



Imposing a 40-Hour Requirement Would Hurt State Welfare Reform Efforts

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The Administration's Temporary Assistance for Needy Families (TANF) reauthorization proposal and the House reauthorization bill, H.R. 4, would require that an individual must participate in activities for at least 40 hours a week in order to fully count toward program participation rates. Supporters of this approach argue that a structured 40-hour week is more likely to result in families entering full-time jobs, and that since other families work 40 hours a week, so should welfare recipients. However, the 40-hour requirement would make it harder for states to run effective employment programs; would force states to misallocate limited TANF and child care dollars; ignores the fact that some parents are caring for ill or disabled family members; and does not acknowledge that the average work-week is less than 40 hours for mothers with school-age and younger children.

1. The goal for state welfare reform efforts hasn't been to generate 40 hours of activities; it has been to get people into jobs.

There is probably broad agreement that a goal of welfare reform should be for parents to get full-time jobs and earn enough to make ends meet so that they can leave welfare. And, states have had extraordinary success in increasing employment rates for families receiving welfare. Between 1994 and 2001, the nation's caseload fell from 5 million to 2.1 million families.¹ Studies have repeatedly found that most families who left welfare were working,² and that most of these working families were in full-time jobs (defined as 35 hours or more per week).³ There are still serious concerns about low earnings and limited advancement for welfare leavers, but states have had a strong focus on promoting work and full-time employment.

States have been free to impose 40-hour participation requirements under TANF, but have not typically elected to do so. Rather, the key components of state strategies have included job search requirements; expanding child care, health care, and transportation assistance; using time limits and sanctions; and structuring a wide range of program activities that were aimed at getting people into jobs, not just generating hours of program participation. In FY 2001, for the nation, the average number of hours of engagement for individuals participating in program activities was 29.7, and 47 states

reported average engagement of less than 35 hours per week.⁴ States were focusing on efforts to prepare people for and link people with jobs, not just maximizing hours of program participation.

2. There is no evidence that a 40-hour requirement is a better way to get people into jobs.

The welfare-work research consistently finds that the most effective programs provide a mixed menu of activities, combining job search, training, and other work-related activities, but these programs do not typically combine multiple activities for the same individual at the same time.⁵ None of the highest-impact programs routinely imposed 40-hour requirements. Nothing in the research suggests that restructuring programs to make them require 40 hours instead of 30 hours would make them more effective.

3. A 40-hour requirement would force states to shift from helping people get jobs to tracking and managing hours of participation.

In most states, if a parent begins working 40 hours a week at minimum wage, the family loses eligibility for welfare either immediately or in a short period of time.⁶ So, in most states, the only families receiving welfare are ones in which parents are either not employed or employed but working less than 40 hours a week. In FY 2001, there were 1.4 million adults receiving assistance, and about 362,000 were employed,⁷ for an average of 29 hours a week.⁸ The first priority for states is to work with the families who aren't working, rather than to create new activity requirements for people who are already employed. But, if people must be participating for 40 hours to count, states will need to concentrate on writing plans and creating activities for people who are already working substantial numbers of hours a week, because that's the easiest way to get 40-hour participants. Therefore, the requirement would have the perverse effect of encouraging states to concentrate on the families who least need additional time and services instead of the families who most need assistance to enter the workforce.

4. A 40-hour activities requirement will not assure that states actively engage families with the most serious employment barriers; to the contrary, it may increase the likelihood that those families are terminated from assistance.

There is broad agreement that much work remains to be done to engage families in which an adult faces significant barriers to employment, in order to increase their chances of moving into the labor market. However, such families are likely to have greater difficulties in meeting a 40-hour requirement. A recent study found that adults with more education were more likely to meet a proposed 40-hour requirement, and cases with disabled adults or children were less likely to meet the requirements.⁹ If states face higher participation rates and need 40-hour participants, then any individual who has difficulty consistently participating at a 40-hour level will become a "drag" on the state's ability to meet participation rates, and there will be an increased risk that such families are sanctioned and terminated from assistance rather than provided needed assistance to move toward employment.

5. A 40-hour activities requirement would lead to needless costs without corresponding benefits.

A large share of current TANF participants is participating for a substantial number of hours, but wouldn't meet a 40-hour standard. In 2002, states responding to a survey by the National Governors Association and the American Public Human Services Association reported that 61 percent of TANF cases were engaged in work-related activities, but only 9 percent of families were in a federally-countable work activity for at least 40 hours a week.¹⁰ States would need to increase work and child care costs to generate additional hours of participation to meet the proposed rates—even if the additional hours were contributing nothing to improve employment prospects. Without sufficient funds, states would need to cut child care and other programs helping other low-income working families in order to pay for the costs of meeting the higher participation requirements.

6. The Congressional Budget Office has estimated that a 40-hour requirement would cost \$2.6 billion more than a 24-hour requirement over five years.

The Congressional Budget Office (CBO) estimates that a 40-hour requirement costs more than a requirement for fewer hours because of the additional work and child care costs and the need for engaging more families for more hours.¹¹ CBO has estimated that the overall cost of the Administration's work participation rate proposal would be \$11 billion for a 40-hour requirement of supervised activities or services compared with \$8.4 billion for 24 hours of supervised activities or services. (CBO generated both figures because it is unclear whether federal regulations would require that all hours of activity be supervised or just the first 24.)

7. The best use of additional child care funding is to expand help to working families and improve child care quality, not to increase welfare participation requirements to 40 hours.

Some people have suggested that increasing the participation requirements to 40 hours would be appropriate so long as Congress adds enough child care money to pay for the additional costs. However, currently only about one in seven eligible low-income children receives federal child care assistance;¹² about half of the states do not pay child care reimbursements sufficient to provide access to a broad range of child care providers;¹³ provider turnover rates are high while training for providers is often minimal at best;¹⁴ and states across the country are facing reductions in child care services due to budget crises. It is important to ensure that the costs of welfare work requirements are paid for, but if there is further ability to expand child care funding, the additional funds should go to sustaining current services, helping other working families, and raising child care quality, not simply generating more hours of participation for welfare families.

8. Some TANF parents are not able to work 40 hours a week outside the home due to children's health problems.

While many families are able to enter full-time employment, some cannot. Nationally, 56 percent of mothers and other female caregivers of infants with special needs and of toddlers in early intervention services (e.g., infants and toddlers with developmental delays, hearing loss, visual impairments, or other disabilities) are not employed.¹⁵ Several studies show that a substantial share of families receiving welfare contains children with special health needs. One study found that 37 percent of mothers receiving Aid to Families with Dependent Children (AFDC, the predecessor to TANF) were caring for at least one child with a chronic health condition, compared to 21 percent of mothers not on welfare.¹⁶ The Manpower Demonstration Research Corporation reports that 25 percent of studied non-working mothers on TANF in large urban areas are limited in their ability to work or go to school because of a child's health problem.¹⁷ And, an analysis of the National Longitudinal Survey of Youth finds that controlling for other factors, among mothers who have been on welfare, those with children with special health needs were 33 percent more likely than other mothers to lose a job involuntarily.¹⁸

9. The Administration's proposal and H.R. 4 do not require or encourage states to provide for sick or personal leave for participants.

It may be suggested that H.R. 4 allows for sick leave because, under the bill, a state's number of participants per month would be calculated by dividing the number of hours of all countable participants by 160. The bill's proponents argue that since there are actually 4.3 weeks in a month, dividing by 160 (four weeks times 40 hours) rather than 173.33 (4.3 weeks times 40 hours) would let states provide for reasonable absences. In practice, this may make it modestly easier for a state to meet its required participation rate, but the provision doesn't require or encourage states to allow families to have sick or personal leave.

10. Most mothers with young and pre-adolescent children do not work 40 hours a week outside the home.

In 2001, 43 percent of mothers with children under 6 were working full-time (defined as 35 hours or more each week), 18 percent were working part-time, and 39 percent were either unemployed or not in the labor force. Of mothers with children under age 13, half (50 percent) were working full-time, 18 percent worked part-time, and 32 percent were unemployed or not in the labor force.¹⁹ In 1998, the most recent year with data available, the average work week was 35.6 hours for working women aged 25-54 with school-age children, 33.4 hours for those with children aged 3-5, and 30.9 hours for those with children under 3.²⁰ More generally, in 2002, Americans working in all private industries had an average work week of 34 hours. Average hours for those in the service industry were 33 a week, and 29 a week for those working in retail/sales.²¹

Conclusion

The proposed 40-hour requirement does not reflect the approach most states have chosen to take in their welfare reform efforts, is not supported by research, would involve significant new costs without corresponding benefits, and cannot be justified by asserting that a 40-hour work week is the average work week for other mothers or workers.

¹ U.S. Department of Health and Human Services. (2002). "Table 2:3. Change in Number of AFDC/TANF Families- Fiscal Years 1991-2000" and "Table 3:A. Temporary Assistance for Needy Families, Status of TANF Families as Relates to All Families Work Participation Rates, Fiscal Year 2001." *Fourth Annual Report to Congress*. Washington, DC: Administration for Children and Families. Table 2:3 available at: <http://www.acf.dhhs.gov/programs/opre/ar2001/0203t.htm>; Table 3A available at: <http://www.acf.dhhs.gov/programs/ofa/rates2001/table3a.htm>

² U.S. Department of Health and Human Services. (July 2001). *Status Report on Research on the Outcomes of Welfare Reform*. Washington, DC: Office of the [Assistant Secretary for Planning and Evaluation](#). Available at: <http://aspe.hhs.gov/hsp/welf-ref-outcomes01/appb.htm>

³ Richer, E., Savner, S., & Greenberg, M. (November 2001). *Frequently Asked Questions About Working Welfare Leavers*. Washington DC: Center for Law and Social Policy. Available at: <http://www.clasp.org/DMS/Documents/1011383588.01/faq%20about%20working%20welfare.pdf>

⁴ U.S. Department of Health and Human Services. (2002). "Table 7. Average Hours of Participation in Work Activities, Including Waivers, for All Adults Participating in the Work Activity, FY 2001." *Temporary Assistance for Needy Families Work Participation Rates, Fiscal Year 2001*. Washington, DC: Administration for Children and Families. Available at: <http://www.acf.dhhs.gov/programs/ofa/rates2001/table7.htm>

⁵ Martinson, K., & Strawn, J. (May 2002). *Built to Last: Why Skills Matter for Long-Run Success in Welfare Reform*. Washington, DC: Center for Law and Social Policy and the National Council of State Directors of Adult Education. Available at: http://www.clasp.org/DMS/Documents/1021310826.2/Built_to_Last_final_051302.pdf; Michalopoulos, C., Schwartz, C., with Adams-Ciardullo, D. (August 2000). *National Evaluation of Welfare-to-Work Strategies, What Works Best for Whom: Impacts of 20 Welfare-to-Work Programs by Subgroup*. New York: Manpower Demonstration Research Corporation. Available at: <http://aspe.hhs.gov/hsp/NEWS/synthesis-es00/index.htm>; Strawn, J., Greenberg, M., & Savner, S. (February 2001). *Improving Employment Outcomes Under TANF*. Washington, DC: Center for Law and Social Policy. Available at: <http://www.clasp.org/DMS/Documents/997391689.65/improving%20employment%20outcomes%20under%20tanf.pdf>

⁶ CLASP calculations based on Burke, V. (August 2002). *TANF Benefit and Earning Limits*. Washington, DC: Congressional Research Service.

⁷ U.S. Department of Health and Human Services. (2002) "Table 6: Average Hours of Participation in Work Activities, Including Waivers, for All Adults Participating in Work Activities 2001." *Temporary Assistance for Needy Families Work Participation Rates, Fiscal Year 2001*. Washington, DC: Administration for Children and Families. Available at: <http://www.acf.dhhs.gov/programs/ofa/rates2001/table6a.htm>

⁸ U.S. Department of Health and Human Services. (2002). "Table 7. Average Hours of Participation in Work Activities, Including Waivers, for All Adults Participating in the Work Activity, Fiscal Year 2001." *Temporary Assistance for Needy Families Work Participation Rates, Fiscal Year 2001*. Washington, DC: Administration for Children and Families. Available at: <http://www.acf.dhhs.gov/programs/ofa/rates2001/table7.htm>

⁹ Jacobson, J., Cunnyngham, K., & Gerhart, H. (December 2002). *Steps Toward Self-Sufficiency: A Study of the Characteristics and Work Participation of TANF Recipients in Fiscal Year 1999*. Washington, DC: Mathematica Policy Research. Available at: <http://www.mathematica-mpr.com/PDFs/stepstoward.pdf>

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- ¹¹ Congressional Budget Office. (May 2002). *Cost Estimate: HR 4090, Personal Responsibility, Work and Family Promotion Act of 2002*. Washington, DC: Congressional Budget Office. Available at: <ftp://ftp.cbo.gov/34xx/doc3428/hr4090.pdf>. Also see Greenberg, M., Richer, E., Mezey, J., Savner, S., & Schumacher, R. (April 2002). *At What Price? A Cost Analysis of the Administration's Temporary Assistance for Needy Families (TANF) Work Participation Proposal*. Washington, DC: Center for Law and Social Policy. Available at: http://www.clasp.org/DMS/Documents/1023208530.14/At_What_Price_anaylsis.pdf
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