



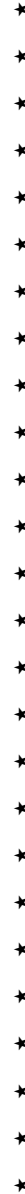
Achieving Change
for Texans

Evaluation
of the
Texas Welfare Reform Waiver

REPORT 1 of 6
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TABLE OF CONTENTS

List of Tables	ii
List of Figures	ii
Background	2
Achieving Change for Texans Demonstration	3
The Evaluation	5
The Context	5
ACT's Policy Significance	7
Evaluation Results	9
ACT's Implementation and Operation	9
Impacts of the ACT Demonstration	14
Impacts of Texas Time Limits	16
Impacts of the Combination of Texas Time Limits and RER	20
Reaching Texas Time Limits	24
Impacts of RER	26
One-Time Recipients	27
Conclusions	30
Post-ACT policy changes	33
Policy Implications	33
Bibliography	36

LIST OF TABLES

Table 1: ACT Evaluation Research Design 4

Table 2: Randomized State AFDC Waiver Evaluations with
Time Limit or Personal Responsibility Provisions 6

Table 3: Analysis of State Time Limits Clocks 12

Table 4: Overall Impacts by Experiment 15

Table 5: Impact Variation by Tier and Experiment 19

Table 6: Families Reaching Time Limits 25

LIST OF FIGURES

Figure 1: Location of ACT Pilots 11

Figure 2: Time Limits Caseload Over Time 17

Figure 3: Child Support Penalties 22

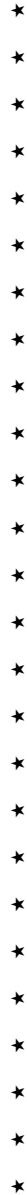
Figure 4: Child Support Collections 23

BACKGROUND



Achieving Change for Texans

Final Summary Report



The Achieving Change for Texans (ACT) demonstration was created after the enactment of Texas HB1863 in 1995, and operated in several Texas locations from June 1996 through March 2002. HB1863 stressed the temporary nature of welfare cash assistance and the need for people to move from welfare to work to gain independence and break the cycle of poverty. It was enacted over a year before the passage of the 1996 federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA).

HB1863 contained several provisions that required waivers from existing Aid to Families with Dependent Children (AFDC) rules in effect at the time. It time-limited AFDC benefits, changed transitional benefits, enacted a personal responsibility agreement, and authorized one-time emergency cash payments. The ACT waiver was approved in March 1996 and was one of the last AFDC waivers granted prior to the passage of PRWORA.¹

In 1997, the Texas Department of Human Services (TDHS) received funding from the U.S. Department of Health and Human Services (HHS) to evaluate ACT's effectiveness. TDHS conducted an implementation study through its Program Evaluation Unit and contracted with the University of Texas for the remaining portions of the evaluation. At the University, the Ray Marshall Center for the Study of Human Resources (Ray Marshall Center) conducted the impact analysis and overall summary of the evaluation, while the Center for Social Work Research (CSWR) interviewed participants in this demonstration to get their perceptions of welfare reform.

To assess the impact of ACT policies, the study compared outcomes for 44,852 TANF cases assigned to experimental or control groups in one of three experiments:

- ★ the Time Limits (TL) pilot,
- ★ the Responsibilities, Employment and Resources (RER) pilot in counties that were operating a workforce development program for TANF recipients in 1996 (RER Choices), and
- ★ the RER pilot in counties without a TANF workforce development program in 1996 (RER non-Choices).²

Cases were assigned at random so that specific ACT policies rather than differences in personal characteristics or changes in the external environment would be responsible for any differences found between the two groups in the follow-up period. The demonstration also included one component, one-time emergency cash payments in lieu of TANF benefits that was implemented statewide but not evaluated as a randomized experiment.

This summary is the final report from the ACT evaluation. It summarizes findings from all facets of the evaluation, which followed persons for five years after the beginning of the demonstration. The report presents findings from the formal impact study, and uses findings from the implementation study and the participant interviews to help interpret the meaning of these impacts. The conclusions and policy implications are written so as to inform the current (post-ACT) TANF policy environment in Texas.

¹ PRWORA replaced AFDC with a new program, Temporary Assistance for Needy Families (TANF), which provides cash welfare payments to families. In this report, cash benefit payments issued at any time during the ACT demonstration are referred to as TANF payments.

² Choices replaced the Job Opportunities and Basic Skills (JOBS) program as Texas' workforce development program for TANF recipients.

Finally, the report compares these findings to those from other waiver experiments and highlights the policy implications of this study for Texas policy makers and a national research audience. This study is the only random-assignment evaluation that isolates the effects of a state time limit and a personal responsibility agreement for TANF recipients from other welfare reform components and from each other. As such, it will help to fill a void in the national research literature on welfare reform.

BACKGROUND

Achieving Change for Texans Demonstration

The ACT demonstration included the following components:

State time limits. Adult TANF recipients were assigned to one of three time limit tiers (12, 24, or 36 months) based on their educational attainment and work history. State time limit policies took effect when adult TANF caretakers were offered a slot in the Choices program and did not apply to families who were exempt from Choices participation requirements. After reaching state time limits, caretakers could receive twelve months of transitional Medicaid and child care.

Expanded TANF eligibility rules. ACT expanded TANF eligibility for certain low-income families. When determining eligibility for cash assistance, the old AFDC work history and 100-hour work rules for two-parent families were eliminated, resource limits were increased and children's income and resources were disregarded.

Personal responsibility agreement. Caretakers were required to sign a personal responsibility agreement (PRA) as a condition of TANF eligibility. In counties with a Choices program, state time limits also applied. The PRA states that the client will:

- ★ cooperate with child support requirements,
- ★ provide immunizations and regular health checkups for children,
- ★ refrain from voluntarily quitting a paying job,
- ★ participate in an employment services program,
- ★ refrain from drug use and alcohol abuse,
- ★ provide proof of school attendance for each dependent child, and
- ★ participate in parenting skills classes if referred.

Persons not complying with the PRA received financial penalties that resulted in smaller monthly TANF checks but were not removed from TANF, as would occur under some sanction policies.

The demonstration was designed so that the impacts of these policies could be measured separately and in combination with each other. The TL pilot tested the impacts of state time limits while holding all other policies constant. The RER Choices pilot measured the combination of state time limits, expanded TANF eligibility rules and the PRA against old AFDC program rules. The RER Non-Choices pilot operated in counties without a Choices program, meaning that no TANF recipients were subject to state time limits. Thus, this pilot only measured the effects of expanded TANF eligibility and the PRA against old AFDC rules. Table 1 summarizes the specific policies applicable to experimentals and controls in each pilot.

**TABLE 1:
ACT EVALUATION RESEARCH DESIGN**

Waiver Component	Provisions and Start Dates	Time Limits Pilot		RER Choices Pilot		RER Non-Choices Pilot	
		Exp	Control	Exp	Control	Exp	Control
State Time Limits and Transitional Benefits	Institute state time limits (6/96 in Bexar County; 1/97 in other counties)	X		X			
	Provide transitional Medicaid and child care after state time limits are reached (6/96 in Bexar County; 1/97 in other counties)	X		X			
Responsibilities, Employment, and Resources (RER)	Sign and comply with the Personal Responsibility Agreement (6/96)	X	X	X		X	
	Disregard child's income and resources (11/96)	X	X	X		X	
	Raise resource limits (11/96)	X	X	X		X	
	Delete work history, 100-hour rule for two-parent families (10/96)	X	X	X		X	
	Change age of youngest child exemption for participating in Choices (10/96)	X	X	X			
	Increase transitional Medicaid and child care from 12 months to 18 months for caretakers and second parents who were exempt from Choices but volunteered (10/96)	X	X	X			

Source: ACT Process Evaluation

One-time cash payments in lieu of TANF. The One-Time program allowed TANF-eligible families who also met certain crisis criteria (typically, recent loss of employment) to obtain a one-time payment of \$1,000 instead of TANF. Applicants accepting this payment were not eligible to receive TANF in Texas for twelve months. This program was intended to address short-term crises within households and to prevent these families from becoming dependent on welfare. Unlike the other ACT components, this benefit was available to all eligible families and was not designed as a randomized experiment.

The Evaluation

As a condition of the federal waiver approval, Texas was required to design and implement a comprehensive evaluation of ACT. As described above, TDHS implemented the demonstration with experimental and control groups in a number of offices across the state so that a formal evaluation could be conducted. Texas received federal funding to continue studying waiver activities after the passage of PRWORA.

The major objectives of the ACT evaluation were: to document how well this demonstration was implemented; to determine the impacts of the ACT waiver policies on a number of public assistance, economic and child outcomes; and to report participants' views of welfare reform. To accomplish these objectives, the evaluation included three major components:

- ★ A process evaluation that described the demonstration and its implementation.
- ★ An impact analysis to compare differences in outcomes for cases assigned to either experimental or control groups in each pilot. Ray Marshall Center researchers analyzed administrative data from TDHS and six other state agencies to assess differences in employment and earnings, receipt of welfare and other types of public assistance, participation in employment training programs, use of child care, child support and several other family and child outcomes. Outcomes were tracked for five years from the beginning of the demonstration. Results were computed for all cases in the experiment, as well as selected subgroups.
- ★ Intensive interviews with participants to provide in-depth understanding of clients' experiences with state time limits and the TANF One-Time program. The interviews focused on the clients' economic and family situations.

Separate reports are available from each of these analyses. This summary report synthesizes results from all three analyses, places their findings in context with those from other states and develops policy implications that are relevant for the post-ACT waiver environment.

The Context

National context

ACT was one of the last state AFDC waivers approved prior to the passage of PRWORA in August 1996. Some PRWORA provisions did not apply in Texas until the ACT waiver expired in March 2002. Approximately 20 states evaluated their waiver initiatives in some way, but only six of the other state waivers both included randomized impact evaluations and either time limit or personal responsibility provisions (Table 2.) Most evaluations of the earlier AFDC waivers have now been completed, which makes it possible to compare the results from the ACT demonstration with well-crafted research studies occurring in other states.

**TABLE 2:
RANDOMIZED STATE AFDC WAIVER EVALUATIONS WITH TIME LIMIT
OR PERSONAL RESPONSIBILITY PROVISIONS**

State*	Key Experimental Group Provisions	Control Group
Arizona	Time limits, stricter JOBS sanctions for noncompliance, and elimination of the 100 hour rule family benefit cap, restricted eligibility for unwed minor parents, mandatory JOBS participation for teen parents, extended transitional benefits, and individual development accounts	Old AFDC rules
Connecticut	Time limits, earned income disregard and mandatory workforce services	Old AFDC rules
Florida	Time limits, financial work incentives, enhanced workforce services and requirements, and parental responsibility mandates	Old AFDC rules
Iowa**	Earned income disregard, Family Investment Agreement, participation in PROMISE JOBS, various provisions which allow two-parent families to qualify for assistance	Old AFDC rules
Indiana	Time limits, financial work incentives, work first approach, personal responsibility agreements, and sanctions for non-compliance	Old AFDC rules
Virginia	Time limits, personal responsibility agreements, earned income disregard, mandatory job search and full family sanctions for non-compliance	Old AFDC rules

* Wisconsin's evaluation also contained a randomized evaluation but its implementation was fraught with design and implementation problems so is not included in this table.

** Evaluation was discontinued after the implementation of TANF.

Source: www.acf.dhhs.gov/programs/opre/ssfpfp.htm

During the operation of the ACT demonstration, time limit and personal responsibility policies in other states have continued to evolve. Currently, almost all states have some sort of time-limited TANF benefits, although the specific provisions vary widely across states. Most states also impose sanctions for failure to comply with TANF requirements. Some use partial sanctions that are similar to Texas' financial penalties and only affect the caretakers' portion of TANF payments. Others remove entire families from TANF (known as full-family sanctions) for failure to comply with workforce, child support or

personal responsibility requirements. Almost all states now have stricter sanction policies than required by PRWORA.³

Texas context

Texas enacted additional welfare reform policies during the operation of the ACT demonstration. Because these policies apply to both experimental and control group members in ACT pilot sites, they are not included in impacts measured by the ACT evaluation. A special analysis was conducted to determine whether impacts for persons entering the ACT demonstration after these policies were enacted varied from those of persons entering TANF earlier in the demonstration (described in the section on subgroup analyses).

Texas welfare reform policies not included in the ACT demonstration include:

- ★ Texas Works, implemented in November 1997, which diverts potential TANF applicants to other activities and encourages them to choose work over welfare.⁴
- ★ Work First program, implemented in December 1997, which requires non-exempt TANF applicants to attend a workforce orientation session before they are certified to receive TANF.
- ★ A federal 60-month, lifetime time limit adopted in December 1999 for all persons on TANF cases headed by an adult (including all clients in ACT pilots). Any TANF benefits that a caretaker or second parent received for October 1999 or later are counted toward the federal 60-month time limit. State time limit months accrued after November 1996 count toward the federal limit.
- ★ Increase of the earned income disregard for TANF recipients, beginning in March 2000. This, along with related policy changes, allows TANF recipients to be employed for a longer period of time before becoming ineligible for TANF.
- ★ Replacement of the TANF program for two-parent families with a new state-funded program in October 2001.

In addition to the continuing policy changes throughout this demonstration, there was widespread media coverage about welfare reform, particularly during the early years of this demonstration. This publicity could have led some persons in the experiment to erroneously believe that welfare reform provisions applied to them. Such contamination by news media and word of mouth may have resulted in smaller impacts from this experiment than otherwise expected.

ACT's Policy Significance

ACT is the only AFDC waiver evaluation designed to isolate the effects of state time limits separately from other welfare reform interventions. ACT is also the only waiver experiment that separately measures the impact of PRA penalty policy on the behaviors that those penalties are intended to modify. The earlier welfare demonstrations that included time limits, PRAs and financial sanctions only measured their impacts as part of a total package of

³ See Bloom and Winstead (2002).

⁴ Texas TANF diversion programs were examined in Schexnayder, Lein et al. (January 2002).

reforms. Finally, all of these states except Texas and Arizona included earned income disregards or other financial incentives as part of their demonstration. As mentioned above, Texas' earned income disregard was adopted outside of this evaluation. The ability of the Texas evaluation to isolate the effects of time limits and the personal responsibility agreement from an entire package of benefits is a key difference between the Texas evaluation and other AFDC waiver evaluations. Thus, the results from the ACT evaluation should help to fill a void in the existing research literature on the effects of welfare reform.

EVALUATION RESULTS



Achieving Change
for Texans

Final Summary Report



EVALUATION RESULTS

ACT's Implementation and Operation

TDHS evaluation staff documented the implementation of the Texas ACT waiver demonstration and its operation over time. To inform the impact findings, they also examined how well staff and clients understood various ACT waiver policies. The evaluators conducted several rounds of site visits to local TDHS pilot offices, where they interviewed and observed staff interacting with clients. They also surveyed staff and clients and reviewed historical documents, policy documents, and administrative data relevant to the demonstration. Finally, through a contract with the University of North Texas, they surveyed experimental and control group members to ascertain how well each group understood state and federal time limits.

Key findings from this analysis are presented here, along with an analysis of clients' overall understanding of time limits. More detailed results can be found in the full reports on the process evaluation, *Achieving Change for Texans: Final Process Evaluation Report* and *Understanding of Time Limits: Supplement to Achieving Change for Texans Process Evaluation Report*.

As displayed in Figure 1, the Time Limits pilot operated in Bexar County, which includes the San Antonio metropolitan area. The RER Choices pilot operated in Beaumont, Odessa, Corpus Christi (Dillon office) and El Paso (Clint office). RER Non-Choices operated in four TDHS offices in smaller communities and rural areas throughout Texas (Hondo, Huntsville, Lockhart and Luling).

An automated system assigned and tracked participation in this demonstration properly. This system provided consistency during a period when eligibility workers did not fully understand the complex rules of the ACT demonstration.

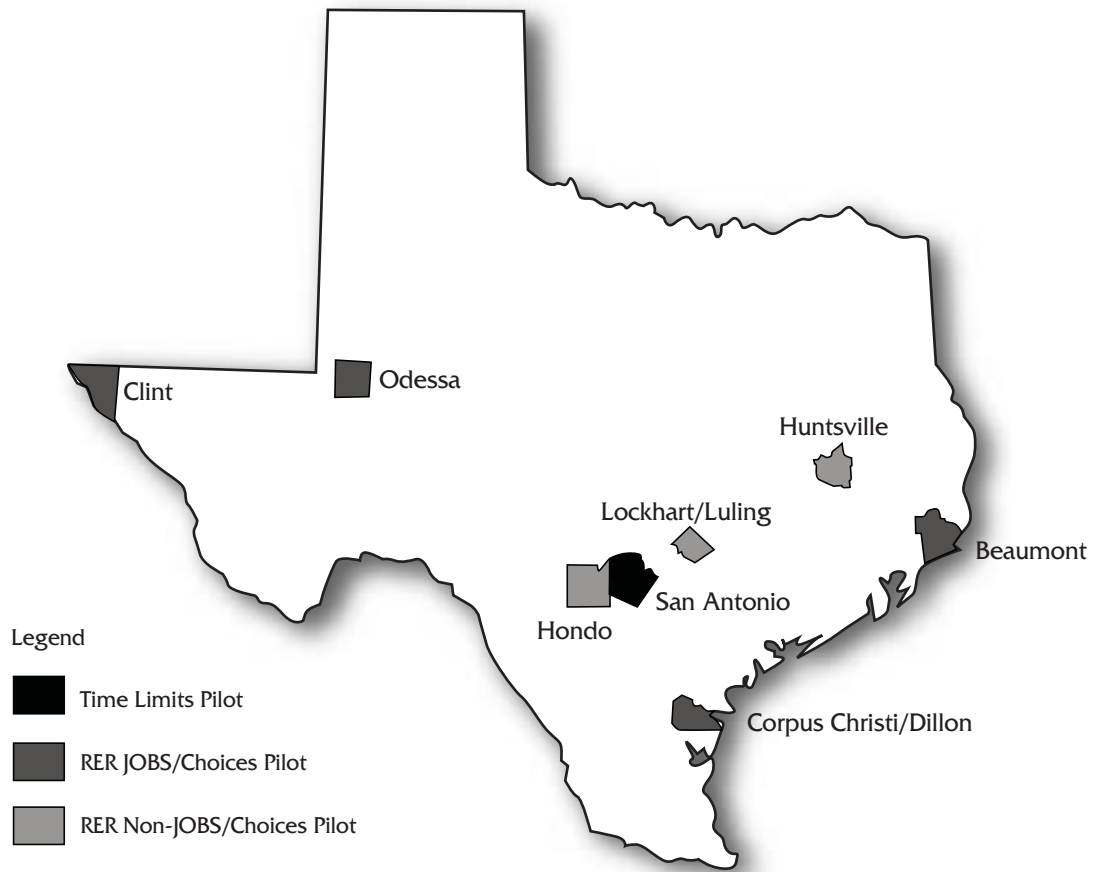
An automated system was designed to aid the implementation of the ACT pilots. The automated system ensured that ACT policies were applied appropriately, both in the pilot offices and in the remainder of the state. This system randomly assigned TANF clients in ACT pilot offices to the experimental or control groups and used various codes (known as 'pilot indicators') to apply the proper combination of policies in pilot offices. These functions included assigning clients' time-limit tiers, tracking how many months of TANF benefits were used by clients toward time limits, assigning appropriate penalties for non-compliance with the PRA, and removing persons from the experiment when changes in their life circumstances contaminated their treatments in some way.

The automated system developed for the ACT demonstration worked properly throughout the demonstration period. With policies as complex as those in some of the waiver sites and staff turnover in some local pilot offices, staff often relied upon the information in the automated system to inform them of appropriate policies to apply and to guide their interactions with clients.

Exemption from workforce services was the main reason that clocks did not 'tick' in the two experiments with state time limits.

TDHS evaluators analyzed administrative data in September 1999 and September 2001 to determine how quickly experimental group members were advancing toward their state time

**FIGURE 1:
LOCATION OF ACT PILOTS**



Source: Act Process Evaluation

limits. In the two experiments that included time limits (TL and RER Choices), researchers found that the majority of state time limits clocks in both pilots did not ‘tick’ in September 1999 or September 2001, although the share of non-ticking clocks declined between the two periods (Table 3). This means that fewer than half of persons who were subject to state time limit policies actually advanced toward that time limit.

Over half of those whose clocks were not ticking were exempt from participating in Choices, which is the trigger for the application of Texas time limits. The share of clients who had not been notified to begin participating in Choices or with a closed Choices case — other reasons that clocks did not tick — declined between the two periods.

Except in Clint, most exempt clients were caring for a young child. Exemptions for this reason decreased somewhat between the two periods because of 1999 policy changes that restricted eligibility for this exemption. Incapacitation was the second most frequently used exemption. Use of this exemption increased between the two periods, most likely because some

TABLE 3:
ANALYSIS OF STATE TIME LIMITS CLOCKS

	TL	TL	RER Choices	RER Choices
Date of time limit clock analysis	9/1999	9/2001	9/1999	9/2001
Share of time limit clocks not ticking	79%	56%	75%	57%
Reasons clock did not tick				
Exempt from Choices	54%	65%	62%	62%
Not notified of Choices slot	17%	6%	11%	5%
Closed Choices case	17%	1%	11%	5%
First year after Tier 3 notice	6%	14%	8%	10%
Good cause	2%	4%	2%	5%
Other	5%	11%	7%	12%
Type of Choices exemption				
Caring for young child	67%	26%	62%	33%
Incapacitated	12%	33%	13%	28%
Other	21%	41%	25%	39%

Source: ACT Process Evaluation

persons who had previously used the ‘age of child’ exemption were also incapacitated in some way. In Clint, the most common exemption was for being too remote due to its location on the outskirts of El Paso.

Staff initially had difficulty understanding and explaining ACT time limit provisions to clients, but their performance in this area improved over time.

TDHS evaluators observed the operations in local ACT demonstration offices three different times during the experiment, interviewing staff in these offices and talking to clients after they had met with TDHS eligibility workers. They also administered several staff surveys about key features of the evaluation.

During the first site visits in the fall of 1997, eligibility staff reported some confusion regarding time limits policies and tended to rely on the automated system through a series of computer-generated letters to provide time limits information to clients. Workers in the RER Choices sites relied on the automated system to a greater extent than did workers in the TL sites. In both the TL and RER Choices sites, some eligibility workers erroneously informed control group clients about state time limit policies. Local office staff members were concerned about

giving incorrect information to experimental and control group members and were pessimistic about the potential for the experimental interventions to affect client behavior. In RER Choices sites, staff also cited the difficulty of accurately implementing different policies for experimental and control group members in the same office.

By the second local visits in calendar years 1999 and 2000, workers did not discuss state time limits with control group members (to whom these policies did not apply) during eligibility interviews. However, an Internet survey of eligibility workers found that most eligibility workers still did not understand the pilot indicators or the policies associated with the control group.

Clients understood that there were time limits but few knew what would happen to their benefits (TANF, food stamps, Medicaid) when they reached theirs.

In the first two rounds of interviews, experimental group clients in both the TL and RER Choices pilot sites knew they faced a time limit. In the TL sites but not the RER Choices sites, a large number of control group members (to whom state time limits did not apply) also thought that their TANF benefits were time-limited. Across all sites, most experimental clients did not know what would happen to their benefits (TANF, food stamps, Medicaid) when they reached their time limit. Almost half of interviewed eligibility workers felt that experimental group clients did not understand the state time limits message “at all.”

During the third phase of the process evaluation, a special analysis was conducted in the TL and RER Choices sites to learn why clients had such a poor understanding of time limits. Evaluators interviewed staff and clients in TDHS offices and mailed a survey to experimental and control group clients in both pilots. They found that:

- ★(The general message, “TANF benefits are time limited,” was presented effectively enough to make most TANF clients aware of time limits. However, some clients confused time limits with other time periods related to their case (such as the recertification period). Few clients correctly understood the implications of time limits — especially federal time limits — and few could correctly estimate the amount of time left on their state and federal clocks.
- ★(Eligibility workers typically did not spend their limited interview time trying to explain complex time limits policies to clients.
- ★(Clients typically did not read or recall the information about their time limits that was printed on their TANF eligibility or recertification notices. When an eligibility worker told a client about time limits, the client often did not seem to remember what she was told minutes later.
- ★(Responses of experimental groups on the client mail survey were similar across TL and RER Choices sites. The most frequent response to survey questions about time limits for both experimental and control group members was, “I don’t know.” But experimental group clients were somewhat more likely to know that they had a time limit and to understand the implications of state and federal time limits better than control group clients.
- ★(Persons who had reached their state time limits understood the implications of state time limits better than persons still on TANF but were less aware of the meaning of federal time limits.

Workers explained personal responsibility agreement provisions accurately, but clients still did not understand the intent of the PRA or the consequences of not complying with its requirements.

RER Choices workers were more familiar with personal responsibility agreement policies than time limit policies. They consistently took time to explain PRA policies and verify compliance with experimental group members, making interviews with experimental group members substantially longer than interviews with control group members. Most interviewed eligibility workers believed that the PRA conditions affected client behavior. However, interviews with clients immediately after their eligibility appointments revealed that they did not understand the purpose of the personal responsibility agreement or the consequences of not meeting PRA requirements.

Similar findings occurred in RER non-Choices sites. Because of smaller caseloads, less turnover among eligibility workers and simpler ACT policy provisions (i.e., no state time limits), clients typically received very clear messages about the PRA. Even so, they had difficulty understanding its intent or the consequences of not meeting its provisions.

Impacts of the ACT Demonstration

Ray Marshall Center evaluators analyzed administrative data from fourteen programs administered by seven Texas agencies to measure program participation, demographic characteristics, and outcomes at the individual and case levels across programs and over time. Net impacts (differences in outcomes for experimental and control group members) were computed for many public assistance, economic, and family and child measures. A list of these measures and the overall impacts of ACT waiver policies on each of them are shown in Table 4 for all three pilots.

Impacts on certain subgroups within the larger experimental and control groups were also studied to determine if ACT's effects varied for different kinds of people, in different time periods, or under different policy contexts. To test for such differential impacts, analyses of twelve key variables were added for the following subgroups:

- ★ ***Four-year outcomes*** — To test whether the demonstration had different impacts for persons with long histories with the welfare system, four-year outcomes were computed separately for short-term and long-term TANF recipients assigned within the first six months of each experiment.⁵
- ★ ***Before/after 1999 policy changes*** — To judge whether the demonstration had different effects under a later Texas TANF policy environment, one-year outcomes for were compared for families assigned before and after several key policy changes implemented between October 1999 and March 2000 (1999 policy changes). These included the imposition of federal time limits, an expansion of the earned income disregard, and a tightening of the 'age of child' exemption.

⁵ Short-term recipients had less than 30, and long-term recipients 30 or more months of prior TANF receipt when they entered the demonstration.

TABLE 4:
OVERALL IMPACTS BY EXPERIMENT

	Time Limits	RER	RER Non-Choices
Welfare Dynamics			
Percent of time spent on TANF by caretaker	-0.6%	1.5%	1.4%
Percent of time spent by caretaker in payee-only status	0.3%	-2.8%	-1.1%
Percent of time spent on TANF by any child	-0.3%	-1.1%	
Percent of time spent on TANF by any family member	-0.4%	-1.1%	
Average monthly TANF benefit	-\$1	-\$2	
Percent of months in child support penalty status		2.9%	1.9%
Percent of months in Choices penalty status	-0.4%	1.9%	n.a.
Average length of penalties in months		0.9	
Percent of time on Medicaid by caretaker	0.2%	2.6%	1.9%
Percent of time on Medicaid by any child	0.3%		
Percent of time on Food Stamps		-0.6%	-3.2%
Percent of time on transitional Medicaid	0.8%	1.2%	
Percent of time on transitional Child Care	0.1%	0.3%	0.1%
Self-Sufficiency Outcomes			
Percent of quarters in which caretaker had wages of any amount	0.7%	0.8%	
Average quarterly caretaker wages			
Average quarterly family wages earned		\$27	
Percent of quarters in which caretaker wages exceeded 155% of poverty	-0.1%		
Percent of quarters in which family earnings exceeded 155% of poverty			
Average quarterly family earnings plus child support collections retained		\$30	
Percent of quarters in which earnings plus child support greater than poverty			
Workforce Development Participation			
Percent of months participating in Choices program		-0.4%	n.a.
Ever participated in Choices			
Average hours of Choices participation per month			n.a.
Percent ever participating in JTPA, WIA, or WtW			
Percent ever participating in post-secondary education			
Percent ever receiving post-secondary degree	-0.2%		
Family and Children Indicators			
Percent of families with an OAG child support case open			
Percent of families with an OAG case open experiencing new paternity establishment(s) monthly			
Average number of children for whom paternity established			
Percent of months in which any child support was collected	0.5%	1.0%	
Average monthly child support collections		\$2	-\$5
Percent of cases using subsidized child care (SCC) monthly		0.4%	0.5%

**TABLE 4 (CONTINUED):
OVERALL IMPACTS BY EXPERIMENT**

	Time Limits	RER	RER Non-Choices
Family and Children Indicators (Continued)			
Average number of children using SCC monthly, of families receiving SCC	0.0	0.1	-0.3
Subsidy per child-month using SCC			
Percent of pre-school children with any immunizations reported in ImmTrac†	-1.8%		
Percent of pre-school children fully immunized as reported in ImmTrac†			
School attendance rate†			
School mobility†		-15%	
School dropout rate†			
TAAS reading: percent passed†			
TAAS mathematics: percent passed†			
Rate of foster care placement			
Rate of substantiated reports of abuse or neglect per month			

NOTE: Only statistically significant parameters ($p < .01$) are listed.

†For confidentiality reasons, described fully in the Appendix, certain effects listed are unadjusted or repeated measures effects, rather than adjusted net effects.

Source: ACT Impact Evaluation

★(**Tier group analysis** — To test whether the overall impacts varied for those with varying prior education and work experience and with different time limits, separate impacts for members of Tiers 1, 2, and 3 were computed.⁶

Complete results from the impact analysis are contained in a companion publication to this summary, *Achieving Change for Texans Final Impact Report*. Significant differences in outcomes between experimental and control groups in each pilot are discussed below.

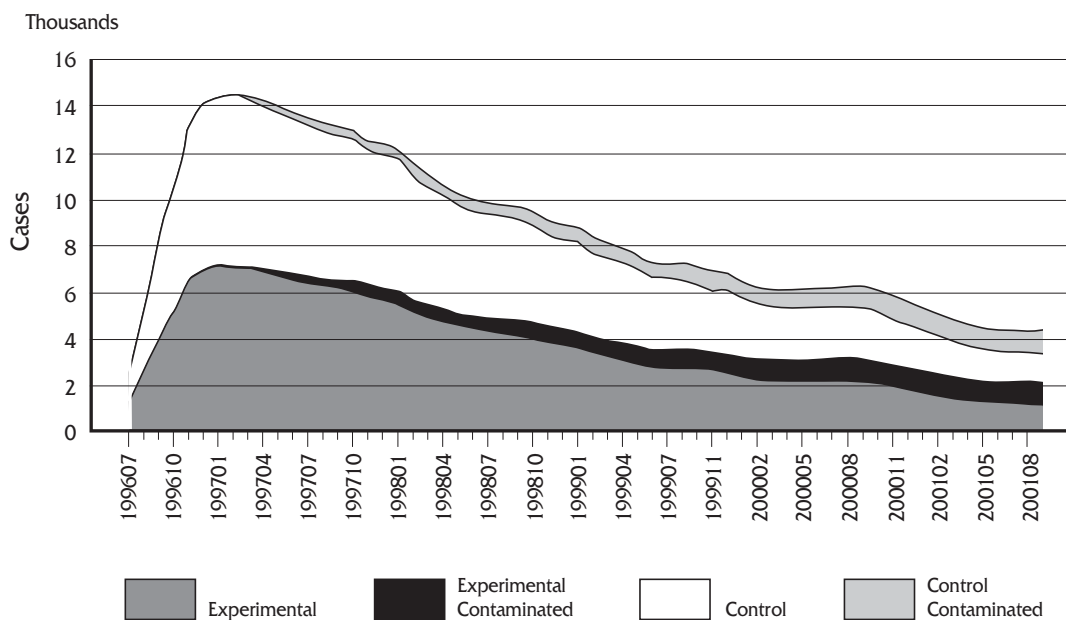
Impacts of Texas Time Limits

The time limits pilot measured the impact of state time limits and additional transitional benefits for persons reaching time limits while holding all other policies constant. In the TL pilot, outcomes for the 29,795 cases assigned to experimental and control groups from June 1996 through September 2000 were tracked through September 2001.

Over half of the cases included in this analysis entered the experiment during its first six months. The sizes and characteristics of the experimental and control groups were nearly identical when they entered the pilot. As shown in Figure 2, the overall TANF caseload declined steadily throughout most of the evaluation period.

⁶ Persons assigned to Tier 1 had the most prior education and work experience and a 12-month time limit. Tier 2 caretakers had a 24-month time limit. Those in Tier 3, who had the least education and work experience, had a 36-month limit.

**FIGURE 2:
TIME LIMITS CASELOAD OVER TIME**



Source: ACT Impact Evaluation

Evaluators first measured the impact of state time limits on a number of public assistance outcomes. TANF and Medicaid enrollments were measured separately for adult TANF recipients and their children because state time limits remove only the adult from the TANF case while increasing adults' access to transitional Medicaid benefits. Impacts of state time limits on food stamps, financial penalties for not meeting personal responsibility agreement requirements, and use of transitional Medicaid and child care were also computed. Researchers found that:

Texas time limits caused small reductions in TANF receipt, slight increases in enrollment in Medicaid and transitional benefits but no change in use of food stamps.

Under Texas policy, the removal of an adult from TANF due to reaching the state time limit creates a 'child-only' (or payee) TANF case and a reduction in the average monthly TANF benefits available to the affected family. Adult use of transitional Medicaid would also be expected to increase. Children's use of TANF and Medicaid were expected to be unaffected by the imposition of time limits for their parents.

Impact results showed that TANF usage actually declined slightly for both caretakers and children affected by time limits but the amount of time spent in 'payee-only' status did increase. Use of TANF by any family member declined by 0.6 percentage points, or 1.5 days per year. These reductions tended to be more pronounced for Tier 2 caretakers, who had some high school education and limited work experience. Average TANF benefits for families subject to time limits decreased by only \$1 per month.

Medicaid enrollment increased for both adults and children, but the sizes of these effects were very small. Use of transitional Medicaid increased by three days per year, the largest increase of all types of Medicaid measured. Adult short-term recipients subject to time limits spent significantly less time on Medicaid than did control group members.

Time limits also increased use of both transitional Medicaid and transitional subsidized child care, but had no impact on the use of food stamps. Thus, on the whole, the Texas time limits experiment had small and inconsistent impacts on Medicaid and Food Stamp program participation for TANF families.

Persons facing state time limits received PRA penalties less often than other caretakers but differences were very small. For both groups, about two months of every year on TANF were spent in penalty status.

Overall, persons subject to time limits spent one less day in penalty status than other caretakers for each year that they received TANF. This difference was driven by lower rates of financial PRA penalties for Choices and child support among Tier 1 caretakers, a group with at least a high school education and the most work experience of all groups. Most penalties, averaging about four months for each occurrence, were imposed for failure to comply with PRA provisions related to Choices participation, Texas Health Steps and school attendance.⁷

The impacts of time limits on public assistance use differed by tier.

The small impacts of time limits on various public assistance measures sometimes masked differences in impacts for persons of different backgrounds. In some cases, time limits affected members of these subgroups in opposite ways. For example, Tier 1 families subject to time limits received Choices penalties less often than families not subject to time limits. As shown in Table 5, however, state time limits had no effect on these penalty rates for Tier 2 families while Tier 3 families subject to time limits were penalized more often. Differing impacts among subgroups were common, particularly by tier. This suggests that state time limits affect persons with different educational and work history backgrounds in quite different ways.

Time limits caused a very small increase in caretaker employment but had no effect on overall quarterly earnings. Time limits affected Choices participation differently for short and long-term recipients and by tier.

Ray Marshall Center evaluators also measured the impacts of time limits on a number of labor market and related outcomes. These included quarterly employment rates and earnings for caretakers and all family members on the TANF case, as well as total family earnings plus child support. Impacts of time limits on participation in various programs designed to increase employment skills — including Choices, Job Training Partnership Act (JTPA) and the Workforce Investment Act (WIA), and post-secondary education were also measured.

Overall employment gains were quite small, an increase equivalent to 2.5 days per year. Employment gains occurred primarily among short-term recipients, (i.e., persons with less

⁷ Texas Health Steps requires health screening and regular check-ups for young children. It replaced the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program in May 1996.

TABLE 5:
IMPACT VARIATION BY TIER AND EXPERIMENT

	Time Limits			RER			RER Non-Choices		
	Tier1	Tier2	Tier3	Tier1	Tier2	Tier3	Tier1	Tier2	Tier3
Welfare Dynamics									
Percent of time spent on TANF by any family member		-0.9%		-2.2%	-1.7%			2.5%	
Average monthly TANF benefit				-\$3.62	-\$3.35	-\$1.57			
Percent of months in child support penalty status	-0.14%	-0.16%		0.57%	1.64%	1.66%	0.48%	0.57%	1.18%
Percent of months in Choices penalty status	-0.43%		0.22%		0.72%	1.68%	n.a.	n.a.	n.a.
Percent of time on Medicaid by caretaker				2.1%	1.3%	4.4%		4.0%	1.8%
Percent of time on Medicaid by any child	0.7%				-1.2%	-0.8%			
Percent of time on Food Stamps		-0.7%		-1.1%	-1.7%		-3.7%		-3.9%
Self-Sufficiency Outcomes									
Percent of quarters in which caretaker had wages of any amount		1.5%							4.4%
Average quarterly caretaker wages									\$163
Workforce Development Participation									
Percent of months participating in Choices program	-0.2%		0.2%	-1.0%		0.4%	n.a.	n.a.	n.a.
Family and Child Indicators									
Percent of months in which any child support was collected	0.8%	1.0%	-0.3%	1.0%	1.2%			1.9%	-4.5%
Percent of cases using subsidized child care (SCC) monthly						1.2%	0.8%	-0.7%	0.6%

Note: Experimental effects by tier are only listed for those cases in which 1.) the overall experimental effect was found to vary significantly by tier and 2.) the effect within a given tier is significantly different from zero.

Source: ACT Impact Evaluation

than 30 months of prior TANF receipt at the point of random assignment), as well as among Tier 2 caretakers. Even so, caretakers' quarterly earnings did not increase as a result of state time limits. Very few families generated enough income from sources measured here to become independent of public assistance.

Overall rates of participation in Choices, other short-term workforce development programs, and post-secondary education were unaffected by Texas time limits. Those subject to time limits were significantly less likely to achieve a post-secondary degree. The overall insignificant effects on Choices participation masked interesting differences for some subgroups, with time limits causing both short-term recipients and those in Tier 1 to reduce their Choices participation, relative to controls.

Time limits slightly increased the number of months in which child support was collected but produced no differences in other family or child outcomes.

Finally, family and child outcomes were measured to determine if the demonstration affected them. Several child support measures were analyzed, including rates of paternity establishment and opening of new child support cases, the two measures most closely associated with PRA requirements to cooperate with child support enforcement. Additional child support measures included the percent of months in which child support was collected and the amount of child support collected each month. Among other family and child outcomes tested were use of subsidized child care, immunization rates for young children, school attendance and TAAS performance, rates of foster care placements and incidence of substantiated child abuse or neglect.

Child support collections occurred more often for families subject to time limits, but as with other impacts from this experiment, the overall impacts, about two days per year, were very small. These impacts varied by tier, with Tier 1 and Tier 2 families receiving child support more often and Tier 3 less often than their control groups. These findings suggest that time limits induced noncustodial parents with existing child support orders to pay child support more regularly but did not increase the number of paternity establishments or open child support cases.

Impacts of the Combination of Texas Time Limits and RER

The RER Choices pilot compared the combination of state time limits, expanded TANF eligibility rules and the personal responsibility agreement to the AFDC rules in effect prior to the ACT demonstration. From June 1996 through September 2000, 13,373 cases were assigned to participate in RER Choices as either experimental or control group members.⁸ Over 35 percent of these cases were already receiving TANF at the beginning of the experiment. As in the TL pilot (see above), the size of the TANF caseload declined in the first few years of the demonstration.

Expanded TANF eligibility rules allowed more working but very poor two-parent families onto TANF in the site with the highest share of Hispanic families.

In the ACT demonstration, full tracking of families assigned to experimental and control groups only began after their TANF applications were approved. So the impact of expanded eligibility rules in the RER pilots (known as 'entry effects') could be assessed only for those whose applications were approved. In three of the four RER Choices sites, the sizes and characteristics of the experimental and control groups were essentially identical. However, in El Paso's Clint office, a heavily Hispanic area, more two-parent families entered the experimental group. Most differences in the number and characteristics of the experimental group members in Clint were due to the elimination of the 100-hour and work history rules for two-parent TANF families. ACT's disregard of children's earnings also accounted for a small portion

⁸ El Paso's Clint office accounted for 2,888 of these cases.

of the entry effects in Clint. Because of these and other differences in the Clint office, other results for that location are reported separately and not included in this summary.

The following results measure the combined impacts of time limits and the PRA in all of the RER Choices sites except Clint. Application of these policies produced the following impacts:

The combination of time limits and the personal responsibility agreement caused very small reductions in TANF use for children, while adults' TANF use increased due to penalty rules. Adult Medicaid enrollment also increased but there were no impacts on children's Medicaid.

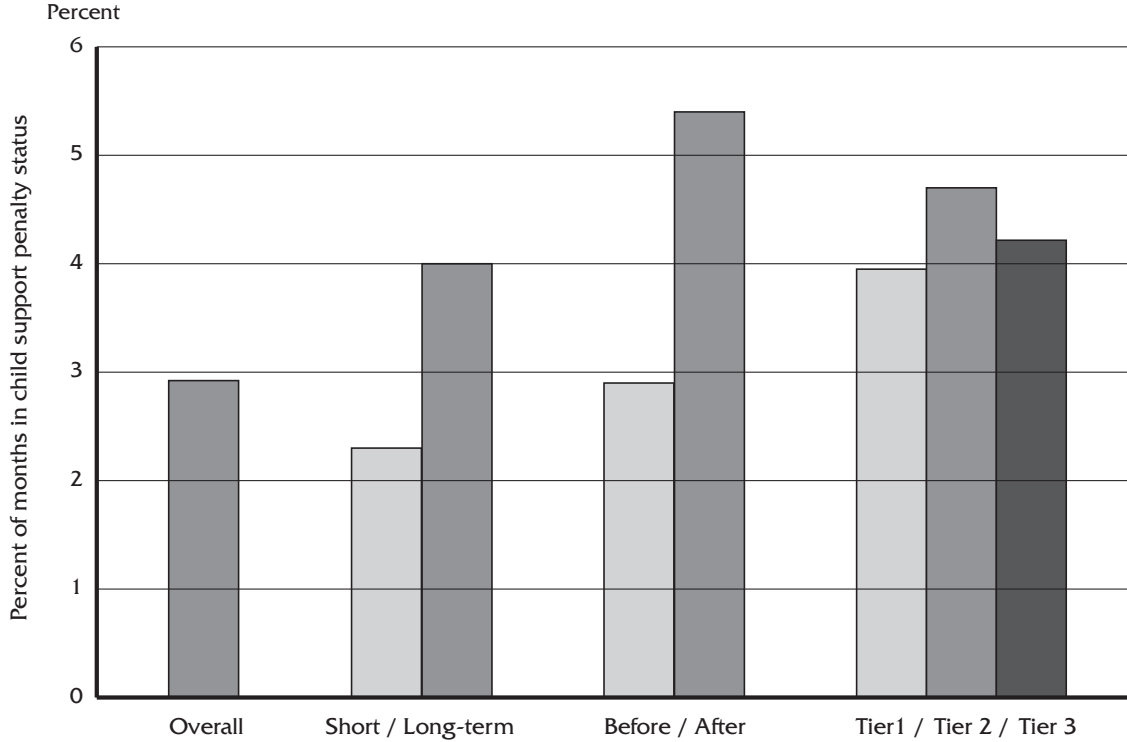
ACT rules allowed caretakers to remain on the TANF rolls even when they were financially penalized for not meeting PRA requirements. This varied from earlier AFDC rules that removed sanctioned caretakers from the AFDC grant when they did not comply with Choices or child support requirements. This rule change was largely responsible for the increase in TANF receipt among adult caretakers. However, the average monthly TANF grant was slightly lower for experimental group families because more financial penalties were imposed under ACT rules than sanctions under the old AFDC rules. The impacts of the RER experiment on TANF receipt varied by tier, with Tier 1 and 2 experimental group families receiving TANF less often than their control group counterparts.

Medicaid usage was higher for adults in this pilot because penalized caretakers retained their Medicaid eligibility by remaining on TANF. Among subgroups, these effects were particularly strong for long-term recipients and Tier 3 caretakers. There were no overall differences in Medicaid receipt among children in the two groups and small differences by tier. Persons subject to RER Choices provisions were less likely to receive food stamps than control group families but the impacts were very small. Caretakers subject to RER Choices provisions used both transitional Medicaid and transitional child care 20 percent more of the time than did those in the control group.

The personal responsibility agreement rules resulted in large increases in financial penalties, compared to earlier AFDC sanctions.

Over 29 percent of families subject to the PRA in the RER Choices sites received financial penalties, compared to only five percent of families in the control group sanctioned under the old rules. Financial penalties for failure to comply with PRA provisions were in effect 16 percent of the time that caretakers in the experimental group were on TANF following random assignment. Most of these penalties were imposed for not complying with PRA provisions related to Choices, Texas Health Steps program, child support, and school attendance. By comparison, control group members spent less than six percent of the time being sanctioned for failure to cooperate with the child support or Choices provisions in effect under the AFDC rules. The average length of time caretakers remained in penalized status increased by almost a month when families were subject to the PRA. Long-term recipients subject to RER Choices provisions experienced larger increases in penalties, relative to controls, than did short-term recipients for both child support and Choices penalties. Impacts of these penalties were also stronger for Tier 2 and 3 caretakers than for Tier 1 caretakers, as illustrated in Figure 3 for child support penalties.

**FIGURE 3:
CHILD SUPPORT PENALTIES IN THE RER CHOICES PILOT**



Note: Bars are only displayed if the overall effect was significant, or if the effect varied significantly by the factor indicated.

Source: ACT Impact Evaluation

The combination of state time limits and the PRA produced small gains in caretaker employment and total family earnings, but had no impact on caretaker earnings.

While persons subject to RER Choices policies worked in more calendar quarters after entering the demonstration, their earnings were not any different than those of control group members. The increase in family earnings occurred because other family members (typically teenage children) earned more than those in families not subject to these provisions. These small impacts were driven primarily by four-year outcomes for short-term TANF recipients, with no differences in impacts measured for any of the other subgroups.

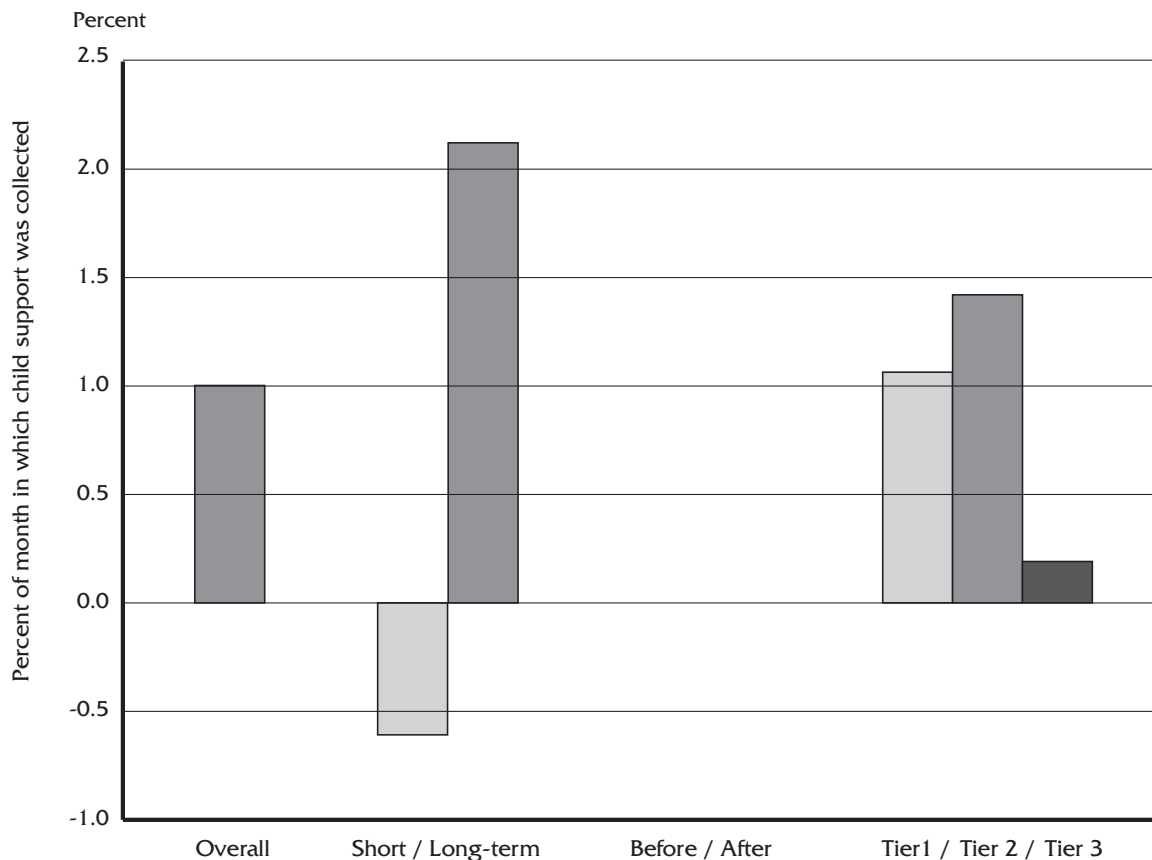
Caretakers subject to RER and time limit provisions spent less time enrolled in the Choices program and were more likely to receive financial penalties for failure to participate in Choices. A strong increase in the rate of Choices participation occurred for experimental group caretakers following the 1999 policy changes. Tier 1 caretakers subject to RER and time limit provisions spent less time in Choices than did control group members, while those in Tier 3 did the opposite. No differences were observed between experimental and control group members' participation in other workforce development services.

The combination of time limits and the personal responsibility agreement caused small increases in child support collections but few impacts on other family and child measures. This lack of impacts occurred even though many penalties were imposed for not complying with PRA provisions related to these outcomes.

Overall increases were observed both for the number of months of child support collections and the amount collected but not for paternity establishments or the number of new child support cases that were opened. As shown in Figure 4, impacts on the number of months in which child support was collected varied considerably by subgroup. These differences may have been associated with the penalties imposed for failure to cooperate with child support collections and/or the length of time needed to complete the process to collect child support.

Increases in the use of subsidized child care were partially attributable to higher usage of transitional child care by experimental group members. Greater use of subsidized child care was

FIGURE 4:
CHILD SUPPORT COLLECTIONS IN THE RER CHOICES PILOT



Note: Bars are only displayed if the overall effect was significant, or if the effect varied significantly by the factor indicated.

Source: ACT Impact Evaluation

also observed for long-term recipients, caretakers assigned following the 1999 policy changes, and Tier 3 caretakers. Because fewer experimental group families were exempt from Choices after the 1999 policy changes, a greater share of these families used child care to participate in Choices than was true for control group families.

No impacts were observed for rates of school attendance or immunization, even though a number of penalties were imposed for failure to comply with PRA provisions in these areas. Very few children needed foster care or child protective services during the observed time period, and the combined time limit and PRA policies did not have any impact on these measures.

Reaching Texas Time Limits

Ray Marshall Center evaluators tracked persons who were forced to leave TANF due to time limits for a year after exit using administrative data. By the end of September 2001, 816 caretakers in the TL pilot and 313 in the RER Choices pilot were removed from TANF because of reaching their Texas time limits. Ninety percent of this group had twelve month (Tier 1) time limits while most of the others had been assigned to Tier 2 (24-month time limits). As shown in Table 6, nearly all affected Tier 1 and 2 families received at least some Medicaid and food stamps after exiting due to time limits, and the children in about 90 percent of these families continued to receive at least some TANF benefits. More than 70 percent were employed at some time in the year after their exit, but their earnings were low. One year following exit, 25-33 percent of children in these families were still receiving TANF, and around 80 percent were enrolled in Medicaid. Four in ten families still received food stamps and approximately half of time-limited caretakers were employed.

The Center for Social Work Research conducted interviews with 39 welfare recipients in Bexar and McLennan/Bell Counties who had left TANF after reaching state time limits, as reported in *Texans Who Timed Out of Welfare: The Year After*. These researchers found that less than half of the respondents in each site were employed at the time of the first interview. Respondents from Bexar County were employed primarily in education or the service sector, earning wages between six and eight dollars an hour. In addition to service sector jobs, persons in McLennan/Bell Counties were working as mechanics and at jobs in the criminal justice system. Their wages ranged from \$5.50 to \$9.50 an hour. Most held part-time jobs. Persons not employed cited health problems, difficulties with transportation, and access to child care as barriers to employment.

Interviewed persons who had reached time limits thought that time limits were a good idea. However, they felt that they needed more time to prepare for leaving welfare (most persons interviewed had a 12-month time limit). They also felt that caseworkers needed better skills to recognize and deal with clients' multiple employment barriers.

After losing TANF due to time limits, former recipients reported that they survived through a mix of irregular employment (including employment in the informal sector), public assistance, private or local services, and help from family and friends. They bought groceries in bulk, got help from family and friends with a month's rent or a bag of groceries, and received periodic help from community agencies with food, clothing (particularly school clothing), school supplies, and utility payments. Most used the same mix of survival strategies that they had used while receiving TANF.

**TABLE 6:
FAMILIES REACHING TIME LIMITS**

	Time Limits		RER
	Tier 1	Tier 2	Tier 3
Number of caretakers reaching time limit			
Number of caretakers reaching time limit	739	55	286
Number of caretakers reaching time limit with at least 12 month followup†	428	26	156
Children remaining on TANF			
Percent of cases in which at least one child received any TANF	88.1%	92.3%	87.8%
Average number of months at least one child was on TANF	5.4	6.0	5.8
Percent of cases in which any child received TANF in 12th month after exit	24.2%	24.0%	32.9%
Medicaid receipt			
Percent of cases in which caretaker received any Medicaid	93.5%	92.3%	94.2%
Average number of months in which caretaker received any Medicaid	9.3	8.9	9.1
Percent of cases in which caretaker received Medicaid in 12th month after exit	64.5%	65.4%	62.8%
Percent of cases in which caretaker received any transitional Medicaid	88.1%	88.5%	89.1%
Average number of months in which caretaker received transitional Medicaid	8.5	8.4	8.0
Percent of cases in which caretaker received transitional Medicaid in 12th month after exit	59.3%	61.5%	51.3%
Percent of cases in which any child received Medicaid	98.1%	96.2%	98.1%
Average number of months in which any child received Medicaid	10.4	10.3	10.5
Percent of cases in which any child received Medicaid in 12th month after exit	78.7%	80.0%	81.6%
Food stamp receipt			
Percent of cases in which household received any Food Stamps	93.2%	96.2%	94.2%
Average number of months in which household received Food Stamps	6.6	6.9	6.9
Percent of cases in which household received Food Stamps in 12th month after exit	41.4%	46.2%	45.5%
Employment and Earnings			
Percent of cases in which caretaker was employed at all in 12 months	72.4%	76.9%	67.9%
Average number of months in which caretaker was employed	6.1	6.5	5.8
Total wages earned in follow up period (among those who earned wages)	\$6,548	\$5,169	\$5,250
Percent of cases in which caretaker employed in 12th month after exit	53.0%	50.0%	50.0%
Percent of cases in which caretaker was employed for all 12 months after exit	25.5%	19.2%	26.3%
Total wages earned in follow up period (among those employed all 12 months)	\$11,358	\$9,196	\$8,207
Child Care			
Percent of cases in which caretaker received any subsidized child care	29.0%	19.2%	22.4%
Average number of months in which caretaker received any subsidized child care	2.1	1.3	1.4
Percent of cases in which caretaker received subsidized child care in 12th month after exit	14.7%	3.8%	8.3%
Percent of cases in which caretaker received any transitional child care	19.9%	11.5%	14.1%
Average number of months in which caretaker received transitional child care	1.5	0.4	0.9
Percent of cases in which caretaker received transitional subsidized child care in 12th month after exit	11.7%	3.8%	6.4%

**TABLE 6 (CONTINUED):
FAMILIES REACHING TIME LIMITS**

	Time Limits		RER
	Tier 1	Tier 2	Tier 3
Child Support			
Percent of cases in which any child support was collected	36.9%	46.2%	35.3%
Average number of months in which caretaker received child support	2.5	2.6	2.2
Total amount of child support received during follow-up period (among those who received child support)	\$1,093	\$766	\$865
Percent of cases in which any child support was collected in 12th month after exit	24.1%	30.8%	20.5%

† Except for the first row, the population of this table is limited to caretakers who were forced to exit with at least twelve months available for follow up. Only groups with at least 20 caretakers meeting these criteria are shown. All statistics except those in the first row are based on a twelve month follow-up period.

Source: ACT Impact Evaluation

Impacts of RER

The RER Non-Choices experiment measured the impact of RER provisions (expanded eligibility rules plus the PRA) in the absence of time limits.⁹ This pilot was implemented in January 1997. By the end of September 2000, 1,684 cases were assigned as experimental or control group members. The expanded TANF eligibility rules in these sites did not affect the composition of the experimental group. Over 60 percent of families participating in RER Non-Choices were already receiving TANF at the beginning of the experiment. As in the other pilots, the overall size of the TANF caseload declined during this period (see, for example, Figure 2).

After 57 months of operation, the RER experiment across four rural offices in counties without Choices programs produced the following impacts:

The personal responsibility agreement produced no overall impacts on the use of children’s TANF or Medicaid but increased caretakers’ time on TANF and Medicaid due to PRA rules. Use of food stamps declined for families subject to PRA provisions.

No differences between experimental and control groups were found for children’s overall TANF usage or the monthly amount of the TANF grant. Caretakers subject to the PRA spent more overall time on TANF but less time in ‘payee-only’ status, due to the rules governing penalties and sanctions. The PRA slightly increased the percent of time on TANF for Tier 2 families. A descriptive analysis showed that the active TANF caseloads in these sites became increasingly comprised of long-term welfare recipients as the study progressed.

While caretakers in families subject to RER Non-Choices provisions were more likely to enroll in Medicaid, the experiment had no overall impact on children’s Medicaid receipt.

⁹ Texas time limits do not apply in sites without a Choices program because state time limits are conditional on the offer of a Choices slot.

These same families used food stamps less often. Subgroup analyses qualified these effects to some extent. No effects of the PRA were found on transitional Medicaid usage, while the increase in transitional child care usage was so small as to be practically insignificant.

Families subject to the personal responsibility agreement spent more time in penalty status, as expected.

Experimental group members spent eleven percent of their time on TANF after random assignment in penalty status, most often due to non-compliance with Texas Health Steps. The average penalty lasted 4.6 months in duration. Control group members were subject to sanctions instead of penalties, and spent about one percent of the time following random assignment in sanctioned status for failure to cooperate with child support enforcement. Subgroup analyses revealed that the impact of penalties for failure to cooperate with child support enforcement was greatest before the 1999 policy changes, among short-term recipients, and among caretakers in Tiers 1 and 3.

The personal responsibility agreement produced no overall impact on employment or earnings.

Overall, RER Non-Choices provisions did not impact any of the employment or earnings measures. These findings were qualified, however, by the tier level of the caretaker. For reasons that are not clear, Tier 3 caretakers, who are the most disadvantaged in terms of education and employment history, experienced substantial increases in employment and earnings when subject to the PRA.

Because of the somewhat more rural locations of these sites, most offered no Choices program. Participation in other available workforce development programs was low, with no difference measured in overall rates of participation between the groups.

No impacts were found for school attendance rates, most of the child support measures, or immunization rates, despite experimental group members being subject to PRA penalties in these areas.

Use of subsidized child care increased and the average amount of child support collections actually decreased. No other family and child outcomes subject to PRA were affected by those rules, including immunization rates, school-related measures and use of child protective services.

One-Time Recipients

The TANF One-Time program was implemented in Hidalgo and Cameron counties in the Lower Rio Grande Valley in the fall of 1997, was extended to the rest of that TDHS region in April 1998, and became a statewide program in August 1998. Unlike the other ACT components, this provision was not evaluated as a randomized experiment. TDHS used administrative data to describe its implementation, and CSWR conducted detailed interviews with families who received one-time payments to better understand the uses of this payment and their perceptions of the program.¹⁰

¹⁰ This program is described more fully in Schexnayder, Lein et al. (January 2002).

A total of 4,715 one-time payments were issued through May 2001. About 85 percent of TANF One-Time recipients had not received TANF in the two years prior to receiving their first one-time payment. About 45 percent had not received food stamps in the six months before they received one-time payments for the first time. These findings were consistent with the policy that the TANF One-Time program was only available to families who met 'crisis' criteria.

CSWR researchers tried to contact 182 households shortly after they received the one-time payment and conducted in-depth interviews with 55 of these households several times in the months following receipt of the one-time payment. Complete results from these interviews are reported in *Texans Who Receive a One-Time Benefit: The Year After*. These families' experiences may not be representative of the entire state but suggest common uses of one-time payments. Researchers found that:

Families typically needed one-time payments due to losing their employment and used these payments to cover a one-time emergency expense or to purchase or repair a vehicle.

Over 38 percent of interviewed families had been laid off, fired or were receiving no income from their employment. Another 26 percent worked in seasonal jobs. Smaller shares of persons interviewed reported health, transportation or child care difficulties, as well as a variety of other reasons for not working. Over half of the interviewed families used the \$1,000 payment to pay overdue rent or mortgage or other overdue bills, while another fourth bought or repaired a car. In almost all cases, these families were living at or below the poverty level and payment of ongoing bills was somewhat precarious on a month-to-month basis.

One-time payments produced few changes in household budgeting, employment, access to education and training, or access to child care.

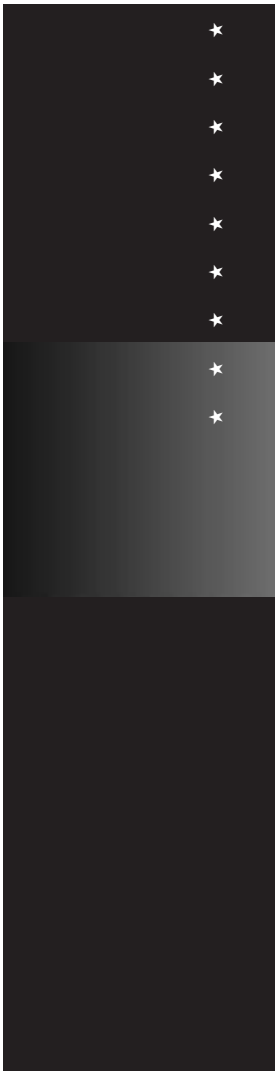
Being able to budget presumes the availability of money to manage. Most recipients of the one-time payment used the money in one of two ways – to alleviate pressing bills or as an investment in transportation. For most of the recipients, the money was already allocated before it was received. Thus, few funds were available for other purposes.

Although the one-time payment for transportation-related expenses enabled many study participants to begin a more extensive job search, employment remained fairly low among the study participants. Persons in seasonal employment and those using the payment to improve their available transportation reported the biggest employment gains.

One-time payments were not used to support persons outside the household.

One-time recipients often received additional help from persons outside their household and none mentioned that they aided relatives or friends outside of their own household with the payment. Forty percent of persons interviewed reported receiving income support from 'other' sources (most commonly family and friends). On average, households reported receiving \$275 per month from other sources, as well as many types of non-monetary supports.

All in all, the effect of the one-time payment on households depended on many factors, including the number of other supportive resources that families could piece together. In many instances, a heavy debt load that quickly absorbed the \$1,000 with no long-term lasting effects already hindered households. The households gaining the most benefit from the one-time payment were those for whom unemployment was temporary. In those cases, the one-time payment filled an immediate need that allowed for a continuation of a present (and generally modest) standard of living.



Achieving Change
for Texans

Final Summary Report



CONCLUSIONS

CONCLUSIONS

The following conclusions can be drawn from all components of the ACT evaluation:

1. Impacts on public assistance receipt from the ACT demonstration were small but significant.

In the two pilots with state time limits, use of TANF by any family member declined while enrollments in transitional Medicaid increased. Average monthly TANF benefits in these sites also decreased slightly. In the two pilots that measured the effects of the PRA against earlier AFDC rules, adult TANF use and TANF Medicaid increased because the PRA financial penalties (unlike the earlier AFDC sanction policy) allowed the caretaker to stay on TANF while penalized. In these sites, use of food stamps declined while penalties increased. The pilot that combined state time limits and the PRA produced the strongest impacts on public assistance measures.

2. The ACT demonstration increased employment rates for some groups but had no impact on caretaker earnings.

In the two experiments with state time limits, persons subject to time limits had slightly higher rates of caretaker employment than did persons not subject to time limits. These impacts were concentrated among persons who had received TANF for less than 30 months. Neither time limits nor the PRA provisions increased the overall earnings of ACT participants compared to persons who did not have to meet these requirements.

3. Weak overall impacts often masked subgroup differences, especially by tier group.

As shown by the subgroup analyses in the impact evaluation, state time limits and the personal responsibility agreement produced different impact for members of each tier group for public assistance and child support measures but not for employment and earnings. All three pilots showed great variation in impacts by tier, suggesting that both the state time limits and PRA policies affected persons with varying levels of education and work experience in different — and sometimes opposite — ways.

Short-term TANF recipients responded to ACT's provisions more strongly than persons with longer periods of prior TANF use. This was particularly true in the sites that combined time limits and the PRA, which resulted in lower monthly TANF benefits, fewer penalties, and higher rates of employment and earnings for this group. Persons with less than 30 months of prior TANF receipt are the only ones for whom overall caretaker earnings increased as a result of this demonstration.

Policy changes enacted in 1999-2000 did not substantially affect one-year outcomes from this demonstration, as documented by the similar impact results for families assigned to the ACT demonstration prior to and following the implementation of these new policies. Except for increasing Choices participation in the RER Choices pilot and use of child care in the pilots with time limits, the more recent TANF provisions — including federal time limits, the expanded earned income disregard, and the tightening of the 'age of child' exemption — did not change families' responses to ACT policies. This suggests that the impact findings from this demonstration are still relevant in the current Texas policy environment.

4. Staff and clients support the concept of time limits but the rules are too complex to understand.

As documented both in the process evaluation and the detailed interviews, the complexity in the structure of the Texas time limits and the differences in rules between the state and federal time limits caused quite a bit of confusion among both staff and clients. While staff improved in their understanding and explanation of these provisions over time, clients interviewed in 2001 still did not comprehend the implications of these provisions. This complexity caused time limits to lose power as a tool to influence behavior and may have reduced the size of the impacts in pilots with time limit provisions.

5. The interaction of state and federal time limits will result in the most disadvantaged families being the first to reach lifetime limits on Texas TANF receipt.

As documented in the process evaluation, the differing structures of the periodic state time limits enacted by HB 1863 and the lifetime federal time limits adopted in December 1999 mean that families will reach the more stringent federal limits at different rates. Under the current design, families of caretakers who are exempt from state time limits would be among the first to reach federal time limits because the federal clock ticks for these families even when they are not advancing toward a state time limit.

Also, persons who actually reach a state time have their TANF grants reduced but stop both state and federal clocks for a five-year period in which the caretaker is removed from TANF. Because of this, adults with the shortest state time limits (i.e., Tier 1) typically would be among the last to have their entire families removed from TANF by the 60-month federal limits, while those with the largest state time limits (i.e., Tier 3) would advance toward the federal limit more quickly.

6. The increased use of financial penalties did not change most of the behaviors governed by the personal responsibility agreement.

With the exception of some child support measures, the impact analysis found that the increase in penalties for failure to comply with Choices participation, school attendance or immunization requirements of the PRA did not improve performance in these areas for the groups subject to the penalties.

The process evaluation found that clients understood that they had to comply with PRA but did not know the implications of failure to comply. This occurred even in the non-Choices sites where the rules were simpler (due to the absence of time limits), and workers had more time to explain things and knew the families better. Interviews with low-income families in the sites with both the PRA and time limits found that clients often did not know why the amounts of their TANF grants were changing. Because of due process provisions that needed to be followed before a penalty could be imposed, penalties typically did not reduce TANF grants until 2-3 months after an infraction occurred. This, combined with the numerous reasons that TANF recipients could be penalized, often made it difficult for clients to know why their TANF grant was changing.

7. Most of the TANF caseload decline from 1995-1999 was not due to ACT waiver provisions.

The rapid caseload declines occurring in the early years of the ACT demonstration affected both experimental and control groups in all sites, and the very small impacts in this demonstration suggest that most of these declines were not caused by ACT policies. Caseload declines may have been partially due to other welfare reform provisions not measured by this demonstration, particularly TANF diversion policies. Texas families have a long history of cycling between welfare and work, and diversion policies may have kept some cyclers from returning to TANF. General publicity about welfare reform, changes in other related policies (such as the expansion of the Earned Income Tax Credit) or the strong economy that was in place throughout the operation of this demonstration could also have accounted for the steep caseload decline in the early years of ACT.

8. Impacts from this demonstration differ from those in other states but the mix of services is not comparable.

As mentioned earlier, the other state waiver evaluations measured a package of welfare reform provisions. Unlike the Texas evaluation, they were not designed to isolate individual policy provisions. None of the other states isolated either state time limits or PRA-like requirements from the entire package of reforms measured by those evaluations. Unlike Texas, all but one of the other states included financial work incentives or earned income disregards as part of the package of benefits included in their waiver evaluations.

9. A number of factors may have contributed to the small size of the impacts from this demonstration.

In demonstrations such as this one, small impacts typically occur because the experimental and control group policies do not differ sufficiently from each other, the experimental policies are not applied intensively enough, or the new policies are not any more effective at changing the outcomes than the old ones were. The most likely reasons that the ACT demonstration produced such small impacts include:

- ★ the structure of Texas time limit policies with its many exemptions from state time limits;
- ★ client confusion about the details and intent of both the time limit and PRA policies;
- ★ clients paying more attention to their immediate needs rather than future consequences imbedded in these policies; and
- ★ the exclusion of policies that supported employment from the set of policies included in the ACT demonstration.

The analysis of time limit clocks showed that Texas time limits did not apply to over half of TANF recipients and stopped often even when they did apply. The next two of these factors were well documented in the process evaluation. Local eligibility workers reported and detailed interviews with clients confirmed that clients were confused about ACT policies and were more focused on their immediate financial needs than any future consequences

imbedded in TANF penalty or time limits policies. Finally, unlike most other states, the Texas waiver did not include clear positive incentives for increasing employment. In particular, the change in Texas' earned income disregard policy, which the Texas Families in Transition study documented as increasing the rates of employment among Texas TANF leavers, was not a policy measured by the ACT demonstration.

POST-ACT POLICY CHANGES

After the ACT waiver expired in March 2002, several changes were made to Texas TANF policies. Those relevant to interpreting this demonstration's policy implications are listed below.

1. All TANF-Basic caretakers in Texas are now subject to both state and federal time limits and the personal responsibility agreement. (Requirements for the state-funded program for two-parent TANF families differ somewhat.)
2. The amounts of child support penalties for large families (more than six members) have increased. Child support penalties have also been extended to minor parents who do not comply with child support requirements.
3. Clients with a felony drug conviction are permanently disqualified from TANF.
4. School attendance penalties for teen parents (if their child is older than 12 weeks) have increased from \$25 to an amount equivalent to that person's share of the TANF grant. Minor parents not meeting school attendance requirements can also be removed from TANF for noncompliance with employment services.

POLICY IMPLICATIONS

Overall, the policies included in the ACT demonstration did not assist most participants to achieve independence from welfare through employment, training, temporary assistance and support services. These findings suggest the following implications for future changes in Texas TANF policies:

- 1. Texas time limits policies should be simplified and the groups to whom they apply should be re-examined.**

Current policies confuse everyone, including eligibility staff and TANF recipients. Texas is the only state in the nation that combines periodic limits for the caretaker with lifetime limits for the entire family. As discussed above, the interaction of these dual time limits will result in the most disadvantaged families being the first to reach lifetime limits on TANF receipt. This was not the intent of the Texas legislature when it enacted HB1863 and should be corrected.

2. In their current form, personal responsibility agreement penalties in Texas have little value as a behavior modification tool for affected families and should be re-evaluated.

The process evaluation documented that TDHS staff members spend a significant amount of time explaining the PRA, collecting documentation related to its provisions, and administering penalties. Yet, in those instances where behaviors governed by these penalties could be compared for both experimental and control groups, the impact analysis found that these policies did not change client behavior (with the possible exception of child support). Possible reasons for the limited impacts of these policies might be their current structure, an unavoidable lag time prior to their application, the large number of items for which clients can be penalized, or clients' focus on present-day family needs rather than the longer-term implications of such policies. All of these factors could contribute to clients' confusion.

Changes to the current PRA that could be enacted range from eliminating some or all penalties not mandated by federal law to strengthening the severity of the sanctions as a stronger incentive to follow TANF rules. While states have adopted a number of different policy approaches in this area, little research evidence exists as to whether any of these options would result in increased compliance with the PRA provisions. Further study is needed on this topic because it is clear that current Texas policies in this area are consuming limited staff time and confusing clients for little apparent gain.

3. The implications of the increasing number of TANF 'child-only' cases on low-income families and TANF-related policies should be explored.

Child-only cases now make up 36 percent of the Texas TANF caseload, a figure that has increased greatly since the beginning of welfare reform. While child-only cases have also been increasing in other states, the Texas increase is influenced largely by Texas state time limit policies. As currently structured, Texas time limits create child-only cases when the caretaker is removed from the TANF grant due to reaching state time limits. Under current Texas law, families in which the adult does not receive TANF have no work or Choices program participation requirements. Also, enforcement tools for requiring such families to cooperate with child support enforcement are limited. It is also harder to collect child support for these families. In reviewing Texas time limit policies, the possible effect of these policies on programs that are operated by other Texas agencies, such as the Texas Workforce Commission and the Office of the Attorney General's Child Support Division, should be considered.

4. Existing TANF policies should be examined to assess whether they meet the needs of long-term TANF recipients and those with more limited workforce qualifications.

During the evaluation of this demonstration, a descriptive analysis of the caseload showed that a growing share of the TANF caseload was composed of long-term recipients who had received more than 30 months of TANF receipt at entry. This trend could have occurred because of stronger impacts for short-term recipients, diversion policies, or the strong economy that was present throughout the evaluation period. Current reports from TDHS indicate that this trend may be changing as a result of the recent economic slowdown. Even so, given the prospect of lifetime limits, TDHS should assess whether the share of persons projected to reach lifetime time limits will be greater than the number who can be exempted from federal

time limit provisions. Also, given that the most negative impacts from this evaluation were found for Tier 3 recipients, the current policies should be re-evaluated to assess the degree to which they meet the needs of families who have fewer of the skills traditionally valued by employers.

In general, the findings from this demonstration have expanded our knowledge of the degree to which state time limit policies and the personal responsibility agreement as implemented in Texas influence the behavior of TANF recipients. Even though many of this demonstration's policies produced little or no impacts, much has been learned as to the reasons for these small impacts. Also, the interaction of these policies with federal time limits may produce some unintended and unusual effects. This new information provides an excellent opportunity to re-examine the rules governing the Texas TANF program, both those requiring legislative action and changes that can be achieved through agency rules.

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