T.E.A.: A LIFELINE FOR ARKANSAS CHILDREN AND FAMILIES IN POVERTY

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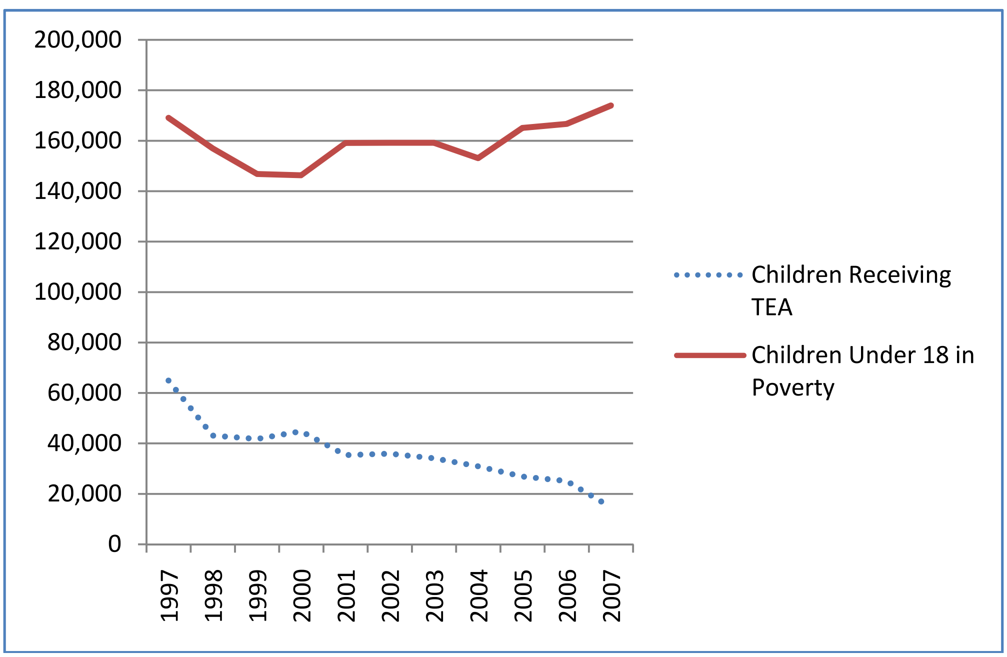
What is TEA?

Arkansas's Transition to Employment Assistance (TEA) program is a safety net for children and families in poverty. TEA provides short-term cash assistance to families in financial crisis, with the long-term goal of moving them from poverty and dependence to economic self-sufficiency. Unfortunately, Arkansas's poverty rate has only risen since the TEA program was created, with 25 percent of all Arkansas children still below the federal poverty line in 2008.1 The current economic crisis is likely to push even more families below this level, making TEA an even more critical lifeline for Arkansas children and families.2

Arkansas Children Under 18 in Poverty v. Children Receiving TEA, 1997-2007



Source: U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE); Arkansas Department of Human Services, Annual Statistical Report.

For state- and county-level data on the number of children and adults in Arkansas receiving TEA/TANF since 1993, as well as other economic and social indicators, see AACF's online Kids Count Data Center: http://datacenter.kidscount.org/ar

A Brief History of TEA in Arkansas

On August 22, 1996, President Bill Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act, ending welfare as we had then known it for several decades. This landmark welfare reform legislation created the new Transition Assistance for Needy Families (TANF) Program, which replaced the Aid for Families with Dependent Children (AFDC), Emergency Assistance (EA), and Job Opportunities and Basic Skills Training (JOBS) programs under Title IV of the Social Security Act. Under TANF, unemployed parents of dependent children must now complete job training and move into the workforce within certain time limits in order to receive cash assistance. States receive TANF funding as a block grant and have the flexibility to design a program that best addresses their needs as long as they meet a series of requirements and goals for its use.

Act 1058 of 1997 established the Transition to Employment Assistance (TEA) Program in Arkansas, with the goal of dramatically reducing the number of families receiving welfare. It closely paralleled the provisions of the federal act, establishing time limits and work requirements for those eligible for the program. It set up a TEA Program Advisory Council to carry out the directive that all state agencies should give TEA recipients priority status in programs that they ran. However, the Department of Human Services (DHS) not only determined eligibility but also had to provide case managers to assure that the TEA families got the training, education, job placement, and supportive services they needed. DHS, in effect, undertook a new mission of job training and placement services for poor families.

Act 1058 sought to involve local communities by creating local TEA coalitions that were organized and certified by DHS. These councils of local business, civic, and political leaders were able to direct certain TEA expenditures in their counties. The Act also required an independent evaluator to produce two reports each year on how well the Act's goals were being achieved.

Over the years, several important changes were made in the governance of the TEA program. Act 1567 of 1999 was an effort to shift the state's emphasis from simple caseload reduction to education and increasing the long-term economic well-being of families leaving the TEA program. The Act replaced the TEA Advisory Board with the Arkansas Transitional Employment Board, a smaller group with a much stronger role in directing the program. DHS was required to make home visits following the termination of financial assistance to the parent. The local TEA coalitions were renamed and given mandatory duties.

Act 1264 of 2001 dropped the heads of state agencies from the Transitional Employment Board, which now has nine appointed members. Mandatory home visits to families who left TEA due to case terminations for non-compliance or the expiration of time limits were reduced to two: one within two weeks of termination and one after six months. DHS and the Board were directed to take all steps necessary to maximize any unspent federal TANF funds to help provide subsidized child care for transitional employment assistance and other services for low-income families during the following federal fiscal year.

The state legislature tinkered at the margins of the TEA program with Act 1306 of 2003, but made major changes with Act 1705 of 2005: It authorized the Department of Workforce Services (DWS), successor to the Arkansas Employment Security Department, to take over direction of the TEA Program, although DHS continued to make the eligibility determinations and give basic cash assistance directly to families. The Transitional Employment Board retained its authority, but local TEA coalitions and boards were eliminated. A new program, Arkansas Work Pays, provided cash assistance, medical assistance, and support services to TEA participants who were employed for 24 hours or more per week. TEA participants could also earn cash bonuses for continued employment. Act 1705 limited the program to 3,000 families at any one time. Cases are closed when earnings reach 150 percent of the federal poverty level or when the 24-month time limit expires.

Meanwhile, at the federal level, the Deficit Reduction Act of 2006 made two major changes to the TANF Program. First, it changed the base year for calculating the caseload reduction credit to 2005, therefore making it more difficult to achieve this credit. Secondly, it more strictly defined the term "work" and "work-related activities," which had the effect of reducing some of the flexibility in job assignments for TEA families.

Back in Arkansas, Act 514 of 2007 changed the state's governance of the TEA program once again: The ten-member Transition Assistance to Needy Families (TANF) Oversight Board replaced the Arkansas Transitional Employment Board. Seven members are now appointed, including four by the Governor, two by the Speaker of the House, and one by the President Pro Tempore of the Senate. The directors of DWS, the Arkansas Workforce Investment Board, and DHS's Division of County Operations also serve on the Board. The Board returned to a more passive role of oversight with less authority for direct operations. It is directed to integrate the TEA and Work Pays programs with the Career Pathways and Community Investment Initiatives programs.3

Unfortunately, Act 150 of 2009 repealed the requirement that an independent evaluator must submit two reports on the state's TEA program each year. AACF, which was instrumental in creating the evaluator position, lobbied against the bill. The legislature also enacted Act 415, which now only requires the interim joint Committee on Public Health, Welfare, and Labor to "report annually to the General Assembly their findings and recommendations regarding the program"—a much lower accountability threshold for the TEA program than the previous independent evaluations. The budget anticipates that DHS will transfer all of its TEA functions to DWS on July 1, 2009, the start of state fiscal year 2010.

Twelve years after welfare reform in Arkansas, the Department of Workforce Services is now in charge of TEA, with an oversight board to help it integrate the many job training and placement programs. The goals of the TEA program remain essentially the same: to provide a safety net for children and families in financial crisis and help move them from poverty to economic self-sufficiency.

How Strong is Our Safety Net for Vulnerable Children and Families?

As previously noted, the law enacting TEA required an independent evaluator to submit biannual reports on the performance of the state's TEA program, until Act 150 of 2009 repealed this requirement. Berkeley Policy Associates conducted the evaluations from 1999-2001, and the Hudson

Institute did two evaluations in 2002. Arkansas Advocates for Children and Families (AACF) conducted its own qualitative study in 2003 by leading focus groups of current and former TEA recipients.4 AACF's findings supported those of all of the previous independent evaluators, including the following:

TEA participants lacked information and resources necessary to maximize the opportunities offered by the TEA program; The welfare stigma still persisted in most offices administering the TEA program, and this affected the way that TEA recipients were treated and their perception of the program; and recipients in most counties in Arkansas did not have access to the welfare-to-work program that matched their needs.

The state selected the Kaiser Group, Inc., located in Waukesha, Wisconsin, as the independent evaluator from 2004 to 2007. Each of Kaiser's reports concentrated on specific areas, rather than providing a comprehensive overview of the program. The first report, submitted in December 2004, focused on the cooperation of state agencies in implementing TEA; integration of funding sources to support the program; the effectiveness of training received by program recipients; and the effectiveness of supportive services in meeting families' needs in moving from welfare to work and achieving long-term economic self-sufficiency. Kaiser's primary recommendation was for the Transition Employment Board to establish a vision for how the TEA and the workforce development system could be more fully integrated to ensure that families had appropriate access to the benefits and supports that were available to assist them in their efforts to become self-sufficient.

Kaiser's second biannual report, issued in June 2005, addressed the effectiveness of the program in meeting its outcomes, families' use of other forms of public assistance, and case closures. The findings were not encouraging, with five areas singled out for improvement: the initial assessment of families' needs; assessment findings linked to service plan; work participation efforts; training to access higher-wage jobs; and long-term job retention. The number of people receiving TEA had dropped 13,283 (62 percent) from the June 1997 baseline of 21,480. However, less than half of those families had left the TEA program as a result of getting a job, and over 40 percent of those who left the TEA program for employment still returned to receive cash assistance at least once. In fact, 84 percent of those who left the TEA program in December 2003 were still below the federal poverty level, even with earned income, child support, food stamps, and the Earned Income Tax Credit (EITC).

The Kaiser Group's third biannual report, issued in January 2006, concentrated on the implementation of new program and service delivery initiatives which began in 2005: Faith Factor, Work Pays, Career Pathways, the Case Management Pilot, and the TEA Transition from DHS to DWS. The report was critical of the progress to date but implied that the new initiatives had the possibility of overcoming the problems of the past.

The fourth biannual report (August 2006) concluded that the employment outcomes were generally not being met by TEA families and TEA leavers. It expressed the hope that the new program and service delivery changes in enacted in 2005 (Act 1705) would benefit the TEA participants and ultimately enable them to become self-sufficient.

The fifth biannual report (January 2007) examined the transition from DHS to DWS and concluded that the transition remained a work in progress, especially in clarifying roles and responsibilities between the two agencies and, perhaps more importantly, in "fully immersing TEA into DWS programs and improving case management."

Finally, Kaiser's sixth biannual report (June 2007) is the last evaluation that the state has conducted. It examined a subset of persons leaving TEA from 1999 to 2005 and reported the following findings:

In 2005, 51 percent of families leaving the TEA program did not earn at least $100 in the quarter after they left or returned to TEA for cash assistance within the first three months after their cases were closured. Only 29 percent of the entire 2005 cohort earned at least $1,540 in a quarter after leaving the TEA program, and only seven percent earned their way above the federal poverty line. Although the rate of families returning to TEA for help has declined over time, approximately one-fourth of employed TEA leavers return to the program within six quarters. For families that found jobs and left the TEA program, their recent growth in income is completely eliminated when adjusted for inflation. While 28 percent of TEA leavers earn $3,000 or more in a quarter, 23 percent earn $100 or less.

The report noted that the December 2005 cohort did not have the benefit of Work Pays and other new programs. Unfortunately, the TEA Oversight Board did not renew the evaluation contract with the Kaiser Group, and there are no evaluation reports for 2008 or 2009 to judge what those effects might have been.

Keeping TEA on Track

Since Act 150 of 2009 eliminated the requirement for the independent evaluation reports of the TEA program, it is unclear how the strength of Arkansas's safety net will be measured from now on. How will we know whether our most vulnerable families are able to survive on TEA cash assistance, get the training and support that they need to get and keep a job, and become economically self-sufficient over the long term? Ensuring that the program is transparent and accountability is even more important in light of the current economic crisis and the potential infusion of money in the American Recovery and Reinvestment Act (ARRA). AACF has been at the forefront of welfare reform since 1996 and will continue to look out for the best interests of low-income children and families in the TEA program in the years to come.

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[1] See Arkansas Advocates for Children and Families' (AACF) *The State of Working Arkansas* (2008).
[2] See AACF's Welfare Reform Redux: ARRA's Potential to Help Arkansas Families in Financial Crisis (2009).
[3] See the Southern Good Faith Fund's The Arkansas Career Pathways Initiative: A New Model for Integrating Postsecondary Training to Adult Students (2008).
[4] See AACF's Healthcare Experiences: Receiving and Leaving Welfare (2003).