History of ACT Waiver

- Legislature passed HB 1863 in May 1995
- Goal: Independence from AFDC through employment, training, temporary assistance and support services
- AFDC waiver approved in March 1996
- ACT operated from June 1996-March 2002
ACT Waiver Components

- Time Limits Experiment
- Responsibilities, Employment and Resources (RER) Experiment in Choices Counties
- Responsibilities, Employment and Resources (RER) Experiment in Other Counties
- One-Time Payments in lieu of TANF
National Research Context

- One of last AFDC waivers approved prior to passage of PRWORA in August 1996
- Only evaluation that isolates impacts of state time limits and personal responsibility agreement from other interventions
- Time limits, TANF eligibility and personal responsibility policies continued to evolve in other states after PRWORA
State Research Context

- Non-waiver Texas policies applied to both experimental and control group members
  - TANF diversion
  - Federal time limits
  - Expansion of TANF earned income disregard
  - Lowering of ‘age of child’ Choices exemptions (except for RER Choices control group)

- Widespread welfare reform media coverage
Evaluation Partners

- Texas DHS Program Evaluation Unit: *Process Evaluation*
- University of Texas Ray Marshall Center for the Study of Human Resources: *Impact Analysis and Final Summary Report*
- University of Texas Center for Social Work Research: *Participant Interviews*
Evaluation Objectives

- To determine impact of Texas time limits, expanded TANF eligibility rules and personal responsibility agreement on:
  - Welfare dynamics
  - Employment, earnings and self-sufficiency
  - Participation in workforce services
  - Selected family and child outcomes
Evaluation Objectives

- To document the implementation of demonstration
- To interpret impacts and place in context with other states’ findings
- To report participants’ views of reform
- To identify policy implications of findings
Process Evaluation Findings

- An automated system assigned and tracked participation in this demonstration properly.

- Automation system provided consistency during a period when eligibility workers did not fully understand complex rules.

- Exemption from workforce services was the main reason that clocks did not ‘tick’ in the two experiments with state time limits.
Staff initially had difficulty understanding and explaining time limits to clients but their performance improved over time.

Clients understood that benefits were time-limited but few knew what would happen when they reached limit.

Workers explained PRA provisions accurately but clients did not understand intent or consequences of not complying with its requirements.
Impact Research Methods

- Existing TANF recipients and new TANF entrants randomly assigned to experimental and control groups in study sites

- Overall impacts (differences in outcomes between two groups) computed over five-year period
Impacts also computed for three sub-groups:

- Four-year outcomes for short- and long-term TANF recipients
- One-year outcomes before and after 1999-2000 policy changes
- Families assigned to Tiers 1, 2 and 3
Time Limits Experiment

Measures impacts of state time limits only

- Operated in Bexar County
- 29,795 cases assigned to experimental and control groups from June 1996 – September 2000
- Over half entered within first six months
- Demographic attributes of two groups were identical
- Impacts measured June 1996 - September 2001
## Time Limits Experiment

<table>
<thead>
<tr>
<th>Experimental Group</th>
<th>Control Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Texas state time limits</td>
<td>• No state time limits</td>
</tr>
<tr>
<td>• Transitional benefits after reaching time limit</td>
<td>• No extra transitional benefits</td>
</tr>
<tr>
<td>• Expanded TANF eligibility; elimination of 100-hour rule</td>
<td>• Same</td>
</tr>
<tr>
<td>• Personal Responsibility Agreement</td>
<td>• Same</td>
</tr>
</tbody>
</table>
Time Limits Caseload Over Time

![Graph showing time limits caseload over time with different categories: Experimental, Experimental Contaminated, Control, and Control Contaminated.]
Summary of Time Limits Impacts

Welfare Dynamics

- Small reductions in TANF receipt, slight increase in use of Medicaid and transitional benefits but no impact on food stamps.

- Persons with time limits had fewer PRA penalties but differences were small. Two case months per year in penalty status for both groups.

- Impact on use of public assistance varied by tier.

- 816 caretakers removed from TANF due to time limits.
Impact of Time Limits on Welfare Dynamics

Time limits reduced overall TANF use by 1.5 days per year.
Summary of Time Limits Impacts

Other Outcomes

- Very small increases in employment, concentrated among short-term recipients
- No overall impacts on earnings; higher for short-term recipients
- No overall impacts on Choices participation; lower for short-term and Tier 1 and higher for Tier 3
- Small increases in months of child support collected but no impacts on other child and family outcomes
Impact of Time Limits on Employment

Time limits increased overall employment by 2.5 days per year.
RER Experiment with Choices

Measures impacts of time limits plus RER

- Operated in Beaumont, Odessa, Corpus Christi (Dillon) and El Paso (Clint) offices
- 13,373 cases assigned to experimental and control groups from June 1996 – September 2000
- 35% were receiving TANF at beginning
- Two groups’ demographics were identical except Clint
- Impacts measured June 1996 - September 2001
# RER Experiment with Choices

<table>
<thead>
<tr>
<th>Experimental Group</th>
<th>Control Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Texas state time limits</td>
<td>✓ No state time limits</td>
</tr>
<tr>
<td>✓ Transitional benefits after reaching time limits</td>
<td>✓ No extra transitional benefits</td>
</tr>
<tr>
<td>✓ Expanded TANF eligibility; 100-hour rule elimination</td>
<td>✓ Old AFDC eligibility criteria</td>
</tr>
<tr>
<td>✓ Personal Responsibility Agreement (PRA)</td>
<td>✓ No PRA</td>
</tr>
<tr>
<td>✓ Choices exemption for young child (age varies)</td>
<td>✓ Choices exemption for child under 3</td>
</tr>
</tbody>
</table>
Expanded TANF eligibility rules allowed more families and a higher share of working but very poor two-parent families into experimental group in Clint.

These ‘entry effects’ mostly due to elimination of 100-hour and work history rules for two-parent families.

Other Clint results not presented but included in report.
RER Choices Caseload Over Time
Summary of RER Choices Results

Welfare Dynamics

- Very small TANF reductions for children, mostly Tiers 1 and 2
- Increase in TANF for caretakers but lower benefits due to penalty rules
- Increased adult Medicaid usage; no change for children
- Very small reductions in Food Stamp use
- Large increases in financial penalties (vs. sanctions)
- 313 caretakers removed from TANF due to time limits
RER reduced overall TANF use by four days per year.
Summary of RER Choices Results

Other Outcomes

- Small increases in overall employment; no change in caretaker earnings

- Very small reductions in Choices participation but more Choices penalties; varies before and after policy changes and by tier

- Small increases in child support collections but few impacts on other child and family measures. Lack of impacts occurred even though PRA penalties were imposed.
Impact of RER Choices on Employment

RER increased overall employment by three days per year.
After Time Limits

Analysis based primarily on Tier 1 families

- 90 percent of children received TANF after caretaker removed; 25-33% still receiving TANF one year later

- Nearly all received Medicaid and Food Stamps in year after reaching time limit; receipt declined over time

- 68-75% employed some time in year following time limit; 50% employed one year later

- Annual earnings of $5,100-$6,500 if any employment; $8,200-$11,300 if employed in all quarters
Employment for Persons Reaching Time Limits

- Employed respondents held these jobs:
  - Cashier, telephone survey interviewer, substitute teacher, day care center attendant, work study student, telemarketer for a thrift store

- Few were full-time jobs.

- Persons not employed cited these reasons:
  - Health problems/disability, transportation, full-time student, transportation to child care
Attitudes about Time Limits

- Persons who had reached time limits believed that they were a good idea.

- They thought they needed more preparation for timing off welfare.

- They wanted caseworkers with more skills for dealing with the multiple employment barriers they faced.
Quality of Life After TANF

- After losing TANF due to time limits, former recipients reported:
  - Irregular employment
  - Dependence on mix of public and private services
  - Dependence on informal supports

- They made ends meet through:
  - Employment (including informal sector)
  - Public assistance
  - Contributions from family and friends
  - Help from local agencies
RER Experiment without Choices

Measures impacts of RER only (no time limits)

- Operated in Hondo, Huntsville, Lockhart and Luling offices

- 1,684 cases assigned to experimental and control groups from January 1997 - September 2000

- 60 percent were receiving TANF at beginning

- Impacts measured January 1997 - September 2001
## RER Experiment without Choices

<table>
<thead>
<tr>
<th>Experimental Group</th>
<th>Control Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>No state time limits</td>
<td>Same</td>
</tr>
<tr>
<td>Transitional benefits if employed after TANF</td>
<td>Same</td>
</tr>
<tr>
<td>Expanded TANF eligibility; elimination of 100-hour rule</td>
<td>Old AFDC eligibility criteria</td>
</tr>
<tr>
<td>Personal Responsibility Agreement (PRA)</td>
<td>No PRA</td>
</tr>
<tr>
<td>No employment services</td>
<td>Same</td>
</tr>
</tbody>
</table>
RER Non-Choices Caseload Over Time

RER Non-JOBS/Choices Cases

Experimental
Experimental Contaminated
Control
Control Contaminated

199607 199611 199703 199707 199711 199803 199807 199811 199903 199907 199912 200004 200008 200012 200104 200108
Summary of RER Non-Choices Results

Welfare Dynamics

- No overall impacts on TANF use but differing impacts by tier
- Increased Medicaid use for caretakers but no impacts on children
- Reduced overall use of Food Stamps, concentrated in Tier 1 and Tier 3 families
- Large increase in time spent in penalties, mostly due to Texas Health Steps
Impact of RER Non-Choices on Welfare Dynamics

Percent of time on TANF by any family member

RER in non-JOBS counties increased TANF use for Tier 2 families by nine days per year.
Summary of RER Non-Choices

Results

Other Outcomes

❖ No overall impacts on employment and earnings but increases for Tier 3 caretakers

❖ Small overall increases in child support collections with variation by tier; increases in child support penalties for all groups

❖ No impacts on other child/family outcomes
Impact of RER Non-Choices on Employment

RER in non-JOBS counties increased employment for Tier 3 caretakers by 16 days per year.
One-Time Payments

- Implemented in November 1997 in Hidalgo County and became statewide in August 1998
- No random assignment or impacts
- 4,715 payments made through May 2001
- 85 percent of One-Time recipients had not received TANF in prior 2 years
Reasons for Needing One-Time Payments

- Laid off, fired or no income – 38%
- Seasonal unemployment – 26%
- Medical or health problems – 11%
- Inoperable vehicle – 9%
- Child care difficulties – 5%
- Other – 11%
Use of One-Time Payments

- Overdue Bills (30 of 55)
- Vehicle Repairs (15 of 55)
- Other (including on-going expenses) (10 of 55)

No one spent money on people/expenses outside the household.
Changes after the One-Time Payment

- **Household Budgeting**
  - Payment used for bills due or to fix inoperable transportation

- **Employment**
  - Renewed transportation helped some people get jobs; employment remained erratic

- No change in access to education, training or child care
Conclusions

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

In TL and RER Choices, TANF usage declined while use of Medicaid and transitional benefits increased. In two RER experiments, Food Stamp usage declined and penalties increased.

The combination of PRA and time limits (RER Choices) produced the strongest impacts on public assistance.
Conclusions

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

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

  Short-term TANF recipients responded more strongly than long-term recipients.

  Policy changes enacted in 1999-2000 did not substantially affect impacts of this experiment.
Conclusions

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

- 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.

- Increased use of financial penalties in RER experiments did not change most of the behaviors governed by the PRA.
Conclusions

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

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

- A number of factors may have contributed to the small size of the impacts from this experiment.

  - Structure of time limits, client confusion, clients’ focus on immediate needs, lack of income-enhancing policies
Policy Implications

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

- 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-examined.
Policy Implications

- The implications of the increasing number of TANF ‘child-only’ cases on low-income families and TANF-related policies should be explored.
Policy Implications

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

- Final reports being reviewed by HHS
- Release of reports expected in January 2003