they reach the State or Federal time limit. Eight States are still in the process of deciding who will be covered by the 20 percent rule. Three States say they will consider cutting off recipients from assistance who have reached the time limit.

Eleven States have also developed alternative programs for recipients with employment barriers who have reached the State or Federal time limit. For example, in New York, some recipients who reach the Federal time limit may be eligible for the State-funded Safety Net Assistance program that provides similar assistance as the TANF program but does not have time limits.

In addition, most States report that they do not have problems complying with the extension limit or meeting work participation requirements. Specifically, 37 States say they do not anticipate exceeding the 20 percent extension limit in the near future. Forty-six States report that they will not have difficulty meeting the 50 percent 2002 work participation requirement for one-parent families, often because of the caseload reduction credit.¹¹ Fourteen States, however, report that they have or will have problems in the near future meeting the current 90 percent work participation requirement for two-parent families.

Thirty-eight States have expanded the definition of allowable activities to provide increased flexibility to recipients with barriers

Under PRWORA, a certain percentage of the annual caseload in each State must participate in defined work-related activities. These activities include subsidized and unsubsidized employment, work experience, on-the-job training, job search, and some education and training activities. States, however, have the flexibility to expand the definition of allowable activities, although these activities may not count toward their Federal work participation rate requirement.

Specifically, 38 States report that they have expanded the definition of allowable activities in order to better serve recipients with barriers to work. States include such activities as substance abuse and mental health treatment, domestic violence counseling, physical

¹¹The caseload reduction credit reduces the minimum participation rate a State must meet by the reduction in the State's TANF caseload in the prior year compared to its AFDC caseload in FY 1995. It excludes reductions due to Federal law or to changes in eligibility criteria.

rehabilitation, or enrollment in educational activities beyond 12 months. Seven States note that they allow any activity that will help remove a barrier to employment and move the recipient toward self-sufficiency. Sixteen States that have waivers report that they broadly define their allowable activities to include such activities that can count toward their Federal work participation requirement.

At least 22 States exempt recipients with most of these barriers

At least 22 States report that they exempt recipients from work participation requirements or State time limits for each of the following barriers: physical disabilities, domestic violence issues, chronic health problems, and mental health issues. States are less likely to grant exemptions to recipients with substance abuse issues, language barriers, or learning disabilities.

Only two States use exemptions as their only strategy for working with recipients with barriers to employment. At least 14 States mention that they exempt individuals on a case-by-case basis by taking into account the severity of a recipient's barrier or their compliance with the program. For example, a few exempt recipients with physical disabilities or chronic health problems if they have written documentation to support their incapacity, if they are ill for more than 30 days, or if they are in the process of applying for SSI.

Several challenges exist for States in helping recipients with barriers

At least 13 States report that they do not have the capacity to serve all recipients with certain barriers

At least 13 States report that they do not have the capacity to serve all recipients who need them for each of the following barriers: physical disabilities, learning disabilities, and mental health issues. Some States comment that there are often delays or waiting lists to get treatment or services, particularly for mental health and substance abuse issues.

As many as 11 States note that services for each of the barriers we addressed are not available Statewide. They note that such services are not available in every county or that they are limited particularly in rural areas. TANF recipients may also have to travel to neighboring counties for these services because there is not enough demand in some areas to support a separate program.

Forty-one States do not report any specific strategy to address recipients with multiple barriers

Most States do not report any specific strategies to help recipients who face multiple barriers to employment. Several note that their approach to dealing with these recipients is no different from their strategy for dealing with recipients with a single barrier. Only six States provide any formal guidance on how to work with recipients with multiple barriers. No States mention providing guidance about the relationship among barriers or about referring recipients to services that are geared toward addressing more than one barrier. As one State comments “we are in the understanding stage” in terms of knowing how to prioritize barriers and address recipients who face more than one issue.

States generally report that helping recipients who face multiple barriers requires an individualized approach that takes into account each recipient’s unique situation. Some further explain that TANF staff triage barriers and work on the one that is most severe or most strongly impedes employment. As one State comments it is like “peeling an onion” in that a caseworker identifies barriers as they surface and then develops a plan to work on them simultaneously or sequentially.

Only nine States report using pilot programs as part of their strategy to help recipients with barriers

Most States do not mention using pilot programs to implement new approaches for recipients with any of the barriers we addressed. Only a few report that they have plans to expand pilot programs that target these recipients in the near future. States that have pilot programs have increased services or built partnerships with other agencies or community-based organizations to better serve recipients with certain barriers. Other States use pilot programs to introduce new assessment tools. For example, New Hampshire operates two pilot programs that are testing improved screening and referral procedures for recipients who have substance abuse issues.

Only eight States report that they have information about the barriers faced by individuals who have been sanctioned

Research has shown that sanctions may have a large impact on recipients with barriers to employment.¹² At the same time, the majority of States do not have information about the

¹² Pavetti, LaDonna and Bloom, Dan. *State Sanctions and Time Limits*. The Brookings Institution, Washington, D.C., February, 2001.

barriers faced by individuals who have been sanctioned. As a result, States are unsure how their sanction policies impact recipients who have barriers. Several report, however, that their TANF program tries to resolve these barriers to prevent these recipients from being sanctioned or that their State law does not allow the program to sanction recipients with barriers.

Little is known about the effectiveness of strategies for helping recipients with barriers

Few States have strong evidence about the effectiveness of their strategies to help recipients with any of the barriers that we addressed. Only ten States mention that they have conducted evaluations about how these populations are faring. Most of these States describe their evaluation efforts as monitoring or tracking recipients after they finish a specific program or service. Only a few States have contracted with outside organizations to formally evaluate how their programs are serving recipients with these barriers.¹³ In addition, six States have performance-based contracts in which providers must show that recipients with any of these barriers are finding and retaining jobs.

At the same time, over half of States believe that their strategy for serving recipients with substance abuse, chronic health problems, physical disabilities, language barriers and domestic violence is effective. States have less confidence in their strategy to address mental health issues, learning disabilities, and multiple barriers. Others say that they simply do not know as of yet. Some States cite anecdotal evidence or that their strong overall program measures indicate that their strategy to deal with each of these barriers is effective. No States report having data to determine whether one approach is more effective than another in helping recipients with any of these barriers transition to work.

¹³It should be noted that there is a long history of evaluation about programs that address specific barriers such as substance abuse and mental health issues. These studies generally do not address issues specific to TANF recipients nor focus on how these programs affect work and economic self-sufficiency.

NEXT STEPS

This inspection suggests several opportunities to improve the TANF program to better serve hard-to-employ recipients. They are for Congress to consider when re-authorizing TANF, the Administration for Children and Families (ACF) to address when focusing its technical assistance efforts, States to examine when developing their strategies for this population, and researchers to review in planning their work. These opportunities include:

- Encouraging States to create and expand innovative programs to better serve recipients with barriers, particularly those facing multiple barriers; and
- Expanding States' capacity to track recipients who have barriers to employment in order to increase capacity to evaluate States' initiatives that address these populations and the effects of States' sanction policies.

AGENCY COMMENTS

We received comments from the Administration for Children and Families (ACF). The ACF is in general agreement with the background, findings, and next steps of the inspection. We concur with ACF that the Administration's proposed re-authorization legislation is consistent with our findings and next steps. We further recognize that ACF's past and on-going technical assistance efforts continue to assist States in implementing initiatives to better serve hard-to-employ populations. However, we urge ACF to consider more targeted efforts regarding the next steps that we outlined.

Profile of Programs and Services Available to Recipients

Barrier	TANF caseworkers often refer recipients to:
Substance Abuse	Substance abuse treatment programs operated by State agencies or local providers. These programs may include inpatient as well as outpatient drug and alcohol treatment programs.
Mental Health	Mental health treatment programs operated by State agencies or community mental health centers. These programs may include inpatient and outpatient programs, as well as other treatment.
Domestic Violence	Domestic violence coalitions that offer shelter/housing, counseling, legal aid, as well as assistance with developing safety plans.
Physical Disabilities and Chronic Health Problems	Various services include adult basic education, vocational rehabilitation, or organizations that conduct further assessments. Assessments may also identify specific accommodations that can be made to the workplace to help individuals transition to work.
Learning Disabilities	Various services including remedial education, vocational rehabilitation, or organizations that conduct further assessments that help identify the nature of the problem and determine the most appropriate workplace settings for these individuals.
Language Barriers	ESL classes operated by local community colleges and community-based organizations. TANF agencies may also have translators, bilingual staff, and translated brochures, notices, and application forms to assist these individuals.



DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
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MAY 7 2002

DATE:

TO: Janet Rehnquist
Inspector General

FROM: Wade F. Horn, Ph.D. *Wade F. Horn*
Assistant Secretary
for Children and Families

RECEIVED
2002 MAY 15 PM 3:54
OFFICE OF INSPECTOR
GENERAL

SUBJECT: Comments on the OIG Draft Report "State Strategies for Working with Hard-to-Employ TANF Recipients" (OEI-02-00-00630)

Attached are the Administration for Children and Families' comments on the OIG Report "State Strategies for Working with Hard-to-Employ TANF Recipients" (OEI-02-00-00630).

If you have any questions regarding our comments, please contact Mack Storrs, Senior Policy Expert, Office of Family Assistance at (202) 401-9289.

Attachment

IG
LAIG
PDIG
DIG-AS
DIG-EI
DIG-OI
DK-MP
OCIG
ExecSec
Date Sent *5-15-02*

COMMENTS OF THE ADMINISTRATION FOR CHILDREN AND FAMILIES ON THE
OFFICE OF INSPECTOR GENERAL'S DRAFT REPORT "STATE STRATEGIES FOR
WORKING WITH HARD-TO-EMPLOY TANF RECIPIENTS" (OIG-02-00-00630)

The Administration for Children and Families (ACF) appreciates the opportunity to comment on this report, which addresses a critical welfare reform issue – State strategies for working with hard-to-employ recipients. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 replaced the Aid to Families with Dependent Children entitlement program with the Temporary Assistance for Needy Families (TANF) block grant. TANF promotes family self-sufficiency and independence by requiring adult recipients to work or participate in work-related activities while they receive temporary assistance and services. As the nation approaches the reauthorization of TANF and the next phase of welfare reform, this report helps policymakers and program administrators understand how important it is to identify and provide services to clients with barriers to employment and the difficulties faced in providing such services.

General Comments

ACF is in general agreement with the background and findings of the report. The report describes in clear, concise terms the issues States face and what States are doing to:

- assess and identify clients with barriers to employment;
- partner and contract with State and community agencies to provide services;
- provide intensive case management to coordinate and broker services;
- structure flexible policies for clients with barriers; and
- address challenges such as sanctions and the lack of evidence about the effectiveness of strategies for the hard-to-employ.

As identified in the report, States use their broad flexibility to develop strategies that will help recipients enter work, improve wages and sustain careers. ACF and the Department have actively supported States in using this flexibility to develop effective services for hard-to-employ clients through guidance, technical assistance, and research. The Office of Inspector General's (OIG) findings support the continuation and expansion of these ongoing efforts.

OIG Next Steps

This inspection suggests several opportunities to improve the TANF program to better serve hard-to-employ recipients. They are for Congress to consider when re-authorizing TANF, ACF to address when focusing its technical assistance efforts, States to examine when developing their strategies for this population, and researchers to review in planning their work. These opportunities include:

- increasing evaluation of State and local efforts that target TANF recipients with specific barriers to employment and of the impact of sanction policies on this population.

- Encouraging States to create and expand innovative programs to better serve recipients with barriers, particularly those facing multiple barriers.
- Expanding States' capacity to identify and track recipients who have barriers to employment and who are approaching the State or Federal time limits.
- Revising the data that States are required to report to ACF to include more specific measures about the number and characteristics of recipients who are approaching the time limits.

ACF Comment

ACF agrees that there are opportunities to improve the TANF program to serve hard-to-employ clients. We plan to address these opportunities, both through the President's re-authorization proposal "Working Toward Independence" and continuation of our past and ongoing technical assistance efforts.

The Administration's re-authorization proposal addresses the opportunities identified by the OIG in several ways. The heart of welfare reform is encouraging work and requiring all welfare recipients to do everything they can to end their dependency. But nearly one million adults on TANF are not engaged in constructive activities leading toward self-sufficiency. Most of these adults are not participating because they have barriers to employment. The Administration's proposal strengthens work rules to ensure that all welfare families are fully engaged in work and other meaningful activities that will lead to self-sufficiency. At the same time, the proposal gives States greater flexibility to define activities for the hard to employ that will lead toward self-sufficiency. This will ensure that all hard-to-employ parents are fully engaged in constructive activities. It will also lead to additional innovation and approaches and allow research to identify and assess the results.

Recognizing the immense capacity of States and localities to design and conduct effective social programs is also a key component of the Administration's plan. With devolution, a primary responsibility of the Federal government is to set broad program goals, help fund these programs, evaluate their efficiency and effectiveness, and provide assistance to States trying to implement proven programs. The Administration's plan proposes legislation that would allow agencies authority to grant waivers to States to improve coordination and services across cash, housing, nutrition and workforce programs.

ACF's support to help States develop effective services for hard-to-employ recipients includes guidance, technical assistance, facilitating communication among States and communities, and research. We have sponsored numerous conferences for State and local officials, and undertaken partnership initiatives with the National Governors' Association (NGA), the National Conference of State Legislatures, and the Departments of Labor (DOL), Housing and Urban Development (HUD), Transportation (DOT) and Education (ED). These activities have focused on helping recipients overcome barriers so they can enter and sustain work.

In conjunction with the Assistant Secretary for Planning and Evaluation (ASPE), we are evaluating programs in several States to promote employment retention and advancement for

current, former, and potential TANF recipients. Several programs have an explicit focus on the hard to employ. Our ongoing activities seek both to improve tools and methods for assessing employment barriers and to assist States in developing other strategies for identifying hard-to-employ recipients; helping these recipients move into the work force. ASPE is also evaluating State and community efforts to promote employment for the hard-to-employ recipients of TANF and non-custodial parents under the DOL's Welfare-to-Work grants program.

Examples of past and ongoing technical assistance and research initiatives include:

- With NGA, a series of workshops were conducted that brought together State decision-makers to share integrated service delivery system strategies between TANF and the DOL's Workforce Investment Act programs for clients with barriers to employment.
- Collaboration between ACF and the Substance Abuse and Mental Health Services Administration on welfare reform issues. We have jointly funded and developed seven conferences, issued joint guidance, co-sponsored publications and collaborated on 10 targeted technical assistance meetings (one per region). Topics include substance abuse screening and assessment, outreach, service coordination, co-occurring disorders, treatment and building interagency collaboration.
- A TANF funding guide titled, "Helping Families Achieve Self-Sufficiency," which provides easy-to-read guidance on the use of TANF funds. The Department has distributed more than 11,000 copies of the guidance, and it is available on our web site at <http://www.acf.dhhs.gov/programs/ofa/funds2.htm>.
- Monthly conference calls sponsored by ACF (called Family Independence Forums) on a variety of topics related to TANF and welfare reform, including the hard to employ.
- National conferences sponsored by ACF at least annually to disseminate research and share best practices.
- Broad dissemination of the Department's Office of Civil Rights guidance on TANF and disabilities, as well as guidance on limited English proficiency.
- Numerous joint activities between ACF and the DOI, HUD, DOT and ED focused on assisting those recipients with barriers to entering and sustaining employment.
- ACF's rapid response technical assistance mechanism, which provides resources to our Federal staff to provide outreach to stakeholders concerning national or regional welfare reform issues. Many of the rapid response activities have focused on employment barriers.
- ACF's peer technical assistance mechanism, which convenes State and local stakeholders so that they can learn from each other. There is also a peer technical assistance web site offering a variety of resources related to serving those who are hard to employ. It is located at <http://www.calib.com/peerta>.

- An ASPE evaluation of the effectiveness of selected initiatives funded through DOL's Welfare-to-Work grants program, which focuses on hard-to-employ people. The Department is conducting this evaluation in conjunction with DOL and HUD.
- An ASPE study of how selected local TANF programs are organizing and delivering mental health services to their clients in order to identify promising practices, challenges and opportunities that will help others to better serve persons with mental health problems and help them find and retain employment.

Under the Administration's re-authorization proposal, our multi-faceted research, demonstration and technical assistance approach will expand, with a focus on working with States to establish goals, numerical performance measures, and improved and simplified data reporting on those goals.

ACKNOWLEDGMENTS

This report was prepared under the direction of John I. Molnar, Regional Inspector General for Evaluation and Inspections in New York and Renee C. Dunn, Deputy Regional Inspector General. Other principal Office of Evaluation and Inspections staff who contributed include:

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