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THE HIGH PERFORMANCE BONUS

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Abstract

The Personal Responsibility and Work Opportunity Act of 1996 authorized payment of a bonus to states with exceptional Temporary Assistance for Needy Families (TANF) programs based on a formula to be established by the Department of Health and Human Services. The resulting High Performance Bonus (HPB) awards have been made for federal fiscal years 1998-2003. This paper reviews the development of the HPB program, explores the underlying data related to employment, identifies certain conceptual, statistical, and administrative problems, and suggests possible improvements. The reliability of HPB data as a source of information on state TANF programs has improved over time, principally as the result of shift of responsibility for performance assessment to the federal government and to use of information from the National Directory of New Hires. The data reveal significant differences across states in patterns of TANF receipt that should be the object of study both as consequences of differences in client populations and specific state program content. Nevertheless, the HPB measures and the NDNH data have quirks that deserve more attention, and efforts must be made to speed the delivery of the outcomes information generated by the HPB system to state TANF program managers and policymakers. The 2001 expansion of HPB performance measures beyond employment outcomes is of doubtful utility and should be reconsidered.

The High Performance Bonus

Michael Wiseman*

The Personal Responsibility and Work Opportunity Act of 1996 identified ending “the dependence of needy parents on government benefits by promoting job preparation, work, and marriage” as the third goal of the Temporary Assistance for Needy Families (TANF) program. To promote attainment of this end, the law authorized payment of a bonus to “high performing states” based on a formula to be established by the Department of Health and Human Services (henceforth DHHS) in consultation with the National Governors Association and the American Public Welfare Association (now the American Public Human Services Association). It is likely that the High Performance Bonus (HPB) program will continue in some form when TANF is reauthorized (provision for awards was included in reauthorization bills considered, but not acted upon, by the House and Senate in 2003 and 2004). This paper reviews the development of the HPB program, explores the underlying data related to employment, identifies certain conceptual, statistical, and administrative problems, and suggests possible improvements.

Interest in the HPB is justified for a number of reasons. Obviously, awarding the bonus requires measures of state government performance. How such measures should be designed and used are matters of great practitioner and scholarly concern (Behn, 2003); there may be lessons to be learned, confirmed, or contradicted from an HPB case study. HPB results are cast in the form of a league table, a report card that ranks states on several dimensions of performance (Gormley and Weimer, 1999). The content of the HPB report card and the weights assigned to the various elements have changed over time. Given some definition of “better,” it is interesting to ask why these adjustments have come about and whether the HPB is improved as a result.

In welfare research, we are accustomed to thinking, indeed often obsessing, about the nature and consequences of incentives for individual behavior that social assistance systems create. (For numerous examples across a variety of means-tested programs, see Moffitt, 2004.) In contrast, the incentives the HPB creates are aimed at state administrative and political leadership. It may

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be that the consequences of the publicity and information generated by the awards are of much greater import for influencing agency behavior than the cash. In Gormley and Weimer's (1999, p. 134) terms, we are interested in whether responses to the HPB report card and cash are "functional," that is increase the social value of TANF program outcomes.

Interest in the HPB might also be justified by links between HPB operation and assessment in other programs. The HPB employment-related performance measures are in most respects identical to those promoted by the White House Office of Management and Budget for all employment training programs and incorporated in recent revisions of the performance standards used by the Department of Labor in assessing state employment services outcomes.¹ The Department of Agriculture has initiated a High Performance Bonus system for rewarding states judged to have exceptionally well managed Food Stamp Program operations (DOA/FNS, 2003).

Finally, the HPB program has produced a new set of data on the experience of assistance recipients. These data may well prove useful for improving understanding of the consequences of variation in state TANF programs for the current and future well-being of the poor who come to government for help.

These justifications encourage using the HPB to address many different questions, any one of which could constitute a separate paper. The core purpose of this essay is to provide the detail on HPB system operation that is the essential base camp for such expeditions.

Background

Participation by states in the HPB program is voluntary, and the financial incentives are not large. The original HPB appropriation was \$1 billion, to be distributed on the basis of performance over each of the five fiscal years beginning with FY 1998.² The Department of Health and Human Services elected to distribute the funds evenly across the years, so approximately \$200 million was paid out for each year, with the last award from the initial appropriation, for performance in FY2002, made in September 2003. Like the rest of TANF, the program awaits reauthorization and is currently operated under a continuing resolution. Announcement of awards for performance in FY2003 occurred in October, 2004, and states reported data to the administering agency, the Office of Family Assistance in the DHHS

¹ See the April 24, 2002 memorandum to heads of federal executive departments and agencies from Mitchell E. Daniels, Jr., the OMB Director, on planning for the FY2004 federal budget (<http://www.whitehouse.gov/omb/budintegration/common.html>; accessed 10/18/2004). Recent changes in Workforce Investment Act performance measures are available on the Employment and Training Administration's website: See the description of the agency's Management Information and Longitudinal Evaluation (EMILE) Reporting System at <http://www.doleta.gov/performance/EMILE/EMILE.cfm> (accessed 10/19/2004).

² Some HPB documents draw a distinction between HPB Performance Year (the fiscal year to which data refer) and Award Year (the fiscal year in which awards are actually made). Unless otherwise noted, all references in this paper are to performance years.

Administration for Children and Families (ACF) throughout 2004 in anticipation of an award in 2005.

The HPB fiscal stakes are small: \$200 million amounts to less than one percent of annual TANF expenditures (the total federal TANF block grant to states amounts to \$16.5 billion per year; combined federal funds and required state spending for FY 1999 was \$22.6 billion), and no state was allowed to receive in any year an amount greater than 5 percent of its TANF block grant. Nevertheless, the program is evidently viewed as important by states. In the first year of competition 46 states³ competed; 49 and 50 participated for FY 1999 and FY 2000 respectively. New York was the lone FY2001 and FY2002 holdout, but that state chose to compete in FY2003 and is submitting data for FY2004.

As required by PRWORA, the HPB criteria were developed in consultation with the National Governors' Association, the American Public Human Services Association, and a variety of other interested parties (US DHHS, ACF, 2000, p. 52816). The bonus awards for FY1998, FY1999, and FY2000 were based on four work measures: Job Entry, Success in the Work Force (a measure based on employment retention and earnings gains), and improvement from the prior fiscal year in each of these measures. For each, the ten states with the highest performance received awards. It is unusual for states to gain awards in all four categories, and therefore it is possible for more than 10 states to receive the accolade. The awards for FY 1998 went to 27 states (more than half of states entering the competition). Twenty eight states also won bonuses for performance in FY1999, and 27 states did so in for FY2000. In FY2000 two states—Iowa and Montana—received awards in three categories, nine received awards in two, and the remaining 16 received awards in one (U.S. Department of Health and Human Services, 2002, V-3). States are not obligated to compete on all performance measures, but most states now do.

Over time, the program has evolved. The horizon over which job retention is assessed has expanded, the relative weighting of employment retention and earnings gains in the success in the workforce measure has changed, and the various change indicators are now measured by differences, rather than percentage changes, in rates. In 1999 DHHS, with encouragement from various parties, began efforts to expand the criteria used for awarding the HPB to include measures of state success in raising participation in support programs for working families and in promoting family formation and stability (DHHS, 1999, 68202). The effort proved controversial. In the course of negotiation over candidate performance indicators, the number multiplied. Beginning with the awards made for performance in FY2001 and continuing through FY2002, the bonus criteria included, in addition to the four employment-related measures, indicators for:

- Medicaid/SCHIP enrollment rates of former TANF recipients
- Increase in Medicaid/SCHIP enrollment rates of former TANF recipients

³ Throughout this paper the term “state” will include the District of Columbia.

- Food Stamp participation rates of low-income working households with children
- Increase in Food Stamp participation rates of low-income working households with children
- Performance in payment of child-care subsidies
- Increase in the percent of children living in married-couple families

These additions increased the number of opportunities for winning something from four to ten. Table 1 shows the outcome; when awards for FY2001 and FY2002 were announced in late September 2003, 46 states won something. In the most recent report (for FY2003), 38 states gained recognition in some category; 29 did it in 2 or more.

[\[Figures and tables are bound at the end of the paper\]](#)

Table 1: High Performance Bonus Winners, FY1999-2003

This paper concentrates on the employment measures. Despite the multiplication of performance indicators, the employment measures continued through FY2003 to be the basis for allocation of the lion's share (\$140 million) of the \$200 million annual reward. The employment indicators are now seasoned; as might be anticipated, development of procedures for assessing performance on these other dimensions was difficult and delayed announcement of the FY2001 awards. While the structure of the employment indicators has remained constant, the information base for calculation has changed in a way that offers promise for future analytic work by scholars interested in the consequences of variation in state TANF programs for welfare take-up, case duration, and movement to jobs. I return to the expanded set of indicators at the end of this paper, but I leave substantive analysis of their construction and utility to another day.

Construction

Understanding of both the construction and difficulty of administration of the employment indicators is facilitated by looking at the form—the “ACF-200”—states were expected to produce for the FY2000 award. While responsibility for calculations was subsequently assumed by the Administration for Children and Families, the calculation template established by this form continues to be employed. *Caveat lector*: Getting through these procedures is hard slogging.

Form ACF-200

Form ACF-200 is reproduced as Figure 1. State TANF agencies engaged in any category of the HPB competition for performance year FY2000 were required to produce this form for each quarter and to send the results to the Administration for Children and Families. States were asked to record both outcomes for FY2000 and for FY1999; this was the basis for calculating changes in performance. The form includes a column for adults in “Separate State TANF-MOE (maintenance of effort) programs.” Expenditures in these Separate State Programs (SSPs) meet the federal definition of assistance and are counted in assessing whether or not states meet the expenditure requirements specified by PRWORA. They are nominally paid for using only state,

and not federal, funds. Adults in these programs are not included in the HPB competition. SSPs and the consequence of the SSP option for the HPB are discussed later in the paper.

[\[Figures and tables are bound at the end of the paper\]](#)

Figure 1: State TANF High Performance Bonus Report

The Job Entry Rate

Items (1)-(4) are the source of the state's Job Entry Rate (JER). The first row is simply the number of adult recipients receiving a TANF payment during the quarter. The HPB employment measures cover only adults, so "child-only" cases are not involved. There are no exceptions, even though some of the counted adults may be exempted from TANF work requirements. The second row is a running total: Adults were added to this figure by virtue of (a) being TANF recipients at some point during the fiscal year and (b) being simultaneously jobless. An adult got counted only once. As a result, for the first quarter the totals for line (2) are subsets of the figures reported in line (1), but this is not the case in subsequent quarters.

In contrast to the unemployed count, item (3) is not a cumulative number; it is simply the number of adult recipients who worked at some job during the quarter. The same adult could appear in this total for several quarters running, as long as she was also at some point during the quarter a TANF recipient and also at some point had a job for which earnings are reported. However, recipients could score a "first time job entry" (Item (4)) only once during the year.

The JER is the sum over all four quarters of (4), adults who had a first-time job entry during the fiscal year divided by the final quarter entry for (2), adults who were ever unemployed TANF recipients during the fiscal year. This is just the proportion of ever unemployed TANF recipients who found at least one job. Therefore the calculation of the JER calls for (a) an adult recipient roster, (b) a means of identifying those recipients who were at any point during the year simultaneously receiving benefit and unemployed, and (c) a means of identifying job-takers, the subset of (b) who became employed at some point during the year. The "first time" restriction is intended to prevent states from gaining credit for multiple placements of the same individual.

Note the following:

- Construction of the Job Entry did not require information on earnings, just TANF and employment status. The "as a recipient in the quarter" restriction in (4) ensured that the only new employment that counted was jobs taken by recipients, but the duration of joblessness required to count as an unemployed recipient was unspecified.
- Some states have diversion programs, and use TANF money to fund them. The object of these programs is to prevent families seeking TANF assistance from "going on the rolls" by job placement or with a single-payment buyout. As of mid-2003 more than half of all state TANF programs include provision for such payments (Rowe with Versteeg, 2004, Table I.A.1). Applicant job placements are not included in the HPB because a diverted applicant never counts as a recipient.

- All job entries count the same. Job placements are not differentiated, for example, on the basis of factors—like skills and experience—affecting ease of placement and likely duration of joblessness in the absence of intervention.
- There was in the 2000 procedures considerable room for state discretion in defining both what counted as unemployment and what counted as job entry.

Both the level of the Job Entry Rate and the change from the preceding year were considered in ranking states for the FY2000 awards, as they are today.

The Job Retention Rate

The Success in the Workforce measure has two components, the “Job Retention Rate” (JRR) and “Earnings Gain Rate” (EGR), which are independently ranked and then combined. (Currently this is done by summing the two ranks and then ranking the sum.) In this discussion the two measures will be considered separately. They are linked in that all of the information required for the EGR is required as well for the JRR.

The JRR is based on employment *at any time* during the quarter. This encouraged use of earnings data reported quarterly by employers to State Employment Security Agencies (SESAs) as part of the Unemployment Insurance system. SESA data include neither hours of work nor wage rates or information on the monthly pattern of work within the quarter. As a result, it is possible that counted employment could occur in a month of the quarter in which the adult is not actually a TANF recipient. This is less rigorous than the definition used for the JER, which refers explicitly to entering employment *as a recipient*.

Interpreted on a quarterly basis, the Job Retention Rate is the ratio of the number in item 5(c) of ACF-200 to item (3) expressed as a percent, that is the percentage of the quarter’s recipients who are employed at some time in this quarter who are also employed in the two subsequent quarters. In practice, the values for the 5(c) are summed over all four quarters and divided by the sum of (3); this makes the annual figure the weighted average of the quarterly rates, with the weights determined by the relative number of employed recipients in each quarter.

Again, some notes: First, while the JRR is anchored in the set of adults receiving TANF at some time in the current quarter, being counted for Job Retention does not require sustained TANF receipt or even receipt beyond the current quarter. Second, *job* retention is a misnomer. All that is required is employment, so jobs can change. Moreover, it is possible for the adult to have several periods of joblessness and still be counted as retaining jobs. What counts is some employment in the current, following, and second following quarters. Third, use of SESA data is consistent with analysis frameworks generally used in evaluating the employment effects of state welfare initiatives, and in principal it means states would be using a dataset maintained under standard rules under federal supervision. However, by definition state SESA data include only earnings gained in the reporting state, so job placements made across borders do not get “scored” for the HPB, just as such employment is missed in many state program evaluations. Employment in the federal government is missed altogether.

Earnings Gain Rate and the Time Frame

Finally, the Earnings Gain Rate is item (7) summed over all four quarters divided by the sum over all four quarters of item (6). It is the weighted quarterly average of the ratio of earnings two quarters hence to earnings in the current quarter for recipients with earnings in both quarters. The EGR amounts to a weighted average of the earnings gain rates for each quarter. The weights are each quarter's aggregate current earnings for those recipients who have earnings both in the current quarter and two quarters in the future.

Both the JRR and EGR for the last quarter of the fiscal year require information on earnings during the subsequent two quarters—six months into the future. While sensible (job retention surely means retaining over time), the JRR and EGR formulas substantially extend the time lag between program accomplishment and data delivery. Assembly of earnings data at the state level requires at least a month after a quarter ends. So even under the most favorable of circumstances a state's complete fiscal year HPB report would be available only by the *fourth* quarter of the following fiscal year, for it is only at that point that all the data required for calculation of results for the last quarter will be available. The consequence was—and continues to be—over a year's lag between the completion of the reference period for bonus award and announcement of state performance. This substantially reduces the relevance of the information collected to management decision making. In principle, states wishing to have more timely information on HPB indicators could have kept track of the development of the various measures as data were accumulated and, in years subsequent to the first, compared current to past performance as data for each quarter of the fiscal year are completed. I have found no examples of states that did so.

Presumably state performance on these dimensions reflects managerial competence. However, there can be little doubt that success in finding jobs, sustaining employment, and improving earnings is dependent as well upon the nature of state economies and the characteristics of adult recipients and their family situations. The HPB measures are not adjusted for variations in state circumstances that are beyond the control of policy makers and program operators. Moreover, some of the outcomes are likely influenced by state policies that are not directly related to employment-oriented services. For example, a state with a liberal policy of access to benefits for unemployed workers may take in more recipients for whom return to work is prompt; this would under ACF 200 procedures raise job entry rates with or without active efforts at employment promotion for people who become recipients.

Implementation and Early Experience

As might be anticipated, the first rounds of data collection for the HPB were administratively traumatic. Not only are the item definitions arcane, but most states lacked experience with matching TANF case rosters to SESA data and performing the calculations required.

The performance results submitted by states to DHHS were not audited. The consequence was uncertainty and questions about their reliability. Suspicions were fueled by some exceptional accomplishments. Indiana won \$6 million in FY2000 for achieving a Job Entry Rate in FY1998 of 88.4 percent, 3.4 standard deviations above the participating state mean of 42.6 percent. Significantly, the greatest variance in state performance was associated with the Job Entry Rate,

the measure that offered the greatest opportunity for variation in state interpretation, data sources, and computation procedures.

These problems, combined with concern that the focus of the employment-related HPB elements was too narrow, prompted a decision to shift responsibility for HPB calculation to the Administration for Children and Families and to include additional measures of assistance outcomes. Beginning with the HPB awards for FY2001, ACF assembles the data for the HPB indicators and performs the required calculations both for the employment indicators as well as the new measures already cited. The employment indicators continue to be the focus of this discussion.

Federal Assumption

In addition to ensuring uniformity in procedures, the shift to ACF gained the potentially great advantage of access to the Federal Parent Locator Service (FPLS) database (Committee on Ways and Means, 2004, 8-5). Established by the same legislation that created TANF, the FPLS is a national repository of earnings and employment information. It was created to provide a national location system to assist states in locating parents to enforce and modify orders for child support, child custody, and visitation. The core of the FPLS is the National Directory of New Hires (NDNH). The NDNH gains its name from the federal requirement that all employers report to State Directory of New Hires services the names and social security numbers of new employees; but from the perspective of the HPB what counts is that the NDNH includes all quarterly wage data. The agency also receives information on most federal employees. These advantages led the Administration for Children and Families to decide to base all the employment indicators on NDNH data.

Using the FPLS

The FPLS is operated by the Office of Child Support Enforcement (OCSE) within the Administration for Children and Families. This administrative (as well as geographic, since the agencies reside in the same building) connection to the Office of Family Assistance facilitates use of NDNH data. However, the privacy of the data is jealously guarded. Satisfying the OCSE protocols has required development of a complex procedure for information exchange.

The new regime substantially reduces state computational burdens. States are now required only to report monthly rosters of adult TANF recipients that include the recipient's name and Social Security number. Staff at the Office of Family Assistance combine the monthly rosters into a quarterly roster by eliminating duplicates. Cases missing Social Security numbers receive follow-up attention by states. Once each quarter's roster is completed, the files are transmitted to the OCSE for matching with NDNH data. Each adult is assigned a "pseudo" social security number, and the observations are returned to ACF with quarterly earnings reported for the original SSN. The returned data include earnings for the current quarter, the preceding quarter, and the two following quarters, as illustrated for FY2000 in Figure 2.

[[Figures and tables are bound at the end of the paper](#)]

Figure 2: The HPB Time Line

The key that links actual Social Security Numbers to the pseudo-SSN substitutes is maintained by OCSE. Significantly, the same substitute is used for each quarter, offering the prospect of using the HPB data to accumulate longitudinal information on TANF receipt.

The Quarterly Earnings Window and HPB Performance

Given the focus on NDNH data, some modification of procedures for calculation of the HPB indicators was required. In general ACF analysts have attempted to mimic the procedures organized by Form ACF 200. As might be expected given the latitude originally granted states in defining what counted as job entry and unemployment, the most significant procedural changes occur in scoring of job entries.

A state now scores a Job Entry (item 4 from ACF-200; see Figure 1) if a recipient: (a) has not previously in the fiscal year been counted as a job entry; (b) has positive earnings in the NDNH database for the current quarter; and (c) had no earnings in the preceding quarter. A recipient is counted as an unemployed adult recipient if (i) she has not previously in the fiscal year been counted as an unemployed recipient and (ii) she has no earnings in the current quarter, or (iii) if she is receiving TANF in the first quarter of the fiscal year, has earnings in the first quarter the fiscal year, and had no earnings in the last quarter of the preceding year. People in case (iii) therefore count simultaneously for job entry, unemployment, and as an employed recipient.

These adjustments are required largely because of the ambiguity surrounding the timing of TANF receipt and employment when only quarterly earnings data are used to identify job-taking. Note the new data make the standard for job entry much more rigorous than that originally applied. Under the earlier procedures (see the discussion of Form ACF-200 above), a job entry was scored for each TANF adult who moved into employment while receiving benefits, subject to the restriction that only one job entry could be counted per recipient per fiscal year. The requirement for being counted among the unemployed was any spell of joblessness while receiving benefits, no matter how brief. After the switch to the NDNH, it is necessary that employment occur only during the same quarter as TANF receipt, but such employment counts as job entry only if preceded by at least three months of joblessness in a spell that at minimum covered a calendar quarter.

The consequences of the restriction are illustrated by Figure 3. Consider a TANF-eligible adult in some state who is employed at the beginning of federal fiscal year 2000, i.e. in October, 1999. This person's monthly pattern of TANF receipt and employment are marked by shading the cells representing each month. Suppose this person loses her job at the end of October and, after a month of unsuccessful job search, applies and qualifies for TANF beginning in January. Her job search continues, presumably prompted and facilitated by her TANF agency. The effort pays off and she begins work again in March. She closes her TANF case at the end of April, but, as the chart indicates, she loses her job in May. This time she returns to TANF more quickly (in many states case restoration under such circumstances would be conducted on a "fast track") and resumes benefits in July. She again finds a job and, after working for two months, her case closes. The job—and separation from TANF—continues through the end of calendar 2000 and presumably beyond.

[\[Figures and tables are bound at the end of the paper\]](#)

Figure 3: Hypothetical TANF Receipt and Employment Example

How would the history revealed schematically in Figure 3 be scored? Clearly under the rules reflected in ACF 200, the job entry in March would have counted. The depicted recipient was receiving TANF, she was unemployed, and she went to work. But under the new system, there is *no* job entry here. She was employed in the previous quarter (FY2000:1), so the NDNH data should include an earnings record. By virtue of her new job, she is employed in FY2000:2. Indeed, she is employed in every quarter, so there is no job entry. On the other hand, she will be counted in calculations of both the Job Retention Rate and Earnings Gain Rate. Oddly, despite the checkered pattern of employment, she will count as having retained her employment, since she has at least one month of employment in each quarter. Her FY2000:2 experience will contribute as well to the state's earnings gain measure: Her March earnings will go in the denominator, and her earnings in July, August, and September will go in the numerator. She will also contribute for FY2000:3. We can't evaluate her contribution during the last quarter of the fiscal year without knowing what happens to her in FY2001:2—off the diagram.

But here's the (or at least another) rub: Suppose everything depicted in the diagram occurred just one month later—as in Figure 4. Then the new job (now beginning in April) would count as a job entry, because the recipient would have been jobless for the entire second quarter. Job retention would be lost, since the first following quarter is spent jobless. Earnings gain would change, because now the comparison is between quarters with different numbers of months worked and for one quarter—FY2000:2—there's no employment, so no gain is computed. This would not happen under the old system, assuming the state would count the job entry as such as recognize that, prior to the event, the recipient was jobless.

[\[Figures and tables are bound at the end of the paper\]](#)

Figure 4: TANF Receipt and Employment Example Delayed One Month

Outliers

The NDNH database was created to assist in collection of child support. For this activity, it is finding the parent and establishing and enforcing a child support order that is important. The success indicator is the number of such connections that are made, not the accuracy of reporting of individual quarterly data by the SESA. Early on in data analysis for the HPB, it was discovered that a small number of earnings records contain obvious errors. The problem is illustrated in Table 2, which shows the largest observed earnings report for all participating states for each of the quarterly data in the FY2000 data in each of the quarterly data sets. The champion, at \$21.4 million, was reported for FY2001:2 for a person who received TANF benefits in FY2000:4 in Illinois. This would seem a significant achievement for a TANF recipient, even in the Midwest!

[\[Figures and tables are bound at the end of the paper\]](#)

Table 2: Outliers, FY2000 HPB Dataset

In fact, the number of such outliers was and continues to be very small; the vast majority of earnings reports fall within the range of conceivable accomplishments for TANF recipients. For example, out of 2,008,309 unduplicated adult files in the data for FY2001, only 1,277 observations included an earnings report in excess of \$25,000. This is slightly greater than six one hundredths of a percent. The rate is not much higher if the threshold is set at \$15,000. Nevertheless, it was obvious that some adjustment is needed, but the Office of Family Assistance did not have access to the primary data. Even were it possible to investigate such cases, there were too many outlier observations to pursue on an individual basis. After discussions with the APHSA and the NGA, the Office of Family Assistance chose to “zero out” all individual employer reports of earnings greater than or equal to \$25,000 in any quarter, but to retain all observations and include as earnings any employer report less than \$25,000.

There are two problems with this adjustment. First, it amounts to an imputation of \$0 earnings for one employer for these cases. There seem little basis for believing this is the correct figure, and setting at zero means such observations will on average reduce calculated job entry, job retention, and earnings gain rates (there are some cases that work the other way). Second, and more importantly, zeroing out individual employer reports of earnings greater than or equal to \$25,000 does not preclude cases in which recipients’ combined earnings reported by multiple employers exceeds \$25,000. Again, the incidence of such cases is small but not irrelevant: In FY2003 about half of all observations with total quarterly earnings in excess of \$25,000 had less than \$25,000 in earnings *after* the OFA adjustment. This is because the persons (actually, the Social Security numbers) involved had many earnings reports that were large, yet less than the OFA cutoff. For the analysis that follows, I adopt the convention that any report on *total* quarterly earnings in excess of \$25,000 is an error, and I exclude the observation. As a result the outcomes reported in subsequent analysis differ in minor detail from what would appear if official procedures were employed.⁴

The Awkward Transition

As noted, the HPB employment indicators include data on both level and change. The last data reported by states were the basis for the performance assessment summarized in the FY2000 column in Table 1 and announced, as indicated, on July 2, 2002. The subsequent official HPB report included levels for FY2001 and data on change in indicators from FY2000 to FY2001. This presented a problem, for the FY2000 reported in the change calculations for FY2001 reveal the results of federal calculation of performance indicators already reported by states.

⁴ The NDNH data have “inlier” problems as well: A significant number of cases with very small (i.e. <\$100) quarterly earnings reports, sometimes no more than \$1. Since any positive earnings amount scores for the employment measures, \$1 in a quarter could qualify a TANF recipient as a job entry. This problem is small and could be dismissed as noise except that states apparently differ in the reporting requirements for employers; some states tell employers that no filing is necessary for earnings levels <\$100, and others do not. Like the outlier problem, this “inlier” issue is an example of why the use of administrative data for program evaluation is often more problematic than advocates recognize, and details of data preparation (and censoring) need to be carefully presented.

The federal and state calculations were certain to be different, for several reasons. First, there is little doubt that in completing Form ACF-200 some states got the methods wrong. Second, as indicated above, the NDNH database includes information on employment anywhere in the U.S. and includes federal jobs. States did not have access to federal employment data or to information on employment in bordering jurisdictions. Third, as already discussed, procedures changed. In particular, states had much greater latitude in data sources and procedures for calculating job entry than for the other measures, and the new federal procedure is uniform. Nevertheless, life would be easier for the federal personnel who pushed for the change if rankings under the new procedure were not much different from rankings under the old.

A priori it was reasonable to anticipate that (a) job entry rates from federal data would be less than state reports, (b) the correlation between the original and revised measures would be lowest for the Job Entry Rate, and (c) incidence and levels of earnings will be higher in the federal than the state data. The job entry prediction (a) comes about because, as discussed, the standard for counting a job entry is now more stringent. This effect may be offset somewhat because the NDNH data are more comprehensive, encompassing multiple states and including federal employment. Prediction (b) arises because the original procedure offered states the greater latitude in how they scored job entry than was available for the Job Retention and Earnings Gain measures, both of which were to be based on the employer earnings reports that constitute the bulk of NDNH data. Prediction (c) follows from recognition that the information base for the NDNH is in principal more comprehensive than that to which states have access. Finding out what happened requires looking further at the data.

To sum up, the HPB indicators surely have face validity: Employment is a goal of the TANF program, and employment begins with job entry. Once employment is initiated, it makes sense to be concerned about retention and, ultimately, earnings growth. Federal assumption of responsibility for HPB calculation imposed greater uniformity and substantially improved the information base by linking the program to the National Directory of New Hires. At the same time, by taking calculations out of the hands of states, the transfer may have weakened state capacity for performance analysis. The quarterly structure of NDNH data has forced restructuring of the Job Entry Rate so that many significant job entries may be missed, and the very long lag between the events monitored by HPB indicators and the actual delivery of data means that such information is of little utility for state program management.

An HPB Sampler: What the Data Reveal

The case for keeping the HPB and working on the details rests on the expected utility of the results. This section presents examples of what can be done with the HPB data. I both look at the evidence for the hypotheses posed above regarding the state-to-federal transition and present a small sample of more detailed analytic work.

Correlations

Table 3 and Table 4 present a series of results from analysis of the HPB data for FY2000-2001. At first glance, Table 3 suggests the changeover from state calculations to the NDNH didn't produce much change. The Job Entry Rate is lower (as anticipated), and the earnings gain rate is higher. The results also do not seem to be sensitive to adjustment for outliers.

[[Figures and tables are bound at the end of the paper](#)]

Table 3: Comparison of State Reports and Subsequent NDNH-Based Calculations High Performance Bonus Employment Measures, FY2000

However the aggregate numbers mask a lot of variation across states and give a very misleading impression of the consequences of the shift from state reports to uniform calculation using the NDNH. Table 4 tells this story. The first row of numbers in the table shows the correlation across states between the figures originally reported by states and the corresponding measures derived from the NDNH. The most striking outcome is the statistically insignificant negative correlation between job entry rates reported by states and the rates calculated with NDNH data. Only two of the states in the published top ten list for FY2000 survive the transition. Both the correlations and the carryover are stronger for the Job Retention and Earnings Gain measures, but had the NDNH data been employed for FY2000, the list of winners would have looked different..

[[Figures and tables are bound at the end of the paper](#)]

Table 4: HPB Indicator Correlations, FY2000

The second set of numbers in the table show correlations among the three earnings measures in FY2000. The patterns are similar for the FY2001-FY2003. Interestingly, the Earnings Gain Rate is inversely correlated with both Job Entry and Job Retention. This may be a selection effect. To be included in the earnings gain calculations, an adult must be employed in both the current and the second following quarters. When people with little prospect of earnings gain don't take jobs or drop out at an exceptional rate, what's left may be the winners.

The third set of numbers in the table show the correlation of the employment measures across years. The correlation is strongest, of course between the annual rates for the same measures, especially for the Earnings Gain Rate. In some ways this is reassuring, especially if part of the difference across states in these outcomes is attributable to the differences in economy, demography, and policy that endure over time. At the same time, we know from other calculations and what has been reported in connection with the HPB announcements that there is a wide range of state performance on all of these measures. So we are interested in what the determinants of this variation are. The extent of variation in state experience is illustrated with variations in turnover, considered next.

Turnover

Between FY2000 and FY2001 the aggregate TANF caseload fell by 6.5 percent, from 2.26 to 2.12 million cases. It is common to describe the caseload decline in terms suggesting that reductions occur only because people leave. In fact, of course, turnover in welfare has always been significant. The HPB data may be used to study the extent of turnover and its change over time.

For this purpose I define turnover as the ratio of total adults ever receiving TANF benefits over the year to the largest of the quarterly unduplicated recipient counts.⁵ I would prefer to use the largest of the monthly recipient tallies, but this is not available for the HPB data used here. Note that evaluating “total adults ever receiving TANF benefits over the year” requires merging quarterly HPB recipient lists and using the pseudo-social security numbers created by OCSE to sort out duplicates, so doing these turnover calculations exploits the potential of the HPB data for supporting longitudinal TANF analysis. The tabulations appear in Table 5 below.

[\[Figures and tables are bound at the end of the paper\]](#)

Table 5: Turnover Ratios, FY2000 and FY2001

To provide a sense of the turnover distribution, I report the mean for all reporting states in FY2000 as well as the five states reporting the lowest and highest values. These data do not include Massachusetts, New York, Ohio, Oklahoma, and Virginia, states that either did not participate in the FY2000 HPB or submitted data too late for inclusion in OFA’s subsequent analyses. For the states for which data are available, the unduplicated quarterly roster of adult recipients declined by 20 percent between years. If the change was the result solely of exodus, turnover in FY2000 would have been 1.2. In fact the ratio is much higher than this in FY2000—1.46—and higher still in FY2001. But what is more interesting is the dramatic range of variation across states, from 1.20 in Illinois to well over 2.0 in Idaho. There is consistency here: The correlation across years is .907. The same five states are at the low end in both fiscal years, and three of the five are the same at the top. What accounts for this stability? What features of, for example, Illinois policy or environment lead to admission of so few new people to TANF?

Relative Performance

As a final example, I turn to data for specific states on earnings change. Consider California, Florida, and Texas. These states have relatively large TANF caseloads and quite different TANF policy structures, as is evident from Table 6.

[\[Figures and tables are bound at the end of the paper\]](#)

Table 6: TANF Program Parameters, Sample States (July 1, 2000)

Now, consider the distribution of adult TANF recipients in these states in FY2000:3. This is summarized in Figure 5. Two types of data are included in the figure. On the left-hand side the incidence of employment (i.e. the presence of positive HPB earnings reports) is shown with a bar chart. The line portion of the graph shows the distribution of earnings by amounts. There are 25 categories. Categories 1-10 increase in \$334.75 per quarter steps; this is the equivalent of adding one more hour of work per day every working day of the quarter at \$5.15, the minimum wage (i.e. 5 hours per week, 4.333 weeks per month, 3 months). The increase is then a 10 percent per

⁵ For a detailed discussion of turnover as reflected in the HPB data that includes much more data, see Wiseman (2003).

jump for categories 11-20 and 20 percent per jump for categories 21-24. The last category, from \$15,843.64 to \$25,000, is a catch-all increase of 58 percent. The message of the left-hand side of the figure is that combining work and welfare is most common in California, least common in Texas—precisely what one would expect from the program parameters reported in Table 6. The message of the right-hand side of the figure is that in general those California TANF recipients who are employed have higher earnings than do their counterparts in Texas and Florida.

[[Figures and tables are bound at the end of the paper](#)]

Figure 5: Earnings Incidence and Distribution, FY2000:3, Sample States

But now consider the incidence of *change* in earnings between FY2000:3 and FY2000:4. For each starting earnings category I look at the proportion of TANF adults who move upward by at least *two* categories (two is an arbitrary choice). For workers reporting between \$2,009 and \$2,343 this means a jump upward to some amount beyond \$2,678.

[[Figures and tables are bound at the end of the paper](#)]

Figure 6: Proportion of Adults in Indicated Earnings Category with Two-Category or Greater Earnings Jump, FY2000:3-FY2000:4

Note that now the probability that non earners will become employed and earn at least \$335 (the starting point for the three lines) is least for California, greatest for Florida (this is conceivably a selection effect) but for the range of earnings that is pertinent to consideration (i.e. earnings at which there are sufficient observations for comparison), the incidence of earnings gain from one quarter to the next is substantially greater for Florida and virtually identical for California and Texas. What's going on here?

This “sampler” simply teases. My point is that once cleaned up, the HPB data would appear to offer an important new resource for study of TANF policy.

The Future

This paper has described data sources and calculation procedures for employment-related elements of the “High Performance Bonus” award created by Congress in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. I have argued that the reliability of HPB data as a source of information on state TANF programs improved substantially over the first five years of PRWORA. I have shown that the data reveal significant differences across states in patterns of TANF receipt that should be the object of study both as consequences of differences in client populations and specific state program content. Nevertheless, the HPB measures and the NDNH data have quirks that deserve more attention.

How might the workforce features of the HPB program be improved? Several possibilities deserve attention. I begin with the Job Entry Rate, then consider some more general alterations.

Improving the JER

Calculation of the Job Entry Rate is a far more daunting task than is calculation of the other employment measures. The source of the difficulty is the effort to avoid counting multiple job entries for the same person. This problem may have been an issue in the early years of the HPB when the definition of job entry and what counted as an “unemployed recipient” was pretty much left to the states. With the transition to federal calculation using the NDNH and the stringent standard for recipient employment now applied, the multiple counts problem is dramatically diminished; indeed it is impossible for a recipient under any circumstances to score more than two job entries.⁶ This suggests recasting the JER as a weighted average of quarterly achievement to parallel what is now done with Job Retention and Earnings Gain Rates. The denominator would be the unduplicated count of TANF recipients during the quarter with no earnings in the preceding quarter; the numerator would be the subset of the denominator with earnings in the current quarter. The annual JER would be the sum of the quarterly numerators divided by the sum of the quarterly denominators. Again, this produces a weighted average, with each quarter’s JER weight proportional to the number of current TANF recipients with no reported earnings in the preceding quarter. This change would definitely lower the annual job entry rate. To see why, consider an adult who is an unemployed TANF recipient all year. Under the procedure suggested here, this person would add four quarterly “trials” for job placement to the annual outcome, but no job entries. Under the current system, this person counts as only one (unsuccessful) trial.

This recasting of the JER would not fix the timing problem revealed in the Figure 3/ Figure 4 comparison. As revealed by the example, the Job Entry measure seems far too stringent. Surely responsible TANF management requires encouraging and rewarding all placements while creating incentives for tackling placement of those with significant barriers. The NDNH data are simply not up to this task. Consideration should be given to developing a common definition of job entry that is administratively feasible, auditable, and specific about the precondition of unemployment and what counts as gaining a job. If states can transmit the social security numbers of adult TANF recipients each month to OFA, they surely could send a list of numbers for those recipients counted as job entries. The OCSE could then determine for which of the recipients claimed as job entries earnings are actually reported and help to draw distinctions between those placements that involve people with little work history and those with much. The practice of creating such lists could be made an important source of management information in those states in which such data are not now collected.

In principle employer New Hire (W-4) reports should provide all the information required for identifying those TANF recipients who take jobs, and these reports should be available much earlier than is information from quarterly employer earnings reports. Moreover, the W-4 data include hire dates, so job entry could be measured much more precisely than is possible from

⁶ Two countable job entries would require two spells of joblessness of at least three months duration that coincided with or completely overlapped two full fiscal quarters within a fifteen month period.

quarterly earnings reports. In practice it is not clear how reliable such filings are or how many new employments get registered; more study is clearly needed.

Timely Reporting

As currently operated, the HPB data are revealed at the earliest over a year after the underlying performance occurs. The outcomes are as a result largely irrelevant to management strategy. This is unfortunate for the HPB data are in some respects superior to what state and local program managers otherwise have at hand. There are two interrelated changes that, if adopted, would result in delivery of HPB information in a more timely fashion.

The first change would be to restructuring the indicators so that the data requirements for each end as of the reference quarter, not begin then, as is currently true for the JRR and EGR measures. Let us assume for the sake of illustration that with effort quarterly earnings data can be assembled, cleaned, and matched with recipients in six months, and we are considering an award for FY2003. Then it would be possible to report on performance by the end of *March* 2004 if the Job Entry Rate were evaluated over the four quarters of FY2003 and the Job Retention/ Earnings Gain Measures were evaluated over the period FY2002:3-FY2003:2.

The second change would begin with altering the JER as proposed above so that the annual measure is the weighted average of quarterly outcomes. Then given the time alteration proposed above, quarterly outcomes for each of the measures could be reported within six months of the quarter assessed. Quarterly reporting would culminate with the weighted annual average that, in turn, would be the state's entry in the HPB competition. In each quarter's report the reference quarters for the Job Entry Rate (two quarters earlier) would be more recent than the reference quarters for the Success-in-the-Labor-Force measures (four quarters earlier), but the difference would be comprehensible and readily explained.

Other Administrative Issues

It is important to address the consequences of not including data on adults in Separate State Programs. As indicated at the beginning of the paper, the HPB covers only adults receiving assistance that is funded at least in part from the federal TANF block grant. SSPs are funded with "state dollars," but such expenditures count toward federal maintenance of effort requirements. State regulations rarely distinguish between the two: Adults in two-parent families receiving benefits in Los Angeles through CalWorks don't know that they're not really in TANF, and neither do their caseworkers. The numbers are growing: On average in FY2000 9.1 percent of adults receiving TANF-related (i.e. TANF and SSP) cash assistance were in SSPs; by FY2003 this had increased to 14.7 percent. If the stakes for the HPB were a little higher—and the rules better understood—this exception would create an incentive to move adults least likely to accomplish job entry into SSPs and transfer them back to TANF as soon as barriers to employment were reduced. The point of the HPB is to encourage positive performance, not gaming.

These are all matters that need to be discussed, possibly within the framework of a new performance-oriented federal-state TANF partnership. In some ways the European Union's

“Open Method of Coordination” provides a model of how such a partnership could be structured (Walker and Wiseman, 2004).

The Research Agenda

What should be on the agenda for more research? Of course there is interest in what the HPB data reveal about case dynamics and the interaction of welfare receipt and employment. In the not so distant future it would be good to enhance this externality by creating a public use HPB dataset. But the more immediate concern involves the management and improvement of the award program itself. Here are items for the agenda:

The outlier problem needs to be studied carefully to learn the ways in which such cases arrive and how state data reporting systems could be designed to flag such cases for immediate examination. This should be the administrative responsibility of the Department of Labor and its SESA partners. The Unemployment Insurance System and UIB data are a DOL responsibility, and these reports are fundamental to performance assessment for programs funded through the Workforce Investment Act.

It is also important to develop a better understanding of how much of the variation across states in these measures is the result of influences beyond policymakers' control. While we know nothing about these adults save their presence on the rolls, we do know a great deal about both general features of each state's caseload (from the OFA's annual survey of case characteristics) and each state's economy. It would be reassuring to find that the top ten didn't change when controls were introduced for a state's economic and demographic characteristics, but one suspects that this will not be the case (Rubenstein, Schwartz, and Stiefel, 2003). Performance awards should be based, it would seem, on achievements over which states have control. How might we make such adjustments in a manner that's consistent with larger HPB goals and transparent to states?

While the impulse to recognize the many objectives of poverty policy is familiar and understandable, it is doubtful that much has been gained by the multiplication of HPB indicators that occurred beginning in FY2001. Many of the non-employment measures are available only with even greater delay than is the case for the employment outcomes, and whereas the use of the entire case roll for HPB analysis produces a sizable data set for each state, some of the sources to be used for the expanded indicator set are very small samples. Given the imprecision of inference from such data, the state rankings produced may not be reliable. What is most to be feared is a sort of dynamic Gresham's Law: It's not so much that bad indicators will drive out the good, it's that the multiplication of indicators will distract attention from and slow improvement of those with most promise.

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Table 1: High Performance Bonus Winners, FY1999-2003

Table 1 High Performance Bonus Winners, FY1999-2003						
	Performance Year					
	1998	1999	2000	2001	2002	2003
Number of participating states*	46	49	50	50	50	51
Award date	12/4/1999	12/16/2000	7/2/2002	9/23/2003	9/30/2003	10/12/2004
States winning in:						
• Any category	27	28	27	42	41	38
• Two categories	11	6	9	12	23	18
• Three categories	1	3	2	7	2	9
• Four categories		0		4	4	2
*Includes District of Columbia Source: Office of Family Assistance, Administration for Children and Families, U.S. Department of Health and Human Services Table HPBWINNERS						

Figure 1
TANF High Performance Bonus Report for Fiscal Year 2000
(Sample)

State: _____

Quarter Ending: _____

	TANF Program		Separate State TANF-MOE Programs
	<i>FY 2000</i>	<i>FY 1999</i>	<i>FY 2000</i>
1. Total number of unduplicated adult recipients who received at least one payment during this quarter			
2. Cumulative number of unduplicated adult recipients who, by the end of this quarter, were unemployed recipients at some point during this fiscal year			
3. Total number of unduplicated adult recipients employed at any time during this quarter			
4. Total number of employed adult recipients in Item 3 who, as a recipient in this quarter, entered employment for the first time this fiscal year			
5. Total number of employed adult recipients in Item 3 who were also employed in --			
(a) The following quarter			
(b) The second following quarter			
(c) both the first and second following quarters			
6. Total amount of earnings in this quarter of employed adult recipients reported in Item 5(b)			
7. Total amount of earnings in second following quarter --of employed adult recipients reported in Item 5(b)			

Source: Abridged and reformatted from original posted at <http://www.acf.dhhs.gov/programs/opre/hpb/acf-200-2001form.doc>

Note (see text for detailed explanation):

The HPB **Job Entry Rate** (JER) is the sum over all four quarters of (4) divided by the final quarter entry for (2);

the HPB **Job Retention Rate** (JRR) is the sum of 5(c) for all four quarters divided by the sum of (3); and

the HPB **Earnings Gain Rate** (EGR) is item (7) summed over all four quarters divided by item (6).

[Figure FormACF200]

Figure 2
The HPB Calculation Time Line

The HPB data set for a fiscal year actually includes information drawn from seven quarters

For all adults receiving TANF during	The HPB Data set includes information on earnings for:						
	FY1999:4	FY2000:1	FY2000:2	FY2000:3	FY2000:4	FY2001:1	FY2001:2
FY2000:1							
FY2000:2							
FY2000:3							
FY2000:4							

Figure HPBTimeLine

Figure 3: Hypothetical TANF Receipt and Employment Example

Hypothetical TANF Receipt and Employment Example															
TANF															
Employed															
Month	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Quarter	FY2000:1			FY2000:2			FY2000:3			FY2000:4			FY2001:1		

Note: Shaded months indicate periods of TANF receipt or employment, as indicated by row.
[Figure HypExamp]

Figure 4: TANF Receipt and Employment Example Delayed One Month

TANF Receipt and Employment Delayed One Month															
TANF															
Employed															
Month	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Quarter	FY2000:1			FY2000:2			FY2000:3			FY2000:4			FY2001:1		

Note: Shaded months indicate periods of TANF receipt or employment, as indicated by row.
[Figure DELAY]

Table 2: Outliers, FY2000 HPB Dataset

Table 2 Outliers, FY2000 HPD Dataset							
	Maximum Earnings Reported for:						
Dataset	FY1999:4	FY2000:1	FY2000:2	FY2000:3	FY2000:4	FY2001:1	FY2001:2
FY2000:1	\$4,776,696	\$5,304,368	\$9,000,581	\$9,000,581			
FY2000:2		\$5,304,368	\$972,692	\$336,525	\$1,167,152		
FY2000:3			\$972,692	\$336,525	\$1,167,152	\$1,310,246	
FY2000:4				\$282,600	\$1,167,152	\$1,051,111	\$21,400,000
Source: Calculations by author. Table OUTLIERS							

Table 3:

Table 3 Comparison of State Reports and Subsequent NDNH-Based Calculations High Performance Bonus Employment Measures, FY2000 (National Totals)			
Annual Performance	State Reports Aggregated to National Totals	Revised Calculations, National Aggregate Performance	
		All observations retained; earnings • \$25,000 zeroed out (OFA adjustment)	All observations with quarterly earnings • \$25,000 deleted
Job Entry Rate	46.4%	39.3%	39.1%
Job Retention Rate	65.2%	64.6%	64.7%
Earnings Gain Rate	24.8%	27.9%	27.9%
Source: Office of Family Assistance and calculations by author using NDNH data Table COMPARE			

Table 4: HPB Indicator Correlations, FY2000

Table 4 HPB Indicator Correlations, FY2000			
FY2000 Correlations, Original State Reports and NDNH Calculations			
	Calculations for this Paper		
	Job Entry (JER)	Job Retention (JRR)	Earnings Gain (EGR)
State Reports	-0.021	0.559	0.703
Top Ten States List Overlap	2	8	7
FY2000 Correlations, HPB Employment Measures			
	JER00	JRR00	EGR00
JER00	1.00		
JRR00	0.41	1.00	
EGR00	-0.13	-0.33	1.00
FY2000/FY2001 Correlations, HPB Employment Measures			
	JER01	JRR01	EGR01
JER00	0.60	0.16	-0.24
JRR00	0.00	0.66	-0.37
EGR00	-0.15	-0.27	0.91
Source: Calculations by author from HPB data. Job Entry, Job Retention, and Earnings Gain Rates are calculated using a different procedure for outlier exclusion than is employed in DHHS calculations. See text. Table CORRELATIONS			

Table 5
**Turnover, Adult TANF Recipients
 FY2000 and FY2001**

State	FY2000		State	FY2001	
	Total Cases	Turnover Ratio*		Total Cases	Turnover Ratio
US	2,157,404	1.46		1,728,799	1.63
Lowest 5 turnover ratios					
Illinois	97,290	1.20	Illinois	67,289	1.26
DC	17,298	1.23	DC	16,366	1.28
Rhode Island	20,374	1.27	Rhode Island	19,030	1.29
California	457,517	1.29	California	399,214	1.31
Hawaii	19,721	1.32	Hawaii	17,659	1.33
Highest 5 turnover ratios					
South Dakota	3,146	1.78	Arkansas	15,939	1.78
Wisconsin	14,148	1.81	South Dakota	3,018	1.87
South Carolina	23,408	1.81	Florida	79,494	1.99
Wyoming	828	2.03	Wyoming	613	2.10
Idaho	1,698	2.30	Idaho	1,547	2.52

*Ratio of total adults receiving TANF during year to highest quarterly roster count.
 Source: Calculated by author from HPB data
 Table TURNOVER

Table 6
Program Parameters, Analysis States
 (July 1, 2000)

State	Maximum Grant (Family of three)	Maximum Earnings for Initial Eligibility	Maximum Earnings for Continuing Eligibility (6 months past job accession)
California	\$626	\$883	\$1,477
Florida	\$303	\$393	\$806
Texas	\$201	401	\$321

Source: Welfare Rules Database (Rowe with Versteeg, 2004)
 Table PARAMETERS

Figure 5: Earnings Incidence and Distribution, FY2000:3, Sample States

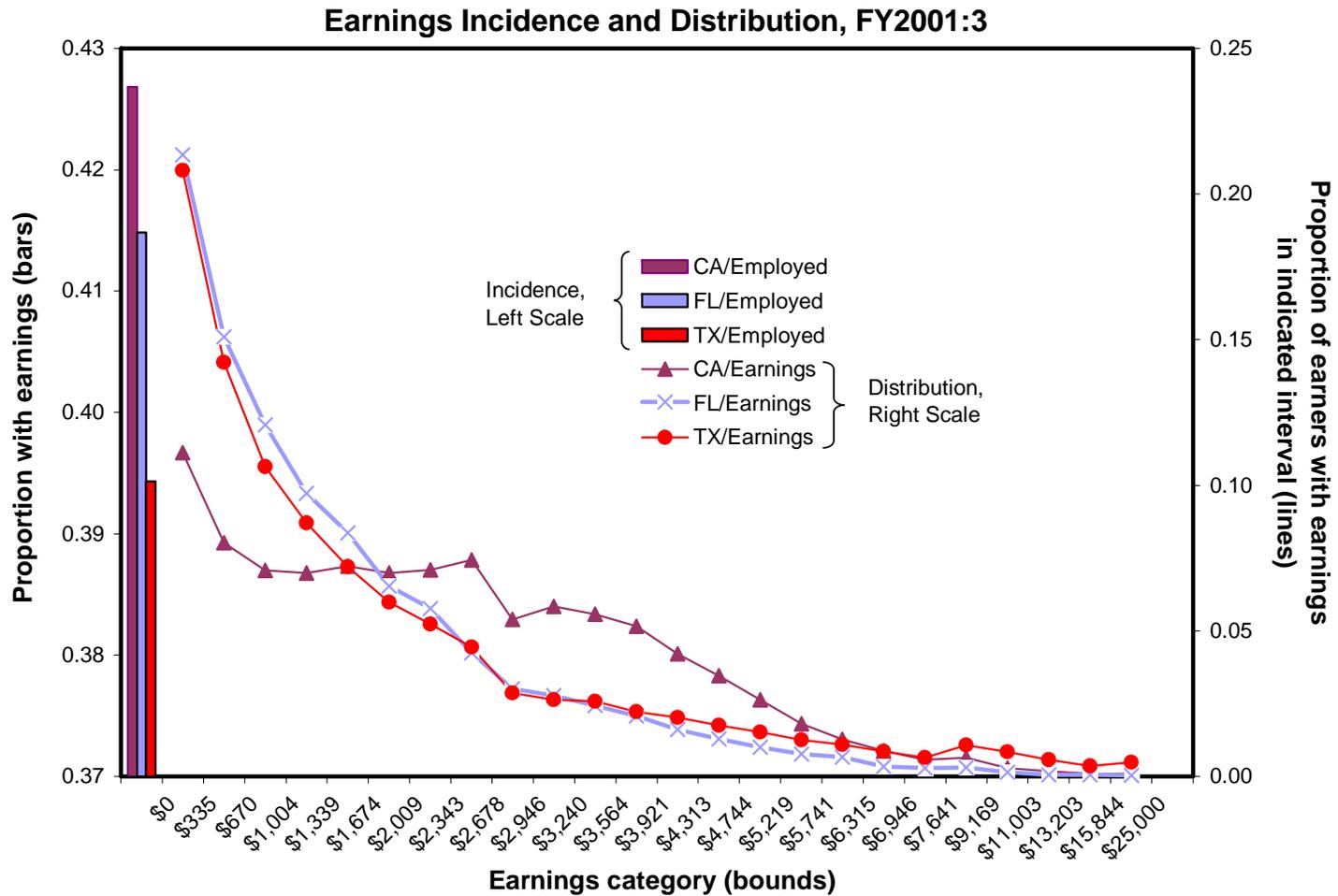


Figure EARNDIST

Figure 6: Proportion of Adults in Indicated Earnings Category with Two-Category or Greater Earnings Jump, FY2000:3-FY2000:4

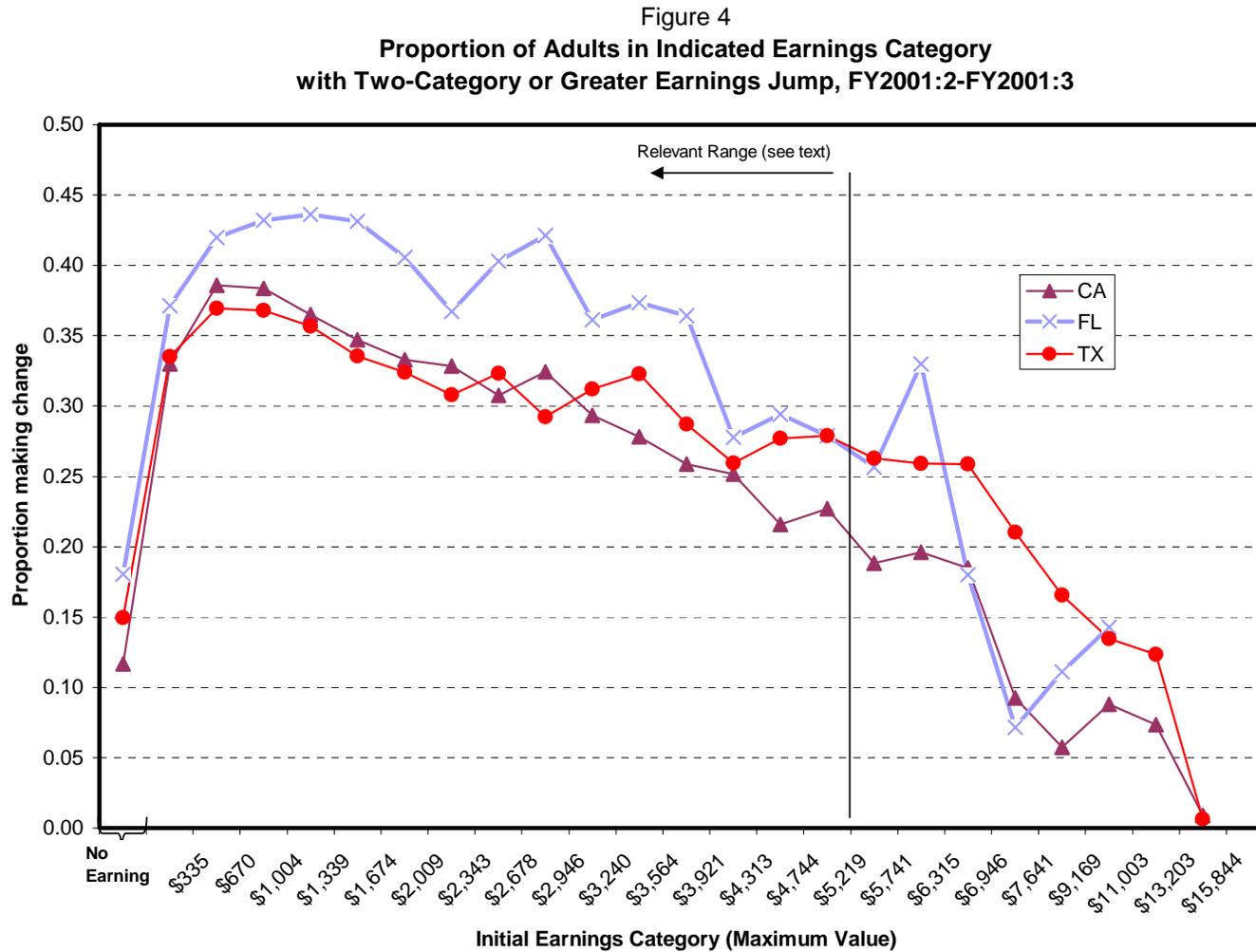


Figure EARNJUMP