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**Testimony of LaDonna Pavetti, Vice President for Family Income Support at the Center on Budget and Policy Priorities before the Committee on Human Services**

**March 9, 2022**

Good morning Representative Pugh and members of the Human Services Committee. Thank you for inviting me to talk with you today.

I am the Vice President for Family Income Support at the Center on Budget and Policy Priorities, a nonpartisan policy think tank that focuses on improving the lives of families with low incomes. I lead the Center's work on TANF which involves working with state and federal agencies and advocates to increase TANF's effectiveness. Before coming to the Center, I was a senior fellow at Mathematica Policy Research, a leading social policy research organization. I have worked on TANF since it was created and worked on AFDC prior to its creation. My work has primarily focused on studying program implementation, with a focus on identifying best practices. Most recently, I have been working with state agencies to redesign their TANF work programs to increase their effectiveness. Over the course of my career, I have worked in more than half the states. Most recently, I have provided guidance to improve TANF work programs in Vermont, Louisiana, Maine, Massachusetts, Michigan, California, Pennsylvania, and Oregon. I also regularly work with advocates in more than half the states and recently conducted focus groups with TANF recipients in Maine, Indiana, and Louisiana.

**The American Public Human Services Association's Principles for Modernizing TANF**

Last week, the American Public Human Services Association (APHSA) released a report outlining six principles for modernizing TANF. The report was developed by the National Association of State TANF Administrators (NASTA), an affinity group within APHSA that is comprised of TANF directors from the 50 states and the District of Columbia. The report is significant in that it represents consensus among states that differ significantly in their political ideology. While the report primarily uses these principles to identify federal policy changes that could help modernize the program, states have considerable flexibility to implement policies that will move their TANF work programs in the direction outlined in the report. Vermont has taken advantage of its flexibility to move in the direction outlined in the report, but could do more if its state legislative framework was better aligned with its vision.

The six core principles outlined in the report are:

1. To help families achieve economic mobility, TANF must support the physical, social, and emotional well-being of individuals and their families.
2. TANF must prioritize tailored solutions that help families succeed for the long-term.

3. TANF should foster conditions that advance a person's sense of agency over their life and belonging within their community.
4. To best help families achieve their goals, TANF policies should be centered in evidence and promising practices that reflect the lived experiences of families.
5. The broader workforce system must provide a coordinated continuum of services that support all jobseekers' strengths, goals, and needs.
6. Families must have access to adequate assistance and services that allows them to meet their basic needs while working to achieve their long-term goals.

### **What Federal Law Requires**

Before, focusing on changes in Vermont's statute that could help it better realize its vision for providing work opportunities for Reach Up participants, I would like to clarify what federal law does and doesn't require. Under the TANF law, states must:

#### ***Meet the work participation rate (WPR)***

A state's work participation rate measures the share of work-eligible recipients that participate in work activities as defined in federal law. Each year, states are required to meet a WPR for all families and a separate rate for two-parent families. Both are adjusted for the reduction in their caseload, after accounting for any eligibility changes. In FY 2020, Vermont's adjusted WPR was 3.3 percent for all families and 26.3 percent for two-parent families. Vermont's achieved rate was 39.7 percent for all families and 63 percent for two parent families, exceeding their required all family and two parent adjusted rate by 36.4 percent and 36.7 percent, respectively.

States often point to federal law as constraining their ability to operate work programs that would improve recipients' long-term economic prospects. But state — not federal — rules determine work requirements for *individual* TANF recipients, including which recipients to exempt from work requirements. Federal law is prescriptive about the hours and activities in which recipients must be engaged to be counted in the WPR calculation as well as procedures states must follow to document their participation. Most states define what is expected of individual recipients to align with what is required for a recipient to "count" toward the WPR, but federal law does not require them to do so. This distinction is important as it clarifies why states have considerable flexibility to operate work programs that would better affirm recipients' dignity and help them achieve economic mobility even with the WPR in place. States also have non-punitive options for meeting the WPR such as taking advantage of a caseload reduction credit and providing additional assistance to working families. Because of Vermont's low adjusted WPR, they have full flexibility to design and implement work programs that are based on evidence and reflect the goals and aspirations of the family. A state that fails to meet the rate can be subject to a fiscal penalty, up to 21 percent of its block grant. However, because of state's extremely low adjusted WPR, the threat of a fiscal penalty is largely nonexistent.

#### ***Engage parents in work (as defined by the state)***

States are expected to engage recipients in work when they are deemed job ready or within 24 months of their participation in TANF, but it is up to the state to decide what constitutes being engaged in work. A state's definition of what it means to be engaged in work does not have to follow the federal rules for activities and hours that determine whether a family is counted as engaged in work for purposes of the WPR calculation. For example, a state could define participating in mental health treatment or other

work readiness activities as engaged in work; they also do not have to include a specific number of hours. It also does not have to include all families that are included in the WPR calculation. For example, a state can choose to exempt participants from engaging in work who are homeless or experiencing mental health issues or caring for a child with special needs or under a specific age, or living in an area with extremely high unemployment and extremely limited transportation options, to name a few. There is no penalty to the state if they do not meet this requirement.

### ***Reduce benefits for families with a member who refuses to comply with work requirements***

States are required to impose a financial penalty (i.e., a sanction) when a family member “refuses” to comply with work requirements as defined by the state without “good cause.” States determine the penalty amount and duration, including whether benefits are taken away from the family member who has not met the requirement, or the entire family, including the children in the family. They also determine when to impose the penalty and define what constitutes “good cause” for not meeting a work requirement. In recent years, because of the mounting evidence that adversity in childhood has significant long-term consequences for children’s growth and development, some states have shifted their policies to minimize the harm to children. For example, in 2020, Maryland passed legislation that designates 75 percent of the benefit for children and 25 percent for the adult members of the assistance unit. The adult portion of the grant is reduced by 30 percent if the parent does not comply with work requirements which is about \$55 for a single parent household with two children. Vermont reduces a family’s grant by \$150. The penalty remains in place until the family is in compliance with work requirements for two weeks. A state that does not have a sanction policy in place can face a penalty of between 1 and 5 percent of its block grant. This penalty has never been imposed on a state.

### ***Conduct an employability assessment***

States are expected to assess a recipient’s skills, work experience and employability within 90 days of participating in TANF. Some states use these assessments to develop an individualized service plan for recipients, but they are not required to do so. The Stepping Stones assessment that Vermont uses to identify family’s priorities and immediate needs when they enter Reach Up meets this requirement. There is no penalty to the state if they do not meet this requirement.

## **Key Elements of Effective Work Programs**

Before focusing on specific policy changes, I’d like to provide a little more detail on key elements of effective programs that embody the principles laid out in APHSA’s principles.

**First, effective programs are trauma informed.** Many families that turn to TANF are fleeing domestic violence, live in extreme poverty that results in them enduring extended periods of significant hardship or have experienced significant adversity as a child. A study of TANF recipients in Utah found that almost half of adult female TANF recipients experienced five or more adverse childhood experiences, making them almost six times as likely as all adult females in the state to experience that level of adversity. When services are trauma-informed, they provide safety, offer participants choice, encourage collaboration, engender trust, and empower recipients to identify and build on their strengths. Trauma science was not as developed two decades ago when TANF was created, and that lack of awareness has led to policies that often re-traumatize families by setting unrealistic expectations, ignoring family’s individual circumstances and punishing families for not meeting the unrealistic expectations placed on them.

**Second, they are individualized and focus on the whole family.** TANF recipients are not homogeneous, but TANF work programs often treat them as though they are. For most of TANF's history, we have ignored family's individual circumstances and aspirations, demanding that every family participate in a rigidly-defined set of activities for a set number of hours per week and that they take the first job that comes along. This mismatch between parents' aspirations, circumstances and needs and the services provided has meant that when TANF recipients leave the program, they usually end up in the same low-paying jobs that led them to TANF in the first place. Staff spend their time enforcing rigid requirements rather than providing the support that numerous studies show lead to long-term success. Research also shows that responsive relationships lay a critical foundation for success. As I noted, states have complete flexibility to set realistic expectations for parents and to provide the support necessary to help them succeed. States can work with parents to develop individual paths that will allow families to achieve the highest level of economic mobility possible.

**Finally, they focus on families' strengths and create optimal conditions for achieving success.** When TANF was created, the field of behavioral science which uses insights from economics, psychology and other disciplines to build a more accurate picture of the ways that people form intentions and take actions was in its infancy. In recent years, behavioral science has contributed significantly to our understanding of what human services agencies can do to support families that do not have enough resources to make ends meet to achieve economic mobility. Key elements of a behavior-informed strategy are: (1) reducing barriers to participation, for example by supporting parents as they identify programs that will allow them to achieve their goals and help them complete the steps necessary to enroll; (2) creating slack by providing a cushion of time and money, for example by not imposing requirements that are above and beyond what recipients can reasonably be expected to accomplish given their circumstances; and (3) empowering recipients by allowing them to spend their time doing what will help them to achieve their goals and less of what is imposed upon them because they are a TANF recipient.

### **Policy Changes in Vermont that Would Better Support a Positive Approach to Service Delivery**

The Reach Up statute does not align with the Department's focus on goal achievement that Erin Oalicin, the Reach Up Director, outlined for you when she testified before the Committee a few weeks ago. Changes that would support the Department's efforts to operate a cash assistance and employment services program that builds on what we have learned over the last 25 years include the following:

- **Focus on work opportunities, not on work requirements.** Vermont's mission and vision statements lay out a strength-based approach to the program:
  - **Mission:** *Reach Up joins families on their journey to overcome obstacles, explore opportunities, improve their finances and reach their goals*
  - **Vision:** *Families will be empowered, connected and thriving.*

As currently written the statute takes a deficit-based, compliance-oriented approach to Reach Up which is inconsistent with the Department's mission and vision. Instead of mimicking the federal requirements for what a recipient must do to be counted in the WPR as it does now, the statute should focus on ensuring that families are actively engaged in developing goals that are meaningful to them and are achievable given their circumstances and the Department is focused on providing the support and encouragement that families need to succeed. The language and tone of the statute is important because it is what legitimizes the work that staff do to help families. Many families that turn to Reach Up have faced significant trauma in their

lives; every small step forward is worthy of celebration, but too often the structure of federal work requirements punishes families because the small steps they take do not meet the arbitrary standard of success that rigid work requirements impose on families. To recognize and support families' diverse needs, the statute should not impose rigid hours requirements on participants and should recognize and support all activities in which families may participate in to prepare them for employment.

- **Limit the use of sanctions for families unable to meet work requirements.** Taking benefits away from families who are unable to meet a work requirement is inconsistent with a strengths-based approach to service delivery. As one parent in a focus group aptly put it, "They are taking away benefits we use to put food on the table and pay our rent, not pay for a movie ticket." Rather than using encouragement to support families' goals and aspirations, sanctions threaten families with punishment, often for not meeting requirements that are unrealistic given their circumstances and family responsibilities.
- **Ensure benefits are adequate by increasing benefits annually through a cost of living adjustment.** When prices go up, TANF recipients experience cost increases just like everyone else, but they often go years without having their benefits increased. A number of states have addressed this issue by putting a cost-of-living increase in their TANF statutes. States use different strategies to account for cost-of-living increases. One strategy is to tie the benefit increase to the Cost-of-Living Adjustment used for Social Security. A second strategy is to tie the benefit level to the federal poverty line. For example, New Hampshire's benefit is set at 60 percent of the federal poverty line. On an annual basis, those increases tend to be quite small – often about \$10 per month for a family of three, but over time they make a big difference for families. Providing adequate benefits to families is critical for ensuring their success in employment programs. We all have limited cognitive resources and when families spend time worrying about whether they can meet their basic needs, they have less bandwidth left to focus on the future.
- **Pass through all child support and disregard the payments.** Child support paid on behalf of children should be provided to the children, not used to offset assistance provided to the family during times of need. The child support system can help custodial parents meet their children's basic needs and help them thrive, but only if the money goes directly to the family. Child support receipt is associated with developmental benefits for children including enhanced school performance.
- **Eliminate arbitrary time limits.** The evidence is clear that families reach time limits because they need more time to make the transition to work. When time limits are applied without taking into account recipients' circumstances, children may end up living in very precarious circumstances. Studies of the employment outcomes of parents that lose benefits because of time limits find that many never find work and those that do work in unsteady jobs that pay very low wages. If it is not feasible to eliminate time limits, it is important to have robust exemption and extension policies in place to ensure that families who have no other way to meet their basic needs are not denied assistance.
- **Smooth the pathway off Reach Up for families that find employment.** When families find employment, they incur new expenses that can make the transition difficult. In addition, many families leave TANF for jobs that have variable hours which means that their hours and income

go up and down, often with little warning. The Department can create a smoother transition to employment by disregarding some or all of a family's earned income for some period of time.