THE IMPORTANCE OF OUT-OF-STATE NEW HIRE AND WAGE RECORD DATA IN ASSESSING TANF PERFORMANCE

A Consensus Statement by the Members of the Midwest Welfare Peer Assistance Network (WELPAN)

The responsible management of TANF programs demands that we focus on measuring performance instead of merely issuing checks. All stakeholders agree that measuring labor force attachment for the TANF population is a key program outcome that must be accurately measured if we are to fulfill our responsibilities to those we serve and to those who pay the costs of this important program. In the past, however, TANF program administrators have not had access to all the information needed to measure labor force attachment for the TANF population and, in particular, they have been unable to obtain out-of-state new hire and wage records. Most states determine their entered employment rates for TANF recipients based on in-state wage data.

The inability to obtain out-of-state new hire and wage record data has two main consequences:

- Program performance may be underestimated, particularly in areas where residents of one state can easily cross into a bordering state to seek employment.
- Program management is hampered by our inability to measure participants’ employment fully or accurately. This gap in our knowledge is usually not remedied in studies of cash assistance leavers, which consistently underreport leavers’ employment rates.

Our inability to capture fully the extent to which TANF recipients have entered the labor market will be more critical in light of increased efforts to measure performance based on job entry. Relevant initiatives include (1) the common measures being pursued by the federal Office of Management and Budget and (2) the use of job entry as a performance measure for awarding high-performance bonuses or calculating caseload reduction credits (this measure is currently being contemplated as part of TANF reauthorization).

A nationwide system for exchanging interstate requests or wage records among states already exists: the National Directory of New Hires (NDNH). Established by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, the NDNH is designed to enable state child support enforcement agencies to more effectively locate noncustodial parents and establish and enforce child support orders. Data in NDNH include records from each State Directory of New Hires, quarterly wage and unemployment insurance data from State Employment Security Agencies, and new hire and quarterly wage data from federal agencies. The
NDNH is housed at the federal Office of Child Support Enforcement within the Department of Health and Human Services (DHHS).

Recently, DHHS has begun to make it easier for states to use the NDNH for TANF program purposes. Because we believe national new hire and wage record data can be accessed most efficiently and effectively through the NDNH, the members of WELPAN strongly endorse this effort. At the same time, we are concerned about limitations placed on access to the data needed for tracking employment on a disaggregated basis and about the cost of this access. To maximize the utility of the information available through the NDNH, we believe that:

- It should be possible to make matches between the TANF adult population and all types of NDNH data, including the new hire Monthly and Quarterly Wage and Unemployment Insurance databases.

- Any costs or fees associated with matches of TANF adults and NDNH data should be waived for at least 18 months so that states can fully assess the results of matching.

- The results generated by the matching process should be made available for research and analysis purposes without third party verification.

Without these three actions, it is not clear that the proposed approach will adequately address our concerns about state inability to fully capture the extent to which TANF recipients have entered the labor market.