

**TESTIMONY OF DOUGLAS J. BESHAROV**  
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**before the Subcommittee on Human Resources**  
**of the Committee on Ways and Means**  
**March 7, 2002**

Chairman Herger, and Members of the Subcommittee on Human Resources:

Thank you for inviting me to testify on state implementation of work requirements and time limits under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. My name is Douglas J. Besharov. I am a resident scholar at the American Enterprise Institute for Public Policy Research, where I conduct research on children and families. I am also a professor at the University of Maryland School of Public Affairs, where I teach courses on family policy, welfare reform, and evaluation.

Ask people on the street what “welfare reform” means, and most would probably answer “work in return for welfare.” According to Kent Weaver, a senior fellow at the Brookings Institution, public opinion polls conducted between 1993 and 1995, on the eve of welfare reform, revealed that “The clear public favorite among welfare reforms is work requirements, which is consistent with the new paternalism approach to reform.”<sup>1</sup> Lawrence Mead of New York

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<sup>1</sup>R. Kent Weaver, *Ending Welfare As We Know It* (Washington, D.C.: Brookings Institution Press, 2000), p. 181.

University explains: “public opinion polls show that while voters want the government to assist needy families, they also want adult welfare recipients to work, like the taxpayers who support them.”<sup>2</sup>

When the Temporary Assistance for Needy Families program (TANF) was enacted, most analysts expected states to develop large mandatory work programs in order to meet its mandatory “participation” requirements. TANF requires states to place an increasing percentage of adults on welfare in work activities. It establishes two separate “work participation rates”: (1) an “all-family” or overall rate, and (2) a rate for two-parent families (which is higher than the rate for one-parent families because it is considered easier for one parent in a two-parent household to work than it is for a single mother).

1. *The all-family rate (or overall rate)* requires that at least 25 percent of TANF families with an adult (or minor child head of household) be involved for 1997, 30 percent for 1998, 35 percent for 1999, 40 percent for 2000, 45 percent for 2001, and culminating at 50 percent for 2002 and thereafter.<sup>3</sup> In order to be counted as participating, adults in one-parent families must have been engaged in work activities for at least twenty hours per week in 1997 and 1998, twenty-five hours in 1999, and thirty thereafter.<sup>4</sup> (Single parents with a child under six need only participate twenty hours per week to be counted.)

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<sup>2</sup>Lawrence M. Mead, “The Politics of Conservative Welfare Reform,” in *The New World of Welfare*, edited by Rebecca M. Blank and Ron Haskins (Washington, D.C.: Brookings Press, 2001), p. 203.

<sup>3</sup>TANF’s “participation rates” are computed as an average of the state’s participation rates for each month of the fiscal year.

<sup>4</sup>Personal Responsibility and Work Opportunity Reconciliation Act, Section 407(c)(1)(A).

2. *The two-parent family rate* is higher (presumably because there are two parents available to care for the children): 75 percent for 1997 and 1998, and 90 percent thereafter. The number of required hours is also higher: In two-parent families, the parents must have been engaged in activities for at least thirty-five hours per week. (The parents can share the hours.)<sup>5</sup>

States that do not meet these participation rates are subject to a financial penalty.<sup>6</sup>

TANF also requires states to reduce or end assistance to people who refuse to engage in such work activities without good cause.<sup>7</sup>

These “participation standards,” however, have turned out to have little meaning because of the way the participation rates are calculated and because they can be satisfied by recipients combining welfare with work (“combiners”).

*Caseload reduction credit.* What if a state successfully moves a substantial number of recipients from welfare to work? On the theory that it would be unfair to ignore this achievement, the required participation rates are reduced by the “caseload reduction credit.” The credit reduces the state’s required participation rate by one percentage point for each percentage point that the state’s welfare caseload falls below the 1995 level. (Caseload reductions due to eligibility changes, such as full family sanctions, cannot be counted in measuring the caseload decline.)<sup>8</sup>

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<sup>5</sup>Personal Responsibility and Work Opportunity Reconciliation Act, Section 407(c)(1)(B).

<sup>6</sup>U.S. Department of Health and Human Services, *Temporary Assistance for Needy Families Final Rule* 45 CFR 261.20(d), *Federal Register*, April 12, 1999, p. 17885.

<sup>7</sup>Personal Responsibility and Work Opportunity Reconciliation Act, Section 407(e).

<sup>8</sup>Some eligibility changes, such as expansions in earnings disregards, actually increase caseloads. States are required to identify each eligibility change, estimate its effect on the

Significantly, thus recognizing “entry effects” gives states an incentive to invest resources and time in helping applicants avoid welfare through various diversion activities and keeping leavers from returning by offering child care and post-employment services.

The caseload reduction credit was established in relation to 1995 welfare caseloads and, because of the sharp decline in the rolls since then, it has all but eliminated the need for states to establish mandatory work programs.

For the all-families participation rate, in 2000, thirty-one states did not have to place anyone in a work activity because their caseload declines were so large. In other words their “adjusted” participation rate was zero. Eleven states had “adjusted” all-families participation rates of under 10 percent.<sup>9</sup> Moreover, these participation rates are so low that they are easily satisfied because recipients combining work and welfare (pursuant to earnings disregards) count toward the participation rate. As a result, in 2000, all states and the District of Columbia met the all-families participation requirement.

Meeting the two-parent participation requirements has been more difficult for the states—even though the number of such cases has plummeted nationally<sup>10</sup> (from about 363,000 in

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caseload, and then adjust the caseload by the net effect of all the changes. *See* U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, “Guidance on Submitting Caseload Reduction Credit Information, the TANF Caseload Reduction Report (Form ACF-202) and Instructions,” November 5, 1999, available from: <http://www.acf.dhhs.gov/programs/ofa/pa99-2.htm>, accessed February 8, 2002.

<sup>9</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 1A, “Temporary Assistance for Needy Families: TANF Work Participation Rates, Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table1a.htm>, accessed March 4, 2002.

<sup>10</sup>Part of this decline was caused by the shift, in some states, of two-parent cases to separate state programs.

1994 to just 56,000 in 2000, an 85 percent drop)<sup>11</sup>—because both the participation rate and minimum hours of participation are higher. Nationally, in 2000, only about 40 or 50 percent of two-parent cases (with enormous variations among the states) were participating for a sufficient number of hours to meet the two-parent work requirement.<sup>12</sup> However, with the help of the caseload reduction credit, twenty-five states and the District of Columbia met or exceeded their adjusted two-parent work participation rates.<sup>13</sup>

Only seven states did not meet their adjusted two-parent participation rate.<sup>14</sup> In earlier years, some of these states entered into corrective compliance plans with the federal government, and a few states have simply paid the penalty for not meeting their two-parent participation rates.

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<sup>11</sup>U.S. Department of Health and Human Services, Administration for Children and Families, *Indicators of Welfare Dependence: Annual Report to Congress 2001* (Washington, D.C.: Author, 2001), p. A-8, and U.S. Department of Health and Human Services, Administration for Children and Families, Table 3A, “Temporary Assistance for Needy Families: Average Monthly Number of Parents in Two-Parent Families Who Are Participating in Work Activities for a Sufficient Number of Hours for the Family to Count as Meeting the Two-Parent Families Work Requirements, Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table5a.htm>, accessed March 5, 2002.

<sup>12</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 5B, “Average Monthly Percent of Parents in Two-Parent Families Who Are Participating in Work Activities for a Sufficient Number of Hours for the Family to Count as Meeting the Two-Parent Families Work Requirements, Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table5b.htm>, accessed March 4, 2002.

<sup>13</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 1A, “Temporary Assistance for Needy Families: TANF Work Participation Rates, Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table1a.htm>, accessed March 4, 2002.

<sup>14</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 1A, “Temporary Assistance for Needy Families: TANF Work Participation Rates, Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table1a.htm>, accessed March 4, 2002.

(The penalties tend to be small because they are based on the proportion of two-parent cases in the state, which is generally small.)<sup>15</sup>

But the major reason so few states were not out of compliance is that eighteen or more had, in effect, exempted themselves from the requirement by creating a separate state program for all or some of their two-parent families (or not having a program at all), up from fifteen states in 1999.<sup>16</sup> These separate state-funded programs are not subject to the work requirement (or other TANF provisions such as the five-year time limit).

The growing proportion of the caseload composed of “child-only” cases is also watering down participation requirements. For, there is no work requirement imposed on families that do not have an adult parent receiving aid, even if the parent is living in the same household as the child. In 1997, 23 percent of the national TANF caseload was thus exempt from a work requirement for this reason.<sup>17</sup> By 2000, the figure was up to 32 percent.<sup>18</sup> Some of these child-

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<sup>15</sup>Personal communication from Mack Storrs, Senior Policy Analyst, Office of Family Assistance, Administration for Children and Families, to Peter Germanis, January 9, 2002.

<sup>16</sup>Indeed, in Rhode Island, if a family meets the two-parent participation rate, then federal funds are used and they are included in the rate. If not, the family receives assistance from a separate state program. (One HHS official observed, “Obviously, they aren't perfect at this game, since their two-parent rate was 95.8 percent—not 100 percent.”) (This compares to a 6.8 percent participation rate in their separate state program.) As far as we know, Rhode Island is the only state doing this now, but others have discussed adopting the strategy, and more are likely to if participation requirements become more stringent.

<sup>17</sup>U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Understanding the AFDC/TANF Child-only Caseload: Policies, Composition and Characteristics in Three States* (Washington, D.C.: Author, February 1, 2000), p. 7.

<sup>18</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 3A, “Temporary Assistance for Needy Families: Status of Families as Relates to All Families Work Participation Rates,” Fiscal Year 2000,” available from:

only cases involve children placed with relatives (“kinship care”) because their parents cannot care for them.<sup>19</sup> Some involve immigrant families, where the adult immigrant is not eligible for benefits but their native born children are. Some involve situations where the parent is receiving SSI and is not included as part of the TANF grant (while the child is). And some involve families in which the adult has been sanctioned for some reason and is, therefore, off the grant.

*Actual participation.* Despite initial expectations, therefore, participation in the activities counted toward the TANF participation requirements (“countable work-related activities”) has been quite limited. In an average month in 2000 (the most recent year with data), only 40 percent of adult TANF recipients participated in a countable activity.<sup>20</sup> And, even that is a misleading statistic, because about 61 percent of those participating are simply combining work and welfare (in large part because of the newly generous earnings disregards described above). TANF calls this “unsubsidized employment,” but that clearly is a misnomer since the families continue to receive welfare payments, which can be a substantial portion of their original grants. First the Clinton Administration and now the Bush Administration have helped muddy the waters by

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<http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table3a.htm>, accessed March 4, 2002. Despite the increase in the proportion of the caseload composed of child-only cases, the total number of such cases actually declined from 822,000 to 719,000.

<sup>19</sup>These are assistance cases under TANF. However, it is also possible for states to shift these cases to their child welfare programs, and relabel them “kinship foster care” cases. See Douglas J. Besharov, “The Welfare Balloon: Squeeze Hard on One Side and the Other Side Will Just Expand,” *The Washington Post*, June 11, 1995, p. C4

<sup>20</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 6A, “Temporary Assistance for Needy Families: Average Hours of Participation in Work Activities, Including Waivers, For All Adults Participating in Work Activities, Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table6a.htm>, accessed March 4, 2002.

repeatedly reporting that large percentages of welfare recipients were “working,” when, in fact, the vast majority were taking advantage of earnings disregards to combine work and welfare.<sup>21</sup>

In fact, in 2000, only somewhere between 16 to 23 percent of all adult recipients were participating in activities other than “unsubsidized” employment,<sup>22</sup> and only about 4 percent were in “work experience.” Most of the rest of those not combining work and welfare were either in job search (5 percent) or vocational education (3 percent).<sup>23</sup> (*See* Tables 1 and 1A.)

Importantly, four states—New Jersey, New York, Ohio, and Wisconsin—accounted for over 60 percent of the participants in work experience programs (37,971 out of a national total of 61,643).<sup>24</sup> In these states, the percentage of adults in work experience ranged from 6 percent in New York to 57 percent in Wisconsin. (*See* Tables 2 and 2A.)

Because most states have had no trouble meeting the all-family participation rate—and because they have unspent TANF funds resulting from the decline in their caseloads—many states

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<sup>21</sup>*See, e.g.*, U.S. Department of Health and Human Services, “States Continue to Meet Welfare Reform’s Work Participation Rules,” Press Release, February 14, 2002, available from: <http://www.hhs.gov/news/press/2002pres/20020214.html>, accessed March 4, 2002.

<sup>22</sup>The range for this category reflects the fact that there may be recipients participating in more than one activity, so that it is not possible to estimate precisely the number of adults in countable activities other than “unsubsidized employment.”

<sup>23</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 6A, “Temporary Assistance for Needy Families: Average Hours of Participation in Work Activities, Including Waivers, For All Adults Participating in Work Activities, Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table6a.htm>, accessed March 4, 2002.

<sup>24</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 6A, “Temporary Assistance for Needy Families: Average Hours of Participation in Work Activities, Including Waivers, For All Adults Participating in Work Activities, Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table6a.htm>, accessed March 4, 2002.



have also funded activities and services that may not count toward TANF participation requirements. Sometimes they mandate participation in them. These services include substance abuse treatment, skills assessment, mental health services, domestic abuse services, or adult literacy. Sometimes these services are provided in conjunction with some form of work experience or subsidized employment, and sometimes not.

Such activities are presently not countable toward participation requirements. If they were, they would have added appreciably to the number of recipients in countable activities. (In 2000, they accounted for as much as 15 percent of total participation.)<sup>25</sup> In New York City, for example, in November 2001, adding the participants in normally noncountable activities would increase the number participating there by 7,683 (18 percent). The number of participants would rise from 43,669 to 51,352 (with 1,281 in substance abuse treatment, 1,831 in wellness/rehab, and 4,571 who are “needed at home” to care for a dependent).<sup>26</sup>

A word of warning about these statistics: In conversations with state and county officials, it was clear that many had very poor data on the numbers of participants in various activities, and discrepancies in some states’ data suggest significant inaccuracies. Moreover, the data seems to have little meaning or utility to state officials, and many seem to make little use of the data that they have.

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<sup>25</sup>In fact, given the wide flexibility states have in defining their activities, participation in many of these activities could be classified under “community service,” a countable activity for TANF participation requirements.

<sup>26</sup>New York City Human Resources Administration, “FA/TANF - November 19, 2001 - Weekly Report.”

**Table 1. Average Monthly Participation in Work Activities by Adult TANF Recipients, Fiscal Year 1999**

Group	Number of Adult Recipients	Percent of all Adult Recipients
Adult TANF recipients <sup>a</sup>	2,112,143	100%
Adult recipients not participating in any work-related activity	1,226,679	58%
Adult recipients participating in one or more work-related activities <sup>b</sup>	885,464	42%
Recipients in unsubsidized employment <sup>c</sup>	585,396	28%
Recipients in other work-related activities <sup>d</sup>	300,068-381,766	14%-18%
Job search and job readiness assistance	125,244	6%
Work experience	78,225	4%
Vocational education	63,730	3%
Community service	31,273	1%
Satisfactory school attendance	30,394	1%
Job skills training	19,732	1%
Education related to employment	17,079	1%
On-the-job training	7,140	<1%
Subsidized public employment	4,162	<1%
Subsidized private employment	3,982	<1%
Providing child care	796	<1%

Notes:

<sup>a</sup>Includes minor heads of household.

<sup>b</sup>Not all of these adults were counted toward TANF work participation rates because not all of them had enough hours of participation to be counted.

<sup>c</sup>Includes recipients who are employed part-time or full-time and are still eligible for TANF, often because they live in states that “disregard” (do not count) a certain amount or proportion of earned income in the calculation of welfare eligibility and benefits.

<sup>d</sup>The range for this category reflects the fact that there may be people who were in more than one activity, including unsubsidized employment. If none of the recipients in other work-related activities were also employed, then there would be 300,068 adult recipients in these activities; if some of them were also employed, then there could be as many as 381,766 in other work-related activities.

Source: U.S. Department of Health and Human Services, Administration for Children and Families, *Temporary Assistance for Needy Families Program: Third Annual Report to Congress* (Washington, D.C.: U.S. Department of Health and Human Services, August, 2000), pp. 48-49, available from: <http://www.acf.dhhs.gov/programs/opre/annual3.pdf>, accessed September 19, 2001.

**Table 1A. Average Monthly Participation in Work Activities by TANF Adult Recipients, Fiscal Year 2000**

Group	Number of Adult Recipients	Percent of all Adult Recipients
Adult TANF recipients <sup>a</sup>	1,588,651	100%
Adult recipients not participating in any work-related activity	957,519	60%
Adult recipients participating in one or more work-related activities <sup>b</sup>	631,132	40%
Recipients in unsubsidized employment <sup>c</sup>	382,604	24%
Recipients in other work-related activities <sup>d</sup>	248,528-363,881	16%-23%
Job search and job readiness assistance	78,737	5%
Work experience	61,643	4%
Vocational education	54,692	3%
Community service	40,852	3%
Satisfactory school attendance	25,116	2%
Job skills training	17,104	1%
Education related to employment	17,012	1%
On-the-job training	2,113	<1%
Subsidized public employment	4,414	<1%
Subsidized private employment	3,788	<1%
Providing child care	327	<1%
Additional waiver activities	30,959	2%
Other	27,124	2%

Notes:

<sup>a</sup>Includes minor heads of household.

<sup>b</sup>Not all of these adults were counted toward TANF work participation rates because not all of them had enough hours of participation to be counted.

<sup>c</sup>Includes recipients who are employed part-time or full-time and are still eligible for TANF, often because they live in states that “disregard” (do not count) a certain amount or proportion of earned income in the calculation of welfare eligibility and benefits.

<sup>d</sup>The range for this category reflects the fact that there may be people who were in more than one activity, including unsubsidized employment. If none of the recipients in other work-related activities were also employed, then there would be 248,528 adult recipients in these activities; if some of them were also employed, then there could be as many as 363,881 in other work-related activities.

Source: U.S. Department of Health and Human Services, Administration for Children and Families, unpublished data.

**Table 2. Average Monthly Number of Adults in Work Experience, Unsubsidized Employment, or Sanctioned: Fiscal Year 1999**

	U.S.	CA	IL	MI	NJ	NY	NYC <sup>a</sup>	OH	PA	TN	TX	WV	WI
Adults	2,112,143	539,259	101,821	69,284	45,762	260,641	171,507	77,463	96,173	40,812	82,729	14,348	8,473
Work experience	4% 78,225	<1% 4,073	5% 4,541	<1% 65	16% 7,372	7% 18,229	10% 17,229	22% 17,280	<1% 808	<1% 299	<1% 735	8% 1,176	64% 5,434
Unsubsidized employment <sup>b</sup>	28% 585,396	41% 219,237	43% 43,462	36% 25,282	16% 7,237	17% 44,227	15% 26,356	27% 20,890	26% 25,214	21% 8,423	5% 3,877	7% 939	29% 2,447
Sanctions <sup>c</sup>	5% 105,607	1% 5,069	10% 9,968	3% 2,224	8% 3,679	6% 15,583 <sup>d</sup>	9% 15,583	22% 1,689	5% 5,284	NA	15% 12,798	NA	23% 1,928
Engageable <sup>e</sup>	1,421,140	314,953	48,391	41,778	34,846	200,831	129,568	54,794	65,675	32,389	66,054	13,409	4,098
% of engageable in work experience	6%	1%	9%	<1%	21%	9%	13%	32%	1%	1%	1.1%	9%	133%
March 1994 caseload	5,098,288	916,427	241,817	227,114	123,025	457,660	308,685	254,021	211,711	111,740	286,613	41,521	78,739
June 2001 caseload	2,087,999	462,238	58,866	72,129	44,426	221,757	155,901	82,195	81,543	59,880	127,539	14,953	18,107
Caseload decline	59% 3,010,289	50% 454,189	76% 182,951	68% 154,985	64% 78,599	52% 235,903	49% 152,784	68% 171,826	61% 130,168	46% 51,860	56% 159,074	64% 26,298	77% 60,632

Notes:

<sup>a</sup>New York City data are as of July 28, 1999.

<sup>b</sup>Although the 1996 welfare reform law calls this category “unsubsidized employment,” the term is misleading, because it involves the ongoing provision of a welfare grant.

<sup>c</sup>Based on sanction rates reported by the U.S. General Accounting Office for 1998.

<sup>d</sup>The number of sanctions in the state of New York was not reported; the data are thus limited to the number of sanctions in New York City.

<sup>e</sup>The term “engageable” is intended to identify the number of recipients who are potentially available for participation in work-related activities, because they are neither in unsubsidized employment nor in sanction status.

Source: U.S. Department of Health and Human Services, Administration for Children and Families, *Temporary Assistance for Needy Families Program: Third Annual Report to Congress* (Washington, D.C.: U.S. Department of Health and Human Services, August, 2000), pp. 48-49, available from:

<http://www.acf.dhhs.gov/programs/opre/annual3.pdf>, accessed September 19, 2001; New York City Human Resources Administration, “FA/TANF - July 28, 1999 - Weekly Report”; and U.S. General Accounting Office, *Welfare Reform: State Sanction Policies and Number of Families Affected* (Washington, D.C.: GAO, GAO/HEHES-00-44, March 2000).

**Table 2A. Average Monthly Number of Adults in Work Experience, Unsubsidized Employment, or Sanctioned: Fiscal Year 2000**

	U.S.	CA	IL	MI	NJ	NY	OH	PA	TN	TX	WV	WI
Adults	1,588,651	304,705	66,143	54,679	33,056	232,540	65,129	63,879	44,003	90,275	10,157	5,710
Work experience	4% 61,643	<1% 1,613	5% 2,984	<1% 62	18% 6,016	6% 14,601	22% 14,127	2% 1,257	<1% 253	<1% 417	8% 776	57% 3,227
Unsubsidized employment <sup>a</sup>	24% 382,604	25% 75,631	39% 25,478	40% 21,782	20% 6,658	20% 45,508	31% 20,279	25% 15,911	20% 8,646	6% 5,733	6% 632	8% 438
Sanctions <sup>b</sup>	5% 79,433	1% 2,864	10% 6,475	3% 1,755	8% 2,658	NA	2% 1,420	5% 3,449	NA	15% 13,966	NA	23% 1,299
Engageable <sup>c</sup>	1,126,614	226,210	34,190	31,142	23,740	187,032	43,430	65,675	35,357	70,576	9,525	3,973
% of engageable in work experience	6%	1%	9%	<1%	25%	8%	33%	1%	1%	1%	8%	81%
March 1994 caseload	5,098,288	916,427	241,817	227,114	123,025	457,660	254,021	211,711	111,740	286,613	41,521	78,739
June 2001 caseload	2,087,999	462,238	58,866	72,129	44,426	221,757	82,195	81,543	59,880	127,539	14,953	18,107
Caseload decline	59% 3,010,289	50% 454,189	76% 182,951	68% 154,985	64% 78,599	52% 235,903	68% 171,826	61% 130,168	46% 51,860	56% 159,074	64% 26,298	77% 60,632

## Notes:

<sup>a</sup>Although the 1996 welfare reform law calls this category “unsubsidized employment,” the term is misleading, because it involves the ongoing provision of a welfare grant.

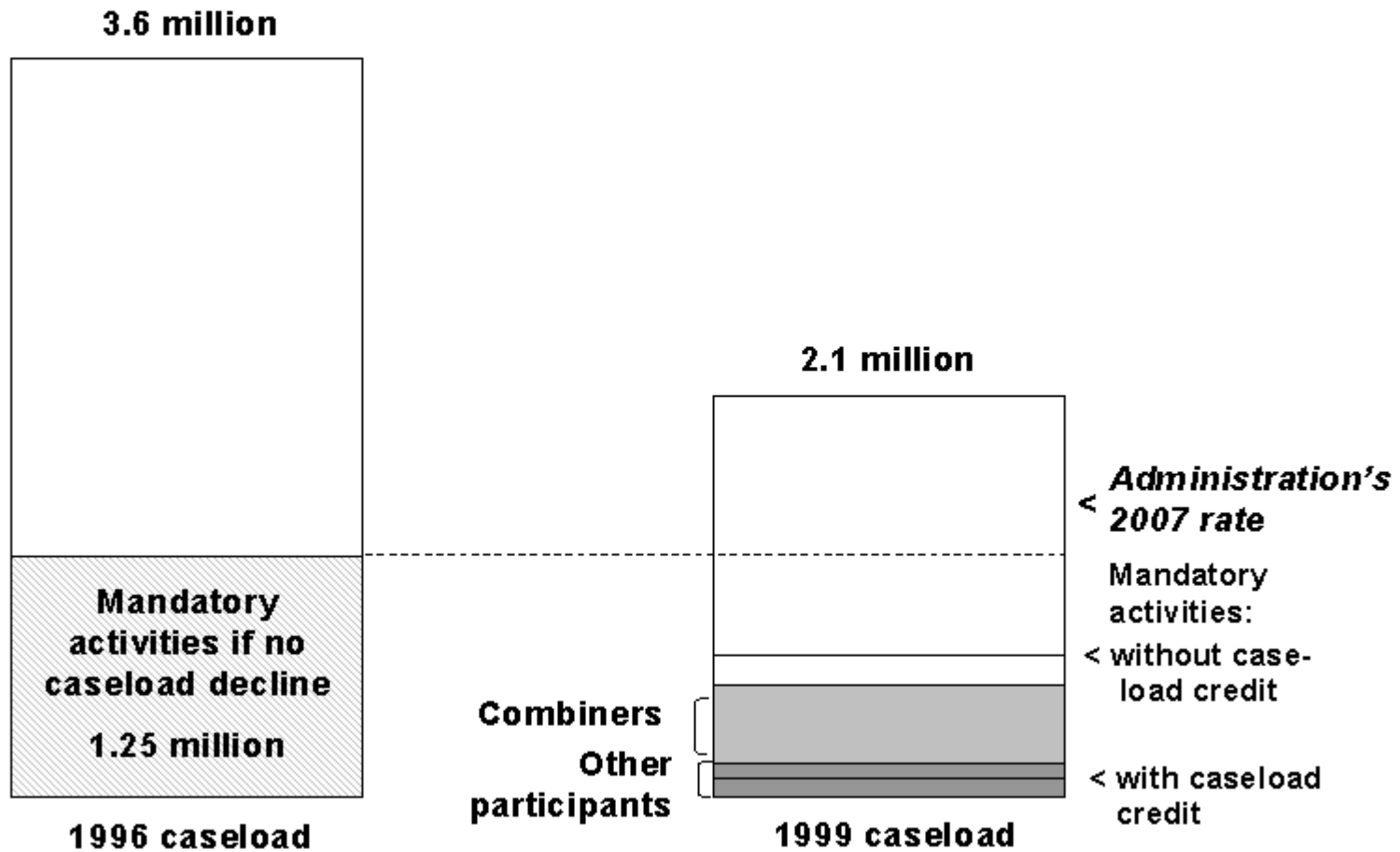
<sup>b</sup>Based on sanction rates reported by the U.S. General Accounting Office for 1998.

<sup>c</sup> The term “engageable” is intended to identify the number of recipients who are potentially available for participation in work-related activities, because they are neither in unsubsidized employment nor in sanction status.

Source: U.S. Department of Health and Human Services, *Temporary Assistance for Needy Families Program: Third Annual Report to Congress* (Washington, D.C.: U.S. Department of Health and Human Services, August, 2000), pp. 48-49, available from: <http://www.acf.dhhs.gov/programs/opre/annual3.pdf>, accessed September 19, 2001; New York City Human Resources Administration, “FA/TANF - November 19, 2001 - Weekly Report”; and U.S. General Accounting Office, *Welfare Reform: State Sanction Policies and Number of Families Affected* (Washington, D.C.: GAO, GAO/HEHES-00-44, March 2000).

# Little Mandatory Work

## Welfare cases subject to work requirements



Source: Douglas J. Besharov, 2002

## Conclusions

1. I believe that the past six years' experience establishes that mandatory work-related activities are a key element in any successful program of welfare reform. They can:
  - Reinforce Work First efforts,
  - Make time limits enforceable,
  - Enhance human capital, and
  - Build public support for further welfare reform efforts.
2. Up to now, almost all the work participation under TANF has been composed of recipients combining work and welfare, generally because of the very generous earnings disregards adopted by the states.
3. States are far from having the infrastructure and expertise to operate large mandatory work programs.
4. There is substantial interest among the states, for good or for bad, in offering services (and mandating participation) in activities other than work, such as drug treatment and remedial education. (Some of this may have been driven by the belief among states that, if they did not spend their TANF surpluses, they would lose them. In this regard, the Administration's proposal to allow states to create their own "rainy day" funds is most welcome.)
5. The current law contains many ways that states can minimize (and even avoid) TANF's participation requirements—such as by creating separate state programs or child-only cases, by adopting loose definitions of work, and by increasing the number of those combining work and welfare (by increasing earnings disregards even more and by suspending the time-limit clock).
6. Although most attention is being placed on requiring states to increase participation rates, it is equally important to remove barriers to their doing so. An important example is the need to

exempt work-related activities from the reach of the Fair Labor Standards Act, and especially its minimum wage requirements.

7. Finally, any effort to increase TANF's participation rates—which I strongly support—will require a keen appreciation of the complex factors that will shape state responses—and should be prepared for unintended consequences.