

TANF: Increasing the Workforce Participation Rate

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EXECUTIVE SUMMARY

The TANF workforce participation rate in Virginia is too low. The federal TANF workforce participation requirement is 50 percent for single parent families and 90 percent for two-parent families. Virginia currently has a workforce participation rate of 46 percent. The consequences of not meeting the federal workforce participation rate are a \$7.9 million sanction and an increase in state welfare spending. Because of waivers for TANF caseload reduction, Virginia has not been sanctioned. If the workforce participation rate does not improve, though, Virginia will face this steep penalty.

This study is on increasing the workforce participation rate in Virginia. We found that the most common problem faced by clients is a lack of transportation. To address this problem, we recommend allocating funds from the TANF block grant to support an expansion of the Vehicles for Change program in all localities with a workforce participation rate of 46 percent or less. We predict this will increase the workforce participation rate by 14 percent in these localities, which would result in Virginia meeting the 50 percent required rate. This alternative costs approximately \$4 million. The benefit received is approximately \$14.7 million. Benefits include avoiding the costs of the penalty for failure to meet the workforce participation requirement, and avoidance of individual transportation payments such as taxi fare.

Another commonly cited problem was education. TANF clients often lack skills that increase their employability, as well as their ability to maintain a job. By partnering with community colleges, clients would have access to greater educational resources, including vocational programs and career services. This alternative also increases the workforce participation rate, but less significantly than expanding the Vehicles for Change program. Management and organization of an office influences its performance. We recommend increasing office proximity to promote communication among TANF workers, i.e. the TANF, VIEW, and childcare case managers. We also recommend a 5-criteria management evaluation to provide a “snapshot” of the best-performing offices. This could be used as incentive for offices as well as provide data on office performance over time.