

TANF High Performance Bonus: California's Accomplishments

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Estimates and Research Branch

Executive Summary:

The Temporary Assistance for Needy Families (TANF) High Performance Bonus was designed to award states that were most successful in achieving the purposes of the TANF program.

\$200 million is awarded each year for five years to the top ten performing states. State awards are based on the state's share of the top ten winning states' caseload.

California was awarded for performance in the prior Federal Fiscal Year:

– 1999	\$45,454,194
– 2000	\$36,118,534
– 2001	\$41,701,720
– 2002	\$ 6,733,931
– 2003	\$ 7,485,855
– 2004	\$ 7,043,582
– 2005	<u>\$12,921,669</u>
Total	\$157,460,251

California's success in the TANF High Performance Bonus competition was due to high job retention (1999, 2000, and 2001) and earnings gain rate (1999) of TANF adult recipients. In 2002, 2003, 2004 and 2005 awards were for the childcare subsidy measure and an award for Family Stability in 2005.

TANF High Performance Bonus Award:

Section 403(a)(4) of the Social Security Act made \$1 billion available over a five year period to reward states that achieve high performance levels under the new welfare block grant program, known as TANF. The first award of \$200 million was made in FY 1999 based on performance in FY 1998.

The workforce measures reflect a state's success in moving families from welfare to work. Full success requires not only getting recipients into jobs, but also keeping them in jobs, and increasing earnings in order to reduce dependency.

Competition is based on performance during the preceding Federal Fiscal Year (Performance Year). The winners are announced in the following year (Award Year).

In FY 2002, based on performance in FY 2001, non-work measures were added that measure access to healthcare, Food Stamps and childcare for low income families. A family formation measure was also added (i.e. percent of children living in married families).

Work-Related Measures:

Award funds are based on state rankings on each of the following work-related measures:

- 1) Job Entry Rate
- 2) Success in Workforce Measures
 - Job Retention Rate
 - Earnings Gain Rate
- 3) Improvement in the Job Entry Rate
- 4) Improvement in the Workforce Measures
 - Improvement in Job Retention Rate
 - Improvement in Earnings Gain Rate

The first two measures address absolute state performance and the last two address state performance improvement.

States may compete on any of the four measures. The ten states with the best scores in each measure are eligible for bonus monies.

Awards for the Four High Performance Work Measures:

For performance years 1998, 1999, and 2000, the \$200 million award per year was prorated based on four work measures. For performance years 2001 through 2004 four new non-work measures were added (see next page) and work measure award amounts were reduced and \$60 million was redistributed to the non-work measures:

Work Measure	Total Award Amount Available	
	1998-2000	2001-2005
Job Entry Rate	\$80,000,000	\$56,000,000
Success in the Workforce <i>(Job Retention Rate & Earnings Gain Rate)</i>	\$50,000,000	\$35,000,000
Improvement in Job Entry Rate	\$40,000,000	\$28,000,000
Improvement in Success in the Workforce:	\$30,000,000	\$21,000,000

Awards for the Non-Work High Performance Measures for Performance Years 2001 Through 2004:

•Participation of TANF leavers in Medicaid/SCHIP Programs.

The top three states will share \$6 million awarded for absolute performance. The top seven will share \$14 million for improvement. Measured by the rate of the number of individuals who leave TANF assistance and are enrolled in the Medicaid/SCHIP program (Medi-Cal/Healthy Families in California) both at the time of leaving and in the fourth month after leaving, as a percent of all TANF individuals enrolled at the time of leaving.

•Participation rate of low income families in the Food Stamp Program

The top three states will share \$6 million awarded for absolute performance; The top seven will share \$14 million for improvement. Measured by the rate of the number of low-income working households with children under 18 receiving food stamps as a percentage of the total number of low-income working households with children under 18 in the state.

•Childcare subsidy measure

The top ten states share \$10 million. Accessibility is measured by the percent of children meeting the maximum federal eligibility requirements served by the state. Affordability is measured by the percent of children eligible under the state income limits compared to the percent eligible under federal income limits. Quality is the actual rates paid as compared to the market rates.

•Family Formation and Stability Improvement

The top ten states share \$10 million. Measured by the rate of the number of children under 18 living in married families as a percent of all children under 18 years living in all households. Improvement is the percentage point change from the prior year.

California's Awards:

	1999 Awards
Success in the Workforce	\$33,264,424
Improvement in Success in the Workforce	\$12,189,770
Total	\$45,454,194
	2000 Award
Success in the Workforce	\$36,118,534
	2001 Award
Success in the Workforce	\$41,701,720
	2002 Award
Childcare Subsidy	\$ 6,733,931
	2003 Award
Childcare Subsidy	\$ 7,485,855
	2004 Award
Childcare Subsidy	\$ 7,043,582
	2005 Awards
Childcare Subsidy	\$ 8,121,032
Family Formation and Stability	\$ 4,800,637
Total	\$12,921,669
Six Year Total	\$157,460,251

California's Performance on Work Measures:

	<u>FY 1998</u>	<u>Change</u>	<u>FY 1999</u>	<u>Change</u>	<u>FY2000</u>	<u>Change</u>	<u>FY 2001</u>	<u>Change***</u>
Job Entry Rate	33.6%	6.8%	36.5%	8.4%	38.8%	6.2%	20.6%	-15.3
National Rank	40th	38th	18th	38th	12th	38th	50th	45th
Success in Workforce Measures								
Job Retention Rate	84.6%	0.8%	74.0%	-0.1%	73.3%	-1.0%	71.3%	-1.82
National Rank	3rd	10th	2nd	23rd	3rd	23rd	2nd	20th
Earnings Gain Rate	21.9%	-8.6%	19.3%	-11.9%	18.7%	-3.0%	15.1%	-4.1
National Rank	35th	24th	41st	39th	39th	21st	50th	32nd
Overall National Rank*	4th	**	6th (Tied)	**	10th	22nd	27th	**

Green = Awarded Performance

**Job Retention and Earnings Gain Rate are weighted and combined to create the overall Success in Workforce Measure.*

** *Negative scores were not ranked or were not available*

*** *Beginning in 2001 Change was measured by percentage point difference between current and prior year performance.*

Beginning in 2002 new data submission requirements eliminated California from competing in these measures.

California's Performance on Non-work Measures:

	<u>FY 2001</u>	<u>Change</u>	<u>FY2002</u>	<u>Change</u>	<u>FY2003</u>	<u>Change</u>	<u>FY2004</u>	<u>Change</u>
<i>MEDICAID/SCHIP Enrollment</i>	74.12%	5.08	77.52%	3.4	74.63%	-2.89	75.36%	0.72
<i>National Rank</i>	25th	22nd	28th	15th	29 th	37th	28 th	17 th
<i>Food Stamp Measure</i>	25.33%	-1.11	27.43%	2.1	23.24%	-4.19	23.73%	0.49
<i>National Rank</i>	44th	30th	44th	23 rd	48 th	43 rd	49 th	37th
<i>Childcare Subsidy Measure*</i>								
<i>Accessibility</i>	9.29%		8.74%		8.22%		10.00	
<i>Affordability</i>	77.4%		77.4%		77.4%		77.96%	
<i>Quality</i>					95.50%		92.60%	
<i>National Composite Rank</i>	3rd		5th		3rd		4th	
<i>Family Formation and Stability</i>								
<i>Measure</i>	70.03%	-0.32	70.77%	0.74	70.51%	-0.26	71.42%	0.91
<i>National Rank</i>	30th	33rd	22nd	15 th	27 th	24 th	21st	9th

Green = Awarded Performance

**Childcare Accessibility and Affordability are weighted and combined to create an overall score. There were no awards for improvement in this measure.*