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Making "Work First" Work Better

A Descriptive Analysis of Ohio's TANF Program & Options to Improve its Cost-Effectiveness

Anne Jordan, Guest Author
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Disclaimer

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Useful Acronyms

AFDC	Aid to Families with Dependent Children
ARRA	American Recovery and Reinvestment Act of 2009
CCMEP	Comprehensive Case Management and Employment Program
CPI	Consumer Price Index
FPL	Federal Poverty Level
MOE	Maintenance of Effort
NPV	Net Present Value
ODJFS	Ohio Department of Job and Family Services
PRWORA	Personal Responsibility and Work Reconciliation Act of 1996
PRC	Prevention, Retention and Contingency Program
TANF	Temporary Assistance to Needy Families
WIOA	Workforce Innovation & Opportunity Act

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Executive Summary

Ohio invests hundreds of millions of dollars in its Temporary Assistance for Needy Families (TANF) program each year. One of the central program goals is to help move low-income families into self-sufficiency through employment, but only 5.1 percent of Ohio TANF leavers in 2014 exited the program because they had found employment. In this report, I provide a descriptive analysis of Ohio's TANF program to place current state policies in the context of other TANF programs in the Midwest and throughout the nation. I then show how the state government can capitalize on recent policy developments to improve the employment outcomes of Ohio TANF recipients and thereby avoid future program expenditures. Primary among those developments is the Comprehensive Case Management and Employment Program (CCMEP), through which Ohio counties will provide intensive case management to TANF and Workforce Investment and Opportunity Act (WIOA) youth, starting this July. Ohio's key options are maintaining CCMEP, partially expanding CCMEP, or fully expanding CCMEP. I also assess the potential value of providing a transitional jobs program through CCMEP at each level of expansion.

The available evidence suggests that fully expanding CCMEP to all other age groups, without a transitional jobs program, is the most cost-effective option for Ohio, requiring $0.69 in cost per future TANF dollar avoided. A sensitivity analysis of the cost-effectiveness model further reveals that this option is most likely to remain cost-effective, even when the model's underlying assumptions change. Though this option may not be as politically attractive as simply maintaining the program for youth, it is at least moderately feasible, given current stakeholder support. In addition to any programmatic changes pursued, policymakers should ensure careful tracking of recipient needs and outcomes. An improved understanding of the challenges TANF recipients face, and what is actually working to help them find employment, will better equip policymakers for future decisions about changes to CCMEP and the broader TANF program in Ohio.

Problem Definition

TANF qualified people in Ohio are not getting the help they need. According to the most recent available data, 340,000 families in Ohio lived in poverty in 2014. This figure represents approximately 11.6 percent of all Ohio families. In that same year, only 8 percent of Ohio families received some form of cash public assistance, including recipients who did not actually fall beneath the poverty line.[1] Though families in poverty are much more likely to receive cash public assistance than families at or near the poverty level, not all poor families in Ohio receive cash assistance because they may not meet all eligibility requirements or may not have applied (Larrick, 2016). TANF benefit receipt alone, however, is no guarantee of increased self-sufficiency. Only 5.1 percent of Ohio TANF leavers in 2014 left the program because they had found employment (U.S. Department of Health and Human Services, Administration for Children & Families [ACF], 2001-2015).

Even when recipients leave TANF for employment, they are still at risk for welfare recidivism. Though the number of TANF leavers returning to welfare is poorly monitored at both the state and national levels, available data suggest that as many as 30 percent of leavers in some states return to welfare within 12 months (Hall, Nicoli, & Passarella, 2015; Mueser, Stevens, & Troske, 2007). TANF, in both Ohio and the nation, focuses too narrowly on improving work participation rates in the short-term, often leaving the long-term problems of persistent poverty unaddressed (Dungey, 2015b; Evans, 2015). Beyond the budgetary costs of providing welfare, that persistent poverty comes with immense social costs. At the national level, childhood poverty is estimated to cost the United States $500 billion per year in foregone earnings, increased crime, and negative health outcomes. This is the equivalent of nearly 4 percent of GDP (Holzer, Schanzenbach, & Duncan, 2007).

[1] Cash public assistance includes both Ohio Works First, which is time-limited, monthly cash assistance to eligible families, and Disability Financial Assistance, which is monthly cash assistance to eligible low-income, disabled individuals who do not receive help from other federal and state programs. See (Ohio Department of Job and Family Services, n.d.-a) for more information.

Background

In 1996, Temporary Assistance to Needy Families (TANF) replaced Aid to Families with Dependent Children (AFDC) as the primary cash assistance program in the United States. Under AFDC, federal matching funds increased as states spent more on cash assistance and decreased when caseloads declined. Though this theoretically may have increased the program's responsiveness to need, policymakers also recognized the perverse incentives created by giving states more money for having more people on welfare. And studies have found that AFDC actually reduced the labor supply because the assistance was not contingent on work participation. To address these problems, the Personal Responsibility and Work Reconciliation Act of 1996 (PRWORA) restructured cash assistance under TANF to include strict work requirements, and a 60-month lifetime limit on the receipt of benefits paid with federal funds. States may choose to enforce a shorter lifetime limit or a longer one, so long as months beyond the federal limit are funded with state dollars (Moffitt, 2003). The funding is administered through a fixed block grant to states. The states are then free to determine how the funding will be spent, so long as it serves any of the four program goals:

1) *Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;*
2) *End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;*
3) *Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and*
4) *Encourage the formation and maintenance of two-parent families* (104Th United States Congress, 1996).

Funding Structure

The block grant amount does not change based on caseloads, with the exception of the TANF Emergency Fund, which was created by the American Recovery and Reinvestment Act of 2009 to address heightened need during the Great Recession. States must spend at least 75 percent of the amount of funds they spent prior to welfare reform on services to needy families, per the "maintenance of effort" (MOE) requirement. Caseload decline is rewarded with additional flexibility in how states spend their MOE dollars (Lower-Basch, 2015). Without any caseload reduction credit, states must engage 50 percent of all families, and 90 percent of two-parent families, in some type of work activity. For each percentage point of caseload reduction since FY 2005, the state receives a one-percentage-point credit towards the work participation rate. States may receive extra credit toward the work participation rate for spending more on cash assistance than the required MOE dollars. The federal government may penalize states that do not meet the work participation rate standards by reducing their block grant amount or raising the MOE requirement, but such penalties can be reversed if the Secretary of Health and Human Services finds the state had "reasonable cause" preventing it from meeting the standard (Falk, 2016).

The block grant structure has provided great autonomy to the states and has saved state taxpayer money. Muennig, Caleyachetty, Rosen, & Korotzer (2015) have estimated that those savings amount to $28,000 on average per cash assistance recipient over their working life. Since welfare reform, there has been a significant caseload decline, as the number of welfare exits has outpaced welfare entry (Blank, 2002), and labor force participation among low-skilled single mothers has increased (Gabe, 2014). These results were largely made possible by the strong economy of the late 1990s. Though it is unclear how much of the increase in total labor force participation can be credited to TANF, Zedlewski (2012) found that only 20 percent of caseload decline was explained by TANF policy. Additional evidence has shown that TANF is less responsive to growing need in a weaker economy, relative to other safety net programs (Anderson, Butcher, & Schanzenbach, 2015) and that it is less effective at moving recipients from welfare to work in central cities and remote-rural areas (Fisher & Weber, 2002).

There is bipartisan interest within Congress to reform and reauthorize TANF, which may result in changes to the program structure in the coming years. The Ways and Means Human Resources Subcommittee released a discussion draft of potential changes to the program in July 2015, including requirements for individual needs assessments and work plans, strengthening requirements to engage recipients in work preparation activities, and directing more resources to evaluating the effectiveness of state TANF programs (Ways and Means Human Resources Subcommittee, 2015). It is unlikely any of these changes will occur before November, due to the political pressures of the 2016 election cycle.

TANF in Practice

Twenty years after the program's creation, there remains much disagreement about the effectiveness of TANF. Some argue that the program is broken, citing its unresponsiveness to increased economic need following the Great Recession and its failure to help those with significant barriers to work (S.K. Danziger, S. Danziger, Seefeldt, & Shaefer, 2015; Germanis, 2015). Others emphasize its continued success in reducing the nation's poverty rate and increasing the share of earnings that low-income individuals, and single mothers in particular, receive from work (Haskins, 2016). But critics and proponents alike agree that there are opportunities to improve the program, particularly in how the states administer it. Federal policymakers chose the block grant structure to give the states flexibility in program administration, but some states have used that flexibility to avoid spending TANF dollars on cash payments to the poor (Germanis, 2015; Haskins, 2016). And even states that have allocated TANF dollars to serve the program's central purpose may not have directed their funds most effectively. The Government Accountability Office (GAO) has called for increased state accountability after their analysis of TANF expenditure data revealed that non-cash services have more than doubled as a share of total spending since 1997, dwarfing the amount spent on cash services, and there is no required reporting of how these funds are being used or who is receiving these services (Brown, 2012).

State TANF implementation has varied along several dimensions. Operating under the assumption that local governments have a better grasp on the needs of the poor, some states—including Ohio—further decentralized the program, leaving its administration to local jurisdictions (Wilson & Adams, Jr., 1999). Decentralized TANF programs have experienced slightly greater caseload decline than state administered programs, but it is unclear how much of that decline is due to greater efficiency and how much is due to more stringent sanctions policies (Kim & Fording, 2010). States also differ greatly on individual TANF rules—in fact, researchers have found significant cross-state variation in up to 78 different TANF policy items (De Jong, Graefe, Irving, & St. Pierre, 2006). Patterns in rule variation have been used to index other characteristics of state TANF programs, such as relative paternalism or liberalism (Berkman, Honaker, Ojeda, & Plutzer, 2013), friendliness to immigrants (Graefe, De Jong, Hall, Sturgeon, & Vaneerden, 2008), and overall state commitment to the program (Meyers, Gornick, & Peck, 2001).

Evaluation Challenges

A primary challenge in evaluating state TANF policies is linking policies to outcomes, since there are so many variables that affect employment. A series of reports by the Heartland Institute (2015) ranked state TANF programs on five policy dimensions along which states vary—service integration, work requirements, cash diversion programs, and lifetime limits on benefit eligibility—and five outcome measures—percentage change in number of recipients, percentage change in poverty rate, work participation rate, percentage change in unemployment rate, and percentage change in teenage birthrate—but have failed to successfully associate positive outcomes with state policy choices. Researchers at the Urban Institute conducted a thorough review of literature evaluating the effectiveness of TANF in 2002 and suggested two approaches: 1) using individual-level data from surveys to analyze cross-state variation in policies and variations in policies over time or 2) creating summary variables for state policy and then using cluster analysis to evaluate state-level employment outcomes by types of policy shared across states (Fender, Mckernan, & Bernstein, 2002).

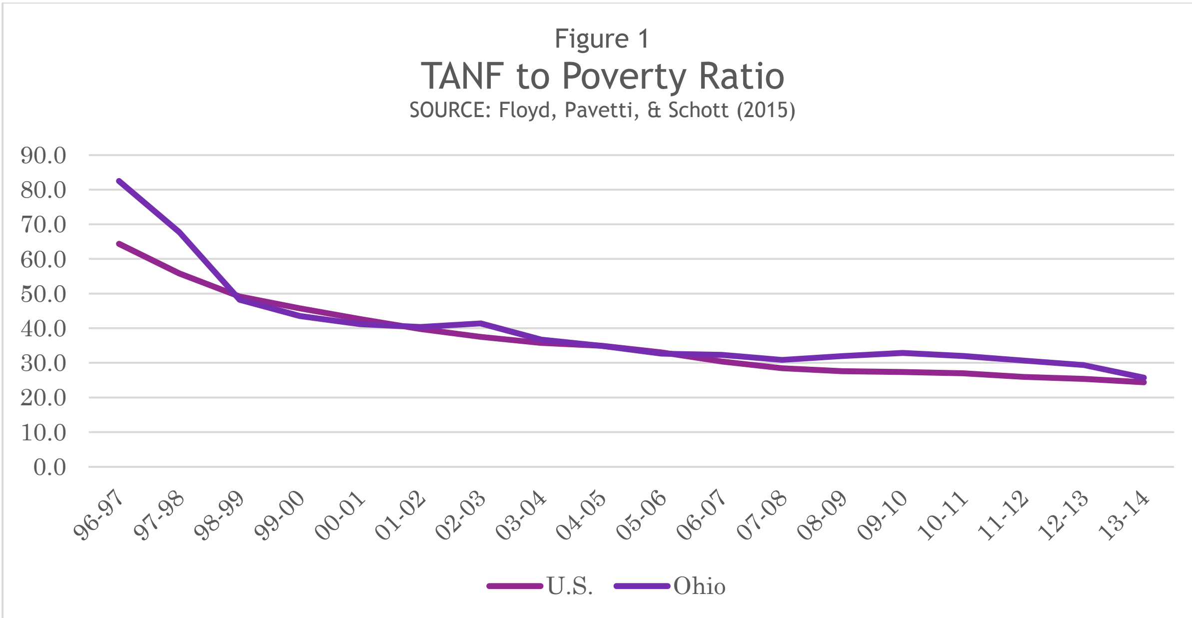
Using individual-level data has been useful in illuminating long-run trends in TANF outcomes, namely increased participation in the labor market, but also persistent poverty as a result of low-wage employment (Parrott et al., 2007; Peterson, Song, & Jones-DeWeever, 2002). That method has also revealed which individual TANF policies have significantly positive effects on recipient outcomes: time limits, work requirements, sanctions, and diversion efforts (Blank, 2002; Bloom & Michalopoulos, 2001; Grogger, 2003; Lim, Coulton, & Lalich, 2009; Moffitt, 2002). The second approach has facilitated analysis of state TANF programs at the institutional level, revealing that less successful TANF states tend to adjust over time and adopt policies from more successful states (Snarr, Friesner, & Underwood, 2012). It is important to continue observing how states' TANF programs evolve and to highlight which states are administering their TANF dollars most effectively. Since different regions of the U.S. have experienced significantly different TANF participation and workforce outcomes (Huffman & Kilkenny, 2007), it may be especially valuable to look to nearby states for better practices in TANF administration.

Poverty and Unemployment in Ohio

According to the most recent available data, 11.6 percent of all Ohio families were poor in 2014. This is slightly higher than the national family poverty rate, which is 11.3 percent. From 1999 to 2005, Ohio's poverty rate was lower than the national rate, but it gradually rose and has surpassed the national rate each year since 2006. 26.5 percent of Ohio households headed by a single female are in poverty, while 21.5 percent of households headed by a single male are in poverty. This gap is even more pronounced at the national level, with 39.8 percent of female-headed families and 22.0 percent of male-headed families experiencing poverty in 2014. Among all Ohio families led by a single-parent that received Social Security, the poverty rate was greater for households in which the householder worked part-time or seasonally than for households in which the householder did not work at all. Among those that did not have Social Security, all families in which the householder did not work at all experienced poverty at significantly greater rates than all other households (Larrick, 2016). These statistics reflect the importance of work, and especially full-time work, for alleviating poverty.

The 2014 unemployment rate in Ohio was 8.8 percent, as compared to the national average of 6.2 percent that same year. The unemployment rate in Ohio generally tracked the poverty rate from 1999 to 2007. After a significant spike in both unemployment and poverty during the 2008 recession, the unemployment rate has fallen much faster than the poverty rate since 2010. This suggests that Ohio has not only been slower than the rest of the nation to recover from the recession, but also that the benefits of economic recovery have not yet reached those most in need. More than one quarter of 18- to 24-year olds in Ohio lived in poverty in 2014. With the exception of 0- to 5-year olds, individuals in this age group are more likely to experience poverty than any other in Ohio (Larrick, 2016).

Ohio’s TANF program has become less responsive to need over time. The ratio of families receiving benefits to the total number of families with children living below the FPL fell from 32.7 in 2005-2006 to 25.7 in 2013-2014 (Ahern, 2016). There has been a similar decrease in the national TANF-to-poverty ratio over that time period. As seen in **Figure 1**, Ohio’s TANF program was slightly better than the whole U.S. program at responding to the increased need after the 2008 recession. Ohio’s TANF was also more responsive to increased need than the U.S. total was during the recession of the early 2000s (Floyd, Pavetti, & Schott, 2015). There are a variety of factors, including the TANF Emergency Fund and Ohio’s practice of maintaining a TANF “rainy day” fund, that may have allowed Ohio’s program to adapt to economic downturns—future research should consider these further.



For those that the program does serve, Ohio's TANF program has not been very effective at facilitating self-sufficiency through employment. In 2014, only 5.1 percent of TANF recipients left the program for employment. This is substantially lower than the national share of TANF leavers who exited for employment, which was 15.8 percent. This may be an underestimation of the number of recipients actually leaving TANF for employment, since county departments of job and family services may not know when a recipient leaves the program for employment if they voluntarily close their case or if they simply report a higher earned income (Larrick, 2016).

In both Ohio and the nation, the share of TANF recipients leaving the program for employment decreased from 2007 to 2008 and then remained fairly constant until a slight uptick from 2012 to 2013, reflecting the effects of the 2008 recession (see **Figure 1** and **Figure 2**). Despite similar trends during this time period, the average rate of Ohio TANF leavers exiting for employment was only 5.5 percent from 2007 to 2014, in comparison to the national leavers' average of 18 percent (ACF, 2001-2015).

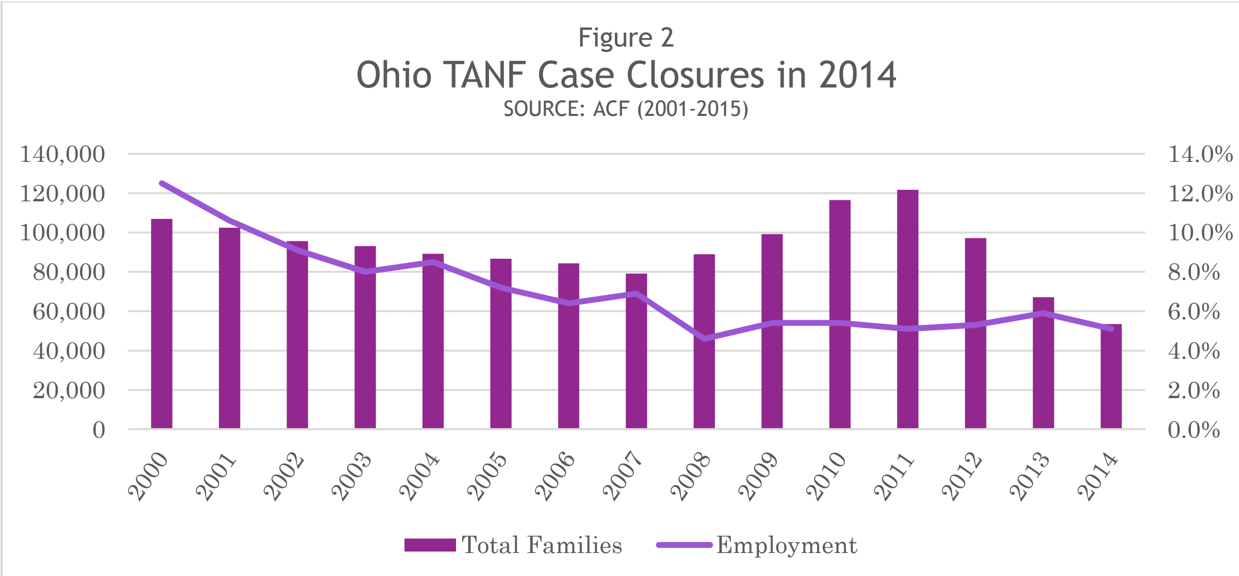


Figure 2
Ohio TANF Case Closures in 2014
SOURCE: ACF (2001-2015)
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
Total Families
Employment

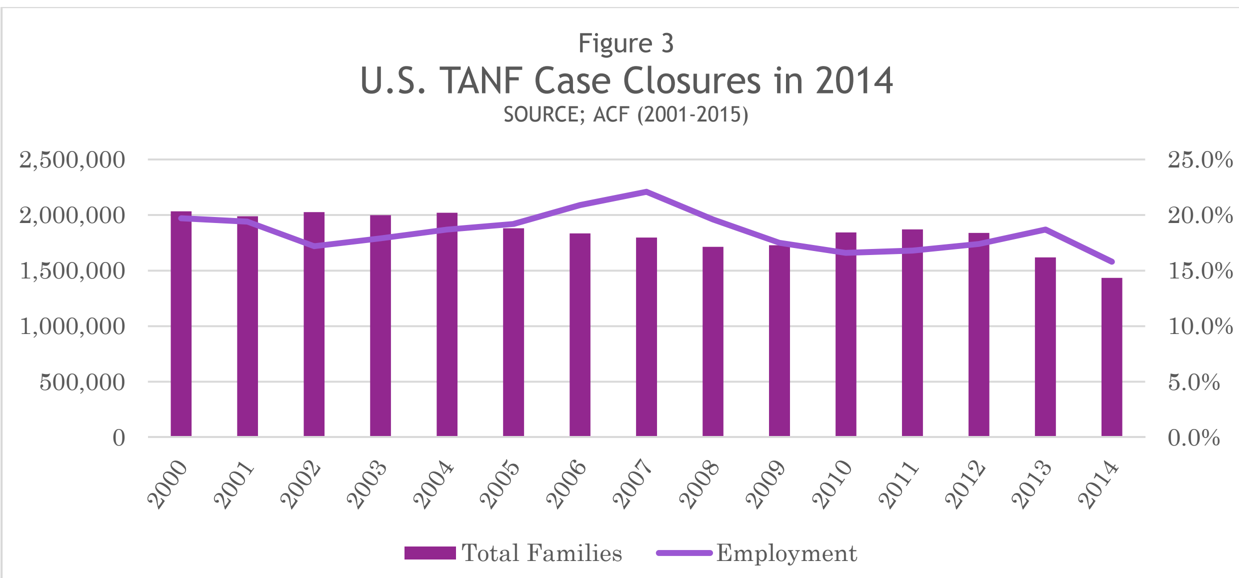


Figure 3
U.S. TANF Case Closures in 2014
SOURCE; ACF (2001-2015)
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
Total Families
Employment

Ohio's TANF Program

Ohio H.B. 408, implementing TANF in Ohio, became law in 1997. The new program not only focused on moving recipients from welfare to work, but also provided increased responsibility and flexibility to counties in its administration. Each board of county commissioners is required to enter into a contract with ODJFS, in which they take responsibility for designing and implementing TANF through their local welfare agencies. The initial OWF legislation also created a Welfare Oversight Committee to ensure effective county administration of the program, but it gradually became inactive and was repealed of its charge by the legislature in 2003 (Corlett, 2006). Though there is no longer an oversight committee in the legislature, ODJFS continues to supervise county welfare agencies, and publishes a yearly state plan for TANF implementation that sets requirements for reporting, cash management, audits, and allowable use of funds for counties. Counties are also encouraged to create community-specific implementation plans to identify local goals and engage relevant stakeholders (Ohio Department of Job and Family Services, 2015b).

TANF in Ohio constitutes two main programs—Ohio Works First (OWF) and the Prevention, Retention and Contingency (PRC) fund. OWF provides time-limited cash assistance to families with children whose income is less than or equal to program income thresholds. Families that are eligible for OWF are also eligible for PRC, which provides a mix of ongoing services and nonrecurring short-term benefits to recipients faced with an immediate crisis in an effort to divert them from ongoing OWF cash assistance. PRC is not considered "assistance," according to the federal definition, and is thus not subject to the same requirements as OWF cash assistance (Government Publishing Office, 2010). Outside these two programs, TANF funds are also used for a variety of additional services under Title IV-A of the Social Security Act. All of these additional services must be authorized by the Ohio General Assembly, or by an Executive Order of the Governor, and must support at least one of the four central goals of the TANF program (see **page 3**). Like those services and benefits provided through PRC, these additional services are not considered "assistance" (Ohio Department of Job and Family Services, 2015b).

Ohio's maximum income threshold for initial eligibility is 50 percent of the FPL. Though this is slightly higher than both the national and Midwestern mean, it is far below the federal definition of a "needy family," which is any family whose income is less than or equal to 200 percent of the FPL. Any family whose income exceeds 200 percent of the FPL while receiving TANF is no longer eligible for benefits, per federal suggestion (Ohio Department of Job and Family Services, Office of Family Assistance, 2013). The maximum monthly benefit that a family of three with no income may receive through Ohio's TANF program is $465—this is the median among Midwestern states and is slightly higher than the national mean (Huber, Cohen, Briggs, & Kassabian, 2015).

In 2014, a total of 163,521 individuals received TANF benefits in Ohio, which is the fourth largest caseload in the country behind California, New York, and Pennsylvania. Ohio's TANF caseload is larger than any other Midwestern state, more than double the size of Missouri's caseload, which is the second largest in the Midwest. Children make up 79 percent of the total caseload, which is slightly higher than the national average of 75 percent. Ohio has a significantly higher incidence of child-only TANF cases than the national average—60 percent versus 43 percent (ACF, 2015). A child-only case occurs when no adult is included in the benefit calculation, because they either do not reside with the child or do not qualify for TANF benefit receipt for nonfinancial reasons. While this report focuses on improving employment outcomes of adult TANF recipients, it is important to recognize the unique needs of the child-only TANF cases. Future research may wish to address the substantial knowledge gap around how state and federal policies affect child-only cases (Golden & Hawkins, 2012).

Ohio Works First recipients are required to engage in work activities immediately after receipt of benefit. Though the majority of states also impose work requirements at this point, some impose the requirements upon application for benefits or after an initial assessment. Single heads of household must engage in a minimum of 30 hours of work activities per week (Huber et al., 2015). After completing 20 hours of mandatory work activities in a week, an individual may count developmental activities, like education and training, to meet the 30-hour requirement (Ohio Department of Job and Family Services, n.d.-b). Six other states allow education and training to count towards the work requirement after an individual completes a certain number of hours of mandatory work activities. A majority of states place some weekly limit on education and training hours, but 18 states place no limit on these activities (Huber et al., 2015). Nearly every state counts job search as a work activity, up to six non-consecutive weeks in a fiscal year (or 12 weeks when paired with rehabilitation services) per federal requirement. Ohio is one of 16 that further limits this activity to four consecutive weeks every 12 months. (Falk, 2013; Huber et al., 2015).

All states must enforce work requirements by imposing sanctions when a recipient does not engage in their required work activities. States have discretion over what counts as noncompliance, how harsh the corresponding sanction is, and to whom the sanction applies within the unit (Center on Budget and Policy Priorities, 2015). The most common initial sanction policy used by states is a benefit reduction for the entire unit, followed by suspension of a unit's entire benefit and a suspension of the adult recipient's benefits. Seven states employ the harshest sanction policy of case closure for initial noncompliance. Ohio is one of thirteen states in the nation, and one of four in the Midwest, who suspend a TANF unit's entire benefit as an initial sanction for noncompliance with work activities. Nearly every state increases the severity of sanctions if noncompliance escalates. For example, in Ohio, additional incidences of noncompliance will result in a longer suspension of benefits—1 month for the first incidence, 3 months for the second, and 6 months for the third (Huber et al., 2015). In June of 2014, more than one quarter of all exits from Ohio's TANF program were attributed to sanctions (Patton, 2014).

In recent years, sanctions have been used in Ohio to reduce caseloads and thereby improve work participation rates (Floyd, Pavetti, & Schott, 2015). However, increased use of sanctions by TANF agencies is associated with an increase in the number of recipients who leave the program unemployed and an increase in the number of recipients who leave the program for jobs that pay less than TANF benefits. Evidence also shows that the longer the duration of a sanction, the less likely the recipient is to return to TANF, despite these poor employment outcomes (Wu, Cancian, & Wallace, 2014).

In addition to the 60-month federal time limit on TANF benefit receipt, Ohio imposes a 24-month period of ineligibility after 36 months of benefit receipt. Counties can grant "good cause" extensions, on a case-by-case basis, beyond the 36 months of benefit receipt, after the 24-month waiting period (Kasich & Dungey, 2016). The only exemptions Ohio offers to the state time limit policy are for recipients who are receiving support services while one member of their household or assistance group is employed, or who are receiving no cash benefit, or who received assistance in a state with a time limit waiver. Common reasons for exemption accepted in other states include receiving benefits while ill or incapacitated, while caring for an ill or incapacitated person, while caring for a young child, if they are a minor parent, or if they are a victim of domestic violence (Huber et al., 2015). Though counties are permitted to grant exemptions to up to 20 percent of their caseloads, analysis by the Ohio Poverty Law Center shows that counties rarely approve exemptions. As of 2010, only one county had come close to providing enough exemptions to meet 10 percent, while 21 counties had never issued an exemption (Ackerman, 2010).

Since 2002, when the state time limit on benefit receipt was first imposed, no TANF recipients have been forced off the program because of the state time limit. Over that same time period, an average of 0.7 percent of Ohio TANF leavers have been reported as exiting the program each year because they met the federal time limit (ACF, 2001-2015). This is likely an understatement of the effects of both the federal and state time limits on recipient behavior, since many recipients, being aware of these limits, may have chosen to voluntarily close their TANF cases in order to save time for potential future instances of need (Farrell et al., 2008).

Ohio is one of 28 states that do not currently provide transitional cash benefits to families who are losing TANF eligibility due to increased earnings. Ohio does provide a one-year extension of Medicaid, public child care assistance, and food assistance (subject to income thresholds for continuing eligibility) to help leavers make the transition to self-sufficiency (Huber et al., 2015). Research shows that families who receive transitional benefits may be more likely to work than those that do not receive these benefits. Further, providing transitional assistance to these families allows states to continue counting them in the work participation rate, making it easier to meet federal requirements (Giannarelli, Cohen, Briggs, & Huber, 2015).

The Comprehensive Case Management and Employment Program

Ohio's TANF program is continually evolving. The most recent biennial budget was enacted on June 30, 2015 and made several substantial changes to Ohio's public assistance program that may affect the employment outcomes of TANF recipients. That budget included a *New Way to Work*, which is a statewide framework for providing human services and workforce programs. Central to this framework is the Comprehensive Case Management and Employment Program (CCMEP), which integrates the Ohio Works First TANF program with the TANF youth employment program and Workforce Innovation & Opportunity Act (WIOA) youth programs to create individualized employment plans for each recipient, based on their specific barriers to work. After promising pilot programs in seven counties, CCMEP is slated for statewide implementation by July 1, 2016. No ODJFS funding is allocated for the new program in fiscal year 2016, but $84 million will be allocated from the TANF case management budget and $6.25 million will be allocated through TANF administration dollars in fiscal year 2017. An additional $25 million will be allocated through the WIOA youth program in fiscal year 2017 (Lumpkin, 2015).

Under the assumption that early intervention will have the greatest impact, the program will first start with 16- to 24-year-old OWF and WIOA recipients. Though not required to participate, PRC recipients and OWF recipients without work requirements in this age range may elect to join CCMEP as well. Each county must choose a single lead agency between the county department of job and family services and the county workforce development agency by May 15, 2016. The lead agency will submit a plan for service integration and administration of CCMEP to ODJFS, including details on processes for client referral, staff training, and community outreach by the end of May (Dungey, 2015a).

CCMEP includes a standardized, comprehensive assessment tool that all caseworkers throughout the state will use to identify participants' barriers to self-sufficiency, including educational and employment needs. The results of that assessment will inform the activities and services caseworkers include in the participants' "individual opportunity plan." OWF participants who fail to comply with the individual opportunity plan or who do not participate in the minimum 20 hours of program activities may receive sanctions. Lead agencies are required to provide specific core services, including tutoring, work experience, mentoring, and occupational skills training (Dungey, 2015a). A full list of the fourteen core services may be found in **Appendix B**.

Counties are free to decide what kinds of supportive and follow-up services they will provide. Caseworkers must engage with all participants at least once every 30 days and at least once every 14 days for participants that they determine need intensive case management. Recognizing the importance of caseworkers to the success of CCMEP, ODJFS will develop statewide best practices for case management that include a training curriculum. ODJFS will evaluate each county's program against standards for job entry, youth placement, job retention, median earnings, and diploma or credential earnings of recipients (Dungey, 2015a). This is a promising new commitment to improving outcomes, rather than simply compliance, of TANF recipients.

Opportunities for Improvement

By July 2016, CCMEP will be fully implemented for 16- to 24-year old TANF recipients. As discussion of the next biennial budget begins this summer, state lawmakers should consider options to improve the program's effectiveness moving forward.

Expanding CCMEP to Other Age Groups

When the program was first introduced, CCMEP was meant for OWF recipients of all age groups. In response to concerns about the amount of funding and time needed to provide the program at that scale, the state government pushed back the initial implementation date and focused the program on the 16- to 24-year old age group (Honeck, Bird, & Smith, 2015; Honeck & Britton, 2015; D. Merriman, personal communication, April 22, 2016). After giving counties two years to grow comfortable administering the program to 16- to 24- year olds, state lawmakers could choose to expand the program to other age groups in the next budget. With the program infrastructure already in place, state legislatures could choose to fully expand the program to all other age groups or to partially expand, so as not to overburden county departments of job and family services. Expanding CCMEP may be particularly effective in those counties with small caseloads, who will only have a handful of eligible participants in the 16- to 24- year age range.

There are also several compelling reasons why Ohio may wish to continue only operating CCMEP for 16- to 24-year olds. First, this age group experiences the highest rates of unemployment in the state and is often the hardest to reach among TANF recipients, because they tend to be disconnected from both school and employment and often lack strong social networks that could help them make employment connections or provide them with financial assistance (Fernandes & Gabe, 2009; Workgroup to Reduce Reliance on Public Assistance, 2015). Since individuals in this age group are disproportionately affected by poverty and unemployment, targeting resources at individuals in this age group may be most effective. It is important to note that workforce development programs targeted at youth tend to have lower rates of success, in terms of helping recipients obtain employment, than do similar programs for adults (Holzer, 2008). When they are successful, however, the positive effects of these programs may be longer-lasting, since participants receive the intervention earlier in their life cycles (Bellotti, Rosenberg, Sattar, Esposito, & Ziegler, 2010).

Provide CCMEP Funds Specifically for Transitional Jobs

Another mechanism through which Ohio could improve employment outcomes of TANF recipients is strengthening the workforce development services offered through CCMEP. Recognizing the major funding commitment that the state government has already made to this program, it is unrealistic to expect another large commitment of resources to an entirely new program within only two years. A preliminary analysis of promising workforce development programs that could be implemented or strengthened with moderate funding revealed several options, including subsidized employment programs, post-employment retention services, and job skills training. After reviewing stakeholder comments compiled by the Workgroup to Reduce Dependence on Public Assistance, subsidized employment emerged as a program that could not only have positive effects on the employment of Ohio TANF recipients, but also as a program that could gain widespread political support (Workgroup to Reduce Reliance on Public Assistance, 2015).

Transitional jobs programs are a specific model of publicly subsidized employment that focus on placing hard-to-employ populations in paid employment as a stepping stone to unsubsidized employment (Bloom, 2010). Though paid and unpaid work experience is currently a core service that counties have been providing and are required to continue providing to CCMEP recipients, this has typically taken the form of summer employment programs for disconnected youth (Dungey, 2015a; D. Merriman, personal communication, April 22, 2016). Summer youth employment programs serve as an important educational tool for low-income youth and have great political support, but they tend to have low participation rates among TANF recipients and it is unclear how much they impact TANF recipients' full-time employment outcomes—the key metric of interest in this paper (U.S. Department of Labor, U.S. Department of Commerce, U.S. Department of Education, & US. Department of Health and Human Services, 2014). Transitional jobs programs, on the other hand, have been found to increase the likelihood that individuals will become employed and stop receiving TANF in the long-run and to decrease the number of months during which individuals receive TANF (Bloom, 2010).

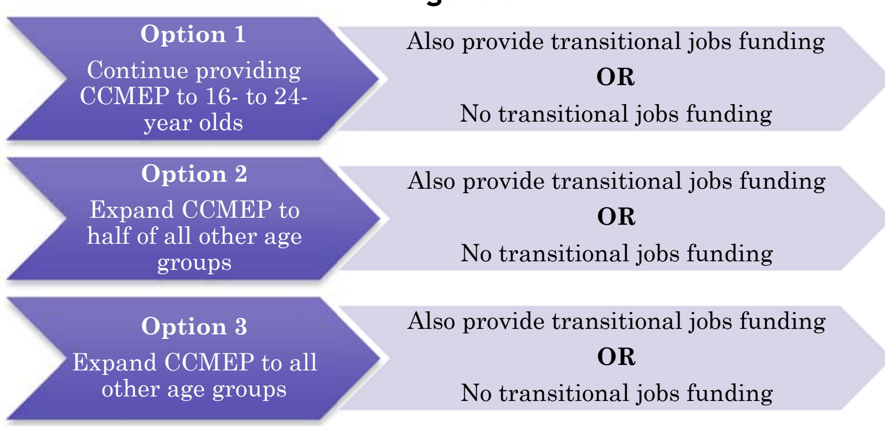
Counties' decisions of whether or not to provide transitional jobs are typically seen as an alternative to, rather than an addition to, summer youth employment. Due to the strong political support for summer youth programs, county departments of job and family services are unlikely to trade them for transitional jobs (D. Merriman, personal communication, April 22, 2016). By specifically allocating funds for transitional jobs, Ohio can encourage counties to pursue this promising program, *in addition to* the existing summer youth programs.

Cost-Effectiveness Analysis

The scope of this cost-effectiveness analysis is limited to the TANF program in Ohio and is based solely on the state government's perspective. As a result, the only costs considered are budgetary outlays for TANF, and effectiveness is measured by TANF expenditures avoided. Type and quality of the jobs for which recipients are leaving are not considered, because that does not affect the annual program cost the government avoids by helping recipients leave TANF for employment. This is an extremely important consideration for any future analysis that includes the perspective of TANF recipients or any analysis investigating the effects of welfare recidivism.

This analysis assumes that any recipient who obtains full-time employment will leave TANF by the following program year, since the U.S. Census Bureau estimates that the average duration of benefit receipt for employed TANF recipients is between one and 12 months (Kim, Irving, & Loveless, 2015). The program cost avoided by helping these recipients move off of TANF and into employment is measured by the average TANF cost per participant in Ohio in 2014. All measures of cost and effectiveness are projected over a 5- and 10-year time horizon, using a 7 percent discount rate, per Office of Management and Budget (OMB) guidelines (Office of Management and Budget, Office of Information and Regulatory Affairs, 2010). First, the cost-effectiveness of CCMEP at varying levels of expansion is evaluated. Then the incremental cost-effectiveness of specifically allocating funds for transitional jobs through CCMEP is evaluated at each level of expansion.

Figure 3



CCMEP's effectiveness at moving recipients off of TANF is approximated by the average effectiveness of similar integrative case management programs used elsewhere in the United States for TANF recipients, for which employment outcome data was available. That effectiveness is discounted by 5.9 percentage points for 16- to 24- year olds because evidence shows that workforce development programs have less success in moving youth recipients into employment than they have for adults. The magnitude of the discount for youth effectiveness was determined by the average difference in the leaver employment rate for adults and for youth from three statewide workforce development programs in Washington State (Hollenbeck, 2008). The costs of CCMEP as outlined in H.B. 64 are assumed to repeat annually and to increase proportionally to the number of participants for both partial and full expansion. This may be a conservative estimate, since costs are likely to decrease after the initial program infrastructure is in place and counties become more efficient at administering CCMEP.

The effectiveness of a transitional jobs program is approximated by the average effectiveness of six well-established programs that were rigorously evaluated by Mathematica Policy Research in 2002. These programs capture variance in transitional jobs program administration, because they each offer different ranges of services and supports and they represent a mix of rural and urban areas (Kirby et al., 2002). Data from these programs were also used to estimate average total wage costs per participant and likely share of the eligible population that would participate in a transitional jobs program. All dollar figures were adjusted for inflation, using the Consumer Price Index (CPI). Though transitional jobs programs provide both wage replacement to employers and supportive services to participants, only wage costs were included in this analysis to avoid double-counting, since the supportive services would already be provided through CCMEP. Below are the results over a 10-year time horizon, starting in fiscal year 2017:

- Option 1 costs 75 cents per dollar of TANF expenditures avoided. The costs increase to 80 cents per dollar avoided when combined with transitional jobs funding.
- Option 2 costs 71 cents per dollar of TANF expenditures avoided. The cost increases to 76 cents per dollar avoided when combined with transitional jobs funding.
- Option 3 costs 69 cents per dollar of TANF expenditures avoided. The cost increases to 75 cents per dollar avoided when combined with transitional jobs funding.

Sensitivity Analysis

Recognizing that there is some uncertainty in the assumptions that informed this cost-effectiveness model, additional analysis was conducted to test the sensitivity of the results to various changes in the underlying assumptions. First, all results were evaluated over a 5-year time horizon, instead of a 10-year period. The relative cost-effectiveness of each option did not change under this shorter time horizon. Since any major programmatic changes will not occur until the next budget goes into effect in fiscal year 2018 and this analysis assumes a one-year lag between the program expenditures and their effects, the NPV of costs per dollar of TANF expenditures avoided is about 10 cents higher for each option under the 5-year time horizon. More details on the cost-effectiveness model, including the exact NPV of costs and expenditures avoided under a 5-year time horizon, may be found in **Appendix C**.

One of the most important assumptions made throughout this analysis is that the effectiveness of CCMEP will approximate the average of similar intensive case management programs for TANF recipients in other states. Since there are many factors within Ohio, and within each Ohio county, that may affect the applicability of these other programs to CCMEP, a break-even analysis was conducted to identify at which level of program effectiveness the NPV of the costs began to outweigh the NPV of the future expenditures avoided. If CCMEP is not expanded (Option 1), the costs of the program would start outweighing the future costs avoided if only 43 percent of recipients are moved into employment, rather than the projected 55 percent. Under the 5-year time horizon, that window narrows from 12 percentage points to 8 percentage points. Under both partially and fully expanded CCMEP (Options 2 & 3), there is larger room for decreases in program effectiveness before the costs start outweighing the value of the future costs avoided. For the 10-year time horizon, that margin is 16 percentage points—from 55 percent to 39 percent effectiveness at moving recipients into employment—and for the 5-year time horizon, that margin is 10 percentage points—from 55 percent to 45 percent. Expanding CCMEP to other recipients thus not only improves the cost-effectiveness of the program, but also increases the certainty that the value of future TANF costs avoided will outweigh the amount spent on the program.

The number of recipients that participate in the transitional jobs program will entirely depend on how many recipients are assigned to transitional jobs based on their individual needs, as assessed by county caseworkers. The average percent of transitional jobs participants as a share of the total TANF caseload for each of the six programs previously evaluated was 8.95 percent. Holding all other assumptions constant, it would still be cost-effective (i.e. TANF dollars avoided would still exceed program expenditures) to allocate specific funding for transitional jobs even if only 1 percent of Ohio's caseload participated in it. Since this model assumes program costs are proportionate to the number of participants, this decrease in caseload size does not change the relative cost-effectiveness of the policy options.

Another assumption that guides this analysis is that the effectiveness of transitional jobs throughout Ohio will approximately equal the average effectiveness of the other transitional jobs programs that were previously evaluated. That average is 53.4 percent of participants. As stated earlier, at that rate, providing transitional jobs at any level of CCMEP expansion is less cost-effective than providing CCMEP alone. The only scenario in which providing transitional jobs improves the cost-effectiveness of CCMEP over a 10-year time horizon is if CCMEP is not expanded (Option 1) and if 100 percent of transitional jobs participants obtain unsubsidized employment and move out of the program by the following year. This is highly unlikely for any transitional jobs program, regardless of how efficiently it is administered. In any other situation, providing transitional jobs through CCMEP remains less cost-effective than providing CCMEP alone.

Since the results of this analysis proved fairly insensitive to changes in the effectiveness of transitional jobs, a sensitivity analysis was also conducted for changes in the cost of providing transitional jobs. Besides the average of existing transitional jobs programs throughout the country, another reasonable proxy for the cost per participant of providing transitional jobs in Ohio is how much the statewide subsidized employment program cost per participant in 2009 and 2010, when funds were made available through the American Recovery and Reinvestment Act (ARRA). Adjusted for inflation, that program cost $2,420 per participant on average, while the average cost for other states' non-ARRA transitional jobs programs was $3,860 per participant (Farrell, Elkin, Broadus, & Bloom, 2011; Kirby et al., 2002).

Using this new cost figure from the ARRA subsidized employment program in Ohio, it is possible it would be more cost-effective to provide transitional jobs through CCMEP than to provide CCMEP alone, if the transitional jobs program can move 65 percent of participants into employment and off of TANF over the 10-year time horizon. This is 12 percentage points higher than the projected effectiveness of transitional jobs, using the average of programs in other states, but is not unheard of for a transitional jobs program (Augusta, Georgia's GoodWorks! Program had a 70.3 percent unsubsidized employment placement rate). At this lower cost per participant over a 5-year time horizon, the transitional jobs program would need to be 17 percentage points more effective for it to be more cost-effective than providing CCMEP alone, at any level of CCMEP expansion. Though these rates of effectiveness are not implausible, it is unlikely that the cost of transitional jobs through CCMEP will resemble that of the ARRA subsidized employment program because the vast majority of placements in that program were for summer youth employment, which is less expensive than year-round transitional jobs for adults (Pavetti, Schott, & Lower-Basch, 2011). If Ohio is able to lower the costs of a transitional jobs program without weakening its effectiveness, this option may be worth reconsidering.

Recommendation

Ohio should pursue Option 3a and fully expand the Comprehensive Case Management and Employment Program to all other age groups.

Table 1: Decision Matrix

	Cost per Dollar Avoided	Uncertainty	Political Feasibility
OPTION 1a *CCMEP for 16- to 24- year olds*	$0.75	Medium	High
OPTION 1b *CCMEP for 16- to 24- year olds + transitional jobs*	$0.80	High	Low
OPTION 2a *Partially expanded CCMEP*	$0.71	Medium	Medium
OPTION 2b *Partially expanded CCMEP + transitional jobs*	$0.76	High	Low
OPTION 3a *Fully expanded CCMEP*	$0.69	Medium	Medium
OPTION 3b *Fully expanded CCMEP + transitional jobs*	$0.75	High	Low

As discussed in detail in the previous section, cost-effectiveness is measured in terms of cost per dollar of future TANF expenditures avoided by moving recipients into employment over the next ten years. On this metric, Option 3a performs the best because it requires the least investment per dollar avoided. All measures of cost-effectiveness are subject to uncertainty due to the difficulty of accurately projecting program administration and employment outcomes of TANF recipients over ten years. Each option that included transitional jobs (1b, 2b, and 3b) was necessarily more uncertain than the options to provide CCMEP alone (1a, 2a, and 3a) because there is uncertainty about the costs of administering a transitional jobs program, the share of the eligible population that will participate in transitional jobs, and the likelihood of unsubsidized employment for those that do participate, in addition to the uncertainty about the effectiveness of CCMEP.

Continuing to provide CCMEP for 16- to 24- year olds is the most politically feasible option because the funding has already been appropriated by the legislature, with the governor's approval, and the counties have already begun implementing the program. However, the current political climate in Ohio presents a unique opportunity to further reform state human services and workforce development programs and policymakers should capitalize on it. The

Workgroup to Reduce Reliance on Public Assistance helped create the environment for this reform by bringing together governor-appointed representatives from county departments of job and family services across the state. Their findings and recommendations were fundamental to the reforms contained in H.B. 64, and particularly the CCMEP (Workgroup to Reduce Reliance on Public Assistance, 2015). Though policymakers at both the county and the state levels agree on this new programmatic focus on integrative case management services, the future of CCMEP will largely depend on how many resources the state government chooses to put behind it. Without additional state money to fund it, counties are highly unlikely to expand CCMEP fully or partially (D. Merriman, personal communication, April 22, 2016).

Despite ODJFS' initial commitment to expanding CCMEP to other age groups within two years of its implementation for 16- to 24- year olds, that language was not included in the final budget bill (Honeck, Britton, & Bird, 2015). This suggests that the political will to expand the program may have waned. While counties are open to expanding CCMEP, they are also not pushing ODJFS on this, so other stakeholders would need to lead the push for more commitment from the legislature. As a result, Options 2a and 3a (partial and full expansion of CCMEP) both received 'medium' rankings for political feasibility.

Providing funding for a new program is going to be more politically challenging than expanding an existing program. Getting funding for transitional jobs may be especially difficult, given the implicit tradeoff with summer youth employment that has hindered previous conversations about providing subsidized employment for TANF recipients (D. Merriman, personal communication, April 22, 2016). Similarly to CCMEP, counties would be willing to provide this service if the state government provides the resources—in fact several stakeholders interviewed by the Workgroup to Reduce Reliance on Public Assistance specifically called for a statewide subsidized employment program, which would provide counties with the funds to operate transitional jobs in addition to summer youth employment (Workgroup to Reduce Reliance on Public Assistance, 2015). Despite this interest, state legislators decided against including it in the final set of reforms contained in H.B. 64. It seems unlikely that state legislators are going to commit new resources to a transitional jobs program only two years after their significant investment in CCMEP. As a result, options that included transitional jobs (1b, 2b, and 3b) received a 'low' ranking for political feasibility in this analysis. Transitional jobs and other approaches to subsidized employment should be considered in the future, when the effects of CCMEP are more clear.

The issue of equity was not included in the decision matrix because the largest distributional concern—variance in counties' capacity to administer workforce development services—is constant across all options. Poverty, and therefore TANF caseloads, varies widely across Ohio's counties, ranging from 4.9 percent to 31.6 percent (Larrick, 2016). Though the state formula for allocating TANF funds takes this variation into account, as well as variation in county unemployment rates, it does not account for the different barriers faced by large metropolitan counties versus small rural counties (Ohio Adm. Code 5101:9-6-02, 2015). Furthermore, the success of TANF workforce development programs is necessarily linked to the success of other programs for low-income Ohioans, which also varies from county to county. Any changes to Ohio's TANF program must seek to mitigate the disparate negative effects of this county variation.

Another common distributional concern about TANF is how the program accommodates individuals with disabilities. Ohio's program has been critiqued in the past for its failure to require individualized assessments of OWF recipients, which has a disproportionately negative effect on individuals with disabilities who face unique barriers to employment (French, 2014). The introduction of CCMEP is an important step towards addressing this concern and expansion of CCMEP will only help further. Finally, the racial implications of these policy options must be considered. Though African Americans made up 11 percent of Ohio's population in 2014, they constituted approximately 40 percent of the OWF caseload in that same year (French, 2014). Any changes to the program will thus disproportionately affect the African American population in Ohio, but none of the above options are expected treat African American OWF recipients differently than OWF recipients of other races. As data is collected on the outcomes of CCMEP participants, ODJFS must continue to pay particular attention to the outcomes of individuals in these minority subgroups to ensure equal treatment of all recipients as the program evolves.

Ohio should pursue Option 3a, full expansion of CCMEP. It is cost-effective, even in the face of moderate uncertainty; it capitalizes on existing political momentum around welfare reform in the state; and it will help the most OWF recipients, including those with the greatest need.

Implementation

Funding for the CCMEP expansion will likely be appropriated in the same way as funding for the initial CCMEP for 16- to 24- year olds—from the TANF block grant and the WIOA budget. Within the TANF budget, program expenditures would be classified as non-assistance, since they will fund supportive services. Ideally, this money would simply be transferred from the dollars that are already being spent on welfare-to-work services within the ODJFS non-assistance budget for these same recipients that will now be served through CCMEP. Recognizing there may be increased administrative costs, at least in the first few years after expansion, the state may also need to use a portion of their unobligated TANF balance. This balance is maintained as a "rainy day fund" in case of economic downturns, and amounted to more than $79 million in 2014, which was the equivalent of 7 percent of total TANF funds used in Ohio that same year. This fund has been increasing since 2011 (ACF, 2001-2015; Corlett, 2006). Reducing that fund to even 5 percent of total TANF funds used would free up $23 million, which is more than the projected increase in administrative costs from moving to full CCMEP expansion.

One of the largest benefits of this option is that the framework for its implementation is already in place. The majority of counties have established whether their county department of job and family services or their workforce development agency will serve as the lead agency in CCMEP administration and all remaining counties will have made this designation by the end of May.

At this time, all counties will also have submitted a preliminary plan for CCMEP service provision (Dungey, 2015a). In the months before CCMEP is expanded, ODJFS should require counties to update these plans with details on how they will adapt their programs to accommodate the newly eligible population. Among other things, this update must include plans for continued compliance with the Americans with Disabilities Act (ADA), the process for expanded information sharing across workforce development and public assistance programs, and the details of contact with and services provided to new recipients.

Key to the success of any new program is continued communication between ODJFS, the county departments of job and family services, and the relevant community organizations, including food banks, faith-based groups, and shelters for the homeless and victims of domestic violence. The Workgroup to Reduce Reliance on Public Assistance has proved to be a valuable partner in gathering stakeholder perspectives and the state should continue to consult their input regularly, particularly to assess the capacity of the counties and the overall success of CCMEP. This also means that ODJFS must be ready to adapt the program based on the needs of the counties administering it, as they have already shown they are willing to do by slowing the initial rollout of CCMEP.

To ensure a smooth expansion of the program, ODJFS should first select several counties to complete a pilot expansion, before requiring expansion in the remaining counties. This will allow the state to better anticipate counties' needs in the move towards full expansion and thus provide improved support for counties in the long-run. The counties that completed the pilot of CCMEP in 2015 are good candidates for this second pilot, because they will have had more time to become comfortable with providing CCMEP to the current age group and will thus be in a better position to expand it than the other counties that will not begin operating CCMEP until this July. The counties from the last CCMEP pilot are Cuyahoga, Columbiana/Mahoning, Greene, Hamilton, Licking, Marion, and Ottawa (Lumpkin, 2015).

After collecting information on the effects of CCMEP throughout the state, and the effects of expanded CCMEP in the pilot counties, ODJFS should update its training modules and other centralized resources, like application forms, to ease program expansion. This will likely involve providing additional webinars and in-person training courses for county commissioners, lead agency staff, fiscal agents, and caseworkers. The state should also use outcomes data from each county's CCMEP to determine which counties are underperforming and could most benefit from technical assistance. Diligent tracking of CCMEP outcomes data is of the utmost importance, even if the state does not choose to expand the program in the next biennial budget. This will help shift the mindset in Ohio TANF administration from improving program compliance to improving recipient outcomes. It will also create a clearer understanding of the experiences of Ohio TANF recipients and what is actually helping them reach self-sufficiency. With this improved information, state lawmakers will be able to make better decisions about Ohio's TANF program that could save taxpayers' dollars and vastly improve the lives of Ohio's neediest families in the years to come.

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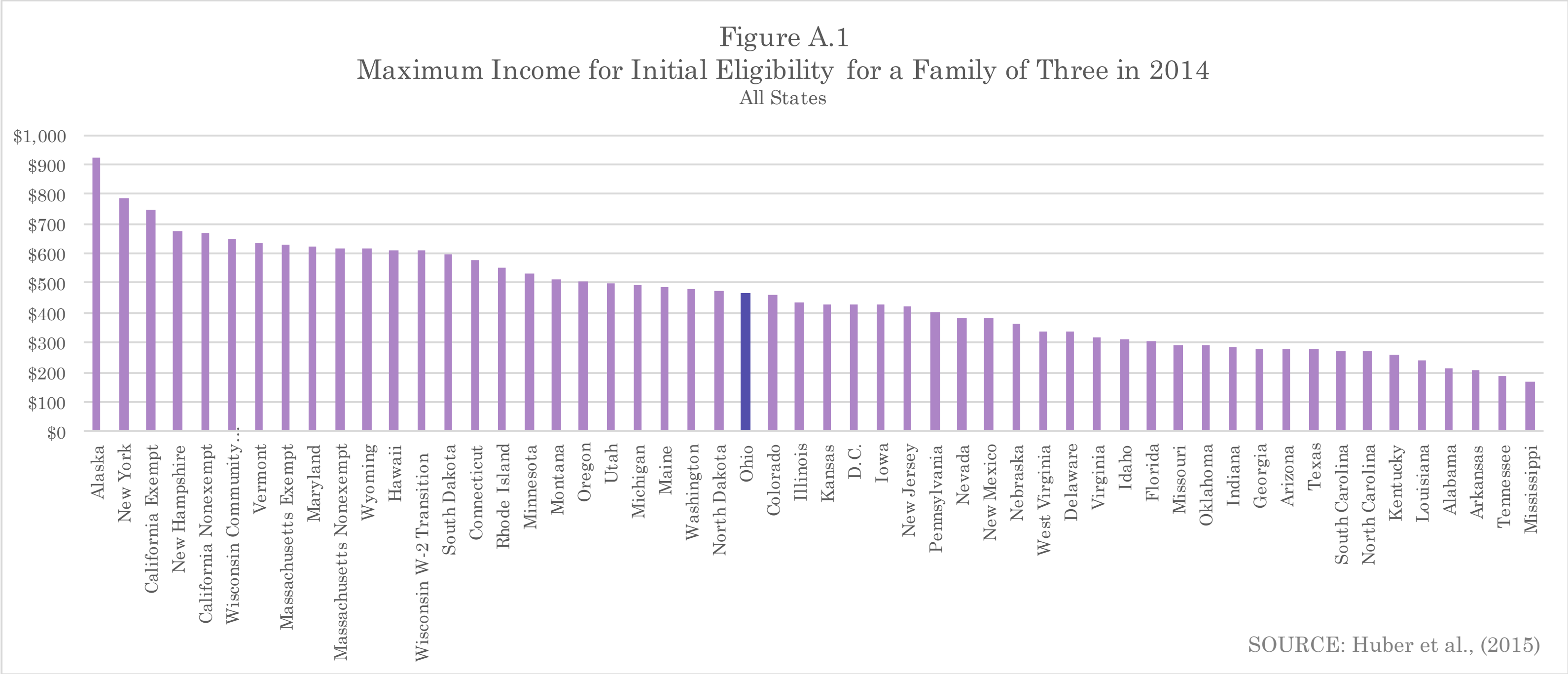
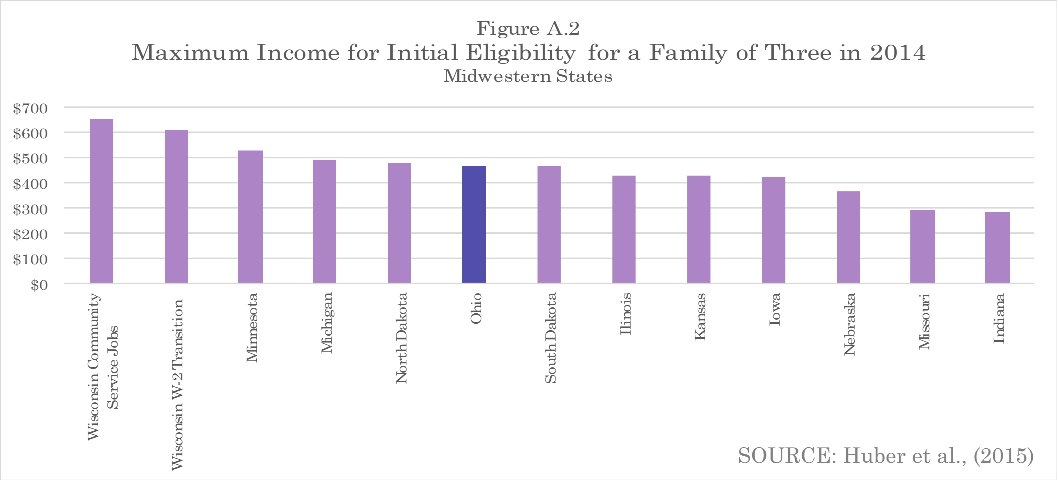
Appendix A

Figures related to the descriptive analysis of Ohio's TANF program





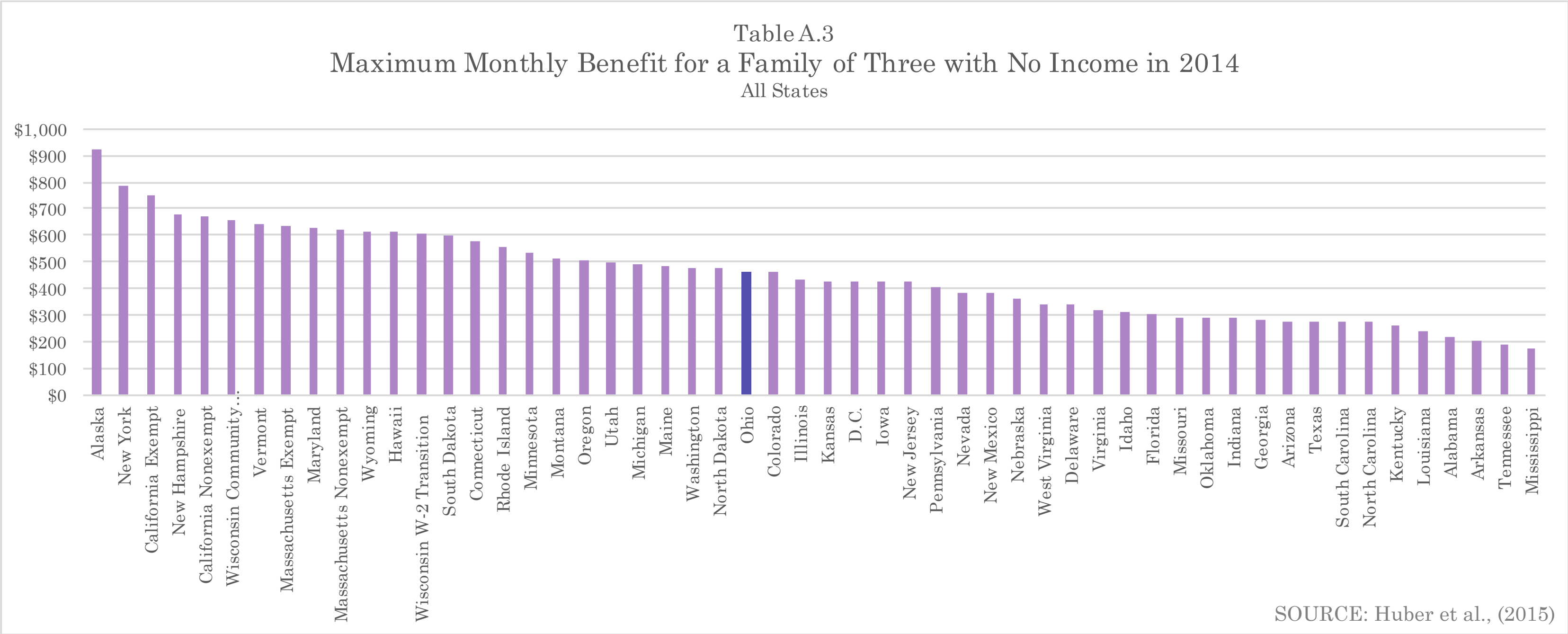


Table A.3
Maximum Monthly Benefit for a Family of Three with No Income in 2014
All States
$1,000
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
Alaska
New York
California Exempt
New Hampshire
California Nonexempt
Wisconsin Community…
Vermont
Massachusetts Exempt
Maryland
Massachusetts Nonexempt
Wyoming
Hawaii
Wisconsin W-2 Transition
South Dakota
Connecticut
Rhode Island
Minnesota
Montana
Oregon
Utah
Michigan
Maine
Washington
North Dakota
Ohio
Colorado
Illinois
Kansas
D.C.
Iowa
New Jersey
Pennsylvania
Nevada
New Mexico
Nebraska
West Virginia
Delaware
Virginia
Idaho
Florida
Missouri
Oklahoma
Indiana
Georgia
Arizona
Texas
South Carolina
North Carolina
Kentucky
Louisiana
Alabama
Arkansas
Tennessee
Mississippi
SOURCE: Huber et al., (2015)

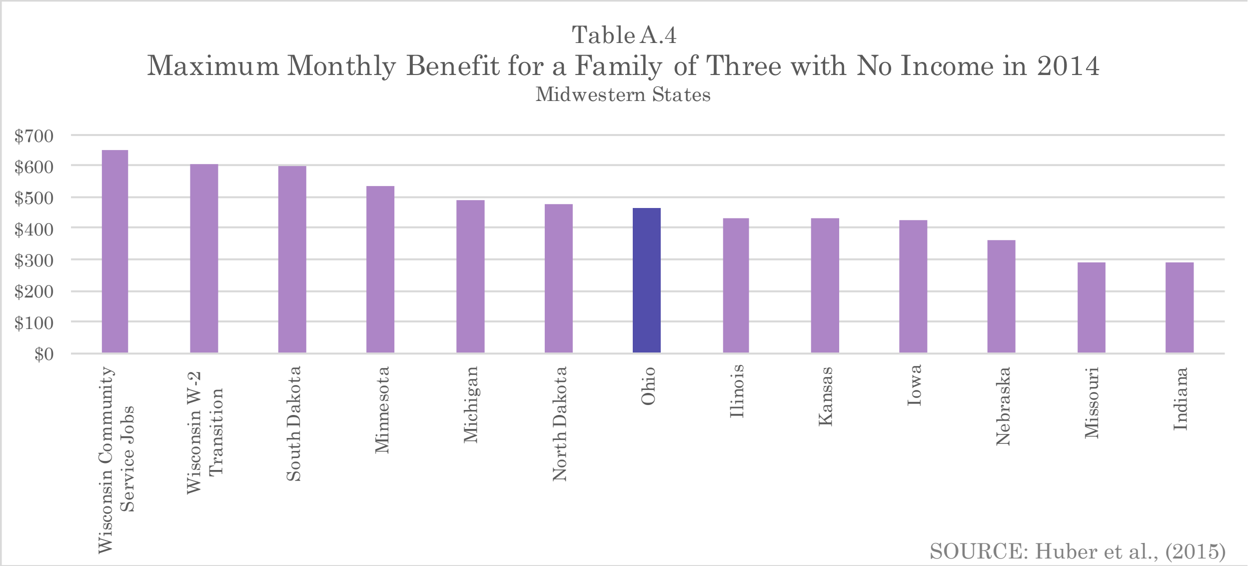


Table A.4
Maximum Monthly Benefit for a Family of Three with No Income in 2014
Midwestern States
$700
$600
$500
$400
$300
$200
$100
$0
Wisconsin Community Service Jobs
Wisconsin W-2 Transition
South Dakota
Minnesota
Michigan
North Dakota
Ohio
Ilinois
Kansas
Iowa
Nebraska
Missouri
Indiana
SOURCE: Huber et al., (2015)

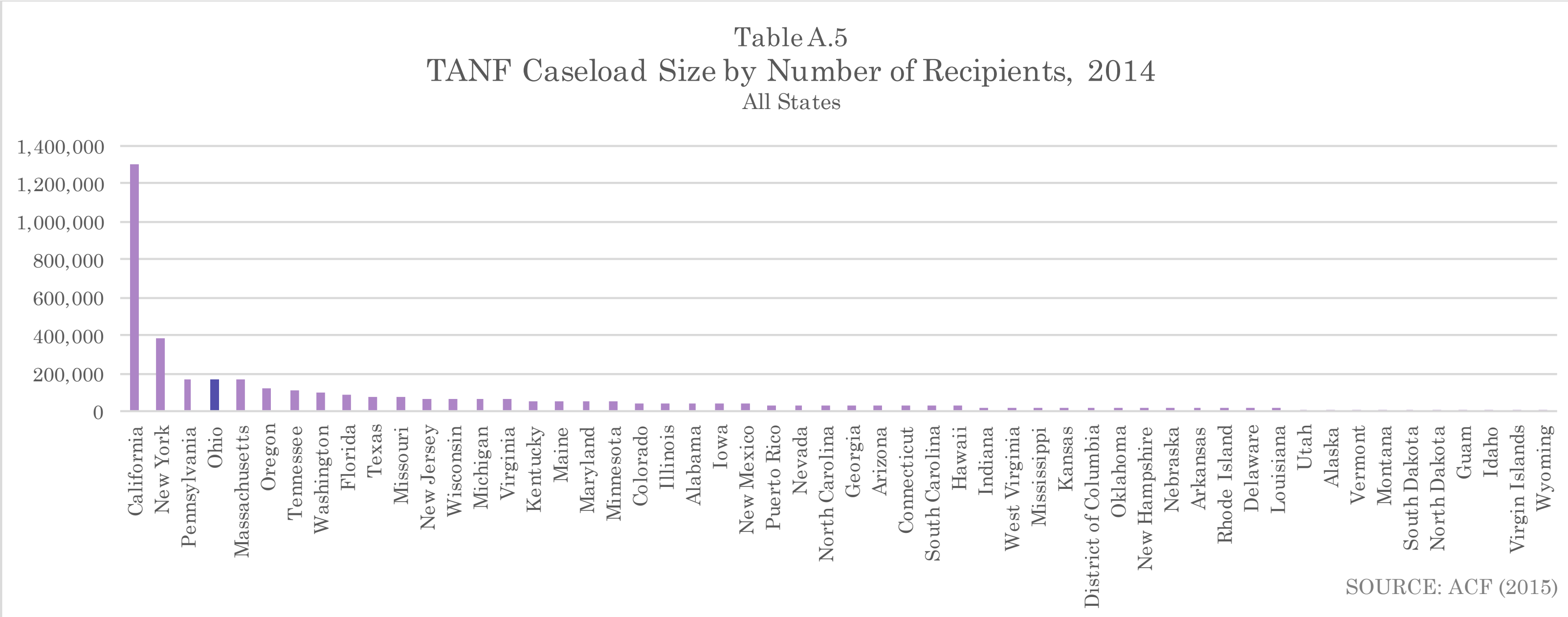


Table A.5
TANF Caseload Size by Number of Recipients, 2014
All States
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
California
New York
Pennsylvania
Ohio
Massachusetts
Oregon
Tennessee
Washington
Florida
Texas
Missouri
New Jersey
Wisconsin
Michigan
Virginia
Kentucky
Maine
Maryland
Minnesota
Colorado
Illinois
Alabama
Iowa
New Mexico
Puerto Rico
Nevada
North Carolina
Georgia
Arizona
Connecticut
South Carolina
Hawaii
Indiana
West Virginia
Mississippi
Kansas
District of Columbia
Oklahoma
New Hampshire
Nebraska
Arkansas
Rhode Island
Delaware
Louisiana
Utah
Alaska
Vermont
Montana
South Dakota
North Dakota
Guam
Idaho
Virgin Islands
Wyoming
SOURCE: ACF (2015)

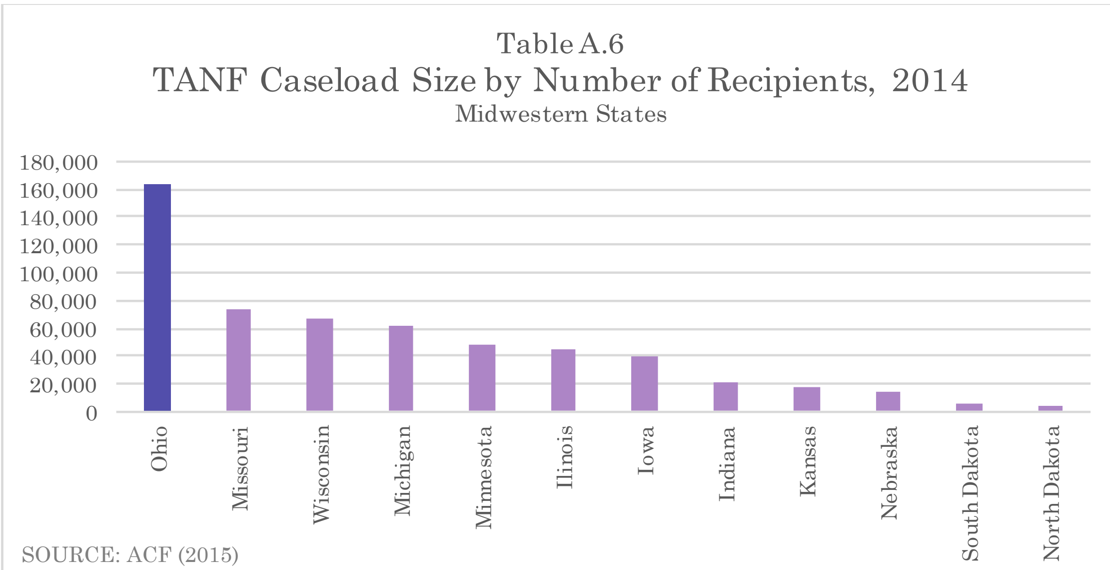


Table A.6
TANF Caseload Size by Number of Recipients, 2014
Midwestern States
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
Ohio
Missouri
Wisconsin
Michigan
Minnesota
Illinois
Iowa
Indiana
Kansas
Nebraska
South Dakota
North Dakota
SOURCE: ACF (2015)

Appendix B

CCMEP Core Services

- Tutoring, study skills training, instruction and dropout prevention
- Alternative secondary school services, or dropout recovery services
- Paid and unpaid work experience (with an academic and occupational education component)
- Occupational skill training
- Education offered concurrently with workforce preparation activities
- Leadership development opportunities
- Supportive services
- Adult mentoring
- Follow-up services for not less than 12 months
- Comprehensive guidance and counseling
- Financial literacy education
- Entrepreneurial skills training
- Labor market and employment information
- Activities to prepare for and transition to post-secondary education and training

See ODJFS' Joint Transmittal Letter on the Comprehensive Case Management Program for more information (Dungey, 2015a).

Appendix C

Cost-Effectiveness Analysis

Discussion of key assumptions

Program costs of CCMEP include instruction and materials, cost of providing supportive services, and outreach efforts. Administrative costs include staff salaries and training costs (Ohio Department of Job and Family Services, 2015a). Effectiveness of CCMEP is approximated by the average effectiveness of three previous integrative case management programs, in terms of share of recipients placed in unsubsidized employment. Those programs are the Minnesota Integrated Service Project, with a 39 percent job placement rate (Martinson, Ratcliffe, Harbison, & Parnes, 2007); the Arizona Case Management Screening Guide, with a 46 percent job placement rate (Peck & Scott, 2005); and the Columbus JOBS Program integrated case management group, with an 80 percent job placement rate (Scrivener, Walter, Brock, & Hamilton, 2001). The average placement rate is therefore 55 percent for adults. Using data from workforce development programs in Washington State, the effectiveness for youths is assumed to be 5.9 percentage points less than the effectiveness for adults (Hollenbeck, 2008). This results in an assumed program effectiveness of 49 percent for youth.

The formula for the cost-effectiveness of Options 1a, 2a, and 3a is as follows:

$$\frac{NPV\ Costs_{CCMEP}}{NPV\ Program\ Cost\ Avoided_{CCMEP}}$$

Wage costs for transitional jobs are estimated by the average wage costs per participant for six transitional jobs programs evaluated by Kirby et al. (2002). Wage costs vary based on length of subsidy provided, maximum wage eligible for reimbursement, maximum hours per week eligible for reimbursement, and whether or not payroll costs are covered. Each program's average cost per participant is as follows:

Program	**Wage Costs**
PREP Forrest City, AR	$2,172
CJP San Francisco, CA	$4,866
GoodWorks! Augusta, GA	$2,210
TWC Philadelphia, PA	$1,769
CJ Aberdeen, WA	$3,658
CJ Tacoma, WA	$2,828

The average wage cost per participant used in the rest of this analysis is therefore $2,917. Adjusted for inflation, using the Consumer Price Index, the average wage cost for transitional jobs is $3860.91.

The amount of participants in the transitional jobs program as a share of total TANF recipients eligible is approximated in the same way as the costs of transitional jobs—using the average for the six transitional jobs programs evaluated by Kirby et al. (2002). The average rate of participation in each transitional jobs program among all eligible TANF recipients is as follows:

Program	**Participation Rate**
PREP Forrest City, AR	9.2%
CJP San Francisco, CA	2.4%
GoodWorks! Augusta, GA	28.2%
TWC Philadelphia, PA	2.7%
CJ Aberdeen, WA	7.0%
CJ Tacoma, WA	4.2%

The average participation rate in transitional jobs as a share of total TANF recipients eligible is therefore 8.95 percent.

The average effectiveness of providing a transitional jobs program through CCMEP was also approximated by the average of the six transitional jobs programs evaluated by Kirby et al. (2002). Each program's average placement rate in unsubsidized jobs is as follows:

Program	Effectiveness
PREP Forrest City, AR	48.2%
CJP San Francisco, CA	46.7%
GoodWorks! Augusta, GA	70.3%
TWC Philadelphia, PA	48.5%
CJ Aberdeen, WA	Not Available
CJ Tacoma, WA	Not Available

The average effectiveness of transitional jobs is therefore assumed to be 53.4 percent for adults in the rest of this analysis. Again using Hollenbeck's measure of the decreased effectiveness of workforce development programs for youth, the average effectiveness of transitional jobs is assumed to be 47.6 percent (2008).
The formula for the cost-effectiveness of Options 1b, 2b, and 3b is as follows:

$$\frac{NPV\ Costs_{Transitional\ Jobs} + NPV\ Costs_{CCMEP}}{NPV\ Program\ Cost\ Avoided_{Transitional\ Jobs} + NPV\ Program\ Cost\ Avoided_{CCMEP}}$$

Costs of Option 1a
Providing CCMEP to 16- to 24- Year Olds

Year	Program Costs	PV Program Costs	Administration Costs	PV Admin Costs
2017	$84,150,864	$84,150,864	$6,250,000	$6,250,000
2018	$84,150,864	$78,645,667	$6,250,000	$5,841,121
2019	$84,150,864	$73,500,624	$6,250,000	$5,458,992
2020	$84,150,864	$68,692,172	$6,250,000	$5,101,862
2021	$84,150,864	$64,198,291	$6,250,000	$4,768,095
2022	$84,150,864	$59,998,403	$6,250,000	$4,456,164
2023	$84,150,864	$56,073,274	$6,250,000	$4,164,639
2024	$84,150,864	$52,404,929	$6,250,000	$3,892,186
2025	$84,150,864	$48,976,569	$6,250,000	$3,637,557
2026	$84,150,864	$45,772,494	$6,250,000	$3,399,586

Effectiveness of Option 1a

Providing CCMEP to 16- to 24- Year Olds

Year	# of recipients who leave the program for employment	TANF cost avoided	PV TANF cost avoided
2017	0	$0	$0
2018	21,559	$138,765,588	$129,687,465
2019	21,559	$138,765,588	$121,203,239
2020	21,559	$138,765,588	$113,274,055
2021	21,559	$138,765,588	$105,863,603
2022	21,559	$138,765,588	$98,937,946
2023	21,559	$138,765,588	$92,465,371
2024	21,559	$138,765,588	$86,416,234
2025	21,559	$138,765,588	$80,762,836
2026	21,559	$138,765,588	$75,479,286

Summary Table for Option 1a

	NPV Costs	NPV Program Cost Avoided	Cost-Effectiveness
10-Year Time Horizon	$679,383,488	$904,090,034	0.75
5-Year Time Horizon	$396,607,688	$470,028,362	0.84

Costs under Option 1b

Providing CCMEP to 16- to 24- Year Olds and Allocating Funds for Transitional Jobs

Year	Wage Costs	PV Wage Costs
2017	$0	$0
2018	$1,688,762	$1,578,282
2019	$1,688,762	$1,475,030
2020	$1,688,762	$1,378,533
2021	$1,688,762	$1,288,348
2022	$1,688,762	$1,204,064
2023	$1,688,762	$1,125,293
2024	$1,688,762	$1,051,676
2025	$1,688,762	$982,875
2026	$1,688,762	$918,575

Effectiveness under Option 1b

Providing CCMEP to 16- to 24- Year Olds and Allocating Funds for Transitional Jobs

Year	# of recipients who leave the program for employment	TANF cost avoided	PV TANF cost avoided
2017	0	$0	$0
2018	0	$0	$0
2019	208	$1,339,092	$1,169,615
2020	208	$1,339,092	$1,093,098
2021	208	$1,339,092	$1,021,587
2022	208	$1,339,092	$954,754
2023	208	$1,339,092	$892,294
2024	208	$1,339,092	$833,919
2025	208	$1,339,092	$779,364
2026	208	$1,339,092	$728,377

Summary Table for Option 1b

	NPV Costs	NPV Program Cost Avoided	Cost-Effectiveness
10-Year Time Horizon	$679,383,488	$904,090,034	0.80
5-Year Time Horizon	$396,607,688	$470,028,362	0.90

Costs of Option 2a

Partially expanding CCMEP

Year	Program Costs	PV Program Costs	Administration Costs	PV Admin Costs
2017	$84,150,864	$84,150,864	$6,250,000	$6,250,000
2018	$199,373,482	$186,330,357	$6,250,000	$5,841,121
2019	$199,373,482	$174,140,521	$14,807,742	$12,933,655
2020	$199,373,482	$162,748,150	$14,807,742	$12,087,528
2021	$199,373,482	$152,101,075	$14,807,742	$11,296,755
2022	$199,373,482	$142,150,537	$14,807,742	$10,557,715
2023	$199,373,482	$132,850,970	$14,807,742	$9,867,024
2024	$199,373,482	$124,159,785	$14,807,742	$9,221,517
2025	$199,373,482	$116,037,182	$14,807,742	$8,618,241

2026	$199,373,482	$108,445,964	$14,807,742	$8,054,430

Effectiveness of Option 2a
Partially expanding CCMEP

Year	# of recipients who leave the program for employment	TANF cost avoided	PV TANF cost avoided
2017	0	$0	$0
2018	21,559	$138,765,588	$129,687,465
2019	54,589	$351,357,941	$306,889,633
2020	54,589	$351,357,941	$286,812,741
2021	54,589	$351,357,941	$268,049,291
2022	54,589	$351,357,941	$250,513,356
2023	54,589	$351,357,941	$234,124,632
2024	54,589	$351,357,941	$218,808,067
2025	54,589	$351,357,941	$204,493,521
2026	54,589	$351,357,941	$191,115,440

Summary Table for Option 2a

	NPV Costs	NPV Program Cost Avoided	Cost-Effectiveness
10-Year Time Horizon	$1,477,843,392	$2,090,494,147	0.71
5-Year Time Horizon	$807,880,027	$991,439,131	0.81

Costs under Option 2b
Partially Expanding CCMEP and Allocating Funds for Transitional Jobs

Year	Wage Costs	PV Wage Costs
2017	$0	$0
2018	$4,001,080	$3,739,327
2019	$4,001,080	$3,494,699
2020	$4,001,080	$3,266,073
2021	$4,001,080	$3,052,405
2022	$4,001,080	$2,852,715
2023	$4,001,080	$2,666,089
2024	$4,001,080	$2,491,672

2025	$4,001,080	$2,328,665
2026	$4,001,080	$2,176,323

Effectiveness under Option 2b

Partially Expanding CCMEP and Allocating Funds for Transitional Jobs

Year	# of recipients who leave the program for employment	TANF cost avoided	PV TANF cost avoided
2017	0	$0	$0
2018	0	$0	$0
2019	528	$3,398,520	$2,968,399
2020	528	$3,398,520	$2,774,205
2021	528	$3,398,520	$2,592,715
2022	528	$3,398,520	$2,423,098
2023	528	$3,398,520	$2,264,578
2024	528	$3,398,520	$2,116,428
2025	528	$3,398,520	$1,977,970
2026	528	$3,398,520	$1,848,570

Summary Table for Option 2b

	NPV Costs	NPV Program Cost Avoided	Cost-Effectiveness
10-Year Time Horizon	$26,067,968	$18,965,962	0.76
5-Year Time Horizon	$13,552,504	$8,335,319	0.87

Costs of Option 3a

Fully expanding CCMEP

Year	Program Costs	PV Program Costs	Administration Costs	PV Admin Costs
2017	$84,150,864	$84,150,864	$6,250,000	$6,250,000
2018	$314,596,100	$294,015,047	$6,250,000	$5,841,121
2019	$314,596,100	$274,780,418	$23,365,484	$20,408,318
2020	$314,596,100	$256,804,129	$23,365,484	$19,073,195
2021	$314,596,100	$240,003,859	$23,365,484	$17,825,416
2022	$314,596,100	$224,302,672	$23,365,484	$16,659,267

2023	$314,596,100	$209,628,665	$23,365,484	$15,569,408
2024	$314,596,100	$195,914,640	$23,365,484	$14,550,849
2025	$314,596,100	$183,097,795	$23,365,484	$13,598,924
2026	$314,596,100	$171,119,434	$23,365,484	$12,709,275

Effectiveness of Option 3a
Fully expanding CCMEP

Year	# of recipients who leave the program for employment	TANF cost avoided	PV TANF cost avoided
2017	0	$0	$0
2018	21,559	$138,765,588	$129,687,465
2019	87,619	$563,950,294	$492,576,028
2020	87,619	$563,950,294	$460,351,428
2021	87,619	$563,950,294	$430,234,979
2022	87,619	$563,950,294	$402,088,766
2023	87,619	$563,950,294	$375,783,893
2024	87,619	$563,950,294	$351,199,900
2025	87,619	$563,950,294	$328,224,206
2026	87,619	$563,950,294	$306,751,594

Summary Table for Option 3a

	NPV Costs	NPV Program Cost Avoided	Cost-Effectiveness
10-Year Time Horizon	$2,276,303,296	$3,276,898,260	0.69
5-Year Time Horizon	$1,219,152,366	$1,512,849,900	0.81

Costs under Option 3b
Fully Expanding CCMEP and Allocating Funds for Transitional Jobs

Year	Wage Costs	PV Wage Costs
2017	$0	$0
2018	$6,313,399	$5,900,373
2019	$6,313,399	$5,514,367
2020	$6,313,399	$5,153,614
2021	$6,313,399	$4,816,462

2022	$6,313,399	$4,501,366
2023	$6,313,399	$4,206,884
2024	$6,313,399	$3,931,667
2025	$6,313,399	$3,674,455
2026	$6,313,399	$3,434,071

Effectiveness under Option 3b

Fully Expanding CCMEP and Allocating Funds for Transitional Jobs

Year	# of recipients who leave the program for employment	TANF cost avoided	PV TANF cost avoided
2017	0	$0	$0
2018	0	$0	$0
2019	848	$5,457,949	$4,767,184
2020	848	$5,457,949	$4,455,312
2021	848	$5,457,949	$4,163,843
2022	848	$5,457,949	$3,891,442
2023	848	$5,457,949	$3,636,862
2024	848	$5,457,949	$3,398,936
2025	848	$5,457,949	$3,176,576
2026	848	$5,457,949	$2,968,762

Summary Table for Option 3b

	NPV Costs	NPV Program Cost Avoided	Cost-Effectiveness
10-Year Time Horizon	$41,133,258	$30,458,916	0.75
5-Year Time Horizon	$21,384,815	$13,386,338	0.86

All results over a 10-year time horizon

- Option 1 costs 75 cents per dollar of TANF expenditures avoided. The costs increase to 80 cents per dollar avoided when combined with transitional jobs funding.
- Option 2 costs 71 cents per dollar of TANF expenditures avoided. The cost increases to 76 cents per dollar avoided when combined with transitional jobs funding.
- Option 3 costs 69 cents per dollar of TANF expenditures avoided. The cost increases to 75 cents per dollar avoided when combined with transitional jobs funding.

All results over a 5-year time horizon

- Option 1 costs 84 cents per dollar of TANF expenditures avoided. The costs increase to 90 cents per dollar avoided when combined with transitional jobs funding.
- Option 2 costs 81 cents per dollar of TANF expenditures avoided. The costs increase to 87 cents per dollar avoided when combined with transitional jobs funding.
- Option 3 costs 81 cents per dollar of TANF expenditures avoided.[2] The costs increase to 86 cents per dollar avoided when combined with transitional jobs funding.

[2] Option 3 is slightly more cost effective than Option 2 when considering additional decimal places ($0.8059 versus $0.8149).

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